

# The Shipowners' Club Yacht Liability Insurance

## FAQs



## The Shipowners' Club

# Yacht Liability Insurance FAQs - contents

These FAQs are intended to provide general guidance for our Yacht Liability Insurance Policy. They are subject to the terms and conditions of the policy wording, the Certificate of Insurance and any endorsements to it. We recommend that you read the policy carefully and discuss with your broker if you are in any doubt. You will find a copy of the Yacht Liability Policy wording on [www.shipownersclub.com/vessel-type/yachts](http://www.shipownersclub.com/vessel-type/yachts)

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## The Shipowners' Club

# Yacht Liability Insurance FAQs

### 1.0 What is the Shipowners' Club and what does it do?

#### 1.1 What is the Shipowners' Club?

The Shipowners' Club was established in 1855 and is the leading insurer of smaller and specialist vessels worldwide. For the last 20 years we have supported the yacht market with dedicated underwriters. We are one of the 13 International Group Protection and Indemnity (P&I) Clubs, which together insure over 90% of the world's ocean going tonnage. We provide cover on a mutual basis and everything we do is driven by the interests of our policyholders, the Members.

#### 1.2 What is different about insuring with a mutual insurer?

You buy your insurance cover at cost. We have no shareholders to satisfy. Most importantly, it means a fair and friendly claims handling service.

#### 1.3 Will I be asked to pay more premium if the Club has a bad year?

No. Your premium is fixed at the beginning of each policy year and unless you ask us to change the insurance coverage that we provide or any material facts change, such as the type of yacht you own or your cruising area, you will not be asked to pay any additional premium.

### 2.0 Who or what is covered?

#### 2.1 Is there a maximum size or tonnage of yachts you insure?

No. The Club will ask for the gross tonnage of your yacht as part of the quotation process. If it is below GT 6,000, we can insure it under the new Shipowners' Club Yacht Liability Policy 2011/12. If it is over this tonnage, we will offer terms based on our traditional Shipowners' Club Rules 2011.

#### 2.2 Does this policy cover all of my liabilities as a yacht owner?

Yes, that is our intention. We are providing what we believe to be one of the most comprehensive marine liability insurance policies you can buy. By insuring you on an All Risks basis you are automatically covered for any liability claim unless it falls under a very limited number of clearly marked exclusions. Your claim must relate to owning and operating the yacht we insure for you.

#### 2.3 If I change to the Yacht Liability Insurance Policy can I be sure that any claim that would have been paid under your Club Rules will be paid under the Yacht Liability Insurance Policy?

Yes. Each year we will issue updated versions of the Shipowners' Club Rules and the Shipowners' Club Yacht Liability Policy. We confirm that any claim that would have been payable under the Shipowners' Club Rules for a particular year will be collectable under the Shipowners' Club's Yacht Liability Policy for that same year.

### You and your crew

#### 2.4 Am I covered for my liabilities towards my crew?

Our policy covers your liability to your crew for risks such as illness, injury or death. It may have arisen out of common law, statute or a crew contract. What we look for when responding to your circumstances is whether or not you have a liability to the crew member concerned. Note that for a claim to be payable, it must have arisen out of the operation of the yacht we insure for you.

## **2.5 Is crew liability insurance the same thing as employers' liability insurance?**

Not necessarily. It depends on what is meant by employers' liability. The Club covers you for liabilities arising out of the operation of the yacht we insure for you, rather than liabilities arising out of your status as an employer.

The laws governing the relationship between employers and employees vary considerably from one country to another. Many countries have enacted legislation requiring employers to subscribe to mandatory employers' liability or workers' compensation schemes. We do not cover claims for personal injury compensation recoverable under mandatory state or national insurance schemes. In some jurisdictions, owners have an obligation to pay injured crew a proportion of their wages through till death and to arrange, pay for and monitor the progress of physical rehabilitation until death. As our general membership would not expect us to introduce these types of exposure into the Club, we introduce, when appropriate, a clearly stated exclusion in your Certificate of Insurance.

As this is a complex area of insurance, we suggest you contact us and we will be pleased to help you further.

