



Yacht Practice

Navigate yacht ownership with confidence.



Yacht ownership is a distinctive experience that blends luxury with complexity. At NFP, we deliver customized insurance strategies and risk advisory services to help owners protect their investment and lifestyle with clarity and confidence.

Our dedicated yacht team understands the challenges that come with operating high-value vessels across diverse environments. We provide proactive guidance and responsive solutions that evolve with your needs, so you can enjoy the freedom of the water knowing you are well protected.

A Changing Insurance Environment

The global yacht market has expanded significantly, particularly during the past several years. While sales have stabilized, industry growth is expected to continue. At the same time, the insurance landscape has shifted. Natural catastrophe losses, inflation and higher reinsurance costs have led to premium increases and stricter underwriting guidelines.

Today's insurers assess risk based on several key factors:

- Age of the vessel, especially those over 15 years.
- Quality of the build.
- Location where the yacht is moored.
- Vessel speed and engine configuration.
- Prior loss history.

Larger yachts require specialized underwriting due to the higher values, increased liability exposures, operational complexity and coverage conditions.

Coverage enhancements may be available, but deductibles and conditions for specific risks such as lightning, theft or mechanical damage are increasingly common.

Repair timelines and part availability remain a concern due to supply chain disruptions and the complexity of onboard systems.

Key Considerations

Crew and Operations

Employing captains or crew introduces additional exposures that are not addressed by most personal excess policies. These risks must be covered under the yacht's protection and indemnity (P&I) provisions. Maritime laws, including the Maritime Labour Convention (MLC) and Jones Act, provide broad protection to crew members, making proper coverage and policy alignment critical.

Chartering

Chartering may help offset ownership costs. However, it introduces additional risks that require specific insurance considerations. Policies must be endorsed to include charter activity. Terms often include restrictions on the number of charters, exclude bareboat arrangements and may limit day-charter operations. Loss-of-hire coverage may be available but is subject to defined limits and conditions.

Navigation and Mooring

Many policies include defined navigation zones and seasonal restrictions. Common warranties limit movement during hurricane season or in specific latitudes. Violating these restrictions can result in denied claims or reduced coverage.

Shipyard Contracts

Entering into agreements with shipyards without proper review may lead to conflicts with your insurance terms. Clauses such as waivers of subrogation, hold harmless or indemnification requirements can void coverage if not disclosed and approved in advance. The owner or master of the vessel should have all yard contracts reviewed by their broker before signing.

Insured With a Foreign, Non-Admitted Market

This is more common with larger yachts and yachts moored in catastrophic areas. There are key differences to consider between domestic and international policies.



Other common risks include:

- Inclement weather, such as wind, storms and lightning.
- Onboard fires.
- Theft.
- Collision with other vessels.
- Navigational hazards.
- Third-party liability, such as personal injuries incurred by guests and crew injuries.
- Cyber is an emerging risk for larger yachts.

“The master of the vessel or the owner often unintentionally expose themselves to financial liability by signing contracts with shipyards and other facilities, as those contracts often include clauses that conflict with the yacht’s insurance policy. A client should always consult with their yacht insurance advisor before signing these contracts.”

- Tom Gresh



Focused Insight: Lithium Battery Fire Risks

Fires linked to lithium batteries are a rising threat aboard yachts. As battery use grows, insurers are tightening safety requirements. To stay compliant and protected, owners should ensure proper storage, fire suppression, shut-off systems and crew training. Using compatible chargers, clear labeling, and proven safety protocols helps reduce risk and support coverage.

Recommended safety practices:

- Do not charge batteries while the yacht is unattended or between sunset and sunrise.
- Charge batteries only on deck, in well-ventilated areas.
- Use the original manufacturer-supplied charger.
- Place batteries on a heatproof mat during charging.
- Follow all manufacturer instructions for use and storage.
- Keep fire extinguishers rated for lithium-ion battery fires onboard.
- Store inactive or unused batteries in a fireproof container.

Superyachts

Superyachts are the largest yachts on the water, reaching over 100 meters. They are striking examples of luxury at scale. These yachts are built for a variety of uses, including chartering, world navigation, Trans-Atlantic navigation and long-range expeditions.

Superyachts often have unique exposures, such as Helo, submersible vehicles, limo and tow tenders, significant art collections that require expertise and customization of the yacht's insurance program.

Captains and crew are usually employed by the yacht owner or a related legal entity, making formal employment contracts essential. These contracts outline duties, set expectations and are often required by insurers providing medical coverage. Key risks for yacht owners include:

- **Injury and Illness:** Maritime workers are not covered by standard workers' compensation but are protected under the Jones Act, Maritime Labor Convention or other laws, which allows them to seek forms of compensation for injuries incurred while on duty.
- **Third-Party Liability:** Owners can be held responsible for injuries or property damage caused by the actions of the crew.
- **Crew Management:** Maintaining a skilled professional crew is critical to reducing risk and ensuring safe operations.

To manage crew responsibilities, superyacht owners generally choose one of three approaches: assigning oversight to the captain, hiring a yacht management company or appointing another employee to lead crew operations.

Why Choose NFP

NFP brings together insurance expertise, market insight and a client-first approach to help you manage risk with precision. We advocate on your behalf, coordinate with carriers and ensure your yacht is properly protected under evolving market conditions.

Whether you're acquiring a new vessel, modifying existing coverage or planning a global voyage, our team is ready to support your journey — every nautical mile of the way.

Meet Our Expert: Tom Gresh, CMIP, CPRIA, USCG

With over 20 years of experience in yacht insurance and a background as a professional yacht captain, Tom understands the unique challenges and responsibilities that come with yacht ownership. Tom supports NFP's clients in navigating the complex exposures of yacht ownership and providing personalized solutions.

Tom and his team are deeply committed to client advocacy by combining practical advice with strategic risk management.

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With colleagues across the U.S., Canada, UK and Ireland, and global capabilities enhanced by the Aon advantage, NFP serves a diversity of clients, industries and communities. Our collaborative team provides specialized expertise and customized solutions, including property and casualty insurance, employee benefits, life insurance, executive benefits, wealth management and retirement plan advisory.

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