

PANTAENIUS NEWS

2013

Pantaenius - always at your side!

Summer

THE LATEST ADDITION TO OUR FAMILY

To service our clients in the Chesapeake Area, Pantaenius has opened a new office in Annapolis. This expansion reinforces Pantaenius' position as the world's leading yacht insurance provider. Scott Stusek, who boasts over 30 years of insurance and sailing experience, skips the new Annapolis branch ...

► [Page 2](#)



Warranties of Seaworthiness | Confusing and complicated but we've broken it down in it's simplest terms ...

► [Page 3](#)

Sailing Green | Reducing your carbon footprint can be very simple. Pantaenius America gives you a few tips for eco-friendly sailing, which can be easily put into practice ...

► [Page 5](#)

Painting a Yacht | It's not like slapping a new coat of paint on a car: You need a team of highly skilled artists. How to find them right...

► [Page 6](#)


PANTAENIUS
American Yacht Insurance



Scott Stusek

PANTAENIUS AMERICA IS GROWING!

First New York, then Rhode Island, Now Maryland – Pantaenius, in order to service the clients in the Chesapeake Area, has opened a new office in Annapolis, Maryland. This expansion reinforces Pantaenius’

position as the world’s leading yacht insurance provider. With almost 70,000 clients around the globe, Pantaenius is world renown for providing its clients with comprehensive, tailor-made yacht insurance coverage; personal, round-the-clock service (no call centers involved); and speedy, reliable claims settlement. Scott Stusek, who boasts over 30 years of insurance and sailing experience, skips the Annapolis branch. Read on to learn more about Stusek, and why we’re proud to welcome him to the Pantaenius Service Team...

Confession: When it comes to hiring new team members at Pantaenius, we’re super picky. Of course, a passion for sailing and a background in the insurance industry are huge pluses. But we’re big on building relationships, so finding someone who’s attuned to our clients’ needs is priority one. Fortunately for us, Scott Stusek meets all of the above criteria – and then some.

A SAILOR FIRST, B’GOSH

Stusek grew up in Oshkosh, Wisconsin, in a house nestled on the shores of Lake Winnebago. There, he spent his summers fishing and waterskiing, but sailing was his primary passion. “I hung out at the local yacht club a lot and started racing boats with friends,” he recalls. At age 15, he became the proud owner of his first sailboat – a Force Five. “My parents bought it secondhand for me and my three brothers to share,” he says, “but while the novelty soon wore off for my siblings, it never did for me.”

In high school, Stusek landed a job as a harbor boy

at Fox River Marina on Lake Winnebago. “I taught sailing, filled gas tanks, manned the ship store – you name it,” he reports. “It was a blast.”

INSURANCE IS IN HIS GENES

By age 18, Stusek was a licensed insurance agent! “My dad owned two State Farm agencies in Oshkosh,” he explains, “so during my late high school and early college years, I sold policies for him while still working odd jobs at the marina.”

Just prior to a long winter break at the University of Wisconsin, Stusek’s boss at Fox River was looking for volunteers to help set up a charter fleet in Coconut Grove, Florida. “The day he asked, it was 25 degrees below zero in Oshkosh, so I was all in,” Stusek laughs. Once that project ended and his college coworkers headed back north, however, the warm climate – and a job offer to serve as Captain/First Mate aboard a 53-foot sailboat that took novices on sailing trips in/around Florida, as well as to the Bahamas – convinced Stusek to put down roots in the Sunshine State.

But not for long. The owner of the boat he was skippering eventually headed north to Annapolis for the summer, and Stusek fell in love with this picturesque, historic and idyllic seaport town. “Unlike Wisconsin, the climate was moderate – with no harsh winters,” he says. “In fact, you can be out on the water from April through December. And unlike Florida, Maryland offered four distinct seasons.”

FROM THE TRENCHES TO THE TOP OF THE DECK

When the boat he was skippering headed back to Florida, Stusek opted to stay in Annapolis and moved to the slip next door, signing on as Captain aboard a 50-foot sailboat. In between sailing trips to New England and the Long Island Sound, he took classes at the University of Maryland – mostly in economics. Five years later, when a close pal who owned Outfitters of Annapolis lost his sales manager, Stusek stepped in and helped turn this operation into the largest Zodiac Inflatable Boat dealer in North

America. Then, four years hence, when a long-time friend bought Martin Bird & Associates and needed someone to start up a powerboat division for this local yacht brokerage firm, Stusek was tapped for the job.

