



**PRE-DELIVERY  
LIABILITY POLICY**



**YACHTOWNERS**  
LIABILITY INSURANCE FROM SHIPOWNERS

## PRE-DELIVERY LIABILITY POLICY

### Who we are

We are Yachtowners, a dedicated team within The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), a marine liability insurer, protecting the interests of *yacht* owners and operators on a mutual basis. We operate as a non-profit making Club.

### Your policy documentation

When we insure you, you become a Member of the Shipowners' Club and you will receive a Certificate of Insurance setting out the scope of cover and risks insured. Subsequent amendments to cover will be documented by policy endorsements.

### The protection we provide

You can expect us to respond to all liability *claims* made against you which relate to the construction of your *yacht*, unless the *claim* falls under the exclusions section of the policy ('What is not covered') below. Within your *policy* limits, the reasonable costs of investigating and defending insured *claims* are paid too.

### Cover period

This cover operates during the Period of Insurance stated in your Certificate of Insurance or up to delivery of the *yacht* to you as evidenced by signature of a protocol of delivery and acceptance ('Delivery'), whichever is the earlier.

It will protect you from the moment that a *contractual liability* attaches to you as a result of signing a contract for the construction of a *yacht* which you are purchasing and which you intend to insure with us once navigating, providing it is within this Period of Insurance or prior to Delivery, whichever is the earlier. Cover will continue until the end of the Period of Insurance stated in your Certificate of Insurance, whichever is the earlier.

### Yacht situation

Cover is in place whether the *yacht* is ashore or afloat and during launching and, in the absence of other insurance, periods of sea trials taking place prior to Delivery. Cover for your tender operates within the limits specified in your Certificate of Insurance.

### Your cover

#### 1) Your liability to your employees

We insure your liability for *claims* made against you by your *employees* and/or seafarers for personal injury, illness or death or property damage. Within the policy limit for this section, related medical costs and other expenses are covered too.

#### 2) Your liability to your contractors and others

We insure your liability for *claims* made against you by your *contractors* or others for bodily injury or loss of or damage to their property. Within the policy limit for this section, related medical costs and other expenses are covered too. This cover includes liability to project managers, designers and other *contractors*. You are required to send us copies of your contracts with project managers, designers and other *contractors* for our prior approval. We agree to waive our rights of subrogation if this is required by the contract(s) approved by us.

#### 3) The Liability of your employees to others

We insure you for *claims* made against your *employees* for personal injury, illness or death or damage to the property of others including their vessels, when such *claims* arise from carrying out duties connected with the construction of the *yacht* insured under this policy.

#### 4) Contractual liability

##### i) Arising under contracts with employees

If you have entered into a contract of employment with *employees* or seafarers under which you are liable to pay *claims* for *compensation* and *sickness benefits* we will pay these too, provided that the benefits agreed to by you are no greater than the sick or injured *employee's* annual gross salary. It is not necessary to submit contracts with your *employees* to us for approval.

##### ii) Arising from the actions or omissions of your contractors

If you have agreed to indemnify a *contractor* for their liability to your *employees* or to others, we will insure you up to the limit of that *contractual liability* or the limit stated in your Certificate of Insurance whichever is lower. We must have seen and approved the contract in advance.

##### iii) Arising under contracts with others

If you have agreed to indemnify others for their liabilities, we will insure you up to the limit of that *contractual liability* or the limit stated in your Certificate of Insurance whichever is lower. We must have seen and approved the contract in advance.

#### 5) Tenders

We insure your liabilities arising from your ownership and/or the operation of a tender which is intended to be used in conjunction with your *yacht*, provided that we have been advised and agreed in advance to cover that tender under this policy.

#### Limit of cover

The *combined single limit* which applies to all and any *claims* payable under all sections of this insurance policy is US\$ 500 million any one accident or *incident*. The individual section limits which apply to this insurance are as follows:

Sections 1, 2 and 5: US\$ 500 million any one accident or *incident* for your liability towards your *employees*, *contractors* and others and arising from your ownership and/or the operation of a tender.

Section 3: US\$ 10 million any one accident or *incident* for your liability arising from the actions of your *employees*.

Section 4 *Contractual liability claims*:

##### i) Arising under contracts with employees:

US\$ 5 million any one accident or *incident* for a *claim* which arises solely because of a contract you have entered into with your *employees*;

##### ii) Arising from the actions or omissions of your contractors:

US\$ 10 million any one accident or *incident* for your liability arising from the actions or omissions of your *contractors*;

##### iii) Arising under contracts with others:

US\$ 10 million any one accident or *incident* for your liability arising solely under contracts with others.

