

▶ PASSENGER VESSEL LIABILITY INSURANCE 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 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:

Inquiries and criminal proceedings

If the Managers agree in writing, or the Board of the Shipowners' Club in its discretion decides in *Your* favour, then *You* may recover tThe 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.

Explanation

This amendment reflects that it may not always be appropriate for Members to have an automatic right of recovery where it comes to formal inquiries and/or criminal proceedings.

Passengers whilst off the vessel

If *Your* vessel's itinerary includes locations and activities ashore or other places where *passengers* disembark temporarily and *You* remain responsible for them, *Your* liabilities are covered, provided *You* have notified the Managers and they have confirmed in writing. *You* are also covered for liability arising from *seafarers*, *passengers* or others crossing gangways, pontoons or walkways in connection with services *You* are providing.

Explanation

This clarifies that cover can include activities as well as locations in the vessel's itinerary, so long as it has been confirmed in writing.

What is not covered (exclusions)

We do not pay *claims* for or arising from the following:

1. **Chartering.** 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.
2. **Contractual liabilities and indemnities** other than those recoverable under the 'Contractual liabilities and indemnities' and 'Seafarers, passengers and others' sections of *Your* policy.

3. **Deductibles, excesses, franchises or other amount(s)** which *You* are required to bear under other policies.
4. **Delay.** Costs and expenses which arise because *Your* vessel has been delayed, other than amounts recoverable under the Diversion Costs section of *Your* policy.
5. **Disputes** over contractual liabilities or obligations; or disputes or proceedings over obstruction or interference with *Your* vessel's operations.
6. **Disputes** between named parties. *We* do not support Members or Joint Members in dispute with each other, or *Co-Assureds* in dispute with each other or with Members under the same policy.
7. **Environmental damage** arising from *Your* continuing use of or presence at a coral reef or other sensitive marine environment.
8. **Fines or penalties** except those covered under '*Fines*' as above.
9. **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.
10. **Illegal payments of any kind** such as extortion, blackmail or bribery or any associated costs or expenses.
11. **Kidnap and ransom** demands or payments.
12. **Motor vehicles.** *Claims* arising from the use of mechanically powered vehicles whilst ashore which would be recoverable under a fully comprehensive motor vehicle policy.
13. **Nuclear risks** or *claims* arising from radioactivity.
14. **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.

15. **Own property.** Loss of or damage to owned or leased property of Yours including *Your* vessel.
16. **Personal effects** of *seafarers, passengers* or others which are cash, precious metals or stones or other objects of a rare or precious nature.
17. **Punitive damages** or exemplary damages however described, imposed by a court in the U.S.
18. **Salvage services** to *Your* vessel or demands for general average payments and any related disputes other than amounts recoverable under the '*SCOPIC*' section of *Your* policy.

19. 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, nor do we provide cover to or for the benefit of, or pay *claims* to or for the benefit of, any person or entity *designated* nor in relation to any vessel *designated* by any State where the Association or its Managers have their registered offices or permanent places of business or by any State being a *Major Power* or by the United Nations or the European Union](#)^{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.

Explanation

In recognition of a growing trend by States to designate both entities and vessels, this change and subsequent sanctions changes to this policy, are necessary.

20. Scuba diving. We exclude liability arising out of scuba diving, whether for recreational or commercial purposes.

21. Seafarers claim exclusions. We do not pay *seafarer* annuities. If injured parties are entitled to receive compensation for personal injury or sickness benefits under a mandatory 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 'Seafarers, passengers and others' above, 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*.

22. 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

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

22-23. Submarines, mini subs or remotely operated vehicles (ROVs).

23-24. Surveys & Management Audits-defects. [Subject always to the Insurance Act 2015, unless the Board of the Shipowners' Club in its discretion otherwise decides, We do not pay *claims* arising after you have failed to comply with any of your obligations under general condition 'Surveys & Management Audits'. In no case do We pay *claims* which arise out of defects identified during a survey and/or management audit-are not payable.](#)

Explanation

It would be improper for Members to recover *claims* where they have failed to comply with their obligations with respect to surveys and management audits. Nevertheless, other than in the case of

claims arising from defects identified in a survey or management audit, Members have recourse to the Board of the Shipowners' Club.

