

Escalating Values of U.S. Factory Trawlers

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367' Mothership Excellence

Perspective



Vessel Owner and Operator, not an Underwriter

U.S. factory trawlers' insured values are rapidly escalating.



Current Challenge

- Older tonnage = decreasing value
- U.S. Factory trawlers = increasing value
- What is the explanation?

The American Fisheries Act

- Established 1998 to rationalize fisheries of the Bering Sea



The American Fisheries Act

Section 208 (e)

- Selected 20 eligible participants to form fishery cooperatives
- Cooperative contracts = pseudo property right to fish allocations
- Places limitations on ability to replace vessels and on use of vessels outside of Bering Sea

Limitations to Replacement

- Constructive or actual total loss
- Vessel must be built or rebuilt in US yard
- Hard to find existing eligible replacement vessel
- Only option is to replace with new construction

Coverage and Value

- Typical H&M coverages at ‘Market Value’
- No inventory in market = no ability to assess ‘Market Value’
- No Market w/o quota
- Recent sales not indicative of true market value



Trend since 2005 toward Increasing Insured Values

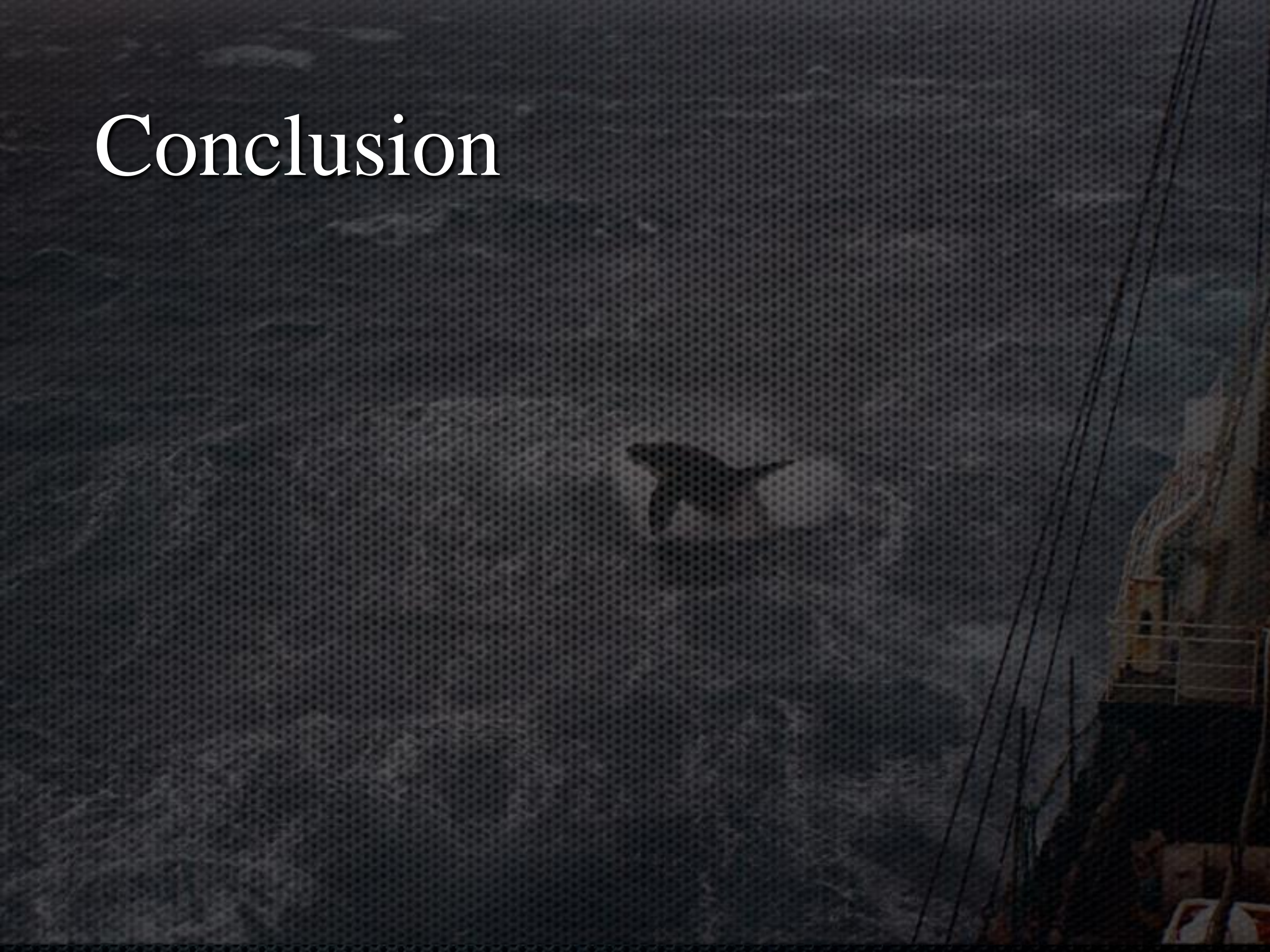
- Vessel owners shifting toward Replacement Values
- Banks want security
- Escalating replacement costs
 - ❖ Commodity prices
 - ❖ Yard space availability/cost
- Health of industry allows owner to buy additional coverage
- Higher Values Cost no more in Soft Market
- Awareness following major casualties

A photograph of a ship's deck, likely a supply vessel, heavily encrusted with thick white ice. The deck is cluttered with various pieces of equipment, including a red and white lifebuoy and a small engine or pump. In the background, a helicopter is visible on the deck. The ship is surrounded by a dark, choppy sea under a grey, overcast sky. The image has a dark, moody tone with a blueish-grey color cast.

Are Vessels Over or Under Insured?

Who's asking?

Conclusion



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