
YACHT & PLEASURE CRAFT INSURANCE

Please read this Policy carefully and see that it
meets your requirements



RoyalStar Assurance Ltd.
P. O. Box N-4391 P. O. Box F-42673
Nassau, Bahamas Freeport, Grand Bahama

Issued by: Abaco Insurance Agency Ltd.

WE, ROYALSTAR ASSURANCE LTD (hereinafter called the Company) hereby agree, in consideration of the payment to us by or on behalf of the Assured of the premium specified in the Schedule, to insure against loss damage liability or expense in the manner hereinafter provided.

IN WITNESS WHEREOF the undersigned, acting on behalf of and under the authority of the Company, has subscribed his name.

RoyalStar Assurance Ltd.

SECTION A

HULL INSURANCE – LOSS OR DAMAGE TO THE VESSEL

Property Insured

We cover your yacht or pleasure craft described in the Schedule, including outfit and equipment, which would form part of the vessel's inventory. We also cover the dinghy and its motor which you own and use with your vessel and which is usually carried on deck or in davits. We cover this property afloat and while ashore or being transported on a land conveyance, including during loading and unloading. If equipment is temporarily not on board the vessel and is ashore for storage or repair, we will cover it for up to 20% of the amount shown under Section A on the Schedule. This reduces the amount of insurance remaining on the vessel by the value of that equipment.

Perils Insured

Unless excluded under Section F of this Policy, we insure against all risks of accidental direct physical loss or damage. We also cover physical damage that is caused directly by any hidden defect in your vessel. However, we do not cover the cost of repairing or replacing any defective part of or making good a defect in the design or construction.

Indemnity (Market Value)

This policy is based on the current market value of your vessel, engine(s) and accessories at the time of any loss or damage during the policy period noted on your schedule. The current market value is defined as the price for which a vessel or engine(s) of similar make, model, accessories, condition, and age, can be bought in the geographical Area at the time of the loss or damage.

Amount we will Pay

We will pay for a total loss of your vessel and other covered property only if the vessel is completely lost or destroyed, based on the market value as above. We will also pay for a constructive total loss if the cost of recovering and repairing the vessel is greater than the current market value of that vessel.

In determining the amount of our payment to you under this Section, we will pay the lesser of the cost of repairs or the current market value.

If we pay you for a total loss or constructive total loss, you agree that we are entitled to salvage proceeds or recovery therefrom, if any.

Repair Option

In the event of damage, we have the option of limiting payment for repair or the damaged portions in accordance with:

- (a) Customary and / or generally accepted boatyard repair practices, and / or
- (b) According to the repair procedures recommended by the builder.

Deductible

We will subtract the deductible shown on the Schedule from any payment we will make under this section for each and every loss.

Additional Cover

We will pay all reasonable salvage charges and necessary expenses up to the current market value of your vessel, for minimizing or averting a loss covered by the Policy.

In the event of an accidental grounding, we will pay the costs of examining the bottom of the vessel, if reasonably incurred for that purpose, even if no damage is found.

SECTION B

BOAT TRAILER COVER—PROVIDED ONLY WHERE INDICATED ON THE SCHEDULE

Cover Provided

We provide cover for the trailer listed on the Schedule against all risks of accidental loss of or damage to the trailer from any external cause, unless excluded under Section F.

Amount We Will Pay

In determining that amount of our payment to you under this Section, we will pay the lesser of the cost of repairs or the current market value of the trailer. The current market value is defined as the price for which a trailer of similar make, model, condition, and age, can be bought in the geographical Area at the time of the loss or damage.

Deductible

We will subtract the deductible shown on the Schedule from any payment we will make under this section for each and every loss.

SECTION C

PERSONAL EFFECTS-PROVIDED ONLY WHERE INDICATED ON THE SCHEDULE.

Property Insured

We insure personal effects, including clothing and sports equipment, belong to you, your family members or guests, while they are on board or being carried on or off your vessel, but there is no cover while the vessel is laid up for repairs or storage. There is also no cover for money, jewellery, furs, travellers' cheques or other valuable papers or documents.

