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Sean Blue, Global Head of Consumer Watercraft Insurance

# “How can I address the risks that come with yacht ownership?”

By Sean Blue

*Three years after purchasing his yacht, an owner we know was cooking lunch on board one day when the stove caught fire. He pulled the pin on his fire extinguisher and squeezed the handle, but nothing happened. With no fire blanket or extinguisher, he was out of options. His wife and children quickly donned life jackets and deployed the life raft, which itself inflated only partially. In the end, the family escaped safely but had to watch helplessly as their boat burned to the waterline. They had no method of alerting authorities and no provisions. Luckily, though, they were spotted by another boater who stepped in to assist.*

As yacht insurance professionals, my colleagues and I are used to addressing a wide range of such unfortunate situations at sea. The real shame, however, is that a significant percentage of those losses could have been avoided by the owners, by planning ahead and staying proactive.

Yacht owners who utilize our Private Client Group for their insurance have a range of loss prevention services at their disposal, but everyone can benefit from addressing major risk factors such as fire, onboard injuries and inclement weather. Following are recommendations to help mitigate common risks:

**01 Equip the vessel for safety.** Install smoke and carbon monoxide detectors, and educate all family and guests as to the location of emergency devices such as life jackets, life rafts, flares and fire extinguishers. Another critical item is an EPIRB (emergency position-indicating radio beacon), which assists with location detection if you are in distress. Many yachts are equipped with a fixed EPIRB unit, but we also recommend purchasing a portable hand-held version.

As seen in our opening scenario, the presence of safety equipment is only part of the equation. Inspect everything on board in accordance with manufacturer recommendations and Coast Guard regulations to ensure devices remain in good working order over time.

**02 Plan for emergency situations.** Keep a “ditch bag” on board if you need to vacate in a hurry. It should include flares, a VHF marine radio, the portable EPIRB described above and other essentials such as bottled water, sunscreen and energy bars.

If you are involved in an accident or if a crew member is injured, responding quickly and efficiently often can minimize the extent of damage. Mapping out action steps in advance, even those born from common sense, will help those on board stay calm and focused. In addition to contacting local

authorities, document all pertinent details to simplify the insurance claim process. These may include location, names of involved parties, weather conditions and descriptions of damage to the boat and/or bodily injury.

**03 Prepare for stormy weather.** As some of the most beautiful oceans and waterways fall prey to severe weather—from heavy rains to hurricanes—it is crucial to devise severe weather plans to implement before, during and after a major storm. Before outlining your personal plan, consider whether your boat will be hauled, secured in a marina or private berth or moved to a safe, predetermined location. Once your plan is in place, share a copy with a reliable person who can execute it in your absence. If you are an absentee owner, formalize this arrangement with a contract.

**04 Manage crew members and guests.** When hiring new crew members, do a thorough background investigation to verify experience and confirm there are no issues regarding their personal conduct. Ensure that the crew and/or your family are educated on best practices for managing your particular vessel and its equipment, and conduct periodic training sessions on safety and first aid procedures. 🍷

*“As some of the most beautiful oceans and waterways fall prey to severe weather—from heavy rains to hurricanes—it is crucial to devise severe weather plans.”*

—Sean Blue

**How to reach Sean Blue**

You can reach Sean Blue at 908.679.4156.

**MY HOBBIES ARE...**

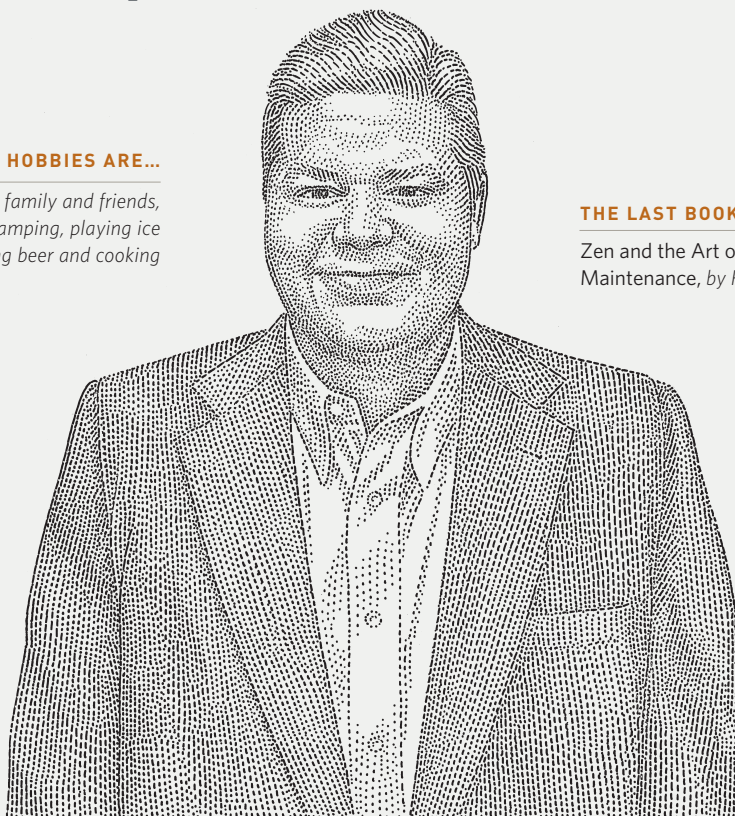
*Spending time with family and friends, sailing, cars, fishing, camping, playing ice hockey, brewing beer and cooking*

**THE LAST BOOK I READ...**

*Zen and the Art of Motorcycle Maintenance, by Robert M. Pirsig*

**THE MOST INFLUENTIAL PERSON IN MY LIFE...**

*My dad. He is 80 years old and still works every day. He is a practicing physician and went to law school at night when he was 70 to earn his law degree.*



**About Sean Blue**

Sean Blue is the global head of consumer watercraft insurance for AIG. Based in New Jersey, he manages the firm’s global portfolio of yacht insurance. Prior to joining AIG, Mr. Blue spent many years as a licensed agent, specializing in yacht and the personal insurance policies of high net worth individuals for PLI Inc., a national insurance brokerage. A lifelong boater, Mr. Blue began sailing as a junior member of the Seattle Yacht Club and grew up sailing Lasers and 420s in Portage Bay, Lake Union and Lake Washington in Seattle, as well as fishing on a 42-foot Uniflite out of Ilwaco, Wash. Currently boatless, he crews on friends’ boats when he can and is enjoying boating in the Northeast.

Insurance Services Experience **17 years**

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Aggregate Worth of Yachts Insured **\$4.4 billion**

Range of Yachts Insured **From a 26' ski boat to yachts in excess of 450' and \$300 million in value**

ILLUSTRATION BY KEVIN SPROULS