

PANTAENIUS

PRODUCT DISCLOSURE STATEMENT



AUS1246 www.pantaenius.com.au 12/2012

including
Sail & Motor Yacht Insurance
Policy Wording



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Pantaenius Australia Pty Ltd. is an insurance broking business and agency specialising in Sail & Motor Yacht Insurance.



PRODUCT DISCLOSURE STATEMENT SAIL & MOTOR YACHT INSURANCE POLICY

This document is a Product Disclosure Statement ('PDS') and contains the Policy wording. It is issued by Pantaenius Australia Pty Ltd. pursuant to a binding authority agreement with the insurer Certain Underwriters at Lloyd's which allows Pantaenius to issue, vary and renew this insurance for and on behalf of the insurer.

In this PDS, 'we', 'us' or 'our' means the Insurer of the Sail and Motor Yacht Insurance Policy. This PDS is designed to help you understand what is covered and what is not covered under the Sail and Motor Yacht Insurance Policy ('Policy') and to provide you with sufficient information to enable you to make an informed decision about whether to choose to take out insurance cover for your Vessel.

Some words and expressions have been given a specific meaning in this PDS and reflect the defined terms in the words with special meaning Section of your Policy.

We have appointed Pantaenius as our agent to arrange insurance and you can contact us through them at:

PANTAENIUS AUSTRALIA PTY LTD.

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1. ABOUT THE INSURER

The Insurers of your Policy are Certain Underwriters at Lloyd's who are authorised under the Insurance Act 1973 to write Australian insurance business ('Insurer'). Pantaenius acts as an agent of the insurer(s) to issue the insurance policy and bind the insurers. This means that Pantaenius acts at all times on behalf of the Insurer. Please refer to the Financial Services Guide issued by Pantaenius for full details of its binder authority. Pantaenius will assess the market and review the panel of insurers annually to endeavour to continue to offer you competitive insurance products.

Details of the Insurer (s) for your Policy will be set out in your Schedule. The identity and the proportions of your risk which is underwritten by each Insurer for your Policy can be obtained on application to Pantaenius.

2. ABOUT PANTAENIUS

Pantaenius Australia Pty Ltd (AFS Licence No.410502) (Pantaenius) is an insurance broking business and agency specialising in marketing, promoting, arranging and selling sail and motor yacht insurance to Australian residents.

Pantaenius is registered as a company in Australia. Pantaenius operates as a wholly owned subsidiary of Pantaenius Holding GmbH (Pantaenius Holding), which is a company that forms part of the international Pantaenius Group with its head office based in Hamburg, Germany.

The Pantaenius Group is a worldwide specialist in arranging sail and motor yacht insurance and comprises a number of companies with offices in the United Kingdom, Spain, Monaco, United States, Sweden, Denmark, Austria and Australia.

3. UNDERSTANDING YOUR POLICY

This PDS contains important information to help you understand the sail and motor yacht insurance cover offered under your Policy and to assist you to decide if you wish to take out insurance cover:

It is up to you to choose the cover you need. Any advice which may be contained in this PDS is of a general nature only and does not or has not considered your objectives, financial situation and needs. You should carefully consider the information which has been given to you having regard to your personal circumstances to decide if this insurance is right for you.

You need to decide if the limits, type and level of cover(s) is appropriate for you and will cover your potential loss. If you do not choose appropriate cover, you may be underinsured and you may have to bear part of any loss for which you are not covered by your Policy.

4. WHAT MAKES UP YOUR INSURANCE CONTRACT

This PDS contains the Policy Wording, which together with your Schedule and any written endorsements issued to you by us, must be read carefully as they make up your insurance contract with the Insurer.

Sometimes we need to change the wording of your Policy to vary your insurance cover depending on a number of factors. Your Policy may be varied by issuing an endorsement. You will find any endorsements that apply to your Policy set out in your Schedule.

This PDS and your Policy sets out what risks you are insured for and any circumstances in which you will not be insured. You should read all the documents which make up your Policy carefully in order to understand your rights and obligations, our limits of indemnity, the insurance cover provided, the restrictions and exclusions that apply to the cover provided and the other terms and conditions applicable to your Policy. Please retain these documents in a safe place.

5. BENEFITS AND FEATURES OF YOUR POLICY

The following is a summary of some of the major benefits and features of your Policy. Full details of the actual terms and conditions of your cover are set out in the Policy wording contained in Section A, B, C & D.

5.1. General Overview

Unless otherwise stated in your Schedule, your Policy will cover:

- (a) the beneficial owner and/or person or company named as the Insured; and
- (b) the Vessel described in your Schedule.

By choosing the offered types of sail and motor yacht insurance, you will be insured for loss or damage to your Vessel and for any third party liability or personal Accidents arising out of the use of your Vessel within the Navigational Limits specified in your Schedule including Accidents occurring to the Insured persons while using the insured Vessel.

5.2. Summary of Risks Covered Under Your Policy

Your Sail and Motor Yacht Insurance Policy is made up of 3 types of insurance cover:

1. Section A: Hull and Property Insurance;
2. Section B: Third Party Liability Insurance; and
3. Section C: Personal Accident Insurance.

SECTION A: Hull and Property Insurance

- Hull and Property Insurance provides cover for physical loss or damage to your Vessel, its machinery, gear and equipment, fixtures and fittings, tenders as well as personal effects.

- The cover is effective within the cruising area specified in your Policy and includes any customary stay out of the water; for example, at storage during winter seasons or shipyards including hauling out and launching.
- Hull and Property Insurance does not cover every event, for example loss of money, valuables and jewellery, food and luxury items and intentional damage by you or damage caused by war is not covered. For an explanation of what is not covered under your Hull and Property Insurance you should read the Exclusions set out in Section A §4.
- Hull and Property Insurance is an Agreed Fixed Value cover which means that in the event of a valid claim you will be paid compensation up to the Agreed Fixed Value. You cannot recover more than the Agreed Fixed Value for any repair or replacement of the Vessel. If you selected the "new for old" option at the time of your application for insurance, then in the event of a valid claim for partial damage, you will be compensated for the necessary replacement costs of your Vessel without deductions on a "new for old" basis. The Agreed Fixed Value is the amount specified in your Schedule. For more information about how Agreed Fixed Value cover applies you should read Section A §3.
- You may have to pay a deductible each time you make a claim under your Policy for Hull and Property Insurance. The amount of any deductible which applies to your insurance cover is specified in your Schedule. An explanation of any deductible which may apply under Hull and Property Insurance is set out in Section A §3.5.

SECTION B: Third Party Liability Insurance

- Third Party Liability Insurance covers your legal liability to pay a third party for bodily injury, death or damage to property arising from your ownership, operation or use of your Vessel.
- Third Party Liability Insurance covers the Insured referred to in your Schedule and extends to the Insured's family, the beneficial owner of the Vessel or the family of the beneficial owner of the Vessel, the Vessel's Captain, the Vessel's crew, and guests who are with the consent of the Insured or the legal or beneficial owner onboard the Vessel. The cover also extends to third party liability connected with tenders (attached to the Vessel), water sport equipment and skipper liability insurance which is set out in Section B §1 & §2.
- Third Party Liability Insurance does not cover every event, for example intentional damage by the Insured or damage caused by motorboat racing is excluded from the insurance cover. For an explanation of what is not covered under your Third Party Liability Insurance you should read the Exclusions set out in Section B §5.

SECTION C: Personal Accident Insurance

- Personal Accident Insurance covers Accidents arising from the private pleasure use of your Vessel which causes death or injury to an Insured person from an external cause up to the Third Party Liability Limit set out in your Schedule.
- An Accident is a single sudden event which occurs at a specific date or time in connection with the use of your Vessel which causes death or injury to an Insured person from an external cause, such as if you stumble and fall and injure yourself on your Vessel. Cover may also extend to Accidents where the Insured is not at fault or if the Accident was caused by another person.
- Benefits payable under Personal Accident Insurance may include a disability benefit which is paid if the Insured suffers permanent

physical or psychological injuries as a result of an Accident and causing disability. Death benefits are also available in the event of death of an Insured. The amount of any disability benefits paid, if any, will be in cash. The amount of any benefit determined by us will be calculated using the amount insured and the formula set out in your Policy. For details of the benefits available under your Personal Accident Insurance you should read Section C §4.

- Additional benefits such as search and rescue costs, medical emergency costs abroad, vessel return transportation costs may be available under your Policy. For details of the additional benefits available under Personal Accident Insurance you should read Section C §4.
- Personal Accident Insurance does not cover every event, for example it does not cover any Accidents involving normal deterioration of the body. For an explanation of what is not covered under your Personal Accident Insurance you should read the Exclusions set out in Section C §6.
- If a permanent impairment existed prior to the Accident, the degree of disability benefit will be reduced by the previous degree of disability in accordance with the Policy and if a complete loss of hearing or eyesight results then any reduction in benefit for pre-existing permanent impairment will not take account of any correction of the pre-existing impairment by auditory or optical aids such as a hearing aid, glasses or lenses

IMPORTANT NOTE

The explanation of each Section of the Policy set out above is a summary only. Please refer to each Section of Cover in the Policy for full details of what is covered and not covered.

