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## Yacht Fires

### Fire

*Rendezvous, Naseem, Hooligan, Good Vibes, Aria SF, Black Diamond* – the list of yachts lost to fire this summer alone goes on. Anyone following the yacht market on social media will be used to the depressing frequency of images/videos of yachts on fire and it's fair to say that fire is by some margin the most common cause of loss in yacht claims we are involved with.

Although the question of values is often opaque, there can be no doubt that the losses run into multiple millions of dollars. The investigations into fires on yachts are technically difficult and oftentimes inconclusive, assuming there is anything left to investigate in terms of physical evidence; many of the reported fire losses occur in deep waters and recovering the remains is either logistically and/or economically unfeasible.

### Common themes

The most prevalent cause of fires on yachts which we see are engine room issues, electrical fault, human error or some combination of the three.

Class/Flag have done much in recent years, particularly in the larger size/charter sectors, to improve safety standards, and it is encouraging that many owners/managers of smaller/private yachts follow the recommendation from (some) Flag States to follow the higher standards applicable to charter yachts.

An area of ongoing debate, not only in the yacht space but more broadly in the transport industry as a whole, is the risk associated with lithium-ion batteries. It was raised in one of the panel discussions ("*Fire! Fire! Claims Mount up!*") at this year's Marine Claims International conference in Dublin. As the responses generated under a recent article on Li-ion batteries show, views are divided

and there are real misconceptions surrounding the issue. What is good, at least, is that there is debate and an effort to increase awareness. Although there are significant developments in the sphere of alternative power for yachts, the reality is that the cost/limitations surrounding battery technology as matters stand mean it is likely that "green yachting" will end up looking to other fuels (which of course have their own risks / difficulties). Li-ion batteries are however already prevalent in "toys" used on board.

The industry has been quick to anticipate/respond to risks involved, with guidelines issued as long ago as 2016 – e.g. MGN 550 – "Electrical Installation – Guidance for Safe Design, Installation and Operation of Lithium-ion Batteries". This Marine Guidance Note highlighted the risks associated with Li-ion batteries, steps that should be taken for their handling including recommended operations, procedures (including, for example, the recommendation that a battery logbook is kept) and emergency procedures with specific recommendations for crewing arrangements. Interestingly, the casualty investigation report following the fire on the Kanga noted that, "considering the fire hazards associated with any size of Li-ion batteries, the safety investigation is of the opinion that the best practice provided in this document is relevant". The Kanga matter is one with which we as a firm are very familiar; Alex Davis, head of our Marine and International Trade team here at Stephenson Harwood, is acting for the hull insurers on the Kanga matter. Alex and I will be publishing a further article focusing on potential issues arising out of the use of lithium-ion batteries in the maritime industry in the near future.

## Prevention is easier than cure

As Jack Hogan's recent, thought-provoking article on [SuperyachtNews](#) underscored, even on the best maintained/crewed yacht, accidents can happen.

That is of course no reason not to strive to maintain the highest standards. Effective, regular and monitored crew training and education is a key starting point. As we noted in our last insurance themed article, crew are the lifeblood of the yacht. It is essential that appropriate training and drills are implemented, updated and monitored to ensure they are being properly and effectively undertaken. What is equally critical is that crew changes do not result in knowledge gaps which can become exponentially worse if new crew members are not properly trained, are then promoted and responsible for implementing training of later new additions to the crew: it is a potentially fatal downward spiral.

Whilst fire training should form part of the onboarding process, that training must be substantive and rigorous and not just a tick box formality. Flag State safety requirements vary (particularly depending on size/use of a given yacht) but those which include detailed and rigorous requirements in terms of training, maintenance and reporting do so for good reason.

Insurance policies often impose warranties in respect of fire fighting/safety equipment, acknowledging that fact. It is essential that appropriate/adequate extinguishers are kept on board, that those extinguishers, sprinkler and CO2 systems are properly maintained, tested and certified, that fire detection systems are also regularly tested, and that seals etc to secure fire boundaries are maintained. The importance of a proper and complete understanding of the systems – which will come to bear at what will be an extremely stressful moment of crisis – cannot be underestimated. It is no good, for example, for the crew to flood a space with CO2 if that space has not been appropriately sealed. Equally, using the wrong fire extinguisher can make a fire worse.

Records of the maintenance, testing, any rectification (approved as may be needed by Flag/Class/insurers) must be kept, ideally in such a form as to be accessible not only on board but also ashore. Too often records of critical importance are lost with the yacht, potentially prejudicing multiple parties' interests and complicating the claims process – be that on the policy or the prospects of recovery from third parties.

Andrew Jameson, Director Yachts & Marine for Lloyd Warwick International commented, in the context of

his experience of yacht fires over recent years, *"We have seen and worked first hand on loss events caused by lithium batteries, of which all have been associated to batteries which belong to the yacht's watersport equipment; however, fires from failures in the yacht's electrical circuitry are the highest we see and the consequences following the fire, no matter how experience or well trained the crew, are also affected by the location of the yacht and how early the seat of the fire can be detected."*

He also goes onto say, *"We have had numerous fire claims which started in wiring conduits which were difficult for the yacht crews to gain access to until it was too late to effectively extinguish using the yacht's fire fighting equipment. We have seen the increased use of thermal cameras being used for routine inspections of yacht electrical systems to highlight any hot spots and to assist with understanding what they are being caused by."*

## Worst case scenario

In the event of fire, the primary concern is the safety of those on board and ensuring that all guests and crew are – if abandonment is required – safely and timely disembarked and removed from the vicinity of the yacht to safety and thereafter properly looked after following what will doubtless have been a traumatic experience.

Then, the safety of other property comes to the fore, particularly if the yacht is at berth or on the hard with other vessels alongside which could be damaged giving rise to further loss/liabilities.

Andrew Jameson also noted the complexities involved in those cases where a yacht is repairable, and in particular the challenge for shipyards to accurately quote for reinstating the yacht, especially in the current economic climate.

In the wake of a fire, Owners and the various insurers involved will want to ensure appropriate preservation of evidence at the start of what – depending on the facts – can be a long road through causation analysis, policy coverage issues, third party liability claims and (subrogated) recoveries against third parties in respect of which expert input – technical and legal – will be needed, often in multiple jurisdictions. Seeking that input and guidance from an early stage is central to managing the various angles. The team here at SH has been involved in some of the most significant yacht losses of the last decade and can offer such support/guidance.

## Contact us



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