



**YACHT AND
MOTOR BOAT
P O L I C Y**

BF&M GENERAL
INSURANCE COMPANY
LIMITED

INSURANCE BUILDING
PEMBROKE, BERMUDA



WHEREAS THE INSURED named in the Schedule hereto has applied and / or has made to **BF&M GENERAL INSURANCE COMPANY LIMITED** (hereinafter called the Company) a Proposal and Declaration in writing which application and / or proposal or declaration in writing is the basis of this contract and is incorporated herein for the Insurance of the Vessel described in the said Schedule (hereinafter called the Insured Vessel).

NOW THIS POLICY WITNESSETH that in consideration of the payment to the Company of the premium for the Period of the Insurance mentioned in the said Schedule the Company binds itself to indemnify the Insured as hereinafter provided subject to the exceptions, conditions, limitations, definitions and warranties contained herein or endorsed hereon or affixed hereto such conditions being conditions precedent to the liability of the Company hereunder.

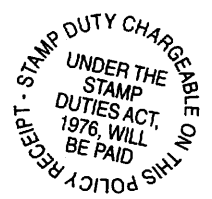
THE VESSEL IS COVERED subject to the provisions of this insurance:-

- (i) While in commission at sea or on inland waters or in port, docks, on ways, gridirons, pontoons, or on the hard or mud, including hauling out and launching, with leave to sail or navigate with or without pilots, to go on trial trips and to assist and to tow vessels or craft in distress, or as is customary, but it is warranted that the Vessel shall not be towed, except as is customary or when in need of assistance, or undertake towage or salvage services under a contract previously arranged by Owners, Masters, Managers or Charterers.
- (ii) While laid up out of commission including hauling out and launching, striking over, dismantling, fitting out, overhauling or while under survey (also to include docking and undocking and periods laid up afloat incidental to laying up or fitting out and with leave to shift in tow or otherwise to or from her lay-up berth but not outside the limits of the port or place in which the Vessel is laid up) but excluding, unless notice be given to and an additional premium agreed by the Company, any period for which the Vessel is used as a houseboat or is under major repair or undergoing alteration.

Notwithstanding the above, the gear and equipment, including outboard motors, are covered subject to the provisions of this insurance while in place of storage ashore.

Signed for and on behalf of **BF&M GENERAL INSURANCE COMPANY LIMITED.**

For the Company



SECTION I - LOSS OF OR DAMAGE TO THE INSURED VESSEL

ALL LOSS OF OR DAMAGE TO THE INSURED VESSEL, her machinery, tackle, boats, fittings, furniture and equipment (and gear or equipment stored ashore but limited to 15 per cent, or 33 $\frac{1}{3}$ per cent should the vessel be laid up, of the insured value of the vessel as herein stated unless otherwise agreed) directly caused by :-

- (a) External accidental means, including stress of weather, stranding, sinking or collision.
- (b) Fire self-ignition and lightning.
- (c) Accidents in loading, discharging or handling stores, gear, equipment, machinery or fuel, or by bursting of boilers, breakage of shafts, explosions, contact with aircraft, malicious acts or latent defects in the hull or machinery, (excluding the cost and expense of replacing or repairing the defective part).
- (d) Theft of the entire Vessel or her boat(s) or outboard motor provided it is securely locked to the vessel or her boat(s) by an anti-theft device in addition to its normal method of attachment or, following upon forcible entry into the Vessel or place of storage, theft of machinery, including outboard motor(s), gear or equipment.
- (e) Loss of or damage to the Vessel caused by the negligence of any person whatsoever, but excluding the cost of making good any defect resulting from either negligence or breach of contract in respect of any repair or alteration work carried out for the account of the Insured and / or the Owners or in respect of the maintenance of the Vessel.
- (f) The expense of sighting the bottom after stranding, if reasonably incurred specially for that purpose, even if no damage be found, provided such loss or damage has not resulted from want of due diligence by the Owners of the Vessel, or any of them, or by the Managers or by the Insured.

Provided always that the sum which the Insured can recover under this Section is

- (i) In the case of an actual or constructive total loss the agreed value of the insured property or
- (ii) In the case of a partial loss, the reasonable cost of repairing or reinstating the damaged or lost part of the insured property and necessary expenses connected therewith.

Provided further that in no case shall the Company be liable to pay under this Section more than the sum appearing in the Schedule hereto as the sum insured on the Vessel.