Perils Insured

Unless excluded under Section F of this Policy, we insure all risks of accidental loss or damage. However, claims for theft of personal effects will be payable only if the theft follows forcible entry into the vessel.

Amount We Will Pay

We will pay the actual cash value of personal effects, but not exceeding what it would cost to repair or replace the property with material of like kind and quality. Our liability in any one loss to personal effects will not be more than the amount insured as stated in the Schedule regardless of the number of people who may have suffered a loss arising out of the same event.

Deductible

We will subtract the deductible shown on the Schedule from any payment we will make under this section for each and every loss.

SECTION D

LIABILITIES TO THIRD PARTIES

Cover Provided

Unless excluded under Section F of this Policy, we will re-imburse an insured person with any sum which that person becomes legally liable to pay in respect of any of the following:-

- Loss of life or bodily injury, which results from ownership or use of the insured vessel.
- Loss of or damage to any other vessel or property on board such other vessel which arises from ownership or use of the insured vessel.
- Loss of or damage to any harbour, dock, slipway, gridiron, pontoon, pier, quay, jetty, buoy, cable or other fixed or movable property, which arises from ownership, or use of the insured vessel.
- Costs that result from the raising, removal or destruction of the wreck of your vessel, or an attempt at any of these. We will also cover any bodily injury, death or loss or damage to property that arises because you fail to raise, remove or destroy the wreck of your vessel.
- The rescue of you, your passenger or member of your crew.

Option to Settle or Defend

If an insured person is named in a suit alleging liability for these events, we will settle or defend the suit as we think appropriate. Our obligation to pay, settle or defend will not be subject to any deductible.

Limit Of Liability

Our liability under this Section shall be subject to a maximum limit of liability under section D of the schedule. Our obligation to pay, settle or defend ends when we have paid the maximum limit on your behalf. This limit is the most we will pay during any one policy period, regardless of number of incidents, number or persons or boats or property involved in a single incident, series of incidents or separate incidents. Once a claim is made under this section, the limit of liability will automatically be reduced by the amount of the claim.

Restricted Limits for Water-skiing

During such time as the vessel or dinghy are being used for water-skiing, aquaplaning or any similar sport in which objects or persons or both are towed, and until such operation has ceased and the persons or objects engaged in such sport have been safely taken on board the vessel or safely landed elsewhere, the limits afforded by this section shall be restricted limits as stated in the schedule under section D (ii).

Supplementary Payments

In addition to the limit of liability shown on the schedule, we will pay on behalf of an insured person:-

- (a) Interest on our portion of the judgment, which is earned before we make a payment.
- (b) Loss of earnings (but not of other income) of up to US100 or local equivalent, per day for attendance at court proceedings at our request.
- (c) Legal or other reasonable expenses incurred at our request or with our written approval.

SECTION E

MEDICAL PAYMENT PAYMENTS

Cover Provided

We will pay the reasonable expenses of necessary medical, surgical, ambulance, hospital, professional nursing services and in the event of death, funeral costs incurred within one year from the date of, and resulting from, an accident to any person while in, upon or leaving the insured vessel.

Limit of Liability

Our liability under this Section shall be subject to a maximum limit of liability under section E of the schedule. This limit is the most we will pay during any one policy period, regardless of number of incidents, number of persons or boats or property involved in a single incident, series of incidents or separate incidents.

SECTION F

GENERAL EXCLUSIONS

(Applicable to all sections) – Please read the following exclusions carefully. They apply to all sections of the Policy and may tell you that a loss is not covered:

1. We do not provide cover while the vessel is chartered, rented to others, used to carry persons or property for a fee, or used for other commercial purposes or is on exhibition, unless we have first agreed to such cover in writing.
2. We do not provide cover while the vessel is being towed (except when in need of assistance or undertaking towage of other vessel, except vessels in distress) unless we have first agreed to such cover in writing.
3. There is no cover if without our written permission your vessel is taken outside the area described on the Schedule.
4. We do not cover physical damage or losses caused by or resulting from normal wear and tear, gradual deterioration, marine life, electrolysis, osmosis, corrosion, trust, rust, dampness, normal wetting or weathering. We do not cover damage to the machinery caused by or resulting from Mechanical or electrical breakdown.
5. This policy does not cover claims for loss, damage or liability deliberately caused by the wrongful acts or wilful misconduct of any insured person.
6. If your vessel is less than 8 meters long, we will not pay for loss or damage arising from the yacht being left moored or unattended off an exposed beach or shore.
7. We will not pay for damage or loss due to ice, freezing or extremes of temperature.

