

### Who We are

We are The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), a marine liability insurer, protecting the interests of *yacht* 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.~~

#### Explanation

Surplus text is removed.

### The protection We provide

You can expect us to respond to all marine liability *claims* made against You, other than those We list under 'What is not covered (exclusions)' and those *claims* which are unrelated to owning and operating the *yacht* We insure for you. Within Your policy limits, the reasonable costs of investigating and defending *claims* are paid, too.

Your insurance extends to cover guests whom You allow to use Your *yacht* by informal, non-commercial agreement provided that Your professional captain remains on board and in command.

We cover Your liabilities whilst Your *yacht* is chartered out on a fully crewed basis, including *claims* made against you due to the activities of charterers or their guests. Cover can be extended to Your charterers and charterers' guests too, as detailed under the Crew, guests and others section of the policy.

[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.](#)

#### Explanation

These words previously found in the preamble to 'What is not covered (exclusions)' have been re-housed here and amended to clarify that the basis of cover must be rooted in the operation of the insured yacht.

### Your cover

We insure liability *claims* made against You as the owner or operator of the *yacht* named on Your Certificate of Insurance. The liabilities insured include:

### Collision and property of others

Claims arising from ~~for~~ collision with ~~damage to~~ other vessels, whether or not contact occurs, 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.

For damage to property belonging wholly or in part to you, you shall have the same rights of recovery and we shall have the same rights as if such property belonged wholly to different owners.

#### Explanation

This clarifies that cover for collision includes non-contact damage and is not only for damage to other vessels but can potentially be triggered in respect of liability for other claims arising from collision. For example, loss or damage to cargo on the other vessel, loss of hire, and pollution from the other vessel.

Further, this wording clarifies the position where your own vessels or property is damaged by you.

### Contractual Liabilities and Indemnities

We cover contractual liabilities and indemnities for illness, personal injury, death or property damage when these relate to *Your yacht* and concern its operation and management. This includes indemnities given to *yacht* clubs, marinas, port or harbour authorities, boatyards and suppliers of goods and services to *Your yacht*.

We will also agree to waive *our* rights of subrogation, if this is required by the contract.

We also approve the use of all MYBA Charter Agreements, provided they have not been amended to increase *Your* exposure to liabilities or expenses.

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.

This section does not include cover for contractual liabilities or indemnities which may appear in crew contracts.

#### Explanation

Cover for contractual liabilities to crew is separately provided for under the 'Crew, guests and others' section.

### **Crew, guests and others**

*Claims from Your crew, guests or others to pay damages or compensation for personal injury, illness ~~or~~ and death. Related medical costs and other expenses are covered, too. ~~including claims for crew 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 crew* 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 so long as contractually agreed payments are reasonable and appropriate ~~should be reasonable and appropriate~~ for the duties and position held by the crew member when viewed against the prevailing compensation regime.

### **Explanation**

This cover has not changed; the wording has simply been streamlined.

~~If *your yacht* 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/>~~

### **Explanation**

The Maritime Labour Convention (MLC) certificates clause was previously available only if agreed by the Managers in writing, with the cover available on our website. This MLC certificates clause remains part of cover only by prior agreement as it is appropriate only for certain Members where vessels are subject to MLC. It is now housed as an appendix to the Yacht Policy to reflect its permanent position as an adjunct to cover, the MLC now being in force.

When *Your yacht* is chartered out on a fully crewed basis and *You* notify us that *You* would like us to do so, *We* will extend cover to treat *Your* Charterers and their guests as *Joint Assureds* and shall respond to liability *claims* made against them as a result of an *incident* occurring during their use of *Your yacht*. *You* may notify us if *You* wish to treat them as *Joint Assureds* before or after a *claim* occurs. This extension protects charterers or their guests against those *claims* which, had they been made against *You*, would have been *claims* falling within the scope of this insurance. Under no circumstances will *We* be liable for a larger sum than *We* would have been obliged to pay on *Your* behalf.

### **Diversion costs**

The extra costs and expenses of fuel, insurance, wages, stores, provisions, and port charges incurred in diverting and awaiting crew replacement whilst *your yacht* brings sick or injured crew or others ashore for urgent medical treatment, or to arrange the repatriation of dead bodies from *your yacht*.

### Explanation

This change expands cover to allow for diversion costs incurred during diversion and clarifies the categories of expenses allowable.

### Fines

Fines imposed on you or any crew that you are obliged to reimburse for accidental escape or discharge of oil or other substances from your yacht, pollution, breach by you of smuggling or any immigration laws or regulation, and providing these were accidental or caused by your crew's independent actions or omissions. smuggling or any breach by the Master, or crew or guests of any customs law or regulation.

~~We also cover fines due to an inadvertent breach of statutory health and safety regulations which apply to your yacht.~~

### Explanation

This amendment clarifies the Fines cover and distinguishes between accidental pollution or breach of immigration laws on the one hand, and cover for smuggling or breach of any customs law by the Master, crew, or guests on the other hand. Fines for breach by the crew of customs law is an expansion of the current cover.

Cover for fines for inadvertent breach of statutory health and safety regulations has been removed as it is considered potentially ambiguous and therefore may lead to uncertainty. To ensure Members are not punished and to put them in the best possible position, we have added a new general condition 'Discretionary Claims'. In effect, this is our plain language version of the 'Omnibus Rule', which is available to Members on Rules based cover.

### 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* captain, crew and agents, if *You* have a responsibility for them.

### Mitigation costs

When an ~~incident~~ event or matter 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.

### Explanation

The word 'incident' is replaced with the wider term 'event or matter' to ensure all mitigation costs are captured and clarify that the trigger point for Members to take steps to mitigate losses is upon the happening of any event or matter.

