



Steamship  
Mutual

**Gamma**



# Yacht Liability Terms and Conditions 2026

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<https://www.steamshipmutual.com/contact-us>



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### Definitions

# Part A

## General

### 1. Policy Terms

The terms and conditions of the Assured's insurance with the Club are contained in:

- i These Terms and Conditions; and
- ii The Certificate of Entry; and
- iii Any endorsements to the Certificate of Entry; collectively the Policy Terms.

### 2. Definitions and Headings

The definition of words and phrases in Appendix 1 shall apply to such words and phrases where used in the Policy Terms. Headings in these Policy Terms are for ease of reference and convenience and shall not affect the meaning and/or interpretation of any of the provisions of this insurance.

### 3. Scope of Cover

The Assured is insured against the risks set out in Part B subject always to:

- i The Policy Terms; and
- ii The Exclusions in Part C; and
- iii The claim arising:
  - a out of events occurring during the Policy period; and
  - b in respect of the Assured's interest in the insured Yacht; and
  - c out of the Yacht's operation by or on behalf of the Assured.

### 4. Who is covered

In addition to the Assured named in the Certificate of Entry, this insurance covers:

- i Affiliates of the Assured and guests in respect of liabilities, costs and expenses arising out of their use of the Yacht, its Tenders as defined, its Water Craft and its equipment;
- ii Liabilities incurred by Crew whilst acting within the scope of their contracts of employment as

crew members on board or in respect of the Yacht;

- iii Provided declared to, and accepted by the Managers, Charterers, other than bareboat charterers, in respect of liabilities, costs and expenses arising out of their charter and use of the Yacht, its Tenders, Water Craft, and its equipment, provided that the charter is on a fully crewed basis under the command of the Assured's professionally qualified Master;
- iv Where agreed to in writing by the Managers, any other party provided that such cover shall be limited to:
  - a liabilities and in the amount that would have been incurred by the Assured had a claim in respect of that liability been made against the Assured; and
  - b a maximum of US\$500,000,000 inclusive of all costs and expenses, any one occurrence, unless otherwise agreed in writing;
- v Should a claim in respect of an Assured named in the Certificate of Entry be made or enforced through an Affiliated, Associated or Subsidiary Company (or persons) of such Assured, the Club shall, if so requested by the Assured, indemnify such Company against any loss which as a consequence thereof such Company shall have incurred in that capacity;

*Provided always that:*

- a nothing herein contained shall be construed as extending to any amount which would not have been recoverable from the Club by the Assured had such claim been made or enforced against them; and
- b once the Club has made such indemnification it shall not be under any further liability and shall not make any further payment to any person or Company whatsoever, including the Assured, in respect of that claim; and

- c the conduct of any one party covered under this entry which is sufficient to bar that party's rights of recovery shall bar absolutely the rights of recovery of all parties covered hereunder;

in each case subject to the Policy Terms.

### 5. Joint Assureds

- i Where more than one Assured is named in the Certificate of Entry, each Joint Assured shall be:
  - a insured only for the risks set out in Part B arising out of operations and activities customarily carried out by or at the risk and responsibility of Yacht Owners and subject to these Policy Terms; and
  - b save for Charterers covered under Clause 4 iii, jointly and severally liable for premium and any other sums due to the Club.
- ii Where the conduct of one Joint Assured is sufficient to bar recovery under the Policy Terms, it shall bar recovery by all Joint Assureds.
- iii Payment of a claim to any one Joint Assured or any other party covered under Clause 4 shall discharge the Club's liability in respect of the claim paid.

- iv The total liability of the Club in respect of any one claim to the Assured and to any others covered under the Assured's entry, shall not, in any circumstances, exceed such sum as would have been recoverable from the Club by the Assured.
- v The Club shall not be liable for liabilities, costs and expenses arising out or in consequence of any dispute or difference between Joint Assureds or any others covered under the Assured's entry.
- vi Any notice given pursuant to this insurance to any one Assured shall be sufficient notice to all Assureds, and others insured hereunder.

### 6. Premium

This insurance is on a fixed premium basis. Unless otherwise agreed, the agreed premium shall be payable by the Assured on or prior to the inception of cover.

### 7. Period of Cover

This insurance shall commence at the time and on the date specified in the Certificate of Entry and, save where the Club has exercised rights to terminate this insurance or as otherwise provided in the Policy Terms, continue for the period specified in the Certificate of Entry.



# Part B

## Scope of Cover

### 8. Preamble

This insurance shall cover the liabilities, costs and expenses set out in Clauses i to xxix of this Part B:

- i Subject to the Policy Terms;
- ii Unless excluded or varied by the Certificate of Entry or any endorsement;
- iii In the case of liabilities, when such liability arises:
  - a by operation of law; or
  - b under the terms of an indemnity, undertaking or contract:
    - (i) which has been approved in writing by the Managers; or
    - (ii) under which the Assured assumes no greater liabilities than it would under:
      - (a) unamended standard terms of business which are customarily required to be agreed in order to use a port, marina, yacht club or shipyard facilities; or
      - (b) an unamended MYBA Charter Agreement (Revised 2017), or an unamended AYCA Recreational Bareboat Charter Agreement 2020 (subject to and conditional upon the inclusion of the AYCA Vessel Services Agreement 2020 under which the Crew employed by the charterer shall be the same Crew customarily employed by the Assured), or an unamended ECPY Transport and Services Agreement for Yachts 2020; or such other unamended standard form of contract as may be approved by the Managers.

## Covered Risks

### i Liability to Persons

Liability for damages or compensation, save for wages payable to Crew and Day Workers, in respect of personal injury, illness or death of:

- a Crew and Day Workers, and
- b other persons on board, and
- c any person to whom the Assured is so liable where that liability is caused by the operation of the Yacht.

### ii Medical Expenses

Liability for reasonably incurred hospital, medical and/or funeral expenses, including repatriation of remains, in relation to injury, illness or death of:

- a any person on board, other than Crew;
- b Crew but, unless otherwise agreed, only in excess of the amount for which Crew medical insurance is required to be provided under Clause 10 xii; and
- c any person to whom the Assured is so liable where that liability is caused by the operation of the Yacht.

### iii Repatriation and Crew substitute expenses

- a (i) Liability for repatriation expenses in respect of persons on board the Yacht consequent on:
  - (a) a casualty to the Yacht; or
  - (b) illness or injury to such persons; which necessitates such repatriation; and
- (ii) Repatriation expenses in any other case or expenses incurred in order to avoid repatriation which would otherwise have been necessary where the Managers in their discretion determine that such expenses have been necessarily and reasonably incurred.

- b Expenses necessarily incurred in sending abroad substitutes, or in securing, engaging, repatriating or deporting a substitute engaged abroad, to replace any Crew on board an entered Yacht who shall have died, or who shall have been disembarked due to injury, illness, or deserted, or in any other case in which the Managers determine that such expenses were reasonably incurred, save that wages shall only be recoverable as part of such expenses when payable to substitutes.

#### iv Crew Compensation

Wages or other compensation for loss of employment payable to Crew in consequence of the loss or constructive total loss of the Yacht.

#### v Deviation Expenses

Port and deviation expenses when solely incurred:

- a for the purpose of landing or disposing of stowaways, refugees or other persons rescued at sea; or
- b in order to secure the treatment necessary for an injured or sick person on board the Yacht; or
- c in attempting to save or saving life at sea; or
- d in order to search for, and/or recover, persons missing from the Yacht;

*Provided always that:*

- (i) such expenses have in the opinion of the Managers been reasonably incurred; and
- (ii) they have been incurred as a direct result of the deviation; and
- (iii) any savings in expenditure which would have been incurred by the Assured but for the deviation shall be deducted from the amount recoverable.

