

Commercial Vessel Insurance Policy

GJW Worcester is a trading name of Groves, John & Westrup Limited

COMMERCIAL VESSEL INSURANCE POLICY

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GENERAL

A INTRODUCTION

- 1 The Commercial Vessel Insurance Policy provides cover in accordance with the Institute Yacht Clauses promoted by the International Underwriting Association of London ("I.U.A.") The Policy is a legally binding Contract between you the Insured and the Watkins Syndicate at Lloyd's whose address is St Helens, 1 Undershaft, London EC3A 8LE, which is arranged through Groves John and Westrup Ltd.

The Contract is based upon the Proposal Form and if the Proposal Form contains any material untruth or fails to disclose any material circumstance you should inform us immediately since if you do not do so the validity of the Policy may be affected. A material circumstance is one which could affect our assessment of the risk and the terms and conditions and premium we impose and whether we accept the risk.

Please read the documents carefully. We are obliged to give you certain information before you make your decision to buy this Policy or alternatively to give you a "cooling off" period of 14 days from the time you received this Policy. If the Policy and Schedule do not provide you with the protection you want and you do not want to continue with the insurance you may cancel the Policy within this period and we will return part of the premium retaining a proportionate part of the premium for that period for which we have been on risk providing no claims have been made.

- 2 Groves John and Westrup Limited and the Watkins Syndicate at Lloyd's are members of the Munich Re Group. Any correspondence with us should be directed to the address shown on the attached correspondence. Groves, John & Westrup's head office address is Silkhouse Court, Tithebarn Street, Liverpool L2 2QW, Telephone number 0151 473 8000, Facsimile 0870 051 7968, e.mail insure@gjwLtd.co.uk.
- 3 Groves John and Westrup Limited are authorised and regulated by the Financial Services Authority - Firm reference number 310496.

B COMPLAINTS

If for any reason you are dissatisfied with our service you may state your complaint in writing, marking the letter "For the attention of the Managing Director". We aim to resolve your complaint within 5 working days but if we are unable to do so we will acknowledge receipt of your complaint within that period. If the complaint cannot be resolved amicably you have the right to refer your complaint to the Complaints and Advisory Department at Lloyd's, One Lime Street, London EC3M 7HA. Under the terms of the Financial Services Ombudsman Scheme we must:

- (i) reply to you within four weeks; and
- (ii) resolve your complaint within eight weeks.

Failing satisfaction, if you are a private policy holder or a business with a turnover of less than £1 million or a charity with an annual income of less than £1 million or a trustee of a trust with a net asset value of less than £1 million, you may then approach the Financial Services Ombudsman, South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Telephone Number 0845 080 1800 Facsimile 0207 964 1001 e.mail complaint.info@financial-ombudsman.org.uk who will advise whether he is able to deal with your complaint. This is in addition to any other action you may subsequently wish to take including legal action. An application to the Financial Services Ombudsman must be made within six months of being notified of our final decision about your complaint.

C LAW APPLICABLE TO THE CONTRACT

- 1 The law applicable to this insurance contract is subject to agreement between the parties.
- 2 Unless a special Endorsement to the contrary has been requested by you and agreed by us, the law applying to this insurance contract will be as follows:
- (i) if you are applying for insurance protection as a private individual, the law applicable to that part of the United Kingdom, Channel Islands or Isle of Man in which you or the first named Policy Holder normally resides; or
 - (ii) if you are applying for insurance protection in your capacity as a sole trader or as a company the law applicable to that part of the United Kingdom, Channel Islands or Isle of Man in which you have your principal place of business; or
 - (iii) if the above does not apply, the law of England and Wales.

