

INTERPRETATIONS ON THE BENEFITS OF YACHT –POOL CASCO INSURANCE

INTRODUCTION

Casco insurance – chances and risks

Casco insurance covers all the material damages, which occurred on the yacht for which you have contracted the casco insurance policy. The conditions in the policy can be freely contracted between the yacht owner and insurer. It equally hides chances and risks for the policyholder. To make use of the chances and avoid risks, and make sure that you have contracted a high quality insurance policy, you need a professional agent – YACHT-POOL led and managed by the person who is well acquainted with the world of nautics and the world of insurance at the same time.

High quality contracted policy depends on the correct insight into possibilities offered

The conditions offered by the insurer are usually typed in small font, expressed in the complicated legal wording which are offered more or less indistinct and at the same time very important. Those formulations are understandable to insurer's legal advisers in entity and in all the nuances, but ask yourself if you understand those formulations? Briefly: what is paid by the insurer and what is not and under which conditions is the question that is of real importance to you.

The casco policy is the act of agreement, which you have made in case of an accident and for which you have to pay the premium. So, in this case, you should consider the quality of the conditions and the bidder equally as the quality of any other product you buy. Surely, you can do that perfectly if you are an expert in that field. If not, find one.

We are against the “small font” printed instructions

Yacht-Pool is the professional corporate body doing that for its members! The conditions Yacht-Pool has agreed to with the insurer for its members offer the biggest volume, full security and the quickest damage payment. Those conditions are written in readable letters and understandable everyday language, and at the same time have the full validity of the legal regulations. Each member of the Yacht-Pool precisely knows what he has agreed to and how much he is getting for it.

In the sequel we give the detailed “interpretations” on the benefits of the Yacht-Pool conditions with all the necessary details you should note so that you can correctly judge on the quality of the casco insurance policy for your yacht.

1. THE OBJECT OF INSURANCE

Yacht and parts of the equipment

Except for the yacht, all the fixed and movable parts of the equipment necessary for the functional usage of the yacht (for example echo-sounder, radio, boat-hook, puddening etc., article 1.1, paragraph 1). If individual parts of the equipment and/or movable property exceed the value of 500,00 € they should be enlisted in the added inventory list with the adequate mark and value, and in case of danger there is nothing unknown.

The yacht and parts of the equipment are also insured when yacht is stored in a locked winter shelter.

The personal movable property

These are the objects for personal usage (which are not necessary for the yacht) like clothes, luxury porcelain and kitchen appliances. If some of the objects exceed the value of 500,00 € they should also be enlisted into the above mentioned inventory list with the adequate mark and value.

2. ALL RISK COVER OPPOSED TO THE *COVER OF NAMED DANGERS*

It is a very tiny difference with a big effect. We have chosen the formulation that is very IMPORTANT for you.

Troubles with *cover of enumerated dangers*:

The insured risks in the insurance conditions that are offered on the market are usually quoted individually. At first sight it seems that everything is all right and that enumeration of all the risks comprise all the situations you might find yourself in.

Not even the longest enumeration can comprise all the possible risks a boat or yacht can face together with its equipment. After each enumeration of course there are certain things that were not named.

Therefore do not accept any limitations of the individually enumerated risks, that is to say *cover of some dangers*, but decide for the option «All risk cover!».

Example: Who could have thought that....!?

- if the mast breakage is named as a covered risk, the sprung mast is not covered.
- even short circuit can be the cause of the big damage,
- with the formulations: «transport damages» at some accidents the damages on the yacht are not covered, **if traction vehicle stays undamaged.**
- the formulation «fire damage» does not cover the «single damage»,
- under the term «accident» are understood only certain harmful events (only the damages by unexpected acting coming from outside). That is very important, since the mast breakage under the wind strength of 8 grades Beaufort is not considered to be «accident» (only when the wind is stronger than that we can speak of unexpected acting from outside) and besides the sinking of the yacht because of one ship valve leaking is not an accident but is considered to be «damage» only. Therefore we offer you to be insured not only against accidents but also against damages.

Further examples of damages which are often not covered by the individual danger are: glass breakage, torn sails, damaged or completely ruined fixed and movable property, hailstones, underwater earthquake, damages caused by third parties, vandalism etc.

What do you mean by «reversal of evidential freight»? Sometimes the cause of the damage cannot be easily cleared no matter how hard we try. When we have «cover of the enumerated dangers» you must prove that the insurer has to pay, and when there is «All risk cover» the insurer (!) has to prove that damage is not covered! That “tiny difference” can be of priceless benefit in practice. Out of this interpretation you can clearly see in which case and on whome lies the risk of the possible legal process.

As we have clearly seen in this presentation the insurance companies know the big effect of the tiny differences in the formulation. Therefore it was not so easy for Yacht-Pool to agree to so much damage coverage with the insurer and at the same time stay very competitive in the premium height.