### Personal effects

*Claims* for loss of or damage to *personal effects*. The maximum amount payable for *Your crew's personal effects* will be limited to US\$ 10,000 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 yacht*. 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 yacht*, including the cost of clean up and reasonable measures taken to prevent an imminent risk of *pollution*. [For damage or contamination to property belonging wholly or in part to you, you shall have the same rights of recovery and we shall have the same rights as if such property belonged to wholly different owners.](#)

Damage to coral reefs and other sensitive marine environments providing these occur as a result of an identifiable [event](#). ~~accident or incident. We also cover resulting governmental fines and penalties.~~

### Explanation

Cover for Governmental fines and penalties is deleted on the basis that cover for accidental pollution is already provided under the 'Fines' section.

The cover is expanded to ensure a right of recovery in case an insured yacht causes damage to property belonging to the same Member. It is clarified that cover is properly triggered upon an 'event' that could give rise to a claim.

### Quarantine costs

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

### Racing cover

We cover sailing *yachts* participating in casual racing events or those organised by *yacht* clubs, sailing associations or racing events governed by an internationally recognised sailing federation. [We do not cover claims arising directly or indirectly from your yacht taking part in any other forms of racing unless We have agreed otherwise in writing.](#)

~~If your yacht's principal purpose is competitive racing or you intend to 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. We do not provide racing cover for motor yacht, unless we have been advised of the racing in advance and you have obtained our written agreement to insure it.~~

### Explanation

This wording has been streamlined.

### SCOPIC

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

### Special Cover

We may agree to provide cover against special or additional risks. The terms of any special cover will be as agreed by us in writing.

### Explanation

This change recognises our ability to provide additional cover beyond that envisaged in this policy. If we do agree to provision of special cover, the terms of that cover are as agreed by us in writing.

### Stowaways refugees and life salvage

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

### Submarines, mini subs, remotely operated vehicles (ROVs)

Provided We have agreed in advance in writing, then We cover marine liability *claims* arising out of *Your* submarines, mini-subs and remotely operated vehicles (ROVs) when the submarine, mini-sub or ROV is under the control of *You* or *Your* crew. Any loss of, damage to, and cost of raising or removing a submarine, mini-sub or ROV itself (or any part of it or any equipment on it), is excluded unless caused by a fortuitous incident caused by collision, stranding, explosion, fire or similar cause. ~~You must advise us that you will require this cover in advance and an additional premium may apply.~~

The limit of cover under this section is US\$ 5,000,000 any one incident ~~per claim~~ and the *deductible* is US\$ 20,000 any one incident ~~per claim~~.

### Explanation

This change makes absolutely clear that cover for subs, mini-subs and ROVs is entirely conditional on cover having been agreed by the Club in writing in advance, in which case additional premium will be payable. Further cover does not extend to loss, damage or wreck removal unless caused by a casualty.

## Tenders and Toys

Claims arising from the use of **Tenders and Toys** ~~and water sports equipment~~ are covered, providing these arise from activities connected with *Your yacht*.

~~To obtain cover for boats which are used as tenders but which are registered separately from your yacht, 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.~~

### Explanation

This change should be read in conjunction with the new definitions of **Tenders, Toys, and Yacht**. We welcome enquiries for tenders that fall outside of the definition; it may be possible for us to provide separate cover for these.

## Uninsured or underinsured vessels

If an *uninsured or underinsured third party vessel* is responsible for *You, Your crew or Your guests* or others sustaining personal injury, illness, or death whilst on board *Your yacht* ~~or its tenders~~, We agree to meet in the first instance any medical, funeral or ~~costs or other~~ expenses which are not recoverable from them as a result of the third party vessel being uninsured or underinsured.

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

### Explanation

Cover is expanded to ensure illness and death claims are covered as well as all categories of expenses that might fall due so long as those expenses have not been recoverable as a result of the third party vessel being uninsured or underinsured.

## War risks ~~(Primary or Excess)~~

~~We~~ ~~This section of your policy will pay war risks~~ P&I claims, ~~in excess of the policy deductible shown on your Certificate of Insurance~~

The limit of your cover under this war risks section is US\$500,000,000 each Yacht, any one incident.

~~if~~ You have no other war risks insurance policy in place, your deductible for war risks P&I claims under this section is the deductible shown on your Certificate of Insurance.

If You have purchased a war risks P&I policy insurance from another insurers, ~~your deductible shall be the amount You can recover under your war risks P&I policy with that other insurer.~~

~~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 yacht, whichever is greater, up to our maximum war risks deductible of US\$ 100 million.~~

#### Explanation

This section of cover now simplifies the position for situations where you have bought war risks P&I insurance from another insurer. Currently, for the purpose of the yacht policy, the war risks P&I deductible is the greater of the insured yacht value OR the amount recoverable by you under your alternative war risks P&I policy. The effect of this change is to simplify the position so that, where there is an alternative war risks P&I policy, the deductible will be the amount recoverable under that policy.

The deductible where no other war risks policy is in place, and the limit of cover for war risks, remain unchanged.

#### Water sports

~~Claims arising from the use of water sports equipment belonging to and carried by your insured yacht.~~

#### Explanation

This section of cover is no longer required as water sports equipment now falls within the new definition of 'Toys' and cover is provided within the 'Tenders and Toys' section.

#### Wreck Removal

Wreck removal, marking or lighting costs which are compulsory by law, following the loss of *Your yacht*, [including claims for the extra cost and expenses of removing property which is or was carried on board](#). We also cover voluntary yacht wreck removal from somewhere *You* own or lease when no wreck removal order has been given.

~~We insure the reasonable costs of disposing of the wreck.~~ The residual value of any property recovered shall be deducted or offset against *Your claim*.

#### Explanation

Cover is expanded to capture removal of property on board your yacht. The costs of disposal of the wreck do not fall naturally within this section of cover and are now deleted.

#### 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 yacht for lawful purposes; otherwise your liabilities may not be covered. In addition, we~~[We](#) do not pay *claims* for or arising from the

following:

### Explanation

The first sentence of the preamble to 'What is not covered (exclusions)' has now been amended and moved to 'The protection we provide' section at the start of the policy. The text in respect of 'lawful purposes' is deleted as it was duplicated within the 'What is not Covered' section under 'Unlawful Purposes'.

