

# Yacht and Pleasure Craft Insurance

## Policy Conditions

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# 1 General Provisions

This Policy, the Schedule and any Endorsements, together with the application form, are evidence of the contract between you and us and they are to be read as one document.

The Schedule shows the Sections which are included in your Policy and the particulars of your insurance.

This is a legal contract between you and us. We will provide the insurance described in this Policy in return for the premium and compliance with the Policy provisions.

## CUSTOMER INFORMATION CLAUSE

We will treat information relating to the Insured as confidential, but (unless consent is prohibited by law) the Insured consents to the transfer and disclosure by us of any information relating to the Insured to and between the branches, subsidiaries, representative offices, affiliates and agents of the Company and third parties selected by any or them, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes). The Company and any branch, subsidiary, representative office, affiliate, agent or third party may transfer and disclose any such information as required by any law, court, regulator or legal process.

## Definitions

Throughout this Policy, "You" and "Your" refer to the "Named Insured" shown on the Schedule. "We" and "Our" refer to the Company providing this insurance.

"Policy Schedule" means a separate document which shows the sections that are included in your policy and the particulars of your insurance.

"Insured Person" means you, related household members or any person operating your yacht with your prior permission and without charge. This does not include a paid master or crew member of the insured yacht, or any person or organisation or their agent or employee operating a marina, shipyard, sales agency or like organisation.

"Hidden Defect" means a hidden flaw in the construction or material of the vessel or part of the vessel which is not discoverable by using reasonable care.

The currency given in this policy, the policy conditions or elsewhere refers to the legal tender of the country where the risk occurs. In the event that these terms and conditions refer to a different currency, the amount in question must be converted into the corresponding currency, in accordance with the then prevailing exchange rate.

## 2 Section A Hull insurance - loss of or damage to the vessel

### PROPERTY INSURED

We cover your yacht or pleasure craft described on the Schedule, including outfit and equipment which would form part of the vessel's inventory. We also cover the dinghy and its motor which you own and use with your vessel and which is usually carried on deck or in davits. We cover this property afloat and while ashore or being transported on a land conveyance, including during loading or unloading. If equipment

is temporarily not on board the vessel and is ashore for storage or repair, we will cover it for up to 20% of the amount shown under Section A on the Schedule. This reduces the amount of insurance remaining on the vessel by the value of that equipment.

### PERILS INSURED

Unless excluded under Section F of this Policy, we insure against all risks of accidental direct physical loss or damage. We also cover physical damage that is caused directly by any hidden defect in your vessel. However, we do not cover the cost of repairing or replacing any defective part or of making good a defect in design or construction.

### VALUATION

We have agreed with you on the value of your vessel and other covered property. This amount is shown on the Schedule. It will be used to help us measure the amount of loss.

### AMOUNT WE WILL PAY

We will pay for a total loss of your vessel and other covered property only if the vessel is completely lost or destroyed. We will also pay for a constructive total loss if the cost of recovering and repairing the vessel is greater than the amount of insurance shown for your vessel on the Schedule. If we pay you for a total loss or constructive total loss, you agree that we are entitled to salvage proceeds or recovery therefrom, if any.

If there is a total loss of your vessel, we will not deduct for depreciation in determining the value of any property. If there is a partial loss, however, we may deduct for depreciation on onboard motors, sails and protective covers of fabric or similar material.

### REPAIR OPTION

In the event of damage, we have the option of limiting payment for repair of the damaged portions in accordance with:

- (a) Customary and/or generally accepted boatyard repair practices and/or
  - (b) According to the repair procedures recommended by the builder.
- We also have the option of deciding the place of repair or repairing firm and may require tenders to be taken for the repair work.

### COLLISION LIABILITY

We will pay if an insured person becomes liable to pay for property damage to another vessel caused by collision with your yacht while waterborne. If an insured person is named in a suit alleging liability for such property damage, we will settle or defend the suit as we think appropriate. Our obligation to pay, settle or defend will not be subject to any deductible, but will be subject to a separate limit equal to the amount of insurance on your yacht as shown on the schedule. This amount combined with our liability under section D shall be subject to an overall limit of any amount shown as the Limit of Liability on the schedule. We will not pay for the removal of wrecks or obstructions under this section of the policy.