- D JURISDICTION** The English High Courts of Justice have exclusive jurisdiction in respect of any dispute between you, the assured, and us The Watkins Syndicate.
- E PAYMENT OF PREMIUM BY INSTALMENTS** Reference to the payment of premiums includes payment by instalments. If you pay by this method the Policy remains an annual contract and the date of payment and the amount of the instalments are governed by the terms of the Credit Agreement. If an instalment is not received by the due date then subject to the Consumer Credit Act 1974 you will be given written notice, giving 10 days in which to remedy the default prior to your Policy being cancelled from the day when the instalment was due and the Credit Agreement being cancelled. If you pay the premium by instalment and you suffer a total loss or constructive total loss then we shall be entitled to deduct the balance of premium from any payment we make to you in respect of that total loss or constructive total loss.
- F DATA PROTECTION ACT 1998** To enable us to provide a fast and efficient service to our clients we operate a centralised database of all information relating to your Policy, including information provided to us on your Proposal Form, information contained within the schedule of insurance, policy periods and renewal dates, together with any correspondence that we might exchange. Under the Data Protection Act 1998 we need to obtain your consent to holding this information on our system. If we should need to store any additional information we will of course approach you first to obtain your permission. The information will be used for underwriting purposes and in the unfortunate event of a claim.
- We may also share this information with Watkins Syndicate at Lloyd's. You have signified whether or not you are agreeable to this in the Proposal Form and we will of course follow your requests in that respect. We may also share this information with other insurers and/or the authorities. If you have any objections to us holding your information either in full or in part or wish to obtain details of any information we are currently holding on you, please let us know immediately or telephone our Data Protection manager, M.J. Pope on 0151 473 8000.
- Under this legislation we are only able to discuss your insurance with you unless we and you have specifically agreed to the contrary.
- G RECORDING OF TELEPHONE CALLS** For your protection your telephone calls may be recorded and monitored.
- H CLAIMS AND UNDERWRITING EXCHANGE** Insurers pass information to a claims and underwriting register. The aim is to help us check information provided and also to prevent fraudulent claims. When you tell us about an incident which may or may not give rise to a claim we may pass information relating to it to the Register. You can ask us for more information about this. You should show this notice to any one who has an insured interest under this Policy.
- I GENERAL EXCLUSIONS** This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.
- In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from:
- (i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
 - (ii) the radioactive, toxic, explosive, or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
 - (iii) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
 - (iv) the radioactive, toxic, explosive or any 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;
 - (v) any chemical, biological, biochemical or electromagnetic weapons;
 - (vi) 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 electrical system.

J CLAIMS		Groves John and Westrup Limited are a Lloyd's Service Company and in matters of claims act upon the behalf of the Watkins Syndicate.
NOTICE	1.	In this section "Insured Person" means any person whose property or liability is covered by this Policy.
	2.	The relevant Insured Person must: <ul style="list-style-type: none"> (i) notify us directly of any occurrence which might give rise to a claim under the Policy as soon as possible; (ii) notify the Maritime & Coastguard Agency of any accident occurring on water as soon as possible. This is required under Regulations; (iii) if the Vessel is outside the geographical area of the British Isles, Northern Ireland and Eire at the time of any occurrence which might give rise to a claim under the Policy, in the unlikely event that you are unable to make contact with us notify the local Lloyd's Agent as soon as possible;
WRITTEN REPORT	(iv)	provide us with a written report of the occurrence as soon as possible;
THEFT ETC.	(v)	notify the police as soon as possible of any theft, malicious damage or other crime involving the insured property;
COURT PROCEDURAL RULES	(vi)	in the unlikely event of court action involving a third party: <ul style="list-style-type: none"> (a) within 7 days sign and return to us or constructively comment upon any statement of truth that we, or our representative may require you to sign; (b) search for and provide to us all documents that we, or our representative may require from you in relation to any claim under this Policy and within 7 days sign and return to us any statement of disclosure that we, or our representative may request or comment constructively thereupon.
REPAIRS	3.	We shall have the absolute right in our discretion to decide where the insured property is to be repaired.
CLAIMS CONTROL	4.	We shall have the absolute right in our discretion and at our expense: <ul style="list-style-type: none"> (i) to commence or take over and conduct the defence of any claim against or prosecution of an Insured Person arising out of an occurrence which might give rise to a claim under the Policy; (ii) to commence or take over and conduct any claim brought in the name of an Insured Person to recover sums which are or which might be payable under the Policy; (iii) to commence or take over and conduct the representation of an Insured Person at any inquest, inquiry or similar proceeding which might give rise to a claim under the Policy.
	5.	The relevant Insured Person shall give us such assistance as we may reasonably request for the purpose of exercising our rights.
	6.	The relevant Insured Person must pass onto us as soon as possible unanswered communications from third parties relating to any matter which might give rise to a claim under the Policy.
	7.	The relevant Insured Person must not without our prior written consent: <ul style="list-style-type: none"> (i) admit liability; (ii) make any offer to settle, or compromise or pay a claim by a third party which might give rise to a claim under the Policy.