NO CLAIM SHALL BE ALLOWED IN RESPECT OF

- (a) Wear and tear, depreciation and deterioration from use.
 - (b) Outboard motors dropping off or falling overboard.
 - (c) Sails and protective covers split by the wind or blown away while set, unless in consequence of damage to the spars to which sails are bent, or occasioned by the Vessel being stranded, in collision or contact with any external substance (ice included) other than water.
 - (d) Personal effects, consumable stores, fishing gear or moorings.
 - (e) Motor and electrical machinery and batteries, and their connections (with exception of the shaft and propeller),
 - (f) Metalling or repairs thereto
 - (g) Any loss or expenditure incurred solely in remedying a fault in design or, in the event of damage resulting from faulty design and giving rise to a claim under the conditions of this insurance, for any additional expenditure incurred by reason of betterment or alteration in design, or for the cost and expense of replacing or repairing any part condemned solely in consequence of a latent defect or fault or error in design or construction.
- } unless the loss or damage is caused by the Vessel being stranded, sunk, burnt, on fire or in collision or contact with any external substance (ice included) other than water, or whilst being removed from or placed in the Vessel, or by theft of the entire Vessel, or by theft following upon forcible entry into the Vessel or store, or by theft of outboard motor provided it is securely locked to the Vessel by an anti-theft device in addition to its normal method of attachment, or by fire in the store ashore, or by malicious acts.

In no case shall the Company be liable for unrepaired damage in addition to a subsequent total loss sustained during the period covered by this Policy or any extension thereof. No deductions, on account of new materials replacing old will be made except in respect of loss of or damage to protective covers, sails and running rigging, and Outboard Motors.

SECTION II - LIABILITY TO THIRD PARTIES

THE COMPANY WILL INDEMNIFY THE INSURED against payments made by him in respect of his legal liability and arising out of his interest in the insured vessel for death of or bodily injury or damage to persons or their property (except as hereinafter provided) including damage to piers, docks, wharves and jetties and, or cost of any attempted or actual raising, removal, or destruction of the wreck of the insured vessel or any neglect or failure to raise remove or destroy the same up to the sum appearing in the Schedule in respect of any one accident (which shall be deemed to include a series of accidents occurring in connection with / or arising out of any one event)

Provided that the Company shall not be liable under this Section for any claim of whatsoever nature in respect of any person or persons or the property of such person or persons being or about to be conveyed on the insured vessel whether such claims are made by the person or persons injured or his, her or their dependants, executors, administrators or assigns.

SALVAGE AND SUE AND LABOUR

In the case of misfortune to the insured vessel it shall be lawful for the Insured or the Insured's factors and servants to sue labour and travel for in and about the protection safeguard or repair of the insured vessel, without prejudice to this Insurance and all charges thereof including salvage charges the cost of towing or removing the Vessel to a place of safety so necessarily incurred shall form part of the claim provided that the Insured forwards at once to the Company a detailed estimate from a competent firm for any immediate necessary repairs authorised together with full particulars of the accident. And it is especially declared and agreed that no acts of the Company or the Insured in recovering, saving, or preserving the property, shall be considered as a waiver or acceptance of abandonment.

LAW COSTS

The Company will be responsible for all expenses properly incurred by the Insured in connection with Government Inquiries, Coroners' Inquests and also Law Costs incurred with the consent in writing of the Company in settling or defending any claim.

SISTER SHIP

Should the Vessel hereby insured come into collision with or receive salvage services from another vessel belonging wholly or in part to the same Owners or under the same management, the Insured shall have the same rights under this Policy as he would have were the other vessel entirely the property of Owners not interested in the Vessel hereby insured; but in such cases the liability for the collision or the amount payable for the services rendered shall be referred to a sole arbitrator to be agreed upon between the Company and the Insured.

MEDICAL EXPENSES

The Company will refund any Doctors' or Surgeons' Fees (limited to BD\$25) for attendance upon the Insured or the Insured's Wife (or Husband, as the case may be) as the direct result of personal injuries caused by violent accidental external and visible means, sustained as the direct result of the insured vessel sinking, or being in collision with another vessel or with any external object other than water.

CONTINUATION

Should the Vessel at the expiration of this Policy be at sea or in distress or at a port or place of refuge or of call, she shall, provided prompt notice be given to the Company, be held covered at a premium to be arranged until anchored or moored at her next port of call in good safety.

DEFINITIONS

Vessel means the vessel herself, her machinery, boat(s) gear or equipment, such as would normally be sold with the Vessel if she changed hands.

Actual Total Loss. An actual total loss under this Policy arises where the Vessel is wholly destroyed, or where the Insured is irretrievably deprived wholly thereof, and not otherwise.