If we have agreed a higher limit for *contractual liability*, this will be shown in your Certificate of Insurance.

Legal expenses are included within the limits stated for each section and always fall within the overall *combined single limit*.

### Continuity of cover bonus

A continuity of cover credit will be made available to *you* when *you* effect a 12 month navigating policy with *us* after *you* have taken Delivery of the *yacht*, provided that there are no known or reported *claims* at the inception of the 12 month navigating policy.

### What is not covered (exclusions) applying to ALL sections of this policy:

For any *claim* to be recoverable under this policy it must arise from an *incident* which occurs during the Period of Insurance stated on *your* Certificate of Insurance or Delivery of the *yacht*, whichever is the earlier. In addition, we do not pay *claims* for or arising from the following:

1. **Builders Risk Insurance policies** unless the Certificate of Insurance states otherwise.
2. **Chemical & Cyber risks.**
3. **Contractual liability** other than as is expressly recoverable under section 4 of this policy.
4. **Country of Residence or Domicile.** We do not pay *claims* arising in an *employee's* country of residence or domicile, when they are entitled to a recovery under a national social insurance scheme or similar scheme.
5. **Deductibles** which *you* are required to bear under other policies.
6. **Defence costs** incurred or paid before *our* written consent has been given.
7. **Disputes** relating to the terms and condition of a contract *you* have entered into with *your employees, contractors* or others.
8. **Employees claim exclusions:**

We do not pay employment annuities, retirement accounts or pension contributions.

If injured parties are entitled to receive compensation for personal injury or sickness benefits under a mandatory state or national insurance scheme, we are not obliged to pay such *claims*. This exclusion applies even if *you* or the injured parties have failed to take the steps necessary to receive such entitlements.

We do not pay *claims* for or arising out of disputes with *employees* over *contractual liabilities* or obligations.

We do not pay *Employment Practices liability claims*.

9. **Illegal payments** of any kind such as extortion, blackmail or bribery or any associated costs or expenses.
10. **Kidnap and ransom** demands or payments.
11. **Legal actions between named parties.** We do not support legal actions between Assureds or Joint Assureds. We do not insure Co-assureds who take legal action against Assureds or Joint Assureds named under the same policy.
12. **Nuclear risks** or *claims* arising from radioactivity.
13. **Other insurances:** If *you* are insured under an insurance policy from which a *claim* can be recovered for any of the sections of cover detailed above, this policy will not pay such *claims*, regardless of whether the other policy includes a provision similar to this. Examples of other insurance claims we would not pay include those which fall under policies for Builders Risks, General Liabilities, Motor Vehicles, Public or Products liability, Professional Indemnity and/or P&I insurance for sea trials.
14. **Own property:** Loss of or damage to owned or leased property of *yours*, including the *yacht*.

15. **Professional Indemnity.** We will not cover liability arising from advice, instruction, consultancy, design, formula, specification, inspection, certification or testing undertaken or given by *you, your employees* or *contractors* or anyone for whom *you* may be responsible.
16. **Property of employees** or others consisting of cash, precious metals or stones or other objects of a rare or precious nature.
17. **Punitive damages** or exemplary damages however described, imposed by a court or any tribunal in the United States of America.
18. **Sanctions:** We do not pay *claims* which would expose *us* to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom or the United States of America.
19. **War Risks.** Liabilities incurred as a result of war, civil war, revolution, rebellion, insurrection or resultant civil strife or any hostile act by or against a belligerent power or by any act of terrorism; capture, seizure, arrest, restraint or detainment; mines, torpedoes, bombs, rockets, shells, explosives or similar weapons of war.
20. **Wilful misconduct or malicious acts** of *you, your employees* or *contractors* and any infringement of any law, rule or regulation, or permitting any activity on or around the *yacht* or tender which *you* know to be unsafe or unduly hazardous.

If we have agreed to insure any of the risks which we state above we do not cover, such agreement will be shown on *your* Certificate of Insurance or an endorsement thereto.

### General conditions

#### Assignment

*You* cannot assign *your* policy to any other person other than with *our* prior written approval.

#### Cancellation

*You* may cancel cover at noon GMT on the renewal date of any year by giving *us* not less than 30 days' prior written notice of cancellation. We may, at any time, cancel this policy by giving *you* not less than 30 days' notice in writing.

#### Claims

If a *claim* is made against *you*, *you* must follow the *claims* handling procedure set out at the end of this document. If *you* fail to do so, *your* ability to *claim* under this policy may be affected.

