



▶ **PASSENGER VESSEL LIABILITY
INSURANCE FOR SMALLER CRAFT**

POLICY





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POLICY

Who we are

We are The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), a marine liability insurer, protecting the interests of *passenger* vessel owners and operators on a mutual basis. This means that 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 marine liability *claims* made against, other than those we list under 'What is not covered (exclusions)' and those *claims* which are unrelated to owning and operating the vessel we insure for *you*. Within *your* policy limits the reasonable costs of investigating and defending *claims* are paid, too.

Your cover

We insure liability *claims* made against *you* as the owner or operator of the vessel named on *your* Certificate of Insurance. The liabilities insured include:

Collision and property of others

Claims for collision damage to other vessels or for loss of or damage to piers, wharves, jetties, pontoons or any property belonging to others.

Claims from other parties for personal injury or death which arise out of a collision.

Contractual liabilities and indemnities

We cover contractual liabilities and indemnities for illness, personal injury, death or property damage when these relate to *your* boat and concern its operation and management. This includes indemnities given to travel agents, tour operators, port or harbour authorities, shipyards and suppliers of goods and services to *your* boat. We will also agree to waive *our* rights of *subrogation*, if this is required by the contract. This section insures liability which arises solely under contract and the limit of cover is US\$ 5,000,000 any one accident or *incident*. If we have agreed to a higher limit, this will be shown in *your* Certificate of Insurance.

Diversion costs

The *extra costs and expenses* of bringing sick or injured *seafarers* or others ashore for urgent medical treatment; arranging the repatriation of dead bodies from *your* vessel or delays caused by awaiting crew replacements for the above.

Fines

Fines for breach of *pollution*, smuggling or immigration laws, providing these were accidental or caused by *your seafarer's* independent actions or omissions.

We also cover *fin*es due to an inadvertent breach of statutory health and safety regulations which apply to *your* vessel.

Inquiries and criminal proceedings costs

The reasonable costs and expenses of protecting *your* interests at formal inquiries into a *casualty* and the reasonable costs of defending criminal proceedings brought against *your* Master, *seafarers* and agents, if *you* have a responsibility for them.

Mitigation costs

When an *incident* arises which will or is likely to lead to a *claim* under this policy, *you* are required to take reasonable steps to mitigate the loss and minimise the amount which would be paid as a *claim* under this insurance. We will reimburse the reasonable costs and expenses *you* incur for this purpose.

Passengers whilst off the vessel

If *your* vessel's itinerary includes locations ashore or other places where *passengers* disembark temporarily and *you* remain responsible for them, *your* liabilities are covered. *You* are also covered for liability arising from *seafarers*, *passengers* or others crossing gangways, pontoons or walkways in connection with services *you* are providing.

Personal effects

Claims for loss of or damage to *personal effects*. The maximum amount payable for a *seafarer's personal effects* will be limited to US\$ 5,000 per person, per *claim*.

Piracy

You remain covered for any of the *claims* listed here under 'Your cover' which arise following acts of piracy against *your* vessel. Please note *our* exclusion in respect of kidnap and ransom demands contained in 'What is not covered (exclusions)' – exclusion 12 below.

Pollution and environmental liabilities

Pollution from *your* vessel, including the cost of clean up and reasonable measures taken to prevent an imminent risk of *pollution*. Damage to coral reefs and other sensitive marine environments providing these occur as a result of an identifiable accident or occurrence. We also cover resulting governmental *fin*es and penalties.

Quarantine costs

The *extra costs and expenses* *you* incur as a direct result of an outbreak of an infectious disease.

SCOPIC

We also provide cover for *your* SCOPIC liabilities when salvors choose to use SCOPIC with the Lloyd's Open Form (LOF).

Seafarers, passengers and others

Claims from your seafarers, passengers or others for personal injury, illness or death including claims for seafarer compensation arising from personal injury, illness or death and sickness benefits. Related medical costs and other expenses are covered, too. We also cover claims made against your seafarers as a result of carrying out their professional duties.

Death and/or disability payments you provide under individually negotiated and agreed Seafarers' Employment Agreements (SEAs) or crew contracts should be reasonable and appropriate for the duties and position held by the seafarer when viewed against the prevailing compensation regime.