1. **Bare-boat chartering** Claims arising from *bare-boat chartering Your yacht*. We do however continue to cover *You* for any strict liabilities which attach to *You* as the owner of the *yacht*, such as *pollution* liabilities arising under Bunker Blue Cards.

### ~~2. 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.~~

### Explanation

The cover is widened as a result of deleting these exclusions. By way of further explanation, see the change to the exclusion for 'War Risks'.

### ~~3.2 Commercial diving or diving bells.~~

~~4.3 Contractual liabilities~~ and indemnities other than those ~~relating to illness, personal injury, death or property damage~~. recoverable under the 'Contractual liabilities and indemnities' and 'Crew, Guests and others' sections of your Policy.

### Explanation

This change clarifies the exceptions to the exclusion for Contractual liabilities and indemnities.

~~5.4 Crew claim exclusions~~ We do not pay crew 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. Except in so far as covered under 'Crew, Guests and Others', above, We do not pay claims for or arising out of disputes with crew over contractual liabilities or obligations. We do not pay Employment Practices liability claims.

### Explanation

The reference to retirement accounts or pension contributions is deleted as these can sometimes form part of a covered claim. For example, a claim by a crew member for compensation for injury composed of lost wages and pension funds, amongst other things.

It is now recognised that compulsory insurance schemes are varied in nature and, in some jurisdictions, private schemes are mandated.

**6.5** Deductibles *excesses, franchises or other amount(s)* which *You* are required to bear under other policies.

### Explanation

This exclusion is broadened to encompass all uninsured losses borne by Members under other policies.

**6.** Delay Costs and expenses which arise because *your yacht* has been delayed, other than amounts recoverable under the diversion costs section of *your policy*.

### Explanation

It is not in the nature of P&I insurance to cover Members to cover losses as a result of delay. Costs and expenses resulting from diversion are provided for under 'what is covered'.

**7. Disputes** over contractual liabilities or obligations; or disputes or proceedings over obstruction or interference with *Your yacht's* operations.

**8. Disputes between named parties** We do not support ~~Members Assureds~~ or Joint ~~Assureds Members~~ in dispute with each other, or Co-Assureds in dispute with each other or with Members Assureds or Joint ~~Members Assureds~~ under the same policy.

### Explanation

This change clarifies that disputes between Co-assureds are not covered.

**9. Environmental damage** arising from *Your* continuing use of or presence at a coral reef or other sensitive marine environment.

**9.10. Fines and penalties** except those covered under 'Fines' as above.

### Explanation

This makes it clear that fines cover is limited to that provided for under 'fines' above.

~~10.11.~~ **Illegal payments of any kind** such as extortion, blackmail or bribery or any associated costs or expenses.

~~11.12.~~ **Kidnap and ransom** demands or payments.

**13. Motor Vehicles** Claims arising from the use of mechanically powered vehicles whilst ashore, which would be recoverable under a fully comprehensive motor vehicle policy.

#### Explanation

This exclusion is amended so that it is limited to claims that would be recoverable under a motor policy.

~~**12 Non-compliance.** If you know or should reasonably have known that your yacht 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.~~

#### Explanation

This section, now deleted, contained various requirements for vessels to comply with flag state, certifying authority or classification society and the consequences for failing to do so; these are now clarified and re-housed within new general condition 'Classification, Certifying Authority or Flag State'.

~~12.14.~~ **Nuclear risks** or claims arising from radioactivity

**13.15. 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 but are not limited to 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*.

We do not cover liabilities for hull and machinery risks for which You would have insurance cover under a separate policy or policies, were You to be fully insured for such risks.

#### Explanation

All prudent Members are expected to take out adequate insurance to meet all their needs. This new wording clarifies how this cover will respond in relation to hull and machinery cover.

**14.16. Own property** Loss of or damage to owned or leased property of *Yours* including *Your yacht*. This exclusion also applies to such loss ~~of~~ or damage when caused by the actions of *Your* charterer and/ or guests.

**15.17. Personal Effects** of crew, guests or others which are cash, precious metals or stones or other objects of a rare or precious nature.

**16.18. Punitive damages** or exemplary damages however described, imposed by a court in the U.S.

**17.19. Salvage services** to *Your yacht* or demands for general average payments and any related disputes other than amounts recoverable under the 'SCOPIC' section of your policy.

#### Explanation

This new wording clarifies the extent of our cover for salvage services and general average payments.

**18.20. Sanctions** We do not pay *claims* which would expose the Shipowners' Club or its Managers 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. 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 sanctions restrictions placed on one or all of *our* reinsurers.

#### Explanation

This clarifies that we do not pay claims where the Club or its managers would risk exposure to sanctions.

**19.21. Special Cover** If we agree to provide special cover in writing then you are not entitled to recover any claim from us for any part of your liability that is not recovered by us from our Reinsurers.

#### Explanation

For the first time, we now restrict recovery of special cover claims for any sums not recovered by us from Reinsurers.

**20.22. Surveys & Management Audit defects** *Claims* which arise out of defects identified during a survey and/or management audit are not payable.

**23. Time Bar** We do not pay a claim if you have not told us of any event or matter which could give rise to that claim within one year of your first knowing about it (or in our view when you should have known of it); or if you do not submit to us for reimbursement a claim within a year of having yourself settled it. We do not in any event pay a claim if you have not told us in writing of that claim, within three years of the event or matter that gave rise to it. ~~We do not pay claims arising from the loss or wreck of a yacht, once two years have elapsed from the date of the loss or wreck.~~

#### Explanation

This guards against the risk of Members prejudicing their claims through late presentation.

**21.24. Towing.** *Claims* arising as a result of towing other vessels unless it is *Your* own tender, or a vessel in distress and *You* are providing emergency assistance.

