



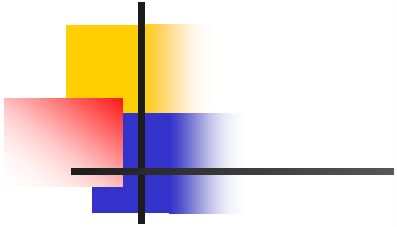
KNOW THE RISK

Pleasure Craft Risk Assessment

2011 CBMU Semi-Annual, Blue Mountain
Ted Macaulay



HOW DO YOU UNDERWRITE
THIS?



Launch Day - What a Beauty!



Oops!



Probably a Total Loss!



KNOW THE RISK

Underwriting risks to consider?

What types of claims occur?

Is the loss covered?

How is the loss settled?



Generally Available Coverage

- All Risk, Agreed Value
- No deduction for depreciation on most vessels under 15 years old
- Limited “ACV” clauses
- Low deductibles 1% or less
- \$2,000,000 P & I limits
- Very few exclusions – tough to mitigate



Current Underwriting Issues

- Boat values are dropping due to economic conditions
- Rates are not increasing
- Partial loss costs same or increasing
- Loss ratios are increasing
- Canadian dollar valuation?



Common Types of Pleasure Craft

- Fishing
- Wakeboard – Water Ski
- Cottage Boats
- PWC's
- Cruisers – Yachts
- Sail
- Performance

Aluminum Utility Boats



Aluminum Fishing Boats



Bass Boats



Centre Console Fishing Boats





Underwriting Risks

- Use – Location, fishing tournaments
- Speed – Bass boats 70+ MPH
- Operator experience
- Mooring or storage – is it secure
- Theft exposure
- Fishing equipment limits
- Navigation / trailering extensions



Types of Claims

- Striking submerged objects – outboard motor & propeller damage
- Theft of boat, motor, electronics or fishing equipment
- Damage while towing
- Hull damage



Concerns

- Fishing rod/reel values \$500+ (ACV or agreed value?)
- Client unhappiness with time to repair
- Metallic flake paint on Bass boats is expensive to repair
- Aluminum boats with hull damage may need to be returned to manufacturer to repair

Wakeboard Boats



Wake Surfing Boats



Water Skiing Boats





Underwriting Risks

- Operators – Age
- Mooring / storage location
- Use
- Theft
- Liability BI & PD



Types of Claims

- Striking submerged objects
- Theft of equipment, personal effects
- Property damage?
- Personal injury?



Concerns

- Liability limits
- Time to repair
- Personal effects limits
- Will there be more liability claims for property damage due to size of wakes being created



Sport Jet Boats





Family Jet Boats



Fiberglass Runabouts



Multi Use Fish & Ski Boats



Pontoon Boats





Underwriting Risks

- Operators – Single operator, family, friends, cottage renters...
- Ingestion – Jet boats
- Moored or trailered
- Speed, horsepower
- Age of boat



Types of Claims

- Striking submerged objects
- Theft – Boat, motor, trailer, equipment
- Impeller damage – Jet boats
- Damage from wind, water, waves while moored and unattended
- Sinking after launch



Concerns

- Multiple operators
- Alcohol
- Storage location
- Theft
- Lack of survey's for 15+ year old boats
- Lack of underwriting
- Pollution Liability?



Personal Watercraft - Sport



Personal Watercraft - Cruising





Underwriting Risks

- Operators, experience
- Loaning or borrowing
- Location – Use & storage
- Ingestion
- Liability – Especially bodily injury
- Speed, horsepower



Types of Claims

- Theft
- Impeller – Engine damage
- Liability – Bodily injury
- Property damage
- Hull – Physical damage



Concerns

- Agreed value or ACV
- High horsepower / speed
- Cost of new PWC's
- Portability
- Operators
- Bodily Injury

Small Cruisers



Large Cruisers



Yachts





Underwriting Risks

- Operators, captain, crew
- Location of use
- Navigation territory
- Propane on board
- Heaters
- Storage, winterization
- Liability



Types of Claims

- Striking submerged objects
- Theft of equipment, electronics, tender
- Lightning, wind, water
- Machinery damage
- Emergency medical, bodily injury
- Fire



Concerns

- Depreciated values
- Navigation extensions
- Liability risk in USA
- Proper surveys
- Repair expense vs. insured value
- Lack of Rate
- High additional limits of cover

Sailing Dinghy



Small Racing Sailboats



Inland Sail Boats



Large Sailing Yachts





Underwriting Risks

- Fire, lightning, wind, water
- Navigation extensions
- Liability exposure
- Racing
- Crew
- Live-a-boards
- Propane, heating



Types of Claims

- Damage while at anchor
- Sails (ACV?)
- Lightning strikes, wind, water, waves
- Fire, electrical
- Theft from marinas / yacht clubs especially early or late in season
- Tender, dinghy



Concerns

- Age of fleet
- Self maintenance
- Client expectations
- Repair expense vs. insured value
- Crew liability
- Navigation extensions

High Performance Runabout



Tunnel Hull



Offshore - V Bottom



Offshore - Catamaran





Underwriting Risks

- Operator, experience, CV?
- Speed
- Storage security
- Trailering, Navigation extensions
- Speed tests, racing, poker runs
- Liability
- Underwriter Experience



Types of Claims

- Striking submerged objects
- Damage to stern drives, propellers
- Theft of stern drives, entire boat, trailer
- Paint damage - \$\$\$\$
- Vandalism
- Bodily injury



Claim Concerns

- Boat values diminishing
- Most coverage is agreed value
- Limited ACV clauses
- Repair expense vs. insured value
- Limited service/repair facilities for this type of vessel
- Liability limit exposure w/o premium



Claim Concerns for all Boat Types

- Alcohol, drowning
- Lack of proper operator training
- Ability to purchase and operate without proof of competency
- Lack of a central claim registry to track pleasure boat claims
- Operator Card not a licence



Happy Underwriting

