

## WAVES & LAW

Legal insights on yachting, shipping & insurance law

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# Yacht Insurance Claims: Common Pitfalls, Policy Exclusions and Loss Prevention Strategies

#### INDUSTRY INSIGHT

Insurance broker perspective | Contributor: **Luca De Sanctis - UNIYACHT**



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This paper examines the main recurring issues in handling recreational-boating (yachting) claims and the most frequent grounds on which cover is contested (exclusions, limits, deductibles and the insured's post-loss duties). It also outlines practical safeguards and prevention strategies, from insurance due diligence to disciplined early-stage claims management.

### **1. Marine casualty/nautical incident: working definition**

Italian law does not provide a single codified definition of "marine casualty"; the Italian Navigation Code assumes the concept for the purposes of inquiries and related duties (art. 578 Italian Navigation Code). Administrative practice has therefore adopted a working definition (Ministerial Circular, 1963), later aligned with IMO standards and the EU framework, covering events caused by or connected with the vessel's operations and including the risk of/and damage to the marine environment. In this sense, a casualty is an "extraordinary or harmful event caused by or connected with the vessel's operations, capable of affecting safety/seaworthiness and/or causing harm to persons, property or the environment".

### **2. The real issue: an in-force policy does not necessarily mean effective cover**

In the recreational-boating sector it is common to equate having a policy with having fully effective cover. In practice, however, "policy in force" and "effective cover" are separated by a set of conditions, duties and limits that can materially affect the investigation and the claims outcome—particularly where exclusions, sub-limits, incomplete documentation or an insufficiently verifiable reconstruction of the facts come into play.

### **3. Most frequent drivers of "no cover" outcomes**

The issues most often leading to non-operation of cover can be grouped into three main areas:

- Cover not aligned with the actual risk profile (in particular: compulsory third-party liability vs hull policy and ancillary covers).
- Breach of post-loss duties, especially as to timing and the manner of notification/reporting.
- Insufficient evidence of the sequence of events and the causes of the damage.

### **4. Immediate steps after a casualty**

- Secure people and the vessel and take reasonable steps to mitigate loss, adopting prudent and proportionate measures in accordance with art. 1914 Italian Civil Code (duty to mitigate/salvage).
- Document immediately the context, sequence and damage (photos, videos, location/position, bearings/landmarks, weather data, persons on board and any other relevant elements) to preserve a complete evidential record of the event and its consequences.

- Make the required reports to the competent authorities under art. 60 of the Italian Recreational Boating Code (extraordinary event report).
- Notify the insurer/agent/broker promptly pursuant to art. 1913 Italian Civil Code (notice of loss).
- Avoid undocumented repairs or interventions on the vessel.

#### **4.1 Practical note – “Extraordinary event” report (recreational boating)**

In addition to notifying the insurer, art. 60 of the Italian Recreational Boating Code requires the master to report extraordinary events concerning the vessel or persons on board to the maritime (or consular) authority within three days of arrival in port; the deadline is reduced to 24 hours where the event has involved personal safety or environmental integrity.

In insurance practice—particularly under yachting policies—this requirement is commonly listed among the insured’s duties and its omission may adversely affect settlement. For operational purposes, the Italian Coast Guard provides an information page and a fillable form which may be useful to keep on board (“<https://www.guardiacostiera.gov.it/portale/denuncia-di-evento-straordinario-diporto>”).

Where an extraordinary event causes serious damage potentially affecting safety requirements (propulsion system, steering gear, hull/underwater body), compliance with the authority is not merely formal: a validation of the relevant certificate may be required or, in more significant cases, re-issuance of the safety documentation (and navigation licence), with resumption of navigation subject to technical inspections.

### **5. Legal implications and preventive safeguards**

In nautical casualties, insurance issues (cover operation, survey, reservations/settlement) and third-party liability issues (collision/impact, personal injury/property damage, dealings with the authorities) often overlap. An unstructured early response may weaken both positions by affecting the quality of the evidence, the consistency of statements and the audit trail of the investigation. In this context, a specialist insurance broker often translates policy terms into operational instructions and helps ensure an orderly and verifiable information flow from the outset. In parallel, specialised legal support becomes essential where the matter involves disputes or potential liability exposure, or where a coherent documentary and communications strategy is needed in view of possible pre-action steps or litigation. The aim is to avoid avoidable missteps that could irreversibly prejudice cover protection or liability management.

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In yacht insurance practice, the role of the specialised broker extends well beyond the mere placement of the policy, developing instead along three complementary pillars: preventive advisory, risk placement, and claims management support.

At the preventive stage, the broker assists the yacht owner in identifying and assessing the risks inherent in the vessel's intended operation, and in structuring the insurance programme accordingly. Coverage is tailored to ensure alignment between the yacht's actual operational profile and the policy terms and conditions. This phase also includes the preparation of preliminary operational guidance — including contacts, procedures and checklists — to be activated in the event of a casualty.

Risk placement is managed by the broker following completion of preliminary due diligence activities, including identification of the Ultimate Beneficial Owner (UBO) and analysis of the yacht's technical specifications and usage profile. On this basis, the broker approaches multiple co-insurers, sharing terms and conditions already negotiated with the lead insurer. The lead insurer typically assumes the largest proportion of the risk and performs a coordinating role both at underwriting stage and throughout the subsequent claims process.

In the event of a loss, the broker acts as a central point of coordination between the various stakeholders — including the yacht owner, insurers and insurers' appointed surveyors — facilitating the flow of information and operational alignment, with the objective of ensuring that the claim is handled efficiently, transparently and in the interests of all parties involved.

## 6. Conclusions

Discovering a lack of cover after a yacht casualty is rarely coincidental. More often it results from unrealistic expectations, limited familiarity with policy terms and an unstructured response to the event. A timely and informed approach significantly reduces the risk of disputes and enhances the prospects of a smooth claims outcome.

### Disclaimer

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