



Yacht Policy Wording PRIVATE CLIENT GROUP



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INTRODUCTION

Thank you for choosing AIG Australia Limited and our Private Client Group for your personal insurance.

Private Client Group is dedicated to providing insurance exclusively for individuals requiring the highest standard of care for their properties and possessions. Our knowledge and experience are complemented by our commitment to exceptional service.

Our dedicated experts will ensure that you experience excellent personal service and, if you need to make a claim, one of the finest claims services available.

Yacht Policy Wording

This insurance is provided by AIG Australia Limited.

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PRODUCT DISCLOSURE STATEMENT (PDS)

This PDS is designed to assist **you** in **your** decision to purchase PCG Yacht Insurance. It contains information about key benefits and significant features of PCG Yacht Insurance.

The PDS also contains important information about **your** rights and obligations including the duty of disclosure and cooling off period for retail clients.

If **you** have a complaint, the AIG complaint procedure is detailed below.

The full terms and conditions that apply to **your policy** are contained in the Policy Wording below.

HOW THIS INSURANCE IS ARRANGED

This insurance is issued/insured by:

AIG Australia Limited (AIG)

ABN 93 004 727 753

AFSL 381686

Level 12

717 Bourke Street

Docklands Vic 3008

AIG issues/insures this product pursuant to an Australian Financial Services Licence ('AFSL') granted to **us** by the Australian Securities and Investments Commission.

AIG is the product issuer of the Private Client Group Yacht Insurance Policy and prepared this PDS and settles claims.

POLICY BENEFITS OVERVIEW

Property Cover

This **policy** covers **you** against all risks of **physical loss or damage** to **your yacht** and its **contents, fine arts** and **personal effects** while on board **your yacht** caused by an **occurrence**.

This coverage is subject to the **navigational limits** and all **policy** terms, **policy** conditions, **policy** exclusions and written endorsements.

Protection and Indemnity Cover

This **policy** covers **your** legal liability to pay compensation for **bodily injury** and **property damage**, within **navigational limits** and up to the limits specified in the **schedule**.

There is no **excess** applicable to this cover.

Please note that the cover under this section also provides medical cover for eligible persons other than residents and citizens of the Commonwealth of Australia or persons who are eligible to claim under Medicare. The cover is also only in excess of the available medical cover taken out by the eligible person. If there is a requirement for more comprehensive medical cover a financial advisor should be contacted to arrange such coverage.

There is no **excess** applicable to this cover under this part.

Uninsured Boaters Cover

This **policy** provides cover in respect of **damages** for **bodily injury** to an **insured person** while on board the insured **yacht** and which such **insured person** is legally entitled to receive and cannot recover from an uninsured or unidentified owner or operator of another vessel and which results from a collision between **your yacht** and an unidentified or uninsured vessel.

Please refer to each cover section for details of the basis on which **we** settle any claim under the above cover.

PRODUCT DISCLOSURE STATEMENT (PDS) continued

IMPORTANT INFORMATION

This **policy** is subject to Terms, Conditions, Special Provisions, and Exclusions. It is important that **you** read the **policy** carefully to familiarise yourself with these provisions. Specifically, please take special note of the following matters.

- The Policy Wording contains a Definitions section and General Conditions that apply to this insurance
- There are some circumstances where cover cannot be provided. These are covered in the Policy Wording. Please take special note of the Exclusions applicable to all sections of the Policy Wording listed in the General Exclusions.

ELIGIBILITY CRITERIA

Provided **you** pay the premium, then **you** will be entitled to the covers set out in this **policy**.

COSTS

The premium will be quoted to **you** during **your** purchasing process.

Premium is inclusive of applicable Commonwealth and state taxes and/or charges including the goods and services tax and stamp duty.

COOLING OFF PERIOD

You may return this **policy** to **us** within 14 days of purchasing, provided that no claim has arisen.

We will cancel the **policy** and give **you** a full refund of premium.

THE CODE OF PRACTICE

AIG is a signatory to the General Insurance Code of Practice. This aims to raise the standards of practice and service in the insurance industry, improve the way the claims and complaints are handled and help people better understand how general insurance works. Information brochures on the Code are available upon request.

PRODUCT DISCLOSURE STATEMENT (PDS) continued

DISPUTE RESOLUTION

We welcome every opportunity to resolve any concerns **you** may have with **our** products or service. **You** can register a complaint by telephoning **us** on 1800 339 669, lodging **your** complaint on **our** website or by writing to:

The Compliance Manager
AIG Australia Limited
Level 12, 717 Bourke Street,
Docklands VIC 3008

As soon as **we** receive **your** complaint **we** will take all possible steps to resolve it. **You** will receive a written response to **your** complaint within 15 working days, unless **we** agree on a longer time frame with **you**.

If **you** are not satisfied with **our** response to **your** complaint, **you** may wish to have the matter reviewed by **our** Internal Dispute Resolution Committee (IDRC). The IDRC is comprised of senior management of the company who have the experience and authority to decide on matters brought to them. If **you** wish to have **your** complaint reviewed by IDRC please telephone or write to the person who has signed the response letter to **your** complaint and provide them with detailed reasons for requesting the review. This information will greatly assist the IDRC in reviewing **your** claim or enquiry.

Your complaint will then be treated as a dispute. **You** may also make a request for a review by the IDRC by contacting:

The Chairperson IDRC
AIG Australia Limited
Level 12, 717 Bourke Street,
Docklands VIC 3008

A written response setting out the final decision of the IDRC and the reasons for this decision will be provided to **you** within 15 working days of the date **you** advise **us** **you** wish to take **your** complaint to the IDRC.

If **we** are unable to provide a written response setting out the final decision **we** will keep **you** informed of progress at least every 10 days. If **you** are not satisfied with the finding of the IDRC, or if **we** have been unable to resolve **your** complaint within 45 calendar days, **you** may be able to lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers. AFCA can make decisions with which **we** are obliged to comply. Its contact details are:

Website: <http://www.afca.org.au>
Email: info@afca.org.au
Tel: 1800 931 678 (local call fee applies)

In writing to Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

You should note that use of AFCA does not preclude **you** from subsequently exercising any legal rights which **you** may have if **you** are still unhappy with the outcome. Before doing so however, **we** strongly recommend that **you** obtain independent legal advice.

If **your** complaint does not fall within AFCA's rules, **we** will advise **you** to seek independent legal advice or give **you** information about any other external dispute resolution options (if any) that may be available to **you**.

PRODUCT DISCLOSURE STATEMENT (PDS) continued

IN THE EVENT OF A CLAIM

You must not negotiate, deny or admit any claim without **our** written permission.

When an event happens that is likely to result in a claim, **you**, or any other person covered by **your policy** must;

- i. take all reasonable precautions to prevent further loss, property damage, injury, illness or liability;
- ii. inform the police immediately if any insured property is lost, stolen or maliciously damaged;
- iii. notify **us** immediately of the event by calling Claims on 1800 729 359 or email pcgclaims.australasia@chartisinsurance.com;
- iv. provide **us** with full written details of the event within 30 days of learning that the event happened;
- v. supply **us** with all information and assistance as **we** may reasonably require;
- vi. allow **us** to use any legal rights held by **you**, or held by any other **insured person**;
- vii. allow **us** to negotiate, defend or settle the claim;
 - a. in **your** name or on **your** behalf;
 - b. in the name of and on the behalf of any other **insured person**;
- viii. immediately send **us** any claim, writ, summons or other proceedings such as an impending prosecution or inquest **you** become aware of;
- ix. as far as possible preserve any and all items or parts which might prove necessary or necessary as evidence until **we** have had an opportunity of an inspection.

PRIVACY NOTICE

This notice sets out how **AIG** collects, uses and discloses personal information about:

- **you**, if an individual; and
- other individuals **you** provide information about.

Further information about **our** Privacy Policy is available at www.aig.com.au or by contacting **us** at australia.privacy.manager@aig.com or on 1300 030 886.

How we collect your personal information

AIG usually collects personal information from **you** or **your** agents.