Not all events are covered by your Policy and limits and conditions apply. Each cover has specific exclusions that will apply to it.

The Policy is made up of 3 different types of cover set out in Sections A, B and C and which are subject to terms, conditions and exclusions in each Section. The General Terms and Conditions set out in Section D of the Policy including exclusions applies to all types of cover under the Policy.

It is important that you read your Policy and your Schedule carefully, so that you can understand the conditions which apply to your cover, what is covered, the limits of indemnity and what is not covered.

6. ADDITIONAL COVER

Your Policy includes additional cover for a range of risks including;

- (a) Your Hull and Property Insurance includes additional cover for risks such as salvage costs, commercial towing fees and emergency costs. For full details of additional cover, you should read Section A §2. Hull cover variations like, a deduction new for old or cover extensions for damages caused by wear and tear and an extended racing clause are available upon request.

(b) Your Third Party Liability Insurance includes additional cover for risks such as search and rescue costs and use of Watersports Equipment. For full details of additional cover, you should read Section B §2.

All additional cover, if selected by you and accepted by us, will be set out in your Schedule.

7. APPLYING FOR COVER

If we ask any questions and/or require information specifically requested in your application form, this is in addition to and does not restrict your duty to make a full and accurate disclosure to us of all material information when applying for sail and motor yacht insurance or during the Policy Period.

8. COMMENCEMENT OF YOUR COVER

We provide cover to you on the terms contained in this PDS and Policy.

Your cover commences on the date you have stated on the signed application form. Cover cannot be backdated unless the insurers have agreed to hold cover pending receipt of your application.

9. WHEN YOUR POLICY ENDS

Your Policy ends:

- at the end of the Policy Period on your Schedule, or
- at the date of cancellation of your Policy, if you have written to us and requested cancellation of your Policy or we have cancelled your Policy in accordance with your Policy terms.

10. HOW WE CALCULATE YOUR PREMIUM

Your premium is based on your risk profile and a range of other factors, such as where your Vessel is located, the type and value of Vessel being insured and your insurance claims history. We also take into account any relevant compulsory Government charges, stamp duty, GST and fire services levy applicable to your Policy.

Your premium must be paid by the due date specified in the Invoice(s) we issue to you or as set out in your Schedule. If you fail to pay your premium, we may be entitled to cancel your Policy. Where the premium remains unpaid after the due date for payment set out in your invoice, we may refuse to pay a claim.

11. OVERDUE AND INSTALMENT PREMIUM

Additional charges may apply if you pay your premium by instalments.

12. UNDERSTANDING YOUR DUTY OF DISCLOSURE

Before you enter into a contract of general insurance with us (this Policy), you have a duty, under the Insurance Contracts Act 1984, to disclose to us every matter that you know, or could reasonably be expected to know, is relevant to our decision whether to accept the risk of insurance and, if so, on what terms.

You have the same duty to disclose those matters to us before you renew, extend, vary or reinstate a contract of insurance.

Your duty however does not require disclosure of a matter:

- that diminishes the risk to be undertaken by us;
- that is of common knowledge;
- that we know or, in the ordinary course of business, ought to know;
- as to which compliance with your duty is waived by us.

Non-disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the contract in respect of a claim or may cancel the Policy.

If your non-disclosure is fraudulent, we may also have the option of avoiding the Policy from its beginning.

Where you give notice in writing to us of facts that might give rise to a claim against you as soon as reasonably possible after you became aware of those facts but not before the expiry of the Policy Period then, subject to the terms and conditions of the Insurance Policy, we are not relieved of liability by reason only that you failed to notify us of the claims at the end of the Policy Period.

If you fail to comply with your duty of disclosure, depending on the prejudice caused by your failure to comply, we may:

- reject your claim;
- reduce our liability in respect of a claim; or
- cancel the Policy.

You should also ensure that you comply with the 'General Terms and Conditions' and 'Claims conditions' contained in Section D of your Policy which sets out certain obligations that you have to us. If you do not comply with these conditions we may refuse to pay a claim.

13. WORDS WITH SPECIAL MEANING

Accident

means a single sudden event which occurs at a specific date and time, in connection with the Insured Person's use of the Vessel, and which causes death of or injury to an Insured Person from an external cause.

Agreed Fixed Value

means the value of the Insured Vessel, as agreed upon between the Insurer(s) and the Insured and set out in the Schedule.

Constructive Total Loss

Where the costs of reinstatement exceed the Agreed Fixed Value

Deductible

means the amount which you first have to pay if you make a claim under your Policy as stated in your Policy Schedule.

Disability

means when the physical or mental capacity of an Insured Person is permanently impaired as the result of an Accident.

Fishing Gear

means rods & reels used for the purpose of recreational/sport fishing.

Gear and Equipment

means gear and equipment permanently attached to or used with the Vessel and includes masts, spars, standing and running rigging, sails, navigational aids (both hand-held and built in, Safety equipment, Tools which kept permanently on the vessel for emergency, breakdown and maintenance purposes, Televisions, entertainment systems and accessories etc.

Hull

means the hull, deck, cabin, deck fixtures and fittings on or below the deck of Your Vessel.

Insured

The Insured is the beneficial owner and/or person or company (people or companies) specified as the Insured in the Schedule provided that person has an insurable interest in the Vessel.

Insurer

The Insurer means Certain Underwriters at Lloyd's.

Leased Equipment

Any equipment which has been leased by the Insured under a contract specifically for use on the Vessel, and which is of a nature that would normally be found on the Vessel

Machinery

means the main and auxiliary engines, generators, gear boxes, electrical and hydraulic equipment of the Vessel together with their cables and fittings.

Navigational Limits

The specific geographic restrictions imposed by the Policy stating where the Vessel is covered and not covered as noted in the Policy and Schedule.

Partial Loss

Any loss or damage covered by this Policy which does not give rise to an Actual or Constructive Total Loss.

Policy Period

means the period of insurance shown on the Schedule subject to prior termination in accordance with the Policy.

Personal Effects

Items of a personal nature which would not normally be sold with the Vessel, but which are taken on board as personal items or for use in connection with the Vessel, including cameras, binoculars, bicycles, sports equipment, clothing, wet-weather gear, portable electrical equipment, including personal computers. This definition of Personal Effects specifically excludes items of jewellery, valuables (items which have a market value significantly in excess of the cost of manufacture), money, credit cards, travellers' cheques, consumable stores.

Schedule

means the current schedule issued as part of Your Policy and sent to your last known address.

Tender

means any vessels, including water toys (such as jet skis, but excluding wind kites and water jetpacks) that are carried on board the insured Vessel(s), permanently belong to the insured Vessel(s), and are used in connection with the insured Vessel

This Insurance

means the contract of insurance between the Insured and the Insurer is set out in the Pantaenius Policy, the Schedule and any Endorsement(s)

Total Loss

When the Vessel is irrecoverable, completely destroyed or so damaged that it ceases to have the characteristics of a yacht.

Trailer / Cradle

means a trailer or cradle which was manufactured for or bought by you as suitable for the Vessel

Vessel

means the Vessel named in the Schedule, its hull and machinery, tender(s) and watercraft which are capable of being stored on the Vessel and are used in connection with the Vessel, including any watersports equipment, and gear and equipment as would normally be sold with the Vessel. For the avoidance of doubt, the definition of Vessel does not include personal effects, trailers, cradles or fishing gear.

Watersports Equipment

means equipment designed to be used in a leisure activity that involves some element of physical activity and which is used in connection with the Vessel and kept on board.

14. YOUR POLICY

THE INSURANCE AGREEMENT

§1. The Insured, The Insurer and Pantaenius:

The Insured is the beneficial owner and/or person or company (people or companies) specified as the Insured in the Schedule. The Insurer means Certain Underwriters at Lloyd's. Pantaenius is the agent of the Insurer.

§2. Contract of Insurance:

The contract of insurance between the Insured and the Insurer is set out in these Pantaenius Clauses, the Schedule and any Endorsement(s) (together "this Insurance"). The Insured should read these documents carefully in order to determine its rights and obligations, the limits of indemnity, the insurance cover provided, the restrictions and exclusions that apply to the cover provided and the other terms and conditions applicable to this Insurance.

Each Section A, B and C of this Insurance is insured as a separate contract and cover under these individual sections is subject the general terms and conditions under Section D, payment of the premium for the individual section and the issuing by the Insurer of a policy Schedule for that section.

