



*Lady Moura: luxury yacht orders are defying the credit crunch*

# Value divide in yacht market is growing larger

**UNDERWRITERS** in the niche yacht insurance sector are monitoring the fortunes of the market with interest.

A briefing on the topic hosted in Lloyd's Old Library by Markel International heard that orders in the luxury yacht market were up 18% on last year, despite the crisis crunch, with nearly 1,000 yachts more than 24m in length currently on order and the yards building these vessels are booked through to 2011.

However, it is a different story in the smaller boat market, which is seeing job cuts, halting of production and bankruptcies.

Nick Smith, director of Charles Taylor Marine, warned insurers would soon feel the impact of these conditions particularly amid difficulties agree-

ing value policies. "The value of vessels is dropping by the day – and no boat can be sold in the current market for any less than a 10% to 15% discount on asking price. The yacht broker will also be charging the owner 10% of any sale price. An agreed value policy based on original asking price will be worth at least 20% more than the owner's share of a sale."

Equally, as the financial difficulties continue to be felt, Smith warned that vessel maintenance is often one of the first elements to be cut.

"As a consequence, the quality of boats is deteriorating and underwriters should place greater emphasis and importance on pre-risk surveys," Smith said.