

IUMI raises concerns over increased accumulation risk for yachts and inland vessels



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The impact of COVID-19 has forced many yacht owners to return their vessels to their home port or to a local yard for maintenance. Whilst this is positive in terms of vessel up-keep, the growing accumulation of high-value yachts in a single location is increasing the risk of a major claim – particularly if hot-work is being performed where many yachts are gathered.



Speaking at the International Union of Marine Insurance (IUMI) annual conference, Anneke Kooiman, Chairperson of the Inland Hull, Fishing and Yachts Committee said:

“Travel and trade restrictions resulting from the coronavirus pandemic means we are seeing greater concentrations of smaller craft such as river cruise vessels, barges and yachts in marinas and ports. With many vessels tied-up alongside each other, we are concerned that an on-board incident, such as a fire, could quickly spread from one hull to another. The result could be catastrophic for the yacht and inland hull insurance sector.”

Ms Kooiman highlights a large number of fires that have affected high-value yachts over the past 12 months where they were either lying in drydock or harbour. She points to the increasing use of lithium-ion batteries to charge devices as one of the possible causes:

“There have been recent cases of catastrophic fires on board commercial and pleasure vessels where it is thought that the cause could have been an overload of lithium-ion battery charging activity as passengers and crew had plugged-in a large number of personal devices to charge for the next day”.

Conversely, lithium-ion batteries have the potential for a more positive impact:

“New technologies such as lithium-ion batteries are being fitted to an increasing number of ferries, fishing vessels and offshore supply craft. Battery powered fast ferries, tankers and ro-pax vessels will shortly be in commission. This is a very positive step in terms of containing environmental emissions. This was discussed today during the conference.”

Aside from increased fire and accumulation risk, the sector is also suffering from a reduction in overall underwriting capacity. The first half of 2020 saw a radical exit from the yacht underwriting sector and this has impacted the US\$250k-US\$2million coastal yacht market in particular. Some underwriters are going as far as saying that some yachts will fail to find suitable cover in the future.

IUMI is encouraging close cooperation between the smaller craft industry, classification societies and marine underwriters to help mitigate these growing risks and ensure they remain insurable.

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Notes to editors:

The International Union of Marine Insurance (IUMI) represents 45 national and marine market insurance and reinsurance associations. Operating at the forefront of marine risk, it gives a unified voice to the global marine insurance market through effective representation and lobbying activities. As a forum for the exchange of ideas and best practice, IUMI works to raise standards across the industry and provides opportunities for education and the collection and publication of industry statistics. IUMI is headquartered in Hamburg and traces its roots back to 1874.

More information can be found at www.iumi.com