In deciding whether to insure the risk and on what terms, the Insurer has relied on the information that has been provided to it. For the contract of Insurance to be valid, all the information provided to the Insurer by the Insured and/or its agent(s) must be true and complete and there must be full compliance with the Insured's duties and obligations of disclosure including as required by Section D §2.1 of this Insurance.

§3. Insured Property:

I. Vessel:

Means the vessel named in the Schedule, its hull and machinery, tender(s) and watercraft which are capable of being stored on the vessel and are used in connection with the vessel, including any watersports equipment, and gear and equipment as would normally be sold with the vessel ("the Vessel"). The definition of Vessel does not include personal effects, trailers & cradles and fishing gear which are insured under Section A §2.8, 2.9 & 2.10)

2. Leased Equipment:

For the purpose of this Insurance, any equipment which has been leased by the Insured under a contract specifically for use on the Vessel, and which is of a nature that would normally be found on the Vessel, is covered within the Agreed Fixed Value and will be treated in the same way as equipment belonging to the Vessel.

Section A. HULL AND PROPERTY INSURANCE

§1. Insurance Cover:

All Risks:

This Insurance covers the Insured against all risks of physical loss of or damage to the Vessel occurring during the Policy Period subject to the Terms, Conditions and Exclusions of this Insurance.

§2. Additional Cover:

Additional cover under this Section A §2 is subject in all respects to the Terms, Conditions and Exclusions of this Insurance. The additional cover is:

1. Inspection after grounding:

The reasonable expense of an inspection of the underwater part(s) of the Vessel after grounding, even if no damage is found.

2. Salvage costs:

Reasonable salvage charges incurred in preventing a loss recoverable under this Insurance are recoverable in addition to the limits of insurance specified in the Schedule.

3. Wreck Removal Costs:

Following a loss which is covered by this Insurance, the reasonable costs of removal of the wreck of the Vessel are recoverable in addition to the limits of insurance specified in the Schedule.

4. Sue and Labour Costs:

Reasonable costs incurred by the Insured in taking such measures as may be appropriate for the purpose of averting or minimizing a claim under this Section A, whether such measures are successful or not. These costs are recoverable in addition to the limits of insurance specified in the Schedule.

5. Commercial Towing Fees and Emergency Costs:

Reasonable commercial towing fees to the nearest place of refuge, incurred in an emergency for necessary repairs to be carried out. This Insurance also covers, in the event of an emergency while the Vessel is away from a safe harbour or refuge at sea, the reasonable costs of emergency labour and the delivery of fuel, parts, supplies (excluding the costs of these items) to the location of the breakdown. The cover under this Section A §2.5 is limited to \$5000 for any one claim and is recoverable even if there is no physical loss of or damage to the Vessel.

6. Emergency Accommodation or Repatriation Costs:

Unless otherwise specified in the Schedule, reasonable emergency accommodation expenses ashore for the Insured and the Insured's family and guests in the event that they were staying on board the Vessel at the time of a casualty insured under this Section A, up to \$200 per person per night for a maximum of 7 days following the casualty if, in the opinion of the surveyor appointed by the Insurer, the Vessel is rendered uninhabitable or unsafe due to loss of or damage to the Vessel while in use by the abovementioned people. If the Vessel is left unattended with the agreement of the Insurer, the cost of repatriation may be claimed instead of emergency accommodation costs. The maximum amount recoverable under this Section A §2.6 for any one incident or occurrence or series of incidents arising from one occurrence is \$1000.

7. Lost or stolen keys:

Reasonable cost of replacement and administration for loss of or theft of keys to the Vessel. The maximum amount recoverable under this Section A §2.7 is \$1000 in total.

8. Personal Effects / Fishing Gear:

Unless otherwise specified in the Schedule, and subject to a limit of \$1500 per single item, whilst on board the Vessel, the following are automatically covered;

8.1 Personal Effects up to a maximum of \$10,000; and

8.2 Fishing Gear up to a maximum of \$5,000

for all risks of physical loss or damage caused by an accident to the Vessel and for deliberate physical loss or damage directly caused by anyone other than the Insured, crew or the Insured's guests; theft from the Vessel by violent and forcible removal; and physical loss of or damage caused by piracy.

If a separate amount is specified in the Schedule for Personal Effects and/or Fishing Gear, that amount shall be the maximum indemnity of the Insurer.

9. Trailers & Cradles:

If separately specified with an insured value in the Schedule, this Insurance covers a trailer or cradle which was manufactured or bought as suitable for the Vessel and which is owned by the Insured, against physical loss or damage directly caused by theft, lightning, fire, explosion, or accident while being towed.

10. Temporary Storage Ashore:

The cover under Section A §1 is extended to cover parts of the Vessel while in locked and secure temporary storage ashore and/or while in transit worldwide provided that the means of transportation is suitable for the parts of the Vessel being transported and they are properly loaded and secured for the transit.

11. Loss of Charter Income:

If separately specified in the Schedule and subject to this clause, this Insurance covers loss of charter income where the Vessel is prevented from starting or continuing a charter due to physical loss of or damage to the Vessel caused by an incident covered under Section A of this Insurance.

Loss of the Vessel's charter income is insured up to the Loss of Charter Income limits (Daily Limits and Overall Maximum Limit) provided that:

11.1 the charter deposit and/or charter fee was paid to the Insured or its charter management in accordance with a written and binding charter agreement; and

11.2 the Insurer has agreed in writing that such physical loss of or damage to the Vessel is covered under Section A of this Insurance; and

11.3 there is no other insurance covering the loss of charter income.

If Loss of Charter Income is agreed under this clause and noted on the Schedule, then loss of charter income is not excluded under Section A §4.6 however, the first 7 days of lost charter income are not recoverable.

§3. Agreed Fixed Value, Total and Partial Loss and Deductible(s):

I. Agreed Fixed Value:

The agreed fixed value of the Vessel is the amount specified in the Schedule.

The Agreed Fixed Value specified in the Schedule shall be conclusive proof of the insured value of the Vessel.

2. Total Loss / Constructive Total Loss:

Where the Vessel is an actual total loss or a constructive total loss (where the costs of reinstatement exceed the Agreed Fixed Value), the Agreed Fixed Value of the Vessel shall be paid to the Insured in respect of a recoverable claim. The Insurer shall be entitled to deduct the realisable market value of any remaining insured property. If the Vessel is stolen or lost and not recovered after the lapse of three months with no news of the Vessel being received, the Agreed Fixed Value of the Vessel shall be paid for a claim recoverable under this Insurance.

3. Partial Loss:

Claims for partial loss of or damage to the Vessel shall be settled on the basis of reasonable repair and/or replacement costs necessary to re-instate the Vessel nearly as is reasonably possible to its pre-incident condition where a claim is recoverable under this Insurance. These necessary costs will include the cost of transporting the Vessel to the nearest appropriate repair facility. This clause will also apply to the insurance of any other property insured with specified limits under Section A §2 of this Insurance.

The Insured shall not recover more than the Agreed Fixed Value in respect of the repair or replacement of the property insured under Section A of this insurance.

4. New For Old:

For Partial Loss claims, the Insured has the option to select cover either with or without a deduction due to the age of the part repaired or replaced.

If the Insured selects cover without a deduction, then no deductions will be made for any claim for New for Old under this §3.4.

If the Insured selects cover on terms which include a deduction due to the age of the part repaired or replaced and unless otherwise specified in the Schedule, in the event of partial loss a deduction of 30% will be made from the claim settlement in respect of parts or materials where the part which is repaired or replaced was, at the time of the incident, more than 2 years old.

The deduction will not be applied to labour costs, or to the repair of the basic hull and deck structures of the Vessel.

5. Deductibles:

The deductibles specified in the Schedule will apply to each claim except that in no circumstances shall a deductible apply in respect of:

5.1 a total loss of the entire Vessel under Section A §3.2;

5.2 any payments made under Section A §2.1-7;

5.3 any claim under Section A §2.11 for Loss of Charter Income, but the first 7 days of Loss of Charter Income are not recoverable; and

5.4 any claim for loss or damage arising whilst the Vessel is moored at its usual berth, pontoon or private jetty or when the Vessel is ashore within a commercial marina providing the Vessel is not moored on a swing mooring or is at anchor.

