Insuring tomorrow`s superyacht

By Lorna Titley

Originally a shipping lawyer, Vincent Huens de Brouwer`s journey to becoming a superyacht insurance broker was not an obvious one. Indeed, his company, Covership, is one of a new breed of market entrants who represent something of a reverse trend in a contracting sector. Vince set up his own yacht insurance brokerage five years ago, a time when others were consolidating, scaling back or pulling out of yacht insurance altogether.

We caught up with Vince to find out more about what, in his opinion, is behind these industry changes and what Owners of the future should expect when they come to insure their yachts. Reflecting on his shift from shipping to yachting, from law to insurance, he explains *"What I like about insurance is that you find risk solutions for your clients and you solve their claims, which can be very satisfying."*

The first gearshift he points to in the insurance market is the reduction in the number of underwriters offering yacht coverage. *"This makes the job of the broker more challenging"* notes Huens. Not only are there less underwriters to provide insurance, but what`s more, quotes typically don`t arrive as quickly as before. For UHNWIs, used to having information back to them as soon as they`ve asked for it, this can be hard to explain.

This reduction of capacity is, believes Vincent Huens, "due to the deluge of both large and small claims that led many to close down their yacht insurance business." He adds, "*Some were offering premiums that were simply too low, so their business was not sustainable.*"

The remaining underwriters have become very selective. Newer yachts do not have a problem attracting insurance quotations, but for "older, lower value yachts sailing in non-Med locations, the mainstream underwriters have disappeared", reports Huens. Again, this can be difficult for an Owner to comprehend. "Sometimes you have only one insurance solution to propose to the client, who is in turn surprised by this lack of interest."

Vince sums up the second change in market conditions with one word 'compliance'. This trend, largely amplified by the Russian client ban makes life challenging for the whole yacht industry. "We`ve been thrown into an abyss of documentation request," he comments. "We need copies of passports, proof of address, residency, registration, incumbency, good standing and so on. This is a bit too much for the regular yacht clientele," he concludes.

How does he see these trends continuing in the future? "*Going forward, I see superyacht insurance hardening both on underwriting and on claim sides,*" states Vince. "Currently, marine insurers operate under the principle of client acting with utmost good faith. They agree to insure a multimillion value yacht without actually inspecting it, on the basis that Owner is deemed to have disclosed all material facts about it. But, in tomorrow`s market, I see insurers requiring more marine surveys for instance. They will still rely on the client good faith, but this faith will be have to be cross-checked."

The second insurance concept Vincent Huens points to is that of the client acting as a prudent uninsured. "*Under this insurance principle,*" he elaborates, "*the Owner should take decisions as if he weren`t insured. In practice, this means that in the event of a claim the insured must take all steps to minimise losses, avoiding careless payment. For instance, by securing more than one quote from the shipyards in the event of a claim". Huens sees adherence to this principle being applied more rigorously in the future. Clients should understand that they must increasingly work hand to hand with underwriters,*" he concludes. "*Clients cannot expect to provide one quote and that insurers will then pay up without discussion.*"

Furthermore, as the superyacht fleet ages, Vince believes that this will lead to additional stipulations from insurers. "*The number of yachts over 15 years old or above has boomed,*" he says, "*With insurers becoming more picky, they will require more surveys, more reports before offering coverage for older vessels.*"

One such example of this is the use of the risk assessment survey increasingly included on Hull & Machinery insurance policies. "The underwriter will send his own surveyor to assess the quality of the yacht`s management, *the level of crew safety knowledge, how long the captain has been with the boat - all of which are signs to him of a how secure the vessel is.*"

When it comes to insuring tomorrow`s yacht, what, if anything, would Vince Huens de Brouwer like to see change? "We have to see Lloyd`s syndicates back in the game," he states without hesitation. "The aged yachts are good risks if they are managed well. We need proper rates and terms for this fleet too." Pointing to the buoyant superyacht market which we all continue to enjoy and benefit from post-pandemic, he makes his point clearly, "It`s not possible to have a flourishing yacht industry that doesn`t have a corresponding insurance solution."

Lorna Titley, Director at Quaynote Communications, was talking to **Vincent Huens de Brouwer, Managing Partner, Yacht Insurance Broker COVERSHIP**. Vince will be moderating a panel discussion on The Future of Yacht Insurance at Quaynote`s forthcoming conference, **The Future of Superyachts,** taking place in central London on 29th June, 2023. For more information or to register for the conference, please visit our website at: www.quaynote.com or contact us at alison@quaynote.com or lorna@quaynote.ca

Having specialised in maritime law with a French and a UK master's degree, Vincent began in 2000 as legal correspondent of the main P&I Clubs of the International Group.

In 2008, he embraced the career of superyacht insurance broker with leading Monaco-based insurance broker agencies, including top management position in Florida

Vincent set up COVERSHIP, his own yacht insurance broker firm in 2018, that has now became a network of independent superyacht insurance agencies on both sides of the Atlantic.

email: vhuens@covership.com