









# PASSENGER VESSEL LIABILITY INSURANCE FOR SMALLER CRAFT

## FREQUENTLY ASKED QUESTIONS (FAQs)

These frequently asked questions are intended to provide general guidance for our Passenger Vessel Liability Insurance policy. It is subject to the terms and conditions of the policy wording, the Certificate of Insurance and any endorsements to it. We recommend that you read the policy carefully and discuss with your broker. You will find a copy of the Passenger Vessel Liability Insurance policy wording on [www.shipownersclub.com/latest-updates/publications/](http://www.shipownersclub.com/latest-updates/publications/).

### CONTENTS

#### 1.0 What is the Shipowners' Club and what does it do?

- 1.1 What is the Shipowners' Club?
- 1.2 What is different about insuring with a mutual insurer?
- 1.3 Will I be asked to pay more premium if the Club has a bad year?

#### 2.0 Who or what is covered?

- 2.1 What do you regard as a passenger vessel?
- 2.2 Do you impose restrictions on the types of passenger carrying activities I can engage in?
- 2.3 Do you have a maximum number of passengers you will insure on a passenger vessel?
- 2.4 What is the maximum gross tonnage you will insure?
- 2.5 What water sports cover do I have?
- 2.6 Am I insured whilst passengers are off the vessel on an excursion?
- 2.7 Some insurers do not provide any cover when passengers are on their way to the boat or on their way off it. How does the Club handle this?
- 2.8 If a claim would have been paid under your Club Rules, will it be paid under the Passenger Vessel Liability Insurance policy?

#### 3.0 You and your crew

- 3.1 Am I covered for my liabilities towards my crew?
- 3.2 What does the Club do about workers' compensation schemes?
- 3.3 What does 'even if you or the injured parties have failed to take the steps necessary to receive such entitlements' mean under *point 23* of your list of exclusions?
- 3.4 What if I have crew contracts?
- 3.5 Are my crew members covered while they are off the vessel?
- 3.6 Am I covered for my crew's medical expenses if they are injured?

- 3.7 Does the Club pay my crew's wages if they are injured and cannot work?
- 3.8 Am I covered for disputed or unpaid wages?
- 3.9 What if my vessel is a total loss and my crew members are out of work?
- 3.10 If my skipper is arrested and has to face a trial or inquiry is there any cover?
- 3.11 You cover pre-delivery crew for a short duration. How long is this?

#### 4.0 What liability risks are insured?

- 4.1 Am I covered for liability claims arising from piracy?
- 4.2 Am I covered for war risks?
- 4.3 Am I covered for terrorism?
- 4.4 If I have to sign a contract am I covered for any contractual indemnities?
- 4.5 What is a contractual indemnity?

#### 5.0 Other matters

- 5.1 Can you summarise the policy exclusions?
- 5.2 Do you provide personal accident insurance for crew?
- 5.3 What other benefits are there from being a Member of the Shipowners' Club?
- 5.4 I like the Shipowners' Club Rules. Can I stick with these or do I have to change?
- 5.5 Where can I find the policy wording for this cover?
- 5.6 Who do I contact at the Club?

## 1.0 What is the Shipowners' Club and what does it do?

### 1.1 What is the Shipowners' Club?

The Shipowners' Club was established in 1855 and is the leading insurer of smaller and specialist vessels worldwide. We are one of the 12 International Group Protection and Indemnity (P&I) Clubs, which together insure over 90% of the world's ocean-going tonnage. We provide cover on a mutual basis and everything we do is driven by the interests of our policyholders, the Club Members.

### 1.2 What is different about insuring with a mutual insurer?

You buy insurance cover at cost. We have no shareholders to satisfy. Most importantly, it means a fair and friendly claims handling service.

### 1.3 Will I be asked to pay more premium if the Club has a bad year?

No. Your premium is fixed at the beginning of each policy year and is unaffected by the Club's underwriting result from that year. However, we may require additional premium if you ask us to increase the level of insurance we provide during the year. This could happen if your vessel operations change or you need to cover risks which were not insured when you first joined the Club.

