

YACHTOWNERS
LEGAL COSTS COVER
POLICY 2019

This insurance will meet ~~legal and other~~the costs and expenses incurred by you in pursuing or resisting claims disputes or proceedings which have arisen during the period that a yacht has been insured with us for Legal Costs Cover and that are as set out under 'Your cover' below. ~~arise out of operating your yacht.~~

Explanation

This added words seek to clarify the time period during which a yacht must have been entered with the Club in order for LCC cover to respond.

The LCC cover is subject to the Club's Yacht Liability Insurance Policy which make clear that only claims that arise out of owning and operating your insured yacht are covered. Hence the deletion of the final few words of this section.

~~Typically this would include legal fees, as well as experts', consultants' and correspondents' fees.~~ Should your ~~claim or defence be unsuccessful and a court or tribunal order that you~~ become liable to pay opponents' costs then this Legal Costs Cover ~~would will~~ respond to meet those costs. ~~providing we have agreed that the costs and expenses should be recoverable from us.~~

Explanation

This change makes clear that cover responds in circumstances where a Member becomes liable to pay opponents' costs. This may be either by the order of a Court or Tribunal, or it may be in accordance with a settlement between the parties with the Club's consent.

Legal Costs Cover is an additional cover and is subject to the claims procedures, limitations, definitions and exclusions of the Club's Yacht Liability Insurance policy.

Your cover

The cover and limit we provide will be set out in your Certificate of Insurance and shall apply to the following claims, disputes or proceedings:

1. Under any charter agreement or other contract, including claims and disputes concerning charter fees, liquidated damages, delay, set off, breakdown or disablement, speed, performance and description of your yacht, port safety and orders to your yacht

2. Concerning the exercise or assertion of any rights arising under any charter agreement or other contract, including the right of withdrawal, or a right to keep property belonging to others until a debt is paid and claims arising from this action
3. In respect of the cancellation of a charter agreement or other contract
4. In respect of the loss of, damage to or detention of your yacht
5. In respect of the supply of inferior, unsatisfactory or unsuitable fuel, materials or equipment, or other necessities
6. For negligent or improper repair of or alteration to your yacht
7. In respect of and in connection with charges, disbursements, accounts received from agents, stevedores, chandlers, brokers, customs, harbour or other authorities, or others connected with the running, management and operation of your yacht
8. In respect of amounts due from or to insurers and any other persons and/or companies conducting the business of marine insurance, other than amounts due to or from us
9. In respect of salvage or towage services provided by your yacht

10. by or against passengers, guests, or others, intended to be, being, or having been carried on an insured yacht.

Explanation

This new wording broadens cover.

11. By or against captains, crews, stowaways and other persons on or about your yacht

~~11-12. _____ In connection with the sale or purchase of your yacht, unless we have agreed otherwise in writing, the signing of the Memorandum of Agreement for the sale and purchase and the date the yacht was first insured with us must be the same for a claim to be considered~~

Explanation

This text is deleted as the period of cover is now set out in the new 'Period of Cover' section.

~~12-13.~~ _____ In connection with the mortgage of your yacht

~~13-14.~~ _____ In connection with your representation at official investigations, inquests, or other enquiries whatsoever in relation to your yacht. ~~Subject to the conditions below, you will be~~

~~covered in respect of the costs and expenses incurred in obtaining advice in connection with any of the claims, disputes or proceedings described above, including costs which you may become liable to pay to any other party to such claims, disputes or proceedings.~~

Explanation

This wording is deleted as the nature of the Legal Costs Cover is adequately described and provided for above.

This cover is discretionary

Legal Costs Cover is a discretionary form of insurance which means that we look at the circumstances of the dispute and we have the option to decide whether or not to support you, or to continue to support you if the dispute has previously been accepted. We base our decision upon a number of factors, such as the likelihood of a successful outcome, [the likelihood of obtaining security for your claim and costs, the prospect of enforcing an award or judgment in your favour](#), ~~or and~~ whether it is in the interests of the Club as a whole to proceed, ~~or whether by your actions you have affected the chances of a successful outcome prior to contacting us.~~

Explanation

The discretionary of the cover is fully described thereby rendering the deleted text redundant.