#### vi Loss of effects

Loss of or damage to baggage and effects of Crew excluding cash and valuables.

#### vii Deserters and Stowaways

Repatriation expenses in respect of crew posted as deserters, stowaways, refugees and persons rescued at sea provided reasonably incurred and, in the case of deserters, irrecoverable from them.

#### viii Life salvage

- a To the extent not recoverable under the Hull Policies of the Yacht, life salvage; and
- b In the Managers' discretion, costs and expenses claimed by third parties, for the saving of, or attempting to save, the life of any person on or from the Yacht.

#### ix Collision

Liabilities costs and expenses consequent upon collision between the Yacht and any other ship including the Assured's liability to indemnify the Owner of the other ship against, or to pay, liabilities, costs and/or expenses of and incidental to:

- a raising, removal, destruction, lighting or marking of the wreck of such other ship, its cargo or other property on board;
- b loss of, or damage to, or interference with rights in relation to any fixed or movable property, whether on or above, in or below land or water, caused by such other ship;
- c an actual or threatened escape or discharge of oil or any other substance (other than from the Yacht) save for that causing damage to the ship with which the Yacht is in collision or that causing damage to any property on board that ship;
- d remuneration payable under the P&I SCOPIC Clause or special compensation or increment awarded thereon under the provisions of Article 14 of the International Convention on Salvage 1989;

*Provided always that:*

if a claim arises under this Clause in respect of a collision involving the entered Yacht and another ship belonging wholly or partly

to the same beneficial Owner, the Assured shall be entitled to recover from the Club, and the Club shall have the same rights, as if the Yacht and the other ship had belonged to different Owners.

Excluding liabilities for physical damage and consequential loss, costs and expenses arising out of collision with independently registered Tenders and/or Underwater Crafts associated with the entered vessel.

#### **x Pollution**

Liability for and costs and expenses caused by or consequent on the escape or discharge, actual or threatened, of oil or any other substance from the Yacht as follows:

- a Liability for loss, damage or contamination;
- b Costs of any measures reasonably taken for the purpose of minimising or cleaning up any pollution, avoiding or preventing any imminent danger of pollution, or any resulting loss, damage or contamination, together with any liability for loss of or damage to property caused by any measures so taken;
- c Liabilities, costs or expenses following a casualty to the Yacht incurred as a result of compliance with the order or direction of any government or authority made in consequence of such casualty (other than in respect of repair or salvage of, or permanent structural alteration to, the Yacht) for the purposes of avoiding or minimising pollution or the danger of pollution;
- d Liability for special compensation and any increment awarded thereon payable to salvors incurred by the Assured under the terms of the P&I SCOPIC Clause or under the provisions of Article 14 of the International Convention on Salvage 1989 or under the terms of a standard form of salvage contract approved by the Managers.

*Provided always that:*

such liabilities, costs or expenses are not recoverable, unless consequent on the conduct of the Assured, under the Hull Policies of the Yacht.

#### **xi Damage to Fixed and Floating Objects and Other Vessels Without Collision**

Liability for loss of, or damage to, or interference with rights in relation to any other ship or property therein occasioned otherwise than by collision with the Yacht, or any fixed or other property whether

on or above, in or below land or water, and whether or not on board the entered Yacht, except:

- a if owned by or leased to the Assured; or
- b if otherwise excluded under the Policy Terms; or
- c to the extent recoverable under i, ii, iii, iv, v, vi, ix, x, xii or xiii of this Clause or would have been so recoverable but for the exclusions or conditions contained therein.

#### **xii Towing**

- a Liabilities of the Assured other than for the cost of the tow, arising from and/or in respect of towage of the Yacht:
  - (i) Provided that there shall be no recovery in respect of liabilities, costs or expenses incurred under or pursuant to the terms of a contract for towage of the Yacht unless that contract is entered into for the purpose of entering, leaving or manoeuvring within a port; or
  - (ii) In an emergency.
- b Liabilities of the Assured arising from and/or in respect of towage by the Yacht insofar as:
  - (i) The towage or attempt thereat is made for the purpose of saving or attempting to save life or property at sea, provided that such tow by the Yacht is either terminated or handed over by the Yacht to a more appropriate towing vessel as soon as reasonably possible; or
  - (ii) The towage is of the Yacht's Tenders or Water Craft, subject to such towage being conducted:
    - (a) with suitable equipment; and
    - (b) in appropriate conditions.

#### **xiii Wreck Removal**

- a Costs and expenses of or incidental to or liabilities arising out of the actual, or attempted, raising, removal, destruction, lighting or marking of the wreck of the Yacht including any part thereof;
- b Liabilities arising out of the presence or involuntary shifting of, or obstruction caused by, the wreck of the Yacht, including any part thereof or other property carried thereon.

*Provided always that:*

- (i) in the case of 8 xiii a, such raising, removal, destruction, lighting or marking is compulsory by law, or the costs thereof are legally recoverable from the Assured; and
- (ii) in the case of 8 xiii b unless the Managers otherwise determine, there shall be no recovery in respect of liabilities resulting from the failure of the Assured to take such measures as are reasonable to raise, remove, destroy, light or mark the wreck; and
- (iii) the occurrence giving rise to the claim occurred during the period of the Yacht's entry; and
- (iv) such costs and expenses are not covered by any other insurances; and
- (v) the Assured does not transfer its ownership of the wreck or other property saved otherwise than by abandonment to underwriters; and
- (vi) the value of the wreck and any other property saved shall be deducted from the claim; and
- (vii) there shall be no recovery in respect of any liability incurred more than two years after the Yacht became a wreck.

#### **xiv Quarantine Expenses**

Extraordinary expenses solely consequent on the outbreak of infectious or contagious disease on the Yacht or in respect of quarantine.

#### **xv Fines**

Fines for which the Assured is liable or for which the Assured, with the approval of the Managers, assumes responsibility, imposed in respect of the Yacht by any court, tribunal or authority of competent jurisdiction for:

- a breach of any law or regulation relating to immigration;
- b accidental escape or discharge of oil or any other substance or the threat thereof;
- c smuggling or any infringement of any customs law or customs regulation other than in respect of VAT;
- d any other matter, only in the absolute discretion of the Managers.

#### **xvi Enquiry Costs**

Costs and expenses incurred by the Assured in defending itself or protecting its interests before

a formal enquiry into the loss of or a casualty to the Yacht in cases which, in the opinion of the Managers, may affect any claim upon the Club arising out of such loss or casualty.

#### **xvii Legal Costs**

Costs and expenses including legal costs which the Assured may incur with the consent of the Managers of the Club in respect of any liability or expenditure against which it is insured by the Club.

#### **xviii Sue and Labour**

Extraordinary costs and expenses reasonably incurred upon or after any casualty, occurrence or event which is likely to give rise to a claim covered by the Club, solely for the purpose of avoiding or minimising any liability or expenditure arising out of such claim.

#### **xix Compliance Costs**

Costs, expenses and losses which the Assured may incur in complying with a written direction of the Club.

#### **xx Water Sports**

Liabilities arising out of the participation by Affiliates of the Assured, Crew, guests or other third parties in water sports, either from the Yacht or its Tenders or its Water Craft or elsewhere whilst using the Yacht's equipment provided that such equipment is being operated by or its use supervised by a Crew member who is both adequately qualified (where it is a flag state and/or a legal requirement where the Yacht is situated to be so qualified), and is also adequately experienced in the operation of such equipment.