AIG may also collect personal information from:

- **our** agents and service providers;
- other insurers;
- people who are involved in a claim or assist **us** in investigating or processing claims, including third parties claiming under **your** policy, witnesses and medical practitioners;
- third parties who may be arranging insurance cover for a group that **you** are a part of;
- providers of marketing lists and industry databases; and
- publically available sources.

Why we collect your personal information

AIG collects information necessary to:

- underwrite and administer **your** insurance cover;
- maintain and improve customer service; and
- advise **you** of **our** and other products and services that may interest **you**.

You have a legal obligation under the Insurance Contracts Act 1984 to disclose certain information. Failure to disclose information required may result in AIG declining cover, cancelling **your** insurance cover or reducing the level of cover, or declining claims.

To whom we disclose your personal information

In the course of underwriting and administering **your** policy **we** may disclose **your** information to:

- entities to which AIG is related, reinsurers, contractors or third party providers providing services related to the administration of **your** policy;
- banks and financial institutions for policy payments;
- assessors, third party administrators, emergency providers, retailers, medical providers, travel carriers, in the event of a claim;
- other entities to enable them to offer their products or services to **you**; and
- government, law enforcement, dispute resolution, statutory or regulatory bodies, or as required by law.

AIG is likely to disclose information to some of these entities located overseas, including in the following countries: United States of America, United Kingdom, Singapore, Malaysia, the Philippines, India, Hong Kong, New Zealand as well as any country in which **you** have a claim and such other countries as may be notified in **our** Privacy Policy from time to time.

You may request not to receive direct marketing communications from AIG.

Access to your personal information

Our Privacy Policy contains information about how **you** may access and seek correction of personal information **we** hold about **you**. In summary, **you** may gain access to **your** personal information by submitting a written request to AIG.

In some circumstances permitted under the Privacy Act 1988, AIG may not permit access to **your** personal information. Circumstances where access may be denied include where it would have an unreasonable impact on the privacy of other individuals, or where it would be unlawful.

Complaints

Our Privacy Policy also contains information about how **you** may complain about a breach of the applicable privacy principles and how **we** will deal with such a complaint.

Consent

Your application includes a consent that **you** and any other individuals **you** provide information about consent to the collection, use and disclosure of personal information as set out in this notice.

Policy Wording

PART I – INTRODUCTION AND IMPORTANT NOTES

The Product Disclosure Statement, this **policy, your policy schedule** and any endorsements that may be issued from time to time, set out the contract between **you** and **us**. They should be read as one document. **You** agree to pay the premium shown in **your policy schedule** and comply with **your** responsibilities described in this **policy**. The PDS, the **policy, your policy schedule** and any endorsements that are issued, describe the terms and conditions of **our** contract with **you**. **You** should consider all documents together as one, and read it carefully to determine **your** rights and duties, and what is and is not covered.

It is important that **you** refer to the terms and conditions of this **policy** for full details of cover.

- 1) This document contains **your** insurance **policy** terms and conditions. It is important that **you** read and understand it and retain it in a safe place.
- 2) Please inform **us** immediately of:
 - a. any change in **your** address; and/or
 - b. any other changes affecting **you, your yacht**, or any **insured person** which will require an alteration to the **policy**.

We will provide **you** with the insurance described in this **policy**, in return for **your** compliance with all applicable provisions of this **policy**.

Your Duty of Disclosure

Before **you** enter into an insurance contract, **you** have a duty to tell **us** anything that **you** know, or could reasonably be expected to know, may affect **our** decision to insure **you** and on what terms.

You have this duty until **we** agree to insure **you**.

You have the same duty before **you** renew, extend, vary or reinstate an insurance contract.

You do not need to tell **us** anything that:

- reduces the risk **we** insure **you** for; or
- is common knowledge; or
- **we** know or should know as an insurer; or
- **we** waive **your** duty to tell **us** about.

If you do not tell us something

If **you** do not tell **us** anything **you** are required to, **we** may cancel **your** contract or reduce the amount **we** will pay **you** if **you** make a claim, or both.

If **your** failure to tell **us** is fraudulent, **we** may refuse to pay a claim and treat the contract as if it never existed.

PART II – DEFINITIONS

Words with special meanings are defined here or in the part of the **policy** where they are used. Throughout the **policy**, defined terms will be noted in bold print when used with the intent to have special meaning, whether those terms are used in the singular, plural or possessive.

Headings (including headings that are underlined and/or in bold) are included for ease of reference and convenience only and shall not affect the interpretation of the **policy**.

In this **policy**, the words '**you**', '**your**', and '**yours**' refer to the person or any legal entity (including any individuals, shareholders, partners, members or beneficiaries of that legal entity) named in the **schedule** as the named insured who are the owners of the **yacht**. The words '**we**', '**us**' and '**our**' mean the insurance company named on the **schedule**.

- **Actual cash value** means the value of an item of property determined by taking its replacement value and with allowance for depreciation at the time and place of **physical loss or damage**. Where **your** insured item has no comparable of equivalent functionality and value with which it could be readily compared or replaced at the time of the assessment of **actual cash value**, due to that insured item having become obsolete or only available with enhancements that were not present on the insured item, this shall be taken into account by **us** when calculating the **actual cash value**.
- **Bodily injury** means identifiable bodily harm or injury to persons, including sickness or disease, resulting from physical injury or death.
- **Captain** means any person employed by **you** or on **your** behalf under an employment agreement naming such person as **captain** and as the **crew member** to be in charge of the shipboard management and navigation of **your yacht**.
- **Collectibles** means private collections of rare, unique or novel items of personal interest (for example, dolls, toy soldiers, model ships), including memorabilia.
- **Contents** means any items not used in the operation of **your yacht** but kept and used exclusively on board, including **your** fishing gear, sports equipment, clothing, china, glassware, loose furniture, and computer hardware. **Contents** does not include property of guests or **crew members**, **fine arts**, jewellery, money, cheques or credit, debit, or other bankcards, or any shares, bonds, notes, mortgages, or any intangible property.
- **Crew member** means any person employed by **you** or on **your** behalf as a paid **captain** or paid **crew member** signed on to work aboard and in service of **your yacht** as evidenced by **your yacht's** logbook or **your yacht's** pay records, up to the maximum number of crew members agreed by **us** and shown in the **schedule**. **Crew member** does not include an individual employed solely for the purpose of doing maintenance, service, repair or inspection of other work aboard **your yacht** while it is at anchor, moored, tied up at a dock or in a repair facility or during navigational tests or sea trials.
- **Damages** means the sum of money required to satisfy a claim for compensatory **damages** by a third party against an **insured person**, whether settled and agreed to in writing by **us** or resolved by arbitration or other judicial proceedings.
- **Domestic Partner** means a person of the same or opposite sex as **you** who:
 - a) Shares the permanent residence with **you** for no less than one year; and
 - b) Is no less than 18 years of age; and
 - c) Is financially interdependent with **you** and has proven such interdependence by providing documentation of at least two of the following arrangements: common ownership of real property or a common leasehold interest in such property; community ownership of a motor vehicle; a joint bank account or a joint credit account; designation as a beneficiary for life insurance or retirement benefits or under the partner's will; assignment of a durable power

PART II – DEFINITIONS continued

of attorney or health care power of attorney; or such other proof as is considered to be sufficient to establish financial interdependency; and

d) Is not a blood relative.