If your passenger vessel is subject to the provisions of the Maritime Labour Convention 2006, the terms and conditions of the insurance cover we provide is contained within a separate Cover Extension entitled "Maritime Labour Convention Certificates Clause" which is incorporated into this policy of insurance and which is accessible via our Maritime Labour Convention (MLC) 2006 Repository under <https://www.shipownersclub.com/mlc/>

Stowaways refugees and life salvage

Costs and expenses arising from stowaways, refugees and the saving of life at sea.

Tenders

Claims arising from the use of tenders are covered, providing these arise from activities connected with your vessel. To obtain cover for boats which are used as tenders which are registered separately from your vessel, you must declare them to us and if we agree to insure them they will be covered under their own policy unless the separate registration was solely in order to comply with mandatory independent registration requirements in the United States of America (U.S.) or elsewhere.

Towage

Claims arising from towing.

Uninsured or underinsured boaters

If an uninsured or underinsured third party vessel is responsible for you, your seafarers or your passengers or others sustaining personal injury whilst on board your vessel or its tenders, we agree to meet any medical costs or expenses which are not recoverable from them.

The limit of cover under this section is US\$ 5,000,000 per claim.

War risks (Primary or Excess)

This policy will pay war risks claims in excess of the policy deductible shown on your Certificate of Insurance if you have no other war risks insurance policy in place.

If you have purchased war risks insurance from other insurers, the amount recoverable under this policy will be the amount of any loss which exceeds the amount you can recover under that war risks policy or the insured value of your vessel, whichever is greater.

Water sports

Claims arising from swimming and snorkelling. If you wish to have cover for any other form of water sports or water sports equipment these need to be declared to us. If we have agreed to cover them, we will show it on your Certificate of Entry.

Wreck removal

Wreck removal, marking or lighting costs which are compulsory by law following the loss of your vessel including claims for the extra cost and expenses of removing property from the wreck. We insure the reasonable costs of disposing of the wreck. The residual value of any property recovered shall be deducted from or offset against your claim.

What is not covered (exclusions)

For any claim to be payable it must arise from an incident which occurs during the period of insurance stated on your Certificate of Insurance. It is a requirement of this policy that you use your vessel for lawful purposes; otherwise your liabilities may not be covered. In addition, we do not pay claims for or arising from the following:

- Chartering.** If you make your vessel available for hire or reward to other parties and your master and crew remain on board and in command, your liabilities are covered, however this policy does not insure you when you act as a time or voyage charterer of vessels which you do not own and it does not insure the liabilities of your charterers, unless they are a bareboat charterer who we have agreed to name on your policy.
- Chemical, biological, bio-chemical or electromagnetic weapons.**
- Cyber risks.** 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.
- Contractual liabilities and indemnities** other than those relating to illness, personal injury, death or property damage.
- Deductibles** which you are required to bear under other policies.
- Delay.** Costs and expenses which arise because your vessel has been delayed, other than amounts recoverable under the diversion costs section of your policy.
- Disputes** over contractual liabilities or obligations; or disputes or proceedings over obstruction or interference with your vessel's operations.
- Disputes** between named parties. We do not support Assureds or Joint Assureds in dispute with each other, or Co-Assureds in dispute with Assureds or Joint Assureds under the same policy.
- Environmental damage** arising from your continuing use of or presence at a coral reef or other sensitive marine environment.
- Fines or penalties** arising from overloading your vessel, illegal fishing, carrying contraband or blockade running.
- Hotel or restaurant guests** or other visitors to your vessel or its catering crew when the vessel is moored and is open to the public as a hotel, restaurant, bar or other place of entertainment, unless on a temporary basis, meaning no longer than 30 days in one location.
- Illegal payments of any kind** such as extortion, blackmail or bribery or any associated costs or expenses.
- Kidnap and ransom** demands or payments.
- Motor vehicles.** Claims arising from the use of mechanically powered vehicles whilst ashore.
- Non-compliance.** If you know or should reasonably have known that your vessel is not in compliance with the requirements of her Flag State, certifying authority or classification society for any reason whatsoever, claims which arise as a result will not be payable.
- Nuclear risks** or claims arising from radioactivity.
- 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 Aviation risks, Builders risks, General Liabilities, Hull and Machinery, Motor Vehicles, Public or Products liability, Professional Indemnity and/or *War risks*.