#### **xxi Under-insured third parties**

Medical costs or expenses arising from personal injury to the Crew, Day Workers or guests on board when the responsible third party is uninsured or under-insured in consequence of which such costs or expenses are irrecoverable from it, or any other party associated with it, including its insurers, or in the case of Crew claims, irrecoverable under the Crew medical insurance, to extent irrecoverable.

#### **xxii Helicopters and other Airborne Craft**

Liabilities arising as a result of the presence of a helicopter or other airborne craft owned or chartered by the Assured whilst on board the Yacht commencing from the moment when all its rotors have ceased to turn until the moment when any of its rotors have begun to turn. This insurance does

not cover any liability for loss of or damage to any helicopter or airborne craft of any nature whatsoever.

### **xxiii War Risks**

Liabilities arising from, and costs and expenses caused by:

- a war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom or any hostile act by or against a belligerent power or any act of terrorism;
- b capture, seizure, arrest, restraint or detention (barratry or piracy excepted), whether actual or attempted or their consequences;
- c mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war;

*Provided always that:*

- (i) cover under this Clause xxiii shall not be effective, if prior to the attachment of risk, there has occurred any event which would have automatically terminated cover under the provisions of this Clause;
- (ii) there shall be no cover under this Clause xxiii:
  - (a) For Nuclear, Chemical, Bio Chemical, and Electromagnetic Weapon Risks or Cyber Risks;
  - (b) Where the Yacht is requisitioned for title or use
- (iii) cover under this Clause xxiii may be cancelled by the Club giving the Assured 7 days written notice;
- (iv) in the event of outbreak of war, whether declared or not, between any of the United Kingdom, the United States of America, the People's Republic of China, France or the Russian Federation:
  - (a) Cover under this Clause xxiii shall cease automatically and without notice; and
  - (b) Any liabilities, costs and expenses so arising shall be excluded.

### **xxiv Pre-delivery Crew**

Only where agreed by endorsement on the Certificate of Entry, where the Assured:

- a contracts for the construction of a Yacht; or
- b purchases a Yacht; and prior to delivery Crew are situated at the yard or place at which

construction or outfitting is taking place or on board, liabilities, costs and expenses covered under this Part B for:

- (i) claims by; and
  - (ii) acts or omissions of;
- such crew.

### **xxv Transportation Risks**

Where the Yacht is transported by a heavy lift vessel between ports of loading and discharge, the liabilities, cost and expenses covered under this Part B, during such carriage, subject always to the Policy Terms.

### **xxvi Firearms**

Liabilities arising from the use of weapons on board for sporting purposes provided carried, stored and used in compliance with all applicable laws and regulations.

### **xxvii Piracy**

Liabilities covered under this Part B consequent on acts of piracy, including capture, seizure, detention, whether actual or attempted or the consequences.

### **xxviii Maritime Labour Convention 2006 liabilities**

Where a certificate of financial responsibility has been issued by the Club in accordance with the Maritime Labour Convention 2006 as amended ("MLC 2006"), or equivalent statutory provisions implementing MLC 2006, in respect of:

- (i) Outstanding wages and repatriation expenses under Regulation 2.5, Standard A.2.5 and Guideline B.2.5 thereof, and/or
- (ii) Compensation of a seafarer for death or long-term disability under Regulation 4.2, Standard A.4.2 and Guideline B.4.2 thereof;

the terms of the "Maritime Labour Convention Extension Clause 2016 – Yacht Terms", as set out below, shall apply.

#### **NOTE – Maritime Labour Convention Extension Clause 2016 – Yacht Terms**

1. Subject only to the other provisions of this MLC Extension ("the Extension"), the Club shall discharge and pay on the Assured's 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 2.5.2, Standard A2.5.2 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 A4.2.1 and Guideline B4.2.
2. The Assured shall reimburse the Club in full:
- (a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Clause 8 iii a; and
  - (b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Clause 8 i.
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. The Club 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 the part of the Assured or the Assured's 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. (a) The Extension may be cancelled in respect of War Risks by the Club on 30 days' notice to the Assured (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).
- (b) Whether or not such notice of cancellation has been given the Extension 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.
- (c) The Extension 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 Extension shall be subject to Clauses 20 and 8 xxiii.
7. Without prejudice to paragraph 5, cover under the Extension 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 A4.2.1.12.
8. Any dispute arising out of or in connection with the Extension shall be resolved in accordance with Clause 21.
9. For the purpose of the Extension: "Assured" means any insured party who is liable for the payment of calls, contributions, premium or other sums due under the terms of entry
- "Seafarer" shall have the same meaning as in MLC 2006.
- "War Risks" means the risks set out in Clause 8 xxiii.
- xxix Omnibus**
- Liabilities, costs and expenses incidental to the owning or operating of Yachts which the Managers may decide, in their absolute discretion, to be within the scope of this insurance.

# Part C

## 9. Exclusions

Unless otherwise agreed by endorsement of the Certificate of Entry, there shall be no coverage under this insurance for any liabilities, costs and expenses in respect of:

- i Any amount in excess of the amount for which the Yacht is entitled to limit its liability or would have been but for the conduct of the Assured;
- ii Liabilities, costs or expenses against which the Assured would be insured under the Hull Policies of the Yacht effected on customary terms, with P and I excluded, and fully insured under Part F.
- iii Nuclear risks liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Assured or on the part of the Assured's servants or agents) when the loss or damage, injury, illness, or death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from:
  - a. ionising radiations from, or contamination by radioactivity from, any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
  - b. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
  - c. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
  - d. the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

*Provided always that:*

the exclusion in this sub-Clause does not exclude liabilities, costs and expenses arising out of the carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) being carried as cargo on an entered vessel.

Note: The Nuclear Installations Regulations reflect the provisions of the OECD Paris Convention on Carriage of Nuclear Material. "Excepted matter" is nuclear matter consisting only of one or more of the following:

- (i) Isotopes prepared for use for industrial, commercial, agricultural, medical or scientific purposes;
- (ii) Natural uranium;
- (iii) Depleted uranium;
- (iv) Small quantities of nuclear matter as prescribed.
- iv Liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Assured or on the part of the Assured's servants or agents) when the loss or damage, injury, illness, or death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from any chemical, biological, bio-chemical or electromagnetic weapon.
  - v a loss of or damage to the Yacht, its equipment, stores and anything on board owned by or leased to the Assured;
  - b repair costs;
  - c loss of charter hire, or arising out of cancellation of a charterparty;

- d salvage;
- e bad debts;
- f loss or liability arising out of fraud or insolvency of the Assured or its agents;
- g detention of the Yacht;

unless and only to the extent provided for in Part B Clauses 8 viii, xviii, xix, xxiii b and xxvii.

- vi Any liability, loss, claim or expense which is and to the extent covered by any other insurance or would be covered but for a provision in that other insurance that such insurance will not respond in the event of double insurance, or be in excess of any other insurance.
- vii The consequences of the carriage of contraband.
- viii Performing or agreeing to perform any voyage which in any way howsoever exposes the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation.
- ix Performing any voyage which would involve entering, navigating or remaining in the areas identified as the International Navigating Limits (INL) by the Institute of Chartered Underwriters in London from time to time, or which in the opinion of the Managers is imprudent, unsafe, unduly hazardous or improper.
- x Corrupt or illegal payments or inducements.
- xi Any claim resulting from the Assured's failure to act as a prudent uninsured, or the Assured's wilful misconduct.
- xii Failure to maintain the Yacht in Class or report promptly any matter to Class which might cause Class to make recommendations or take other action, if Classed, or, unless its non-application

is agreed by endorsement of the Certificate of Entry, in compliance with the applicable Red Ensign Group Yacht Code.