- **Dental injury** means identifiable physical injury to **your** teeth which is caused directly and solely by an accident, which is not intentionally self-inflicted and does not result from sickness or disease.
- **Excess** means the amounts **you** will pay in respect of each **occurrence** and/or instance of **physical loss or damage**, and for which there will be no payment under this **policy**. The **excess** applicable to each **occurrence** will vary depending on the part of the **policy** which applies to **your** claim made for that **occurrence**. The **excess** applicable to each part of this **policy** is stated in the **schedule**. In the event more than one part of this **policy** applies to **your** claim, then the applicable **excess** of each part shall apply to the respective claim under each part.
- **Family Member** means a person related to **you** by blood, marriage, or adoption that lives in **your** household including a ward or foster child.
- **Fine arts** means paintings, etchings, statuary, antiques, **collectibles**, and other bona fide works of art with historical value or artistic merit while on board **your yacht**, and loading aboard and unloading from **your yacht** while **your yacht** is at a dock or mooring. Jewellery, watches and furs are not included within the meaning of **fine arts**.
- **Hot work** means any operation that results in the release of sufficient heat, energy, hot particles or flames to ignite flammable material or vapours in and/or near the area of work including, but not limited to, welding, cutting, brazing, arcing, grinding, or which includes the use of hot rivets or other similar work.
- **Insured person** means:
 - a) **You**, a **family member**, or a **domestic partner**;
 - b) An additional insured named in the **policy**; or
 - c) Any person, including a **crew member**, operating **your yacht** with **your** permission or that of a **family member** or **domestic partner**, but only with respect to their legal liability arising out of its use. This does not include any person, company or other business entity, or any of their agents or employees, operating a shipyard, boat repair yard, marina, **yacht** club, sales agency, boat service station or similar organization.
- **Latent Defect** means a hidden flaw in the material of construction existing at the time of original building of **your yacht** or any additional or replacement parts, components or systems of **your yacht**, which is not discoverable by ordinary observation or known methods of testing.
- **Marine environmental damage** means the physical injury to or alteration or destruction of coastal or marine habitat through physical contact with **your yacht**.
- **Market value** means the amount for which an article could reasonably be expected to be replaced immediately prior to the time of loss with one substantially identical to the article lost or damaged.
- **Medical expense** means the costs incurred for medical, surgical or other remedial attention or treatment given or prescribed by a **medical practitioner** and hospital, nursing home or ambulance charges. Dental charges are covered if they are incurred as a result of a **dental injury**.
- **Medical practitioner** means any suitably qualified **medical practitioner** other than:
 - a) a **crew member**;
 - b) a person related to **you** or an **insured person**;
 - c) an employee of **yours**; or
 - d) **you** or an **insured person**.

PART II – DEFINITIONS continued

- **Navigational Limits** means the geographical territory described on the **schedule** within which **your yacht** must be located at the time of any **occurrence** in order for this insurance to apply. If referenced in **your schedule**, Coastal Waters is defined as being within up to 250 nautical miles from the coast set forth on the **schedule**.
- **Occurrence** means a sudden and unexpected event or an accident to which this insurance applies which happens within the **policy period**. Continuous or repeated exposure to the same sudden and unexpected event or accident, unless excluded, is considered to be one **occurrence**.
- **Personal effects** means any items normally worn or carried about the person; including items of **your** guests or **crew members** while aboard **your yacht**. It does not include money, jewellery, watches, **fine art**, cheques or credit, debit or other bankcards or any intangible property.
- **Personal watercraft** means any vessel less than 13 feet in length propelled by an inboard motor powering a water jet pump designed to be operated by a person or persons sitting, standing or kneeling on the vessel rather than within the confines of a hull.
- **Physical loss or damage** means loss of, or actual physical harm to or destruction of, tangible property insured under this **policy**.
- **Policy** means **your** AIG Private Client Group Yacht Insurance Policy Wording and the most recent **schedule** and any written endorsements or addenda issued to **you** by **us**.
- **Policy period** means the period commencing on the effective date shown in the **schedule**. This period ends on the earlier of the expiry date shown in the **schedule** or the effective date of cancellation of this **policy**. All **physical loss or damage**, **property damage**, **bodily injury** and all **occurrences** giving rise to any claim under this **policy** must occur during the **policy period**. If anyone becomes an **insured person** under this **policy** after the effective date, then in respect of that **insured person**, the **policy period** begins as of the date such person becomes an **insured person** and ends on the earlier of the expiry date or the effective date of cancellation of this **policy** or when such **insured person** no longer meets the definition of an **insured person**.
- **Property damage** means actual physical harm to or destruction of tangible property of persons other than an **insured person**.
- **Reasonable cost** means the costs which would be paid by a prudent uninsured person or entity. It does not include any additional costs incurred in order to have repairs or any other work performed on an accelerated basis.
- **Schedule** means the document stating details of the cover **you** have bought which forms part of this **policy**.
- **Tender** means a vessel that is stowed and carried on board **your yacht** while **your yacht** is underway, is used solely in conjunction with **your yacht**, and is clearly marked and identified as **tender** to **your yacht**.
- **Yacht** means the hull, machinery, fixtures and fittings, its **contents**, and all other items used in the operation or navigation of the vessel, or vessels listed in the **schedule**, including **the yacht's** designated **tenders** and **personal watercraft**.

PART III – PROPERTY COVER

A. Insuring agreement

This **policy** covers **you** against all risks of **physical loss or damage** to **your yacht** and its **contents, fine arts** and **personal effects** while on board **your yacht** caused by an **occurrence**. This coverage is subject to the **navigational limits** and all **policy** terms, **policy** conditions, **policy** exclusions and written endorsements.

B. Amount of property cover

The limit of cover for each **yacht** is the agreed value shown on the **schedule**. The limits of cover for **fine arts** and **personal effects** are shown in the **schedule**.

C. Payment of a loss

For a loss covered under PART III – PROPERTY COVER, **we** will pay as follows:

- **Total loss or constructive total loss of your yacht**

We will pay the applicable property cover limit for **your yacht** shown in the **schedule** if:

- a) **your yacht** is stolen, lost or destroyed and not recovered within 30 days of written notification to **us** of this; or
- b) the estimated cost of recovery and repair of **your yacht** is more than the property cover limit, hereafter referred to as a constructive total loss.

We will not pay for any **physical loss or damage** which is still unrepaired if **your yacht** is subsequently lost, destroyed, stolen and not recovered, or declared a constructive total loss, whether or not such unrepaired damage is due to a loss covered under this **policy** or any prior policy of insurance issued by **us**.

We will pay all sums awarded by a Court to voluntary salvors or those acting under a salvage agreement providing for a salvage award on a no cure, no pay basis. **We** will pay no more than the agreed value of **your yacht** for the aggregate of partial damages, expenses and salvage awards arising from any one **occurrence**.

When **we** pay a total loss, **we** reserve the right to keep the remains of **your yacht** or its proceeds, if any, up to the amount of **our** loss payment. However, **we** will pay salvage awards up to the value of the remains of **your yacht**.

- **Partial damage to your yacht**

If **your yacht** is partially damaged, **we** will pay the **reasonable costs** of repair with materials of like kind and quality to materials originally used without deduction for depreciation up to the applicable property cover limit for **your yacht** shown in the **schedule**. **We** will not pay for any improvement or betterment to **your yacht**.

We will pay no more than the **actual cash value** at the time and place of loss for sails, outboard motors and protective covers which are 3 years old or more.

- **Government action**

We cover direct **physical loss or damage** to **your yacht** caused by the actions of any government authority in an attempt to mitigate or prevent an actual or potential pollution hazard or otherwise acting within their authority for the public good resulting in **physical loss or damage** to **your yacht** which is covered under this **policy**.

There is no **excess** for this cover.

- **Temporary removal and storage**

Your yacht's masts, spars, sails, equipment, **tenders, personal watercraft**, outboard motors and **contents** are insured against **physical loss or damage** while in temporary storage on land, including while in transit to or from **your yacht**.

- **Physical loss or damage to contents of your yacht**

For a covered loss to the **contents** of **your yacht**, **we** will pay whichever is less:

- a) The **reasonable cost** to replace the lost or damaged **contents** without deduction for depreciation; or
- b) The **reasonable cost** to restore or repair the damaged **contents** to pre-loss condition.

- **Overland transportation**

We cover direct **physical loss or damage** to **your yacht** incurred during overland transport on **your** trailer within the Commonwealth of Australia (or elsewhere if specifically approved and noted on the **schedule**), including loading and unloading, provided that the trailer and towing vehicle have sufficient towing capacity to transport **your yacht** as rated by their manufacturers, the tow complies with all applicable legal requirements and it is legal to tow such a load on a public road or highway.

