

From: Assistant Chief IFCO

To: Kent and Essex Inshore Fisheries and Conservation Authority
Technical Panel– 3 November 2023

Subject: Vessel Management –Insurance

Classification: **Unrestricted**

As reported at the IFCA meeting on 12 September, the Authority insures its sea going vessels through a marine insurance broker, Knighthood Corporate Assurance Services Limited. Premiums are paid based on the cost of the vessels when they were purchased.

Nerissa	£1.2 million
Nereus	£37,000
Tamesis	£500,000
Vigilant	£105,947

The premiums for all four vessels for 2023/24 are £16,445.50. The insurance cover currently allows, in the case of total loss, for the value of the boat when purchased plus 10%.

The brokers have advised us that we can obtain cover which will pay out for total loss to the value of a replacement vessel which would cost an additional 60% to 70% of the premium (so potentially an additional £11,500pa). In order to do so we would need to pay a surveyor to value the vessels as they are at present and the cost to replace them.

At the IFCA meeting Members requested that additional information be obtained for the cost of obtaining these quotes and for the matter to be discussed in more detail at a Technical Panel.

Officers have made initial enquires with the boat surveyors that are used to conduct the MCA surveys of the vessels. They have told us that they would be able to provide an estimate of the current value of the vessels; costs for MCA surveys are £100 per hour, so we would be expecting to pay at that rate for a valuation. However, we do need to consider that the MCA surveyors' role is to survey vessels for compliance with the workboat code and other safety standards, rather than value them. We can be reasonably confident that the estimate will be acceptable to the insurance brokers but have been told by the surveyor that they would not be able to supply us with an estimate for a cost for a like for like replacement.

We are confident that we can obtain an estimate for all the vessels from boatyards, aside from Nerissa. Nerissa, as previously reported to you, is a custom-built vessel with a unique hull structure and the boat yard that built her is no longer trading. We have considered whether we could submit a tender document to ask for quotes for a similar vessel, however this would be a significant amount of work for officers as well as the boat yards who would ultimately not benefit from an order. Officers have spoken to the owner of the boatyard that carried out the work on Nerissa which was required to make her seaworthy and he has suggested a ballpark figure of £2 million.

Officers still consider that the valuations below, provided at the last meeting, are indicative of the cost to buy from new:

Nerissa	£2 million
Nereus	£45,000
Tamesis	£850,000
Vigilant	£150,000

Members will have discussed the requirements of the IFCA in the usage of its vessels in the previous agenda item. Officers would suggest that the recommendations made by them in this item be considered in making recommendations on this paper. If it is considered that Nerissa is not likely to be replaced like for like once she reaches the end of her life with the IFCA then it would seem sensible not to increase the premiums for her. If the recommendation is to replace her then it would then seem prudent to consider the additional cost of insurance.

As it stands the Authority holds sufficient reserves to replace any of the vessels should they be lost once the insurance is paid out, however if Nerissa were to be lost then the renewal reserves would be used in their entirety. Obviously if more than one vessel were to be lost then the Authority would struggle to replace them. Members would also need to consider that the build time for any vessel is considerable and officers may need to use reserves to hire in vessels in order to carry out their duties.

An option that could be considered is for Members to recommend a partial total loss cover for Vigilant and the new RIB only (if the build is agreed). RIBs are smaller boats that statistically are more likely to suffer a failure that could result in total loss.

As reported at the last meeting, the risk is low. Skippers make sure their boats are maintained and serviced regularly and do not go to sea in dangerous conditions, however as with all sea going activities there is always some risk and Members may consider it prudent to increase the cover to allow for full cost replacement.

Members of the Technical Panel are requested to:

- Discuss the need to increase insurance premiums to cover full cost replacement of a lost vessel, taking into account the requirements of the IFCA based on their discussions of the vessel management strategy plan; and

- Should a recommendation be made to increase premiums then would this cover all vessels or specific ones only.