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# UNDER COVERED?

Accidents happen, and so does appendicitis...so how sure are you that you are protected if something goes wrong? Do you know what your vessel policy covers you for and when you may need personal health insurance?

BY LIZ PASCH

**A** GOLF CART ACCIDENT at a U.S. shipyard in 2005 left Andrea with a fractured pelvis, an injury that could have put her in financial hardship for years. "I was never really sure who took care of the sixty thousand dollar-plus medical bills, but I never paid a dime," says the grateful stewardess via email. "I had a really amazing owner and he made sure everything was taken care of and I had nothing to worry about but recovering."

A few years later while Andrea was working for a different owner on a yacht in the Caribbean, her appendix became inflamed. A retired doctor was a guest on the yacht and diagnosed her situation as potentially life threatening. The owners, disgruntled about the itinerary change due to her illness, made the captain drop her off at a hospital in Grenada where she had emergency surgery. "I had my own supplemental health insurance, so I had to take care of all the expenses," says Andrea, who admits that while it was the worst experience of her life and prompted her to work on land rather than sea, the cost of the hospital stay was a fraction of what it would have been in the U.S.

In spite of the severity of Andrea's injury and the surgery, she was fortunate her medical bills were covered. When she first started as a stewardess, her parents insisted she have her own personal health insurance policy. They cautioned her not to rely on an employer, any employer, to cover her medical expenses, as many crew assume their employers will do.

*Dockwalk.com* blogger Mike French says, "Many crewmembers are apparently unaware of the coverage that their yacht extends to them. Sadly, in many cases the only time you find out is when you are forced to make a large claim only to realize too late that you are not covered."

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“Health insurance is a product – it’s not a social service or an entitlement,” says Gary Carroll of Comprehensive Yacht Assurance. “Treat it as such, research it as such and approach it from the standpoint of ‘which insurance product best suits my needs.’ It’s amazing that folks will spend hours if not days researching cell phones, mp3 players, motorcycles and cars but they spend very little time researching products that can – literally – save their lives.”

### WHAT YOU DON'T KNOW CAN HURT YOU

Crew, especially those based in the U.S., tend to depend on maritime law like the Jones Act to provide protection of their medical needs regardless of the circumstances, an assumption that’s both foolish and potentially costly, according to Mark Bononi of MHG Marine Benefits. “Crew who think the Jones Act or the maritime law will protect them with health-related issues need to think again. Although they do offer some protection for crew, both are subjective with lots of interpretations that attorneys get paid big money to sort out. That can take time, and in the interim, the crewmember might be liable for a large medical bill,” says Bononi, who provides the example of a crewmember who gets injured while off the yacht for the weekend. “The yacht owner may not be obligated to pay a crew accident claim if they’re not working for the yacht during the weekend. But another way of thinking is that if the crew wasn’t working for the yacht, they wouldn’t have been in that place and situation in the first place.”

### LIMITATIONS OF A VESSEL'S POLICY

“Most people are aware that the owner is legally responsible for much of the cost should a crewmember be taken ill or injured on board a

yacht,” says French. “However, in many cases it would seem that the ‘health’ policy insures the owner against a huge claim and little more.” The health policy that French refers to is part of vessel insurance policies, which vary in nature but typically include three common sections: hull insurance, protection and indemnity (P&I) and medical payments.

Many crewmembers misinterpret the “medical payments” section to mean that all crew medical expenses, regardless of circumstance or nature, are covered by the vessel insurance policy. That could not be further from the truth, according to Maria Karlsson, president of Crew Insurance Services, which specializes in global insurance for professional yacht crew and vessels.

“Illnesses that are not of an emergency-related nature are not covered, regular check-ups are not covered, maternity benefits are not covered, dental/vision treatments are not covered (unless accident related) under the vessel insurance,” Karlsson says. “The ‘medical payments’ section of the yacht insurance policy has a separate deductible and usually offers a fairly low medical maximum per accident that may not be sufficient in a serious emergency,” she says. “I have seen limits of one hundred thousand dollars per crewmember for each accident, but with a max of five hundred thousand dollars for all crewmembers for each accident. Especially if the yacht is spending time in the U.S., which has the highest medical care costs in the world, [these limits] would not be sufficient!”

Carroll maintains that, “The hull insurance should provide occupational coverage for crew based upon statutory requirements and should meet the crewmembers’ needs should they become ill or injured as a result of their employment. However, non-occupational injuries may not qualify the crewmember for any cover under the yacht’s hull policy.”

Richard Power, an insurance broker and director of Fastnet Marine Insurance Services, sells vessel policies to owners that *do* cover crew 24 hours a day, including non-occupational injuries. These policies cover crew when they are off or on the vessel, even when they’re on holiday, as long as they are in the owner’s employ.

