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AUTUMN 13

# ON BOARD

For the yachting professional on the Mediterranean

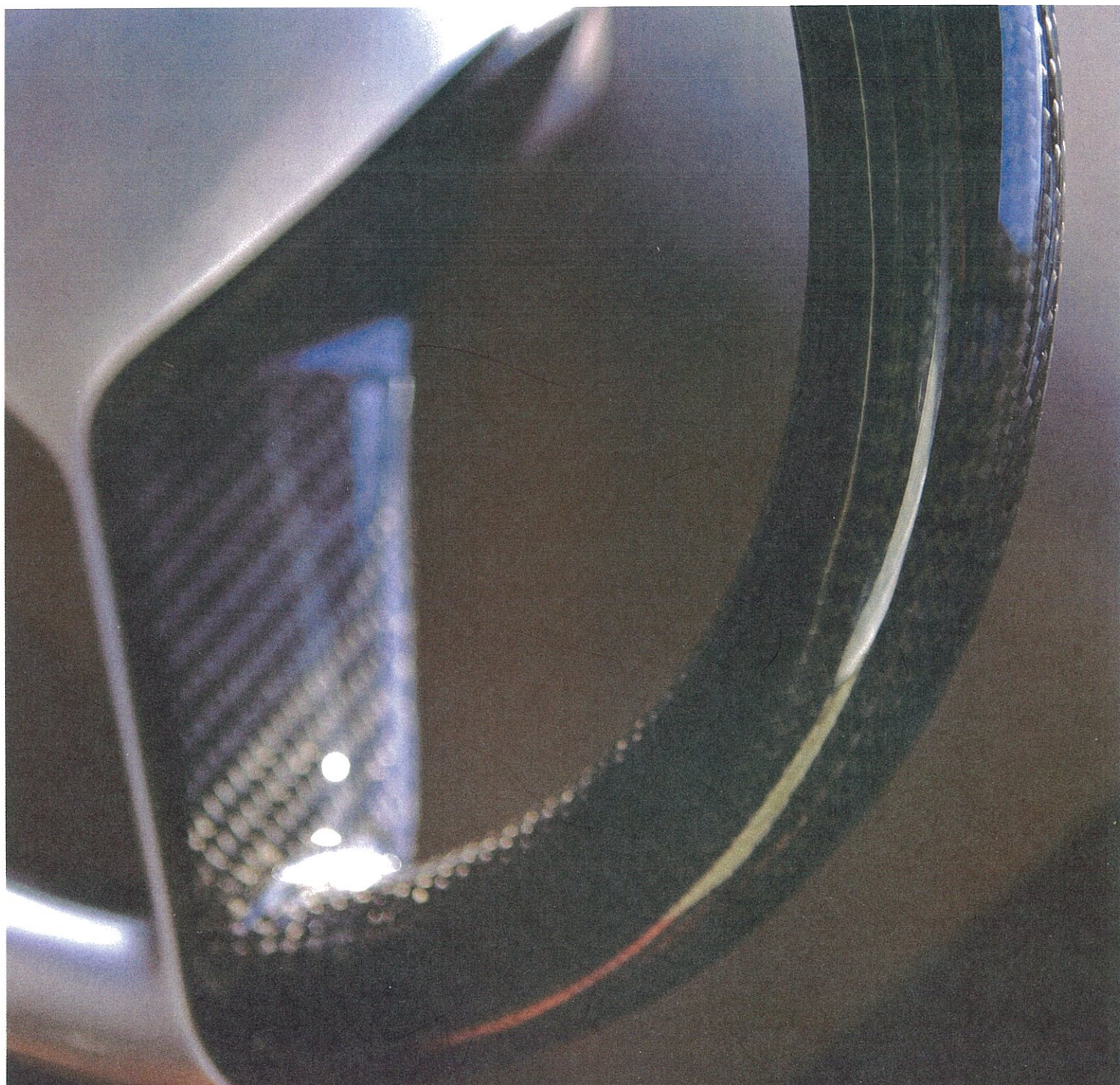
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Johnny Depp interview

Bully buoys

Refit and repair

On the move





# COVER UP

Claire Griffiths looks at some points commonly overlooked with insurance policy issues.

**R**eading the small print of insurance policies is the only way to make sure you get what you ask for. But it's also a question of regularly reviewing what you need, talking to the right people and drawing up agreements that give you exactly what you want. The thing is, it really is about the big deal, big stuff; Questions of dodging injury, death and disasters and covering your back when Doomsday scenarios start doing direct hits into the proverbial fan. But the problem is that covering your back and insuring the yacht properly up to the hilt can be deathly dull and considering and reviewing your policy often seems better to be ditched for another day. Except, of course, you know it isn't.

## Review the situation

Michelle Van der Merwe of Pantaenius is quite sure it isn't and has harsh words for those who prefer to keep their heads in the sand; 'It is essential for owners to review their insurance policies to ensure that they have a policy and wording that is 'fit for purpose' which has been designed by specialists within their field,' she explains. And adds, 'Yacht and Superyacht insurance is all about effective risk management of assets and liabilities. Pantaenius focuses on this for our clients, crew and their yachts.'

