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# PANTAENIUS PROTECTION AND INDEMNITY CLAUSES (PPIC)

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**PANTAENIUS**

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## Who the Insurer is

Pantaenius is the agent of the Insurer:

The marine liability insurer, protecting the interests of yacht owners and operators, is the Shipowners' Mutual Protection and Indemnity Association (Luxembourg).

## Policy documentation

*The Insured* becomes a Member of the Shipowners' Club and will receive a Policy Schedule setting out the scope of cover and risks insured. Subsequent amendments to cover will be documented by policy endorsements.

## SECTION A: LIABILITY INSURANCE

### § 1 The protection provided

*The Insured* can expect the Insurer to respond to all marine liability *claims* made against him, other than those listed in Section A, § 3 'What is not covered (exclusions)' and those *claims* which are unrelated to owning and operating the yacht named on the Certificate. Within the policy limits, the reasonable costs of investigating and defending *claims* are paid, too.

This insurance extends to cover guests whom *the Insured* allows to use his yacht by informal, non-commercial agreement provided that the professional captain remains on board and in command.

The Insurer covers *the Insured's* liabilities whilst his yacht is chartered out on a *fully crewed* basis, including *claims* made against *The Insured* due to the activities of charterers or their guests. Cover can be extended to *the Insured's* charterers and charterers' guests too, as detailed under the *Crew, guests and others* section of the policy.

### § 2 The cover

This policy insures liability *claims* made against *The Insured* as the owner or operator of the yacht named on the Certificate of Insurance. The liabilities insured include:

#### 1. Collision and property of others

*Claims* for collision damage to other vessels or for loss of or damage to piers, wharves, jetties, pontoons or any property belonging to others.

*Claims* from other parties for personal injury or death which arise out of a collision.

#### 2. Contractual Liabilities and Indemnities

The cover includes contractual liabilities and indemnities for illness, personal injury, death or property damage when these relate to the yacht named on the Certificate and concern its operation and management. This includes indemnities given to yacht clubs, marinas, port or harbour authorities, boatyards and suppliers of goods and services to the yacht.

The Insurer will also agree to waive his rights of *Subrogation*, if this is required by the contract.

The Insurer also approves the use of all MYBA Charter Agreements, provided they have not been amended to increase *the Insured's* exposure to liabilities or expenses.

This **Contractual Liabilities and Indemnities** section insures liability which arises solely under contract and the limit of cover is US\$ 5,000,000 any one accident or *incident*. If the insurer has agreed to a higher limit, this will be shown in the Certificate of Insurance.

#### 3. Crew, guests and others

This policy also covers *Claims* from *the Insured's* crew, guests or others for personal injury, illness or death including *claims* for crew compensation arising from personal injury, illness or death and sickness benefits. Related medical costs and other expenses are covered, too. *Claims* made against *the Insured's* crew as a result of carrying out their professional duties are also covered.

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Death and/or disability payments *the Insured* provides under individually negotiated and agreed Seafarers' Employment Agreements (SEAs) should be reasonable and appropriate for the duties and position held by the crew member when viewed against the prevailing compensation regime.

If your yacht is subject to the provisions of the Maritime Labour Convention 2006, the terms and conditions of the insurance cover we provide is contained within a separate Cover Extension entitled "Maritime Labour Convention Certificates Clause" which is incorporated into this policy of insurance and which is accessible via the Shipowners' Mutual. Maritime Labour Convention (MLC) 2006 Repository under [www.shipownersclub.com/mlc/](http://www.shipownersclub.com/mlc/)

When *the Insured's* yacht is chartered out on a *fully crewed* basis and *the Insured* notifies the Insurer that he would like the Insurer to do so, the Insurer will extend cover to treat *the Insured's* charterers and their guests as *Joint Insureds* and shall respond to liability *claims* made against them as a result of an *incident* occurring during their use of *the insured yacht*. *The Insured* may notify the Insurer if he wishes to treat them as *Joint Insureds* before or after a claim occurs. This extension protects charterers or their guests against those *claims* which, had they been made against *the Insured*, would have been *claims* falling within the scope of this insurance. Under no circumstances will the Insurer be liable for a larger sum than he would have been obliged to pay on *the Insured's* behalf.

## 4. Fines

This policy insures *fin*es for breach of *pollution*, smuggling or immigration laws, providing these were accidental or caused by *the Insured's* crew's independent actions or omissions.