**22.25. UnUnderwater vehicles attended-use.** No *claim* will be covered ~~unless arising directly or indirectly from the use of a~~ submarine, mini-sub or ROV unless such vehicle is at all times operated and maintained in accordance with the manufacturer's safety guidelines and any requirements of *Your yacht's* Flag State or Classification Society. There is no cover for *claims* arising when a guest, Charterer or a Charterer's guest is operating the submarine, mini-sub or ROV without the supervision of *You* or *Your* crew or without having been trained in accordance with the manufacturer's safety guidelines.

#### Explanation

This exclusion from cover is clarified.

**23.26. Unlawful, Unsafe, Imprudent, or Unduly Hazardous Activities—purposes.** Including carrying contraband, blockade running, illegal fishing, or being employed in an unlawful or prohibited activity or trade, your infringement of any law, rule or regulation, or permitting any activity on board or in connection with your yacht which is unsafe, imprudent, or unduly hazardous. ~~This exclusion extends to any activity or trade where granting you cover or paying a claim to you or to any other person would risk exposing us to any Sanctions risks. 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.~~

#### Explanation

It would be not be in the interests of membership as a whole for us to provide insurance where activities have been unsafe, imprudent or unduly hazardous. This is a feature of the Club's policies and is in common with the cover provided by all IG Clubs.

#### 27. War risks

There is no cover under the *war risks* section of *your* cover for liabilities or *claims* for or arising directly or indirectly from any of the following:

- any chemical, biological, bio-chemical or electromagnetic weapon; or
- the use or operation, as a means of inflicting harm, of any computer virus except that this exclusion shall not operate to exclude losses (which would otherwise be covered under the terms of this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile; or
- the outbreak of war (whether declared or not) between any of the following countries: the United

Kingdom, the United States of America, France, the Russian Federation, the Peoples Republic of China; or

- incidents caused by, or contributing to, or arising out of, any event, accident or occurrence within specific ports, places, zones or areas, as we have notified to you either at the commencement of, or during the period of, your policy. We may change, vary, extend, add to or otherwise alter these specified ports, places, zones and areas upon twenty four hours notice given by us to you; or
- requisition for title or use.

#### Explanation

This amendment clarifies the exclusions for claims arising from war risks. This exclusion should be read alongside the now deleted policy exclusion for chemical, biological, bio-chemical and electromagnetic and computer virus risks. Whereas these specific exclusions were previously pertinent to ALL claims under the policy, our current reinsurance arrangements allow us to widen cover and to apply these specific exclusions only to claims arising from war risks.

~~24.28. Wilful misconduct, being an intentional act or deliberate omission done by you with knowledge that it will probably result in loss, or done with a reckless disregard for the probable consequences. your infringement of any law, rule or regulation, or permitting any activity on board or in connection with your yacht which is unsafe or unduly hazardous.~~

#### Explanation

See the amendment to 'Unlawful purposes'. This section has also been bolstered to reinforce and streamline the exclusion for Wilful misconduct.

~~25.29. \_\_\_\_\_ Wrecks caused by dereliction or neglect.~~

~~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.~~

#### Explanation

Surplus text is removed.

## General conditions

### Assignment and Subrogation

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

If we make a payment to you or any joint Member or Co-Assured under this policy, or under any Security we have given, and you, the joint Member and Co-Assured have any rights to claim against a third party that are connected to the payment we make, then we will be subrogated to all of those rights to the extent of our payment, including any interest and costs. You and the joint Member and Co-Assured agree to take any steps that we reasonably require to this end.

### Explanation

Subrogation is naturally an important remedy for the Club. For example, should the Club reimburse a Member then wish to recover against a third party who has partially or fully contributed to the loss, the Club will wish to consider 'stepping into the shoes' of the Member in order to exercise those legal rights of recovery against the third party.

### ~~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 yacht to new owners.~~

~~the yacht 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 yacht. If your policy is cancelled for non-payment of premium and part of the premium due has been paid by installments, no return of premium is payable.~~

#### Explanation

The Cancellation and termination provision is now clarified and re-housed within a new General Condition entitled 'Termination and Cancellation'

#### 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 yacht 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. Your yacht must comply with all statutory requirements of its classification society, certifying authority, flag State and SOLAS, as applicable, and maintain the classification society, certifying authority or flag State certification that it had at the time we agreed to insure it. Any lapse in or loss of such certificate must be notified to us immediately.~~ Subject to the provisions of the Insurance Act 2015, we will not pay any claims arising during such time as You have failed to comply with this general condition, even if your failure to comply has not increased the risk of any loss which may have occurred.

#### Explanation

These requirements for vessels to comply with flag state, certifying authority or classification society have been moved from 'Non Compliance' within the 'What is not Covered' section and are now set out here within this new general condition. These revised words now provide for an absolute obligation; subject to the Insurance Act 2015, claims are not payable during such time as this general condition is not complied with.

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

#### Deductibles

Your entitlement to make a claim is subject to the deductible that appears on your certificate of insurance. If a single incident gives rise to a number of claims with different deductibles then the total of all claims will be subject to the highest deductible that applies to any one of the claims.

#### Explanation

This new general condition makes clear that the entitlement to claim is subject to a deductible. Also, that where a single incident gives rise to a number of claims, only one deductible will apply, namely the highest deductible that applies to any one of the claims.

If you have a personal accident (PA) policy with us that responds in the first instance to a claim, then that claim will be subject to the deductible in your PA policy and no deductible will apply under this policy.

### Discretionary Claims

The Board of the Shipowners' Club has discretion to pay a claim in whole or in part for any liabilities or expenses which are not covered under this policy or any contract that we have with you, so long as they are related to owning and operating your yacht.

### **Explanation**

This introduces for the first time the ability for Members to submit any claim to the Club's board and seek a discretionary decision. This is very much in favour of the Members and would be most unusual in a commercial insurance policy. The advantage of this clause is clear for the Members and means that our cover can be distinguished from our competitors.

### **Dispute resolution**

~~In the unlikely event that we cannot resolve your complaint satisfactorily, if and~~ any dispute arises out of or in connection with your Policy or any contract with us, then such dispute the matter will in the first instance be referred to the Board of the Shipowners' Club for adjudication. If the Board of the Shipowners' Club decides to waive its right to adjudicate, or if it finds against you, then the dispute 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.