Legal Costs Cover does not respond to costs and expenses covered by your hull and machinery policies or other insurances.

Disputes between joint Members and Co-assureds

This insurance may not be used to cover disputes between joint Members; neither is it available for disputes between Co-assureds. With respect to disputes between joint Members and Co-assureds, the only circumstance in which we may approve use of the Legal Costs Cover is for the benefit of a Member in connection with their dispute with a Co-assured. It is not possible for a Co-assured to obtain our support to pursue a Member.

Minimum amount in dispute

Unless we (at our discretion) decide otherwise, there shall be no right of recovery under this additional cover if the principal amount involved in the claim, dispute or proceedings is less than USD 5,000 or currency equivalent.

Period of Cover

For the purpose of this Legal Costs Cover, claims, disputes or proceedings are considered as having arisen:

When arising out of contract (other than a sale or purchase agreement), in tort or under statute, when the cause of action accrues;

In connection with the purchase or sale of a yacht on the date of the contract for its sale or purchase;

[in claims for salvage or towage services, when the agreement for the services was concluded, or the services were concluded, whichever is the earlier.]

Explanation

This additional wording further clarifies the period of cover for claims. See also the explanation for the amendments to the opening section of this Cover.

~~Hull and machinery deductible~~ Disputes in respect of loss of, damage to, or detention of your yacht

Any right of recovery under this cover relating to item 4, is allowed only to the extent that the amount in dispute is not covered by your yacht's hull policy. If the amount in dispute is covered by your yacht's hull policy, but falls below the deductible in that policy, then your claim ~~-8. above (amounts due from or to insurers and any other persons and/or companies conducting the business of marine insurance, other than amounts due to or from us);~~ will shall be assessed on the basis that ~~any deductible or deduction~~ the deductible in that in the hull policy (or policies) is shall be deemed not to exceed 25% of ~~the~~ your yacht's insured value.

Explanation

This change aims to assist Members only where full and proper hull cover is in place but the claim falls squarely within Member's hull deductible. LCC cover is for legal disputes and should not be a Member's first alternative for a property damage claim which is (or ought properly to be) covered by hull insurers.

~~Your deductible under this additional cover~~

~~You are responsible for one fourth (25%) of costs and expenses incurred in connection with any claim, dispute or proceedings with a minimum deductible of USD 5,000 and a maximum deductible of USD 30,000 (or their currency equivalents), unless your Certificate of Insurance states otherwise.~~

Explanation

This deletion of a fixed deductible for Legal Costs Cover allows for underwriting flexibility, with deductibles being agreed by underwriters on an individual basis and noted on certificates of insurance.

Costs and set offs

In assessing your rights of recovery, we shall take into account any costs paid or set off by the other party to the claim, dispute or proceedings and your right of recovery shall be limited to the net costs payable by you. In the case of a settlement of a claim, dispute or proceedings in which the other party does not make any contribution to your costs, we shall, at our discretion, decide the sum to which your right of recovery shall be restricted.

Definitions

~~When used in this policy, the following words have a special meaning assigned to them, as follows:~~

~~**Delay** means compensation payable to another party for their lost time.~~

~~**Disbursements** means payments made by an agent or others on your behalf for which you receive a bill for reimbursement.~~

~~**Liquidated damages** means amounts agreed as compensation under a contract should one of the parties breach the terms of that contract.~~

~~**Set off** means an amount that has been deducted from sums due to you.~~

Explanation

The limited Definitions have been removed as unnecessary in this plain language policy.

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Claims

For assistance with claims, please contact our offices:

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Immediate advice and local assistance is also available from our correspondents who are listed at:
www.shipownersclub.com/corresp