The company whose breezy tag line 'Come What May', sort of breathes Ex-Commander style comfort and confidence into the mix would focus on considering the following for clients, crew and their yachts: Type of yacht, are crew employed?, where the yacht will be cruising, private or charter use, Flag state requirements / Maritime Labour Convention 2006 applies, will the yacht be cruising in US waters and will there be US nationals onboard? Explains Michelle, 'Yacht and superyacht insurance is all about the effective risk management of assets and liabilities. For instance, it is important to look at the options when looking at the differences in insurance requirements for an USA registered yacht or even an offshore flagged yacht but with US involvement, compared to a European registered yacht'.

Unfortunately (for reasons explained above) doing a review of the policy terms and conditions is often put on a back burner and most yacht owners and management companies focus on the price rather than the actual cover or claims service on offer, and hence, can miss out. So Michelle's answer to this conundrum simply goes like this:

## When choosing the right policy, look for:

- A "committed" specialist insurance provider who can provide a tailor-made solution
- A provider with a really strong internal claims handling service. If a claim happens you really want it to be handled fast and efficiently
- Ensure that the security behind the policy is good
- A quality product with easy to understand clauses
- Policy language flexibility in correspondence and documents
- Market leader
- Excellent customer service and expert advice given

Another area that is often overlooked is Claims Service and the frustrations resulting from too many parties involved. The key to avoiding the frustration, says Michelle, is to use a company like Pantaenius who manage all claims in-house and can react quickly and efficiently. And finally, make sure you find a policy with the 'wording' that weds with what you actually want (bespoke) and suits your purposes, and your protection needs for the owner, the yacht and its crew.

## Crew Control

Some yacht Captains push hard to make sure their crew are properly covered for all eventualities and fight on their behalf when it comes to claims crunch-time. But others either don't bother, or prefer to keep their fingers' clean of any 'mud-slinging' when crew get sick or injured. And crew with broken limbs, say, or shoulder injuries can find themselves fighting their corner alone, or simply shutting up and getting on with it.

But Maria Karlsson, President of Superyacht Insurance Group advises that, 'During the interview process, the crew member should ask if the yacht provides medical insurance for the crew and if so, what type of policy is offered. Does the yacht have a group policy in place for the entire crew, or does the yacht offer premium reimbursement to each crew member for an individual plan.'

If there's already a group policy in place, there's not so much an individual crew member can do to change it, however it's important to find out what's covered and how the plan works. She adds, 'When a crew member is shopping for an individual policy, there are some important points to assess before making a decision.



**Sufficient Lifetime Policy Max.** Depends on Geographical Area of the yacht. Higher limits are essential in the US, due to being inflicted with the highest medical cost of care in the world.

**Air Evacuation Benefits**, with adequate limits of at least \$250,000. Crew Medical acts PRIMARY (Pays First) to the yacht's P&I. Primary is better, so you can claim work related accidents and injuries on the crew medical policy without using the P&I.

**Alcohol related coverage.** This is imperative, as there have been several tragic accidents in the industry. Review the Policy Exclusions.

**Recreational Sports Coverage;** for diving, winter sports, ski-diving etc.

Does the crew medical cover crew during time off, vacation and/or rotational work? OR just covered while "signed-on" to the yacht? Make sure coverage while working and during time off, 24/7/365'.

Let's face it, crew members tend to be adventurous by nature, some enjoy extreme sports and ride motorcycles during their time off

Maria's bottom line advice is to review the policy coverage and the exclusions carefully with the assistance of a professional and knowledgeable insurance agent. Let's face it, crew members tend to be adventurous by nature, some enjoy extreme sports and ride motorcycles during their time off. Running fast jet-skis and tenders are part of the job description. Maria is hard pressed to say exactly what the most common claims crew make might be but she says fractures are common and back issues due to heavy lifting. And so, it really is important to have insurance coverage for all day, every day while you work AND during time off.

## MLC matters

The MLC 2006 superseded over 30 previous seafarers' labor conventions. In effect, the MLC is not really new in terms of the shipowners' obligation towards crew. For example, "Repatriation of Seafarers Convention 1987" (superseded), is identical to the MLC 2006 with one "addition". That "addition" is the shipowners' compulsion to show "Financial Security" towards crew with regards to "Health and Social Security Benefits" and "Repatriation".

Explains Maria, 'The MLC 2006 applies to ships that are involved in "Commercial Activities", however there's no legal definition in the MLC, but it's assumed that Charter Yachts have to

comply. Furthermore, ships under 500 GT don't need to get a Certificate of Compliance. Nevertheless, it's important to point out that the Flag State of the vessel will determine the specifics of what's required to be in compliance based on their interpretation of the MLC document'.