Cover:	Section:	Deductible:
Inspection After Grounding	§2. 1	No deductible
Salvage Costs	§2. 2	No deductible
Wreck Removal Costs	§2. 3	No deductible
Sue and Labour Costs	§2. 4	No deductible
Commercial Towing Fees and Emergency Costs	§2. 5	No deductible
Emergency Accommodation or Repatriation Costs	§2. 6	No deductible
Lost or Stolen Keys	§2. 7	No deductible
Personal Effects / Fishing Gear	§2. 8	\$200
Trailers and Cradles	§2. 9	\$200
Loss of Charter Income	§2. 11	No deductible
Total Loss/Constructive Loss of Vessel	§3. 2	No deductible
Whilst Moored	§5. 4	No deductible

§4. Exclusions – Hull and Property Insurance:

This Insurance does not cover:

1. Any loss or damage directly or indirectly caused by osmosis, blistering, fibreglass or surface coat blistering, electrolysis, rust, corrosion, oxidation, rot, fungus, mould, infestation, change of temperature or humidity, gradual deterioration or inherent vice;

2. Any loss or expenditure incurred in remedying a fault in design or construction or any cost or expense incurred by reason of betterment or alteration in design or construction;

3. The cost of rectifying, repairing or replacing defective workmanship or materials relating to any repair, alteration or maintenance work carried out on the Vessel;

4. Unless specified in the Schedule, any cost of repairing damage to the Vessel which has been caused by the wear and tear of a part of the Vessel.

If the Insured selects wear and tear cover then the cost of repair of any damage proven to have been caused by wear and tear of a part will be covered, but not the cost of the part which has sustained wear and tear.

5. The cost of repairing or replacing the latently defective part of the Vessel which has caused the physical loss of or damage to the Vessel, except consequential losses arising out of the latently defective part of the Vessel;

6. Loss of use, Loss of Charter Income (unless otherwise specified in the Schedule), loss of market value, diminution of racing performance, diminution in aesthetic appearance, loss of any manufacturer's or supplier's warranty or any other form of non physical loss or damage;

7. Loss of or damage to the Vessel that is attributable to:

7.1 recklessness of the Insured;

7.2 failure to keep the Vessel in a seaworthy condition; or

7.3 failure to comply with statutory requirements.

8. Loss of or damage to computer software, programs or data;

9. Loss of or damage to the Vessel arising from transportation as cargo;

10. Loss or damage caused by an accumulation of rainwater, ice or snow unless resulting from rare and extreme weather conditions;

11. Theft of the Vessel or its tender or watercraft while on a trailer if the trailer is not adequately immobilised, wheel clamped or secured to a locked motor vehicle;

12. Theft of a trailer which is not adequately immobilised, wheel clamped, in a locked place of storage or secured to a locked motor vehicle, or for theft of wheels or tyres, or for damage to tyres;

13. Theft of personal effects, gear, equipment and other moveable property insured under this Section A unless there are visible signs of forcible and violent removal and/or entry or exit to the Vessel or to locked and secure temporary storage;

14. Theft of the Vessel by a person to whom it has been entrusted;

15. Loss or damage to an outboard motor if secured other than as specified by the manufacturer of the motor or the Vessel;

16. Loss or damage to main and auxiliary engines, generators, gear boxes, electrical and hydraulic equipment, together with their cables and fittings, unless caused by: collision; grounding/stranding; sinking; fire; theft; malicious damage; frost/freezing; or accidental incursion of water to the Vessel, but not, however as a result of water ingress through the exhaust system of the main engine(s);

17. Loss of or damage to sails if split by the wind or blown or washed away;

18. Loss of or damage to jewellery, valuables, fine art, consumable stores, cash, credit/debit cards and/or bank cards, cheques, travellers' cheques and similar items.

Section B. THIRD PARTY LIABILITY INSURANCE

§1. Insurance Cover:

I. Indemnity:

The Insurer agrees to indemnify the Insured, up to the Third Party Liability Limit specified in the Third Party Schedule, for damages that the Insured is legally liable to pay to a third party by reason of the Insured's ownership, operation and use of the Vessel, arising out of an accident during the policy period, in respect of bodily injury or death or damage to the property of a third party.

2. The indemnity under Section B §1.1 above shall extend to the Insured's family, the beneficial owner of the Vessel or the family of the beneficial owner of the Vessel, the Vessel's Captain, the Vessel's crew, and guests onboard the Vessel with the consent of the Insured or the legal or beneficial owner where such person becomes liable to a third party

for bodily injury or death or damage to the property of a third party by reason of their operation and/or use of the Vessel during the policy period.

3. Section B will not extend to a person operating or employed by a shipyard, repair facility, fuelling facility, boat yard, vessel club, sales agency, charter agent or any similar organisation unless such person has been expressly asked by the Vessel's Captain in advance of leaving port or anchor to be crew onboard the Vessel.

§2. Additional Cover:

Subject to the terms and conditions of this Insurance, this Section B includes indemnity for the Insured, and those listed in Section B §1.2 above.

1. For legal liability to a third party arising out of or from;

1.1 Use of Watersports Equipment:

Water-skiing and para-sailing using the Vessel, the Vessel's tender(s) or watercraft, water sports equipment and diving equipment that is used in connection with the Vessel.

1.2 Pollution:

The sudden and accidental release or escape of oil, oily mixture, fuel, chemicals, waste materials or other pollutants arising from the operation and use of the Vessel up to a maximum of \$1,000,000.00 to be inclusive of fines, punitive, aggravated or exemplary damages and legal costs and expenses unless otherwise specified in the Schedule.

2. Search and Rescue Costs:

For search and rescue costs being levied on the Insured and/or the Vessel arising from an unintentional activation of one of the Vessel's emergency rescue devices (such as EPIRB or GMDSS devices) when no emergency situation existed, provided that these costs cannot be recovered from any other source.

3. Legal costs:

For payment of legal costs and disbursements reasonably incurred in contesting liability or issuing legal proceedings to limit liability and/or the legal costs and disbursements reasonably incurred in proceedings before an official inquiry by the state or authorities where the accident occurred that gave rise to the death of the third party, provided that the instruction of lawyers has the Insurers' prior written approval.

4. Security Deposit:

If the Vessel is arrested as a result of a liability insured under this Insurance, the Insurers will provide a security deposit, officially or judicially determined, up to an amount of \$150,000.

5. Uninsured Boater:

For bodily injury sustained onboard the Vessel caused by a third party vessel that has left evidence of direct physical contact with the Vessel but where the operator or owner of the third party vessel is not insured and/or is not identified.

This uninsured boater's insurance does not cover claims where the injured person is eligible for benefits or compensation under any

employer's liability law, workmen's compensation, disability benefit or similar law or in respect of an injury where the uninsured vessel is owned by the Insured or the same beneficial owner of the Insured.

6. Use of Other Vessels:

6.1 The benefit of this insurance is extended to cover the person named in the Schedule as the Insured, being a natural person, for the legal liabilities covered by this Insurance when arising out of the use of a vessel and her tender which has been borrowed or chartered and which is under the control of that person as Captain.

6.2 This extension also covers that person's crew as insured persons.

6.3 This extension is not valid if the Insurance is in the name of a Company, Consortium, Club, Partnership or legal entity other than a named person.

6.4 This extension will only provide compensation to the extent that the loss, damage or liability is not covered by any other insurance, and in particular any insurance attaching to the chartered or borrowed vessel.

6.5 This extension does not cover loss of or damage to the chartered or borrowed vessel itself.

6.6 This cover under Section B § 2.6 is effective worldwide.

7. Marina Liability:

For legal liability imposed in accordance with terms and conditions of a lease or agreement for the provision of a berth, mooring or storage facility for the Vessel.

§3. Conduct of The Investigation, The Claim or Action

The Insurer is entitled to investigate and settle at its sole discretion any claim or action brought by a third party. The Insurer reserves the right to appoint lawyers to represent the Insured or person claiming an indemnity under Section B §1.2 above.

§4. Amount of Indemnity:

1. The Third Party Liability Limit specified in the Third Party Liability Schedule shall be the maximum liability of the Insurer in respect of any one accident or occurrence regardless of the number of Insured's that may be specified in the Schedule or persons claiming an indemnity under Section B §1.2 above, the number of vessels insured under this Insurance, claims made or persons injured.

2. The Insurer's obligation to indemnify the Insured or person listed in Section B §1.2 above for legal costs and disbursements under Section B §2.3 above and/or costs incurred in complying with the duty to mitigate under Section D §2.8.2 shall be in addition to the indemnity under the Third Party Liability Limit specified in the Schedule.

3. Where a claim is asserted under the US or Canadian law and/or practice, irrespective of the jurisdiction, then the Insurer's total indemnity including cover under Section B §2.3 above and/or Section D §2.8.2 shall be the

Third Party Liability Limit specified in the Schedule irrespective of whether legal costs were incurred solely as a result of the Insurer's instruction.

