

## Theft, fraud also on rise

Your article on boat repossessions [Boat repossessions on the rise in Rust Belt — April 2007] is quite timely and spot dead on, but the article fails to recognize another issue on the rise.

Reagan Haynes correctly points out that "People need a car, they need a house, but they don't need a boat. ... so these people are making lifestyle choices when they walk into that bank." This statement was written in the context of boaters being typically screened for good credit scores for the processing of loans, etc., but I would like to put this into another context if I may. I want to help people avoid one particular lifestyle change they may not be expecting ... jail.

People do indeed need their cars and homes, but in a down-turning economy (perceived or otherwise) what they don't need is that boat loan payment. There are a number of ways to get rid of a boat that you have decided you don't want to pay for anymore (loan payment, maintenance, dockage, insurance...). You could have it repossessed, sell it on the open market and get a fraction of what you paid for it (and perhaps not even cover the payoff on the mortgage) or, if your moral compass is in need of adjustment, you could sell it to your insurance company by burning it, sinking it or having it stolen. Think about it. That replacement cost policy in your boat file is awfully tempting. Here is the typical scenario: You bought the boat for \$100,000 five years ago and insured it for \$100,000. Now your "investment" is worth \$60K on the open market and the mortgage is \$82K so perhaps that \$100,000 insurance policy doesn't look that bad. But watch out ... you may just become one of our case files.

We have seen in past economic cycles (think 1980s) a dramatic rise in the number of stolen boats, arson and scuttling cases throughout the insurance industry. The types of case files underwriters see from year to year are very market-driven. For instance, our records reflect that when the economy is in great shape more people purchase boats and use them often and the number of collision, docking and grounding (use-related) incidents increase. When the economy turns down we see a rise in, shall we say, more notorious sorts of claims. (Just go to Todd & Associates, Inc. stolen boat Web site ([www.boatman.com](http://www.boatman.com)) if you want to see just a slice of the insurance industry stolen boat case files.)

Through associations like the International Association of Marine Investigators (IAMI), the International Association of Special Investigation Units (IASIU), and the International Association of Arson Investigators (IAAI), to name a few, law enforcement is being trained to recognize and deal with marine and other types of fraud. The insurance industry is not rolling over and playing dead on these sorts of cases either. Underwriters are actively participating in claims investigations with an

increase in SIU (Special Investigation Unit) department personnel and outside vendors in partnership with their law enforcement counterparts. Persons attempting to commit fraud can expect rigorous examinations [I can't divulge the investigative process but rest assured, while not unfair to the policy holder, it is not necessarily a fun process] of their claims to include the potential for an examination under oath (EUO). This process will make a repossession look like a walk in the park.

The marine industry is begging the market to purchase boats ... but at what cost? We all want to see manufacturers, dealers, marinas, brokers and re-

pairers thrive, not just survive, but ultimately we need to weigh the risks of selling a product to a market that may not be able to afford it. Repossessions are indeed on the rise but this is just one signal of a looming industry problem. Boat theft and fraud is also on the increase. So what's my advice? If your customers bought a boat that they ultimately can't afford to own, let's hope they don't try to sell it to their insurance company, they may get more than they bargained for.

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# SPEAK

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