## **2.6 What if I have crew contracts?**

We recognise the importance of recruiting and retaining good crew and the need to provide a decent level of death or disability compensation in line with the duties and position held. Our policy will cover crew compensation and sickness benefits under individual crew contracts, collective bargaining agreements or where the state requires employers to pay compensation or sickness benefits for personal injuries in the absence of a mandatory state scheme.

There are, however, limits to the cover. Death, disability or benefit payments you provide under individually negotiated and agreed crew contracts should be reasonable and appropriate for the duties and position held by the crew member, when viewed against the prevailing compensation regime. Also, our policy does not cover annuities or pension contributions or any other form of contractual obligation to make lump sum payments for agreed fixed periods or in perpetuity to one or more beneficiaries.

## **2.7 Are my crew members covered whilst outside the vessel?**

Yes. Claims by crew who are travelling to or from your yacht at the beginning or end of a tour of duty or who may be ashore on ship's business, provided that you as the owner have a liability.

## **2.8 Am I covered for the medical expenses of an injured crew member?**

If you have a liability to meet these expenses, yes. The policy covers you for claims from your crew for personal injury, illness or death and the resultant medical costs.

## **2.9 Do you pay the wages of an injured crew member who cannot work?**

If you have a liability to do so, yes. We would expect this to apply whilst your crew member is undergoing medical/hospital treatment or whilst being repatriated following injury or illness.

## **2.10 Am I covered for disputed or unpaid wages?**

No. We do not cover claims arising from disputes under the standard Yacht Liability Insurance Policy; however you can approach the Club for an extension to cover which we refer to as Legal Assistance and Defence. This provides insurance for a number of identified disputes.

## **2.11 What if my yacht is a total loss and my crew members are out of work?**

If you have a liability to pay compensation to crew members resulting from the total loss of your yacht, we will respond.

#### **2.12 Am I covered if I engage day workers?**

Yes. We treat day workers as crew and you are insured in the normal way for any liability you may have towards them; however the total number of day workers engaged on or around the vessel at any one time must not exceed 50% of the yacht's normal crew complement unless we have agreed this in advance.

#### **2.13 If my skipper is arrested and has to face a trial or enquiry is there any cover?**

Yes. We will assist with the costs of attending the trial or enquiry, including accommodation costs, for both you and the skipper or crew member concerned.

### **Tenders and moorings**

#### **2.14 Are my tenders covered?**

Yes. Tenders and any other craft that belong to and are carried by the yacht we insure are covered.

#### **2.15 I have a private mooring at home. Am I covered if my yacht sinks and has to be raised?**

Yes, providing the yacht has not sunk due to lack of maintenance or unseaworthiness.

### **3.0 What liability risks are insured?**

#### **3.1 Am I covered for food and drink liability?**

Yes. We would not expect liability to remain with you if you are supplying pre-packed drinks and snacks, but if, for example, you were liable for contaminated water or undercooked food you have served, our policy would respond.

#### **3.2 Am I covered for liability claims arising from piracy?**

Yes. Your liabilities remain covered during a piracy incident and we would respond to claims made against you by crew or guests should they sustain injury. Please note that ransom or kidnap payments are not covered by this policy.

#### **3.3 Am I covered for war risks?**

Yes, subject to the particular conditions which relate to war risks, such as the exclusion of claims arising within any of the war hot spots, called the Listed Areas. As with all war cover, we may cancel it by giving you seven days notice and all policies automatically terminate if war breaks out between the five Great Powers (the United Kingdom, United States of America, France, the Russian Federation and the People's Republic of China).

#### **3.4 Am I covered for terrorism?**

Yes. It is part of the war risks cover that we give and subject to the same particular conditions which relate to war risks.

#### **3.5 If I have to sign a contract am I covered for any contractual liabilities?**

Assuming it concerns the operation of the yacht we insure for you, you are covered for any contractual *indemnities* which you are required to accept under a club, marina, boatyard or supplier's standard terms and conditions. We will also agree to waive rights of subrogation if this is required by these standard terms and conditions. If you have to sign a non-standard contract you should provide us with a copy in order that we can review it and give additional cover if required.