### DEDUCTIBLE

We will subtract the deductible shown on the Schedule from any payment we make under this Section for all losses due to a single accident. However, the deductible amount will not be subtracted if there is a total loss or constructive total loss of your vessel.

### ADDITIONAL COVER

We will pay all reasonable salvage charges and necessary expenses up to the value of your vessel shown on the Schedule, for minimising or averting a loss covered by the Policy.

In the event of an accidental grounding, we will pay the costs of examining the bottom of the vessel, if reasonably incurred for that purpose, even if no damage is found.

### 3 Section B Boat trailer cover

Provided only where an Amount of Insurance is stated on the Schedule

#### COVER PROVIDED

We provide cover for the trailer listed on the Schedule against all risks of accidental loss of or damage to the trailer from any external cause, unless excluded under Section F.

#### AMOUNT WE WILL PAY

In determining the amount of our payment to you under this Section, we will pay the lesser of:

(a) the cost of repairs

or

(b) replacement cost less depreciation

but in no case to exceed the amount of insurance shown in Section B on the Schedule.

#### DEDUCTIBLE

The sum of Ang. 200,= deducted from each adjusted loss. However, the deductible will not be applicable in the event of a total loss or a constructive total loss of the trailer.

### 4 Section C Personal effects

Provided only where an amount of insurance is stated on the Schedule

#### PROPERTY INSURED

We insure personal effects, including clothing and sports equipment, belonging to you, your family members or guests, while they are on board or being carried on or off your vessel, but there is no cover while the vessel is laid up for repairs or storage. There is also no cover for money, jewellery, furs, travellers cheques or other valuable papers or documents.

#### PERILS INSURED

Unless excluded under Section F of this Policy, we insure against all risks of accidental loss or damage. However, claims for theft of personal effects will be payable only if the theft follows forcible entry into the vessel.

#### AMOUNT WE WILL PAY

We will pay for the actual cash value of personal effects, but not exceeding what it would cost to repair or replace the property with material of like kind and quality. Our liability in any one loss to personal effects will not be more than the amount insured as stated in the Schedule, regardless of the number of people who may have suffered a loss arising out of the same event.

#### DEDUCTIBLE

The sum of Ang.150,= will be deducted from each adjusted loss.

### 5 Section D Liabilities to third parties

#### COVER PROVIDED

Unless excluded under Section F of this policy, we will reimburse an insured person with any sum which that person becomes legally liable to pay in respect of any of the following: -

- 1 Loss of life or bodily injury which results from ownership or use of the insured vessel.

- 2 Loss of or damage to any other vessel or property on board such other vessel which arises from ownership or use of the insured vessel.

- 3 Loss of or damage to any harbour, dock, slipway, gridiron, pontoon, pier, quay, jetty, buoy, cable, or other fixed or movable property, which arises from ownership or use of the insured vessel.

- 4 Costs that result from the raising, removal or destruction of the wreck of your vessel, or an attempt at any of these. We will also cover any bodily injury, death or loss of or damage to property that arises because you fail to raise, remove or destroy the wreck of your vessel.

- 5 The rescue of you, your passengers or members of your crew.

#### OPTION TO SETTLE OR DEFEND

If an insured person is named in a suit alleging liability for these events, we will settle or defend the suit as we think appropriate. Our obligation to pay, settle or defend will not be subject to any deductible.

#### LIMIT OF LIABILITY

Our liability under this Section shall be subject to a maximum limit of liability shown under Section D of the Schedule. Our obligation to pay, settle or defend ends when we have paid that amount on your behalf. This is the most we will pay, regardless of the number of insured persons or boats involved in any one accident, or series of accidents arising out of the same event.

#### RESTRICTED LIMITS FOR WATER-SKIING

During such time as the vessel or its dinghy are being used for waterskiing, aquaplaning or any similar sport in which objects or persons or both are towed, and until such operation has ceased and the persons or objects engaged in such sport have been safely taken on board the vessel or safely landed elsewhere, the limits afforded by this Section shall be the restricted limits as stated in the Schedule under Section D (ii).