TERMS AND CONDITIONS SUBJECT TO INSTITUTE YACHT CLAUSES 1/11/85

- 1 VESSEL** 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**
- 2.1 The Vessel is covered subject to the provisions of this insurance
- 2.1.1 while in commission at sea or inland water or in port, docks, marinas, on ways, gridirons, 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 is 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, Managers or Charterers
- 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.
- 2.2 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**
- 3.1 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.
- 3.2 Warranted to be used solely for private pleasure purposes and not for hire charter or reward, unless specially agreed by the Underwriters.
- 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 Underwriters.
- 5 SPEED WARRANTY**
- 5.1 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.
- 5.2 Where the Underwriters have agreed to delete this warranty, the conditions of the Speedboat Clause 19 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 binding on or recognised 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.

- 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

- 9.1 this insurance covers loss of or damage to the subject-matter insured caused by
- 9.1.1 perils of the seas rivers lakes or other navigable waters
 - 9.1.2 fire
 - 9.1.3 jettison
 - 9.1.4 piracy
 - 9.1.5 contact with dock or harbour equipment or installation, land conveyance, aircraft or similar objects or objects falling therefrom
 - 9.1.6 earthquake volcanic eruption or lightning
- 9.2 and, provided such loss or damage has not resulted from want of due diligence by the Assured Owners or Managers, this insurance covers
- 9.2.1 loss of or damage to the subject matter insured caused by
- 9.2.1.1 accidents in loading, discharging or moving stores gear, equipment, machinery or fuel
 - 9.2.1.2 explosions
 - 9.2.1.3 malicious acts
 - 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
- 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
- 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)
 - 9.2.2.2 the negligence of any person whatsoever, but excluding 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.
- 9.3 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.

10 EXCLUSIONS

No claim shall be allowed in respect of any

- 10.1 outboard motor dropping off or falling overboard
- 10.2 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, or is on the parent Vessel or laid up ashore
- 10.3 ship's boat not permanently marked with the name of the parent Vessel
- 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 the sails are bent, or occasioned by the Vessel being stranded 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, sunk, burnt, on fire 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 moorings
- 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 contact with another 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.

- 11.1 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 the insured Vessel and arising out of accidents occurring during the currency of this insurance, in respect of
 - 11.1.1 loss of or damage to any other Vessel or property whatsoever
 - 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
 - 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.
- 11.2 LEGAL COSTS
 - The Underwriters will also pay, provided their prior written consent has been obtained
 - 11.2.1 the legal costs incurred by the Assured or which the Assured may be compelled to pay in contesting liability or taking proceedings to limit liability
 - 11.2.2 the costs for representation at any coroner's inquest or fatal accident enquiry.

11.3 SISTERSHIP

Should the Vessel hereby insured come into collision with or receive salvage services from another Vessel belonging wholly or in 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; but in such cases the liability for the collision or the amount payable for the services rendered shall be referred to a sole arbitrator to be agreed upon between the Underwriters and the Assured.

11.4 NAVIGATION BY OTHER PERSONS

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 this insurance (other than a person operating or employed by the operator of a shipyard, marina, repair yard, slipway, yacht club, sales agency or similar organisation) 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.

Nothing in this Clause 11.4 shall be deemed to override the provisions of Clause 3.2.

11.5 REMOVAL OF WRECK EXTENSION

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.

11.6 LIABILITIES SECTION EXCLUSIONS

Notwithstanding the provisions of this Clause 11 this insurance does not cover any liability cost or expense arising in respect of

11.6.1 any direct or indirect payment by the Assured under workmen's compensation or employers' 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 or repairs

11.6.2 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, or is on the parent Vessel or laid up ashore

11.6.3 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

11.6.4 any liability to or incurred by any person engaged in a sport or 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

11.6.5 punitive or exemplary damages, however described.

11.7 WATERSKIERS LIABILITIES

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.

11.8 LIMIT OF LIABILITY

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 the 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

12.1 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.

12.2 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 Underwriters' discretion in respect of loss of or damage to

12.2.1 protective covers, sails and running rigging

12.2.2 outboard motors whether or not insured by separate valuation under this insurance.

13 NOTICE OF CLAIM AND TENDERS

13.1 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.

13.2 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 so desire.

13.3 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 Underwriters' requirements being refunded to the Assured) and shall have a right of veto concerning a place of repair or a repairing firm.