24-25. 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.

25-26. Towage Claims arising from towage except as set out under the 'Towage' section of *Your* policy.

26-27. Unlawful, unsafe, imprudent or unduly hazardous activities, 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* vessel which is unsafe, imprudent or unduly hazardous.

27-28. 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 People's Republic of China; or
- incidents caused by, or contributing to, or arising out of, any *incident*, 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.

28-29. Water sports except as set out at 'Swimming and Snorkelling' above, water sports *claims* arising from any form of water sports or water sports equipment are excluded unless agreed by the Managers in writing.

29-30. 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.

30-31. Wrecks caused by dereliction or neglect.

General conditions

Classification, Certifying Authority ~~and~~ flag State

Your vessel must comply with all statutory requirements of its ~~classification society, certifying authority~~, flag State and SOLAS, as applicable, and maintain [and comply with all requirements of the classification society](#) ~~or~~ certifying authority ~~or flag State certification~~ that it had at the time We agreed to insure it. 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.

Explanation

This change does not materially change Members' obligations; it simply clarifies the requirements.

Lay-up

If Your vessel has been laid-up for six months or more outside its usual seasonal trading pattern, You must give Us notice that the vessel 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 vessel 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. [In no case do We pay claims which arise out of defects identified during such an inspection.](#)

We do not return premium for periods of lay-up. [Premium is on the basis of cancelling returns only notified in arrears.](#)

Explanation

It would be improper to pay *claims* arising out of defects during a post lay-up inspection.

Surveys & Management Audits

We may at any time appoint a surveyor, at Our cost, to inspect Your vessel. We may also wish to perform a [mManagement aAudit](#) 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.~~ [You must provide full cooperation as may be required for such inspection or audit, and comply with all recommendations as the Managers may make as a result of it.](#)

Explanation

This change makes clear the requirement that Members must cooperate with regard to surveys and management audits and follow the Club's recommendations.

Surveys & Management Audits: Follow -Ups

We may arrange a follow up survey, at Your cost, to check that You have complied with all recommendations identified in an inspection or audit.

Explanations

This change makes clear that any follow-up surveys are to be at Members' cost.

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 vessel insured, in the following circumstances:

- should any of *Your* insured vessel(s) be used, in *Our* opinion, for a prohibited or unlawful activity of trade; or
- should any of *Your* insured vessel(s) or their activities, in *Our* opinion, expose the Shipowners' Club or its Mangers 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 vessel 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, [subject to the above Exclusion 19 'Sanctions'](#), *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.

Explanation

See explanation under Exclusion 19 'Sanctions'.

Automatic Termination

Your policy for any of *Your* vessel(s) will automatically terminate for that vessel upon the date shown on *Your* Certificate of Insurance or upon the happening of any of the following: the sale or transfer of

Your vessel; a change of beneficial owner(s); upon the mortgage of *Your* vessel; the appointment of new managers; *Your* vessel becoming an actual or constructive total loss; *Your* vessel no longer being classed with the classification society or certifying authority that it was at the time *We* agreed to insure it; should *Your* vessel(s) or their activities, or any named insured expose the Shipowners' Club or its Managers to *Sanctions risks*; [should *You* or *Your* insured vessel be *designated* by any State where the Association or its Managers have their registered offices or permanent places of business or by any State being a *Major Power* or by the United Nations or the European Union.](#)

Your insurance for all vessel(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 *You* becoming incapable by reason of mental disorder of managing or administering *Your* property and affairs.

The insurance which *We* provide *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 People's 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* vessel becoming an actual or constructive total loss thereby triggering automatic termination.

Explanation

See explanation under Exclusion 19 'Sanctions'.

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.

[**Designated** means listed and subject to asset blocking or freezing such that persons are prohibited from dealing with them.](#)

[**Major Power** means any of the following States: United Kingdom, United States of America, France, The Russian Federation and the People's Republic of China.](#)