§5. Exclusions – Third Party Liability Insurance:

This Insurance does not cover any liability, claim or expense arising directly or indirectly from:

1. Any fines, penalties and/or assessments by any authority and/or any punitive, multiple or exemplary damages of any nature whatsoever except as provided under Section B §2.1.2;
2. The use of any diving equipment by a person not in possession of the appropriate qualification and required licence, except in circumstances where a lesson or training is being given to an unqualified person by a member of the crew that is a qualified and licensed diving instructor;
3. The release, discharge or escape of oil, oily mixture, fuel, chemicals, waste materials or other pollutants which arises directly or indirectly from a deliberate or reckless act or omission by the Insured, or where committed with the consent, approval or knowledge of the Insured;
4. Any claim for liability arising when a trailer is connected to a motor vehicle;
5. Any liability assumed by the Insured or its representatives under any contract or agreement (including, but not limited to a contractual exclusion, limitation of liability or any waiver or limitation of the Insurer's subrogated rights of recovery) unless the Insurer's prior approval is set out in the Schedule or in an Endorsement;
6. Any claim against the Insured by any paid crew of the Vessel employed by the Insured, or a crew agency, to be paid crew on board the Vessel or in connection with the Vessel;
7. The ownership, possession, use, storage, handling and/or control of any firearm or deadly weapon;
8. Any claim for damages by the Insured or the legal or beneficial owner of the Vessel;
9. Any disease that is transmitted by the Insured or anyone using the Vessel;
10. Any claim arising directly or indirectly out of or in any way connected with asbestos.

Section C. PERSONAL ACCIDENT INSURANCE

§1. Scope of Personal Accident Insurance:

1. This Personal Accident Insurance is effective worldwide and relates to Accidents which occur within the Policy Period in connection with the private pleasure use of the Vessel, its dinghies, watersports equipment (e.g. jet skis, water skis) used in connection with the Vessel, and swimming, snorkelling and diving from the Vessel. It also covers

Accidents when the Vessel is participating in regattas, moored, laid-up, navigating in harbours, and being hauled or launched, maintained, serviced, converted or repaired.

2. This insurance also covers Accidents which occur in connection with the use of a Vessel, where the Vessel has been chartered by the Insured and is under the Insured's control as Captain, excluding any charter contracts which are for more than 2 weeks duration, or are for commercial purposes, or include participation in any regattas or races.

3. This Insurance also covers Accidents which occur during any trip ashore not exceeding 48 hours.

§2. Insured Persons:

1. The persons covered under the Policy ("Insured Persons") are the owner of the Vessel, the unpaid Captain and crew, visitors and guests and unpaid persons carrying out maintenance, servicing, hauling out, launching, conversion and repair works on the Insured's behalf.
2. In the event that the Vessel is a chartered Vessel used in accordance with Section C §1.2 above, only the Insured as the Captain and the crew members shall be Insured Persons under the Policy.

§3. Insured Events:

1. An Accident is a single sudden event which occurs at a specific date and time, in connection with the Insured Person's use of the Vessel, and which causes death or injury to an Insured Person from an external cause.
2. The following are also deemed to be Accidents:
 - 2.1 spraining, straining or tearing of joints, joint capsules, muscles, tendons, or ligaments, or abdominal or inguinal hernia, resulting from excessive exertion on limbs or spine. This includes slipped discs provided there is no pre-existing damage or degeneration (please refer to Section C §5);
 - 2.2 drowning or death by asphyxia under water: Drowning shall be assumed if an Insured Person goes overboard and is not recovered within one month;
 - 2.3 conditions associated with diving such as decompression sickness or barotrauma suffered by licensed divers or divers in training even if no specific Accident is identified. Costs for any necessary treatment in a decompression chamber are also insured within the scope of Section C §4.4;
 - 2.4 injury caused by the sudden escape of gases and vapours, fumes, dust clouds and acids;
 - 2.5 rabies, tetanus or infection of wounds as the result of an Accident;
 - 2.6 food poisoning caused by the one-off ingestion of a poisonous foodstuff provided that the onset occurs within 48 hours of ingestion and is medically diagnosed within this time;

2.7 injury sustained during the lawful defence of, or attempts to rescue, people or things;

2.8 injury caused by food deprivation or deprivation of medication or by the incorrect administration of essential medicines or foodstuffs as a result of an abduction or hostage-taking which commenced during the term of the Policy.

3. Search and rescue costs are also insured within the scope of benefits under Section C §4.3.

§4. Scope of Benefits:

The maximum benefits ("sums insured") are specified in the Schedule. The amount of individual benefit is calculated in accordance with this section.

In respect of each category (either permanent disability or death), the maximum benefit to which each Insured Person is entitled (Individual Entitlement) per Accident is calculated by dividing the sum insured for the relevant category by the number of Insured Persons on board at the time of the Accident, subject to the maximum insured sums per person for that category, as set out in the Schedule.

The following provisions set out the assessment of benefits:

I. Disability benefit:

1.1 Preconditions for benefit:

The physical or mental capacity of the Insured Person is permanently impaired as the result of an Accident (Disability). An impairment is deemed to be permanent if it is likely to exist for more than three years and there is no expectation of improvement in the condition. The Disability occurred within 12 months of the Accident, was diagnosed by a doctor in written or electronic form and claimed by the Insured by submitting a medical certificate to the Insurers within 15 months of the Accident. There is no entitlement to Disability benefit if the Insured Person dies as a result of the Accident within a year from the date of the Accident. (see Section C §4.2 Death benefit)

1.2 Type and amount of benefit:

The Disability benefit is paid as a capital sum. The amount of benefit is calculated as a percentage of the Individual Entitlement based on the degree of Disability caused by the Accident. In the event of loss or total functional incapacity of the following body parts and sensory organs as a result of an Accident, the following percentages shall apply:

Arm	75%
Arm above the elbow joint	70%
Arm below the elbow joint	65%
Hand	60%
Thumb	25%
Index finger	16%
Other finger	10%
More than three digits of one hand (where a digit is a thumb, index or other finger)	60%
Leg above mid-thigh	75%
Leg up to mid-thigh	70%

Leg below the knee	65%
Leg up to mid-calf	60%
Foot	50%
Big toe	8%
Other toe	4%
Eye	50%
If, however, the vision in the other eye had already been lost before the Accident	75%
Hearing in one ear	35%
If, however, the hearing on the other ear had already been lost before the Accident	50%
Sense of smell	15%
Sense of taste	10%
Voice	70%

For partial loss or partial impairment of function of the above body parts and sensory organs, a pro-rata portion of the above applicable percentage applies.

1.3 For any body parts and sensory organs that are not listed in Section C §4.1.2 above, the percentage applied is calculated according to the degree of impairment of the normal physical or mental capacity as a whole. Only professional, written medical opinions and assessments shall be considered when calculating such percentages.

1.4 If a permanent impairment existed prior to the Accident, the degree of Disability benefit shall be reduced by the previous degree of disability. This will be assessed in accordance with Section C §4.1.2 and 4.1.3 above and 5.

In the event of complete loss of hearing or eyesight as a result of the Accident, any reduction in benefit for pre-existing permanent impairment shall not take account of any correction of the pre-existing impairment by auditory or optical aids (hearing aids, glasses, lenses).

1.5 If several body parts or sensory organs are impaired by the Accident, the assessed benefits shall be added together, subject to a maximum benefit of 100% of the individual entitlement.

1.6 Additional benefit at 90% Disability:

The Disability benefit will be doubled if:

- (i) the degree of Disability, assessed in accordance with Section C § 4.1.2 to 4.1.5 above, is at least 90%; and
- (ii) the Accident occurs before the Insured Person attains the age of 65.

The Additional benefit under this section shall be limited to a maximum of \$225,000 for each Insured Person.

1.7 If the Insured Person dies within one year of the Accident due to unrelated causes, or, from any cause, more than one year after the Accident and a valid claim for Disability benefit had arisen, benefits shall be calculated on the basis of medical evidence and paid to the estate of the Insured Person.

2. Death benefit:

It is a precondition for the payment of a Death benefit that the Insured

Person died as a direct result of the Accident within one year of the Accident. Attention is drawn to the specific obligations set out in Section C §7.6. below.

3. Search and rescue costs:

Up to \$60,000 shall be reimbursed for the necessary search and rescue costs incurred for government or civil authorities or nationally recognised rescue agencies if the Insured Person has suffered an Accident or emergency at sea, or if circumstances indicated such an incident was imminent or suspected, even if the search was unsuccessful.

4. Patient transport & other costs abroad:

In the event of an Accident abroad (i.e. outside the Insured Person's country of residence/domicile), Transport costs of up to \$60,000 incurred as a result of the Accident shall be reimbursed in respect of the following:

4.1 transportation of the injured Insured Person, deemed necessary and ordered by a medical professional, to a hospital or a specialist clinic; also the additional expenses for the injured Insured Person's return transport to his place of residence if on medical orders or unavoidable due to the type of injury;

4.2 the additional costs associated with the journey home or accommodation of minors and partners travelling with the Insured Person;

4.3 in the event of death caused by the Accident abroad, the costs of repatriation of the remains to the last place of residence or the cost of the funeral abroad;

4.4 the cost abroad of a necessary stay for a licensed diver or a diver in training in a decompression chamber if this was necessary after a dive.