### **Explanation**

This new wording makes the natural distinction between complaints and disputes. Further, for the first time, a preliminary step is introduced for Members to submit disputes to the Board in the first instance. This is a favourable and cost saving mechanism.

### **Fair Presentation/Duty to provide information**

If *You* are not a *Consumer*, *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.

If *You* are a *Consumer*, when *You* provide information in connection with *Your* proposed insurance or a

proposed change to *Your* insurance, *You* must take reasonable care not to make any misrepresentation. Any misrepresentation that *You* make deliberately, recklessly, or carelessly could adversely affect *Your* cover and claims.

### Explanation

The duty of Fair Presentation in the new Insurance Act 2015 has replaced the obligation of disclosure set out in the Marine Insurance Act 1906. This general condition is now more visible and now replaces 'Material Facts'.

If you are a Consumer, your duty to disclose information is in accordance with the Consumer Insurance (Disclosure and Representations) Act 2012. The second paragraph, above, sets out the relevant requirement for Consumers.

### Governing law

*You* and *We* agree that *Your* policy [and Your certificate of insurance are](#) governed by and will be construed in accordance with English law. In particular, [it is they are](#) 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~~ [Members](#) 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 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.~~

[If we issue a Certificate of Insurance in the name of more than one person or company, those additional parties will be known as joint Members. Joint Members are bound by all the terms and conditions of your policy and certificate of insurance and each of them are individually responsible for paying all premium and any other sums due to us under your policy and are bound by all of the terms and conditions of your policy and your certificate of insurance. If we make payment to, or on behalf of, any joint Members for any amount due under your policy, we will make no further payment to any person, including you, in relation to the amount that was due.](#)

If we issue a Certificate of Insurance naming a Co-Assured then we agree to extend cover to that named Co-Assured, but only if: the named Co-Assured is held responsible for a *claim* which is properly your responsibility and for which you would have been able to recover from us under this policy, had that *claim* been made and enforced against you. If you have a contract with a named Co-Assured, your responsibility means your responsibility as agreed in that contract.

If we make a payment to, or on behalf of, a named Co-Assured for a claim then, in relation to that claim, we will not make payment to any other person, including you, and we agree to waive our rights of subrogation, if any, against the named Co-Assured.

If there is a failure by any joint Member to comply with the 'Fair presentation/ Duty to provide information' section of your policy or if the conduct of any joint Member or Co-Assured would entitle us to decline a *claim*, then we will treat such failure and/or conduct as extending to all insureds.

If more than one person is named on the certificate of insurance we will treat an act, omission, statement or a claim by any one of those persons as an act, omission, statement or claim by all of them.

We direct all correspondence to you and you receive it on behalf of all insureds.

#### **Explanation**

This change clarifies the rights and obligations of Joint Members and Co-Assureds. It also makes clear that where a Member has entered into a contract with a Co-Assured, the cover will respond to the extent of the Member's responsibility under that contract. Further, for claims to be recoverable by Co-Assureds they must firstly have been held responsible to pay. Finally, the clause has been updated with respect to 'Fair Presentation' obligations under the Insurance Act 2015 and the duty to provide information under the Consumer Insurance Act 2012.

#### **Lay up**

If your yacht has been laid up for six months or more outside its usual seasonal trading pattern, you must give us notice that the yacht will be reactivated no less than seven days before the vessel leaves its place of lay up. When we receive notice from you we may appoint a surveyor, at your cost, to inspect the yacht on our behalf and you must provide your full cooperation to this end. You must comply with any recommendations that we make following such an inspection. We do not pay any claims arising after you have failed to comply with any requirement of this general condition, until you have complied with all requirements of it, subject always to the provisions of the Insurance Act 2015.

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

#### **Explanation**

This new general condition provides that Members must notify the Club of their intention to reactivate no less than seven days before the vessel leaves its place of lay-up. It further provides that the Club be entitled, at Member's cost to survey the yacht following lay-up and that claims will not be payable during such time as these requirements are not fulfilled. This new general condition recognises the potentially enhanced risk presented by vessels that are reactivated following a period of lay-up.

### 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.~~

### Explanation

See above explanation for new general condition 'Fair Presentation duty to provide information'.

### 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. Premium is not considered paid until received by us. ~~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.~~

### Explanation

The Club is now safeguarded in cases where premium is remitted by Members via intermediaries but ultimately does not reach the Club.

Cancellation for failure to pay premium is now dealt with separately under new general condition 'Termination and Cancellation'; hence this deletion.

### Reinsurance

We have the right to agree contracts of reinsurance relating to your insured yacht (s) with insurers of our choice, on terms as agreed between us and those other insurers.

### Explanation

This new general condition makes clear the basis upon which the Club may enter into contracts of reinsurance.

### 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 your premium and any claims deductible which is due to us.

### Explanation

This change reflects our normal procedures and is in line with the approach taken by insurers generally.

### 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.

### Shared Ownership

If the master or any crew member is also the owner or part-owner of an insured yacht, the liability shall, in relation to claims arising from the act or omissions of such person in his capacity as master or crew member, be assessed as if such master or crew member was not the owner or part-owner.

### Explanation

This new wording recognises the position where the master/crewmember is also the owner or part owner of the yacht. A situation that is peculiar to this vessel type and so is catered for here.

### Surveys & Management Audits

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

## Termination and cancellation

### Termination by notice

Either *We* or *You* may terminate this policy by notice at noon GMT on the renewal date of any year by giving not less than 30 days written notice.

