BREAKING TIDES: CHARTERING A SUPERYACHT

By Rob Carron

Yachting is truly a global business. Whether you are an owner, charterer, or even considering buying or chartering a superyacht (a motor or sailing yacht with a length of 24 meters and up), you will more than likely find that most of your time spent onboard will be outside of the U.S.

Traveling internationally onboard a superyacht can pose a number of issues for yacht owners or charterers. The simple fact is that yachts traveling internationally are subject at any given point to the various laws and jurisdictions of the respective countries they are cruising.

It is not uncommon for owners, charterers, crew or guests to do something seemingly innocent yet violate a law, which could end up in steep fines or penalties. For example, when you call on any port in Italy, the Italian authorities immediately request to see an “Italian Certificate” of liability insurance. If you have properly insured the yacht with a knowledgeable and experienced marine insurance broker, then this should not be an issue. However, if you have relied on a general insurance broker with limited or no experience in placing marine insurance, particularly international marine insurance, then the charterer or owner's trip could result in wasted time, financial repercussions and at the worst, vessel arrest – all of which is the last thing anybody needs on a holiday. Italy was the example in this case, but many countries, including Spain, France, Greece, Mexico and Japan...to name a few, require some variation of proof of insurance in their local language.

Aside from the governmental minutiae one encounters while hopping from port to port, there are other risk and insurance considerations for an owner or charterer to keep in mind when cruising outside the U.S. One of the common yachting-related claims we see in our practice is injury to crew. As one can appreciate, yacht crew work tirelessly to ensure the trip and the guests are as comfortable as possible. Their endless desire to serve efficiently and effectively can open the door to unforeseen injuries. While the bulk of crew injuries are minor, a handful of severe injuries will require advanced preparation, skillful reaction and the support of a reputable insurer and broker to help mitigate the exposure.

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One way a yacht insurance program can mitigate exposures is by placing insurance coverage that will respond the owner’s legal liabilities to third parties for bodily injury and property damage, liability to crew under maritime law and liability for pollution. These are all viable risks of the vessel owner and more commonly referred to as Protection and Indemnity risks. Most, if not all, yacht insurers offer some form of Protection and Indemnity coverage.

If you intend to charter a superyacht, it is imperative to thoroughly review the charter contract. Most, if not all, charter contracts spell out the responsibilities of both the yacht owner and the charterer. Typically the charter contract will require the owner to carry Hull and Machinery insurance and Protection and Indemnity insurance with an “A” or higher rated carrier. Furthermore, the contracts require that the yacht owner show proof that the yacht’s insurance policies include coverage for the yacht while on charter. In many cases the limits and coverage offered by the owner’s Protection and Indemnity insurance will suffice for a charterer. However, there are instances when a charterer might be liable for damage or injury to a third party that fall outside of the scope of coverage under the policy. Coverage for these liabilities can be addressed via a separate Charterer’s Liability policy that is put into place for the duration of the charter. Although not required by the charter contract, a charterer is well advised to purchase separate Charterer’s Liability insurance.

Yachting is meant to be an enjoyable getaway with your closest family and friends. Partnering with a true Superyacht Insurance specialist and creating a customized program to address and mitigate the risks a global superyacht faces will help to ensure no moment onboard is wasted.

Rob Carron is an Account Executive with Willis Marine, one of the oldest and largest international marine insurance brokers. As a key team member of the Superyacht Practice, he is responsible for business development, client advocacy and implementation of practice strategies.
Just about every university or college offers a program that includes studying abroad for a semester or longer, and just about every student is eager to go. While the opportunity suggests a culturally enriching experience, it also poses some serious threats. And few are more terrifying to parents than a kidnapping or abduction.

The risk of kidnapping has been rising due to the ease with which criminals can gain personal information through new technologies. Children and young adults are often the weak link in the family security chain because they tend to use social media carelessly.

In 2012, a U.S. billionaire had to suspend his daughter’s social media accounts after discovering she was sharing information about the family’s activities and whereabouts – potentially compromising their costly and comprehensive security planning.

Compounding the problem of careless use of social media, young adults don’t consider themselves as targets for crimes such as kidnapping, convinced they’re not rich or famous enough. After all, it’s always the family that has twice your wealth that’s labeled ‘rich.’ But you no longer have to be a billionaire to be targeted like one. The ever increasing availability of information about a family’s wealth and lifestyle has made it easier for criminals to identify targets with moderate wealth.

The Guidry Group, a personal security firm we work with, has even noted the emergence of ‘micro-kidnapping.’ In these instances, someone is identified by name card at the airport, taken and held for a few hours, and then forced to pay $5,000 or $10,000 for his or her release.

To reduce these vulnerabilities, affluent parents and their children must first change their attitude and acknowledge their status as potentially attractive targets, especially while traveling overseas. With that revised mindset they’ll be more inclined to learn how to use social media safely and how to be less conspicuous in their attire, behavior and accommodations while traveling abroad. In some cases, such as when a student has planned travel to a potentially dangerous country on a school break, parents should consider engaging a professional security firm. At a minimum, the firm can warn them of the recent criminal activity and political instability and train them how to behave safely and react appropriately to threats. If desired, services can even extend to advance scouting of the travel route, creation of cover identities, a full blown security detail, and more.

