



► **YACHT LIABILITY INSURANCE**  
FREQUENTLY ASKED QUESTIONS  
2024



**YACHTOWNERS**  
LIABILITY INSURANCE FROM SHIPOWNERS

## YACHT LIABILITY INSURANCE

### FREQUENTLY ASKED QUESTIONS (FAQs)

This FAQ document is intended to provide general guidance for our yacht liability insurance policy. It is subject to the terms and conditions of the policy wording, the Certificate of Insurance and any endorsements to it.

We recommend that you read the policy carefully and discuss with your broker if you are in any doubt.

An electronic version of the yacht liability insurance policy wording can be found on the Club's website: [www.shipownersclub.com/our-services/cover-provided/yacht/](http://www.shipownersclub.com/our-services/cover-provided/yacht/)

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## 1.0 What is the Shipowners' Club and what does it do?

### 1.1 What is the Shipowners' Club?

The Shipowners' Club was established in 1855 and is the leading insurer of smaller and specialist vessels worldwide. For the last 20 years we have supported the yacht market with dedicated underwriters. We are one of the 13 International Group Protection and Indemnity (P&I) Clubs, which together insure over 90% of the world's ocean going tonnage. We provide cover on a mutual basis and everything we do is driven by the interests of our policyholders, the Members.

### 1.2 What is different about insuring with a mutual insurer?

You buy your insurance cover at cost. We have no shareholders to satisfy. Most importantly, it means a fair and friendly claims handling service.

### 1.3 Will I be asked to pay more premium if the Club has a bad year?

No. Your premium is fixed at the beginning of each policy year and unless you ask us to change the insurance coverage that we provide or any material facts change, such as the type of yacht you own or your cruising area, you will not be asked to pay any additional premium.

## 2.0 Who or what is covered?

### 2.1 What types of yacht do you cover?

We cover yachts that are used for either private pleasure purposes or charter purposes. We do not generally insure owner operated yachts. There is no minimum or maximum tonnage or geographical restrictions.

For yachts registered for charter use, the vessel must be manned by and operated in accordance with the flag State requirements.

For yachts registered for private use only, and in the absence of any specific flag state requirements, we require that the vessel has a master who holds a navigational qualification that is suitable for a yacht of that size, the operations to be undertaken, and issued by an authority which is recognised by the Yacht's flag State. The operations to be undertaken should encompass where the yacht navigates, how it is used and what equipment might be used from the yacht. The onus is on the owner &/or operator to assess the operational requirements to ensure the safe operation of the vessel.

The owner/manager should also ensure that there are sufficient additional crew on board having regard to the type and duration of voyage being undertaken.

Please refer to our [website](#) for further Loss Prevention advice for yachts. The UK MCA have also provided guidance in relation to safe manning on smaller yachts under MGN 280.

### 2.2 What do you define as a 'US yacht'?

We regard any yacht which is registered in the United States and/or policies which include a named US domiciled assured as a US yacht. Whenever any of these factors are present, we will add the US yacht extension to the Certificate of Insurance (policy).

### 2.3 What is the US yacht extension?

This amends our standard coverage by introducing a Service of Suit clause which enables Members (policyholders) to request that the Club submits to a US court after our dispute resolution procedures are followed. When this Extension applies, it cancels and replaces the dispute resolution and law and jurisdiction sections of our yacht liability insurance policy.

### 2.4 What cover do I have as the Beneficial Owner of a yacht?

You are automatically insured under the policy we issue without needing to be named. If you are domiciled in the US we automatically add the US Yacht Endorsement to the policy which allows jurisdiction to be shifted to the US in certain circumstances.

### 2.5 Do I need to have Hull and Machinery Insurance?

We prefer that you have Hull and Machinery (H&M) insurance in place. If you don't we would expect you to tell us and we can agree whether we can continue to offer our P&I cover and, if so, on what basis.