13.4 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

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 minimising 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 defence 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 rights of either party.
- 15.5 The sum recoverable under this Clause 15 shall be in addition to the loss otherwise recoverable under this insurance but in no circumstances shall amounts recoverable under Clause 15.2 exceed the sum insured under this insurance in respect of the Vessel.

16 UNREPAIRED DAMAGE

- 16.1 The measure of indemnity in respect of claims for unrepaired damage shall be the 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 repairs.
- 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 the insurance or any extension thereof.
- 16.3 The Underwriters shall not be liable in respect of unrepaired damage for more than the insured value at the time this insurance terminates.

17 CONSTRUCTIVE TOTAL LOSS

- 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 damaged 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 damages arising from the same accident shall be taken into account.

18 DISBURSEMENTS WARRANTY

Warranted that no amount shall be insured policy proof of interest or full interest admitted for account of the Assured Mortgagees or Owners on disbursements, commission, 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 not to exceed 10 per cent of the total amount insured in respect of the Vessel as stated in the Schedule to the policy.

Provided always that a breach of this warranty shall not afford the Underwriters any defence 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

- 19.1 It is a condition of this insurance that when the Vessel concerned 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.
- 19.2 No claim shall be allowed in respect of loss of or damage to the Vessel or liability to any third party or any salvage services
 - 19.2.1 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
 - 19.2.2 arising while the Vessel is participating in racing or speed tests, or any trials in connection therewith.
- 19.3 No claim shall be allowed in respect of rudder strut shaft or propeller
 - 19.3.1 under Clauses 9.2.2.1 and 9.2.2.2

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.

19.4 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.

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 FOLLOWING 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

21.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, of any hostile act 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

21.3 derelict mines torpedoes bombs or other derelict weapons of war.

22 STRIKES AND POLITICAL ACTS EXCLUSION

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

22.1 strikers, locked-out workmen or persons taking part in labour disturbances, riots or civil commotions

22.2 any terrorist or any person acting from a political motive.

23 NUCLEAR EXCLUSION

In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from

23.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel

23.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof

23.3 any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

A1 POLLUTION HAZARD CLAUSE

Subject to the terms and conditions of this Policy, this insurance covers loss of or damage to the Vessel directly caused by any governmental authority acting under the powers vested in them to prevent or mitigate a pollution hazard or threat thereof resulting directly from damage to the Vessel for which the Underwriters are liable under this Policy, provided such act of governmental authority has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots not to be considered Owners within the meaning of this Clause should they hold shares in the Vessel.

A2 TRANSIT CLAUSE

This Policy is extended to cover the insured Vessel whilst in transit by road, rail, or car-ferry including loading and unloading from the conveyance, within the limits stated in the Schedule, but no claim shall be allowed in respect of

- (a) scratching, bruising and/or denting arising during transit covered by this Clause and the cost of consequent repainting or revarnishing.
- (b) liability to third parties arising from any accident while the Vessel is being towed by or is attached to a motor vehicle or has broken away or become accidentally detached from a motor vehicle.

A3 NO CLAIM BONUS

(APPLICABLE ONLY TO VESSELS VALUED AT £50,000 OR UNDER, COVERED ON FULL CONDITIONS)

In the event of no claim arising under this Policy, the same having been in force for 12 consecutive months (including a commission period of not less than four months), the renewal premiums will be reduced as follows:

If no claim arises in respect of 1 year	5%
If no claim arises in respect of 2 consecutive years	10%
If no claim arises in respect of 3 consecutive years	15%
If no claim arises in respect of 4 or more consecutive years	20%

Provided always that the bonus is only payable if the insurance is renewed and remains in force for a further period of 12 months (including a commission period of not less than four months).

B SPEEDBOAT CLAUSES - SPECIAL CONDITIONS AND FURTHER EXCLUDED RISKS

1. It is a condition of this insurance that when the Vessel concerned 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.
2. No claim shall be allowed in respect of loss of or damage to the Vessel or liability to any third party or any salvage services
 - 2.1 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
 - 2.2 arising while the Vessel is participating in racing or speed tests or any trials in connection therewith
3. Further, and without derogation from the above, no claim shall be allowed in respect of loss of or damage to motor and connections rudder strut shaft or propeller electrical equipment and batteries and connections unless the loss or damage is caused
 - 3.1 by the Vessel being immersed as a result of heavy weather
 - 3.2 by the Vessel being stranded, sunk, burnt, on fire or in collision or contact with another vessel pier or jetty
 - 3.3 whilst being removed from or placed in the Vessel
 - 3.4 by theft of the entire Vessel or by theft following upon forcible entry into the Vessel or place of storage or repair

- 3.5. by theft of 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
- 3.6. by fire in the place of storage or repair ashore
- 3.7. by malicious acts.
- 4. No claim shall be allowed in respect of 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.
- 5. No claim shall be allowed in respect of any liability to or incurred by any person engaged in a sport or 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.
- 6. 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.