## 2.0 Who or what is covered?

### 2.1 What do you regard as a passenger vessel?

Any vessel with a commercial licence to carry passengers. This can include passenger and vehicle ferries, overnight cruise boats, dinner tours, scheduled transport services or pleasure trips. Regrettably we do not insure static operations, such as floating restaurants.

### 2.2 Do you impose restrictions on the types of passenger carrying activities I can engage in?

No. If you are a licensed passenger carrying operator we expect that you may offer a range of different services which may include: scheduled transport services, pleasure trips, group private hire, weddings, parties, business meetings, conferences or corporate activities.

### 2.3 Do you have a maximum number of passengers you will insure on a passenger vessel?

The maximum number we will provide cover for under our Passenger Vessel Liability policy is 500. We are happy to insure numbers above this, but we will offer you cover under our Club Rules.

### 2.4 What is the maximum gross tonnage you will insure?

Our Passenger Vessel Liability policy is designed for smaller passenger vessels and the maximum tonnage we will insure under it is GT 1,000. Vessels above this size will be insured under our Club Rules.

### 2.5 What water sports cover do I have?

We include cover for swimming and snorkelling liability automatically. We exclude motorised water sports, for example: jet-skiing, para-sailing or water-skiing. If you need cover for these or other water sports, please let us know and we shall look to extend your policy. Additional premium may apply. Please note that scuba diving is also excluded from cover.

### 2.6 Am I insured whilst passengers are off the vessel on an excursion?

Providing you have a responsibility for them and the excursion is part of your vessel's itinerary, we will cover you whilst passengers are ashore on an excursion.

### 2.7 Some insurers do not provide any cover when passengers are on their way to the boat or on their way off it. How does the Club handle this?

Our priority is insuring you against liability claims made against you, rather than trying to draw lines between where cover stops and starts. We know some insurers distinguish between marine and non-marine claims when people are on or around the quayside or pontoons. If a passenger or other person is injured crossing gangways, pontoons or walkways in connection with the services you are providing, we would respond to liability claims made against you.

### 2.8 If a claim would have been paid under your Club Rules, will it be paid under the Passenger Vessel Liability Insurance policy?

Yes. Each year we will issue updated versions of the Club Rules and the Passenger Vessel Liability Insurance policy. We confirm that any claim that would have been payable under the Club Rules for a particular year will be payable under the Passenger Vessel Liability Insurance policy for that same year.

### 3.0 You and your crew

#### 3.1 Am I covered for my liabilities towards my crew?

Our policy covers your liability to your crew for risks such as illness, injury or death. It may have arisen out of common law, statute or a crew contract. What we look for is whether or not you have a liability to the crew member concerned. A covered claim must have arisen out of the operation of the vessel we insure for you. Under 5.2 below, we provide information about our Personal Accident policies. These provide protection for crew accidents when you do not have a liability.

#### 3.2 What does the Club do about workers' compensation schemes?

Some parts of the world place a legal obligation on employers to take out cover for their employees (workers) and these schemes will pay out compensation in the event of an injury to a workman, often regardless of any fault on the part of the employer. It is usually not possible to opt out of these schemes. The Club does not usually pay claims where there are compulsory workers' compensation schemes in operation. This may be because the Club is not licensed to provide the benefits required by the state scheme or it may include benefits which the Club does not grant, such as annuities. Please check with us if there are workers' compensation obligations for your crew.

#### 3.3 What does 'even if you or the injured parties have failed to take the steps necessary to receive such entitlements' mean under *point 23* of your list of exclusions?

This situation could arise if a crew member was disqualified from entitlement because they or you as their employer did not sign up to the scheme (state compensation scheme) or failed to ensure that the required contributions to the scheme had been paid. Our policy exclusion is there to prevent the Club having to provide compensation as a last resort, because the scheme did not respond.

We would emphasise, however, that the Club can and does respond and pay subrogation claims; meaning cases where a scheme has paid out entitlements in the first instance and then it or its representatives look to obtain reimbursement from us, because you are the employer and we insure you.