### 2.6 Does my yacht need to be classed?

We prefer that the yacht is classed. Where a yacht is not classed we would expect the yacht to be certified by a certifying authority, (this is usually the flag state). If the class or certifying authority with which the yacht was originally entered under is lapsed or cancelled, cover is automatically terminated, (unless moving from one IACS class to another IACS class). You must, therefore, let us know and we can discuss the options with you or your insurance broker.

## 3.0 You, your crew and the Maritime Labour Convention (MLC) 2006

### 3.1 Am I covered for my liabilities towards my crew?

Yes, our policy covers your liability to your crew for risks such as illness, injury or death. Your liability may have arisen out of common law, statute or a crew contract.

### 3.2 Am I covered for my obligations under the Maritime Labour Convention (MLC) 2006?

Yes. We provide the cover you require to meet your P&I obligations under the Maritime Labour Convention. Broadly speaking this is an obligation to bear the costs and expenses of medical care arising from a seafarer's injury or sickness (illness), an obligation to repatriate seafarers and an obligation to meet 'contractual claims' which is the compensation you have agreed to pay in the event of the death or long-term disability of the seafarer.

### 3.3 What Certification do I need under the MLC?

All vessels subject to MLC are required to carry and display on board two Certificates evidencing that financial security is in place for:

- a) Shipowners' liabilities for repatriation of crew, essential needs such as food, accommodation and medical care and up to four months' outstanding contractual wages and entitlements in the event of abandonment (Regulation 2.5, Standard 2.5.2 Paragraph 2).
- b) Contractual payments for death or long-term disability due to an occupational injury, illness or hazard set out in the employment agreement or collective agreement (Standard A4.2 paragraph 1(b)).

### 3.4 Do I have to send Seafarers Employment Agreements (SEAs) to the Club?

No, but any compensation payments you agree to for death or long-term disability must be reasonable and appropriate

for the duties and position held by the crew member.

**3.5 Can I add a Personal Accident compensation scale to my crew's employment agreement to meet my obligation to pay compensation?**

Yes, providing it is reasonable. Be aware that the MLC refers to Death and Long-Term Disability cover in the context of an occupational injury, illness or hazard and we would expect you to adopt this approach when adding such clauses. If you wish to provide non-work related cover on a 24/7 basis, the Club offers a choice of Personal Accident covers, which may be suitable for your needs. Always send crew SEAs to us for comment if you are in any doubt.

**3.6 Am I covered for my obligation to crew for unpaid wages?**

Yes. It is a requirement that all vessels subject to MLC carry on board, and display, a certificate evidencing that financial security is in place for repatriation of crew, essential needs such as food, accommodation and medical care and up to four months' wages and entitlements in the event of abandonment. The Club provides the cover and the certificate required as part of our yacht liability insurance policy, provided that your yacht is subject to MLC and we have agreed to do so.

**3.7 Do you pay the wages of an injured crew member who cannot work?**

If you have a liability to do so, yes. For example, we would cover your obligation to pay wages following a work-related illness or injury. For yachts subject to MLC, Owners may be able to limit their wages obligation for crew to 16 weeks from the day of the injury or the commencement of the sickness.

If you wish to have cover for crew wages for illness and injury on a 24/7 basis, the Club offers a choice of Personal Accident covers which may be suitable.

**3.8 Am I covered for the medical expenses of an injured crew member?**

The policy covers you for claims from your crew for personal injury, illness or death and the emergency medical costs reasonably incurred.

**3.9 Am I covered for disputes regarding unpaid wages?**

No. We do not cover claims arising from disputes under the yacht liability insurance policy; however, you can approach the Club for an extension to cover which we refer to as 'Legal Costs Cover'. This provides insurance for a number of identified disputes.

**3.10 Am I covered if my yacht is a total loss and my crew members are out of work?**

If you have a liability to pay compensation to crew members resulting from the total loss of your yacht, we will respond.

**3.11 Am I covered if I engage day workers?**

Yes. We treat day workers as crew and you are insured in the normal way for your liabilities towards them; however the total number of day workers engaged on or around the vessel at any one time must not exceed 50% of the yacht's normal crew complement unless we have agreed this in advance.

