

## **INSURANCE IS ESSENTIAL – AND INTERESTING**

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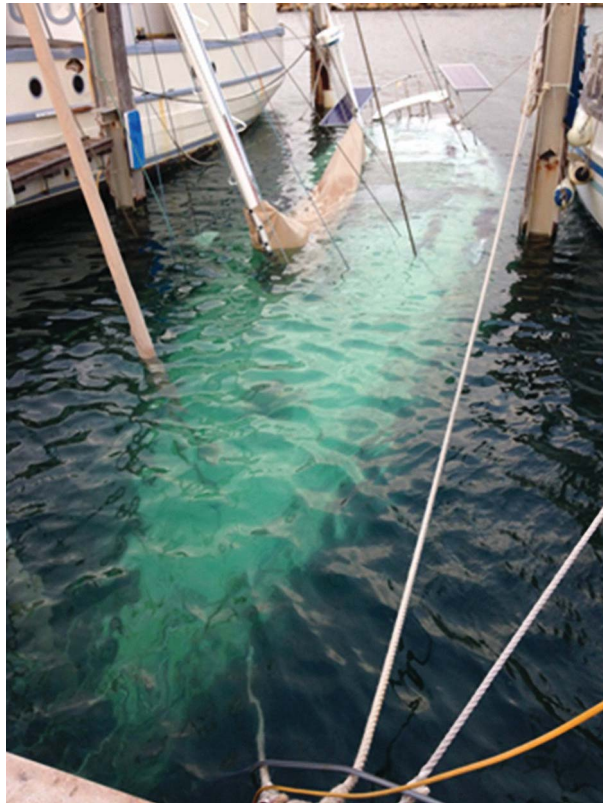
How do you write about insurance and make it exciting? No matter how you dress it up, it's never going to have the same impact as the thrill of a new chart plotter, the anticipation of a new boat or the exhilaration of a new set of sails. However, it is your insurance that is looking after all these fun things, including you, so it is exciting in its own quiet way, always there in the background ready to come to the rescue when you need it.

So, what are the key ingredients you need to look out for when buying insurance? Each person's needs will be different, and you have to make sure that what you are paying for actually covers what you need. Be savvy and go shopping! Gone are the days of just accepting your insurance renewal year on year. There are alternatives out there that may give equal or better cover for less, so don't just say "I can't change, I've been with them for years". Instead, do some consumer comparison and see what savings you can achieve.

This is where I contradict myself and say, "when comparing alternative quotes, don't just go on price alone". There are a number of factors that you have to decide are right for you and that may mean the cheapest isn't always best. Some things to consider are:

**Your insurance company:** Do you like them? Have you had a good experience with them? Do they have a good reputation? When you contact them, are they providing the right service for you?

A lot of companies actually act as a broker and may not be the ultimate 'insurer', so do your homework and ask who the insurer is. For example, Topsail underwrite on behalf of Lloyd's insurers. So make sure that your underlying insurer is going to pay a claim and is not going to disappear if the going gets tough. Around the world there are General



*Yachts can sink for many reasons,  
sometimes without leaving their berth*

Insurance regulators and Codes of Practice that insurers sign up to, which ensure a minimum level of service and commitment. Check that your insurer is part of a regulated body.



*Fire is rare, but devastating when it takes hold*

**What excess?** The excess is the amount that you have to pay before a claim can be recovered, and often the premium may be reduced at the detriment of a high excess. This may be absolutely fine for you, but when comparing policies be sure you are comparing apples with apples. If you wish to bear a higher excess, tell your insurer and they will quote accordingly.

**Market Value vs Agreed Value:** This is a hot topic at the moment, with new providers selling on the merits of their agreed value policies. But do you understand the difference?

- **Market Value:** This method was a traditional method used by insurers. If you bought your boat two years ago for £100,000 and it unfortunately goes glug glug, your insurer may say, “well, the boat has depreciated in two years and today is only worth £80,000, so we are only going to pay you that”. If you don’t agree, it is up to you to prove that it is worth more and negotiate a settlement price with the insurer.
- **Agreed Value:** Traditionally used in the international marine sectors, it offers an agreed value at the start of the policy. You bought your boat two years ago for £100,000 and you insured it for £100,000. If it unfortunately goes glug glug, your insurer will say, “we will happily pay you £100,000 as this is what we agreed”.