- xiii Failure to comply with any statutory requirements applicable to the fitment, equipment, manning, security of, or maintain valid certificates required by, the Yacht.
- xiv Racing, unless, only in the case of sailing yachts, agreed by the Managers in writing.
- xv Commercial diving or, unless agreed in writing, the use of Underwater Craft.
- xvi Deductibles under other insurance policies.
- xvii Personal effects other than of Crew.
- xviii Kidnap and Ransom payments.
- xix Save as otherwise provided under these Terms, a bareboat charter.
- xx Disposal or discharge at, presence in or escape from, whether actual or threatened, any shore based facility of any substance previously on board the Yacht.
- xxi Unpaid or disputed wages, unless and only to the extent provided for in Part B Clauses 8 iv and xxviii.
- xxii Liabilities, costs or expenses arising under any statute regulating the use or insurance of road vehicles.
- xxiii Claims arising out of disputes with, or between, persons on board the Yacht which do not arise from its ownership or operation.
- xxiv Liability assumed by the Assured under any contract or agreement, unless approved by the Managers and endorsed on the Certificate of Entry, or otherwise meeting the conditions set out in Clause 8 Preamble iii b.

## xxv Cyber Exclusion

- a. Liabilities, costs and expenses directly or indirectly caused or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.
- b. This exclusion shall not operate to exclude liabilities, costs and expenses which would otherwise be recoverable hereunder (but only to the extent that the Assured is insured in respect of such liabilities, costs and expenses under any other Clause or the terms of entry agreed) arising from:
  - (i) the use or operation of any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.
  - (ii) 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.

## xxvi Public Health Emergency Exclusion

This clause shall be paramount and shall override any other provision(s) in the terms of entry inconsistent therewith.

1. In the event that the World Health Organization ('WHO') has determined an outbreak of a Communicable Disease to be a Public Health Emergency of International Concern (a 'Declared Communicable Disease'), no coverage will be provided under this insurance for any loss, damage, liability, cost or expense directly arising from any transmission or alleged transmission of the Declared Communicable Disease.
2. The exclusion in paragraph 1 above will not apply to any liability of the Assured otherwise covered by this insurance where the liability directly arises from an identified instance of a transmission of a Declared Communicable Disease and where the Assured proves that identified

instance of a transmission took place before the date of determination by the WHO of the Declared Communicable Disease.

3. However even if the requirements of paragraph 2 above are met, no coverage will be provided under this insurance for any:
  - a. liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for the Declared Communicable Disease whether the measures are preventative or remedial;
  - b. liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of the Declared Communicable Disease;
  - c. loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the Declared Communicable Disease.
4. As used in this exclusion, Communicable Disease means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism to another organism where:
  - a. the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not, and
  - b. the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, transmission to or from or via any solid object or surface or liquid or gas, and
  - c. the disease, substance or agent may, acting alone or in conjunction with other co-morbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind.

5. This exclusion shall not extend this insurance to cover any liability which would not have been covered under this insurance had this exclusion not been included.

This exclusion shall not apply in relation to liabilities not exceeding US\$10 million in total any one accident or occurrence.

xxvii Coronavirus Exclusion

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

This insurance excludes coverage for:

1. any loss, damage, liability, cost, or expense directly arising from the transmission or alleged transmission of:
  - a. Coronavirus disease (COVID-19);
  - b. Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or
  - c. any mutation or variation of SARS-CoV-2;or from any fear or threat of a), b) or c) above;
2. any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a), b) or c) above;
3. any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a), b) or c) above or the fear or the threat thereof.

All other terms, conditions and limitations of the insurance remain the same.

This exclusion shall not apply in relation to liabilities not exceeding US\$10 million in total any one accident or occurrence.

xxviii Russia – Ukraine Conflict P&I War Risks Exclusion

Save and to the extent otherwise agreed in writing by the Managers, where cover hereunder includes War Risks in accordance with Part B Clause 8 of the Yacht Liability Terms and Conditions, the following terms shall apply.

1. Exclusion of War Risks

Cover provided under Clause 8 xxiii in respect of War Risks shall exclude all loss, damage, liability, cost or expense:

- a. caused by or arising from or in connection with any Russia – Ukraine conflict and/or any expansion of such conflict; or
- b. in any area or territory or territorial waters where Russian armed forces, Russian-backed forces, and/or Russian authorities, are engaged in conflict within the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova.
- c. arising from capture, seizure, arrest, detainment, confiscation, nationalisation, expropriation, deprivation or requisition for title or use, or the restraint of movement of vessels and cargo in the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula, and the Republic of Moldova.

The terms of Clause 8 xxiii (iii) and (iv) are amended to provide as follows:

2. Notice of Cancellation (“Notice”)

Where this policy insures liability, loss, damage, cost, or expense caused by, arising out of or in any way connected with one or more of the following risks:

- 2.1 war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power or any act of terrorism, (In the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of the Directors shall be final);
- 2.2 capture, seizure, arrest, restraint, or detainment, and the consequences thereof or any attempt thereat;

2.3 mines including derelict mines, torpedoes, bombs, rockets, shells, explosives, or other similar weapons of war including derelict weapons of war, including those liabilities, costs or expenses which arise solely by reason of:

- (a) the transport of any such weapons whether on board the Entered Ship or not, or
- (b) the use of any such weapons either as a result of Government order or through compliance with a written direction given by the Managers or Directors where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover of the Club;

2.4 strikes, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions;

2.5 terrorism, or any person acting maliciously or from a political motive;

2.6 confiscation, nationalisation, expropriation, deprivation, or requisition;

this policy may be cancelled in respect of these risks only by the Club giving 72 hours' notice of cancellation (hereinafter "Notice"), with Notice of cancellation being effective from midnight Greenwich Mean Time on the day Notice is given by the Association.

The Club may subsequently agree to reinstate cover, if required, at terms to be agreed in writing by the Club. Any reinstatement of cover shall occur at a time to be agreed by the Club.

### 3. Automatic Termination

3.1 Whether or not the notice of cancellation described in clause 2 above has been given, this insurance shall TERMINATE AUTOMATICALLY and without notice:

3.1.1 upon the occurrence of any hostile detonation of any nuclear weapon of war, wheresoever or whensoever such detonation may occur, and/or

3.1.2 upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United Kingdom, United States of America, the People's Republic of China, France, or the Russian Federation.

3.1.3 any liability, loss, damage, cost, or expense so arising shall be excluded.

The terms of this Exclusion clause shall apply to any and all ancillary covers provided under the terms of this policy insofar as losses, damages, liabilities, costs and expenses excluded hereunder.





# Part D

## Assured's Obligations

### 10. Disclosure

- i The Assured warrants that when it:
  - a applies for insurance;
  - b renews that insurance; and
  - c negotiates any change to the insurance;

it shall make to the Club a fair presentation of the risk in compliance with Part 2 of the English Insurance Act 2015 including disclosure:

- a of every material circumstance which the Assured knows or ought to know; or
- b providing sufficient information to place the Club on notice of the need to make further enquiry for the purposes of revealing those circumstances; and
- c in which every material representation as to a matter of fact is substantially correct, and every representation as to a matter of expectation or belief is made in good faith;

save that Section 8 of the Act shall have no application and Clause 13 iii shall apply irrespective of whether any breach of the duty of fair presentation is innocent, deliberate or reckless.