8. We will not pay for loss or damage due to physical condition of the vessel (other than hidden defects) that existed prior to the effective date of this insurance.
9. We will not pay claims for unexplained disappearance of property, personal effects or equipment from the vessel.
10. We will not pay for loss or damage arising from theft of your vessel whilst left unattended on a trailer unless in a locked or secured compound or yard or unless the trailer has a wheel clamp fitted or wheel removed.
11. We will not pay claims for theft of an outboard motor unless at the time of the loss it had been locked to the craft by an anti-theft device in addition to its normal method of attachment or unless the theft followed forcible entry into the vessel or place of storage.
12. In the event there is a loss covered by this policy, we do not cover any loss of use of the vessel or other consequential damages even if directly caused by the covered loss.
13. This policy is null and void if your vessel is used for any illegal purpose.
14. If your vessel is a motorboat or speedboat, we will not pay for any loss, damage or liability, which occurs while the vessel is racing or engaged in speed testing. If your vessel is a sailing yacht, we will not pay for loss of or damage to sails, rigging, masts and spars whilst the yacht is racing, unless the loss or damage is caused by the vessel being stranded, sunk, on fire or in a collision.
15. We will not pay for loss or damage to electrical apparatus caused by electricity, other than lightning, unless fire results, and then only for the loss or damage caused by the resulting fire.
16. We will not cover any fine or penalty which any government or government authority requires you to pay.
17. There is no cover for any liability under an agreement made (by contract or otherwise) by an insured person, unless you receive our written consent.
18. We do not provide cover for legal liability incurred under any Workman's Compensation or Employer's Liability legislation nor under any other statutory or common law liability in respect of accidents or illness to persons employed by you or any other insured person.
19. This is no cover for liability in respect of bodily injury, loss of life, property damage arising out of the transportation of the vessel on land.
20. There is no cover for liability to divers, snorkellers, whilst operating overboard from the insured vessel
21. We do not provide medical payments or liability cover for bodily injury sustained by any person who is a trespasser or uninvited guest while in, upon, boarding, or leaving the insured vessel.
22. We do not pay for any loss during war or peace caused by or resulting from the capture, seizure, arrest, detainment, or other taking of your vessel by any government or its agents whether lawful or

not. This policy also does not cover loss, damage or liability if caused by or resulting from war declared or undeclared, martial law, or hostile or warlike action take by any government or its agents, any sovereign power, any authority using naval, military or air forces or those forces themselves. We do not pay for loss or damage, or liability resulting from civil war, insurrection, rebellion, revolution, usurped power, or action taken by any governmental authority in defending against these happenings.

23. We will not pay for any damage or expense caused by strikes, labour disturbances, riots or civil commotion.
24. In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to, by 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 contamination properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.
 - (iii) Any weapon of war employing atomic or nuclear fission and / or fusion or other like reaction or radioactive force or matter.
25. We do not provide cover for loss or damage or liability of whatever nature directly or indirectly caused by or contributed to by or arising from the failure or inability of any Computer Equipment, whether the property of the Insured or not, and whether occurring before, during or after the year 2000:-
- (i) to correctly recognize any date as its true calendar date
 - (ii) to capture save or retain or correctly to manipulate interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
 - (iii) to capture save or retain or correctly to process any data as a result of the operation of any command which had been programmed into any Computer Equipment being a command which caused the loss of data or the inability to capture save or retain or correctly to process such data on or after any date

The expression Computer Equipment shall mean any computer or other equipment or system for processing storing or retrieving data and shall include but shall not be limited to any computer hardware firmware or software, media, microchip, integrated circuit or similar device.

