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## THE INSURANCE & FINANCE ISSUE

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# Take Cover



While you may feel you are too busy working to sort it out, or that your yacht should provide full coverage, it is important to take ownership of your insurance situation. If you do not know what your vessel's policy covers or have not read the documentation, then put this at the top of your "to do" list. As Esther Barney discovered by talking to a host of insurance professionals, if the worst happens it could be the most important thing you ever do.

**A**lthough yachts often cover a crewmember's insurance related to employment, you should by no means expect this to be the case when you join a new vessel. "Legally, the yacht owner only has to cover 'employer's liability' or negligence for death, injury or damage to property," states Nichola Dunne of OAMPS Special Risks. "Personal accident and illness, including medical expenses, should be seen as a crew extra."

According to Steve Nelson of April Medibroker, the global financial crisis may have pushed owners to reduce running costs, including the insurance level for crewmembers; in some cases it has been cancelled altogether. Crew Insurance Services' Maria Karlsson has seen policies for yachts where the medical payments section only covers up to \$100,000 per crewmember for each accident with a total of \$500,000 for all crewmembers for each accident; in her opinion this upper limit would not be sufficient to cover medical bills somewhere like the US.

Having said this, it is within an owner's interests to protect crewmembers so they can be treated for health issues quickly and can return to work, and many highly experienced or qualified crew look for benefits packages that include insurance when they are seeking employment.

It pays to find out exactly what you may be covered for under a yacht's insurance policy, and if you consider this insufficient, look into buying personal cover for yourself.

## Common claims

The most common claims from crew are minor accidents (slips and falls or back problems after lifting), illness and dental (fillings and broken teeth). According to Crew Insurance Associates' Chuck Bortell, in younger males sporting injuries or work-related accidents are common claims, whereas with those over 40, these more frequently relate to joint complications (eg in knees and shoulders, which may lead to conditions like arthritis from sporting injuries earlier in life). For females, he reports claims regularly stem from general medical complications rather than accidents.

Nelson comments that a fellow insurer recently noted that crewmembers both work hard and play hard: alcohol-related treatment seems significantly higher in crewmembers than non-crewmembers, in his opinion. Overall, personal property theft and damage are claimed less than medical issues, according to the insurance providers consulted.

## Knowledge is key

When is appropriate to ask about coverage on your yacht? Mark Bononi of

MHG Marine Benefits advises that the interview is a good time to learn where you stand, with particular emphasis on sickness, shore leave and holiday cover. That is not to say that you should turn down a position if the cover is not fully comprehensive – but it will give you time to seek a personal policy if needed.

When you start work (or ideally before), ask to read the policy and read it in full – even if it may seem longer than *War and Peace*. If you have no access to the policy or if you are unsatisfied with the coverage then seek a personal insurance policy.

Anita Warwick of Seven Seas Health remarks that many crewmembers are added to the owner's company health plan that extends to both shoreside staff and crewmembers. These do not provide cover outside the country in which the company is based nor cover many of the specialist areas required by crewmembers (see overleaf). She also notes that some senior crew, such as captains, may be given disability insurance or insurance for their dependents – but this is by no means standard or to be expected.

It is important to be aware that there are two different types of plans, admitted (regulated) and unadmitted (unregulated), that will define terms differently. Admitted plans are designed to protect consumers by using simple language >>

and not including unexpected penalties, loopholes, exclusions or difficult claims procedures. For example, a "pre-existing condition" is defined by admitted plans as "one that was treated or diagnosed prior to the effective date of the policy" but by non-admitted plans as "a condition that was diagnosed or treated or could have manifested itself whether symptoms existed or not prior to the effective date". Warwick has provided a guide from HTH Worldwide that can help explain the differences between the plan types that is available at [thecrewreport.com/insuranceplan](http://thecrewreport.com/insuranceplan).

#### Who should you go to?

The larger insurance providers have contacts in hospitals the world over, which is reassuring. However, smaller insurance brokers can tailor a policy to individual needs, which may work best for you. The key is to look around at what is available and make a decision based on your personal insurance priorities. There are many places that you can turn to where the specific needs of a crewmember are understood and included within a policy, whereas normally these may not be (see right).