The thing about agreed value is that it is not ‘new for old’. You need to agree the boat’s reasonable market value with insurers. Once you have done that, there should be no quibbling over a total loss settlement.



*Hurricanes and other severe weather events can leave trails of wrecked yachts in their wake*

“How do I know its reasonable market value?” Most people have an idea of what their boat is worth. We all trawl the classifieds and brokerages comparing our boat’s value, and that is what you should do. Add any additional equipment which increases the value (eg. new engine, watermaker, refurbishment, etc). Your insurer will be able to assist with what should be included in the calculation. If you are in doubt, consult a local boat brokerage or get a formal valuation as part of a survey.

So which is better? That is a choice for you. In Topsail’s opinion, the agreed value policy is better as it provides a guaranteed recovery in the event of a total loss. At a time when you are traumatised by such a loss, you don’t need the added stress of arguing with your insurer about how much they are going to pay you. It is really important that you review your boat’s value annually, however, as the premium you pay is calculated on the total value of the vessel. By over-insuring your vessel, you are simply paying more premium than you need to each year, only ever recoverable if the vessel is a total loss!

**Legal Expenses Insurance:** if you pay for Legal Expenses cover as an add-on to your policy but haven’t got a clue what it is, you are not alone. Many people don’t realise that it covers you for the costs associated with taking legal proceedings against a third party. This can be valuable in a number of areas, but predominately for uninsured loss recovery and contractual cover.

- **Uninsured loss recovery** comes into play when a loss caused by a third party falls below your insurance excess. For example, someone collides with your boat, but the £450 it costs to repair the gelcoat is less than your £500 excess. There is therefore no claim and your insurer will not recover the cost for you. The legal expenses policy will utilise a panel of expert marine solicitors who will facilitate recovery of the cost from those responsible.
- **Contractual dispute losses** are also covered. Say that work on an engine was carried out, and a few weeks later a related failure occurs resulting in a dispute. The legal expenses policy will pursue and support you in the recovery of costs for legal proceedings against the contractor.

In our opinion Legal Expenses insurance is a worthwhile addition to any policy and definitely justifies the small additional premium, usually no more than £10 or £20.

There are many other benefits that individual insurers provide to enhance their policies. Don’t get blinded by the bells, whistles, flashing lights and razzmatazz – it is all there to entice you to buy. Look for good solid cover. Make sure it meets your own individual needs and that you have a good level of service and rapport.

### **Travel Insurance**

‘What about it?’ I hear you ask. Well, have you ever thought of whether your travel insurance actually covers you while sailing?

Whether holidaying at home or going abroad, many people just rely on the free insurance that they get with their bank, or simple ‘bucket and spade’ insurance. Think before you rely on such policies, however – consider getting specialist yacht travel

insurance. Many standard insurance policies exclude waterborne activities, or impose severe restrictions. Do a bit of homework and check that your own travel insurance policy is actually covering you when you are afloat.

If sailing abroad it is absolutely imperative that you have proper travel insurance, whether taking your own boat or chartering. It will cover emergency medical costs, repatriation and cancellation as basic, and have additional benefits such as baggage, personal accident, personal liability and charter excess waiver cover.

So where do you find specialist travel insurance for sailing? There are 'bucket and spade' travel insurers who provide a 'bolt on' sailing policy, but this could be considered pretty inadequate for cruising. There are a few specialist providers in the market, and Topsail launched its Yachtsman's Travel Insurance way back in 1998. It is proud that this is now considered a benchmark yachting travel product by the worldwide yachting community.

Having reached what the word count and reader boredom will allow, it is time to conclude. If you have found this helpful and it has brought various questions to mind about your own circumstances, then make sure you speak with your insurer and ensure that they are meeting your needs. There is additional information available on the Topsail Insurance website for those who would like to find out more. I told you insurance could be interesting!



Topsail Insurance has been providing specialist boat insurance from Brighton in the UK for 22 years, and sailed into the Australian boating industry with a Perth office in 2014. Rob Stevens is a Director and has 32 years' experience in the marine insurance industry. Topsail is an Ocean Cruising Club-endorsed insurance provider which offers both yacht and yacht travel insurance for local and offshore cruisers and is a Lloyd's Coverholder.