- ii The Assured shall immediately disclose to the Club any material change in any material particulars and information or any material alteration in the risk.

### iii Payment of Premium

The Assured will pay all premium and any other sums due to the Club on or before the agreed due date in the currency of account agreed without deduction or set off.

### iv Premium and other Taxes

The Assured shall pay on demand to the Club the amount of any premium tax or other tax levied on or in connection with the insurance provided

by the Club to the Assured for which the Club determines it or the Assured has or may become liable, and shall indemnify and hold harmless the Club in respect of any loss, damage, liability, cost or expense which the Club may incur in respect of such premium tax or other tax.

### v Pay to be paid

The insurance provided under these Policy Terms is on an indemnity basis. Unless the Managers otherwise agree, it shall be a condition precedent of the Assured's right to recover from the Club in respect of any liability, costs or expenses that the Assured shall first have paid the same.

### vi Illegality

The Assured, to the extent that it is within its knowledge and control, shall not permit the Yacht to be used for any illegal purpose during the period of this insurance.

### vii Manning, Class and Code Compliance

Unless otherwise agreed by endorsement of the Certificate of Entry, the Yacht shall at all times be manned by suitably qualified Crew, and be maintained:

- a in Class with an IACS Classification Society; or
- b in compliance with the applicable Red Ensign Group Yacht Code; and comply at all times with the requirements of:
  - (i) the International Safety Management Code (ISM); and
  - (ii) the International Ship and Port Facility Security Code (ISPS);

insofar as applicable to the Yacht.

### viii Survey

On request of the Managers, the Assured shall make the Yacht available for inspection and survey as soon as reasonably practicable, including any

documentation whether on board or not relating to the operation or condition of the Yacht as is requested.

Where the condition of the Yacht as surveyed in the opinion of the Managers so requires, the Managers may require repairs to be carried out within a time specified by them.

#### **ix Notice of Claims**

- a In the event of an occurrence likely to lead to a claim on this insurance notice must be given of that occurrence to the Managers as soon as the Assured, its agents or the Crew is or ought reasonably to be, aware of that occurrence. Such notice shall include:
- (i) the name of Yacht;
  - (ii) the nature of the incident;
  - (iii) the names of any other parties involved, including governmental authorities investigating or to whom the incident has been reported.
- b Without prejudice to the Assured's obligation under Clause 10 ix a, the Club shall be under no liability whatsoever where a claim, liability or expense is notified later than 12 months after the Assured becomes or ought reasonably to have become aware of its existence.

#### **x Protection of rights of recourse**

Where the Assured may have a right of recourse in respect of a claim against any other party, including its agents or independent contractors, the Assured shall notify the Managers as soon as it becomes aware that such right may be available, take any steps as may be necessary to preserve the same whether requested or not and comply with any directions given by the Managers in respect thereof.

#### **xi Claims Handling**

The Assured shall permit the Club to investigate and/or handle any incident or matter which will

or may result in a claim insured by the Club. Irrespective of whether a claim is handled by the Club, the Assured will co-operate fully in the handling of such a claim and, in particular:

- a obtain the Club's prior approval before instructing lawyers, experts or other third party provider of services;
- b keep the Club fully informed as to the matter and instruct any lawyers or other professionals to do the same;
- c take all reasonable steps to collect and preserve evidence, and provide information or documentation promptly when requested;
- d use its best endeavours to make witnesses available to be interviewed, provide statements or to give evidence;
- e comply with any direction of the Managers as to the initiation of proceedings, handling, settlement or discontinuance of any claim.
- f no claim shall be abandoned, settled or discontinued nor any liability admitted nor any other material step taken whatsoever which may affect any claim upon the Club by or on behalf of the Assured without the prior consent in writing of the Managers.

#### **xii Medical Insurance**

Unless otherwise agreed, the Assured shall maintain medical insurance for each member of the Yacht's Crew, including the Master, with a minimum Policy limit of US\$50,000 any one occurrence throughout the period of this insurance.

#### **xiii Hull Insurance**

Unless otherwise agreed, the Assured shall maintain Hull and Machinery insurance for the entered Yacht on customary terms, including as to the amount of the deductible, with P and I excluded, throughout the period of this insurance.

# Part E

## General Conditions

Unless otherwise agreed, all cover under this insurance shall be subject to the following General Conditions:

### 11. Limits

Unless subject to an express policy limit set out elsewhere in the Policy Terms, all claims for liabilities, costs and expenses under this insurance shall bear a limit in aggregate of US\$500,000,000 any one claim or occurrence.

### 12. Deductibles

- i The deductibles provided in the Certificate of Entry shall apply to this insurance;
- ii Any liabilities, costs or expenses recoverable under Part B up to the policy limit shall be reduced by the amount of such deductible(s).

### 13. Termination of Insurance

This insurance shall terminate on the happening of any of the following events:

#### i Automatic termination

- a In the case of the beneficial Owner or an individual Assured becoming deceased, bankrupt, subject of a receiving order, or making any arrangements with their creditors or becoming incapable of conducting his affairs;
- b If the Assured is wound up, dissolved or placed in receivership or seeks protection from its creditors;
- c If the ownership of the Yacht is legally transferred, unless the beneficial ownership of the transferor and transferee is the same;

- d If, without the Managers' prior written consent, the Assured parts with or transfers the entire control or possession of the Yacht by demise charter or otherwise;
- e If the Yacht becomes an actual or constructive total loss or is accepted or acknowledged by Hull Underwriters as being a constructive or compromised total loss;
- f 10 days from the date of the Yacht being last heard of;
- g If a creditor takes uncontested possession of the Yacht pursuant to any security interest therein.
- h If the management of the Yacht is changed and unless within seven days of being given written notice of such change of management which shall be given forthwith, the Managers consent in writing to such change.

#### ii By reason of an act or omission of the Assured

- a If the Assured fails to pay when due and demanded by the Managers any amounts due from it to the Club, the Managers shall be entitled in their absolute discretion either:
  - (i) By notice in writing, to terminate the insurance of the Yacht in respect of any policy year to which the Assured's default relates with effect from the beginning of that policy year in which event the Club shall:
  - (a) Return to the Assured any premium paid for that policy year after deduction of any sums already paid by the Club and of any sums for which the Club is or thereafter may become liable in respect of the Yacht for that year;

*Provided always that:*

If the total amount of the sums already paid and/or which may become payable to the Club exceeds any premium paid for that policy year, the Assured shall be and remain liable for the difference.

- (b) Not be liable for claims in respect of the Yacht arising by virtue of events occurring in any policy year to which the termination of entry relates.
- (ii) By notice in writing, to terminate the insurance with the Club of the Yacht in respect of the policy year to which the Assured's default relates, with effect from the date given in such notice which shall be in the Managers' absolute discretion in which event the Club:
  - (a) Shall be entitled to that proportion of all premiums as the actual period of insurance in respect of the Yacht bears to the policy year;
  - (b) Not be liable in respect of claims in relation to the Yacht arising by virtue of any event in the policy year to which the Assured's default relates occurring after the date of termination.