The Insurer also covers *fin*es due to an inadvertent breach of statutory health and safety regulations which apply to the yacht named on the Certificate.

## 5. Inquiries and criminal proceedings costs

This policy insures the reasonable costs and expenses of protecting *the Insured's* interests at formal inquiries into a *casualty* and the reasonable costs of defending criminal proceedings brought against his captain, crew and agents, if *the Insured* has a responsibility for them.

## 6. Mitigation costs

When an *incident* arises which will or is likely to lead to a claim under this policy, *the Insured* is required to take reasonable steps to mitigate the loss and minimise the amount which would be paid as a claim under this insurance. The Insurer will reimburse the reasonable costs and expenses *the Insured* incurs for this purpose.

## 7. Personal Effects

*Claims* for loss of or damage to *Personal Effects* are covered. The maximum amount payable for *the Insured's* crew's *Personal Effects* will be limited to US\$ 10,000 per person, per claim.

## 8. Piracy

*The Insured* remains covered for any of the *claims* listed here under 'The cover' which arise following acts of piracy against the named yacht. The exclusion in respect of kidnap and ransom demands contained in 'What is not covered (exclusion)' – exclusion 11 below still applies.

## 9. Pollution and environmental liabilities

Cover exists for *pollution* from *the Insured's* yacht, including the cost of clean up and reasonable measures taken to prevent an imminent risk of *pollution*.

Damage to coral reefs and other sensitive marine environments providing these occur as a result of an identifiable accident or *incident* is covered as well as resulting governmental *fin*es and penalties.

## 10. Quarantine costs

The *Extra costs and expenses* *the Insured* incurs as a direct result of an outbreak of an infectious disease are covered.

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## 11. Racing cover

The Insurer covers sailing yachts participating in casual racing events or those organised by yacht clubs, sailing associations or racing events governed by an internationally recognised sailing federation.

If *the Insured's* yacht's principal purpose is competitive racing or *the Insured* intends to undertake any form of professional ocean racing, *the Insured* needs to talk to the Insurer in advance so that the Insurer can determine whether he can offer cover. The Insurer does not provide racing cover for motor yachts, unless he has been advised of the racing in advance and *the Insured* has obtained the Insurer's written agreement to insure it.

## 12. SCOPIC

Cover is provided for *the Insured's* SCOPIC liabilities when salvors choose to use SCOPIC with the Lloyd's Open Form (LOF).

## 13. Stowaways refugees and life salvage

Costs and expenses arising from stowaways, refugees and the saving of life at sea.

## 14. Submarines, mini subs, remotely operated vehicles (ROVs)

The insurance covers marine liability *claims* arising out of *the Insured's* submarines, mini-sub and remotely operated vehicles (ROVs) when the submarine, mini-sub or ROV is under the control of *the Insured* or his crew. *The Insured* must advise the Insurer that *the Insured* will require this cover in advance and an additional premium may apply.

The limit of cover under this section is US\$ 5,000,000 per claim and the *deductible* is US\$ 20,000 per claim.

## 15. Tenders

*Claims* arising from the use of *tenders* and *water sports equipment* are covered, providing these arise from activities connected with the yacht named in the Certificate.

To obtain cover for boats which are used as *tenders* but which are registered separately from *the Insured's* yacht, *the Insured* must declare them to the Insurer and if the Insurer agrees to insure them they will be covered under their own policy unless the separate registration was solely in order to comply with mandatory independent registration requirements in the United States of America (U.S.) or elsewhere.

## 16. Uninsured or underinsured boaters

If an *uninsured* or *underinsured third party vessel* is responsible for *the Insured*, his crew or *the Insured's* guests sustaining personal injury whilst on board *the Insured's* yacht or its *tenders*, the insurer agrees to meet any medical costs or expenses which are not recoverable from them.

The limit of cover under this section is US\$ 5,000,000 per claim.

## 17. War risks (Primary or Excess)

This policy will pay *war risks claims* in excess of the policy *deductible* shown on the Certificate of Insurance if *the Insured* has no other *war risks* insurance policy in place.

If *the Insured* has purchased *war risks* insurance from other insurers, the amount recoverable under this policy will be the amount of any loss which exceeds the amount *the Insured* can recover under that *war risks* policy or *the Insured* value of *the Insured's* yacht, whichever is greater, up to the maximum *war risks deductible* of US\$ 100 million.