*We* may terminate the entirety of cover under *your* policy by notice for each and every Yacht insured, in the following circumstances:

- should any of *your* insured Yacht(s) be used, in *our* opinion, for a prohibited or unlawful activity or trade; or
- should any of *your* insured Yacht(s) or their activities, in *our* opinion, expose the Shipowners' Club or its Managers to *sanctions risks*; or
- upon 30 days written notice given by *us* to you; or

*We* may terminate cover for *war risks* by notice for each and every yacht insured upon written notice by *us* to *you* to discontinue *war risks* cover, with cancellation becoming effective on no less than the expiry of 7 days from midnight on the day on which *we* issue notice of cancellation.

The effect of *your* policy being terminated by notice also extends to joint Members and Co-Assureds. Subject to the 'Automatic termination' and 'Cancellation' provisions of this policy, the effect of *your* policy terminating by notice is that *you* will remain liable for premium under *your* policy and for any other sums due to *us* except that *you* will be entitled to a daily pro rata return of premium for sums paid, if any, from the date of termination until the expiration of *your* policy. Likewise, *we* pay *claims* for events that arose prior to the date of termination but *we* will not pay *claims* arising from events after the date of termination.

### Automatic termination

Your policy for any of *your* Yacht(s) will automatically terminate for that yacht upon the date shown on *your* Certificate of Insurance or upon the happening of any of the following : the sale or transfer of *your* yacht; a change of beneficial owner(s); upon the mortgage of *your* yacht; *your* yacht becoming an actual or constructive total loss; *your* yacht no longer being classed with the classification society or certifying authority that it was at the time *we* agreed to insure it; should *your* insured yacht(s) or their activities or any named insured expose The Shipowners Club or its Managers to *Sanctions risks*.

Your insurance for all Yacht(s) will automatically terminate upon the happening of any of the following: an *Insolvency event*; if *you* are an individual, upon *your* death or upon *your* becoming incapable by reason of mental disorder of managing or administering *your* property and affairs.

The insurance which *we* provide to *you* for *war risks* will automatically terminate upon the happening of either of the following;

- Should war break out between any of the following countries; the United Kingdom, the United States of America, France, the Russian Federation and the Peoples' Republic of China; or
- Should *your* vessel be requisitioned either for title or use.

The effect of *your* policy being automatically terminated is the same as for termination by notice except that *we* do not pay *claims* for events arising after the date of automatic termination, other than *claims* arising from *your*

[yacht becoming an actual or constructive total loss thereby triggering automatic termination.](#)

### **Cancellation**

[If you fail to pay premium in such installments and on such dates as are agreed by us, we may serve notice in writing requiring you to make payment by a specified date. If you fail to make payment in full, on, or before the specified date we shall immediately cancel your insurance. If we cancel your insurance you must pay all premium due up to the date of cancellation. We will not pay claims for events arising on or after the date of cancellation.](#)

[We will not pay claims for events arising before the date of cancellation if premium was owing at the time the event arose and remained unpaid at the date of cancellation.](#)

### **Explanation**

The distinction between termination of cover by notice, automatic termination and cancellation and the consequences of each is clarified.

### **Claims handling procedure**

If You are involved in an [incident event or matter](#) which could give rise to a claim, please refer to our website for the contact details of our dedicated yacht team; [www.shipownersclub.com/insurance/yacht](http://www.shipownersclub.com/insurance/yacht) 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](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. *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 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 a yacht 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 yacht 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. [\*You\* must also promptly notify us of every event or matter which is likely to give rise to a claim, provide us with any relevant information or documents and permit us access to any persons employed by you who we consider likely to have knowledge of the event or matter.](#) If *You* admit liability, settle or fail to preserve *Your* limitation rights, [or fail to promptly notify or provide information or access to your employees.](#) *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.

#### Explanation

To reflect best practise and to preserve the Member and the Club's position, this section of the policy is expanded to ensure that all information, documentation and access is provided by Members to the Club with regard to any event or matter that may give rise to a claim. Failure to do so entitles the Club to reject claims and/or reduce the amount payable.

#### 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.

**Bare-boat chartering** means making *Your yacht* available for hire or reward to other parties, without *Your* crew on board. Inter-company arrangements in which *Your yacht* is chartered from one related company to another within a company group or otherwise, is not considered to be *bare-boat chartering* for the purposes of this policy.

**Casualty** means an *incident* affecting the physical condition of *Your yacht* 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* crew or guests. ~~Engine breakdown is not a *casualty* for the purposes of this policy.~~

### Explanation

This definition is widened.

[Chartered out on a fully crewed basis](#) means making *Your Yacht* available for hire or reward to other parties (charterers), with *Your crew* on board. Also known as time chartering.

### Explanation

This new definition fits in with the reference to 'Chartered out on a fully crewed basis' in 'the Protection we provide' section of the Policy.

**Claims** means liability *claims* made against *You* as a result of owning or operating the *yacht* named on *Your Certificate of Insurance*.

[Consumer](#) means *You* have taken out this cover wholly or mainly for purposes unrelated to *Your trade, business or profession*.

### Explanation

This new definition ties in with the amended General Condition 'Fair Presentation/Duty to Provide Information'.

~~*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.~~

### Explanation

Co-Assureds and their rights and responsibilities are set out in general condition 'Joint Members and Co-Assureds'.

**Crew** means any person engaged or employed in any capacity in connection with *your yacht*, whether on board or proceeding to or from *your yacht* or on *yacht's* business.

Crew includes day workers, but the total number of day workers engaged on or around *your yacht* at any one time must not exceed 50% of *your yacht's* normal crew complement unless *we* have been advised and agreed in writing, in advance.

*Crew* does not mean *yacht* brokers or *yacht* agents or those supplying services to *Your yacht*.

~~Crew Compensation and Sickness Benefits~~ are those payable under ~~your Seafarers' Employment Agreements (SEAs) or 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.~~

#### Explanation

This text is deleted as cover for crew and exclusions to such cover are fully set out under 'Crew, Guests and Other' which is to be read in conjunction with the exclusion 'Crew Annuities or Crew Compensation under Crew Contracts'.

**Deductible** means the initial amount *You* have to pay yourself before the insurance policy will respond ~~to a loss under a *your* 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.~~

#### Explanation

This definition is clarified and streamlined.