#### 3.4 What if I have crew contracts?

We recognise the importance of recruiting and retaining good crew and the need to provide a decent level of death or disability compensation in line with the duties and position held. Our policy will cover crew compensation and sickness benefits under individual crew contracts, collective bargaining agreements or where the state requires employers to pay compensation or sickness benefits for personal injuries in the absence of a mandatory state scheme.

There are, however, limits to the cover. Death, disability or benefit payments you provide under individually negotiated and agreed crew contracts should be reasonable and appropriate for the duties and position held by the crew member when viewed against the prevailing compensation regime. Also, our policy does not cover annuities, pension contributions or similar long-term payment obligations.

#### 3.5 Are my crew members covered while they are off the vessel?

Yes. We cover claims from crew who are travelling to or from your vessel at the beginning or end of a tour of duty or who may be ashore on ship's business, provided that you as the owner or manager have a liability.

#### 3.6 Am I covered for my crew's medical expenses if they are injured?

If you have a liability to meet these expenses, yes. The policy covers you for claims from your crew for personal injury, illness or death and the resultant medical costs.

#### 3.7 Does the Club pay my crew's wages if they are injured and cannot work?

If you have a liability to do so, yes. We would expect this to apply whilst your crew member is undergoing medical/hospital treatment or whilst being repatriated following injury or illness.

#### 3.8 Am I covered for disputed or unpaid wages?

No, we do not cover claims arising from disputes under our Passenger Vessel Liability Insurance policy. You can however approach the Club for additional cover, in the form of Legal Costs Cover.

This covers the legal costs associated with a dispute and includes an advisory service under which a member of our legal team will consider the facts of the case and offer an opinion on the likelihood of a successful outcome to the dispute. We would stress that this insurance does not cover the sums which are at the heart of the dispute; only the legal costs associated with trying to resolve it.

### **3.9 What if my passenger vessel is a total loss and my crew members are out of work?**

If you have to pay compensation to crew members resulting from the total loss of your vessel, we will cover you.

### **3.10 If my skipper is arrested and has to face a trial or inquiry is there any cover?**

Yes, we will assist with the costs of attending the trial or inquiry, including accommodation costs, for both you and the skipper or crew member concerned.

### **3.11 You cover pre-delivery crew for a short duration. How long is this?**

We would expect this to be no longer than one month.

## **4.0 What liability risks are insured?**

### **4.1 Am I covered for liability claims arising from piracy?**

Yes. Your liabilities remain covered during a piracy incident and we would respond to claims made against you by crew or passengers should they sustain injury. Please note that ransom or kidnap payments are not covered by this policy.

### **4.2 Am I covered for war risks?**

Yes, subject to the special conditions which relate to war risks, such as the Russia-Ukraine exclusion contained in our Notice of 21 December 2022 (updated on 7 February 2023), which can be found on our website - [www.shipownersclub.com/latest-updates/news/update-notice-alteration-terms-and-conditions-dated-21-december-2022/](http://www.shipownersclub.com/latest-updates/news/update-notice-alteration-terms-and-conditions-dated-21-december-2022/), or the exclusion relating to transit or trade in the Red Sea, Gulf of Aden and portions of the Indian Ocean contained in our Notice of 12 February 2024 which can be found on our website: [www.shipownersclub.com/latest-updates/news/notice-alteration-terms-and-conditions-insurance-3/](http://www.shipownersclub.com/latest-updates/news/notice-alteration-terms-and-conditions-insurance-3/)

As with all war cover, we may cancel it by giving you the required number of days' notice and all policies automatically terminate if war breaks out between any of the following countries: the United Kingdom, the United States of America, France, the Russian Federation and the People's Republic of China.

### **4.3 Am I covered for terrorism?**

Yes, it is part of the war risks cover that we give and subject to the same special conditions which relate to war risks.