During his decade of yacht brokering – followed by 22 years of underwriting yacht insurance – Stusek became a local fixture in the Annapolis area yachting community. He started racing again, launched a fleet in Annapolis Bay, hosted and attended numerous regattas, and even bought a 17-foot Boston Whaler Montauk.

He also fell in love and got hitched. “Interestingly enough, I met my wife, Kendyl, an Annapolis native, at a local bar,” he laughs. “It was Thanksgiving Eve, a nasty snow storm was brewing, and the line to get into this place was unbelievably long. Somehow, I managed to weasel my way in and snag the last open bar stool – just in time for last call. Kendyl was sitting on the stool adjacent to mine, so I introduced myself, and we started chatting. Turns out she was there because she’d had a hand in designing the place.”

“ALWAYS AT YOUR SIDE”

When not serving existing and potential Pantaenius clients, Stusek can be found playing tennis at the U.S. Naval Academy, cycling to nearby Civil War battlefields, or planning a ski trip to Park City, Utah. In fact, more often than not, these extracurricular activities include clients. “I’ve recruited dealers I do business with to join me on cycling trips through the Shenandoah Valley and up to the Green Mountains of Vermont,” he says. Since we all share a passion for sailing and the water, as well as a love of the outdoors, it’s always a great bonding experience. And I consider so many of these folks to be life-long friends.”

Bottom line, he adds, “Heading up the new Pantaenius office in Annapolis is the perfect career for me. Given my background, experience and a strong desire to offer the best service possible to clients I feel sure I’ll click with, it’s a job custom made!”

Scott Stusek can be reached at 443.569.7995.



WHAT YOU NEED TO KNOW ABOUT IMPLIED WARRANTIES OF SEAWORTHINESS

It's a concept that can be confusing, complicated and even controversial for anyone who has ever shopped for yacht insurance. But we've broken down implied warranties of seaworthiness for you in its simplest terms. Keep reading to learn "just the facts" and to discover the definite "Pantaenius Advantage."

Insuring a yacht is not as simple as insuring a home or a car, but often times, clients don't understand this. One particularly confusing concept deals with implied warranties of seaworthiness.

Most of us are familiar with warranties that cover the repair or replacement of a purchased item when something goes wrong – like ones that cover HDTVs or cars. These are warranties given by the manufacturer of the product you are purchasing and

are typically "expressed" in writing in a document given to you when you pay for the item. If you don't follow the terms of an express warranty to the letter, it can halt or suspend any coverage that was promised. The same holds true in the case of a marine insurance policy, except that the stakes can be huge. In this case, a warranty that is violated can void a policy on a very pricey vessel. That means no coverage, plain and simple. However...

"SEAWORTHINESS" IS A DIFFERENT KIND OF WARRANTY

In simple terms, from the moment you purchase a yacht and sign on the dotted line of a marine insurance policy, you are offering a promise – your "warranty" – to the insurer that your vessel is in

seaworthy condition...that the vessel is fit in all respects for her intended service. But unlike a warranty received when purchasing a TV or a car – where terms and conditions are spelled out in black and white (albeit, usually in a brochure with lots of fine print) – a warranty of seaworthiness is silently implied into most hull insurance policies by force of law. No words need to be spoken, and nothing even needs to be written down.

In fact, many insurers, without telling their clients up front or mentioning such warranties in the terms of their policies, may invoke "hidden" implied warranties of seaworthiness to deny coverage when faced with a claim.

The Pantaenius Advantage: In stark contrast with its competitors, Pantaenius America expressly

disclaims implied warranties of seaworthiness in its Pantaenius America Yacht Policy (PAYP). Under the PAYP, your coverage and any claims would not be subject to these implied warranties.

"SEAWORTHINESS" DEFINED

Courts of law have found vessels to be unseaworthy for a broad range of deficiencies:

- **Lack of a bilge pump or other tools and equipment**
- **Defective gear**
- **Broken hand tools and other instruments/apparatus being in a state of disrepair**
- **Insufficient manpower assigned to perform a particular task**
- **Unfit crew members**
- **Improper methods of loading or storing cargo**
- **Unsafe work methods**

What's more, an unseaworthy condition need not be permanent or present for a long time; it can be momentary and even arise after a voyage begins. General maritime law implies two different warranties of seaworthiness that marine insurers can invoke to deny coverage ...