**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 *finer*, but not punitive damages.

**Fully insured** means insured at a value which, in our opinion, represents *your yachts* full market value, disregarding any charter or other engagement to which *your yacht* may be committed.

~~Fully crewed chartering means making *your yacht* available for hire or reward to other parties (charterers), with *your crew* on board. Also known as time chartering.~~

#### Explanation

This new definition ties in with the amended Exclusion for 'Other Insurances'.

**Incident** means an accident relating to the operation 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 settlements one claim excess will apply.~~

#### Explanation

This definition is clarified and streamlined. Claims deductibles are dealt with under the new section 'Deductibles'.

**Insolvency event** If you are an individual, *Insolvency event* means any of the following: a receiving order is made against you; you become bankrupt; you make any composition or arrangement with your creditors generally.

If you are a company, *Insolvency event* means any of the following: the passing of any resolution for voluntary winding up; an order being made for compulsory winding up (other than for the purpose of company or group reorganisation); the dissolution of the company; the appointment of a receiver or manager of all or part of the company's business; upon commencement by the company of proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganise its affairs.

#### Explanation

Insolvency of a Member is a potential trigger for automatic termination under the new 'Termination and Cancellation' general condition. The circumstances in which insolvency might be triggered are set out fully in this new definition.

~~**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.~~

#### Explanation

Joint Member and their rights and responsibilities are set out in general condition 'Joint Members and Co-Assureds'.

**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.

**Personal Effects** means items which *Your crew*, guests~~passengers~~ or others bring on to *Your yacht* ~~for recreational purposes~~ and which are unconnected to the operation of *Your yacht*.

#### Explanation

This change reflects that guests will likely bring personal effects on board your yacht. Such personal effects are not always related to recreation.

**Pollution** means the accidental discharge or escape of oil or other substances from *Your Yacht*.

**Sanctions risks** means the risk of being or becoming subject to any sanction, prohibition, or adverse action in any form whatsoever by any State where we or our Managers have registered offices or permanent places of business or any State being a Major Power or by the United Nations or the European Union. For the purpose of this policy, 'Major Power' means any of the following States: United Kingdom, United States of America, France, the Russian Federation and the Peoples' Republic of China.

#### Explanation

We do not cover claims where granting you cover or paying the claim would expose us to the risk of sanctions. Such a situation is also a potential trigger for termination of the policy (both by notice and automatic). This new definition sets out fully what we mean by 'Sanctions risks'

**SCOPIC** means Special Compensation P&I Club Clause.

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

#### Explanation

This definition is now redundant due to the amended general condition 'Assignment and subrogation'

**Tender** means any craft whether owned, chartered, or otherwise used by *You*, and which is either stored onboard the *Yacht* and/or towed by the *Yacht* when she is underway and which is used in connection with the *Yacht* to transfer the owner, guests and crew of the *Yacht* or to provide support to the *Yacht* and/or entertainment to the owner, guests and crew of the *Yacht*.

**Toy** means any personal watercraft (PWC), jetski and other watercraft (other than the *Yacht* or *Tender*), parasailers, para-gliders, bananas, doughnuts or other watersports equipment and unmanned aerial vehicles (drones) owned and/or operated by *You* and which are designed and built for recreational use in and are stored onboard the *Yacht* when underway.

#### Explanation

The meaning of 'Tender' and 'Toy' is now fully clarified and should be read in conjunction with the cover given for Tender and Toys and the definition of 'Yacht'.

**Uninsured or Underinsured third party vessel** means a third party vessel whose owner or operator has no insurance or insufficient insurance to cover medical costs and expenses of Your crew, or guests, or others. ~~Uninsured third party vessel means a third party vessel which collides with your yacht 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.~~

#### Explanation

This definition is clarified and streamlined.

**War risks** means costs or expenses (regardless of whether partially caused by neglect by you or your servants or agents) when the incident giving rise to the liability or expense was caused by the following: war, civil war, revolution, rebellion, insurrection or resultant civil strife arising therefrom or any hostile act by or against a belligerent power, or any act of terrorism; capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat; mines, torpedoes, bombs, rockets, shells, explosives or similar weapons of war. ~~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.~~

#### Explanation

This ties in with the amended war risks wordings. See above

~~**Water Sports equipment** means items which are designed and built for recreational use in water.~~

#### Explanation

This definition is no longer needed; see the new section of cover for 'Tenders and Toys'.

**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.~~

#### Explanation

This is now redundant as Wilful misconduct is set out fully in the 'What is not covered' section.

~~Yach~~**Yacht** means the *yacht* named on the Certificate of Insurance as the *yacht* insured including her Tender(s), Toys and other equipment on board. **Yacht** does not include any shadow vessel in support of the *yacht* or the shadow vessel's tender(s), toy(s) and equipment.

#### Explanation

'Yacht' is now defined and the distinction is drawn between Yacht and other vessels in support/shadow vessels.

**You** or **Your** means the person or company named as the Member in the Certificate of Insurance. Where the *yacht* is owned by a corporate entity, the beneficial owner(s) will also benefit from the protection of the policy and if the owner is domiciled in the U.S. the US *Yacht* Endorsement will automatically apply to this insurance.

#### Optional additional cover

If *You* require any of the following additional covers, please contact us. Contact details are found on the next page.

- Legal Costs Cover.
- Personal Accident Cover.
- Yacht Owners Pre-Delivery Liability Cover.