We cover direct **physical loss or damage** to **your yacht** incurred during overland transport by professional haulers engaged by written agreement within the Commonwealth of Australia (or elsewhere if specifically approved and noted on the **schedule**), including loading and unloading.

We will also cover incidental movement of **your yacht** in connection with hauling, dry-docking, maintenance or repair at a marina or shipyard where movements do not exceed a distance of ten miles overland.

No coverage will be afforded for any **physical loss or damage** to **your yacht** incurred during overland transport, including loading and unloading, due to scratching, marring and/or denting of **your yacht**.

Unless otherwise agreed in the **policy**, the **excess** will be the **yacht hull excess**.

- **Routine maintenance/annual refit**

This insurance will remain in force during routine maintenance and annual refit to **your yacht** subject to the following conditions:

- a) if **your yacht** is under major repair/alteration which includes **hot work** or the yard has requested from **you** or **your captain** and/or **your** legal representative(s) signature of any form or document that waives or limits **our** rights of **subrogation** in any manner whatsoever, then **our** prior written agreement must be obtained on terms and conditions to be agreed by **us**; and
- b) **you** or **your captain** and/or **your** legal representative(s) must, in advance of **your yacht** undergoing the major repair/alteration which includes **hot work**, provide **us** with a copy of the shipyard's Ship Repairers Legal Liability insurance documentation and full details of the work that is to be carried out and **our** prior written agreement must be obtained to proceed.

Important Note: The above conditions must be strictly complied with in order that **we** will be liable to pay a claim under this section of PART III - PROPERTY COVER.

- **Fine arts**

The limit for **your fine arts** for each covered **yacht** is listed in the **schedule**. The amount **we** will pay will depend on whether the item is specified in the **schedule**, or unspecified.

- a) Specified items

Total loss – for an item listed in the **schedule** of **fine arts**, **we** shall pay the total value specified for that item if it is lost or damaged beyond repair.

PART III – PROPERTY COVER continued

Partial loss – if only part of the specified item is lost or damaged, **we** shall pay either the cost to restore the item to its condition immediately before the loss, or the difference between its **market value** before and after the loss. If after restoration the **market value** of the item is less than its **market value** immediately before the loss, **we** shall also pay the difference. In no event, however, shall the total of all payments exceed the amount of cover shown in the **schedule of fine arts** for that item.

b) Unspecified items

We will pay the lesser of AUD 5,000 or the amount required to restore the unspecified item or the **market value** of the unspecified item immediately prior to the loss. If the **market value** after restoration is less than the **market value** immediately prior to the loss, **we** shall pay the difference up to AUD 5,000 but in no event shall the total amount **we** pay for restoration and loss of **market value** exceed AUD 5,000 for any one unspecified item.

c) In respect of pairs or sets of items, **you** may elect to:

- i. have repaired or replace any part to restore the pair or set to its **market value** before the loss;
- ii. be paid the difference between **market value** of the pair or set before and after the loss; or
- iii. be paid the specified amount of cover shown in the **schedule of fine arts** for the pair or set, or the **market value** of the entire pair or set immediately before the covered loss if unspecified when **you** surrender to **us** the pair or set.

In no event shall the total of all payments exceed the amount of cover shown in the **schedule of fine arts** for that pair or set where specified, or AUD 5,000 in respect of any one unspecified pair or set.

Cover for theft of **fine arts** however will only be available if there are visible signs of forced entry to or exit from **your yacht** from which the covered items are stolen.

• Personal effects

Personal effects cover shall apply to **your personal effects** and those of **your** guests and crew members while those **personal effects** are aboard **your yacht**.

We will pay, without deduction for depreciation and up to the **personal effects** cover limit, the lesser of the following:

- a) the **reasonable cost** of replacing lost or damaged **personal effects**; or
- b) the **reasonable cost** of restoring or repairing damaged **personal effects** to their condition immediately before the **physical loss or damage**.

Unless otherwise agreed in the **policy**, the maximum limit for any one unspecified item under **personal effects** is AUD 5,000.

• Excesses

The **excesses** shown in the **schedule** are the amounts **you** will pay in respect of each **occurrence** and/or instance of **physical loss or damage**, and for which there will be no payment under this **policy**.

Unless otherwise agreed in the **policy**, the **excesses** shown in the **schedule** will not apply in the event of a total loss of **your yacht**, or a constructive total loss of **your yacht**.

In the event of partial **physical loss or damage** to **your yacht** caused solely by the fault or neglect of another vessel not insured under this **policy**, there shall be no **excess** applied to such loss.

When one **occurrence** or instance of **physical loss or damage** gives rise to claims under hull and machinery, **contents**, unspecified **fine arts** and/or **personal effects** cover, the claims under those covers shall be subject to the highest **excess** applicable.

D. Additional property cover

Unless otherwise agreed in the **policy**, the following additional property cover is provided in addition to the limit for property cover shown in the **schedule**. This additional cover is subject to all **policy** terms, conditions and exclusions.

- **Safeguarding damaged property**

Every **insured person** must take all lawful, reasonable measures, including making temporary repairs, to protect covered property from further damage and mitigate any loss payable under this **policy**.

We will pay for the **reasonable costs** of salvage and towage services and other related **reasonable costs** necessarily incurred by an **insured person** to protect or recover **your yacht** from further loss or damage up to the amount of the limit of cover shown in the **schedule**.

We will also pay the **reasonable costs** of salvage and towage services provided under a contract fixing a price for such services and other related **reasonable costs** necessarily incurred by an **insured person** to avoid or minimise a loss that would be covered under this **policy**.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

- **Precautionary measures**

We will pay up to the precautionary measures cover limit set out in the **schedule** for **reasonable costs** incurred by an **insured person** to move **your yacht** to a place of safety from harm's way while **your yacht** is under threat of windstorm, tidal surge or wave, or fire at **your yacht's** berth, mooring or place of storage.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

- **Additional living expenses**

We will pay up to the additional living expenses cover limit set out in the **schedule** for any reasonable additional living expenses ashore **you** may incur in the course of minimising and preventing further loss or damage to **your yacht** which would otherwise be covered under this **policy**.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

- **Inspections**

We will pay the **reasonable costs** of inspecting **your yacht** for **physical loss or damage** after grounding.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

- **Emergency expenses**

We will pay for reasonable and necessary emergency expenses, in the absence of **physical loss or damage** to **your yacht** if **your yacht** is disabled for any reason other than a covered **occurrence**, including:

- a) commercial towing fees to the nearest place where necessary repairs can be carried out;
- b) delivery costs of fuel and other essential supplies; and
- c) the cost of emergency parts and labour done aboard **your yacht** at the location of breakdown.

The most **we** will pay for each **occurrence** is the cover limit for emergency expenses cover shown in the **schedule**.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

- **Firearms**

We will pay up to the limit of cover set out in the **schedule** for each **occurrence** for the theft of firearms owned by an **insured person** from a locked gun compartment on board **your yacht**.

Cover for theft however will only be available if there are visible signs of forced entry to the locked gun compartment and/or safe onboard **your yacht**.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

- **Mopeds and motorbikes**

We will cover **your** mopeds and motorbikes against **physical loss or damage** while on board **your yacht** and locked, including while being loaded or unloaded, or while parked and locked alongside **your yacht**.

The limit of cover for **physical loss or damage** to mopeds and motorbikes is set out in the **schedule**.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

- **Trailers**

We will cover **physical loss or damage** to **your** trailer used with **your yacht**. **We** will pay the **reasonable cost** of repairing or replacing **your** trailer, whichever is the lesser, up to a maximum of the trailer cover limit set out in the **schedule**.

Unless otherwise agreed in the **policy**, this cover is subject to an AUD 250 **excess**.

- **Newly acquired yacht**

We will cover any **yacht** used solely for private pleasure purposes with a maximum design speed of up to 50 knots that **you** acquire by purchase during the **policy period**. Cover for **your** newly acquired **yacht** is for up to the purchase price, but shall not exceed the limit shown in the **schedule**. This cover is for a period of 30 days from the date of purchase, subject to all limits, terms, conditions and exclusions of this **policy**. However, **you** must notify **us** within 30 days of the date of purchase of the newly acquired **yacht** and **you** must pay the premium **we** determine from the date of purchase.

