



## Explanatory Notes

### Charter-cancellation insurance

**Who is covered?** All persons on the crew manifest, which must be generally submitted to the charter agency or company, are deemed insured. Even when the composition of the crew changes, any newly added crew members are automatically co-insured. The only proviso is that the exchanged crew members have been registered with the charter agency or company, or directly at YACHT-POOL (a fax suffices). If the charter agency or company does not require the crew manifest to be submitted, then the names of the crew and any changes in the crew must be reported directly to YACHT-POOL.

A decisive **advantage** of our charter-cancellation policy is that we modify the contract free of charge even when a trip is rescheduled.

### Skipper's liability insurance

Our skipper's liability insurance protects you from the legally-affirmed claims of third parties. By virtue of the charter contract, your liability for damage to the yacht itself is limited to the amount of the fidelity-bond, unless your actions have been "grossly negligent", in which case the charter company or the insurance company has the right of full recourse against you.

Any liability insurance which may be in place for the vessel in one form or another (unknown to you, anyway), does not apply in such cases, since they are generally covered by hull insurance. And what's more, the hull insurer and/or the charter company have the right of recourse against a culpable party in situations involving gross negligence.

For this reason, we specifically include hull damages arising due to "gross negligence" in our coverage.

In addition, our terms include coverage for all liability claims for damages which you cause to others. For example, compensation claims made by your crew due to personal injury, or compensation claims made by their children, spouses, or their health/accident insurers – i.e. parties who, after paying for a loss, are entitled to seek recourse against those culpable. The crew members, also, are not wholly immune from liability, and are therefore co-insured, e.g. in their capacity as helmsmen, etc.

Hull damage to the yacht (insofar as caused by gross negligence) is not covered. As a rule, the charter contract calls for damage restitution up to the limit of the fidelity bond in such a case.

**Only a fidelity-bond policy can insure against this type of risk.**

- You must immediately report a loss-event which is assumed to involve liability to your charter homebase.

So as not to forfeit the coverage protection of your liability insurance you must not:

- Make any admission of fault **NOR**
- Make any out-of-pocket payment.

Clarifying who is at fault is **primarily** the task of the insurer of your **chartered vessel** and **secondarily** the task of the insurer that issued your skipper's-liability policy.



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### **Charter fidelity-bond insurance**

In accordance with YACHT-POOL's terms for fidelity-bond insurance, the insurer will reimburse legitimate deductions from the bond, insofar as these were culpably caused by the skipper and/or the crew. Such reimbursement will be limited to the pre-selected coverage amount, which will generally correspond to the co-payment for the hull insurance. If the damage amount exceeds that of the co-payment, the hull-insurer of the vessel owner will have to pay. The fidelity-bond to be drawn against should therefore not exceed the co-payment amount for the hull insurance.

Please note that only legitimate deductions may be made against the bond! Illegitimate deductions would be those arising from damages not due to the mistaken conduct of the skipper or his crew, but rather to such factors as poor construction or wear and fatigue of materials (ripping of the forestay without external cause, torn shrouds, anchor cables, etc.) In such cases, please communicate with the charter company if you are being held liable for losses which are not your responsibility, and send us a statement of your position as needed.

**Always behave as if you had no insurance** and avoid reckless actions. This is your responsibility under general insurance-contract law. Insurance coverage is an internal legal relationship between you and your insurer. Thus it is best to avoid rows and arguments with your charter homebase, since misunderstandings could result and make your legitimate negotiating position more difficult, esp. since people may assume that "your insurance will take care of it." If such "misunderstandings" are not resolved over the long-term, this could lead to the exclusion of certain charter companies from insurance coverage, a scenario none of us would welcome.

If deductions are made from the bond for damage claims which you are unable to defend against, then ask the charter company for a corresponding receipt and, if needed, a repair bill. Mail in these items, along with a damage-report undersigned by the entire crew, as soon as you return home. The authorised recipient of all insurance benefits is the policy holder designated in the insurance contract.

**Please keep in mind that your fidelity-bond is valid only for damages to the chartered yacht (this should be stated in the charter contract!) and not for liability damages, which are the primary responsibility of the liability-insurer of the chartered yacht and only the secondary responsibility of the company issuing the skipper's liability insurance (if any).**

When concluding a contract, you should look out for the following points and, if necessary, clarify them in writing:

- Make sure that the deposited fidelity-bond can only be drawn against to pay for property damage which you or your crew have caused to the ship, and that repair bills are required for verifying damages.
- Make sure that there are no co-payments stipulated for liability-related damages, and that funds from the fidelity-bond are therefore not used to pay liability damages.

**Please verify** that these points have been made unmistakably clear in your charter contract. In case of doubt, make a supplemental agreement in regard to the points above. You will thus avoid any later legal disputes. This is important for you, since it happens time and again that fidelity-bond funds are collected against at will (i.e. improperly). This then becomes a problem strictly related to contract law.