THE ABSOLUTE IMPLIED WARRANTY OF SEAWORTHINESS

This warranty applies at the beginning of the insurance policy, and while often called "drastic" by courts, these

same courts have nonetheless recognized it as part of the law that governs marine insurance policies like the PAYP. Under the Absolute Implied Warranty of Seaworthiness, if your yacht is in port when your marine insurance goes into effect, and it can be demonstrated by the insurer that the yacht was not seaworthy at that time, your policy is deemed null and void from its inception. In other words, if your yacht suffers damage and you file a claim, if your yacht is deemed unseaworthy, you may discover that you have no coverage whatsoever. Under this hidden warranty, it's irrelevant whether you, the insured, were aware of the unseaworthy condition—or, believe it or not, whether the unseaworthy condition in any way caused the loss that gave rise to the claim.

The Pantaenius Advantage: Unlike its competitors, Pantaenius will not use the harsh and "drastic" terms of Absolute Implied Warranty of Seaworthiness to deny coverage. This is specifically disclaimed in Section A1 of the PAYP.

THE NEGATIVE IMPLIED WARRANTY OF SEAWORTHINESS

This second implied warranty amounts to an unwritten, ongoing promise by you, the insured, that you will not knowingly take or send your yacht out to sea in an unseaworthy condition. Suppose, for example, that your boat departs on a voyage, and you are well aware that the engine room fire suppression system on your vessel is not working properly. If you subsequently present a claim arising

from an engine room fire which a working suppression system would have halted or diminished, the claim can be denied due to this breach of the Negative Implied Warranty of Seaworthiness.

This seaworthiness warranty goes into effect as soon as the policy has been issued and continues throughout the life of the policy. However, many insurers fail to mention this warranty when they contract for coverage. What's more, you won't find it written anywhere in the terms and conditions of their policies.

The Pantaenius Advantage: Pantaenius America does not hide the warranties our clients are required to make regarding the seaworthiness of their yachts. These warranties are a client's promise to exercise "due diligence," or reasonable care, to make and keep a yacht seaworthy – and a promise to disclose all material facts concerning the vessel's seaworthiness. These promises are necessary, because the yachts we insure are in their owners' control, not ours. But these expectations are always spelled out for our clients in the PAYP, never hidden. And unlike a breach of the hidden Absolute Warranty of Seaworthiness that may apply to other company's policies, a failure to comply with these promises concerning seaworthiness under the PAYP will only be used to deny coverage for a loss that is caused by such failure.

Information provided by attorney William Lakis / Lakis Law Offices / New York, NY / 212.344.4700 / wlakis@lakis-law.com



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SAILING GREEN

You already have a passion for the rivers, bays and oceans that ebb and flow through your life. So, of course you want to be as eco-friendly as possible whenever you set sail. The good news is, reducing your carbon footprint and lessening your impact on the environment can be as simple as ...



Staying in tune. An engine that's tuned up and running properly improves fuel economy and burns fuel more efficiently, causing fewer emissions into both the air and water:

Leaving bottled water and other plastics behind. Plastic is the number one source of marine debris. Birds, fish and marine mammals often mistake it for food or get tangled up in it. Worse, it doesn't biodegrade. Ever! One recent study in the Virgin Islands found that crewed yachts were dumping about a million plastic water bottles into area landfills each year. That did not include bareboats, cruise ships or any other kinds of boats – just the crewed yachts.

A smarter idea: Instead of bottled water, carry filtered water in 3- to 5-gallon containers and dispense it on board in cups that are 100% compostable and recyclable. Or, consider installing a water filtration system. It will take up a lot less stowage than cases of bottled water and save you money in the long run.

Going for “gray water” reduction. Gray water is the term for all wastewater on board a vessel (other than sewage). It comes from washing dishes and clothes, showering and – the big one – cleaning all parts of the boat, from the hull to the deck. Gray water carries detergents, soaps, bleaches and organic particles into the lakes and oceans we sail.

The problems with gray water are twofold. First, organic particles require bacteria to be broken down, and the bacteria require oxygen to do their work. The more gray water that gets flushed into a body of water, the more oxygen the bacteria use, making less oxygen available for native species. This causes them to die off, particularly in a heavily used area. The second problem is that while the phosphates and nitrates carried into the water by detergents and soaps are both important elements in a healthy aquatic ecosystem, they are only required in small amounts. An influx of these elements – say, in a crowded harbor during

a regatta or race week – can disrupt a delicate ecological balance. So, the best ways to reduce gray water are to wash down your boat using only clean water and no soaps. Also, use shore side facilities for dishwashing, showering and laundry whenever possible.