## 18. Water sports

*Claims* arising from the use of *water sports equipment* belonging to and carried by *the Insured's* yacht.

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## 19. Wreck Removal

Wreck removal, marking or lighting costs which are compulsory by law, following the loss of the yacht named on the Certificate. The Insurer also covers voluntary yacht wreck removal from somewhere *the Insured* owns or leases when no wreck removal order has been given.

The insurance covers the reasonable costs of disposing of the wreck. The residual value of any property recovered shall be deducted or offset against *the Insured's* claim.

### § 3 What is not covered (exclusions)

For any claim to be payable it must arise from an *incident* which occurs during the period of insurance stated on the Certificate of Insurance. It is a requirement of this policy that *the Insured* uses his yacht for lawful purposes; otherwise *the Insured's* liabilities may not be covered. In addition, the Insurer does not pay *claims* for or arising from the following:

1. **Bare-boat chartering** the yacht. The Insurer does however continue to cover *the Insured* for any strict liabilities which attach to *the Insured* as the owner of the yacht, such as *pollution* liabilities arising under Bunker Blue Cards.
2. **Chemical, biological, bio-chemical or electromagnetic weapons.**
3. **Cyber risks.** The use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system
4. **Commercial diving** or diving bells.
5. **Contractual liabilities** and indemnities other than those relating to illness, personal injury, death or property damage.
6. **Crew claim exclusions.** The Insurer does not pay *crew* annuities, retirement accounts or pension contributions. If injured parties are entitled to receive compensation for personal injury or sickness benefits under a mandatory state or national insurance scheme, the Insurer is not obliged to pay such *claims*. This exclusion applies even if *the Insured* or the injured parties have failed to take the steps necessary to receive such entitlements. The Insurer does not pay *claims* for or arising out of disputes with *crew* over contractual liabilities or obligations. The Insurer does not pay *Employment Practices liability claims*.
7. **Deductibles** which *the Insured* is required to bear under other policies.
8. **Disputes** over contractual liabilities or obligations; or disputes or proceedings over obstruction or interference with *the Insured's* yacht's operations.
9. **Disputes** between named parties. The Insurer does not support *Insureds* or *Joint Insureds* in dispute with each other, or *Co-Insureds* in dispute with *Insureds* or *Joint Insureds* under the same policy.
10. **Environmental damage** arising from *the Insured* yacht's continuing use of or presence at a coral reef or other sensitive marine environment.
11. **Illegal payments of any kind** such as extortion, blackmail or bribery or any associated costs or expenses.
12. **Kidnap and ransom** demands or payments.
13. **Motor vehicles.** *Claims* arising from the use of mechanically powered vehicles whilst ashore.
14. **Non-compliance.** If *the Insured* knows or should reasonably have known that his yacht is not in compliance with the requirements of her Flag State, certifying authority or classification society for any reason whatsoever, *claims* which arise as a result will not be payable.
15. **Nuclear risks** or *claims* arising from radioactivity.
16. **Other insurances.** If *the Insured* is insured under an insurance policy from which a claim can be recovered for any of the sections of cover detailed above, this policy will not pay such *claims*, regardless of whether the other policy includes a provision similar to this. Examples of other insurance *claims* the Insurer would not pay include those which fall under policies for Aviation risks, Builders risks, General Liabilities, Hull and Machinery, Motor Vehicles, Public or Products liability, Professional Indemnity and/or *War risks*.