5. Medical emergency costs abroad (i.e. outside the Insured Person's country of residence/domicile):

Necessary medical costs which have accrued as the result of an Accident, up to \$30,000, shall be reimbursed for emergencies, i.e. an injury which occurs outside of the Insured Person's country of residence or Australia which necessitates immediate inpatient or outpatient treatment by a professionally recognised doctor and which cannot be postponed until the Insured Person has returned to his country of residence. This Insurance will not pay the first \$75 of emergency medical costs and does not apply for any costs for medical care that can be provided under a reciprocal health scheme.

6. Vessel return transportation costs:

6.1 Preconditions for benefit:

The Accident has necessitated an immediate inpatient hospital stay for the skipper. A Disability caused by the Accident is not required in this event. The return transportation of the Vessel by the Captain is not possible and no replacement Captain is available.

6.2 Type and amount of benefit:

The insurance covers up to \$12,000 for the necessary return transportation of the Vessel to its home harbour.

§5. Pre-Existing Illnesses or Disabilities:

If an illness or disability existed prior to an Accident, the degree of disability and/or the amount of any benefit shall be reduced proportionately by the degree of illness or disability existing prior to the Accident, and the degree to which the pre-existing condition contributed to the Accident.

However, if the proportion of the contribution is less than 35%, no reduction shall be applied.

§6. Exclusions – Personal Accident Insurance:

No insurance exists for the following accidents:

1. Accidents to an Insured Person as a result of: mental disorders or insanity, even if these are due to drug abuse; Accidents suffered as a result of a stroke, epilepsy or other seizures which affect the Insured Person's entire body.

However, this exclusion does not apply:

1.1 if these disorders or seizures were caused by an Accident covered by this Policy; this does not apply to insured events under Section C §4.3; or

1.2 for Accidents caused by impaired consciousness due to drunkenness; provided that, if the Accident occurs whilst operating a water sports vehicle, the blood alcohol level at the time of the Accident was less than 0.05%.

2. Accidents to an Insured Person whilst s/he deliberately commits, or attempts to commit, a criminal offence;

3. Accidents which are caused either directly or indirectly by acts of war or civil war; unless the Insured Person is unexpectedly affected by acts of war or civil war whilst travelling abroad.

There is no cover for travel to or through states in whose territory war or civil war is already being waged, or for the Insured's active participation in war or civil war; Accidents caused by nuclear, biological and chemical weapons or in connection with any war or warlike conditions between any of the following countries: China, Germany, France, United Kingdom, Japan, Russia or the USA.

This Policy shall expire at the end of the 14th day following the outbreak of war or civil war in the territory of the state in which the Insured Person is staying.

4. Accidents to crew members appointed for remuneration;

5. Accidents to an Insured Person when acting as a professional diver or professional sports person;

6. Accidents to persons who have chartered the Vessel from the Insured and persons who jointly use the Vessel with any person who has chartered the Vessel from the Insured, unless otherwise agreed;

7. The following injuries are also excluded:

7.1 Bleeding from internal organs and brain haemorrhages, unless directly caused by an Accident event covered by this Insurance;

7.2 Injury caused by radiation.

However, this exclusion does not apply to the malfunction or misuse of equipment delivering X-rays, laser radiation, maser radiation and artificially generated ultraviolet radiation following an Accident.

7.3 Injury caused by therapeutic treatments or surgery.

However, this exclusion does not apply if the therapeutic treatments or surgery, including radio-diagnostic and radio-therapeutic treatment or surgery, are carried out as the result of an Accident which is covered by this Insurance, or are carried out by violent acts of third parties.

7.4 Infections, with the exception of those specified at Section C §3.2.5

7.5 Poisoning as a result of the oral ingestion of solid or liquid substances with the exception of food poisoning as specified at Section C §3.2.6.

7.6 Abnormal disorders resulting from psychological reactions which cannot be directly and causally attributed to physical injury / physical loss, even if these are caused by an Accident.

§7. Obligations on The Insured Person When There Is An Accident and The Consequences of Not Complying with Those Obligations:

1. Following an Accident for which it is anticipated that a Claim for benefit will be made under this policy, the Insured Person must immediately consult a doctor; follow the doctor's orders and notify Pantaenius of the Accident event and the doctor's orders.

2. A Notification of Accident Form will be sent to the Insured and must be completed truthfully and returned immediately. Any additional relevant information which has been requested by the Insurers must be provided in the same way.

3. If doctors are instructed by or on behalf of the Insurers, the Insured Person must agree to be examined by such doctors. The Insurers shall bear the necessary costs of attending such examination including the Insured Person's loss of earnings (if any) during such attendance and the costs of the examination.

4. If loss of earnings is not substantiated for self-employed persons, a fixed amount shall be reimbursed amounting to 1% of the sum insured for Disability up to a maximum of \$600.

5. Any doctor who has treated or examined the Insured Person, whether as a result of the Accident or not, any hospitals and other medical establishments, other personal insurers, statutory sickness funds, workers' compensation insurers and authorities must be authorised to release all requested information. If consent has been given prior to the Accident, the Insurers shall inform the Insured Person prior to the collection of personal health data. The Insured Person may object to such data being collected, however, this may lead to the loss of the Insured Person's right to claim any benefit. The Insured Person may at any time request that data only be collected if consent has been obtained for the individual collection.

6. If the Accident results in death, this must be reported within 48 hours of knowledge of this, even if the Accident has already been reported.

7. The Insurers shall be granted the right to have a post-mortem examination carried out by an instructed doctor; if the insurers consider this to be necessary to the establishment of any right to benefit under the Policy.

8. Failure to comply with the notification deadlines for individual types of benefit will invalidate the claim.

9. Breach of any of these conditions will invalidate the Policy. In the event that the breach is negligent, the Insurers may elect to continue to provide cover and meet the claim for the Accident, but any benefits payable under the Policy shall be reduced proportionately to the degree of negligence.

The insurance cover under the Policy will not be invalidated if the Insured Person can prove that the breach of the obligation did not cause or affect the Accident or the establishment or extent of the benefit, and provided the breach is not fraudulent.

If the Insured Person does not consult a doctor until the true extent of injury becomes known, or if it was initially believed that there were no consequences of the Accident and there was therefore no immediate notification of Claim, this will not be deemed to be a breach of obligations. Neither will it be deemed a breach if an obligation was unintentionally not fulfilled but was then immediately fulfilled after such obligation was identified.

§8. Payment Date of Benefits:

1. The Insurers will bear any medical fees incurred in order to substantiate the Claim if they have commissioned them. They will not bear any additional costs.

2. If the Claim is accepted, or if there is agreement as to the cause and the amount, the benefit shall be provided within two weeks.

3. If it is established that there is a right to Disability benefits under this policy, but the degree of disability has not been established, an appropriate advance payment shall be made upon request. During the twelve months immediately following the Accident, this payment shall not exceed the amount insured for Death benefit, unless all treatment has been completed.

4. Both the Insurers and the Insured Person are entitled to have the degree of Disability medically reassessed annually. For adults, this right is valid for up to three years after the Accident; for children up to the age of 14 it is valid for up to five years.

This right must be exercised by the Insurers by notification at the time they admit their obligation to provide benefit in accordance with Section C §8.1. If the Insured Person wishes to exercise this right to reassessment of the disability, the Insurers must be given the opportunity to instruct a doctor to examine the Insured Person before the expiry of the time limit. Therefore, the Insured's notification of the intention to exercise this right must reach the Insurers no later than three months

after they have admitted their obligation to provide benefits and, for children, no later than three months before the expiry of the time limit of five years after the Accident.

If the final assessment of the degree of disability for the Disability benefit in accordance with clause 4 results in a higher benefit than the Insurers have already provided, then annual interest of 3% above the base rate of the Reserve Bank of Australia from time to time is to be paid on the additional amount.

Section D. GENERAL TERMS AND CONDITIONS

§1. General Exclusions Applicable to All Sections of This Insurance:

This Insurance does not cover loss, damage, liability, death, injury, claim or expense arising directly or indirectly, in whole or in part from:

1. War, Strikes and Political Acts:

Loss of or damage to the Vessel or any liability arising from or caused by strikes, locked out workmen or persons taking part in labour disturbances, riots or civil commotions, war, civil war, revolution, capture, seizure, arrest or detainment, terrorism or any person acting from a political motive, confiscation, appropriation;

2. Nuclear Hazard:

Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

3. Chemical, Biological and Other Weapons:

The use of chemical, biological or bio-chemical substances, electromagnetic waves, any computer system, virus or process or any electronic system as a weapon or as a means of inflicting harm;

4. Illegal Acts:

Operation or use of the Vessel for any illegal activity or purpose, so far as the Insured can control the matter;

5. Deliberate Acts or Omissions:

The deliberate acts or omissions of the Insured or deliberate acts or omissions committed with the consent, approval or knowledge of the Insured;

6. Racing:

6.1 any racing of the Vessel or its tenders or watercraft when under power, including the associated speed trials;

6.2 unless specified in the Schedule, any sailboat racing of the Vessel named in the Schedule of more than 250 nautical miles.