It is also worth noting that, if the MLC applies to your yacht, then day workers are likely to be considered seafarers and therefore the MLC will apply to their employment.

**3.12 If my Captain is arrested and has to face a trial or enquiry is there any cover?**

Yes. We may consider assisting with the reasonable legal defence costs of the trial or enquiry.

**3.13 Are United States (US) yacht crew covered?**

Yes, there is no additional charge for engaging US crew or a

need to tell us about them.

**3.14 Am I covered for claims under the Jones Act?**

If you have a liability, yes. We would cover sums payable for repatriation, wages, maintenance and cure under the Jones Act or general maritime law and sums payable under the Death on the High Seas Act 1920.

**4.0 You and your Guests**

**4.1 If I decide to make my yacht available for fully crewed charter, can I be covered under this policy?**

Yes, but as it is a material fact, you will need to advise us so that we can take this into account when assessing your premium.

**4.2 Am I covered for claims made against me by my charterers or my charterers' guests?**

Yes. Claims for damages and/or compensation for personal injury, illness and death and related medicals costs are covered too. These would fall under the 'Crew, guests and others' part of the 'Your cover' section of your policy.

**4.3 Am I covered for liabilities from the activities of my charterers' guests?**

We consider guests fall into two categories. Those who are on board privately when the yacht is not under charter (non-commercial guests) and those who are on board as part of a yacht charter (charterer's guests).

The liabilities of Charterers' guests resulting from their activities, are not covered unless those liabilities are Charterers' responsibility and you choose to add the Charterers to your policy as Joint Assureds. This can be before or after a loss. For more information on Joint Assureds, see FAQ 8.1 below.

Any claims we pay on behalf of the Charterers will remain on your record.

**4.4 Are charterers covered for claims caused by their own negligence?**

This will depend upon whether you wish your charterer to have the protection of your policy. If you know in advance that you wish to share your policy with them, you should notify us and they can be named on your policy as Joint Assureds. However, if you do not name them, but decide after a claim that they should enjoy the protection of the policy we do allow you to add them as Joint Assureds after the event, and we will defend them and pay claims in the same manner as we would defend and pay claims for you.

**5.0 Tenders and moorings**

**5.1 Are my tenders covered?**

Yes. Claims arising from tenders are covered providing these are stored onboard or towed by the yacht and used by you to provide support to the yacht such as to transfer you, your crew and guests.

**5.2 How do you treat shadow vessels?**

Given that shadow vessels can be used independently of the yacht, the exposure they create means that we treat shadow vessels as separate entities.

**6.0 What liability risks are insured?**

**6.1 Am I covered for claims arising under the United States Longshore and Harbor Workers' Compensation Act?**

If you have a liability, yes. You are covered for claims arising under the United States Longshoremen's and Harbor Workers Compensation Act US Code (1946) and any subsequent amending legislation.

**6.2 Am I covered for food and drink liability?**

Yes. We would not expect liability to remain with you if you are supplying pre-packed drinks and snacks, but if, for example, you were liable for contaminated water or undercooked food you have served, our policy would respond.



### 6.3 Am I covered for liability claims arising from piracy?

Yes. Your liabilities remain covered during a piracy incident and we would respond to claims made against you by crew or guests should they sustain an injury. Please note that ransom or kidnap payments are not covered by this policy.

### 6.4 Am I covered for war risks?

P&I claims arising from war risks (including terrorism) are covered, subject to the particular conditions which relate to war risks. These conditions include the cancellation provisions which mean we may cancel war cover by giving you seven days' notice. They also include specific exclusions for, amongst other things, certain types of cyber related liabilities; see more regarding cyber liabilities at FAQ 6.5 below.

