



# Yachts lead way as market for super-rich grows apace

Justin Rahman Insurance Day 15/05/07

LOSS adjusters are expanding their services into the "super-yacht" and high-net-worth sector as the market for luxury specialist risks continues to grow.

Charles Taylor Marine and Davies Chartered Loss Adjusters have both expanded their services into the growing luxury sector.

Charles Taylor Marine is focusing on super-yachts, generally classified as being 24 metres or over in length and can cost anywhere between £1m (\$1.98m) and £2m a metre, and which are becoming more sought after as status symbols.

The loss adjuster, which recently re-branded and set up Charles Taylor Marine (IDnewscentre, May 3), has expanded its super-yacht practice throughout the Mediterranean with a network of yacht experts, supporting existing services, in France, Greece, Spain, Italy and Turkey to provide a "speedy and comprehensive response to events" as well as a bespoke service.

The move follows Charles Taylor Marine's recent recruitment of Nick Smith, former owner and managing director of Global Claims Management Ltd, a specialist luxury-yacht claims service provider. Smith's appointment provides the Charles Taylor Marine yacht practice with a greater presence in Florida, the Caribbean and Mexico. The company offers a round-the-clock service to underwriters and their policyholders.

Although figures were not available to show a rise in luxury business lines, Smith said: "No doubt one of biggest status symbols next to a private jet is a huge luxury yacht. Super-rich numbers are increasing and if you are super-rich you must have one. Demand for these yachts is very high at the moment so that even if you wanted to buy one you wouldn't receive it until 2011 at the earliest. Therefore, the demand for insurance is going up.

"The risks have also escalated as owners are forced by a shortage of berthing capacity to look further afield and it becomes more difficult to recruit crews with the right experience. When it comes to the claims side not just values and repair cost, but also salvage costs, that can be huge for a £40m yacht."

Julian Bosworth, Underwriting Risk Services claims director, said: "The marketplace in super-yachts is very buoyant, all the European yards are bursting with orders and there has been a lot of interest and money going into ownership of these yachts. The fact people own these yachts means that they will need expertise when things go wrong. The difference between conventional hull surveying and a super-yacht is that the internal fittings on a super-yacht are luxury and different from a commercial vessel."

He added: "Touch wood, there haven't been a lot of claims coming in but these yachts are susceptible to claims like everything else. Owners of these vessels only use their yachts at certain times of the year and when they need to use them demand they are in good repair. Some of these yachts are used for chartering which is a very lucrative market and owners want them ready without any unnecessary delays."

Smith added that the company's super-yacht clients required a more bespoke service.

"We want to provide a professional and personal service to those with huge assets. We are offering the technical expertise. The expanded unit is not really a response to one particular event, we just see it as a growth area."

Smith added that although Florida business can be subject to big claims, particularly in the hurricane season, super-yacht owners were unlikely to be affected as the "very rich" tended to remain in the region and the Gulf of Mexico during the winter months but spent the summer in Europe.

"If you're super rich you'll probably spend the winter months in Florida or the Caribbean and spend the summer in the Mediterranean. We service the Florida end of things and give the same service to the Med. If a boat has suffered a fair amount of damage, owners may want to bring it back to the European yard who built it. Now we can offer that service with our increased practice," Smith added.

He also said that there was a lot of competition for super-yacht business and that coverage was very broad. "There's a whole raft of risks that you would not expect on a normal commercial vessel, for example fine art. It's a very specialised market with any non-standard risks."

Meanwhile rival loss adjuster, Davies Chartered Loss Adjusters, has set up a dedicated Special and Complex Loss Unit to oversee the company's major loss operation focusing on high-net-worth clients and other specialist claims.

The unit has been formed to co-ordinate and oversee Davies' Major Loss operation throughout its existing network and to service high-net-worth clients and other special and complex claims.

The unit will be headed by James Long with Mark Ponking retaining overall responsibility.

Long said: "Over recent years we have developed our major loss capability and a steady increase of this type of work has necessitated additional dedicated resources to allow for expansion."

Although, Davies includes luxury yachts, the new unit will focus on property. "The luxury yacht business is a very small part of our business. The real growth is in holiday homes abroad, in the traditional area of Spain and France, with lots of growth into new areas like Croatia."