Also, be aware that although the larger insurance providers have lists of preferred medical providers, you are not always obliged to use these. For example, AXA PPP Healthcare has direct settlement arrangements with over 1,100 hospitals and 20,000 medical providers worldwide; however, if a crewmember wishes to use a medical provider not on the list this can be arranged.

#### How much geographical coverage should you have?

Many insurance professionals suggest worldwide coverage is essential; as Mathieu Henry of Worldwide Yacht Crew Cover puts it: "Your insurer needs to give you access to your guarantees in every type of situation." Others suggest just having coverage for the areas you are working in – which is cheaper – and extending the coverage as and when it is needed. Some insurance policies that are named for Europe only will give coverage for holiday or business trips worldwide, for example the Pantaenius Crew Medical policy. Remember, if you have not notified the insurance company and you try to make a claim for a region you are not covered for, even if you have since extended coverage, the insurance company will not pay out.

US coverage is not standard for worldwide coverage unless stated and an additional premium will be required to cover this (as much as 30 per cent according to Bononi). This is because medical expenses in the US are higher. Warwick suggests that crew working on yachts in the Caribbean or Bahamas with no plans of entering US waters should still take cover in the US as all emergency evacuation patients are taken there and it is advisable not to compromise any health care required.

crewmembers to be registered on certain official lists (eg German flagged-vessels need to register crew to the See-BG).

Again, Warwick stresses the importance of an admitted insurance plan: "US citizens hanging up their epaulettes and returning to a landlubbing life in the US are in a much better situation if they have had an admitted plan whilst yachting and US insurers will recognise it as creditable cover."

#### When might you not be covered by the yacht's insurance?

"In today's climate," comments Nelson, "I don't think a crewmember can have expectations of what cover they should have." Therefore you should not expect a new employer to match the cover from a previous one. You may not be covered for loss or theft of personal property, or accidents on holiday – particularly with the added hazards of extreme sports like skiing, snowboarding or watersports. Also, for those who may be working on sailing yachts, it is important to ensure there is coverage for participation in regattas, points out Baum. Deliveries are not covered by most protection and indemnity (P&I) cover until the delivery happens, so the crewmember is not covered, says Bononi.

What about during refit or a new build on shore? You should be covered by the yacht's policy but check precisely what is covered. You will still need cover for illness that may not be included in the yacht's policy and, as Nelson advises: "If the financial ramifications worry [you, you] might want to consider a personal accident plan to pay out a lump sum, which may prove invaluable at the time." It is worth checking if the yacht is relying on P&I or liability cover alone during a yard period, as in this case [you] may want to take out personal insurance, comments Bononi.

If you have pre-existing health conditions that are covered by your current insurance, be careful not to cancel personal policies without checking that the coverage from the yacht's group policy will provide equal protection. You cannot predict the terms of future employers' coverage, so it may be worth paying for personal policies in order to keep your safety net for these pre-existing health conditions. If medical conditions have developed whilst working on a vessel, some providers will allow the policy to be transferred to individual

## The global financial crisis may have pushed owners to reduce running costs, including the insurance level for crewmembers; in some cases it has been cancelled altogether.

To cover for all eventualities, it is advisable to choose a policy that is flexible to change with your geographical coverage requirements.

#### Does your nationality affect the policy?

US-national crewmembers usually have a much higher premium because of the US legal system, and on occasion it is not possible to cover American crewmembers. Be aware that there may be time restrictions also: some insurance companies do not allow US crewmembers to stay in US waters for more than 180 days per year according to Pantaenius Yacht Insurance's Martin Baum.

The flag of the vessel can also affect the coverage, for example it may require

coverage, according to Sue Wilson at à la carte healthcare.

Although pension and life insurance may not seem like current concerns for younger crewmembers, these are also vital and unlikely to be covered by an employer, says Baum. Planning for the future is important and if you have dependents life insurance is a must.