For sailboat racing of less than 250 nautical miles, this Insurance applies only if the race is organised/sanctioned by a registered yachting association.

7. Non-compliance with safety regulations or licences:

Any claim, if the Vessel;

7.1 was under the control of any person who does not hold relevant licences as required by the flag state of the Vessel and/or the relevant authorities, unless the Insured had reasonable grounds to believe, and did so believe, that the operator was in possession of such licences;

7.2 did not comply with any applicable safety regulations of the flag state of the Vessel or the state having jurisdiction over the waters in which the Vessel was located;

8. Prejudice of the Rights of the Insurer:

Any contractual exclusion or limitation of liability, waiver or any other limitation of the Insurer's subrogated rights of recovery (unless approved in advance in writing by the Insurer);

9. Incident covered under another Section:

A claim that is already recoverable under another Section of this Insurance;

§2. General Terms and Conditions:

The following terms and conditions regulate this Insurance and the requirements set out below must be strictly complied with because they are conditions precedent to the Insurer's liability to indemnify the Insured or make any payment under this Insurance:

1. Material Disclosure and Representation:

The Insured is required to make a complete and true disclosure of all material information that might influence the Insurer in deciding whether or not to offer insurance, on what terms and at what premium. The Insurer has relied upon the representations and information submitted by the Insured or its intermediary. Failure to disclose all material information or making a misrepresentation to the Insurer could result in this Insurance being declared void by the Insurer and/or a claim being rejected. Any questions asked and/or information specifically requested in any Application Form shall not restrict the Insured's duty to make a full and accurate disclosure to the Insurer of all material information when applying for insurance.

2. Change in Risk:

The Insured is required to notify Pantaenius as soon as reasonably possible of any modification to the Vessel or any change in the information provided prior to inception of the policy, whether in the Proposal or Application Form or in any other communication. Failure to do so may invalidate this Insurance.

3. Policy Period:

This Insurance covers the Vessel during the policy period specified in the Schedule. Cover commences at 4:00 pm on the commencement date specified in the Schedule.

4. Navigational Limits:

This Insurance is valid within the Navigational Limits specified in the Schedule.

Unplanned departures from the Navigational Limits specified in the schedule, when undertaken for emergencies or for weather routing, will not invalidate this insurance, but must be reported as soon as possible.

5. Use of the Vessel:

This Insurance covers the Vessel while the Vessel is afloat, in commission, while being used for private and pleasure purposes, for business entertainment, while laid up, while being exhibited at a recognised Boat Show or navigated for demonstration purposes, while ashore, at a shipyard or repair facility, while being lifted and launched and while being moved ashore.

6. Charter of the Vessel:

The Vessel will be covered under this Insurance for charter provided that the Schedule or an Endorsement states that charter usage of the Vessel is covered under this Insurance and any additional premium paid.

7. Avoidance of loss:

The Insured is required to take reasonable measures to avoid a claim which would be recoverable under this Insurance. The Insured must act as if uninsured.

8. Insured's duties in the event of an incident which might be covered under this Insurance:

In the event of an occurrence which may give rise to a claim under this Insurance, it is a condition precedent to the liability of the Insurer under this Insurance that the Insured complies fully with the following obligations:

8.1 Notification:

Notify Pantaenius in the first instance without delay of every event which may give rise to a claim under this Insurance by sending a completed Claim Form signed by the Insured to Pantaenius by mail, e-mail or telefax.

Immediately notify the relevant government authority (i.e. police or coastguard) of any incidence of fire, or if the Insured believes a crime has been committed or if required to do so by local practice or law and provide the incident reference number to the Insurer.

8.2 Duty to mitigate:

Take all reasonable measures to minimise any loss or damage that may be recoverable under this Insurance and to minimise liabilities to third parties. The Insured is required to act as if it was uninsured.

8.3 Inspections & Retained Parts/Evidence:

8.3.1 Allow inspections, as many times as necessary, of the damaged Vessel or equipment by the Insurer's representative(s).

8.3.2 Await the agreement of the Insurer before effecting any repairs or replacements.

8.3.3 Retain for inspection all parts which may be regarded as evidence of loss or of cause of damage or liability.

8.4 Information and Documents:

Provide the Insurer with detailed and accurate reports, invoices, receipts, and other bills regarding the circumstances of the insured event and

of the sustained loss, damage or liability within a reasonable time of the insured event and permit extracts and copies of such documents to be made.

8.5 Admission of Liability:

The Insured must not make any admission of liability or agree any settlement with a third party without the express written consent of the Insurer.

8.6 Notices and Summonses:

The Insured must immediately forward to the Insurer any written demand, notice or court document in connection with any liability potentially giving rise to a claim under this Insurance.

8.7 Examination under Oath:

Submit to an examination under oath, as many times as necessary, and, in so far as it is within the Insured's power, ensure that any employees, or others associated with the Vessel, co-operate with the Insurer and its representative(s) and submit to examination under oath with the Insurer and/or their representative(s).

8.8 Witnesses:

Provide the Insurer with the names and addresses of any known injured persons or witnesses and if necessary, assist in securing their attendance at the trial of any liability/recovery claim.

8.9 Co-operation:

Provide full co-operation to the Insurer and/or its representative(s) in the defence of any liability claim, including providing any letters of demand, claim forms, writs, and other legal documents to Pantaenius as soon as they are received and take no action without the approval of the Insurer and/or its representatives.

8.10 Subrogation:

Upon payment of any loss, damage or expense, the Insured agrees that the Insurer shall be subrogated to all the rights of the Insured to the extent of such payment.

8.11 Fraudulent claims:

If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on the Insured's behalf to obtain any benefit under this Policy, or if any loss hereunder be occasioned by the wilful act or with the connivance of the Insured, the Insurers, without prejudice to any other right(s) they might have under this Policy, shall be entitled to refuse to pay such claim.

9. Premium:

It is a condition precedent to the Insurer's obligation to indemnify the Insured or make any payment under this Insurance that the Insured pays the premium(s) or instalments due in respect of this Insurance by the due date specified in any of the Insurer's invoice(s) or payment schedule(s).

If any premium is not paid to the Insurer by the due date and the premium remains unpaid for a duration of no less than 15 days from the due date, the Insurer may cancel this Insurance. Any cancellation for non-payment of premium under this clause will be effective at 3:59 pm on the 16th day after the due date.

Where the premium remains unpaid after the payment due date, the Insurer may refuse to pay a claim.

The Insured will remain liable to the Insurer for the time on risk premium and any costs incurred in recovering the premium due to the Insurer.

The annual premium will be deemed to be fully earned and shall be paid to the Insurer prior to any claim being paid by the Insurer under this Insurance.

10. Currency:

Payments by the Insurer and the Insured under this Insurance will be made in the currency of the sums insured and premium stated in the Schedule.

Where amounts are expressed in Australian Dollars in these Pantaenius Clauses, the equivalent in the currency of the sums insured stated in the Schedule shall apply.

11. Un-repaired damage:

The Insurer shall not be liable for any un-repaired damage in the event of a subsequent loss (whether or not covered under this Insurance).

12. Change of Ownership:

This Insurance shall become cancelled from the time when the Vessel is sold or transferred to new ownership or there is a change in the controlling interest of the Insured Company and a proportionate return of the unused premium shall be made by the Insurer if there has been no claim.

Subject to prompt notification of sale by the Insured, the cover under this Insurance will be transferred to the new owner(s) of the Vessel for a period of 30 days from the date of transfer of ownership, and subject to full compliance with all the terms and conditions of the Insurance, including any express conditions and warranties specified in the policy schedule. This extension of cover will in no circumstances apply if there is a condition on the policy schedule requiring the Captain of the Vessel to be expressly approved by the Insurers and the new owner(s) has not obtained such approval.

13. Assignment:

No assignment of or interest in this Insurance or any amount payable under this Insurance shall be recognised by the Insurer, without the prior written consent of the Insurer.

14. Loss Payee:

Unless agreed to the contrary, all claim payments for physical loss of or damage to the Vessel under this Insurance shall be paid to the Loss Payee specified in the Schedule or any Endorsement.

15. Other Insurance:

If the Insured has other insurance in respect of a loss recoverable under this Insurance;

15.1 unless otherwise specified in this Insurance, the Insurer will pay only the rateable proportion of the loss that this Insurance bears to the total amount of all insurance covering the loss; and

15.2 the Insurer reserves its right to recover contribution from any other insurer liable in respect of the same loss.