While prevention is always preferable, families can also protect themselves financially in case of a kidnapping with insurance. For instance, ACE’s homeowners policy includes coverage for expenses frequently related to a kidnapping. These include lost income due to time taken off work to meet with law enforcement agencies and legal counsel, attorney fees, costs of travel and accommodations while attempting to negotiate a return of a loved one, and fees and expenses of a private investigator. ACE can also offer access to insurance that covers the ransom itself.

**PERSONAL SECURITY CHECKLIST**

- Monitor for and remove private information from the public domain where possible
- Review home security, alarm systems, security devices and counter measures against the latest technology
- Update virus and spyware defense on home networks and mobile devices
- Provide tools and training to protect family members on-line
- Develop family contingency plans for evacuation, crisis communications, kidnap response and medical emergencies
- Conduct vigorous background investigations on personal staff and contractors with access to your home and family
- Be aware of potential travel security risks at your destination
- Talk about security awareness with family members and staff
- Identify reliable sources of information and intelligence to inform your decision-making about security issues
- Consider engaging a security professional to conduct a vulnerability assessment if you are unsure about your risks

When assuring your personal security, you can certainly purchase insurance coverage through Willis Insurance Services, but you may also need consultation. Below is a personal security checklist by Frank Rodman, president of TorchStone Global, LLC. TorchStone provides strategic security advisory services to the world-wide affluent community and deploys global travel security and safety programs fully mitigating risks to clients. Partnering with clients to design, implement and carry out value-adding protective security measures, TorchStone enhances traveler security awareness while employing threat-based and intelligence-driven security solutions for the family office. For more information, please visit www.torchstoneglobal.com
COLLECTOR CARS ABROAD

An interview with Ronald Fiamma, Vice President and Global Head of Private Collections at AIG Private Client Group, by Clarissa Cassara

Many of the world’s most exotic and intriguing cars are housed here, in the United States. The owners range from prestigious collectors to first-time buyers. While the mechanical “beauties” are separate and unique, they all share one commonality: their need of financial protection in case of catastrophic peril.

Insurance has changed drastically over the last 10 years to improve the protection it provides the clients while still allowing them the freedoms of the open road. Those roads can be just outside the front doors or halfway around the world to the spectacles known as the Concours d’Elegance.

“The Concours d’Elegance dates back to the 17th century, originating in Paris, Francis. The French aristocracy began these gatherings to show off their horse drawn carriages but with time, the event shifted to a competition of automobiles.”¹ The formal display of antique and classic cars is grouped by style or make and precisely judged in order to place. The demands of these events have brought a multitude of participants from around the world, to hundreds of locations, all planning to share in an age-old honor of recognizing the best of the best.²

Over the years, the restrictions have tightened, making the journey for valiant showmanship an accomplishment in and of itself. Ronald Fiamma, Vice President and Global Head of Private Collections at AIG Private Client Group, knows first-hand the challenges his clients face in freighting and transferring vehicles to foreign countries. He took the time to explain the most pertinent situations and solutions to keep in mind when planning such challenging treks.

“Our clients enter their collector vehicles into a variety of events ranging from the Concours d’Elegance and historic rallies to museum exhibitions and special demonstrations. Each of these situations may require unique coverages or special policy language, so sufficient preparation leading up to the transit and event itself, is essential.

“Some car owners assume that their U.S.-based insurance is transferable anywhere in the world, but this is not the case. Many people take the time to plan for multiple locations, stops and shows within a trip without consulting their agents on what needs to be done to comply with foreign insurance regulations. This can literally ruin an entire trip due to the delayed processing in obtaining proper coverage on foreign paper. Depending upon the places the client plans on stopping, each location can require overseas liability and physical damage on local papers.

“Some insurance carriers will not be able to satisfy the needs of each country, right away. Timing to contact an overseas carrier and process the request could take a few weeks. As a global insurance company, AIG is able to work with our local offices around the world to secure the necessary foreign coverages and documentation in a seamless transaction.”

Foreign insurance is not the only precaution that Mr. Fiamma warns about for the avid collector. “Collector cars need to be freighted with all of the following considerations in mind: the preparation of a vehicle condition report pre-transit, the decision to use a shipping pallet or a container, proper completion of all necessary customs documents and the arrangements for overseas pick up, customs clearance and post-transit condition reports. All of these responsibilities should be left in the capable hands of a freight forwarder with a solid reputation for handling valuable vehicles.”

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Freighting and transferring a vehicle can be a simple task if the proper steps are taken. Antique automobile or collector car shows are what most clients strive to be a part of, and making sure that filings and freighting are done properly, should be a large part of the planning. If you or your client would like more detailed information on AIG’s program regarding collector automobile coverage, you can go to their website at www.aig.com/pcg.

1 Concours d’Elegance via Concours.com/Wikipedia
2 Ibid.

Ron Fiamma is Vice President and Global Head of Private Collections for AIG Private Client Group. Based in New York, he manages the firm’s insurance portfolio of client collections of fine art, jewelry, wine and collector automobiles. He received his degree in art history from Vanderbilt University and continued his graduate work in Italy in art history, archaeology and art restoration. He maintains his childhood fascination with vintage automobiles and Formula 1 auto racing.

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