So crew working for owners with these policies are sorted, right? Unfortunately, no; from a crew perspective, there are important limitations. This kind of “crew welfare package” is more like long-term travel insurance or an emergency medical policy than health insurance.

Medical expenses are covered while crew are abroad, explains Power, and the cost of

## Crew Insurance To-Do List

### Identify and evaluate your situation:

1. If you are a citizen of a country that provides national healthcare that you’re depending on for health benefits, understand your country’s requirements for accessing benefits, i.e. how many days per year you need to reside in the country, if benefits are available only within the country’s borders, etc.
2. Evaluate your lifestyle, including personal habits such as smoking, the types of adventure sports you participate in, your weight and exercise program, etc.
3. Write down where the yacht cruises, including all countries or geographical areas you might need access to for medical resources. During time off the yacht, identify additional countries you might visit. Familiarize yourself with those countries’ medical practices, costs, procedures, services, etc.

### If you already have a medical insurance policy:

1. Request a complete copy of the policy from the captain, employer or the insurance representative. Read in its entirety. Make notes or flag the sections you don’t understand or feel are inadequate based on your personal situation or needs.
2. Request a meeting with an insurance expert to discuss your needs.
3. Identify what is stated in your written employment contract in terms of medical benefits.
4. Make sure you’re covered for your “normal” activities; i.e. if you’re a diver, make sure your policy covers scuba diving.

### If you DON'T have a medical insurance policy:

1. If you had insurance on a former yacht, determine if the policy is portable, could be converted to an individual policy and if you still have accessibility.
2. If you’re employed on a yacht, find out what’s available to you on board.
3. Make an appointment with an independent insurance agent that represents several insurance carriers, offers global plans and is recommended by your peers.



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repatriation is covered. But once crew are repatriated, the insurers assume that the state medical care will look after them. Of course, in the U.S. there is no state care, and yachties from countries with social health care may be non-residents, not paying taxes and may not qualify for state benefits. Still, insurers think that costs beyond repatriation are more than they should be expected to pay, according to Power. "It's a gray area that needs to be investigated," he says.

### COVER YOURSELF

Owners frequently are hesitant to file crew medical claims against their vessel insurance coverage as it could lead to a premium increase at renewal time. "They [would] rather provide a separate crew medical insurance policy for the crew, which is comparatively inexpensive at premium amounts of around one hundred fifty dollars per crewmember per month. Offering a comprehensive group policy for the crew greatly decreases crew exposure for the yacht owners," says Karlsson. "Keep in mind that there are several crew medical insurance policies that will be primary

to the vessel insurance coverage, where even work-related accidents/injuries on board the vessel will be covered by the crew medical insurance, and a vessel insurance claim would not be necessary."

The mere existence of a separate crew medical insurance policy does not release crew from reading and understanding the extent of the coverage provided. Some policies have restrictions, limitations or exclusions. As Carroll cautions, "Don't buy something you don't understand."

"In the past there were limited choices with crew health plans, which often missed the mark with limited benefits, long waiting periods, harsh exclusions, pre-certification penalties, lack of portability and other constraints," says Anita Warwick of Seven Seas Health. "Many crewmembers do not know the extent of the health coverage offered by the vessel (if any), what is covered, what isn't, what laws (if any) the plan is protected by and the different types of health plans [are] available to them. Who, after all, reads that twenty-page certificate and has noticed along with the list of activities not covered the caveat 'or any sport or activity that is undertaken for thrill seeking and exposes the insured to abnormal or extraordinary risk of injury' or 'injuries sustained while under the influence of intoxicating liquor'?" Those excluded sports or activities may seem dangerous to a non-yachtie, but can be a frequent pastime for crew on or off the yacht or even may be part of their job.

While not all yacht owners offer separate crew medical insurance policies, Rupert Connor, CEO of Luxury Yacht Group, says, "Vessels offering no health insurance are rare...although ninety-day waiting periods are common before the insurance becomes valid." A 90-day waiting period is risky, however, and could be financially devastating for crew just signing on to a yacht as well as for the owner.

Bononi advises crew to negotiate a health policy from day one. "If an owner wants a three-month waiting period, they're probably more familiar with shore-side policies," Bononi says. "The day I step on a yacht as a crew, I become their new liability. It could potentially harm the owner to wait ninety days."

Going without insurance or being under-insured is risky. Yachties invest time and money on education and training and need to invest the same effort in understanding their health insurance needs and coverage. Injuries and illness don't wait. Neither should you. ★

### ✚ Contacts

**Comprehensive Yacht Assurance**  
[www.cyacht.net](http://www.cyacht.net)

**Crew Insurance Services**  
[www.crewinsuranceservices.com](http://www.crewinsuranceservices.com)

**Fastnet Marine Insurance Services**  
[www.fastnet-marine.co.uk](http://www.fastnet-marine.co.uk)

**MHG Marine Benefits**  
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**Seven Seas Health**  
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