



SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE

FACT SHEET SERIES: 26

Superyacht managers

Specialist professional indemnity insurance



ITIC
IS MANAGED
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itic-insure.com



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@ITIC insurance

Expert view

Who does ITIC cover?

- Yacht managers
- Crew managers
- Manning agents

ITIC has wide experience in assisting superyacht managers in minimising the financial impact arising from such mistakes as:

- **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

You don't have to make a mistake to be sued.

You could receive a claim even if you were not negligent in the provision of your services. ITIC insurance covers defence costs, which can be extremely expensive.

The team understands these problems and is here to help.



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 EUR194,680 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 EUR75,000. The managers denied that they were responsible for obtaining employment advice but ultimately agreed to contribute a third of the settlement.

Policy highlights

- Worldwide professional indemnity (errors & omissions) cover
- Legal defence costs insurance
- Automatic cover for subcontractors
- Contractual risk management guidance
- Support from worldwide network of correspondents
- Discretionary insurance adjudicated upon by fellow transport industry professionals
- Quality loss prevention advice
- No external shareholders
- Mutual dividends paid at renewal
- Underwritten with industry knowledge

FACT SHEET SERIES: 26 SUPERYACHT MANAGERS



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 EUR900,000 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.

Facts & figures at a glance

All figures US\$
All facts and figures correct as of 31st May 2025

Gross premium

\$76m

for the year

Claims paid

\$520m

since 1992

Members

3,741

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, Greek, Italian, Japanese, Mandarin, Russian and Spanish.

Credits paid

\$223m

surplus funds have been paid out to the members in the form of continuity credit since 1994

Disbursements & commissions

\$272m

of disbursements and commissions collected for members since 1992

Free reserves

\$289m

for ITIC and TIMIA combined

Annual premium

from **\$1,300**  **\$2.1m**

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 and general transport industry. The ITIC team have a wealth of experience and knowledge.

36

Staff

A full time team to provide you with the best service possible.

16

Years

Average staff member's experience in the insurance/transport industry.

11

Years

Average staff member's time with ITIC. Several staff have over 25 years of service.

7

Lawyers

7 lawyers and a dedicated claims team.



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