26. We do not provide cover for loss, damage, liability or expense arising from:-
- (i) terrorism and or
 - (ii) steps taken to prevent, suppress, control, or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism.

For the purpose of this Endorsement “terrorism” means any act(s) of any person(s) or organizations(s) involving:-

- (i) The causing, occasioning or threatening of harm whatever nature and what ever means
- (ii) Putting the public or any section of the public in fear

In the circumstances in which it is reasonable to conclude that the purpose(s) of the person(s) or organization(s) concerned are wholly or partly of a political, religious, ideological or similar nature.

If any Insurer asserts that any loss, damage, liability or expense is not covered by reason of this Endorsement, it shall be for the Assured to prove the contrary.

27. This policy specifically excludes losses of any kind directly or indirectly caused by, arising from, or consisting of, in whole or in part by;
- (a) The use or misuse of the Internet or similar facility;
 - (b) Any electronic transmission of data or other information;
 - (c) Any computer virus or similar problem;
 - (d) The use or misuse of any Internet address, Website or similar facility;
 - (e) Any data or other information posted on a Website or similar facility;
 - (f) Any loss of data or damage to any computer system, including but not limited to hardware or software (unless such loss or damage is caused by an earthquake, a fire, a flood, or a storm); or
 - (g) The functioning or malfunctioning of the Internet or similar facility, or of any internet address, Website or similar facility (unless such malfunctioning is caused by an earthquake, a fire, a flood, or a storm); or
 - (h) Any infringement, whether intentional or unintentional, of any intellectual property rights (including but not limited to trademark, copyright or patent).

28. Notwithstanding any other provision in this policy, this policy does not cover:

Any loss or damage involving in any way the actual or potential presence of mould, mildew or fungi of any kind whatsoever, whether or not directly or indirectly caused by or resulting from an insured peril.

Any Bodily Injury, Property Damage or Medical Payment claim of any kind directly or indirectly relating to the actual, potential, alleged or threatened presence of mould, mildew or fungi of any kind whatsoever.

We will not defend any Insured with respect to any claim or “suit” seeking such damages.

We will not pay for any loss, cost or expense that any Insured may incur in testing for, monitoring, removing, treating or in any way responding to the actual, potential, alleged or threatened presence of mould, mildew or fungi of any kind whatsoever.

SECTION G

GENERAL CONDITIONS (APPLICABLE TO ALL SECTIONS)

This section contains general conditions and exclusions that apply to the entire policy. They may affect your cover. You should read these conditions carefully. In many cases, they require you to take certain action in order to keep your policy in effect. They also may tell you that your claim is not covered by the policy.

Changes to the Policy

This policy contains all the terms and conditions of the cover as agreed between you and us. Any changes must be agreed in writing and signed by us.

Cancellation

You may cancel this policy by returning it to us or to our authorized representative and stating in writing, the future date upon which you require the Policy to be cancelled. We may cancel this Policy at any time, by giving you 30 days' written notice. The mailing of notice by registered mail to your last known address is sufficient proof of our notice of cancellation. Delivery by hand of notice shall be equivalent to mailing. When you request cancellation, the return premium will be based on our short rate table. When we cancel, the return premium will be pro-rata of the annual premium.

Legal Action Against Us.

No legal action may be brought against us unless there has been full compliance with all terms of this Policy, and the action is started within one year after the accident causing the loss. In addition, under Section D – Liabilities to Third Parties, no legal action may be brought against us until we agree in writing that the insured person has an obligation to pay a specified amount, or until the amount of that obligation has been finally determined by judgment after trial. No person or organization has any right under this policy to bring us into action to determine the liability of an insured person.

Our Right to Recover

You may have the right to recover for a loss from someone else. You must do everything possible to preserve our right to recover. Once we pay your loss under this Policy, the right of recovery belongs to us.

Impairment of Recovery

If you agree after a loss to give up your rights to recover damages from any carrier, bailee or other party who may be liable to you, this policy will be considered void and without effect as to such loss. We will still have the right to retain or recover the premium.