#### SUPPLEMENTARY PAYMENTS

In addition to the limit of liability shown on the Schedule, we will pay on behalf of an insured person:

- (a) Interest on our portion of the judgement which is earned before we make payment.
- (b) Loss of earnings (but not of other income) of up to Ang.100,=per day for attendance at court proceedings at our request.
- (c) Legal or other reasonable expenses incurred at our requestor with our written approval.

### 6 Section E Medical payments insurance

#### COVER PROVIDED

We will pay the reasonable expenses of necessary medical, surgical, ambulance, hospital, professional nursing services and in event of death, funeral costs incurred within one year from the date of, and resulting from, an accident to any person while in, upon boarding or leaving the insured vessel.

#### LIMIT OF LIABILITY

Our liability in any one accident shall not exceed the amount of insurance shown for Medical Payments on the Schedule, regardless of the number of persons involved in the accident.

## 7 Section F General exclusions

(Applicable to all Sections)

Please read the following exclusions carefully. They apply to all sections of the Policy and may tell you that a loss is not covered:

- 1 We do not provide cover while the vessel is chartered, rented to others, used to carry persons or property for a fee, or used for other commercial purposes or is on exhibition, unless we have first agreed to such cover in writing.
- 2 We do not provide cover while the vessel is being towed [except when in need of assistance] or undertaking towage of other vessels [except vessels in distress] unless we have first agreed to such cover in writing.
- 3 There is no cover if without our written permission your vessel is taken outside the area described on the Schedule.
- 4 We do not cover physical damage or losses caused by or resulting from normal wear and tear, gradual deterioration, marine life, electrolysis, osmosis, corrosion, rust, dampness, normal wetting or weathering. We do not cover damage to the machinery caused by or resulting from mechanical or electrical breakdown.
- 5 This policy does not cover claims for loss, damage or liability deliberately caused by the wrongful acts or wilful misconduct of any insured person.
- 6 If your vessel is under 8 metres long, we will not pay for loss or damage arising from the yacht being left moored or anchored unattended off an exposed beach or shore.
- 7 We will not pay for damage or loss due to ice, freezing or extremes of temperature.
- 8 We will not pay for loss or damage due to physical condition of the vessel [other than hidden defects] that existed prior to the effective date of this insurance.
- 9 We will not pay claims for unexplained disappearance of property, personal effects or equipment from the vessel.
- 10 We will not pay for loss or damage arising from theft of your vessel whilst left unattended on a trailer unless in a locked or secure compound or yard or unless the trailer has had a wheel clamp fitted or wheel removed.
- 11 We will not pay claims for theft of an outboard motor unless at the time of the loss it had been locked to the craft by an anti-theft device in addition to its normal method of attachment or unless the theft followed forcible entry into the vessel or place of storage.
- 12 In the event there is a loss covered by this Policy, we do not cover any loss of use of the vessel or other consequential damages even if directly caused by the covered loss.
- 13 This policy is null and void if your vessel is used for any illegal purpose.
- 14 If your vessel is a motor boat or speedboat, we will not pay for any loss, damage or liability which occurs while the vessel is racing or engaged in speed testing.

If your vessel is a sailing yacht, we will not pay for loss of or damage to sails, rigging, masts and spars whilst the yacht is racing, unless the loss or damage is caused by the vessel being stranded, sunk, on fire or in collision.

- 15 We will not pay for loss or damage to electrical apparatus caused by electricity, other than lightning, unless fire results, and then only for the loss or damage caused by the resulting fire.
- 16 We will not cover any fine or other penalty which any government or government authority requires you to pay.
- 17 There is no cover for any liability under an agreement made [by contract or otherwise] by an insured person, unless you receive our prior written consent.
- 18 We do not provide cover for legal liability incurred under any Workmen's Compensation or Employer's Liability legislation nor under any other statutory or common law liability in respect of accidents or illness to persons employed by you or by any other insured person.
- 19 There is no cover for liability in respect of bodily injury, loss of life, or property damage arising out of the transportation of the vessel on land.
- 20 There is no cover for liability to or of divers or snorkellers whilst operating overside from the insured vessel.
- 21 We do not provide medical payments cover for bodily injury sustained by any person who is a trespasser or uninvited guest while in, upon, boarding or leaving the vessel.
- 22 We do not pay for any loss during war or peace caused by or resulting from the capture, seizure, arrest, detention, requisition or other taking of your vessel by any government or its agents whether lawful or not.  
  
