

**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 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:

**Crew, Guests and Others**

*Claims* from *Your crew*, guests or others to pay damages or compensation for personal injury, illness and death. 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 for the duties and position held by the *crew member*—when viewed against the prevailing compensation regime.

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.

**Explanation**

Deletion of word to bring in line with definitions.

**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* captain, *crew* 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.

## Tenders, ~~and Toys~~ and Watersports

Claims arising from the use of *Tenders, ~~and Toys~~ and/or watersports equipment* are covered, providing these arise from activities connected with *Your Yacht*.

### Explanation

This change reaffirms that liabilities arising from watersports activities are included.

## What is not covered (exclusions)

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

**1. Bare-boat chartering.** *Claims arising from bare-boat chartering Your Yacht are excluded, but if We pay certificated claims arising from bare-boat chartering, You will reimburse Us in full for such claims. ~~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.~~*

### Explanation

This change recognises that, despite the exclusion for *claims* arising from bareboat chartering, the Club may nevertheless be obliged to discharge *claims* arising from certificated risks, such as blue cards. In such a situation it is logical that Members should reimburse the Club for such *claims*, as they fall outside the cover provided.

**1.2. Commercial diving** or diving bells.

**2.3. Contractual liabilities** and indemnities other than those recoverable under the 'Contractual liabilities and indemnities' and 'Crew, Guests and Others' sections of *Your Policy*.

**3.4. 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.

~~4.5.~~ **Deductibles, excesses, franchises or other amount(s)** which *You* are required to bear under other policies.

~~5.6.~~ **Delay** Costs and expenses which arise because *You Yacht* has been delayed, other than amounts recoverable under the diversion costs section of *Your* policy.

~~6.7.~~ **Disputes** over contractual liabilities or obligations; or disputes or proceedings over obstruction or interference with *Your Yacht's* operations.

~~7.8.~~ **Disputes between named parties** *We* do not support Members or Joint Members in dispute with each other, or *Co-Assureds* in dispute with Members or Joint Members under the same policy.

~~8.9.~~ **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.

~~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.

~~12.13.~~ **Motor vehicles.** *Claims* arising from the use or mechanically powered vehicles whilst ashore, which would be recoverable under a fully comprehensive motor vehicle policy.

~~13.14.~~ **Nuclear risks** or *claims* arising from radioactivity

~~14.15.~~ **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.

~~15.16.~~ **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.

~~16.17.~~ **Personal effects** of *crew*, guests or others which are cash, precious metals or stones or other objects of a rare or precious nature.

~~17.18.~~ **Punitive damages** or exemplary damages however described, imposed by a court in the U.S.

~~18.19.~~ **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.

~~19.20.~~ **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](#). ~~S~~ *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.- 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.

~~20-21.~~ **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.

~~21-22.~~ **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.

~~22-23.~~ **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.

~~23-24.~~ **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.

~~24-25.~~ **Underwater vehicles.** No *claim* will be covered 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.

~~25-26.~~ **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, infringement of any law, rule or regulation, or permitting any activity on board or connection with Your *Yacht* which is unsafe, imprudent or unduly hazardous.

~~26-27.~~ **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 People’s 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

~~27-28.~~ **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.

~~28-29.~~ **Wrecks** caused by dereliction or neglect.

### General conditions

#### Classification, Certifying Authority ~~and or~~ flag State

*Your Yacht* 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 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. [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 notified in arrears.

#### Explanation

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

### Share 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

Deletion of word to bring in line with definitions.

### 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 ~~m~~Management ~~a~~Audit of *Your* shore side operation. 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. ~~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.~~

#### 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.

#### Explanation

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 *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 seven 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 20 '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 20 'Sanctions'.

#### 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*; [should \*You\* or \*Your\* insured \*Yacht\* 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 *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 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 Yacht* becoming an actual or constructive total loss thereby triggering automatic termination.

**Explanation**

See explanation under Exclusion 20 '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.

**Certificated claims** means *claims that are payable by Us as a result of a guarantee, undertaking, or certificate issued by Us on Your behalf*

**Explanation**

This definition ties in with the change above to the exclusion for bareboat chartering.

**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.*