The **excess** for property cover for the newly acquired **yacht** is shown in the **schedule**.

- **Temporary substitute yacht**

If **your yacht** is out of commission due solely to an **occurrence** giving rise to a loss covered under this **policy** and cannot be repaired and made available for **your** private pleasure use for at least 10 days from the date of the **occurrence**, **we** will pay up to the limit set out in the **schedule** to charter a temporary substitute **yacht** for up to a maximum of 7 days. Unless otherwise agreed in the **policy**, the maximum limit of cover per day is AUD 1,500. The temporary substitute **yacht** must be of similar configuration and length as **your yacht** and of equal or lesser value.

We will not provide this cover when **your** temporary substitute **yacht** is for any purpose other than **your** private pleasure use.

Unless otherwise agreed in the **policy**, there is no **excess** for this cover.

E. Loss payee

If a loss payee is named in this **policy**, part of any claim payable under the **policy** will be paid to the loss payee and the remaining part to **you** as provided for in the **policy**. If more than one loss payee is named, the order of payment will be the same as the order of precedence of the loss payees.

F. Property Exclusions

There shall be no insurance under PART III – PROPERTY COVER where any claim or loss results directly or indirectly, in whole or in part from, or relates to or is in connection with:

- **Osmosis, corrosion, deterioration**

Osmosis, blistering, fibreglass or surface coat blistering, electrolysis, delamination, rust, corrosion or oxidation, marine life, marine borers, moth or vermin, rot, fungus, mould or infestation, warping or shrinkage, change of temperature or humidity, deterioration, lack of maintenance, wear and tear, inherent vice.

In respect of **fine arts**, in addition to the above exclusions, **we** do not cover fading, thinning, colour transfer, creasing, denting, scratching, tearing, gradual deterioration, latent defect, mechanical or electrical breakdown, smog, birds, rodents, insects, or use other than as a collectible.

- **Latent Defect**

Any repair or replacement of any **latent defect** in **your yacht**, however, any **physical loss or damage** to **your yacht** resulting or caused by the **latent defect** will be covered.

- **Manufacturing and Design Defects**

Any defect in design or manufacture of **your yacht** or any additional or replacement part, component or system of **your yacht**.

- **Co-Insured**

Any denial, defence or avoidance of coverage for any claim based on the acts, omissions, breach of warranty or condition by one **insured person** shall also apply against any claim by any other **insured person**.

- **Cash, cheques, or Valuable Papers**

Cash, cheques, money orders, bank drafts, travel tickets, traveller's cheques, postage stamps, schedules, bonds, negotiable instruments, or any intangible property.

- **Computer software**

Computer software, programs or data.

- **Loss of use, loss of profits**

Any loss of use, loss of profits or loss of **market value** or any other loss or damage caused by or resulting from a loss stated to be covered in this **policy**, except as, specifically and expressly provided for in PART III – PROPERTY COVER.

- **Transit**

Any item in transit aboard **your yacht** or being delivered to or from **your yacht** which is not suitably packed, stowed and secured taking into account its value and the method of transportation.

- **Cargo vessel transit**

The loading, unloading or transportation of **your yacht** aboard a cargo vessel or any other form of commercial marine carrier, unless approved by **us** in writing in advance.

- **Provisions**

Any loss or damage to the provisions and stores of **your yacht**.

PART IV – PROTECTION AND INDEMNITY COVER

A. Insuring agreement

We will pay **damages** that an **insured person** is legally obligated to pay for **bodily injury** or **property damage** arising from the ownership, operation, maintenance or use of **your yacht**, and caused by an **occurrence** covered under this **policy** within the **navigational limits**. This cover is subject to other applicable **policy** terms, conditions and exclusions.

The most **we** will pay for all claims for **bodily injury** and **property damage** as a result of any one **occurrence** is the Protection and Indemnity cover limit shown in the **schedule** to this **policy**. This insurance applies separately to each **insured person** against whom a claim is made or a suit is brought, but **we** will not pay more than the limit shown in the **schedule** for any single **occurrence** regardless of the number of **insured persons, yachts** insured, claims made or persons injured under this **policy**.

Unless otherwise agreed in this **policy**, there is no **excess** for any cover provided under PART IV – PROTECTION AND INDEMNITY COVER.

B. Medical expenses cover

We will pay necessary **medical expenses** for treatment of **bodily injury** caused by an **occurrence** while any person is boarding, on board, or leaving **your yacht** up to the **medical expenses** cover limit shown in the **schedule**, provided the **medical expenses** are incurred within 36 months after the date of the **occurrence**.

Cover for medical **expense** under this **policy** is subject to the following conditions:

Cover is only limited to those persons who are not eligible for medical cover under the Medicare scheme or equivalent currently in operation in the Commonwealth of Australia.

Any person making a claim must support that claim by:

- a. submitting to medical examinations as **we** may require at the time and place **we** designate and by physicians of **our** selection. These medical examinations will be conducted at **our** expense;
- b. producing records to verify the claim and its amount;
- c. permitting copies of records (including x-rays, results of diagnostic tests, operative procedures and the like) to be made and provided to **us**, including the execution of any written authorisation as may be required by law to obtain such records, and
- d. submitting such examinations under oath as **we** may require at the time and place **we** designate. These examinations under oath will be conducted at **our** expense.

Any medical expense cover provided by this **policy** will be in excess of any other valid and collectible medical insurance taken out by a person eligible for cover under this part B. Medical expenses cover.

C. Marine Environmental Damage Cover

We cover **damages** that an **insured person** is legally obligated to pay for **marine environmental damage** caused by an **occurrence** arising from the ownership, operation, maintenance or use of **your yacht**. This cover shall not act to increase the limit shown in the **schedule** for Protection and Indemnity cover for any one **occurrence**.

We also provide, up to the government fines/penalties cover limit set out in the **schedule**, for payment of any government fine or penalty incurred by **you** for any one **occurrence** resulting in **marine environmental damage** to the extent permissible by law.

D. Operating other watercraft

We cover **damages** for **bodily injury** and/or **property damage**, caused by an **occurrence**, that **you** are legally obligated to pay resulting from **your** operation or use of another **yacht** with a maximum design speed of up to 50 knots which is neither owned nor chartered by **you** or a **family member**. This cover is subject to the limit for Protection and Indemnity cover shown in the **schedule**.

E. Additional Protection and Indemnity cover

This cover is provided in addition to the Protection and Indemnity cover limit shown in the **schedule**.

The **excesses** listed in the **schedule** apply to these covers.

- **Newly acquired yachts**

We will pay **damages** an **insured person** is legally obligated to pay for **bodily injury** and/or **property damage** caused by an **occurrence** arising from the ownership, operation, maintenance or use of any **yacht** with a maximum design speed of up to 50 knots which **you** acquire by purchase and use solely for private pleasure purposes during the **policy period**. This additional cover is in effect for a period of 30 days from the date of purchase and subject to the limit of cover shown in the **schedule** for Protection and Indemnity cover for newly acquired yachts. **You** must notify **us** within 30 days of the date of purchase of the newly acquired **yacht** and **you** must pay the premium that **we** determine from the date of purchase.

- **Temporary substitute yachts**

If **your yacht** is out of commission due solely to a covered **occurrence** and cannot be repaired and made available for **your** private pleasure use for at least 10 days from the date of the **occurrence**, **we** will cover **damages** an **insured person** is legally obligated to pay for **bodily injury** and/or **property damage** caused by an **occurrence** arising from the maintenance, operation or use of a temporary substitute **yacht** while **your yacht** is being repaired for a period of up to 7 days thereafter. This cover is subject to the limit shown in the **schedule** for Protection and Indemnity cover.

- **Wreck removal**

If **you** are legally required to raise, remove, or destroy the wreck of **your yacht**, **we** will pay all **reasonable costs you** incur to raise, remove or destroy the wreck up to the Protection and Indemnity cover limit set out in the **schedule**.