**C MACHINERY
DAMAGE
EXTENSION CLAUSE**

Notwithstanding the provisions of Clauses 9.2.2.1, 9.2.2.2 and 10.10 of the Institute Yacht Clauses 1/11/85, but subject always to the other terms and conditions of this insurance, cover is extended to include loss of or damage to motor and connections electrical equipment and batteries and connections caused by

- (a) 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)
- (b) the negligence of any person whatsoever, but excluding 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
- (c) heavy weather.

**D RACING RISK
EXTENSION CLAUSE**

1. In consideration of the payment of an additional premium as stated in the Schedule to the policy it is agreed that, notwithstanding the provisions of Clauses 10.4 and 10.5 of the Institute Yacht Clauses 1/11/85

- 1.1 the cost of replacing or repairing sails, masts, spars, standing and running rigging lost or damaged by an insured peril whilst the Vessel hereby insured is racing shall be recoverable hereunder, to the extent only of 2/3rds of such cost (without application of Clause 12 Excess and Deductible of the Institute Yacht Clauses 1/11/85 in this insurance), unless the loss or damage be caused by the Vessel being stranded, sunk, burnt, on fire, in collision or in contact with any external substance (ice included) other than water, when the cost of replacement or repair shall be recoverable in full, subject only to the deduction new for old and to the excess or deductible in the said Clause 12 in this insurance.

Warranted that no additional insurance is or shall be placed covering any part of the cost of replacement or repair not recoverable under the foregoing Clause 1.1.

- 1.2 The Underwriters' liability under Clause 1.1 above arising out of any one occurrence whilst racing shall be calculated upon the basis that the full replacement cost of all sails carried whether set or not masts, spars, standing and running rigging shall not exceed the sum stated for this purpose in the Schedule to the policy.

E PERSONAL EFFECTS CLAUSES

(FOR USE ONLY WITH THE INSTITUTE YACHT CLAUSES 1/11/85 INSURANCES COVERING VESSELS WITH LOCKABLE CABIN ACCOMMODATION)

The following extension shall apply provided that a separate amount insured in respect of Personal Effects is stated in the Schedule to the policy.

1. Subject always to its terms and conditions, this insurance is extended to cover (without reference to any excess and deductible in Clause 12.1 of the Institute Yacht Clauses 1/11/85, all risks of loss or damage to Personal Effects, being the personal property of the Assured and/or of the Assured's family, and crew's clothes provided by the Owners, while on board or in use in connection with the insured Vessel, including while in transit from the Assured's place of residence to the insured Vessel, and until return to such place of residence, but EXCLUDING CLAIMS ARISING FROM:
 - 1.1 wear and tear, gradual deterioration, damp, mould, mildew, vermin, moth and mechanical derangement
 - 1.2 breakage of articles of a brittle nature, unless caused by the Vessel being stranded, sunk, burnt, on fire or in collision, or by stress of weather, burglars or thieves
 - 1.3 loss of cash, currency, banknotes or travellers cheques
 - 1.4 loss of waterskis or diving equipment, unless as a result of fire or theft following forcible entry or of total loss of the Vessel
 - 1.5 perils excluded by Clauses 21, 22 and 23 of the Institute Yacht Clauses 1/11/85.

2. AVERAGE

This insurance is subject to the condition of average, that is to say if the property covered by this extension shall at the time of any loss be of greater value than the amount insured hereunder in respect thereof, the Assured shall only be entitled to recover such proportion of the said loss as such amount insured bears to the total value of the said property.

3. NON-CONTRIBUTION

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is or would, but for the existence of this insurance, be insured under any other insurance, except in respect of any excess beyond the amount which would have been payable under such other insurance had this insurance not been effected.

4. LIMIT OF INDEMNITY

The amount recoverable under this Personal Effects extension shall be limited to the amount insured in respect thereof, as stated in the Schedule to the policy, (any single article valued at £100 or more to be specially declared).