16. Distribution of recoveries:

In the event of recoveries from third parties in respect of any claim which has been paid in whole or in part by the Insurer under this Insurance, all such recoveries shall be distributed between the Insurer and the Insured in the following order of priority:

16.1 to the Insurer to the extent of all sums paid by the Insurer under this Insurance;

16.2 to the Insured in respect of any applicable policy deductible under this Insurance;

16.3 to the party paying the reasonable costs and expenses incurred in making such recoveries from the third party;

16.4 to the Insured in respect of any uninsured losses that are recoverable from the third party; and finally

16.5 to the Insurer and the Insured equally in respect of any interest recovered, notwithstanding that by the addition of interest the Insurers may receive a larger sum than they have paid under this Insurance.

17. Notices:

Notices are to be given in writing. Notices to the Insured will be sent to the address of the Insured specified in the Schedule. Notices to the Insurer are to be sent to Pantaenius at the address specified in the Schedule.

18. Safety Legislation:

It is a condition of this policy that anyone in control of the Vessel complies with any relevant laws, and ensures that the Vessel conforms with any applicable safety regulations and obtains permits, certificates or licences required in accordance with the laws of Australia.

19. Law:

Unless the Schedule states to the contrary, this Insurance shall be governed by and construed in accordance with the laws of the Commonwealth of Australia and the state of New South Wales.

20. Jurisdiction:

Unless the Schedule provides to the contrary, this insurance shall be subject to the exclusive jurisdiction of the Courts of Australia.

21. Legal Actions against the Insurer:

No action shall be brought against the Insurer under this Insurance unless:

21.1 the Insured has complied fully with all the requirements of this Insurance; and

21.2 such action is commenced within two years from the date of that happening or occurrence from which the claim arose.

22. Rights of Third Parties:

No term of this Insurance is intended to confer any benefit or right on any third party under any applicable legislation, including but not limited to the Insurance Contracts Act 1984.

23. Insurer's Share:

In the event that a Section of this Insurance is underwritten by more than one insurer, each insurer subscribing to that Section of this Insurance shall only be liable for its share of the indemnity, i.e. there is no joint liability. Any agreement between the leading insurer(s) of a particular Section of this Insurance and the Insured is binding on all other insurers subscribing to that Section of this Insurance.

24. Severability:

The invalidity of unenforceability of any provisions of this Insurance Agreement shall not affect the validity or enforceability of any other provision of this Insurance Agreement which shall remain in full force and effect.

15. OUR OBLIGATIONS TO YOU

15.1. Renewal

At least 21 days before the end of your Policy Period, Pantaenius will send you a renewal notice which will set out your renewal terms.

15.2. Cooling off/Cancellation of Your Policy

(a) Cooling Off Period

If you decide that your Policy does not meet your requirements and you want to return your insurance after your decision to buy it, you can cancel it without giving any reason, by notifying us in writing within fourteen (14) days of receiving your Policy. To exercise this right, you must return your Schedule(s) to Pantaenius within fourteen (14) days telling us that the cover is not required.

When we receive your notice to cancel your Policy within the cooling off period, we will refund you any premium paid (less any tax retained by us under any law).

However, your cancellation rights do not apply if, during the cooling off period under your Policy, you:

- have made a claim or you have exercised some other right under your Policy; or
- have notified us of an occurrence or circumstances which may give rise to a claim.

(b) Cancellation by You

You can cancel this insurance at any time by giving Pantaenius written notice of cancellation of your Policy and specifying the date of cancellation which must not be less than one calendar month after the date of the notice.

(c) Cancellation by Us during the Policy Period

We may cancel your Policy on any of the grounds set out in the Insurance Contracts Act 1984 and we will provide you with written notice.

15.3. Refund of Premium

If your Policy is cancelled and you have not made any claim, we will refund part of that part of the premium, if any, which is equal to the unexpired Policy Period less an administration fee and any non refundable government charges.

15.4. Making a Claim

To make a claim under your Policy, you must contact Pantaenius.

Pantaenius will provide you with a claim form which includes guidelines and instructions on how to complete the form.

Once Pantaenius receives your claim form with a description of the incident and any loss or damage, Pantaenius will:

- check whether the incident and damage are covered by your Policy; and
- check that your premiums were paid at the time of the incident.

We will only pay a claim for the repair to your Vessel or for payments to third parties if you have properly disclosed the risk before entering into your Policy and if we have accepted your claim.

15.5. How GST applies to any Payments under Your Policy

For the purposes of this Section 15.1 - GST, input tax credit, Business Activity Statement and Acquisition have the same meaning as given to those expressions in A New Tax System (Goods and Services Tax) Act 1999 and related legislation as amended from time to time.

Your Premium is subject to GST. When we pay a claim, your GST status will determine how much we pay.

When you are:

- not registered for GST, the amount we pay is the amount insured or part thereof up to the liability limit of insurance specified in the Schedule including GST;
- registered for GST, we will pay the amount insured or part thereof up to the liability limit of insurance specified in the Schedule and where you are liable to pay an amount for GST in respect of an acquisition relevant to your claim (such as services to repair a damaged item insured under your Policy) we will pay for the GST amount.

We will reduce the GST amount we pay by the amount of any input tax credits to which you are or would be entitled if you made a relevant acquisition. In these circumstances, the input tax credit may be claimable through your Business Activity Statement (BAS).

You must advise us of your correct Australian Business Number and taxable percentage. Your taxable percentage is your entitlement to an Input Tax Credit on your premium as a percentage of the total GST on that premium.

If you do not tell us your correct GST status, any GST liability is your responsibility.

Where the settlement of your claim is less than the liability limit of insurance specified in the Schedule, we will only pay an amount for GST (less your entitlement for input tax credit) applicable to the settlement. This means that if these amounts are not sufficient to cover your loss, we will only pay the GST relating to our settlement of the claim.

We will (where relevant) pay you on your claim by reference to the GST exclusive amount of any supply made by any business of yours which is relevant to your claim.

If, after we have assessed your claim, you are required to enter into a contract with a third party to replace or reinstate lost or damaged items that we have agreed to pay under your Policy, you will enter into that agreement with the third party as our agent unless advised otherwise.

15.6. Protecting Your Privacy

We are committed to preserving your privacy and personal information. We will only collect personal information from or about you for the purpose of assessing your application for insurance, your rights under your Policy or administering your Policy, including any claims made by you. Personal information may also be obtained about you from other people or organisations.

For further information on Pantaenius Privacy Policy or to access or correct your personal information held by the Insurer or Pantaenius, please contact us on (02) 9936 1670 or you may view the Pantaenius Privacy Policy at www.pantaenius.com.au.

15.7 Code of Practice

This policy is compliant with the Insurance Council of Australia General Insurance Code of Practice apart from any claims adjusted outside Australia. Underwriters at Lloyd's proudly support the General Insurance Code of Practice. The purpose of the Code is to raise standards of practice and service in the general insurance industry.

15.8. Complaints

(a) Making a Complaint to Us

It is the aim of the Insurer and Pantaenius to provide the best customer service, but if you have a complaint about any service or insurance product Pantaenius has arranged or a dispute about this insurance, your complaint should be addressed to Pantaenius in the first instance. If this does not resolve the matter or you are not satisfied with the way a complaint has been dealt with, you should contact:

Lloyd's Underwriters' General Representative in Australia
Suite 2, Level 21
Angel Place
123 Pitt Street
Sydney, NSW 2000

Telephone Number: (02)-9223 1433
Facsimile Number: (02)-9223 1466
E-mail: ldraustralia@lloyds.com

You will need to provide:

- your name and surname;
- your Policy &/or claim number;
- the date and time that the issue arose; and
- a description of the issue.

(b) Making a Complaint to FOS

If the complaint is not resolved satisfactorily by the insurer you may have the right to ask the Financial Ombudsman Service Limited (FOS) to review your dispute.

If you are unable to resolve your matter with Pantaenius and 45 days have elapsed since you made your complaint to Pantaenius, you may refer your matter to our external dispute resolution provider FOS.

The service provided by the FOS is free of charge. You are not required to obtain legal or other advice when lodging a dispute with FOS but if you decide to do so then you may be expected to assume any costs involved.

Your right to commence legal proceedings against the Insurer is not affected by this process.

Financial Ombudsman Service Limited

GPO Box 3, Melbourne

VIC 3001, Australia.

Telephone: 1300 78 08 08

16. UPDATING AND OTHER DOCUMENTS WHICH MAY COMPRISE THIS PDS DOCUMENT

Information in this PDS may need to be updated from time to time to take account of changes or to add to the PDS. You can obtain a copy of any updated information by contacting us. If we materially change anything which generally affects a Policy which has been issued, we may provide all insureds with a new PDS or supplementary PDS. In each individual case we will notify an individual Insured in respect of changes to their individual insurance Policy. Updates will also be available on the website:

www.pantaenius.com.au

This PDS was prepared on 1 March 2013.

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Germany · Great Britain · Monaco · Denmark · Austria · Spain · Sweden · USA · Australia

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Pantaenius Australia Pty Ltd. is an insurance broking business and agency specialising in Sail & Motor Yacht Insurance.