Constructive Total Loss. A constructive total loss under this Policy arises where the insured property is reasonably abandoned on account of its actual total loss as defined appearing to be unavoidable or where it could not be preserved from such actual total loss without an expenditure which, if incurred, would exceed the sum appearing in the Schedule hereto as the insured value of the insured property.

In ascertaining whether the Vessel is a constructive total loss the insured value shall be taken as the repaired value and nothing in respect of the damaged or break-up value of the Vessel or wreck shall be taken into account.

No claim for constructive total loss based upon the cost of recovery and / or repair of the Vessel shall be recoverable hereunder unless such cost would exceed the insured value.

In Commission. The period when the Vessel is fitted out, ready for sea, and available for the Owner's immediate use.

Laid Up Out of Commission. The period when a vessel is dismantled not fitted out or available for immediate use. Generally the loose gear is stored ashore, and the Vessel, during the period, is kept in a mud berth or ashore. During the laid up period the vessel must not be used for any purpose whatsoever other than dismantling, fitting out, or customary overhauling.

Houseboat Use. A vessel is said to be used as a Houseboat when she is not used under way, or navigating, but is used whilst on moorings, or in her berth, by the Owner, or others for living on board.

Headings and marginal captions are inserted for purposes of convenient reference and are not to be deemed part of this insurance.

SECTION III - LIABILITY TO PASSENGERS

THE COMPANY WILL INDEMNIFY THE INSURED against payments made by him in respect of his legal liability and arising out of his interest in the insured vessel for the death of or bodily injury sustained by persons or damage to their property whilst travelling upon the insured vessel or embarking thereon or disembarking therefrom up to the sum appearing in the Schedule in respect of any one accident (which shall be deemed to include a series of accidents occurring in connection with / or arising out of any one event) .

NO CLAIMS SHALL BE ALLOWED UNDER SECTION II AND III in respect of

- (a) accidents to or illness of Workmen or any other persons employed in any capacity whatsoever by the Insured or by persons to whom the protection of this Policy is afforded by reason of the provisions thereof in, on or about or in connection with the insured vessel or any work or repair thereto.
- (b) any liability to or incurred by any person engaged in water ski-ing, aquaplaning or similar sport, while being towed by the vessel or preparing to be towed or after being towed until safely on board the vessel. NOTWITHSTANDING anything contained herein to the contrary it is agreed that the indemnity provided herein in respect of accidental bodily injury or accidental loss of or damage to property shall not apply to: -
 - (i) compensation for damages in respect of judgements delivered or obtained in the first instance otherwise than by a Court of competent jurisdiction within Bermuda.
 - (ii) costs and expenses of litigation recovered by any claimant from the Insured which are not incurred in and recoverable in Bermuda

EXCESS CLAUSE - APPLICABLE TO SECTIONS I, II & III

The Insured has agreed to bear the first loss up to the amount appearing in the Schedule in respect of each and every claim.

GENERAL CONDITIONS

1. The Insured shall maintain and keep the Vessel in a proper state of repair and seaworthiness and shall at all times exercise all due care and diligence in the employment of steady sober competent employees and shall together with the said employees comply with all statutory enactments, bye-laws or the regulations or other rules of local authorities.
2. If this policy or any renewal thereof has been obtained through omission to state any material fact, or through any mis-statement by the Insured or by anyone acting on the Insured's behalf, or if in any statement or declaration made in support of any claim there shall be any untruth or suppression, then this policy and any renewal thereof is null and void, and the premiums paid in respect thereof shall be retained by the Company, and all benefits hereunder, and all right to recover for past or future damage or loss shall be absolutely forfeited.
3. No assignment of or interest in this Policy or in any moneys which may be or become payable thereunder is to be binding on or recognised by the Company unless a dated notice of such assignment or interest signed by the Insured, and by the assignor in the case of subsequent assignment, is endorsed on this Policy and the Policy with such endorsement is produced before payment of any claim or return of premium thereunder; but nothing in this Policy is to have effect as an agreement by the Company to a sale or transfer.
4. Should the Vessel be sold or transferred to new ownership, then, unless the Company agrees in writing to continue the insurance this Policy shall become cancelled from the time of sale or transfer and the Insured shall be entitled to a return of premium less premium at the Company's Short Period rates for the period the Policy has been in force. If however, the Vessel shall have left her moorings or be at sea at the time of sale or transfer such cancellation shall if required by the Insured be suspended until arrival at port or place of destination.
5. In the event of any other insurance, by whomsoever effected, covering the same claim as this Policy, the Company shall only be liable to contribute its rateable proportion of such claim.
6. The Company may cancel this Policy by sending seven days' notice by registered letter to the Insured at his last known address and in such event will return to the Insured the premium paid less the pro rata portion thereof for the period the Policy has been in force or the Policy may be cancelled at any time by the Insured on seven days' notice and (provided no claim has arisen during the then current Period of Insurance) the Insured shall be entitled to a return of premium less premium at the Company's Short Period rates for the period the Policy has been in force.