**iii By notice given by the Managers**

a Where:

- (i) the Assured has failed to comply with the obligations set out in Clause 10 i and ii;
- (ii) in the opinion of the Managers, there has been a material alteration of risk;
- (iii) the Yacht ceases to be Classed, if Classed, or ceases to comply with the applicable Red Ensign Group Yacht Code unless not required to do so under the terms of the Certificate of Entry;

- (iv) the Yacht fails to comply with the statutory requirements of the Flag State or no longer possesses valid statutory certificates;
- (v) the Assured fails to make the Yacht available for survey when requested by the Managers;
- (vi) the Assured fails to comply, in the opinion of the Managers, with recommendations for repair within the time specified;
- (vii) the condition of the Yacht as surveyed in the opinion of the Managers so requires;

the Managers may terminate the insurance of the Yacht by written notice forthwith or from a time and date specified in such notice or, in the Managers' absolute discretion:

- (a) determine that there shall be no right to recover claims during the period in which the Yacht ceases to be classed or the Yacht or the Assured is non-compliant or the Yacht's condition so requires;
- (b) exclude cover for claims arising out of or contributed to by such non-compliance or condition or reduce recovery to the extent of such contribution;
- (c) vary the terms and conditions of this insurance whether as to premium and/or the exclusion or limitation of covered risks save that where the Assured does not accept such variation, it may terminate this insurance by notice in writing to the Managers given within 7 days of being notified of the variation.

b The Managers may by 30 days' notice in writing to the Assured at any time terminate the insurance of the Yacht.

#### 14. Deduction, Set-Off, Interest and Costs

- i The Club shall have the right to deduct from any monies whatsoever that are due from, or credited to, it for the account of the Assured, any premiums, deductibles or liabilities whatsoever and howsoever arising due from the Assured to the Club, including any liability, costs or expense which the Club may incur in respect of any premium tax or other tax levied on or in connection with the insurance provided by the Club to the Assured. Further in their absolute discretion the Managers may deduct from any monies, such amounts as they estimate will become due from the Assured in respect of premium.
- ii The Assured shall not be entitled to set off claims or other amounts due from the Club or from third parties against any premium or other sums due from it to the Club.
- iii Without prejudice to the rights and remedies of the Club under the Policy Terms, if any premium or other sum due from the Assured to the Club is not paid on or before the due date:
  - a the Assured shall pay interest on the amount outstanding; and
  - b if the Club brings legal proceedings to recover and/or to secure recovery of such sums, the Assured shall pay the costs incurred by the Club of and/or consequent upon, such legal proceedings.
- iv Where a recovery is paid to an Assured and/or paid directly to a third party, in respect of a liability for which the Assured is subsequently exonerated whether on appeal or otherwise, or where payment is made by the Club pursuant to any bail, guarantee, certificate or security of whatsoever provided by the Club and the Assured recovers such payment, the Assured shall be liable to reimburse the Club in respect of the amount originally paid plus interest on that amount from when the payment was made to the date that the repayment is received by the Club.

#### 15. Assignment

Save with the Club's prior consent in writing, no assignment or subrogation whatsoever and howsoever arising of any interest under these Policy Terms shall bind the Club to any extent whatsoever.

#### 16. Subrogation

Where the Club makes payment to the Assured in accordance with the Assured's rights under these Policy Terms, or pursuant to security provided on behalf of the Assured, and the Assured has rights against any other party, the Club shall be subrogated to such rights to the extent of such payment.

#### 17. Provision of Security

- i The Club is under no obligation to provide security, including any guarantee, undertaking or certificate evidencing financial or other responsibility, or security for costs on behalf of the Assured.
- ii If the Club does provide security then at any time whilst that security is outstanding, it may:
  - a require the Assured forthwith to provide alternative security in substitution for that provided by the Club, if acceptable to the Claimant, or place a cash deposit or provide counter-security acceptable to the Club, equivalent to the security provided; or
  - b withhold any payments due from the Club to the Assured up to the amount of the Club's exposure under the security provided until the Club's liability under that security has been determined.
- iii The provision of security by the Club does not constitute any admission of liability by the Club for the claim in respect of which the security is given, or that any payment made thereunder falls within the scope of this insurance.
- iv Insofar as the Club makes payment under any security, the amount of which would not be recoverable from the Club but for its provision of security, the Assured shall indemnify the Club.

#### 18. Waiver

No action taken by the Club shall prevent its subsequent reliance on the Policy Terms or constitute a waiver of the Club's rights to decline liability for a claim.

#### 19. Interest

No interest shall be paid on any amounts due from the Club to the Assured.

## 20. Sanctions and Reinsurance

### i. Where:

- (a) the provision of insurance to the Assured or any other entity insured under that Assured's entry or of any Yacht or any voyage or carriage is or becomes prohibited, unlawful or sanctionable; or
- (b) the ownership, management, operation, charter and/or employment of a Yacht may howsoever expose the Assured entering such Yacht and/or the Club and/or any other Assured of the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action of whatsoever nature by any state or international organisation;

the insurance by the Club of that Assured or entity or Yacht or voyage or carriage shall cease from the date when such insurance or ownership, management, operation, charter and/or employment becomes prohibited, unlawful or sanctionable, or in the opinion of the Managers the risk thereof arises.

When the risk of any such sanction, prohibition or adverse action ceases, insurance by the Club may be reinstated on such terms and conditions and from such date and time as the Managers determine in their discretion.

- ii. No claims, liabilities, costs or expenses shall be paid or recoverable from the Club where such payment or recovery is prohibited or would constitute a sanctionable activity or in the opinion of the Managers may expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action other than, where permitted, payment into a designated account in which event the Club's liability shall be discharged by and to the extent of such payment.
- iii. In the event of cesser of insurance of an Assured or of a Yacht pursuant to this Clause, the Assured shall remain liable for premium and any other sums due, and such cesser shall be without prejudice to any other rights available to the Club under these Terms and/ or otherwise.
- iv. To the extent that the cover provided hereunder is reinsured by the Club:
  - (i) the Assured shall only be entitled to recover from the Club the net amount actually recovered under such reinsurance.

- (ii) the Club shall have no liability in respect of liabilities, costs and expenses to the extent that such liabilities, costs and expenses are not recovered under such reinsurance because the provision of cover, the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the reinsurers thereunder to any sanction, prohibition or restriction under the United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America. If the Club has indemnified the Assured and there is subsequently a shortfall in recovery from such reinsurers by reason of a sanction, prohibition or adverse action against them by an State or International Organisation or the risk thereof if the payment were to be made by such reinsurers the Assured shall repay to the Club on demand the amount of any shortfall as certified by the Managers.

## 21. Law and Dispute Resolution

- i This insurance shall be governed by, and construed in accordance with, English law,

*provided always that:*

- a The sections of the English Insurance Act 2015 as set out in Clauses 10i and 21ii shall not apply, and
- b no benefits or rights are conferred or intended to be conferred, under or through the operation of the Contract (Rights of Third Parties) Act 1999.
- ii Exclusion of Insurance Act 2015

To the extent that these Terms and Conditions and any Certificate of Entry or other policy document issued hereunder are subject to the English Insurance Act 2015, from its entry into force, the following Sections shall be excluded and have no application save to the extent provided in the case of Section 13A of the Act with the effects as set out in sub-paragraphs a-e below:

Excluded Provisions – Effect

- a Section 10 – All warranties must be strictly complied with and in the event of breach, the Club's liability is discharged from such date irrespective of whether such breach is subsequently remedied.