#### Complaints

We take all complaints seriously. If *you* are dissatisfied with *our* handling of *your claim* or any other aspect of *your* insurance or the service we provide, please contact *us*. *Our* complaints handling policy is detailed on *our* website at:

[www.shipownersclub.com/other/complaints-handling-policy](http://www.shipownersclub.com/other/complaints-handling-policy)

#### Joint Assureds and Co-Assureds

We may agree to insure *your yacht* in the name of more than one person or company and to note them on *your* Certificate of Insurance as Joint Assureds. In these circumstances, the person or company noted as 'The Member/Assured' on the Certificate of Entry is referred to as the Assured and all others are Additional Assureds; collectively Joint Assureds. The terms and conditions of the policy (including premium payment obligations) apply equally to all. An act, omission, statement or *claim* of any Joint Assured similarly affects all of them. We direct all correspondence to the Assured, who receives it on behalf of all Joint Assureds.

Whenever *you* have a liability which may be recoverable under this policy but the *claim* for that liability is made against another person or company who appears on *your* Certificate of Insurance as a Co-Assured (rather than a Joint Assured), we will reimburse *claim* payments made by that Co-Assured, up to the limit of *your* liability for those payments. We will not subrogate against Co-Assureds for *claims* which we pay due to *your* liability.

When we pay a *claim* to, or on behalf of, any one of the Joint Assureds or Co-Assureds, we have discharged *our* liability to all of them, in respect of that *claim*.

### Governing Law

You and we agree that *your* policy is governed by and will be construed in accordance with English law. In particular, it is subject to and incorporates the provisions of the Marine Insurance Act 1906 and, upon its entry into force, the Insurance Act 2015 and all amendments thereto except to the extent that such Act or modification may have been excluded by this policy or any contract of insurance between us and any insured party. It is not intended that rights should be acquired by any third party by reason of the Contracts (Rights of Third Parties) Act 1999 or any similar legislation in any jurisdiction.

### Dispute resolution

In the unlikely event that we cannot resolve *your* complaint satisfactorily, the matter will be referred to arbitration in London, one arbitrator to be appointed by us, one by you, and a third to be appointed by the arbitrators. The reference to arbitration and the arbitration proceedings themselves will be subject to the provisions of the Arbitration Act 1996 and any statutory modification or re-enactment thereof.

### Material facts

You have a duty to make a fair presentation of the risk, by disclosing all material matters which you know or ought to know or, failing that, by giving us sufficient information to put us, as a prudent insurer, on notice that we need to make further enquiries in order to reveal material circumstances.

### Premium

Your insurance premium will be fixed annually and no further premium will be payable, unless you ask us to extend your insurance cover or the material facts upon which we base the cover change. You must pay your premium in such instalments and on such dates as we have specified, otherwise we will not pay *claims* and we may cancel your insurance policy. We are entitled to call upon Joint Assureds to settle any unpaid premiums.

### Severability clause

In the event that a court or tribunal finds any part of this policy to be unenforceable, invalid or to be in conflict with any mandatorily applicable statute or law, or public policy, such part shall be severed and such a finding shall not affect the enforceability, validity or legality of the remainder of the policy, which shall remain in full force and effect.

### Termination

The insurance which we provide to you will terminate at the end of the Period of Insurance stated in your Certificate of Insurance or Delivery of the *yacht* to you (whichever is the sooner) or upon an earlier date should you become bankrupt or insolvent.

We may also terminate cover by notice where we believe that continuing cover with you may expose the Club or any of its Members to sanction, prohibition or adverse action from the United Nations or the European Union, United Kingdom or United States of America.

Your insurance will terminate immediately if we are prohibited from insuring you under United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America. Termination of cover shall, upon our discretion, also apply to any Joint Assureds and Co-Assureds.

When cover is terminated you will be entitled to a daily pro rata return of premium providing that no *claims* have been made under the current policy. If your policy is cancelled for non-payment of premium and part of the premium due has been paid by instalments, no return of premium is payable.

### Claims handling procedure

If you are involved in an *incident* which could give rise to a *claim*, please refer to our website [www.shipownersclub.com](http://www.shipownersclub.com) for the *claims* handler for your region.

Immediate advice and local assistance is also available from our Correspondents who are listed at:

[www.shipownersclub.com/correspondents](http://www.shipownersclub.com/correspondents)

It is important that you contact us or our local Correspondent promptly, so that we can assist you. The earlier we are involved, the better. We recommend that you act prudently and as if you are uninsured until such time as we have taken over the handling and management of the *incident*. When reporting a *claim* it will help us if you include your *yacht's* name, the *incident* date, the nature of the *incident*, the location of your *yacht* and location of the *incident* (if different). If an injury or collision is involved you may be required to notify the appropriate authorities.