Captains and Management Companies are duty bound to make sure they are in full compliance with the MLC 2006 according to the vessel's Flag State and have evidence of Financial Security to cover the Health and Social Security Benefits and Repatriation for the crew, ie; Insurance. By the same token, Crew Members need to familiarize themselves with the vessel's Flag State MLC regulations. This information can be found on the internet



## Superyacht Insurance Group

Superyacht Insurance Group (formerly Crew Insurance Services) has been committed to providing insurance solutions for the marine industry since 2002. SYIG is a "One-Stop" Global Insurance Agency, covering the entire spectrum of insurance policies for the luxury yachting community; from Crew Medical Insurance for Groups & Individuals, to Yacht Insurance, Hull and P&I coverage.

SYIG offers an extensive portfolio of international insurance policies to suit the crew's unique situation and the yacht's program. In addition we are able to arrange tailored insurance quotes and coverage through most of the leading U.S. and European insurers, while providing outstanding personalized service and support".

For more details Tel: +1 954 323 6733 or visit: [www.syig.com](http://www.syig.com)

(see below) and the vessel should also have a copy on board. In addition, the crew member must ask about insurance during the employment process.

## Accountability

It is a bit boring, but Maria explains quite simply and clearly that it's the accountability of the shipowner to provide "Financial Security" for the "Health and Social Security Benefits", based on the general social and employment conditions in the Flag State, and "Repatriation". The repatriation conditions that are specifically listed in the MLC are i.e. in case of illness or



injury, ship wreck, the shipowner's insolvency, ship is bound for a war zone, and termination of employment. The "Health and Social Security Benefits" states that in accordance with national Flag State law, the seafarer will be provided with medical care, including medical treatment and the supply of necessary medicines and therapeutic devices and board and lodging away



## Pantaenius

Pantaenius has been arranging insurance for superyachts and resolving their claims around the world for more than 40 years. With over 70,000 yacht owners trusting Pantaenius, the company is the largest yacht insurance provider in Europe and a remarkable market player worldwide. The international teams in Germany, the United Kingdom, Mediterranean, Scandinavia, Austria, Australia and America provide local advice and service. Over the years, Pantaenius has built up a formidable network of agents, surveyors and repairers. Special priority is given to the development of sophisticated risk management solutions for superyachts. The Pantaenius book contains vessels ranging from elegant classics to large ocean going motor yachts with state of the art design and construction.

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from home until the sickness or incapacity has been declared of a permanent character. Furthermore, in the event of death or long-term disability due to an occupational injury, illness or hazard occurring from the date on which the seafarer leaves home to join the vessel to the date on which the seafarer is duly repatriated, the seafarer will be entitled compensation. In the event of death occurring on board or ashore, the shipowner

will meet the cost of burial expenses. Nowhere in the MLC does it mention any requirements for compulsory insurance to show "Financial Security". Then again, in respect to compensation in the event of i.e. death or long term disability, the shipowner must provide "Financial Security" to ensure such claims are paid and INSURANCE should be an acceptable way to do so with. Maria adds, 'It's vital to point out that at this time, there's no specific "MLC Compliant" insurance policy accessible in the market, yet after completing the application process with the Flag State and receiving the Certificate of Compliance, THAT insurance policy then becomes an MLC Compliant policy.

It's imperative to offer Captains and crew a benefit rich crew medical insurance policy, that offers coverage 24/7/365, during work onboard AND time off. It's also an advantage if the crew health insurance policy acts PRIMARY to the P&I and pays claims on a FIRST hand basis, to avoid claiming on the "Medical Payments" section of the P&I and risk losing the "No Claims Bonus" at renewal time, or gain hefty premium increases.

### Give me cover

The P&I Insurance "Medical Payments Section", on the other hand covers Captains and crew members "while in the employment of the Assured and signed onto the Yacht, ashore and afloat", (American Yacht Form, R12 policy wording) and may not cover the crew during vacation time off, or if doing rotational work. The P&I Coverage is not solely sufficient to rely on as crew medical insurance and it doesn't provide the same level of medical and accident protection than a separate crew medical policy.

It's of great consequence to attentively review the yacht's P&I and the Crew Medical policies together to validate that combined, they offer adequate benefits and coverage limits to protect the Captain and crew.' ' In the end', says Maria, ' it's better to have too much insurance coverage, than not enough!"

To finish off with a sublimely ridiculous example of a crew member being refused a policy claim, Maria remembers the following story: ' The most ridiculous claim I've ever heard of, involved an intoxicated, but responsible crew member who opted to ride in a taxi home after an evening out in town. Thinking that he was doing the "right thing" to take a taxi, backfired when the taxi was involved in an accident and the crew member was taken to the Hospital's Emergency Room, just to find out that the policy didn't cover when he showed alcohol in his blood....even though the accident happened without any "involvement" from the crew member, as he was just a responsible passenger...'

And so.... we have been warned.

### CREW INSURANCE SERVICES USEFUL LINKS:

Cayman Islands Flag: [www.cishipping.com](http://www.cishipping.com)

Marshall Islands Flag: [www.register-iri.com](http://www.register-iri.com)

St. Vincent: [www.svg-marad.com](http://www.svg-marad.com)