No-Waiver Provisions

No action on our part, after a loss, to recover or save the property from further loss, nor any action which we may take in connection with the investigation of any loss, shall be considered as a waiver of any of our rights under this policy.

Continuation Clause

If you are away from any port at the time this policy ends, we will extend your cover until you arrive at the nearest safe port. You must notify us as soon as possible and pay the additional premium.

Transfer of Interest

If you sell, transfer, mortgage or pledge your vessel or this policy, cover will cease without further notice to you unless such change is accepted by us in writing.

Concealment or Misrepresentation

If any person or organization have concealed or misrepresented any material fact or circumstance relating to this insurance, this policy shall be null and void.

Lay Up

If your vessel is to be laid up for the period shown on the schedule it:-

- (a) must be in a safe berth for storage ashore
- (b) must not be ready for immediate use
- (c) may not be used for living on board

Bankruptcy

Bankruptcy of any person or organization insured under this policy does not relieve us of any of our obligations under this policy

Unrepaired Damage

In the event you request payment for unrepaired damage for a claim covered by this policy, we would limit such payment to the actual cash value of the damaged parts, but not exceeding the cost of repairing or replacing the damaged property with material of like kind & quality.

If your vessel or any property installed on it is damaged and, before repairs or replacements are made, the vessel becomes a total loss or a constructive total loss, we will pay only the amount insured. We will not pay for the unrepaired damage in addition to a total loss or constructive loss payment.

Seaworthiness Obligation

It is your obligation under this insurance contract to maintain your vessel is a seaworthy condition at all time, and we will not pay for any loss, damage or liability arising from unseaworthiness due to your failure to comply with this obligation. This obligation also requires you to maintain the fire extinguishing equipment in efficient working order.

Full Survey Warranty

Warranted full surveys (out of water) are to be conducted on all vessels of five (5) years of age and over at two (2) yearly intervals with all recommendations other than cosmetic to be implemented within thirty (30) days of the issuing of the survey report. In the event that a survey is not completed, or recommendations (other than cosmetic) are not complied with within the above-specified time frame, the policy will automatically be cancelled.

Benefit To Bailees

No person or organization having custody of the property insured and being paid for services shall benefit from this insurance.

Other Insurance

If you have other insurance that covers your loss, this policy will pay only the amounts you are unable to recover from such other insurance

Payment of Loss

We will pay for loss covered under this policy within thirty (30) days after we receive proof of your loss that is satisfactory to us.

Jurisdiction

This policy is subject to the exclusive jurisdiction of the country in which the policy was issued. There is no cover in respect of judgments delivered by, or obtained from, courts in any other country, or for judgments or orders in the country of issue for the enforcement of judgments obtained elsewhere.

SECTION H

WHAT TO DO IN CASE OF LOSS OR ACCIDENT

In The Event Of Loss

Your full compliance with the following requirements are conditions to cover under this policy, and a failure or your part to do so will deprive you of a right to recover. If you have a loss or someone is making a claim against you that you think may be covered under this policy, this is what you must do:-

Notify Us

Notify us or our authorized agent of the loss or claim immediately. You may wish to have your broker do so on your behalf, but you must make certain that he does so. Provide us with all available information about the accident or event as soon as possible. You should furnish us with the following:-

- (a) Your name address and policy number
- (b) A full description of the loss or claims along with the time and place of the accident or event and the names and addresses of those injured or any witnesses.
- (c) If someone was injured, you agree to do whatever is necessary to enable us to obtain medical reports and copies of records which relate to the accident or injury.
- (d) If bodily injury or loss of life or theft occurs, notify the Coast Guard or appropriate authorities and comply with any other regulations governing the reporting of such incidents.
- (e) Submit to us within sixty (60) days after our request you signed claim statement

Protecting Damaged Property

If your vessel or other property covered by this policy is damaged by a covered cause of loss, you must take all lawful and reasonable steps to recover it and protect it from further damage. We will re-imburse you for reasonable expenses of protecting the property from further damage what would be covered by the policy.

If we take steps to protect damaged property, this does not mean we are accepting an abandonment of the property. If you take steps to protect damaged property, this does not mean that you are waiving any rights you have to abandon the property