

## GENERAL INSURANCE DIVISION

The Phoenix Insurance Company Ltd.

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# INSTITUTE YACHT CLAUSES

**This insurance is subject to English law and practice**

## 1. VESEL

Vessel means the hull, machinery, boat(s), gear and equipment such as would normally be sold with her if she changed hands.

## 2. IN COMMISSION AND LAID UP

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| <b>2.1</b> | The Vessel is covered subject to the provisions of this insurance.  |
|            | <p><b>2.1.1. While in commission at sea or on inland water or in port, docks, marinas, on ways, griddons, pontoons, or on the hard or mud or at place of storage ashore, including lifting or hauling out and launching with leave to sail or navigate with or without pilots, to go on trial trips and to assist and to tow vessels or craft in distress, or as in customary, but it is warranted that the Vessel shall not be towed, except as is customary or when in need of assistance, or undertake towage or salvage services under a contract previously arranged by Owners, Masters or Charterers.</b></p> <p><b>2.1.2. While laid up out of commission as provided for in Clause 4 below, including lifting or hauling out and launching, while being moved in shipyard or marina, dismantling, fitting out, overhauling, normal maintenance or while under survey (also to include docking and undocking and periods laid up afloat incidental to laying up or fitting out and with leave to shift in tow or otherwise to or from her lay-up berth but not outside the limits of the port or place in which the Vessel is laid up) but excluding, unless notice be given to the Underwriters and any additional premium required by them agreed, any period for which the Vessel is used as a houseboat or is under major repair or undergoing alteration.</b></p> |
| <b>2.2</b> | Notwithstanding clause 2.1 above the gear and equipment, including outboard motors, are covered subject to the provisions of this insurance while in place of storage or repair ashore.   |

## 3. NAVIGATING AND CHARTER HIRE WARRANTIES

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| <b>3.1</b> | <b>Warranted not navigating outside the limits stated in the Schedule to the policy or, provided previous notice be given to the Underwriters, held covered on terms to be agreed.</b> |
| <b>3.2</b> | <b>Warranted to be used solely for private pleasure purposes and not for hire charter or reward, unless specially agreed by the Underwriters.</b>                                      |

## 4. LAID UP WARRANTY

**Warranted laid up out of commission as stated in the Schedule to the policy, or held covered on terms to be agreed provided previous notice be given to the Underwriter.**

## 5. SPEED WARRANTY

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| <b>5.1</b> | <b>Warranted that the maximum designed speed of the Vessel, or the parent Vessel in the case of a Vessel with boat(s), does not exceed 17 knots.</b> |
| <b>5.2</b> | Where the Underwriters have agreed to delete this warranty, the conditions of the Speedboat Clause 19 below shall also apply.                        |

## 6. CONTINUATION

Should the Vessel at the expiration of this insurance be at sea or in distress or at a port or place of refuge or of call, she shall, provided prompt notice be given to the Underwriters, be held covered at a premium to be agreed until anchored or moored at her next port of call in good safety.

## 7. ASSIGNMENT

No assignment of or interest in this insurance or in any moneys which may be or become payable thereunder is to be blindly on or recognized by the Underwriters unless a dated notice of such assignment or interest signed by the Assured, and by the assignor in the case of subsequent assignment, is endorsed on the policy and the policy with such endorsement is produced before payment of any claim or return of premium thereunder.

## 8. CHANGE OF OWNERSHIP

**This Clause 8 shall prevail notwithstanding any provision whether written, typed or printed in this insurance inconsistent herewith.**

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| 8.1 | Should the Vessel be sold or transferred to new ownership, or, where the Vessel is owned by a company, should there be a change in the controlling interest(s) of the company, then, unless the Underwriters agree in writing to continue the insurance, this insurance shall become cancelled from the time of such sale transfer or change and a pro rata daily net return of premium be made calculated on the premium charged for the in commission and/or laid up period. |
| 8.2 | If however the Vessel shall have left her moorings or be at sea at the time of sale or transfer such cancellation shall if required by the Assured be suspended until arrival at port or place of destination.   |

