

By Bernie Girod

Chartering a J/105

We all appreciate the great attributes of the J/105. The fact that there are a large number of these boats in the country and so many interesting and competitive Class events has most of us wishing we could participate in more out-of-town events. Events like Key West Race Week, Block Island Race Week, Big Boat Series and the North American Championship have all of us salivating.

If an out-of-town event is one that can be reached motorsailing in a day or two, the task is relatively easy. On the West Coast, for example, boats sail from San Francisco to San Diego and all points in between on a regular basis.

Costs

However, like all fixed-keel boats, the costs go way up if it needs to be shipped over the road. Assuming a charter cost of \$1,500 per day (more on that later), chartering for a three-day event would cost \$4,500. To ship a boat would cost about \$2,000 for yard fees (4 haul-outs and rigging). If you have your own truck and are prepared to do all the work associated with hauling a boat, you may end up ahead financially by towing the boat to most places, even with diesel at \$5 per gallon.

Although several owners have their own tow truck, most of us choose to use a professional driver and truck to transport the boat. The costs do not vary much between towing a boat on your trailer or on a flatbed truck, currently about \$3.25 per mile. At that rate, your breakeven point is 800 miles for a three-day event. In other words, if you transport your boat more than 800 miles, you are better off chartering, assuming of course that you can find the right boat (see below). The simple math suggests that chartering is most attractive financially for shorter events, e.g. one to three days. And it saves a lot of time in logistics, plus wear and tear on your boat.

I am only focusing on transportation costs for now. Of course there are other costs for out-of-town events such as airfare, hotels, meals, etc...but you will incur most of these costs whether you charter or use your own boat. Insurance needs special attention—see below.

Given the fact that we have more than 600 boats nationwide, with many not racing actively, I believe it is an ideal situation for chartering. But we need to facilitate the process to make it easier/more accessible to both the owner and the charterer.

Selecting the boat

I will make only a few comments about the selection of the charter boat. I am sure all of you know how to do that. For us, we check the race record, make sure the bottom of the boat is in good shape and that the roller furling gear and instruments work well. We take our sails, halyards, sheets, tools and spare parts. We arrive a few days early and tune the rig for the conditions and our sails. What a pleasure it is to arrive at the dock, step aboard and just go sailing.

Insurance—Borrowed Boat

One of the big hurdles for chartering is insurance. There is inexpensive non-owned charter coverage for smaller one-design boats, but I have not found any for boats over 30'. There are also charter programs for large boats such as TP52s, but those policies are very expensive.

If you simply borrow the boat with the permission of the owner, and no money changes hands, then the owner's insurance policy stays in force since you are a "permissive user." The owner does not need to be aboard, although it might add a comfort factor for both parties. The policy limits of the owner apply. A person using a borrowed boat will often agree to cover the deductible under the owner's insurance policy in case of damage.

You should check the owner's liability coverage and make sure the policy covers the underlying requirements of your umbrella policy. For example, if your umbrella liability policy requires underlying coverage of \$500K, make sure the owner's policy has a \$500K limit so there is no gap. In some cases, the boat insurance of the borrower applies, but it is not universally so. Check your own boat's insurance coverage if you plan to borrow a boat. By the way, an umbrella policy is highly recommended. Most umbrella policies prohibit racing, except for sailboat racing. Make sure yours permits sailboat racing.

Insurance—Charter

In most cases, money changes hands. The owner rightfully wants to be compensated for the use of his/her boat. I have paid from \$1,000 to \$2,000 per day for a charter boat using my own sails. In a charter situation, the insurance company views it as a commercial transaction subject to a separate agreement, and neither the charterer's policy nor the owner's policy applies. A number of artful dodges have been used over the years, like buying a set of sails for the owner in lieu of direct payment, "hiding" any payment and/or having the owner aboard. But I would not want to test that situation in court in the event of serious damage or liability. If the owner claims you are covered under his/her policy, be sure to have that statement specified in the charter agreement and have your name put into his/her policy as an "additional insured" person. Be careful here: some so-called "Demise Charter Agreements" turn all the liability exposure to the charterer.

The physical damage to the boat is easier to manage. The 105 is very solid, and the charterer often agrees to simply self insure, covering any damage to the boat while racing.

The liability side of insurance is the issue. If you have an umbrella policy, you will be covered beyond the underlying policy requirement, usually \$500,000. Since the owner's policy does not apply, you will have that first-dollar exposure in the event of a liability claim against you. I understand that there is a supplemental insurance policy you can buy which would cover that first exposure, but it is apparently difficult to obtain.

A good solution is to find a charter boat offered by a third party who carries insurance as part of the business. Yacht brokers and sailing schools are such sources. Again, you might want to clarify the liability coverage to make sure it dovetails into yours.

Please note that I am not an insurance professional. I have gathered the above information by speaking with people who know this field, and I believe it to be accurate. But there are many different types of boat and insurance policies. You should check with your own insurance agent before proceeding with a charter.

A Happy Experience

I have chartered 105s in Annapolis, Key West and San Francisco and was satisfied with each one. The charter in San Francisco worked out particularly well. We chartered the same boat three years in a row from a sailing school. The owner used the charter proceeds to upgrade the boat, investing in a new roller furling system, new instruments and a new bottom. We used his sail tags so we were able to get heavy air sails for the breezy bay. The boat was fast, logistics were easy—just step aboard and go.

This is our first pass at a very complicated subject. We will keep working on it, and as new information surfaces, we will provide updates. Many of you have had experience chartering boats. We would appreciate any comments you might have.

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