Most importantly, do not forget to renew your policy. Even if by accident, if your coverage lapses, some providers are not flexible and you may not be covered when you take out the same policy again – in particular with regards to pre-existing health conditions.

### Will you be covered by a personal plan if you move yacht or jobs?

Changes to your employment and everyday activities may affect your coverage, so it is important to make sure you are in contact with your agent about any changes that could affect your policy.

Note that if you are covered by the yacht's group policy and this is "fully portable" then you can transfer the coverage to a personal plan when you leave the vessel – this is really important for the pre-existing health conditions situation as mentioned above. Karlsson stresses that there may be restrictions as to how long you are on the group insurance policy and you may also have to apply for an individual plan within a certain timeframe after the termination from the group.

### Is crew-specific insurance really necessary?

Standard travel insurance will usually not cover for when you are working and may not take into account the nuances of life as a crewmember. According to Bortell, "standard" underwriters often avoid those with the profile of crew [with] no permanent address, relatively frequent changes in geographic locale or multiple changes in employers.

Crew-specific insurance can provide cover for flying in helicopters and private jets. There are policies that have provisions made for rotating crew by some marine insurers. And although standard international plans usually only cover medical costs or evacuation from land, a crew-specific policy should provide cover for ship to shore rescue should MEDEVAC be required.

Crew policies tend to be a little more flexible than standard policies according to Karlsson – understanding that crew can be difficult to communicate with when busy at sea – and so occasionally allow for late payment of premiums (although this is not guaranteed). Bononi notes that superyacht crew policies may have more online features and services that suit a nomadic lifestyle, including online enrolment and the ability to scan and email claims to minimise administration time and effort.

### Why might claims be rejected?

There may be issues with your claim being rejected if you do not submit it within the defined time period. "Many

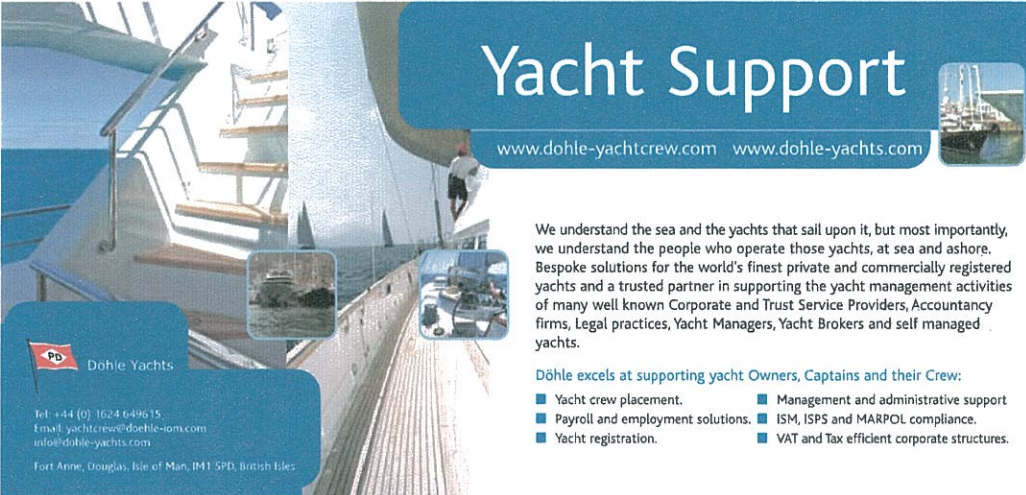
crew do not realise how long they have after the incident to file the claim," warns Warwick. "The nomadic lifestyle may make it difficult to get the claim in on time and find the claim being denied." It is vital make sure you are aware of how long you have – which can be anything from 90 days to a year.

Although it can be confusing to understand the jargon in these directory-sized policies, it is important to know your rights if you want to make a complaint. If you make a claim that is rejected there is a complaints procedure you can follow if you are unsatisfied. "A consumer can file a complaint with state insurance departments that have direct recourse with an admitted insurer to demand fair claims payment," says Warwick. ■

For the full answers to TCR's questions to insurance companies visit [thecrewreport.com/Insurance](http://thecrewreport.com/Insurance)

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# Yacht Support

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