- b Section 11 – The Club shall be entitled to exercise any rights provided in the Policy Terms arising in consequence of the Assured's non-compliance with the Policy Terms tending to reduce the risk of loss of a particular kind, or at a particular location or time. The Club shall be so entitled notwithstanding that such non-compliance could not have increased the risk for the loss which actually occurred in the circumstances in which it occurred.
  - c Section 13 – In the event that a fraudulent claim is made by any party insured hereunder the Club shall be entitled to terminate the policy in respect of all parties insured pursuant to that entry or any of them as the Managers do decide in their absolute discretion.
  - d Section 13A – No claim shall be brought against the Club for breach of the implied term that the Club will pay to the Assured any sums due in respect of a claim within a reasonable time save where or to the extent that any breach is deliberate or reckless.
  - e Section 14 – The contract evidenced by the Policy Terms requires the Assured and the Club to observe the duty of utmost good faith and non-observance by one party shall entitle the other to avoid the policy.
- iii Any difference or dispute whatsoever and howsoever arising between or affecting the Assured and the Club and concerning the insurance shall be subject to arbitration in London unless the Club elects for the jurisdiction of the Commercial Court in London. In the absence of such election, unless the Managers agree in writing to the appointment by the Club and the Assured jointly of a sole arbitrator, the Tribunal shall consist of three arbitrators who shall be Queen's Counsel currently in practice at the Commercial Bar in London, one to be appointed by each party, the third by the two so chosen. The Arbitration Act 1996 shall apply.





# Part F

## Legal Expenses Cover

### 22. Nature

Where the Assured is insured for Legal Expenses Cover on the terms and conditions set out in this Part F and the Assured's Certificate of Entry, such cover is provided:

- i To:
  - a the Assured(s) named in the Certificate of Entry; and
  - b where agreed in writing by the Managers, Charterers; and
- ii In respect of:
  - a the costs and assistance in Clause 23.
  - b events occurring during the period(s) in Clause 24.
  - c the categories of dispute in Clause 25.

in connection with the operation of the Yacht by or on behalf of the Assured, or contracts for, or ancillary to, its sale, modification, refit or repair, to which the Assured is a party.

### 23. Extent

Subject to this Part F and the Certificate of Entry the costs and expenses which may be recoverable and assistance to which the Assured may be entitled are:

- i the costs of obtaining advice as to and/or investigating the merits of;
- ii the costs of prosecuting, defending or resolving claims whether by legal proceedings, arbitration or alternative dispute resolution, including the costs for which the Assured may become liable to pay other parties, including interest thereon, in relation to;

- iii advice from the Managers in respect of; disputes or matters falling within the categories set out in Clause 25.

### 24. Period of Cover

- i Cover under this Part F is for claims or disputes in respect of the Yacht, arising out of events occurring during the period of insurance, save that claims or disputes arising out of or consequent upon contracts for the sale, modification, refit or repair of the Yacht, or guarantees or other securities given in connection therewith, shall only be covered if the Yacht was entered at the date when that contract was made or, if the dispute relates to its formation, the earliest date on which it is alleged by any party that the contract was formed.
- ii Claims shall be deemed to arise:
  - a if arising out of contract or in tort or under statute when the cause of action accrues save that claims arising out of, or in connection with, contracts for the sale, modification, refit or repair of the Yacht, or guarantees or other securities given in connection therewith shall be deemed to arise when the contract is made.
  - b if consequent on salvage or towage, whether contractual or otherwise, when the services commenced.

### 25. Scope of Cover

The categories of dispute and matters for which cover may be available save insofar as excluded by Clause 26, are those in respect of:

- i Hire or other remuneration earned from the employment or use of the Yacht arising under a charterparty or other contract in respect of, or by way of quantum meruit or other compensation for, such employment or use.
- ii Delay, detention and/or loss of use of the Yacht.
- iii Formation, breach or non-performance of any charterparty, or other contract relating to the employment or operation of the Yacht or of any duty or obligation arising in connection with such employment or operation.
- iv Particular average contributions or charges.
- v Loss of or damage to the Yacht.
- vi Supplies of fuel, lubricants, materials, equipment or other necessities to the Yacht.
- vii Amounts due to or from underwriters, excluding the Club, or insurance intermediaries in respect of marine insurance.
- viii Salvage, towage and pilotage by or to the Yacht.
- ix Overcharges and accounts in respect of the supply of goods or services to the Yacht.
- x Sale, modification, refit, repair or mortgage of the Yacht or its equipment or outfit, including guarantees or other securities in respect of the same.
- xi Persons on board excluding disputes in respect of Crew under or in connection with their contract of employment or collective agreement other than in respect of salary or wages.
- xii Representation of the Assured at Coroners' inquests or official investigations or enquiries of whatsoever nature in relation to the Yacht at which the Assured's presence is compellable by law or where in their sole discretion, such representation is considered necessary and appropriate by the Managers.
- xiii Classification of the entered Yacht.
- xiv Claims by or against revenue, customs, port or other governmental authorities in connection with the Yacht other than those of its port of registry or the Assured's domicile or permanent place(s) of business.
- xv Any action of whatsoever nature against or affecting the Yacht by any Governmental or Public body or its agents.
- xvi Disputes under Yacht management contracts provided the management company is not named on the Certificate of Entry as a joint Assured.
- xvii Any other matters whatsoever which in the opinion of the Managers should be covered.

## 26. Excluded Risks

The following claims or disputes or costs are excluded from cover:

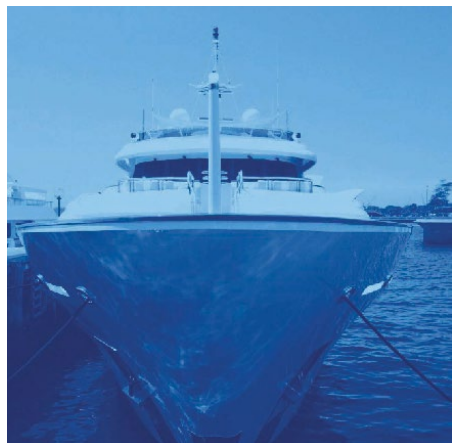
- i Claims against third parties where in the opinion of the Managers there are no reasonable prospects of recovery or the anticipated costs are anticipated to be disproportionate to any amount anticipated to be recovered.
- ii Against the Assured where in the opinion of the Managers there are no reasonable prospects of successfully disputing liability or for debts admittedly due.
- iii Costs incurred in respect of criminal proceedings, save to the extent that the Managers in their absolute discretion otherwise determine.
- iv Which arise in respect of a contract which in the opinion of the Managers it was imprudent of the Assured to enter into.

- v Which are consequent on the Assured's failure to act as a prudent uninsured or wilful misconduct.
- vi In respect of deductibles under any other policy of insurance save where that insurance has been effected on customary terms including as to the amount of the deductible.
- vii Claims by or against any party whether entered as a Joint Assured or not, in the same management or common beneficial ownership whether in whole or in part, as the Assured.
- viii For amounts that would be recoverable had the Assured had unrestricted insurance under Parts A and B and recovery is not barred by the conduct of the Assured or the Managers' exercise of a discretion not to provide cover.
- ix For amounts less than US\$5,000 or its foreign currency equivalent, or such other amount as the Managers determine at the commencement of each policy year.