## 9. PERILS

Subject always to the exclusions in this insurance

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| 9.1 | <p>This insurance covers loss of or damage to the subject-matter insured caused by:</p> <p>9.1.1. Perils of the seas, rivers, lakes or other navigable waters.</p> <p>9.1.2. Fire.</p> <p>9.1.3. Jettison.</p> <p>9.1.4. Piracy.</p> <p>9.1.5. Contact with dock or harbor equipment or installation, land conveyance, aircraft or similar objects or objects falling therefrom.</p> <p>9.1.6. Earthquake volcanic eruption or lightning.</p>  |
| 9.2 | <p>And, provided such loss or damage has not resulted from want of due diligence by the Assured Owners or Managers, this insurance covers</p> <p>9.2.1. Loss of or damage to the subject-matter insured caused by:</p> <p>9.2.1.1. Accident in loading, discharging or moving stores, gear, equipment, machinery or fuel.</p> <p>9.2.1.2. Explosions.</p> <p>9.2.1.3. Malicious acts.</p> <p>9.2.1.4. Theft of the entire Vessel or her boat(s), or outboard motor(s) provided it is securely locked to the Vessel or her boat(s) by an anti-theft device in addition to its normal method of attachment, or, following upon forcible entry into the Vessel or place of storage or repair, theft of machinery, including outboard motor(s), gear or equipment.</p> <p>9.2.2. Loss of or damage to the subject-matter insured, excepting motor and connections (but not strut, shaft or propeller) electrical equipment and batteries and connections, caused by:</p> <p>9.2.2.1. Latent defects in hull or machinery, breakage of shafts or bursting of boilers (excluding the cost and expense of replacing or repairing the defective part broken shaft or burst boiler).</p> <p>9.2.2.2. The negligence of any person whatsoever, but the cost of making good any defect resulting from either negligence or breach of contract in respect of any repair or alteration work carried out for the account of the Assured and/or the Owners or in respect of the maintenance of the Vessel.</p> <p>9.2.3. This insurance covers the expense of sighting the bottom after a stranding, if reasonably incurred specially for that purpose, even if no damage be found.</p> |

## 10. EXCLUSIONS

**No claim shall be allowed in respect of any:**

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| 10.1 | <b>Outboard motor dropping off or falling overboard.</b>   |
| 10.2 | <b>Ship's boat having a maximum designed speed exceeding 17 knots, unless such boat is specially covered herein and subject also to the conditions of the Speedboat Clause 19 below, or is on the parent Vessel or laid up ashore.</b> |
| 10.3 | <b>Ship's boat not permanently marked with the name of the parent Vessel.</b>  |

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| 10.4  | Sails and protective covers split by the wind or blown away while set, unless in consequence of damage to the spars to which sails are bent, or occasioned by the Vessel being stranded, sunk, burnt, on fire or in collision or contact with any external substance (ice included) other than water.   |
| 10.5  | Sails, masts, spars or standing and running rigging while the Vessel is racing, unless the loss or damage is caused by the Vessel being stranded or in collision or contact with any external substance (ice included) other than water.  |
| 10.6  | Personal effects.   |
| 10.7  | Consumable stores, fishing gear or mooring.   |
| 10.8  | Sheathing, or repairs thereto, unless the loss or damage has been caused by the Vessel being stranded, sunk, burnt, on fire or in collision or contact with any external substance (ice included) other than water.   |
| 10.9  | Loss or expenditure incurred in remedying a fault in design or construction or any cost or expense, incurred by reason of betterment or alteration in design or construction.   |
| 10.10 | Motor and connections (but not strut shaft or propeller) electrical, equipment and batteries and connections, where the loss or damage has been caused by heavy weather, unless the loss or damage has been caused by the Vessel being immersed, but this clause 10.10 shall not exclude loss or damage caused by the Vessel being stranded or in collision or in contact with other Vessel, pier or jetty. |

## 11. LIABILITIES TO THIRD PARTIES

This clause only to apply when a sum is stated for this purpose in the Schedule to the policy.

