

# SUPERYACHT CHARTERING & RISK MITIGATION

Chartering is as risky as it can be rewarding for both parties involved in the charter party; on one hand the owner is letting relative strangers use his pride and joy; and for the charterers and their guests they are coming aboard an unknown quantity organised by a third party (the broker) in most cases. Tom Montgomery explores the world of charter insurance.

Most chartering is done under the MYBA contract (Mediterranean Yacht Brokers Association), which is a trade association to keep the standards high in the community and is the contact most professional charter brokers use. My personal view is that the MYBA contract is starting to be outdated, and leans more towards the broker, than the charterers. In the increasingly automated world, newer contracts are now being created by companies, such as the new kid on the block, the Ahoy Club, who have their own charter app, and contract to go with it. More on that later.

Charter agreements are written under the West Mediterranean Terms, which means a charter fee is payable for the exclusive use of the yacht, with all its equipment in working order, the crew wages, yacht insurance for marine and third-party risk, and crew employer's liability. With the West Mediterranean Terms and Advanced Provisioning Allowance is also required to be paid, and this is calculated at 20-30% of the entire charter fee. This affectively creates a kitty for the Captain to buy fuel and provisions and cover other expenses that the charter would create, such as fuel for tenders, harbour charges, laundry and so on. At the end of the charter the Captain produces a full spreadsheet of accounts and monies will either be refunded or can go into a tip.

## Curtailement insurance

As already mentioned, the charter fee covers the insurance of the superyacht, and the third-party claims and crew liability, however one insurance that is highly recommended is cancellation, or curtailement insurance, in case the charter is cancelled or cut short. Because of the high price of a superyacht charter, the charterer could see a large financial loss.

The usual trend with cancellation insurances is that it would trigger for charter cancellation, or shortening of your

holiday onboard, for reasons that have nothing to do with the superyacht and her operating conditions. Because it is not included on the yacht side, it may be safer for you to take out this additional insurance if you fear that there may be situations in your personal life that could lead to the cancellation of your charter or its curtailement, as the yacht owner will not reimburse you if that were to happen. The recommended limit to insure for is the total cost of your charter and all additional costs.

## Possible reasons for cancellation or curtailement:

- Illness or injury
- Illness or injury to a close family member
- Leaving the charter early due to illness or injury
- Leaving the charter early due to illness or injury of a family member
- Loss of charterers job
- Natural disasters
- Terrorist events preventing you from travelling

Other benefits that can be gained from cancellation insurance cover, is repatriation costs, emergency medical and dental treatments, loss of valuables, loss of passport of stolen passport. Associated travel costs, flights, hotel bookings and additional charter costs.

However as ever, ALWAYS check the policy and take nothing for granted, and use a specialist brokers to advise on the cover you require.

Tom Montgomery, CKRe Ltd  
Director of Marine – tomm@ckre.co.uk