- **Search and rescue**

If any person is lost at sea from **your yacht**, **we** will pay up to the search and rescue coverage limit shown on the **schedule** for search and rescue expense **you** incur to recover such person.

- **Defence cover and claim expense**

In addition to the cover limit shown in the **schedule** for Protection and Indemnity cover, **we** will pay the legal costs to defend an **insured person**, with **our** prior written consent, against any civil action for **bodily injury** or **property damage** caused by an **occurrence** arising from the ownership, operation, maintenance or use of **your yacht**, even if the civil action is false, fraudulent or groundless. **We** reserve the right to select counsel. **We** may take over, the running of the civil action, and investigate and settle any claim or suit at **our** sole discretion.

We will also pay:

- a) all court costs and expenses on judgments assessed against an **insured person**;
- b) **reasonable costs** incurred by an **insured person** at **our** request up to a total of AUD 10,000 for assisting **us** in the investigation or defence of a claim or action;
- c) interest on the entire judgment which accrues after entry of the judgment;
- d) any amount **we** consider should be tendered as settlement or as a payment into court which does not exceed the amount of cover;
- e) all prejudgment interest awarded against an **insured person** on the part of the judgment **we** pay or offer to pay.

We may investigate and settle any claim or action at **our** sole discretion.

PART IV – PROTECTION AND INDEMNITY COVER continued

We reserve the right to appoint lawyers who shall represent an **insured person** in the defence of a claim that is covered by this PART IV – PROTECTION AND INDEMNITY COVER and PART V – UNINSURED BOATERS COVER.

However, in jurisdictions where **we** are ourselves prevented from defending an **insured person** in respect of a covered claim for a covered loss because of laws or other reasons, **we** will pay any expenses incurred with **our** prior written consent for an **insured person's** defence.

Our duty to defend any claim or action arising out of a single **occurrence** ends when the amount **we** have paid in **damages** for that **occurrence** equals the Protection and Indemnity cover limit shown in the **schedule**.

F. Protection and Indemnity Exclusions

The following exclusions apply to PART IV – PROTECTION AND INDEMNITY COVER. There shall be no insurance under PART IV – PROTECTION AND INDEMNITY COVER for any loss, damage, liability, claim, cost of defence or expense attributable to or resulting directly or indirectly, in whole or in part from or in connection with:

- **Property owned, or in care, custody or control**

Property damage to property owned by, or in the care, custody or control of, an **insured person** or a **family member**. This exclusion does not apply to **property damage** to property rented by or leased to an **insured person** or **family member** for their use.

- **Intentional acts or omissions**

Any dishonest, criminal, wilful, intentional or malicious act or omission by any **insured person**.

We also do not cover any loss, **damage**, claim, cost of defence or expense resulting directly or indirectly, in whole or in part from acts or omissions of any person which are intended to result in, or would be expected by a reasonable person to cause **bodily injury** or **property damage**. This exclusion applies even if the **bodily injury** or **property damage** is of a different kind or degree, or sustained by a different person than expected or intended. However, **we** do provide cover for any **insured person** who does not personally direct or participate in such acts or omissions which cause the **bodily injury** or **property damage**.

- **Medical expenses**

We do not cover any **medical expenses** under B. Medical expenses cover arising out of:

- a) **bodily injury** to any person who is eligible for benefits under any workmen's compensation, Longshore and Harbor Workers Compensation Law, employer's liability acts and any other statutory or common law liability in respect of accidents or illness of any workmen, **crew member** or any other employee of **yours** or anyone who is working on or on board **your yacht**;
- b) responsibility assumed by **you** or any **insured person** under any contract or agreement;
- c) persons sustaining **bodily injury** while **your yacht** is being transported over land, sea or air;
- d) **bodily injury** to a trespasser on **your yacht**;
- e) **bodily injury** that occurs in connection with parasailing, kiteskiing, or similar activity;
- f) rest cures, treatment for abuse of or addiction to drugs or alcohol, in-patient psychiatric care or periods of quarantine or isolation;
- g) cosmetic or plastic surgery, and any optical treatments or care except as required treatment for a **bodily injury**; or
- h) dental or optical treatment or care except as required treatment for a **bodily injury**.

- **Employee benefits**
Any act, error or omission in respect of the provision of employee benefits of any kind by **you**.
- **Contractual liability**
Any liability assumed by an **insured person** under any contract or agreement without **our** prior permission.
- **Obligatory repatriation**
Any liability for repatriation costs and expenses in respect of any **crew member** if such expense is payable by reason of the end of the **crew member's** contractual term of service (whether by contract or by agreement), the sale or disposal of **your yacht**, the default of the named insured, the arrest, detainment or seizure of **your yacht** or the laying up of **your yacht**.
- **Unauthorised use**
Any **occurrence** while **your yacht** is being operated or used without **your** prior consent.
- **Firearms**
The possession, use, handling, storage, or accessibility of any firearm or deadly weapon.
- **Motorised land vehicles**
The ownership, operation, maintenance, use, loading or unloading of any motorised land vehicle, including any vehicle engaged in the overland transportation of **your yacht**.
- **Humiliation, Harassment, False Arrest**
Any liability arising from actual, alleged or threatened humiliation, harassment, false arrest, false imprisonment, wrongful detention, libel, slander, defamation of character or invasion of rights of privacy, malicious prosecution, shock, emotional distress, mental injury, wrongful entry or eviction.
- **Discrimination**
Any liability arising out of actual, alleged or threatened discrimination or harassment due to age, race, national origin, colour, sex, creed, handicapped status, sexual preference or identity or any other discrimination.
- **Sexual Molestation or Corporal Punishment**
Any liability arising out of any actual alleged or threatened sexual molestation; misconduct or harassment; Corporal punishment; or sexual, physical or mental abuse by any person whomsoever.
- **Diving equipment**
The use or provision of diving or air compression equipment or the supply of compressed gases which are not maintained in compliance with the equipment manufacturer's instructions or which is used by persons not in possession of a recognised licence from a professional diving association and/or school.
- **Bodily injury to Insured Persons**
Any **bodily injury** to **you**, any **family member**, any **domestic partner**; or a **crew member**.
- **Liability to Paid Crew**
Damages (including, if applicable, maintenance and cure, repatriation and other related expenses) for which **you** and/or any **insured person** are legally liable to pay a **crew member** under the Federal Jones Act, 46, U.S.C. Section 30104, as amended, or the General Maritime Law of the United States or other similar law of any nation in respect of **your** legal liability to any **crew member**.

PART V – UNINSURED BOATERS COVER

A. Insuring agreement

We will pay, up to the Uninsured Boaters Cover limit shown in the **schedule, damages** for **bodily injury** to an **insured person** sustained while on board **your yacht** that the **insured person** is legally entitled to receive and unable to recover from an uninsured or unidentified owner or operator of another vessel and resulting from a collision between **your yacht** and an unidentified or uninsured vessel.

B. Uninsured Boaters Exclusions

There shall be no cover under PART V – UNINSURED BOATERS COVER for **damages**:

- a) if the uninsured vessel is owned or operated by a government agency or body;
- b) for anyone using **your yacht** without **your** permission, including arising from any **occurrence** while **your yacht** is being operated or used without **your** consent;
- c) claimed by any **crew member**;
- d) where there is no physical evidence of direct contact between **your yacht** with the uninsured or unidentified vessel;
- e) where the uninsured vessel is owned by **you** or any **insured person** or furnished for the regular use of an **insured person, captain** or **crew member**;
- f) if any **bodily injury** claim is settled without **our** written consent;
- g) to benefit any insurer or self insurer under any employer's liability law, worker's or workmen's compensation, disability benefits, or similar law;
- h) that duplicate any payments paid or payable under any employer's liability laws, workers' compensation, disability benefits, Jones Act, Longshore and Harbor Workers Compensation Laws, General Maritime Law or similar law;
- i) for **bodily injury** to any person who is eligible for benefits under any employer's liability law, Workmen's Compensation, any coverage afforded under the applicable Workers Compensation Legislation of any state in Australia, the Longshore and Harbor Workers Compensation Laws, or any other employee of **yours** or anyone who is working on or aboard **your yacht**.