This Policy also does not cover loss, damage or liability if caused by or resulting from war declared or undeclared, martial law, or hostile or warlike action taken by any government or its agents, any sovereign power, any authority using naval, military or air forces or those forces themselves. We do not pay for loss, damage or liability resulting from civil war, insurrection, rebellion, revolution, usurped power or action taken by any governmental authority in defending against these happenings.
- 23 We will not pay for any damage or expense caused by strikes, labour disturbances, riots or civil commotion.
- 24 In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to, by or arising from:
  - (i) Ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel.
  - (ii) The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.
  - (iii) Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

## 8 Section G General conditions

(Applicable to all Sections)

This Section contains general conditions and exclusions that apply to the entire Policy. They may affect your cover. You should read these conditions carefully.

In many cases, they require you to take certain action in order to keep your policy cover in effect. They also may tell you that your claim is not covered by the Policy.

### CHANGES TO THE POLICY

This Policy contains all the terms and conditions of the cover agreed between you and us. Any changes must be agreed in writing and signed by us.

### CANCELLATION

You may cancel this Policy by returning it to us or to our authorised representative and stating, in writing, the future date upon which you require the Policy to be cancelled. We may cancel this Policy at any time by giving you 30 days' written notice. The mailing of notice by registered mail to your last known address is sufficient proof of our notice of cancellation. Delivery by hand of notice shall be equivalent to mailing. When you request cancellation, the return premium will be based on our short-rate table. When we cancel, the return premium will be pro rata of the annual premium.

### LEGAL ACTION AGAINST US

No legal action may be brought against us unless there has been full compliance with all terms of this Policy, and the action is started within one year after the accident causing the loss. In addition, under Section D - Liabilities to Third Parties, no legal action may be brought against us until we agree in writing that the insured person has an obligation to pay a specified amount, or until the amount of that obligation has been finally determined by judgement after trial. No person or organisation has any right under this Policy to bring us into action to determine the liability of an insured person.

### OUR RIGHT TO RECOVER

You may have right to recover for a loss from someone else. You must do everything possible to preserve our right to recover. Once we pay your loss under this Policy, the right of recovery belongs to us.

### IMPAIRMENT OF RECOVERY

If you agree after a loss to give up your rights to recover damages from any carrier, bailee or other party who may be liable to you, this Policy will be considered void and without effect as to such loss. We will still have the right to retain or recover the premium.

### NO-WAIVER PROVISIONS

No action on our part, after a loss, to recover or save the property from further loss, nor any action which we may take in connection with the investigation of any loss, shall be considered as a waiver of any of our rights under this Policy.

### CONTINUATION CLAUSE

If you are away from any port at the time this Policy ends, we will extend your cover until you arrive at the nearest safe port. You must notify us as soon as possible and pay the additional premium required.

This continuation privilege does not apply if the Policy is cancelled by you or us.

### TRANSFER OF INTEREST

If you sell, transfer, mortgage or pledge your vessel or this Policy, cover will cease without further notice to you unless such change is accepted by us in writing.

### CONCEALMENT OR MISREPRESENTATION

If any person or organisation has concealed or misrepresented any material fact or circumstance relating to this insurance, this policy shall be null and void.

### LAY-UP

If your vessel is to be laid up for the period shown on the Schedule it:

- (a) must be in a safe berth for storage ashore
- (b) must not be ready for immediate use
- (c) may not be used for living on board.

### BANKRUPTCY

Bankruptcy of any person or organisation insured under this Policy does not relieve us of any of our obligations under this Policy.

### UNREPAIRED DAMAGE

In the event you request payment for unrepaired damage for a claim covered by this Policy, we would limit such payment to the actual cash value of the damaged parts, but not exceeding the cost of repairing or replacing the damaged property with material of like kind and quality.