Please note that all policies automatically terminate if war breaks out between the five Great Powers (the United Kingdom, the U.S., France, the Russian Federation and the People's Republic of China). Please also note that as per our Notice of 21 December 2022 (updated 7 February 2023), we exclude all loss, damage, liability, cost or expense caused by or arising from or in connection with any Russia-Ukraine conflict. For the full terms of the exclusion please visit - <https://www.shipownersclub.com/latest-updates/news/update-notice-alteration-terms-and-conditions-dated-21-december-2022/>

### 6.5 Am I covered for cyber risk?

There is an exclusion for cyber risks when a computer, computer system, computer software program, malicious code, computer virus, computer process or any other electronic system is used or operated as a means of inflicting harm. Furthermore, if a cyber event could be characterised as a 'terrorist attack' or a 'war' risk, for example, if a terrorist organization were to launch a cyber attack aiming to take control of your yacht and with an intention to cause harm, the resulting liabilities would fall outside of Club cover.

However, this exclusion does not apply to losses otherwise recoverable and arising under your Bio-Chemical Extension Clause, which includes some cover for your liabilities for personal injury to or illness or death of your crew caused by a computer, computer system, computer software program, malicious code, computer virus or process or any other electronic system as a means of inflicting harm. This cover is limited however, and you should refer to the Yacht Liability Insurance Policy wording for further clarification.

### 6.6 Do you cover semi-submersibles?

We provide a liability limit of US\$ 5 million for claims arising from the use of submarines, mini-sub and remotely operated vehicles under our standard policy, providing you ask us in advance and we agree. We may charge an additional premium. The term 'semi-submersible' may cover a wide range of vehicles designed for in water use. As such, we suggest that you contact us with full details, whenever you wish to use such vehicles. Cover for semi-submersibles will also be subject to a deductible.

### 6.7 If I have to sign a contract am I covered for any contractual liabilities and indemnities?

Assuming it concerns the operation of the yacht we insure for you, you are covered for any contractual indemnities you agree to for illness, personal injury, and death or property damage.

Often these are incorporated into contracts you have to enter into with yacht clubs, marinas, boatyards and victuallers. The cover we provide is limited to US\$ 5,000,000 but we will consider increasing this if required. We will also agree to waive rights of subrogation if this is required, with our prior written consent.

We encourage Members to send contracts to the Club; as part of our service we are able to review contracts and assess your risks.

## 7.0 Activities and usage

### 7.1 Can you cover yacht racing?

Yes, if your yacht is a sailing vessel. This includes casual racing as well as that organised by yacht clubs, sailing associations or racing events governed by an internationally recognised sailing federation. However, if you are the owner of a yacht whose principal purpose is competitive racing or you undertake any form of professional ocean racing, you need to talk to us in advance so that we can determine whether we can offer cover.

### 7.2 If my crew are accredited to train guests in the use of water sports equipment, am I covered for claims arising from negligent training?

We would cover *you* if a *claim* arose out of an incident during the training session itself or if it arose subsequently when *your* guests were using water sports equipment which *you* have provided and *your yacht* was present at the time of the incident. *You* would not be covered for *claims* arising after the training has taken place, at a separate time, and which are unconnected with the use or operation of *your yacht*.

### 7.3 Does cover remain in force whilst my yacht is undergoing repair or refit?

Yes and there is no requirement to advise us in advance. If you are required to give an indemnity to the yard, this is covered too, under our Contractual Indemnities section, up to a liability limit of US\$ 5,000,000.

### 7.4 Does cover remain in force whilst my yacht is being shipped as cargo?

Yes, whether as deck cargo or via Dockwise Yacht Transport. There is no requirement to advise us in advance.

### 7.5 Do I need to notify you of any hot works?

No. Cover remains in force.

### 7.6 If I charter my yacht under an MYBA Charter Agreement, do I need to obtain your agreement in advance?

No. All unamended MYBA Charter Agreements are pre-agreed. We do not need to know that you are chartering under an MYBA Charter Agreement unless it has been amended to increase your exposure to liabilities or expenses.

### 7.7 Do you cover Loss of Hire in relation to the yacht?

No, loss of hire or losses arising out of the cancellation of a charter or other engagement of the Yacht are not included. You may be able to purchase cover for this elsewhere, please refer to your Insurance Broker for further advice.

### 7.8 Does my policy extend to cover liabilities of helicopters?

We cover your liabilities arising out of the use of helicopters on board but only where the liability arises from the operation of your yacht. Primary cover for and liability of helicopters must be covered under a separate aviation policy.