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| 11.1 | <p>The Underwriters agree to indemnify the Assured for any sum or sums which the Assured shall become legally liable to pay and shall pay, by reason of interest in respect of:</p> <p>11.1.1. Loss of or damage to any other Vessel or property whatsoever.</p> <p>11.1.2. Loss of life, personal injury or illness, including payments made for life salvage, caused on or near the Vessel or any other Vessel.</p> <p>11.1.3. Any attempted or actual-raising, removal or destruction of the wreck of the insured Vessel or the cargo thereof or any neglect or failure to raise, remove or destroy the same.</p>   |
| 11.2 | <p><b>LEGAL COSTS</b></p> <p>The Underwriters will also pay, provided their prior written consent has been obtained, liability or taking proceedings to limit liability.</p> <p>11.2.1. The costs incurred by the Assured or which the Assured may be compelled to pay in contesting liability or taking proceedings to limit liability.</p> <p>11.2.2. The costs for representation at any coroner's inquest or fatal accident enquiry.</p>   |
| 11.3 | <p><b>SISTERSHIP</b></p> <p>Should the Vessel hereby insured come into collision with or receive salvage services from another vessel belonging wholly or part to the same Owners or under the same management, the Assured shall have the same rights under this insurance as they would have were the other vessel entirely the property of Owners not interested in the Vessel hereby insured;</p>  |
| 11.4 | <p><b>NAVIGATION BY OTHER PERSONS</b></p> <p>The provisions of this Clause 11 shall extend to any person navigating or in charge of the insured Vessel with the permission of the Assured named in the insurance (other than a person operating, or employed by the operator of, a shipyard, marina, repair yard, slipway, yacht club, sales agency or similar organization) and who while so navigating or in charge of the Vessel shall in consequence of any occurrence covered by this Clause 11 become liable to pay and shall pay any sum or sums to any person or persons, other than to the Assured named in this insurance, but indemnity under this Clause shall inure to the benefit of the Assured and only to a person navigating or in charge of the Vessel as described above, at the written request of and through the agency of the Assured. Nothing in this extension shall increase the Underwriters liability beyond the limitation of liability imposed by Clause 11.8 below and this extension shall be subject to all other terms, conditions and warranties of this insurance.</p> <p>Nothing in this Clause 11.4 shall be deemed to override the provisions of Clause 3.2 above.</p> |
| 11.5 | <p><b>REMOVAL OF WRECK EXTENSION</b></p> <p>This insurance also to pay the expenses, after deduction of the proceeds of the salvage, of the removal of the wreck of the insured Vessel from any place owned, leased or occupied by the Assured.</p>  |

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| <b>11.6 LIABILITIES SECTION EXCLUSIONS</b> | <p>Notwithstanding the provisions of this Clause 11 this insurance does not cover any liability, cost or expense arising in respect of:</p> <p>11.6.1. <b>Any direct or indirect payment by the Assured under workmen's compensation or employer's liability acts and any other statutory or common law liability in respect of accidents to or illness of workmen or any other persons employed in any capacity whatsoever by the Assured or by any person to whom the protection of this insurance is afforded by reason of the provisions of Clause 11.4 above, in on or about or in connection with the Vessel hereby insured or her cargo, materials for repairs.</b></p> <p>11.6.2. <b>Any boat belonging to the Vessel and having a maximum designed speed exceeding 17 knots, unless such boat is specially covered herein and subject also to the conditions of the Speedboat Clause 19 below, or is on the parent Vessel or laid up ashore.</b></p> <p>11.6.3. <b>Any liability to or incurred by any person engaged in water skiing or aquaplaning, while being towed by the Vessel or preparing to be towed or after being towed until safely on board or ashore.</b></p> <p>11.6.4. <b>Any liability to or incurred by any</b></p> <p>11.6.5. <b>Person engaged in a sport activity, other than water skiing or aquaplaning, while being towed by the Vessel or preparing to be towed or after being towed until safely on board or ashore.</b></p> <p>11.6.6. <b>Punitive or exemplary damages, however described.</b></p> |
| <b>11.7 WATER-SKIERD LIABILITY</b>         | Should Clause 11.6.3 and/or Clause 11.6.4 above be deleted, the liabilities mentioned in such clause(s) shall be covered hereunder, subject always to the warranties, conditions and limits of this insurance.   |
| <b>11.8 LIMIT OF LIABILITY</b>             | The liability of the Underwriters under this Clause 11, in respect of any one accident or series of accidents arising out of the same event, shall in no case exceed the sum stated for this purpose in schedule to the policy, but when the liability of the Assured has been contested with the consent in writing of the Underwriters, the Underwriters will also pay a like proportion of the costs which the Assured shall thereby incur or be compelled to pay.  |