The premium and the volume of the coverage are just two sides of a medal. Only if they are correctly balances, that the insurance policy can be considered to be valid. That is the opinion of the Yacht-Pool.

The formulation “All risk cover” comprises all that is missing in the given formulations; it is “waterproof” and protects you from the unnecessary and unpleasant surprises. The solution, as we have already mentioned says: “ALL RISK COVER”. Yacht-Pool took that formulation in 1976 into its conditions and it sounds like:

The objects declared in the insurance policy are insured from all dangers of being damaged or all losses, if not excluded under article 4. of the Yacht – Pool casco conditions.

When we deal with “All risk cover” the damages are automatically insured without being separately enumerated, if not clearly stated as exclusions.

3. THE COSTS OF DECREASING THE DAMAGE

The costs of decreasing the damage are insured 10% above the amount contracted in the insurance policy. That is very important, since the measures taken to prevent the damage must be paid promptly and often there are not many possibilities to choose. In that case it can happen that the costs to prevent the augmentation of the damage become higher than the value of the amount insured.

4. THE COSTS OF REMOVAL OF THE WRECK AND COSTS OF THE WASTE REMOVAL

The casco insurance policy of the competitive companies often do not cover the costs wreck and waste removal. The port authority can demand to pull out the yacht and waste or to remove the whole yacht – and store the yacht on the special waste depot. That can cause huge additional costs. Therefore we enlarged our insurance protection in case of this happens to you: the pulling out and removal of the wreck is added to the damage reimbursement costs in the 100% higher amount of the insurance value (see article 3.5 Yacht-Pool casco conditions).

5. “FIXED TAX” VALUE AT TOTAL DAMAGE

The contracting of the insurance value in the form of “fixed tax” protects you from the loss of the value of the yacht during the usage of it (no amortization deduction).

Attention: There are very different formulations of this article on the market too. We make this clause sound as follows:

“When the insurance policy is contracted, the insured value of the yacht (including the equipment and accessories) should be adequate to the real/market value of the same yacht. The contract value is valid as a constant value, so in case of total loss of property, the amount of reimbursement is completely adequate to the declared value. This value can eventually be deduced for the value of the remaining property, or the amount received by the eventual sale of the remains.

Therefore, the objection on the too low value of the insurance is excluded.

In the case of the total loss of the yacht not only the total ruining of the yacht is taken into account but also the total constructive loss. This is the case when the costs of the repairing are higher than the insurance value. This formulation proved to be very useful for our members.

We consider the following formulations existing on the market to be unsatisfactory: “Is the insurance value at the beginning of the insurance adequate to the new value, than that amount is valid as “fixed tax”.

In this formulation “constant value” is valid only in case when the new value is put as the insurance value. That means that all the yachts for which the new value is not formed, do not have the valid form of “fixed tax”. The following formulation is also unsatisfactory:

The contracted insurance value as “constant value” should be adequate to the value of the yacht”. Here they lack: “at the moment of the insurance contracting.” During certain period of time the value of the yacht can be changed in certain frame. So it insurance value should constantly be adapted to the value of the yacht. And exactly those deviations should be covered by “constant value”.

Yacht–Pool starts from the defining the “constant value” as market value that yacht has at the moment of contracting the insurance policy. We will readily give you the advice when defining that value.

Attention! If the insurance value is contracted without the VAT then the bill for the repair will be paid without VAT too.

6. PARTIAL DAMAGES AND THE CLAUSE “NEW FOR OLD”

In the case of partial damages on the yachts not older than five years the total cost of the repair is paid with no deduction “new for old”. On the yacht older than five years, in the name of amortization, 1/3 of the total cost of repair is deducted.

7. THE CONSEQUENTIAL DAMAGES CAUSED BY CONSTRUCTION FACTORY AND MATERIAL FAULTS

The damages caused by the construction, factory and/or material faults are covered if this does not fit into the claims for the guarantee to the supplier. Only directly damaged part is not insured. An example: The stretcher breaks because of the material and/or construction fault. The mast falls, breaks itself and the deck. The stretcher is not covered. The mast and the costs to repair the deck are covered.

8. THE INSURANCE IN CASE OF INTENTIONAL THEFT IN CHARTER

As the cream on the top of the end of these interpretations follows:

Premium of the casco insurance policy for the yachts used in charter is augmented, that an already well-known fact. But do you know that the risk of the intentional theft or malversation should be separately contracted. The intentional theft is the term (and unfortunately the fact) that is considered an event when the crew of the chartered yacht regularly pays the charter, leaves caution and never again appears with the yacht.

Therefore this insurance is especially recommended to the owners of yachts being given into charter. If required it has to be separately mentioned in the policy.

9. THE INSURANCE OF THE INCOME LOSS IN CHARTER

It is possible to insure the financial loss of income caused by the long-term damage repair.

The given interpretations should be used for better understanding of our offer and only the conditions shown in your insurance policy are legally valid.