F WAR AND STRIKES CLAUSES

1. PERILS

Subject always to the exclusions hereinafter referred to, this insurance covers loss of or damage to the Vessel caused by

- 1.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 1.2 capture seizure arrest restraint or detainment and the consequences thereof or any attempt thereat
- 1.3 derelict mines, torpedoes bombs or other derelict weapons of war
- 1.4 strikers, locked-out workmen or persons taking part in labour disturbances, riots or civil commotions
- 1.5 any terrorist or any person acting from a political motive
- 1.6 confiscation or expropriation.

PROVIDED THAT THE INSURANCE AGAINST THE PERILS UNDER CLAUSE 1 ABOVE (WITH THE EXCEPTION OF CLAUSE 1.4) SHALL NOT APPLY BEFORE THE VESSEL HAS BEEN LAUNCHED OR WHILST SHE IS HAULED OUT ASHORE.

2. INCORPORATION

The Institute Yacht Clauses 1/11/85 except Clauses 2, 3, 4, 5, 6, 8, 9, 10, 12.1, 19, 20, 21, 22 and 23 are deemed to be incorporated in this insurance insofar as they do not conflict with the provisions of these clauses and providing that any indemnity in respect of any sum or sums for which the Assured may become legally liable in respect of any one accident or series of accidents arising out of the same event shall be limited to the sum stated for this purpose in this insurance or, if no such amount is stated, to the sum insured in respect of the Vessel.

3. DETAINMENT

In the event that the Vessel shall have been the subject of capture seizure arrest restraint detainment confiscations or expropriation, and the Assured shall thereby have lost the free use and disposal of the Vessel for a continuous period of 12 months then for the purpose of ascertaining whether the Vessel is a constructive total loss the Assured shall be deemed to have been deprived of the possession of the Vessel without any likelihood of recovery.

4. EXCLUSIONS

This insurance excludes

- 4.1 loss damage liability or expense arising from
 - 4.1.1 any detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter hereinafter called a nuclear weapon of war
 - 4.1.2 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, France, the Union of Soviet Socialist Republics, the People's Republic of China
 - 4.1.3 requisition or pre-emption
 - 4.1.4 capture seizure arrest restraint detainment confiscation or expropriation by or under the order of the government or any public or local authority of the country in which the Vessel is owned or registered
 - 4.1.5 arrest restraint detainment confiscation or expropriation under quarantine regulations or by reason of infringement of any customs or trading regulations
 - 4.1.6 the operation of ordinary judicial process, failure to provide security or to pay any fine or penalty or any financial cause
 - 4.1.7 piracy (but this exclusion shall not affect cover under Clause 1.4)
- 4.2 loss damage liability or expense covered by the Institute Yacht Clauses 1/11/85 or which would be recoverable thereunder but for Clause 12 thereof
- 4.3 any claim for any sum recoverable under any other insurance on the Vessel or which would be recoverable under such insurance but for the existence of this insurance
- 4.4 any claim for expenses arising from delay except such expenses as would be recoverable in principle in English law and practice under the York Antwerp Rules 1974.

5. TERMINATION

- 5.1 This insurance may be cancelled by either the Underwriters or the Assured giving 7 days notice (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is Issued by or to the Underwriters). The Underwriters agree however to reinstate this insurance subject to agreement between the Underwriters and the Assured prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions and/or warranties.
- 5.2 Whether or not such notice of cancellation has been given this insurance shall TERMINATE AUTOMATICALLY
- 5.2.1 upon the occurrence of any hostile detonation of any nuclear weapon of war as defined in Clause 4.1.1 wheresoever or whensoever such detonation may occur and whether or not the Vessel may be involved
- 5.2.2 upon the outbreak of war (whether there be a declaration of war or not) between any of the following countries
- 5.2.2.1 United Kingdom, United States of America, France, the Union of Soviet Socialist Republics, the People's Republic of China
- 5.2.3 in the event of the Vessel being requisitioned, either for title or use
- 5.3 In the event either of cancellation by notice or of automatic termination of this insurance by reason of the operation of this Clause 5 or of the sale of the Vessel, pro rata net return of premium shall be payable to the Assured.

This insurance shall not become effective if subsequent to its acceptance by the Underwriters and prior to the intended time of its attachment, there has occurred any event which would have automatically terminated this insurance under the provisions of Clause 5 above,.



Underwriter
For and on behalf of Watkins Syndicate at Lloyd's
per Groves, John & Westrup Limited.



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