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17. **Own property.** Loss of or damage to owned or leased property of *the Insured* including *the Insured's* yacht. This exclusion also applies to such loss of or damage when caused by the actions of *the Insured's* charterer and/or guests.
18. **Personal Effects** of crew, guests or others which are cash, precious metals or stones or other objects of a rare or precious nature.
19. **Punitive damages** or exemplary damages however described, imposed by a court in the U.S.
20. **Salvage services** to *the Insured's* yacht or demands for general average payments and any related disputes.
21. **Sanctions.** The Insurer does not pay *claims* which would expose the Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom or the U.S. Furthermore, the Insurer is not liable to pay any claim to *the Insured*, in full or in part, if the Insurer is unable to make a recovery from its reinsurers in respect of that claim, due to sanction restrictions placed on one or all of the Insurer's reinsurers.
22. **Surveys & Management Audit defects.** *Claims* which arise out of defects identified during a survey and/or management audit are not payable.
23. **Time Bar.** The Insurer does not pay *claims* arising from the loss or wreck of a yacht, once two years have elapsed from the date of the loss or wreck.
24. **Towing.** *Claims* arising as a result of towing other vessels unless it is *the Insured's* own tender or a vessel in distress and *the Insured* is providing emergency assistance.
25. **Unattended use.** No claim will be covered unless a submarine, mini-sub or ROV is at all times operated and maintained in accordance with the manufacturer's safety guidelines and any requirements of *the Insured's* yacht's Flag State or Classification Society. There is no cover for *claims* arising when a guest, charterer or a charterer's guest is operating the submarine, mini-sub or ROV without the supervision of *the Insured* or *the Insured's* crew or without having been trained in accordance with the manufacturer's safety guidelines.
26. **Unlawful purposes.** Including carrying contraband, blockade running, illegal fishing, or being employed in an unlawful or prohibited activity or trade. This would include any activity or trade where granting *the Insured* cover or paying *the Insured* a claim would risk exposing the Insurer to any sanctions, prohibitions or restrictions under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or the U.S.
27. **Wilful misconduct,** including *the Insured's* infringement of any law, rule or regulation, or permitting any activity on board or in connection with *the Insured's* yacht which is unsafe or unduly hazardous.

If the Insurer has agreed to insure any of the risks which the Insurer says he does not cover, it will be shown on the Certificate of Insurance.

## SECTION B: GENERAL CONDITIONS

### § 1 Assignment

*The Insured* cannot assign the policy to any other person other than with the Insurer's prior written approval.

### § 2 Cancellation and termination

*The Insured* may cancel cover at noon GMT on the renewal date of any year by giving the Insurer not less than 30 days' prior written notice of cancellation. The Insurer may, at any time, cancel this policy by giving *the Insured* not less than 30 days' notice in writing and the Insurer may at his option give *the Insured* seven days' notice of cancellation at any time to discontinue cover for *war risks*.

In the absence of a notice of cancellation, the insurance which the Insurer provides to *the Insured* will either terminate upon the date shown on the Certificate of Insurance or automatically and without further notice upon:

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- the sale or transfer of *the Insured's* yacht to new owners
- the yacht becoming an actual or constructive total loss
- *The Insured's* bankruptcy or insolvency

or if the Insurer is prohibited from insuring *the Insured* under United Nations Resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or the U.S.

*The Insured's* cover for *war risks* will terminate automatically should war break out between any of the following countries: the United Kingdom, the United States of America, France, the Russian Federation and the People's Republic of China.

The Insurer may give *the Insured* notice whenever the Insurer believes that continuing cover with *the Insured* may expose the Club or any of its Members to sanction, prohibition or adverse action from the United Nations or the European Union, United Kingdom or United States of America or *the Insured* uses any of his vessels for a prohibited or unlawful activity or trade.

Termination of cover shall, upon the Insurer's discretion, also apply to *Joint Insureds* and *Co-Insureds*. When cover is terminated *the Insured* will be entitled to a daily pro rata return of premium other than when the Insurer has paid a wreck removal claim following the total loss of the yacht. If *the Insured's* policy is cancelled for non-payment of premium and part of the premium due has been paid by instalments, no return of premium is payable.

## § 3 Claims

If a claim is made against *the Insured*, *the Insured* must follow the *claims* handling procedure set out at the end of this document. If *the Insured* fails to do so *the Insured's* ability to claim may be affected.

## § 4 Classification, Certifying Authority or Flag State

*The Insured's* yacht must maintain the Class, Certifying Authority or Flag State certification that it has at the time the Insurer agrees to insure it. Any lapse in or loss of such certification must be notified to the Insurer immediately and may prejudice *the Insured's* ability to claim under the insurance.

## § 5 Complaints

The insurer takes all complaints seriously. If *the Insured* is dissatisfied with the Insurer's handling of the claim or any other aspect of *the Insured's* insurance or the service the Insurer provides, please contact Pantaenius at the address shown at the foot of the Policy Schedule.