### 7.9 Am I covered if my yacht is used for demonstration purposes at a yacht show?

Yes. If you are required to give an indemnity to the show organisers this is covered too, under our Contractual Indemnities section, up to a liability limit of US\$ 5,000,000.

### 7.10 Am I covered for the use of e-scooters?

We would only cover the liabilities arising from the operation of e-scooters where they are actively being used by the crew on ships business, for example, to obtain supplies for the yacht. The e-scooters should be used and maintained in accordance with the manufacturer's guidelines. Cover will not respond if the e-scooters are used for recreational

purposes or if the person operating the e-scooter is under the influence of alcohol or drugs.

## 8.0 Joint Assureds and Co-Assureds

### 8.1 What is the difference between Joint Member and Co-Assureds?

As a Joint-Member you are entitled to the full protection of the insurance policy for liability claims made against you and you are jointly responsible for payment of premium. As a Co-Assured you have a limited form of cover. You can claim only for liabilities which are properly the responsibility of one of our Members and for which our Member could have recovered from us under the policy. If, as Co-Assured, you have entered into a contract with a Member or Joint Member then the Member or joint Member's responsibility is as agreed in that contract.

### 8.2 If a Member and Joint Member sued each other, would the policy respond?

No. Members and joint Members cannot use the policy to defend themselves from each other.

### 8.3 If a Member or Joint Member sued a Co-Assured, would the policy respond to assist the Co-Assured?

No. Co-Assureds have no right to use the policy to sue a Member or Joint Member for their own benefit.

### 8.4 If a Co-Assured sued a Joint Assured, would the policy respond to assist the Joint Assured?

Yes.

## 9.0 Other matters

### 9.1 Do you pay legal costs in full or do I have to pay a claims' excess or deductible?

For yacht liability (P&I) claims we do not require you to pay a contribution towards the cost of paying legal expenses.

### 9.2 Do you provide personal accident insurance for crew?

Yes, if you wish to provide additional protection for your crew, you can purchase Personal Accident insurance from us as an additional product. You can choose from two levels of cover – basic or enhanced. Further details can be found at <https://www.shipownersclub.com/latest-updates/publications/>

### 9.3 Do you issue COFRs?

No, these are issued by guarantors, which are companies created to provide evidence of financial responsibility under OPA 90. However we do issue documents which enable Members to obtain a COFR from these companies. These include a Confirmation of Entry letter, a letter which deals with technical issues arising from the involvement of a guarantee company and a third letter for the guarantor confirming that we will give them 30 days notice in the event that we need to terminate cover.

### 9.4 Can you issue Greek, Spanish and Italian Trading Certificates?

Yes, please contact the Club for further assistance.

### 9.5 Can you issue Nairobi Wreck Convention /Removal of Wreck and Bunker Blue Cards?

Yes. All are readily available through our interactive web portal or direct from our office.

### 9.6 Can you issue Maritime Labour Convention, (MLC), Certificates?

Yes, if the MLC applies to your yacht and we have received a signed [MLC Certification information request form](#), we can issue Certificates confirming financial security is in place as required under Regulation 2.5, Standard A2.5.2 Paragraph 9 – relating to outstanding wages & repatriation of seafarers, including incidental costs and expenses; and Regulation 4.2, Standard A4.2.1 paragraph 1(b) – relating to compensation for death or long-term disability.

For further information on the Maritime Labour Convention 2006 as amended, please visit our website where you will find MLC specific [FAQs](#).

### 9.7 If you require a survey of my yacht who pays for it and who sees the report?

In all cases the Club commissions the report from Club-approved surveyors and we retain the report in house. Payment will depend upon the type of report. If the yacht is entered with us, we will pay for it. If it is a pre-entry survey, you as the yacht owner (or manager) will be required to pay for it in the first instance, but we refund it to you if the yacht is accepted for entry into the Club. Where a reactivation survey or follow up survey from a previous inspection is required, you as the yacht owner (or manager), will be required to pay for it in full.