PART VI – GENERAL EXCLUSIONS AND CONDITIONS

The following general exclusions and conditions apply to all parts of this policy.

A. General exclusions

There shall be no insurance under any provision of this **policy** where any claim or loss results directly or indirectly, in whole or in part from or relates to or in connection with;

- **Nuclear hazard**, including the following and any consequence of the following:
 - a) ionizing radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
 - b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; or
 - c) the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- **War, including the following and any consequence of the following:**
 - a) undeclared war, civil war, insurrection, rebellion, or revolution;
 - b) warlike acts by a military force or military personnel; or
 - c) the destruction, seizure or use of property for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

- **Chemical weapons and cyber attacks including the following and any consequence of the following:**

The use or threatened use of:

- a) any chemical, biological, bio-chemical, or electromagnetic weapon, device, agent or material; or
 - b) any computer, computer system, software program, virus or process, or any other electronic system, as a means for inflicting harm, or the consequence of any of these, regardless of any other direct or indirect cause or event, whether covered or not, contributing in any sequence to the loss or damage. **We** also do not cover any loss, damage, claim, cost of defence or expense caused by any action taken in hindering or defending against the use or threatened use of any of these.
- **Terrorism including the following and any consequence of the following:**

The use or threat of force or violence, by an individual or group acting alone, on behalf of or connected to any organisation or government, which gains its motivation from political, religious or ideological beliefs including the intent to influence any government or the public by the use of fear.

- **Command and control of your yacht**

Any **occurrence** whilst the person in command and control of **your yacht**:

- a) is under the influence of alcohol or drugs.
 - b) does not have the statutorily required qualifications for operating **your yacht**.
- **Confiscation including the following and any consequence of the following:**

The capture, seizure, arrest, restraint, detainment, confiscation, nationalisation, requisition or destruction of or damage to property by any government, or under the order of any government or public or local authority except as otherwise provided in PART III – PROPERTY COVER, C. Payment.
 - **Intentional Acts, including the following and any consequence of the following:**

To any **insured person** who directs, permits, approves of or participates in any dishonest, criminal, wilful, intentional or malicious act or omission.

PART VI – GENERAL EXCLUSIONS AND CONDITIONS continued

- **Fines or punitive damages**

Except as otherwise expressly provided in the **policy**, **we** do not cover any fines, penalties, punitive, exemplary or non-compensatory **damages**, or any **damages** resulting from the multiplication of compensatory **damages** regardless of the cause of loss.

- **Illegal activity**

The use of **your yacht** for any illegal purpose including but not limited to, the transport of any illegal substance. However, **we** do provide Protection and Indemnity cover for **insured persons** who do not personally direct or participate in, the illegal act.

- **Unseaworthy state**

Loss, damage or liability caused by **your yacht** not being seaworthy or in defective condition but this exclusion will not apply if **you** can prove to **us** that **you** did not know, or could not reasonably have known, that **your yacht** was not seaworthy or defective at the time.

- **Humiliation, harassment, false arrest**

Any liability arising from actual, alleged or threatened humiliation, harassment, false arrest, false imprisonment, wrongful detention, libel, slander, defamation of character or invasion of rights of privacy, malicious prosecution, shock, emotional distress, mental injury, wrongful entry or eviction.

- **Transmittable diseases**

Any liability from any illness, sickness or disease transmitted intentionally or unintentionally by any **insured person** to anyone. **We** do not cover any **damages** for any threat of exposure or any consequences resulting from that illness, sickness or disease.

- **Chartering or commercial use**

The use of **your yacht** for any purpose other than private pleasure purposes.

Your yacht cannot be chartered unless approved by **us** in advance in writing, and such charter use is limited to private pleasure purposes only. **Your yacht** cannot be chartered, leased, or used for any commercial purposes at any time. Entertaining business clients on **your yacht** is not considered charter or commercial use.

- **Towing**

The towing of any vessel or other object by **your yacht**.

This exclusion shall not apply to the occasional towing of any **tender** under 8 metres or where **your yacht** tows any other vessel which is in grave and imminent danger.

- **Racing**

Any **occurrence** during instruction, testing, preparation or participation for or in any race speed contests, or similar competition. However, **we** do cover sailing races.

- **Parasailing or kite skiing**

Any **occurrence** while **your yacht** is being used for parasailing, kite surfing/boarding, teak surfing or similar activity.

- **Aircraft**

The ownership, maintenance, use, loading or unloading, transporting or towing of any aircraft.

- **Claims settled without our consent**

We do not cover any claim settled with a third party without **our** written consent regardless of the cause of loss. Nor do **we** cover any cost, expense or judgment for an action in the absence of **our** written consent.

- **Sanctions**

If, by virtue of any law or regulation which is applicable to **us**, our parent company or its ultimate controlling entity, at the inception of this **policy** or at any time thereafter, providing coverage to the **insured person** is or would be unlawful because it breaches an applicable embargo or sanction, **we** shall provide no coverage and have no liability whatsoever nor provide any defense to any **insured person** or make any payment of defense costs or provide any form of security on behalf of any **insured person**, to the extent that it would be in breach of such embargo or sanction.

B. General Conditions

We will not be liable to pay any claim under this **policy** unless **you** and any **insured person** comply with all the requirements in the following conditions.

- **Duties after an occurrence**

In the event of an **occurrence** which is likely to give rise to a claim under this **policy**, or if **you** or any other **insured person** under this **policy** is sued in connection with an **occurrence** which may be covered under this **policy**, **you** or an **insured person** (where applicable) must:

- a) give prompt notice to **us** or **your** intermediary as soon as reasonably possible of any incident that may result in any kind of claim under this **policy**. Failure to do so may affect **our** acceptance of a claim under the **policy** if the claim is made so long after the event that **we** are unable to investigate the claim fully or may result in **your** not receiving the full amount claimed if the amount claimed is increased as a result of the delay;
- b) notify the local police if loss or damage is caused by theft or attempted theft, accidental loss, malicious persons and vandals, and keep a note of any reference number given to **you**;
- c) notify the credit card, bank card or card issuing company in case of loss under credit card cover;
- d) protect the property from further damage. If repairs to the property are required, **you** must:
- e) make reasonable and necessary repairs to protect the property; and
- f) keep an accurate record of all repair expenses;
- g) provide **us** with quotations, bills, receipts and related documents;
- h) as often as **we** reasonably require:
 - i) make available to **us** the damaged property for inspection and testing;
 - ii) provide **us** with records and documents **we** request; and
 - iii) submit to separate examination under oath;
- i) send to **us** within sixty (60) days of **our** request, **your** signed sworn proof of loss that sets out, to the best of **your** knowledge:
 - i) the time, place and cause(s) of loss;
 - ii) the interest of all others in the property; and
 - iii) other insurance which may cover the loss and the full amount claimed under each cover for which a claim is made.
- j) provide **us** with the names and addresses of any known persons injured and any available witnesses;
- k) provide **us** with demand letters, legal documents and other documents which will help **us** defend any **insured person**; and

PART VI – GENERAL EXCLUSIONS AND CONDITIONS continued

- l) assist and cooperate with **us** in the conduct of the defence by taking all reasonable steps to help **us**:
 - i) to make settlement;
 - ii) to enforce any right of contribution or indemnity against any person or organisation who may be liable to an **insured person**;
 - iii) to attend hearings and trials; and
 - iv) to secure and give evidence and obtain the attendance of witnesses.

- **Abandonment**

No action which either **you** or **we** take to save, protect or recover **your yacht** will be regarded as a waiver or acceptance of abandonment nor will it prejudice the rights of either **you** or **us**.