#### London

~~St Clare House~~ [White Chapel Building, 2<sup>nd</sup> Floor](#)

[10 Whitechapel High Street,](#)

[London](#)

[E1 8QQ](#)

~~30-33 Minories London EC3N 1BP~~

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**E** [info@shipownersclub.com](mailto:info@shipownersclub.com)

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

## **MARITIME LABOUR CONVENTION (MLC) CERTIFICATES CLAUSE**

**THE ADDITIONAL COVER WHICH FOLLOWS DOES NOT FORM PART OF ANY MEMBER'S INSURANCE UNLESS AND TO THE EXTENT THAT IT IS EXPRESSLY AGREED AND INCORPORATED INTO THE MEMBER'S CERTIFICATE OF INSURANCE.**

1. Subject only to the other provisions of this MLC Certificates Clause ("Certificates Clause"), we shall discharge and pay on your behalf under the 2006 Maritime Labour Convention as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:
  - a) Liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5, Standard A2.5 and Guideline B2.5;  
and
  - b) Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2 and Guideline B4.2.
  - c) accordance with Regulation 4.2, Standard A4.2 and Guideline B4.2.
2. When we make a payment to a seafarer under the Certificates Clause we shall, in accordance with MLC 2006 acquire by subrogation, assignment or otherwise the rights which the seafarer would have enjoyed and in addition we have a right to seek reimbursement of such payments from the Assured and/or Joint Assureds save to the extent that such payment is in respect of liabilities, costs or expenses which are recoverable under the Policy.
3. There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.
4. We shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on your part or on the part of your servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:
  - a) Any chemical, biological, bio-chemical or electromagnetic weapon,
  - b) The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

5. The Certificates Clause may be cancelled in respect of War Risks by us on 30 days' notice to you (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).
- a) Whether or not such notice of cancellation has been given the Certificates Clause hereunder shall terminate automatically in respect of the War Risks:
- (i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following:  
United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;
- (ii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.
- b) The Certificates Clause excludes loss, damage, liability or expense arising from:
- (i) The outbreak of war (whether there be a declaration of war or not) between any of the following: the UK, the USA, France, The Russian Federation, the People's Republic of China;
- (ii) Requisition for title or use.
6. The Certificates Clause shall be subject to the Sanctions and Nuclear Risks exclusions in your Policy.
7. Without prejudice to paragraph 5, cover under the Certificates Clause shall cease 30 days after notice of termination in accordance with either Regulation 2.5, Standard A2.5.2.11 or Regulation 4.2, Standard A4.2.12.
8. Any dispute arising out of or in connection with the Certificates Clause shall be resolved in accordance with the Dispute Resolution and Governing Law sections in your Policy.
9. For the purpose of the Certificates Clause:
- "You or your" means any insured party who is liable for the payment of calls, contributions, premium or other sums due under your Policy.
- "Seafarer" shall have the same meaning as in MLC 2006.
- "War Risks" means the risks set out in the Definitions section of your policy.

#### **Explanation**

The Maritime Labour Convention (MLC) certificates clause was previously available only if agreed by the Managers in writing, with the certificates clause available on our website. The MLC certificates clause remains part of cover only by prior agreement as it is appropriate only for certain Members where vessels are subject to MLC. It is now housed in the yacht policy to reflect its permanent position as an adjunct to cover, the MLC now being in force.

## BIO-CHEMICAL EXTENSION CLAUSE

### THE FOLLOWING BIO-CHEMICAL EXTENSION CLAUSE FORMS PART OF A MEMBER'S INSURANCE UNLESS OTHERWISE AGREED BY THE MANAGERS IN WRITING

1 Subject to the terms and conditions and exclusions set out herein, cover is extended to include the liability of the Member (being an Insured Owner):

(a) To pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitute \_\_\_\_\_ expense and shipwreck unemployment indemnity),

(b) For the legal costs and expenses incurred solely for the purpose of avoiding or minimising \_\_\_\_\_ any liability or risk insured by an Association (other than under the 'Discretionary Claims' section of your policy)

1.2 Where such liability is not recoverable under:

(a) Any war risk P&I policies either provided by us or by someone else,

1.3 Solely by reason of the operation of an exclusion of liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising from:

(a) Any chemical, biological, bio-chemical or electromagnetic weapon

(b) the use or operation, as a means for inflicting harm, of any computer, computer system, \_\_\_\_\_ computer software program, malicious code, computer virus or process or any other electronic system,

1.4 Other than liabilities, costs, losses and expenses arising from:

(i) Explosives or the methods of the detonation or attachment thereof

(ii) The use of the entered ship or its cargo as a means for inflicting harm, unless such \_\_\_\_\_ cargo is a chemical or biochemical weapon.

(iii) the use of any computer, computer system or computer software program or any \_\_\_\_\_ other electronic system in the launch and/or guidance system and/or firing \_\_\_\_\_ mechanism of any weapon or missile.

2. Excluded Areas

**2.1** The Board may in its discretion decide that there shall be no recovery in respect of any liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising out of any event, accident or occurrence within such ports, places, zones or areas, or during such period as they may specify.

**2.2** At any time or times before, or at the commencement of, or during the Policy Year, the Association may by notice to the Member change, vary, extend, add to or otherwise alter the ports, places, countries, zones and periods specified in Clause 2.1 from a date and time specified by the Association not being less than 24 hours from midnight on the day the notice is given to the Member.

### **3. Cancellation**

Cover hereunder may by notice to the Member be cancelled by the Association from a date and time specified by the Association, not being less than 24 hours from midnight on the day notice of cancellation is given to the Member.

### **4. Limit of Liability**

**4.1** Subject to Clause 4.2 the limit of liability of the Association under this extension of cover in respect of all claims shall be in the aggregate US\$ 30 million each ship any one accident or occurrence or series thereof arising from any one event.

**4.2** In the event that there is more than one entry by any person for Bio- Chemical cover as provided herein in respect of the same ship with the Association and/or any other insurer which participates in the Pooling Agreement or General Excess Loss Reinsurance Contract, the aggregate recovery in respect of all liabilities, costs, losses and expenses arising under such entries shall not exceed the amount stipulated in Clause 4.1 and the liability of the Association under each such entry shall be limited to such proportion of that amount as the claims arising under that entry bear to the aggregate of all such claims recoverable from the Association and any such other insurer.

### **5. Deductible**

The deductible shall be the deductible applicable to the relevant cover set out in the Certificate of Insurance.

### **6. Law and Practice**

This clause is subject to English law and practice.