GENERAL EXCLUSIONS

NOTWITHSTANDING anything herein contained to the contrary, this Policy does not cover unless specially agreed by endorsement of the Policy:-

1. Claims whilst the Vessel is let out on hire, or charter, used as a Houseboat or used for other than private purposes.
 2. Claims arising while the Vessel is participating in racing or speed tests, or any trials in connection therewith.
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3. Claims while the Vessel is being towed, except as is customary or when in need of assistance, or whilst undertaking towage or salvage services under a pre-arranged contract made by the Owners, Masters, Managers or Charterers during the period when so engaged.
 4. Claims arising from capture, seizure, arrest, restraint or detainment, and the consequences thereof or of any attempt thereat; or from the consequences of hostilities or warlike operations, whether there be a declaration of war or not; but this clause does not exclude collision, contact with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather or fire unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power; and for the purpose of this clause "power" includes any authority maintaining naval, military or air forces in association with a power.
 5. Claims arising from the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy.
 6. Claims arising from loss or damage caused by strikers, locked out workmen or persons taking part in labour disturbances, riots or civil commotions.
 7. Claims arising from:-
 - (a) loss damage or expense
 - (b) any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
 - (i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
 - (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
 8. Claims arising from the use of the Vessel outside Bermuda Territorial Waters.
 9. Claims arising whilst the Vessel is or was moored otherwise than at the moorings stated in the Schedule unless the use of some other moorings arose out of an emergency such as might reasonably have given rise to a claim under this Policy. Claims resulting from breaking away from moorings shall be supported by evidence that the moorings, chain and bridle had been examined within a period of two years preceding the accident and at the time of such examination it was reasonably considered that such moorings, chain and bridle were in good safe condition.

CONDITIONS RELATING TO ACCIDENTS AND CLAIMS

1. In the event of any occurrence which may give rise to a claim under this insurance, prompt notice shall be given to the Company. Where loss or damage has occurred, notice shall be given to the Company prior to survey and if the Vessel is abroad, also to the nearest Lloyd's Agent so that a Surveyor may be appointed to represent the Company should they so desire. The Company shall be entitled to decide the port to which the Vessel shall proceed for docking or repair (the actual additional expense of the voyage arising from compliance with the Company's requirements being refunded to the Insured) and shall have a right of veto concerning a place of repair or a repairing firm. The Company may also take tenders or may require tenders to be taken for the repair of the Vessel.
2. The Insured shall also give full information as to the circumstances of the accident, and of all claims made with the names and addresses of claimants and all witnesses of the accident, as soon as possible after occurrence of the accident or receipt of claim or notice of claim.
3. No liability shall be admitted nor legal expenses incurred without the written consent of the Company, who shall be entitled, if it so desires to take over and conduct in the name of the Insured the defence of any action, or to prosecute any claim for indemnity or damages or otherwise, against any third party. The Insured also undertakes to send to the Company, as soon as possible, all claims, letters summonses, writs, etc., relating to any accident, addressed to the Insured or to the Insured's servants by the authorities or by third parties.
4. Notwithstanding anything herein contained, the Company may at its option reinstate or replace any part of the insured property damaged or destroyed instead of paying the amount of the loss or damage in money, or may join with other Insurers in so doing. Reinstatement effected as nearly as reasonably practicable to be deemed sufficient notwithstanding that the former appearance and condition of the property may not be precisely restored. If the Company elects to reinstate or replace, the Insured shall furnish to it when required all such plans, specifications and information as may be deemed necessary or expedient for the purpose.

PRIVILEGES

The cover given by Section II and III of this Policy shall extend to any person navigating or in charge of the insured vessel with the permission of the Insured named in this Policy (other than a person operating, or employed by the operator of, a shipyard, repair yard, slipway, yacht club, sales agency or similar organisation) and who whilst so navigating or in charge of the Vessel shall in consequence of any occurrence covered by the said Sections become liable to pay and shall pay any sum or sums to any person or persons, other than to the Insured named in this Policy, but indemnity under this Section shall inure to the benefit of the Insured, and only to a person navigating or in charge of the Vessel as described above at the written request of and through the agency of the Insured. Nothing in this extension shall increase the Company's liability beyond the limitation of indemnity and this extension shall be subject to all other terms conditions and warranties of this insurance.