### 3.6 What is a contractual indemnity?

This is where you are required to accept liabilities towards someone else's property or personnel when you would not normally have any liability. For example, standard boatyard contracts often require an indemnity in respect of injuries to yard personnel or damage to yard property. Even though you are not at fault, you may be obliged to compensate the person injured or the property owner and we would cover you for this exposure.

## 4.0 Activities and usage

### 4.1 Do you cover yacht racing?

Yes, if your yacht is a sailing vessel. This includes casual racing as well as that organised by yacht clubs, sailing associations or racing events governed by an internationally recognised sailing federation. However, if you are the owner of a yacht whose principal purpose is competitive racing or you undertake any form of professional ocean racing, you need to talk to us in advance so that we can determine whether we can offer cover.

### 4.2 If my crew are accredited to train guests in the use of water sports equipment, am I covered for claims arising from negligent training?

We would cover you if a claim arose out of an incident during the training session itself or if it arose subsequently when your guests were using water sports equipment which you have provided and your yacht was present at the time of the incident. You would not be covered for claims arising after the training has taken place, at a separate time, and which are unconnected with the use or operation of your yacht.

### 4.3 Does cover remain in force whilst my yacht is undergoing repair or refit?

Yes and there is no requirement to advise us in advance.

### 4.4 Do I need to notify you of any hot works?

No. Cover remains in force.

### 4.5 I use my yacht for private pleasure purposes only. Am I covered for liability towards guests on board?

Yes. We cover owners' liabilities towards their guests, including whilst guests are swimming or snorkelling. If the yacht has equipment for more adventurous water sports, cover extends to include scuba diving and water sports liabilities, including jet skiing.

### 4.6 If I decide to make my yacht available for fully crewed charter, can I be covered under this policy?

Yes, but as it is a material fact, you will need to advise us so that we can take this into account when assessing your premium.

### 4.7 Am I covered for liabilities from the activities of my charterers' guests?

Where liabilities attach to you or your yacht as a result of the acts of your charterers or their guests, we will defend and assist you and cover any liability that attaches to you in the first instance. We then have the option of pursuing such parties as may be responsible to recover any claims paid or costs incurred.

### 4.8 If I charter my yacht under an MYBA Charter Agreement, do I need to obtain your agreement in advance?

No. The unamended MYBA Charter Agreement (Charter Agreement Revised 2009) is pre-agreed. We do not need to know that you are chartering under it. Other versions of the MYBA Charter Agreement or other non-standard agreements will need to be sent to us for approval.

### 4.9 Am I covered for the use of helicopters on board my yacht?

Yes, but you should also have aviation liability insurance for the helicopter, as we are only covering your liabilities in relation to the operation of your yacht. If you have a third party helicopter on your yacht, the same applies.

## 5.0 Other matters

### 5.1 It is an All Risks policy, but it must have some exclusions. What are they?

All policies have exclusions for risks which are uninsurable; but we have kept our exclusions to a minimum. There are exclusions of a general nature which may be found in most such policies; there are exclusions for risks which should be insured under more specific policies such as motor or aviation policies, and particular exclusions dealing with exposures which our general membership would not expect us to insure. For a full list of the exclusions please refer to the policy wording under [www.shipownersclub.com/vessel-type/yachts](http://www.shipownersclub.com/vessel-type/yachts)

### 5.2 Can you issue Greek, Spanish and Italian liability certificates?

Yes.

### 5.3 Can you issue Bunker Blue Cards?

Yes.

### 5.4 I liked the Shipowners' Club old policy wording; your Club Rules. Can I stick with this policy or do I have to change?

We will not require our existing Members to change to the new policy if they do not wish to do so; however it is our intention, over time, to offer only the Shipowners' Club Yacht Liability Policy 2011/12 and phase out the use of Club Rules for yacht owners.

### 5.5 What other benefits are there from being a Member of the Shipowners' Club?

We pride ourselves on the quality of our customer service. As a Member of the Club you will have our support 24 hours a day, through our offices as well as a network of correspondents across the world. You will also be able to benefit from our loss prevention advice as well as our help in reviewing insurance related yacht contracts.

### 5.6 Who do I contact at the Club?

For help and assistance with all yacht related matters, please contact:

Nicola Kingman, Yacht Underwriter

**Tel:** +44 (0)207 423 7148

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