Using environmentally-friendly cleaning products. We know that sometimes plain water just isn't enough to wash a yacht. And when away from shore, it's impossible to wash dishes, clothes and towels without soap. But keep in mind that the reason so many cleaners are so good at getting rid of stains, bacteria, algae and the like is because they are rife with toxic and petroleum-based ingredients – ingredients that can damage our oceans, environment, and even our own health. Fortunately, many companies have developed non-toxic, biodegradable dish and laundry detergents, as well as boat soaps, that not only have a minimal impact on the aquatic environment but have been shown to work just as well – if not better

– than traditionally used chemical-based cleaners. There are even color-safe, oxygen-release gels and cleansers available that remove spots from boats without using bleach or other hazardous materials. To reduce the trace you leave on the sea, check out products from these brands: Seventh Generation, Clorox GreenWorks and Simple Green Naturals. Or, look for the EPA-Certified “Design for the Environment” DfE



label, which identifies cleaning products that have minimal environmental impact and are safer for you and your family.

Switching to eco-friendly bottom paints.

Most yacht owners use copper-based paints on boat bottoms – and with good reason. These work really well at killing barnacles, algae and other marine organisms. But eventually the paint washes off the hull, and copper is extremely toxic to fish and other aquatic species, most notably reducing their ability to reproduce. A better idea? Use non-biocide green paints that work by creating a slippery surface that marine organisms have trouble attaching to. According to a recent study conducted by the Port of San Diego, these paints last from 5 to 10 years, whereas copper paints last just 2 to 4. Bonus: The slippery surface

of non-biocide green paints gives yachts better fuel economy and higher sailing speeds because of the low friction, thus providing an edge in racing.

Taking precautions to avoid fuel and oil spills.

When filling up, avoid topping off your fuel tanks, as this can lead to gas spilling in the water. Also, use a “bilge pillow” to soak up leaks in your bilge, instead of using your bilge pump to pump it out.

Watching your wake.

Large wakes accelerate shoreline erosion, so take it slow. Throttle back in narrow waterways. And use moorings rather than anchoring in environmentally delicate areas like coral reefs.

WHEN YOUR YACHT NEEDS A PAINT JOB

Painting a yacht is nothing like slapping a new coat of paint on a house or applying a shiny new finish to a car. It's a multi-step process involving thousands of hours of intense labor. And considering a yacht's sheer size, complex shape and all those curves, this is no job for a novice. The end result should be deep, lustrous and impeccable—with a perfectly-surfaced hull that sparkles in the sunlight. To make that happen, you need a team of highly skilled artists. Here's how to find one...

YOU BETTER SHOP AROUND

Start out by asking captains and other yacht owners for referrals. The yacht painting industry is small, so if someone is good at what they do, word gets out quickly. The reverse is also true.

Next, get estimates. How many? Three is the norm, but make sure you come up with well-written specs so that all those bidding on the job will be able to compare apples to apples when providing quotes. Your specs should include:

Choice of paint. There are only a few major paint

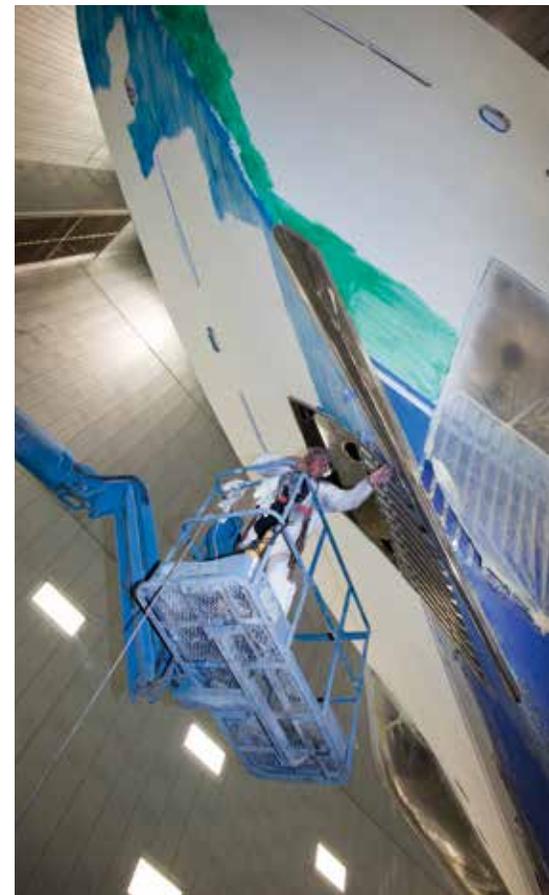
manufacturers of yacht quality coating systems, and chances are the paint system on your yacht is one of them. The two most popular colors are Matterhorn White and Flag Blue, but you'll have dozens of color choices. And the good news is, yacht paint companies offer very competitive pricing.

