#### TT Club Mutual Insurance Ltd

From the London agent of the Managers
International Transport Intermediaries Management Company Ltd

# Superyacht Manager

Specialist professional indemnity insurance



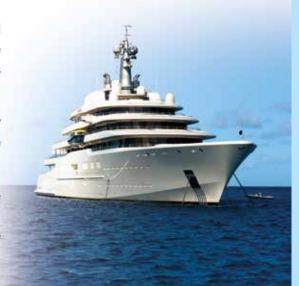
## Professional indemnity insurance for superyacht professionals

#### **Expert View**

ITIC is the insurer of choice for the industry's leading yacht managers, insuring more than 50 managers globally. The ITIC team understands the specific challenges a yacht manager faces and further benefits from experience in insuring 300 managers of commercial ships.

Common claims against the yacht manager include:

- Failure to maintain in the case of unexpected maintenance bills or any deficiency which prevents the ship from sailing, the owner can look to recover expenses from the manager.
- Choice of crew depending on the charter, the crew requirements can vary and any dissatisfaction of the charterer can give rise to a claim against the manager.
- Tenders and toys superyachts can come with a wide range of equipment under the manager's care which, if not readily available for use, can lead to charter rate deductions passed on to the manager.



### Why choose ITIC?

ITIC provides professional indemnity insurance at cost	ITIC is the mutual insurer of the transport industry with no external shareholders to take a profit from the business.
ITIC will provide a sympathetic approach	ITIC understands that you will often have commercial relationships which will need preserving if a claim arises and we will work with you to allow that business association to continue. ITIC's unique insurance cover allows some discretion and could support a claim which may not normally be paid by another professional indemnity insurer.
ITIC understands your business	ITIC's specialist knowledge of your business will make it quicker and easier for you to obtain advice and support on a claim under your professional indemnity insurance.
ITIC is more than just insurance	As an assured at ITIC you will receive support from a team who understand the unique situations and liabilities that your business faces.
ITIC pays dividends annually	Surplus funds have been paid out to the members in the form of continuity credit since 1994.



ITIC has extensive experience in the yachting sector which grows every year. ITIC's loss prevention advice channels the experiences of all the members to best help you navigate the ever-changing global landscape.

#### Crew contract confusion

Yacht managers were instructed by the owner to terminate the employment of two crew members. Both crew members were French nationals employed by the owner. The managers gave the crew a month's notice as required by their contracts which were said to be subject to "United Kingdom law".

Subsequently lawyers representing the former crew members alleged that the owner terminated the contracts without any consideration for the procedures that must be followed under French law. They commenced litigation against both the owner and the managers and arrested the yacht (which was in French waters) to obtain security for their claim.

The owner complained that while they, as the employer of the crew, had issued instructions to terminate the employment contracts the managers had not obtained any advice or guidance as to the procedural requirements under French employment law. The owner alleged this was negligent and had left them exposed to a claim under France's strict employment laws.

French lawyers advised that should the matter go to litigation, the former crew member's claims stood a good chance of succeeding as, despite the contract's provisions, French law would apply. This was because the two individuals had been in France at the time of their employment. Technically there is no "United Kingdom law" as England and Wales, Scotland and Northern Ireland have separate legal systems. The claims came to a total of EUR 194,680 and included damages for loss of earnings and compensation pursuant to French mandatory employment law.

In view of the advice the owner settled the crew claims for about EUR 75,000. The managers denied that they were responsible for obtaining employment advice but ultimately agreed to contribute a third of the settlement.

#### Remit regarding a refit

A yacht manager was contracted to provide crew management and ISM consultancy for a superyacht. Although the manager was not contracted to provide technical management, the owner sought their advice on two refits. The manager reviewed the scope of works and the budgets from the refit yards as a favour to their client.

Unfortunately, both of the refit budgets overran and the owner claimed that the managers had been in breach of their duty of care by failing to recommend suitable repair yards, failing to budget properly and failing to properly supervise the refits. The owners alleged that while the management contracts had said that the manager was not providing technical management they had in fact done so.

A formal claim was made against the manager for EUR 900,000 and a sole arbitrator was appointed by the parties.

The manager denied that they had accepted any responsibility for the refits. The owner's own staff had chosen the yards. The manager had commented on the scope of works and the budgets provided but had not managed the refits. They had simply been kept in the loop in correspondence. The owner claimed that he had expected his managers to take an active role.

In addition, the majority of overspend was due to the works which were required by the yacht's classification society. The owner had not suffered a loss due to the alleged negligence of their manager. The owner was obliged to pay the costs to keep the yacht in class.

The matter went to mediation where the claim was firmly rebutted. Ultimately ITIC agreed to the payment of US\$ 25,000 in settlement. This was far less than the owner claimed he had incurred in legal costs. ITIC also paid the substantial costs of defending the claim of over US\$ 110,000.

Although the owner's allegations lacked merit the claim is an illustration of the dangers of informally providing advice outside the scope of the contract.

**Fact** Series

Superyacht mange

**Gross premium** 

Claims paid

**Members** 

3,616

#### **Security rating**

Backed by at least "A-" rated reinsurance programme



#### Worldwide insurance cover

ITIC is able to provide professional indemnity insurance, without restrictions, worldwide. An ITIC account executive is responsible for each country and will be your first point of contact. The ITIC team speaks French, German, Greek, Japanese, Mandarin and Spanish.

Credits paid

to the members in the form of continuity credit since 1994

**Disbursements** & commissions

collected for members since 1992

Free reserves

#### **Annual premium**

\$1,500 >>>> \$1.8m

ITIC is committed to consistently providing competitively priced professional indemnity insurance (and related insurance covers) with valuable and high quality loss prevention advice to businesses servicing the marine, aviation, rail and general transport industry. The ITIC team have a wealth of experience and knowledge.

A full time team to

Average staff member's

Average staff member's time with ITIC. Several staff have

Lawyers

6 lawyers and a dedicated claims team.

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