*Note: The Club will not normally undertake cases which concern a substantial body of shipowners rather than an individual Assured unless all or the majority are entered in the Club; nor cases which should properly be the subject of diplomatic action or action by national or international bodies.*

## 27. Basis for Support

- i The Managers shall have sole and entire discretion as to:
  - a the cases that may be supported by the Club.
  - b the conduct of such cases;
  - c the period for which such cases may be supported;
  - d the extent of such support;
  - e the withdrawal of such support;
  - f the costs and expenses that may be incurred or reimbursed by the Club whether in respect of the Assured or third parties;
 and shall be entitled to impose such terms or conditions whatsoever on the Club's support as they may determine.
- ii Without prejudice to the extent of their discretion the Managers shall be entitled to:
  - a have regard to:
    - (i) whether the amount of costs likely to be incurred would be proportionate to the potential benefit to the Assured;
    - (ii) the extent to which the conduct of the Assured has contributed to the circumstances giving rise to the request for support;



- (iii) the prospects in their determination of successfully establishing or avoiding liability and/or recovery.
- b offer payment of such sum as they may determine to the Assured in lieu of support.
- c limit the extent of support in respect of particular categories of dispute.
- d pay such compensation as they may determine to the Assured for losses incurred acting in compliance with the Club's directions where the latter are given for the purpose of testing the legality of action against the Assured or the Yacht or attempting to reduce the cost of support.

## 28. Policy Limits

- i Save to the extent limited in:
  - a the Certificate of entry; and/or
  - b the terms on which the Club agrees to support the Assured,

the liability of the Club under this Class shall be limited in aggregate to US\$50,000 in respect of all claims and disputes arising out of any one event or occurrence.

Where a series of events occur which are temporally and/or geographically proximate the Managers may in their absolute discretion determine such events shall be deemed, and costs and expenses arising out of them deemed consequent upon, a single occurrence for the purposes of this Clause.
- ii In no circumstances shall the Club be liable for costs awarded in consequence of the Assured's misconduct.
- iii Costs recoverable shall be subject to a deductible of US\$10,000 each claim or occurrence.

## 29. Costs Recoveries

Where the Club has funded or incurred liability to fund costs incurred by, or on behalf of, the Assured and/or the Assured's liability to pay costs to another party:

- i the Assured shall account to the Club forthwith in respect of all costs recovered from or paid on behalf of any other party to the dispute to which the Club's funding relates save to the extent that such recoveries exceed the amounts which the Club has funded or incurred liability to fund including liability to any other party.
- ii the Club shall be subrogated to all rights whatsoever of the Assured to recover such costs from any other party and have a lien or charge over such recoveries and/or rights to recover to the extent of:
  - a the costs incurred;
  - b its liability to pay costs;
  - c interest on costs paid; and
  - d the costs of exercising its rights.
- iii the Assured irrevocably authorises the Club to pursue and enforce its rights of subrogation and to commence proceedings in the Assured's name.
- iv where a claim or counterclaim has been admitted or established but the amount recovered is less than the amount of the admitted or established liability, unless the Managers in their discretion otherwise determine, the sum recovered shall be apportioned rateably between the amounts of:
  - a the claim and
  - b costs which in the opinion of the Managers would otherwise have been recoverable.
- v where a claim is proposed to be settled or compromised the Club shall be entitled as a condition of its consent to require the inclusion of such terms as to the payment and recovery of costs as the Managers in their discretion may require.

- vi In the event of breach of Clause 29 the Assured shall pay such sum as the Managers in their discretion require to indemnify the Club in respect of the costs or liabilities to pay costs that it has incurred, interest and any costs incurred in enforcing its rights of recovery hereunder.

**30. Non-compliance**

In the event that the Assured:

- i fails to comply with:
  - a Its obligations under Clause 10 x, xi and 29, including any directions given by the Managers thereunder;
  - b Any terms or conditions to which the Club's support has been made subject; or
- ii intentionally or negligently withholds or misrepresents any information, documents or evidence which is, or may be, relevant to the Club's support in its possession or control or knowingly causes or permits another party to do so; or
- iii commits any act or omission which, in the opinion of the Managers, results in the costs incurred by, or the liability for costs including to any other party of, the Club being unreasonably increased;

the Managers shall be empowered in their absolute discretion to:

- a withdraw the Club's support from such date as they determine including prior to the date of such non-compliance;
- b decline to reimburse the Assured for any costs and expenses whether incurred before or after the date of their decision, in whole or in part;
- c require the Assured to repay the costs borne or reimbursed by the Club or any part of them including paid to third parties;

**31. Effect of Non-Payment of Premium**

No Assured shall be entitled to insurance under Part F whilst any sum whatsoever remains due to the Club in respect of any insurance provided by it in any Class and unpaid.

**32. Incorporation**

The following Clauses of:

Part A – Clauses 1, 2, 3 (substituting "Part F" for "Part B" and deleting ii), 5 ii, iii, v, vi 6 and 7;

Part C – Clauses 9 ii, iii, iv, v f, vi, vii, viii, ix, x, xi, xii, xiii, xiv, xv, xvi, xvii, xviii, xix, xx, xxii, xxiii, xxv, xxvi, xxvii and xxviii; Part D – Clause 10 i, ii, iii, vi, vii, ix, x and xi; Part E – Clauses 12 ii (substituting "Part F" for "Part B"), 13, 14, 15, 16, 17, 18, 19, 20, and 21; and the Definitions in Appendix 1; shall be incorporated into this Part F.





# Appendix

## Definitions

### Affiliates

Means a person or company affiliated with the Assured including, but not limited to, the beneficial Owner of the Yacht and their immediate family.

### Assured

Means the party named in the Certificate of Entry as the Assured, including any Affiliate.

### Certificate of Entry

Means the document issued by the Managers after the acceptance of an application for entry of a Yacht for insurance in the Club, in such form as the Managers from time to time determine, identifying:

- a the name(s) of the Assured on whose behalf the Yacht has been entered and their interest in that Yacht:
- b the date of commencement of the period of insurance; and
- c the terms and conditions, including any limitations to cover, on which the Yacht has been accepted for insurance.

### Crew

Means any person, including the Master, employed as part of a ship's complement under the terms of a crew agreement or other contract of service or employment on customary terms to serve on board an entered Yacht other than a Day Worker and for the purposes of cover under Clause 8 xxviii shall include a seafarer, being any person who is employed or engaged or works in any capacity on board a Yacht to which the Maritime Labour Convention 2006 (as amended), or equivalent statutory provisions, apply.

### Day Worker

Means any person other than a member of the Crew employed by or on behalf of the Assured to work on board an entered Yacht on a temporary basis.

### Effects

Means personal property of a Crew member on board or in transit to or from the Yacht but excluding cash, valuables and any other articles which in the opinion of the Managers is not an essential requirement for a Crew member.

### Hull Policies

Means the policies effected on the Hull and Machinery of a Yacht, including excess liability policies.

### Managers

Means Steamship P&I Management LLP and/or its London representative.



### **Policy Terms**

Means these terms and conditions and the Certificate of Entry and any endorsements to the Certificate of Entry.

### **SCOPIC**

Means the special compensation P&I Club Clause.

### **Tender**

Means any vessel that is:

- a owned by the Assured, or
- b associated with the ownership of the entered Yacht;

and which is either stowed onboard the Yacht and/or towed by the Yacht when she is underway, and is used in conjunction with the Yacht for its purposes.

### **Underwater Craft**

Means submarines, mini-submarines, diving bells and any other submersible craft, other than Water Craft.

### **Water Craft**

Means any personal water craft:

- a owned by the Assured;
- b other than the entered Yacht or its Tenders, Underwater Craft or any craft or device whose use is primarily airborne; and
- c stowed on board the Yacht when not in use;

### **Yacht**

Means the Yacht named on the Certificate of Entry together with its Tenders, Water Craft and other equipment on board.

London

Limassol

Hong Kong

Rio De Janeiro

Piraeus

Singapore

Tokyo

New York

Bermuda



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