18. **Own property.** Loss of or damage to owned or leased property of yours including *your vessel*.
19. **Personal effects** of *seafarers, passengers* or others which are cash, precious metals or stones or other objects of a rare or precious nature.
20. **Punitive damages** or exemplary damages however described, imposed by a court in the U.S.
21. **Salvage services** to *your vessel* or demands for general average payments and any related disputes.
22. **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 U.S. Furthermore, we are not liable to pay any *claim* to you, in full or in part, if we are unable to make a recovery from *our reinsurers* in respect of that *claim*, due to sanction restrictions placed on one or all of *our reinsurers*.
23. **Scuba diving.** We exclude liability arising out of scuba diving, whether for recreational or commercial purposes.
24. **Seafarers claim exclusions.** We do not pay *seafarer* 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 *seafarers* over contractual liabilities or obligations. We do not pay *Employment Practices liability claims*.
25. **Submarines,** mini subs or remotely operated vehicles (ROVs).
26. **Surveys and management audit defects.** *Claims* which arise out of defects identified during a survey and/or management audit are not payable.
27. **Time Bar.** We do not pay *claims* arising from the loss or wreck of a vessel once two years have elapsed from the date of the loss or wreck.
28. **Unlawful purposes,** including carrying contraband, blockade running, illegal fishing, or being employed in an unlawful or prohibited activity or trade. This would include any activity or trade where granting you cover or paying you a *claim* would risk exposing us to any sanctions, prohibitions or restrictions under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or the U.S.
29. **Wilful misconduct,** including *your* infringement of any law, rule or regulation, or permitting any activity on board or in connection with *your vessel* which is unsafe or unduly hazardous.

If we have agreed to insure any of the risks which we say we do not cover, it will be shown on *your Certificate of Insurance*.

General conditions

Assignment

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

Cancellation and termination

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 and we may at *our* option give you seven days' notice of cancellation at any time to discontinue cover for *war risks*.

In the absence of a notice of cancellation, the insurance which we provide to you will either terminate upon the date shown on *your Certificate of Insurance* or automatically and without further notice upon:

- The sale or transfer of *your vessel* to new owners.
- A change of management company, if *your vessel* is under professional management.
- The vessel becoming an actual or constructive total loss.
- *Your* bankruptcy or insolvency.
- Or 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 the U.S.

Your cover for war risks will terminate automatically should war break out between any of the following countries: the United Kingdom, the United States of America, France, the Russian Federation and the People's Republic of China.

We may give you notice whenever 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 or you use any of *your vessels* for a prohibited or unlawful activity or trade.

Termination of cover shall, upon *our* discretion, also apply to *Joint Assureds* and *Co-Assureds*.

When cover is terminated you will be entitled to a daily pro rata return of premium other than when we have paid a wreck removal *claim* following the total loss of the vessel. 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

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* may be affected.

Classification, Certifying Authority or Flag State

Your vessel must maintain the Class, Certifying Authority or Flag State certification that it has at the time we agree to insure it. Any lapse in or loss of such certification must be notified to us immediately and may prejudice *your* ability to *claim* under the insurance.

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

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 of the Act.

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 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.

Joint Assureds and Co-assureds

We may agree to insure *your* vessel 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 is recoverable from *us* 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*.

Lay up

We do not return premium for periods of lay up notified in arrears.

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. If *you* fail to do so *your* ability to recover a *claim* from *us* may be prejudiced.

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.

Security

Where *we* consider it appropriate and necessary *we* may provide letters of undertaking, bonds or bank guarantees on *your* behalf, as security for covered *claims* providing *you* have paid any *claims deductible* which is due to *us*.

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.

Surveys and management audits

We may at any time appoint a surveyor, at *our* cost, to inspect *your* vessel. *We* may also wish to perform a Management Audit of *your* shore side operation. If such an inspection or audit identifies defects in *your* vessel and/or *your* management systems, *we* may require that *you* remedy them as directed at that time.