## § 6 Dispute resolution

In the unlikely event that the Insurer cannot resolve *the Insured's* complaint satisfactorily, the matter will be referred to arbitration in London, one arbitrator to be appointed by the Insurer, one by *the Insured*, and a third to be appointed by the arbitrators. The reference to arbitration and the arbitration proceedings themselves will be subject to the provisions of the Arbitration Act 1996 and any statutory modification or re-enactment of the Act.

## § 7 Governing law

*The Insured* and the Insurer agree that *the Insured's* policy is governed by and will be construed in accordance with English law. In particular, it is subject to and incorporates the provisions of the Marine Insurance Act 1906 and the Insurance Act 2015 and all amendments thereto except to the extent that such Act or modification may have been excluded by this policy or any contract of insurance between the Insurer and any insured party. It is not intended that rights should be acquired by any third party by reason of the Contracts (Rights of Third Parties) Act 1999 or any similar legislation in any jurisdiction.

## § 8 Joint Insureds and Co-Insureds

The Insurer may agree to insure *the Insured's* yacht in the name of more than one person or company and to note them on the Certificate of Insurance as *Joint Insureds*. In these circumstances, the person or company noted as 'The Member/Insured' on the policy schedule is referred to as *the Insured* and all others are Additional Insureds; collectively *Joint Insureds*. The terms and conditions of the policy (including premium payment obligations) apply equally to all. An act, omission, statement or claim of any *Joint Insured* similarly affects all of them. The Insurer directs all correspondence to *the Insured*, who receives it on behalf of all *Joint Insureds*.

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Whenever *the Insured* has a liability which is recoverable from the Insurer but the claim for that liability is made against another person or company who appears on *the Insured* Certificate of Insurance as a *Co-Insured*, rather than a *Joint Insured*, the Insurer will reimburse claim payments made by that *Co-Insured*, up to the limit of *the Insured* liability for those payments. The Insurer will not subrogate against *Co-Insureds* for *claims* which the insurer pays due to *the Insured's* liability.

When the Insurer pays a claim to, or on behalf of, any one of the *Joint Insureds* or *Co-Insureds*, the Insurer has discharged his liability to all of them, in respect of that claim.

## § 9 Lay up

The Insurer does not return premium for periods of lay up notified in arrears.

## § 10 Material facts

*The Insured* has a duty to make a fair presentation of the risk, by disclosing all material matters which *the Insured* knows or ought to know or, failing that, by giving the Insurer sufficient information to put the Insurer, as a prudent Insurer, on notice that the Insurer needs to make further enquiries in order to reveal material circumstances. If *the Insured* fails to do so his ability to recover a claim from the Insurer may be prejudiced.

## § 11 Premium

*The Insured's* insurance premium will be fixed annually and no further premium will be payable, unless *the Insured* asks the Insurer to extend *the Insured's* insurance cover or the material facts upon which the Insurer bases the cover change. *The Insured* must pay the premium in such instalments and on such dates as the Insurer has specified, otherwise the Insurer will not pay *claims* and the Insurer may cancel *the Insured's* insurance policy. The Insurer is entitled to call upon *Joint Insureds* to settle any unpaid premiums.

## § 12 Security

Where the Insurer considers it appropriate and necessary the Insurer may provide letters of undertaking, bonds or bank guarantees on *the Insured's* behalf, as security for covered *claims*, providing *the Insured* has paid any *claims deductible* which is due to the Insurer.

## § 13 Severability clause

In the event that a court or tribunal finds any part of this policy to be unenforceable, invalid or to be in conflict with any mandatorily applicable statute or law, or public policy, such part shall be severed and such a finding shall not affect the enforceability, validity or legality of the remainder of the policy, which shall remain in full force and effect.

## § 14 Surveys & Management Audits

The Insurer may at any time appoint a surveyor, at his cost, to inspect *the Insured's* yacht. The Insurer may also wish to perform a Management Audit of *the Insured's* shore side operation. If such an inspection or audit identifies defects in *the Insured's* yacht and/or *the Insured's* management systems, the Insurer may require that *the Insured* remedy them as directed at that time.

## § 15 Claims handling procedure

It is important that *the Insured* contacts the Insurer or the Insurer's Correspondent promptly, so that the Insurer can assist *the Insured*. The earlier the Insurer is involved the better. *The Insured* is required to act prudently and as if *the Insured* is uninsured until such time as the Insurer has taken over the handling and management of the *Incident*. When reporting a claim it will help the Insurer if *the Insured* includes *the Insured's* yacht's name, the *incident* date, the nature of the *incident*, the location of *the Insured's* yacht and location of the *incident* (if different). If an injury or collision is involved *The Insured* may be required to notify the appropriate authorities.