If your vessel or any property installed on it is damaged and, before repairs or replacements are made the vessel becomes a total loss or a constructive total loss, we will pay only the amount insured. We will not pay for the unrepaired damage in addition to a total loss or constructive total loss payment.

### SEAWORTHINESS OBLIGATION

It is your obligation under this insurance contract to maintain your vessel in a seaworthy condition at all times, and we will not pay for any loss, damage or liability arising from unseaworthiness due to your failure to comply with this obligation. This obligation also requires you to maintain the fire extinguishing equipment in efficient working order.

### BENEFIT TO BAILEES

No person or organisation having custody of the property insured and being paid for services shall benefit from this insurance.

### OTHER INSURANCE

If you have other insurance that covers your loss, this Policy will pay only the amounts you are unable to recover from such other insurance.

### PAYMENT OF LOSS

We will pay for loss covered under this Policy within 30 days after we receive proof of your loss that is satisfactory to us.

### JURISDICTION

This policy is subject to the exclusive jurisdiction of the country in which the policy was issued. There is no cover in respect of judgements delivered by, or obtained from, courts in any other country, or for judgements or orders in the country of issue for the enforcement of judgements obtained elsewhere.

## 9 Section H What to do in case of loss or accident

### IN EVENT OF LOSS

Your full compliance with the following requirements are conditions to cover under this policy, and a failure on your part to do so will deprive you of a right to recover. If you have a loss or someone is making a claim against you that you think may be covered under this Policy, this is what you must do:

#### **NOTIFY US.**

Notify us or our authorised agent of the loss or claim immediately. You may wish to have your broker do so on your behalf, but you must make certain that he does so. Provide us with all available information about the accident or event as soon as possible. You should furnish us with the following:-

- (a) Your name, address and Policy Number.
- (b) A full description of the loss or claim.  
The time and place of the accident or event.  
The names and addresses of anyone injured and any witnesses.
- (c) If someone was injured, you agree to do whatever is necessary to enable us to obtain medical reports and copies of records which relate to the accident or injury.
- (d) If bodily injury or loss of life or theft occurs, notify the Coastguard or appropriate authorities and comply with any other regulations governing the reporting of such incidents.
- (e) Submit to us within 60 days after our request your signed claim statement or proof of loss.

#### **PROTECTING DAMAGED PROPERTY**

If your vessel or other property covered by this Policy is damaged by a covered cause of loss, you must take all lawful and reasonable steps to recover it and protect it from further damage. We will reimburse you for reasonable expenses of protecting the property from further damage that would be covered by the Policy.

If we take any steps to protect damaged property, this does not mean we are accepting an abandonment of the property. If you take any steps to protect damaged property, this does not mean you are waiving any rights you have to abandon the property.

Do not do more than is reasonably necessary to protect the property from further damage without first getting our written permission. For instance, do not make any repairs that are not necessary to actually protect the property from further damage without our prior permission. If you do, we do not have to reimburse you for your expenses.

If emergency or protective repairs are made, have the repair yard save all the parts which were replaced. We may wish to inspect them.

#### **CO-OPERATION WITH US**

In the event of loss covered by this Policy, co-operate with us fully and agree to be examined under oath if we so request. Do not assume any obligations, admit any responsibility or make any settlements or payments without first securing our written permission. You may, however, take reasonable steps which are necessary to protect damaged property.

If you receive any legal papers in connection with a claim or legal proceedings, you must immediately send us copies. If you fail to do so, we will not provide cover.

If you are sued and you receive our written approval to defend the lawsuit, we have the right to select or approve the lawyer to defend you. We have the right to settle a claim or suit if we think that is best.

If we ask, you must attend hearings and trials. You must also assist us in obtaining and giving evidence, obtaining witnesses and making settlements.

#### **SPECIAL REQUIREMENTS FOR MEDICAL PAYMENTS UNDER SECTION E**

Any person seeking medical payments by us under Section E must:-

- (a) Provide us with all documentation, bills and reports requested by us.
- (b) Submit to a physical examination by a physician selected by us when and as often as we reasonably require.
- (c) Provide us with written authorisation for release to us of copies of pertinent medical reports and records.