## 12. EXCESS AND DEDUCTIBLE

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| <b>12.1</b> | No claim arising from a peril insured against shall be payable under this insurance unless the aggregate of all such claims arising out of each separate accident or occurrence (including claims under Clauses 11, 14 and 15) exceeds the amount stated for this purpose in the Schedule to the policy, in which case this sum shall be deducted. This Clause 12.1 shall not apply to a claim for total or constructive total loss of the Vessel or, in the event of such a claim, to any associated claim under Clause 15 arising from the same accident or occurrence. |
| <b>12.2</b> | Prior to the application of Clause 12.1 above and in addition thereto, deductions new for old not exceeding one-third may be made at the Underwriter's discretion in respect of loss of or damage to:   |
| <b>12.3</b> | Protective covers, sails and running rigging.   |
| <b>12.4</b> | Outboard motors whether or not insured by separate valuation under this insurance.  |

## 13. NOTICE OF CLAIM AND TENDER

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| <b>13.1</b> | Prompt notice shall be given to the Underwriters in the event of any occurrence which may give rise to a claim under this insurance, and any theft or malicious damage shall also be reported promptly to the police.   |
| <b>13.2</b> | Where loss or damage has occurred, notice shall be given to the Underwriters prior to survey and, if the Vessel is abroad, also to the nearest Lloyd's Agent so that a surveyor may be appointed to represent the Underwriters should they desire.  |
| <b>13.3</b> | The Underwriters shall be entitled to decide the port to which the Vessel shall proceed for docking or, repair (the actual additional expense of the voyage arising from compliance with Underwriter's requirements being refunded to the Assured) and shall have a right of veto concerning a place of repair or a repairing firm. |
| <b>13.4</b> | The Underwriters may also take tenders or may require tenders to be taken for the repair of the Vessel.   |

## 14. SALVAGE CHARGES

Subject to any express provision in this insurance, salvage charges incurred in preventing a loss by perils insured against may be recovered as a loss by those perils.

**15. DUTY OF ASSURED**

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| 15.1 | In case of any loss or misfortune, it is the duty of the Assured and their servants and agents to take such measures as may be reasonable for the purpose of averting or minimizing a loss which would be recoverable under this insurance.   |
| 15.2 | Subject to the provisions below and to Clause 12 the Underwriters will contribute to charges properly and reasonably incurred by the Assured their servants or agents for such measures, General average, salvage charges, collision defense or attack costs and costs incurred by the Assured in contesting liability covered by Clause 11.2 are not recoverable under this Clause 15. |
| 15.3 | The Assured shall render to the Underwriters all possible aid in obtaining information and evidence should the Underwriters desire to take proceedings at their own expense and for their own benefit in the name of the Assured to recover compensation or to secure an indemnity from any third party in respect of anything covered by this insurance.                               |
| 15.4 | Measures taken by the Assured or the underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the right of either party.   |

**16. UNREPAIRED DAMAGE**

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| 16.1 | The measure of indemnity in respect of claims for unrepaired damage shall be reasonable depreciation in the market value of the Vessel at the time this insurance terminates arising from such unrepaired damage, but not exceeding the reasonable cost of repair. |
| 16.2 | In no case shall the Underwriters be liable for unrepaired damage in the event of a subsequent total loss (whether or not covered under this insurance) sustained during the period covered by this insurance or any extension thereof.                            |
| 16.3 | <b>The Underwriters shall not be liable in respect of unrepaired damage for more than the insured value at the limit time this insurance terminates.</b>   |

**17. CONSTRUCTIVE TOTAL LOSS**

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| 17.1 | In ascertaining whether the Vessel is a constructive total loss, the insured value shall be taken as the repaired value and nothing in respect of the damage or break-up value of the Vessel or wreck shall be taken into account.   |
| 17.2 | No claim for constructive total loss based upon the cost of recovery and/or repair of the Vessel shall be recoverable hereunder unless such cost would exceed the insured value. In making this determination, only the cost relating to a single accident or sequence of damage arising from the same accident shall be taken into account. |

**18. DISBURSEMENTS WARRANTY**

Warranted that no amount shall be insured policy proof of interest admitted for account of the Assured, Mortgagees or Owners on disbursements, commissions, profits or other interests or excess or increased value of hull or machinery however described unless the insured value of the Vessel is over 50,000£ and then the policy.