Claims handling procedure

If *you* are involved in an *incident* which could give rise to a *claim*, please refer to *our* website for the contact details of *our claims* team; or in an emergency contact *our* 24hr emergency response line:

24/7 EMERGENCY RESPONSE

The *claims* response service is available 24 hours a day, 7 days a week and provides immediate global assistance to all of *our* Members.

Calling the emergency contact number provides a quick and effective way to speak directly to a duty Shipowners' *claims* handler in the event of an incident or *casualty* involving an entered vessel.

London Branch

+44 203 829 5858

Singapore Branch

+65 8683 3190

During office hours the emergency number will redirect to the relevant corresponding office switchboard.

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

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. *You* are required to 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* vessel's name, the *incident* date, the nature of the *incident*, the location of *your* vessel 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 a vessel owner to limit their liability at law, that sum becomes the maximum amount recoverable under this policy and will apply regardless of whether *we* insure *you* as the owner of the vessel or in some other capacity.

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.

Casualty means an *incident* affecting the physical condition of *your* vessel so as to render it incapable of safe navigation to its intended destination, or which creates a threat to the life, health or safety of *your seafarers* or others. Engine breakdown is not a *casualty* for the purposes of this policy.

Claims means liability *claims* made against *you* as a result of owning or operating the vessel named on *your* Certificate of Insurance.

Co-Assured means persons or companies other than *you* who are entitled to the protection of the policy when held responsible for liabilities which properly belong to *you*. Unlike Assureds and *Joint Assureds*, *Co-Assureds* are not Members of the Shipowners' Club and have no independent right of recovery under the policy for their own liabilities. They have no obligation to meet any unpaid premiums due under the policy.

Deductible means the initial amount *you* have to pay yourself before the insurance policy will respond to a loss under a policy. Some 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.

Extra costs and expenses means costs and expenses over and above those which would ordinarily be incurred had the *incident* not taken place.

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

Incident means an accident relating to the operation or use of *your* vessel. A series of *incidents* which have the same cause will be treated as one *incident* and for the purpose of *claims'* settlements one *claim's deductible* will apply.

Joint Assured means a person or company eligible to be a Member of the Shipowners' Club and who is insured under the same policy with other eligible persons. The policy provides cover to *Joint Assureds* on the same terms and conditions as apply to *you*. They have joint and several liability for premiums payable.

Nuclear risks means 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.

Passenger means any person carried or intended to be or having been carried on *your* vessel under a contract of carriage for reward.

Personal Effects means items which *your seafarers, passengers* or others bring on to *your* vessel for recreational purposes and which are unconnected to the operation of *your* vessel.

Pollution means the accidental discharge or escape of oil or other substances from *your* vessel.

SCOPIC means Special Compensation P&I Club Clause.

Seafarer means any person engaged or employed in any capacity in connection with *your* vessel, whether on board or proceeding to or from *your* vessel or on ship's business. *Seafarer* does not mean vessel brokers or vessel agents or those supplying services to *your* vessel.

Seafarer compensation and sickness benefits are those

payable under *Seafarers'* Employment Agreements (SEAs) or other *seafarer* employment 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.

Subrogation means a right which *we* may acquire as insurers to pursue other persons for reimbursement of *claims we* have paid.

Tender means the boat or boats which are registered to *your* vessel.

Underinsured third party vessel means a third party vessel whose owner or operator has insufficient insurance to cover medical costs and expenses of *your seafarer* or *passengers*.

Uninsured third party vessel means a third party vessel which collides with *your* vessel and which fails to stop and identify itself afterwards or a vessel whose owner or operator has no vessel liability insurance or whose liability insurer denies cover or becomes insolvent.

War risks means 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.

It does not mean any chemical, biological, bio-chemical or electromagnetic weapon; 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.

Water sports equipment means items which are designed and built for recreational use in water.

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

Wilful misconduct means an intentional act or deliberate omission done by *you* 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.

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

Optional additional cover

If *you* require any of the following additional covers, please contact us:

- Charterer's Liability insurance
- Legal Costs Cover
- Personal Accident Cover
- Pre-delivery and post-delivery cover for *seafarers* (during build, purchase or sale periods)
- Submarines, semi-submersibles or remotely operated vehicles (ROVs).

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