- **Appraisals of physical loss or damage**

If **you** and **we** fail to agree on the amount of **physical loss or damage** to property covered under PART III - PROPERTY COVER, either party may make a written demand that each selects an independent appraiser. In this event, the parties must notify each other of their selection within 20 days. The independent appraisers will select a third appraiser within 15 days. If a third appraiser is not agreed upon within that time each appraiser within seven days thereafter, shall propose to the other in writing the names of three appraisers together with their curricula vitae for consideration as the third appraiser. Each appraiser, within seven days thereafter, shall strike two names from the other party's list; and the third appraiser shall then be selected by the drawing of lots. If either appraiser fails to propose the names of three appraisers or to strike two names as required above, the non-defaulting party will appoint the third appraiser from its list. The independent appraisers will then appraise the loss and submit any differences to the third appraiser. A decision in writing agreed to by the two appraisers or one appraiser and the third appraiser will be binding. Each independent appraiser will be paid by the party selecting him. The expenses of the third appraiser shall be shared equally between **you** and **us**.

- **Duplicate cover**

If a loss is covered under more than one part of this **policy**, **we** will pay **you** under the part giving **you** the greatest amount of cover, but not under more than one part. In no event will **we** make duplicate payments for a single loss.

- **Due diligence**

It shall be the duty of every **insured person** to exercise due diligence to maintain all insured property in a seaworthy condition and reasonably fit in all respects for the intended use of such insured property.

- **Sale, transfer or change in ownership**

If **your yacht** is sold, transferred to a new owner, or any interest in the owning legal entity is changed without **our** written consent, this insurance will be of no further force and effect and cancelled from the time of such sale, transfer or change of ownership.

If **your yacht** is at sea at the time of such sale, transfer or change, this insurance will continue until her arrival at a safe port if **you** ask **us** to agree to this in advance.

- **Subrogation**

We shall acquire all **insured persons'** full rights to recovery and shall be entitled to subrogation against all parties responsible for any **occurrence** giving rise to a total, constructive total or partial loss covered by this insurance to the full extent of any payments **we** make under this section.

Our rights of recovery and subrogation against all responsible parties shall be superior to any other rights of any **insured person** to recover against any responsible parties and shall supersede any **insured person's** rights to be made whole.

PART VI – GENERAL EXCLUSIONS AND CONDITIONS continued

We shall bear all costs and expenses of **our** claims for subrogation and recovery, including attorneys' fees, and shall have full authority to compromise and release **our** claims and rights of subrogation without consultation with or agreement by any **insured person**.

All **insured persons** agree to provide their full cooperation with and assistance to **our** efforts to make recovery against responsible parties, including, but not limited to the provision of their testimony under oath at depositions and at trials (and to travel for those purposes upon **our** request and with reimbursement of reasonable expense), access to physical evidence, including the insured **yacht** and its parts and components, for examination and testing, along with documents and electronic data, and to assist in obtaining testimony under oath at depositions and at trials of other witnesses including current and former **crew members**, vessel managers and other employees and contractors of any **insured person**.

You and any **insured person** must not do anything after the loss to impair such rights of recovery.

At **our** request, **you** or an **insured person** will bring an action at **our** expense, transfer those rights to **us** and help **us** enforce them or **your** rights and cooperate with **us** in **our** attempt to recover **our** payment.

No one covered under this **policy** or acting on their behalf shall waive, limit or impair **our** right to recover and/or the amount to recover against a third party before or after a loss.

- **Salvage**

In the event **we** have paid **your** claim for any item that has been damaged where the amount paid has been based on the total loss of that item, **we** shall be entitled to, but not obligated to, take legal ownership of the item for which **we** have paid the claim, irrespective of its condition. **You** agree to provide to **us** all legal rights and title in the item if requested by **us**, where **we** have elected to take legal ownership of the item under this condition. This condition shall not apply where **we** have elected to pay the cost of any repair to **your** item.

When **we** pay a partial loss, **we** reserve the right to keep the remains, or the proceeds of sale, of any parts removed from **your yacht** in connection with the repair of a partial loss, if any, up to the amount of **our** loss payment.

- **Assignment**

No assignment of or change of interest in this **policy** or in any amount payable under it will be binding on or recognised by **us** without **our** prior written consent.

- **Changes**

If the facts and/or information which **you** provided and on which this **policy** is based are materially incorrect and/or are materially altered without **our** written consent, **we** shall be entitled to terminate this **policy** with effect from the date from which the information was incorrect and/or altered.

No change or modification of this **policy** shall be effective except when made by a written endorsement issued by **us**.

- **No benefit to Bailee**

This insurance shall not act to benefit any Bailee.

- **Legal actions against us**

In respect of Protection and Indemnity cover, no **insured person** shall join **us** in any action against any other **insured person**.

- **Bankruptcy or death**

An **insured person's** bankruptcy or insolvency shall not relieve **us** of any of **our** obligations. However, an **insured person** must notify **us** immediately upon filing or service of legal documents

initiating any such proceedings. Further, if an **insured person** dies or becomes bankrupt or insolvent during the **policy period**, this **policy**, unless cancelled by the **insured person's** legal representative, will cover the **insured person's** legal representative for the remainder of the **policy period**.

- **Cancellation**

You may cancel this **policy** at any time by notifying **us** in writing of the future date that the cancellation is to take effect.

We may cancel this **policy** in accordance with the Insurance Contracts Act (1984).

Provided there has been no claim under the **policy** and there is no legal reason not to return the premium, then in the event of cancellation by **you** or by **us**, **we** will refund any unearned premium on the effective date of cancellation, or as soon as reasonably possible afterwards.

The unearned premium will be computed pro rata for the unexpired term of the **policy**.

- **Renewal**

All renewals of the **policy** shall be in accordance with the provisions found in the Insurance Contracts Act.

- **Law**

This **Policy** shall be governed by and construed in accordance with the laws of the Commonwealth of Australia.

- **Jurisdiction**

Unless the **schedule** provides to the contrary this **policy** is subject to the exclusive jurisdiction of the courts of the Commonwealth of Australia which shall have exclusive jurisdiction in any dispute arising hereunder.

- **Construction, severability and conformity to law**

If any provision contained within this **policy** is, for any reason, held to be invalid, illegal, unenforceable in any respect, such invalid, illegal or unenforceable provision shall have no effect on any other valid, legal and enforceable provisions of this **policy**, and the valid, legal and enforceable provisions of this **policy** will continue to remain in full effect. Any invalid, illegal or unenforceable provision shall where permitted be construed by limiting it so as to be valid, legal and enforceable to the extent compatible with applicable law.

- **Liberalisation**

We may extend or broaden the insurance provided by this **policy** without increasing the premium. If **we** do this during the **policy period** or within sixty (60) days before it begins, then the extended or broader insurance will automatically be applied to **your policy**.

- **Fraud**

Any fraud, deliberate dishonesty, or hiding of information connected with a claim by an **insured person**, will make this **policy** invalid so far as concerns that **insured person**. If this happens, the **insured person** will lose any benefit due to them and they must pay back any benefit that **we** have already paid. If this happens, **we** will not refund any premiums.

- **Currency**

Please note that any limit or sum of money referred to in this **policy** wording shall be converted to the currency used in the **schedule** at the AIG Australia Limited corporate exchange rate applicable at the date of the claim/incident.

- **Payment of premium**

You must pay the premium shown in the **schedule**. No claims will be met if the premium is not paid.

- **Goods and Services Tax (GST)**

The amount of premium payable by **you** for this **policy** includes an amount on account of the GST. When **we** make a payment under this **policy** for the acquisition of goods, services or other supplies **we** will reduce the payment by the amount of any input tax credit that **you** are or would be entitled to if **you** made a relevant acquisition. **We** will pay the GST amount in addition to the limits of liability shown in the **policy** or in the **schedule**.

Where the limits of liability shown in the **policy** or in the **schedule** are not sufficient to cover **your** loss, **we** will only pay an amount for GST that relates to **our** proportion of the loss. Where **you** are registered for GST **you** must tell **us your** correct input tax credit entitlement each time a claim is made under this **policy**. Any fines or penalties arising from **your** incorrect advice are payable by **you**.

For the purposes of this condition:

“GST”, “input tax credit”, “acquisition”, and “supply” have the same meaning as given to those expressions in the “A new Tax System (Goods and Services Tax) Act 1999” and related legislation as amended.



CLAIMS NOTIFICATION/ OUR CONTACT DETAILS

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