The Insurer has the right to handle, settle or compromise *claims* or proceedings as the Insurer see fit. The Insurer may appoint lawyers, surveyors or other persons when the Insurer considers these are necessary. They may report to the Insurer and provide documents or information to the Insurer, without prior referral of these matters to *the Insured*.

When it is possible for a yacht owner to limit their liability at law, that sum becomes the maximum amount recoverable under this policy and will apply regardless of whether the Insurer insures *the Insured* as the owner of the yacht or in some other capacity.



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*The Insured* must not admit liability for any claim and *the Insured* must not settle a claim without the prior approval of Insurers. *The Insured* must also preserve any rights *the Insured* may have to limit *the Insured's* liability and any rights *the Insured* may have against any third party. If *the Insured* admits liability, settles or fails to preserve *the Insured's* limitation rights, *the Insured's* claim may be rejected or reduced. If the Insurer pays the claimant, *the Insured* or *the Insured's* nominated broker, manager, agent or some other person whom *the Insured* nominates, the Insurer's liability shall be fully discharged.

## SECTION C: DEFINITIONS

The use of italic text in this policy indicates that the word or phrase is defined in the clauses. Words in the singular shall include the plural and vice versa.

**Bare-boat chartering** means making *the Insured's* yacht available for hire or reward to other parties, without *The Insured's* crew on board. Inter-company arrangements in which *The Insured's* yacht is chartered from one related company to another within a company group or otherwise, is not considered to be *bare-boat chartering* for the purposes of this policy.

**Casualty** means an *incident* affecting the physical condition of *the Insured's* yacht so as to render it incapable of safe navigation to its intended destination, or which creates a threat to the life, health or safety of *the Insured's* crew or guests. Engine breakdown is not a *casualty* for the purposes of this policy.

**Claims** means liability *claims* made against *The Insured* as a result of owning or operating the yacht named on *the Insured's* Certificate of Insurance.

**Co-Insured** means persons or companies other than *the Insured* who are entitled to the protection of the policy when held responsible for liabilities which properly belong to *the Insured*. Unlike Insureds and *Joint Insureds*, *Co-Insureds* are not Members of the Shipowners' Club and have no independent right of recovery under the policy for their own liabilities. They have no obligation to meet any unpaid premiums due under the policy.

**Crew** means any person engaged or employed in any capacity in connection with *the Insured's* yacht, whether on board or proceeding to or from *the Insured's* yacht or on yacht's.

This includes day workers, but the total number of day workers engaged on or around *the Insured's* yacht at any one time must not exceed 50% of *the Insured's* yacht's normal crew complement unless the Insurer has been advised and agreed in writing, in advance.

*Crew* does not mean yacht brokers or yacht agents or those supplying services to *the Insured's* yacht.

**Crew compensation and sickness benefits** are those payable under *the Insured's* Seafarers' Employment Agreements (SEAs) or crew contracts, collective bargaining agreements or where the state requires employers to pay compensation or sickness benefits for personal injuries in the absence of a mandatory state scheme.

**Deductible** means the initial amount *The Insured* has to pay yourself before the insurance policy will respond to a loss under a policy. Some policies refer to this as an excess. For the purposes of this policy, the words *deductible* and *excess* in this context have the same meaning.

**Employment Practices liability claims** means *claims* for wrongful or unfair termination, sexual harassment, discrimination or any other employment-related conduct.

**Extra costs and expenses** means costs and expenses over and above those which would ordinarily be incurred had the *Incident* not taken place.

**Fines** include civil penalties, penal damages and other impositions similar in nature to *Fines*, but not punitive damages.

**Fully crewed** means making *the Insured's* yacht available for hire or reward to other parties (charterers), with *the Insured's* crew on board. Also known as time chartering.

**Incident** means an accident relating to the operation or use of *the Insured's* yacht. A series of *incidents* which have the same cause will be treated as one *incident* and for the purpose of *claims* settlements one claim excess will apply.

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**Joint Insured** means a person or company eligible to be a Member of the Shipowners' Club and who is insured under the same policy with other eligible persons. The policy provides cover to *Joint Insureds* on the same terms and conditions as apply to *the Insured*. They have joint and several liability for premiums payable.