We have the right to handle, settle or compromise *claims* or proceedings as we see fit. We may appoint lawyers, surveyors or other persons when we consider these are necessary. They may report to us and provide documents or information to us, without prior referral of these matters to you. When it is possible for you to limit your liability at law, that sum becomes the maximum amount recoverable under this policy. You must not admit liability for any *claim* and you must not settle a *claim* without our prior approval. You must also preserve any rights you may have to limit your liability and any rights you may have against any third party. If you admit liability, settle or fail to preserve your limitation rights, your *claim* may be rejected or reduced. If we pay the claimant, you or your nominated broker, manager, agent or some other person whom you nominate, our liability shall be fully discharged.

### Definitions

Please note that the use of italic text in this policy indicates that the word or phrase is defined in the clauses. Words in the singular shall include the plural and vice versa.

**Builders Risk insurance** policy means a policy based on the Institute Builders Risk Clauses 1/6/88 or equivalent terms and conditions, with or without the P&I section in place.

**Chemical and Cyber risks** means *claims* arising from chemical, biological, bio-chemical or electromagnetic weapons or the use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

**Claims** means liability *claims* made against you as a result of your entering into the contract for the construction of the *yacht* and/or liability *claims* arising from your status as an owner or buyer of the *yacht* and/or employer in law.

**Compensation and sickness benefits** are those payable under your *employee's* 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. Death, disability or benefit payments you provide under individually negotiated and agreed *employees* contracts should be reasonable and appropriate for the duties and position held by the *employee* when viewed against the prevailing compensation regime and no greater than the sick or injured *employee's* annual gross salary.

**Combined single limit** means the amount we will pay as a total amount for any one *claim* regardless of how many sections of the cover are triggered (e.g. contractual, tort, defence or investigation costs).

**Contractor** means a company which enters into a contract with you to provide goods or services. This includes sole traders who have established themselves as a Corporate Entity. Independent *contractors* are not *employees*.

**Contractual liability** means that liability which attaches to you solely by virtue of a contract you have entered into and which liability would not exist otherwise. Unless it is a contract with an *employee*, *contractual liability claims* must have arisen under a contract you have submitted to us and we have approved.

**Employee** means any individual employed under a contract of employment with *you* by which *you* agree to provide work and that person agrees to do that work in return for an agreed salary or wage, and on terms and conditions laid down by *you*. *You* determine when, where and how the work is to be done or the manner in which it is to be done. *Employees* must be carrying out work directly connected to the construction of the *yacht*.

**Deductible** means the initial amount *you* have to pay yourself before the insurance policy will respond to a loss under an insurance policy. Some insurance policies refer to this as an excess. For the purposes of this policy, the words *deductible* and excess in this context have the same meaning.

**Employment Practices liability claims** means *claims* for wrongful or unfair termination, sexual harassment, discrimination or any other employment-related conduct.

**Fines** include civil penalties, penal damages and other impositions similar in nature to *fin*es, but not punitive damages.

**Incident** means an accident or occurrence relating to *your* ownership and/or the operation and/or use of *your yacht*. A series of *incidents* which have the same cause will be treated as one *incident* and for the purpose of *claims* settlement(s) one *claim deductible* will apply.

**Nuclear risks** mean any loss, damage or expense due to or arising out of, directly or indirectly, nuclear reaction, radiation or radioactive contamination regardless of how it was caused.

**Wilful misconduct** means an intentional act or deliberate omission done either with knowledge that the act or omission is likely to result in loss, or in such a way as to allow an inference of reckless disregard for the probable consequences.

**We** or **our** or **us** means The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), the insurer.

**Yacht** means the *yacht* under construction named in the policy which *you* are purchasing and which *you* intend to insure with *us* once the *yacht* is delivered to you and begins navigating.

**You** or **your** means the person or company named as the assured in the Certificate of Insurance.

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

#### London

St Clare House  
30–33 Minories  
London EC3N 1BP

**T** +44 207 488 0911  
**F** +44 207 480 5806  
**E** info@shipownersclub.com

The Shipowners' Mutual Protection and Indemnity Association  
(Luxembourg) | 16, Rue Notre-Dame | L–2240 Luxembourg |  
Incorporated in Luxembourg | RC Luxembourg B14288

#### Singapore

6 Temasek Boulevard  
#36–05 Suntec Tower 4  
Singapore 038986

**T** +65 6593 0420  
**F** +65 6593 0449  
**E** info@shipowners.com.sg

The Shipowners' Mutual Protection and Indemnity Association  
(Luxembourg) | Singapore Branch | Company No. T08FC7268A