Helpful Tip: If you keep the same paint that was applied by your yacht's manufacturer, you could save money, since changing it will require more prep work.

Current paint condition. Are there spots where paint or fairing is falling off or pulling away from your yacht? Any corrosion?

Structural repairs you need. Before prep work and painting begins, most yards also handle interior refits, engine rebuilds and other non-painting maintenance work.

Details on how you've maintained your current paint job. How often do you wash your boat and with what? Do you ever polish it, and if so, with what? Answers to these questions help determine the amount of prep work your paint job



will entail, so there are no surprises for either you or the painters once work gets underway.

HIRING THE RIGHT YARD FOR THE JOB

Expect to pay in the low five figures and up for a good paint job, depending on the size of your yacht. But price shouldn't be the only factor in choosing who does the work. You'll also want to make sure the yard that gets your business has a stellar reputation and a super-skilled staff. To do that:

Play Show and Tell. Ask yard owners to drop names of yachts they have painted and provide contact information for these boat owners so you can check references. Request to see samples of their work. Are there recently painted yachts currently docked at the yard or soon to be on display at boat shows? Photographs of their craftsmanship can be helpful, too. Keep in mind, however, that there may be a confidentiality issue with some owners who are reluctant to have their names used.

Inquire about the staff. Are the yard's painters factory trained? All of the major yacht painting companies – AwlGrip, AlexSeal and DuPont – teach classes on prepping, mixing, application and finishing – all skills that are critical to a flawless paint job. Also ask, "Do your workers stay current?" Retraining staff is equally important, since formulas, equipment, and EPA laws are constantly changing. Bonus: Ask if a yard has a salvaged boat on the property where painters can practice and perfect their sanding and shooting skills.

Do a site visit. The ideal environment for yacht painting will be indoors, hyper-clean and climate controlled. One tiny flying insect, a stray afternoon shower or an unexpected drop in temperature can ruin a paint job in a nanosecond.

BE A PEST

Once you've decided who will paint your yacht, plan to check in often to see how the job is going. A good yard will not only welcome paint manufacturing representatives to visit throughout the process to make sure everything is being done correctly, they'll also want your seal of approval.

Best times to check in: After the "show coat" has been applied. This layer of blue paint reveals flaws, irregularities and potential problem areas. Also, after



the finish coat has been applied to one panel. At this stage, have the yard throw lots of light on your yacht, or take it out in full sunlight to check for flaws.

BUT BE PATIENT

There's a good reason it can take anywhere from four to fourteen weeks to paint a yacht. It's a job that requires a team of talented sanders, smoothers, primers, mixers, shooters and hose minders to work in perfect harmony. You don't want this to be a rush job. Instead, sit tight, and prepare to be wowed when your yacht glides out of the yard's harbor with rays of sunshine bouncing off of its shiny new surface.

MAINTAINING A NEW PAINT JOB

A good paint job on your yacht should last five to seven years, but only if you:

Keep it clean. Accumulated dirt, salt and debris can result in acids forming on the surface of the paint and damaging it.

Wash it gently. Use mild soaps designed specifically for yachts (your yard can recommend the best brands) and only very soft, natural bristle brushes or a mop. Plastic or stiff brushes will scratch the paint.

Never polish. Most polishes contain Teflon or silicon that can seep into the pores of paint and cause serious and costly issues when it's time to repaint.



Information provided by Jim Bento, president of Ocean Marine Yacht Center/Portsmouth, VA 23704/ 757.399.2920/ www.oceanmarinellc.com.

INFORMATION NEEDED TO FILE A CLAIM

When you file a claim, you'll need to provide the following information:

Who

- Name, address, phone number and e-mail address of person reporting claim
- Policyholder's name and policy number
- Vessel operator/passengers/guests
- Injured parties if any
- Eyewitnesses – names and contact information if known

When

- Date and time of loss

Where

- Loss location- where the incident happened

What – provide as much detail as possible

- Facts and circumstances
- Nature of damage or injury
- Vessel(s) involved
- Equipment/personal property
- Current condition of vessel

How

- Description of loss- how did it occur

Pantaenius USA claims office is available 24/7

Call 1 914-381-4286 or e-mail us at ClaimsUS@Pantaenius.com

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