**Nuclear risks** means any loss, damage or expense due to or arising out of, directly or indirectly, nuclear reaction, radiation or radioactive contamination regardless of how it was caused.

**Personal Effects** means items which *the Insured's crew*, passengers or others bring on to *the Insured's yacht* for recreational purposes and which are unconnected to the operation of *the Insured's yacht*.

**Pollution** means the accidental discharge or escape of oil or other substances from *the Insured's yacht*.

**SCOPIC** means Special Compensation P&I Club Clause.

**Subrogation** means a right which the Insurer may acquire as insurers to pursue other persons for reimbursement of *claims* the Insurer has paid.

**Tender** means the boat or boats which are registered to *the Insured's yacht*.

**The Insured or the Insured's** means the person or company named as *the Insured* in the Certificate of Insurance. Where the yacht is owned by a corporate entity, the beneficial owner(s) will also benefit from the protection of the policy and if the owner is domiciled in the U.S. the US Yacht Endorsement will automatically apply to this insurance.

**Underinsured third party vessel** means a third party vessel whose owner or operator has insufficient insurance to cover medical costs and expenses of *the Insured's crew* or guests.

**Uninsured third party vessel** means a third party vessel which collides with *the Insured's yacht* and which fails to stop and identify itself afterwards or a vessel whose owner or operator has no vessel liability insurance or whose liability Insurer denies cover or becomes insolvent.

**War risks** means liabilities incurred as a result of war, civil war, revolution, rebellion, insurrection or resultant civil strife or any hostile act by or against a belligerent power or by any act of terrorism; capture, seizure, arrest, restraint or detainment; mines, torpedoes, bombs, rockets, shells, explosives or similar weapons of war.

It does not mean any chemical, biological, bio-chemical or electromagnetic weapon; the use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

**Water sports equipment** means items which are designed and built for recreational the use in water.

**Wilful misconduct** means an intentional act or deliberate omission done by *the Insured* either with knowledge that the act or omission is likely to result in loss, or in such a way as to allow an inference of reckless disregard for the probable consequences.

## APPENDIX I

### Yacht Liability Insurance United States Yacht Endorsement

The following conditions apply to yachts registered in the United States (US) and/or policies which include a named US domiciled Insured. The provisions below cancel and replace the Dispute Resolution and Governing law clause as per Section B § 6 and § 7 PPIC:

#### Dispute resolution jurisdiction and service of suit

In the unlikely event that the Insurer cannot resolve *the Insured's* complaint satisfactorily, the matter will be referred to arbitration in London, one arbitrator to be appointed by the Insurer, one by *the Insured*, and a third to be appointed by the arbitrators. The reference to arbitration and the arbitration proceedings themselves will be subject to the provisions of the Arbitration Act 1996 and any statutory modification or re-enactment of the Act

It is further agreed that in the event of the Insurer's failure to pay any amount claimed to be due under this policy following adjudication of any such dispute through arbitration, the Insurer and *the Insured* will, for purposes of enforcement of any arbitral award, submit to the jurisdiction of the United States District Court for the Southern District of New York, or, in the event the United States District Court for the Southern District of New York lacks federal subject matter jurisdiction, to the jurisdiction of the Supreme Court of the State and the County of New York. If *the Insured* is domiciled in California, the Insurer and *the Insured* will, for purposes of enforcement of any arbitral award, submit to the jurisdiction of any court of competent jurisdiction in California.

In these circumstances it is further agreed that *the Insured* may serve process in any such action upon the firm of:

Drinker Biddle & Reath LLP  
1177 Avenue of the Americas  
41st Floor  
New York  
New York 10036-2714

and that in any suit instituted against the Insurer; under this contract the Insurer will abide by the final decision of the court or of any appellate court in the event of an appeal. The above-named are authorised and directed to accept service of process on our behalf in any such suit and/or upon *the Insured* request to give a written undertaking to *the Insured* that they will enter a general appearance upon our behalf in the event such a suit shall be instituted.

*The Insured's* right to bring suit as provided under this contract shall be limited to a suit brought in its own name and for its own account. Any mortgagee under a vessel mortgage which is specifically named as a loss payee in this insurance and any person succeeding to the rights of any such mortgagee shall be entitled to the same rights as *the Insured*, for the purpose of suit as provided within this contract.