Provided always that a breach of this warranty shall not afford the Underwriters any defense to a claim by a Mortgagee who has accepted this insurance without knowledge of such breach.

**19. SPEEDBOAT CLAUSE**

**WHERE THIS CLAUSE 19 APPLIES IT SHALL OVERRIDE ANY CONFLICTING PROVISIONS IN THE CLAUSES ABOVE.**

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| 19.1 | <b>It is a conditions of this insurance that when the Vessel is under way the Assured named in the Schedule to the policy or other competent person(s) shall be on board and in control of the Vessel.</b>   |
| 19.2 | <b>No claim shall be allowed in respect of loss or damage to the Vessel or liability to any third party or any salvage services.</b><br>19.2.1. <b>Caused by or arising from the Vessel being stranded, sunk, swamped, immersed or breaking adrift, while left moored or anchored unattended off an exposed beach or shore.</b><br>19.2.2. <b>Arising while the Vessel is participating in racing or speed tests, or any trails in connection therewith.</b> |



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| 19.3 | <p>No claim shall be allowed in respect of rudder strut shaft or propeller.</p> <p>19.3.1. Under Clauses 9.2.2.1 and 9.2.2.2.</p> <p>19.3.2. For any loss or damage caused by heavy weather, water or contact other than with another vessel, pier or jetty, but this Clause 19.3.2 shall not exclude damage caused by the Vessel being immersed as a result of heavy weather.</p>   |
| 19.4 | <p>If the Vessel is fitted with inboard machinery no liability shall attach to this insurance in respect of any claim caused by or arising through fire or explosion unless the Vessel is equipped in the engine room (or engine space) tank space and galley, with a fire extinguishing system automatically operated or having controls at the steering position and properly installed and maintained in efficient working order.</p> |

## 20. CANCELLATION AND RETURN OF PREMIUM

This insurance may be cancelled by the Underwriters at any time subject to 30 days notice to the Assured or by mutual agreement, when a pro rata daily net return of premium shall be made calculated on the premium charged for the in commission and/or laid up period.

**THE FOLLOEING CLAUSES SHALL BE PARAMOUNT AND SHALL OVERRIDE ANYTHING CONTAINED IN THIS INSURANCE INCONSISTENT THEREWITH**

## 21. WAR EXCLUSION

In no case shall this insurance cover loss damage liability or expense caused by:

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| 21.1 | War (whether declared or not), civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act (warlike) by or against a belligerent power. |
| 21.2 | Capture seizure arrest restraint or detainment (barratry and piracy excepted), and the consequences thereof or any attempt thereat.   |
| 21.2 | Derelict mines torpedoes, bombs or other derelict weapons of war.   |

## 22. POLITICAL ACTS EXCLUSION

In no case shall this insurance cover loss damage liability or expense caused by:

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| 22.1 | Locked-out workmen, or persons taking part in labor disturbances, riots or civil commotions. |
| 22.2 | Any terrorist or any person acting from political motive.                                    |

## 23. NUCLEAR EXCLUSION

In no case shall this insurance cover loss damage liability or expense caused by:

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| 23.1 | Any weapon of war employing atomic or nuclear fission or other like reaction or radioactive force of matter.                                    |
| 23.2 | Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. |
| 23.3 | The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component therefor.                |

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10/11/03

## INSTITUTE CYBER ATTACK EXCLUSION CLAUSE

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| 1 | Subject only to Clause 1.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by 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 or process or any other electronic system.  |
| 2 | Where this Clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 1.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system and/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. |

## CL. 380 01/01/2004

**INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIOCHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE**

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

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| 1 | <p>In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from:</p> <ol style="list-style-type: none"> <li>1.1. Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel.</li> <li>1.2. The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.</li> <li>1.3. Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.</li> <li>1.4. The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.</li> <li>1.5. Any chemical, biological, bio-chemical, or electromagnetic weapon.</li> </ol> |
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## BL. 370

**SENCTIONS LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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