### **4.4 If I have to sign a contract am I covered for any contractual indemnities?**

Assuming it concerns the operation of the vessel we insure for you, you are covered for any contractual

indemnities for illness, personal injury, death or property damage which you are required to give to travel agents, tour operators, port or harbour authorities, shipyards and suppliers of goods and services to the vessel. The limit of cover under this section is US\$ 5m for any one incident.

### **4.5 What is a contractual indemnity?**

This is where you are required to accept liabilities towards someone else's property or personnel when you would not normally have any liability. For example, standard boatyard contracts often require an indemnity in respect of injuries to yard personnel or damage to yard property. Even though you are not at fault, you may be obliged to compensate the person injured or the property owner and we would cover you for this exposure.

## **5.0 Other matters**

### **5.1 Can you summarise the policy exclusions?**

All policies have exclusions for risks which are uninsurable, but we have kept our exclusions to a minimum. There are general exclusions which may be found in most such policies. There are exclusions for risks which should be insured under more specific policies such as motor, aviation or aquaculture policies, and particular exclusions dealing with exposures which our general membership would not expect us to insure. For a full list of the exclusions please refer to the policy wording under [www.shipownersclub.com/latest-updates/publications/](http://www.shipownersclub.com/latest-updates/publications/)

### **5.2 Do you provide personal accident insurance for crew?**

Yes, as we mention in 3.1 above, our Passenger Vessel Liability Insurance policy provides cover for liabilities you may have when your crew are injured. However, there may be occasions when you are not liable and our policy would not respond. For these occasions, if you wish to provide additional protection for your crew, you can purchase Personal Accident insurance from us as an additional product. You can choose from two levels of cover – basic or enhanced – ensuring fast, no fault payments in the event of accidents. Further details can be found at: [www.shipownersclub.com/latest-updates/publications/](http://www.shipownersclub.com/latest-updates/publications/)

### 5.3 What other benefits are there from being a Member of the Shipowners' Club?

We understand that you buy insurance to pay claims when they arise. Our claims team never loses sight of the fact that we are a mutual Club, owned by and at the service of our Members. This means that you have our support 24 hours a day, through our worldwide offices as well as an international network of correspondents. You will also be able to benefit from our Loss Prevention advice as well as our help in reviewing insurance related vessel contracts.

### 5.4 I like the Shipowners' Club Rules. Can I stick with these or do I have to change?

We will not require our policyholders to change to the new policy if they do not wish to do so. However, it is our intention, over time, to offer only the new Passenger Vessel Liability Insurance policy and phase out the use of Club Rules for passenger vessel owners.

### 5.5 Where can I find the policy wording for this cover?

The Passenger Vessel Liability Insurance policy wording can be found online at:  
[www.shipownersclub.com/latest-updates/publications/](http://www.shipownersclub.com/latest-updates/publications/)

### 5.6 Who do I contact at the Club?

For help and assistance with all passenger vessel related matters, please contact one of our branches:

#### London

Mark Harrington  
Head of Underwriting

**D** +44 207 423 7107  
**E** mark.harrington@shipownersclub.com  
**M** +44 7876 252359  
**T** +44 207 488 0911

#### Singapore

Jeremy Slater  
Head of Underwriting

**D** +65 6593 0428  
**E** jeremy.slater@shipownersclub.com  
**M** +65 8366 0768  
**T** +65 6593 0420

## London

White Chapel Building, 2nd Floor  
10 Whitechapel High Street  
London E1 8QS

**T** +44 207 488 0911

**F** +44 207 480 5806

**E** [info@shipownersclub.com](mailto:info@shipownersclub.com)

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) |  
16, Rue Notre-Dame | L-2240 Luxembourg | Incorporated in Luxembourg |  
RC Luxembourg B14288

0120

## Singapore

9 Temasek Boulevard  
Suntec Tower Two #22-02  
Singapore 038989

**T** +65 6593 0420

**F** +65 6593 0449

**E** [info@shipowners.com.sg](mailto:info@shipowners.com.sg)

The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) |  
Singapore Branch | Company No. T08FC7268A