



## **Superyacht insurance today: why quality wins over price** **by Lorna Titley**

On an Owner`s shopping list of must-haves for their superyacht, insurance for their dream asset is unlikely to appear first. In fact, while the excited client is picking out their yacht toys and accessories, it is usually the yacht`s Captain, yacht manager or another trusted advisor who is deciding which is the best policy.

However, when things go wrong, insurance can become one of the most important purchases that an Owner has ever made, sometimes covering substantial losses of tens of millions in the case of superyacht fires, sinkings, collisions, crew injuries and so on.

To find out more about the latest trends in superyacht insurance, I spoke to Richard Felipes, Marine Insurance Consultant and Nicolas Palacios, Business Development Executive at Capurro Insurance, a family-owned insurance brokerage headquartered in Gibraltar. The company has a history dating back to 1876. Their founding principles have endured as they have grown and continue to offer the same agility and attention to customers they have always had with the scale and experience of a business with over 140 years to its name; offering a wide range of insurance products to numerous industries, business sectors and individuals. Their Professional Indemnity insurance division is regarded as a leader in this field and holds a strong reputation amongst the sector and the insurers who support it.

Richard Felipes points to climatic events such as Hurricane IRMA 2017, typhoons and cyclones in the Asia-Pacific, the colossal fire at the Lurssen Yard 2018 and subsequently other fires at Fort Lauderdale and Middle East. These mentions were highlighted to explain the changes not just in insurance premiums over subsequent years, but also the approach of responsible insurers. "These were benchmarks in time which led to huge changes within the yacht insurance world," he explains. As a direct consequence of these catastrophes and the massive claims that followed, "the capacity to insure shrank and so we saw premiums revert to what I believe are more realistic levels."

Felipes is strongly in favour of what he describes as "*qualitative insurance*", whereby the calibre of security offered, good communications between the underwriter, broker and client, and the prompt, fair settlement of bona fide claims count more than price. "*I'm not going to match a quote that is too low - and I tell clients the reasons why,*" he asserts. "*I've had cases where yacht management companies tell the Owner that they can save thousands on insurance, but it's important that clients have the full picture when their advisors are comparing quotes. The Owner should be made fully aware of the quality and service of the underwriting he is getting.*"

So, what should be included in today's superyacht insurance policy? And with technology impacting almost every aspect of our lives nowadays, what new types of coverage – like cybersecurity insurance for instance – are Owners looking for? "*People never ask about insuring against cyberattacks*", Richard remarks, "*although cyber insurance is actually included in most of today's policies for the larger Yachts especially.*"

Broadly speaking, the policy should take account of the waters the yacht will navigate, the activities it is going to undertake and the crew requirements. If the yacht is being used commercially, then there needs to be adequate insurance to facilitate crew repatriation in keeping with the terms of MLC, to provide medical insurance and to ensure that certain salary requirements are met in the case of disablement. Third party liability and professional indemnity coverage should also be included in a superyacht insurance policy. In Summary we are talking about Hull & Machinery, Protection & indemnity and finally Crew Cover.

A trend that does understandably receive its share of airtime is the recent spate of superyacht fires, some occurring in the yards and many related to having lithium batteries on board. Leading Underwriters are starting to respond to the latter by offering free risk management surveys, which entail a specialist spending a day or so on a yacht and going through the procedures and safety measures. "The aim of the risk management approach is to avoid these kinds of fires", explains Felipes, "*The surveys have been on offer for some time now, but the low take-up is surprising given that they are free and yet offer enormous protection from danger in the future.*"

Overall, Capurro Insurance is experiencing growth in its marine insurance sector. *“Things are picking up again and Lloyd’s is fully back in the picture”, Felipe notes, alluding to the London-based insurance market’s predominance over European rivals that once appeared to challenge its position. As with Lloyd’s of London, companies like Capurro Insurance have withstood a great number of historical highs and lows. The firm has recently opened an office in Malta to enable its team to trade within the European Union post-Brexit. “We have a young dynamic culture – a people-based business – but one that is based on enduring principles,” concludes Nicolas Palacios.*

### **Further Information**

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