



**COMMERCIAL VESSEL
INSURANCE POLICY**

AND

**PRODUCT DISCLOSURE
STATEMENT**

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This document was prepared on November 12th, 2010 and tells you about Nautilus Marine Commercial Vessel insurance. Any advice provided is general only and does not take into account your individual circumstances. You should carefully read this policy and any other documentation we send you such as your Certificate of Insurance. Keep them in a safe place for future reference.

This insurance is administered by Nautilus Marine Insurance Agency Pty Ltd (Nautilus) ABN 34 100 633 038 AFSL 227186 as agent for certain underwriters at Lloyd's.

The Product Disclosure Statement (PDS) is part of your Nautilus Marine Commercial Vessel insurance policy. The policy is a marine insurance policy of indemnity. It is a legal contract between you and certain underwriters at Lloyd's. Nautilus Marine acts as agents for and manages claims on behalf of certain underwriters at Lloyd's.

1. Our commitment to you

At Nautilus we aim to give you insurance for your commercial vessel with no surprises.

The information we send you about your cover is simple and straightforward, making it easy for you to understand what is included in your cover and what isn't.

Protection

Our Commercial Vessel insurance is designed to give you simple and easy to understand cover for your vessel, to protect you in the event of a crisis such as a collision, sinking, fire, storm or theft. Plus Nautilus gives you added benefits, which may not be covered by other insurers, to help you get back to using your vessel sooner.

Understanding

So that you understand what your Commercial Vessel insurance covers and does not cover, make sure you read the limits and exclusions that apply, clearly listed on the following pages. Specific exclusions for each cover are listed with the insured events to make it simple. Also read the general exclusions which apply to all covers.

Service

Our Nautilus team is here to answer any questions you have about your cover. If you have any questions about this insurance or would like to update or change your cover, please:

- call **1300 780 533**
- send an email to **customerservice@nautilusinsurance.com.au**
- write to **Nautilus Marine Insurance Agency**
28-32 George Street Sandringham VIC 3191
- visit **www.nautilusinsurance.com.au**
- call your insurance broker.

2. A summary of your cover

The following is a summary of your Commercial Vessel insurance.

Full details are contained in this policy, which you should read carefully to ensure that you get the most out of your cover.

Peace of Mind

With this insurance your commercial vessel is protected against claims arising from:

- Accidental loss or damage;
- Theft;
- Impact;
- Sinking;

- Fire;
- Storm;
- Malicious damage;
- Transit damage whilst on own trailer;
- Latent defect.

Additional Benefits

We will also include cover for:

Vessel –

- Personal effects;
- Fishing and diving equipment;
- Emergency land transit;
- Repairer's Negligence;
- Arrest or Detention;
- Government Authority;
- Barratry of Master, Officers or Crew;
- Ashore cover
- Expenses to avoid or minimise loss;
- Recovery or removal of wreck;
- Negligence of Master, Officers, Crew, Charters or Managers
- Loss of Hire Income.

Liability –

- Pollution Cover - Accidental discharge, release, or escape of fuels.
- Cost of cleaning up site.

Optional Benefits

You also have the option to add cover for the following

Optional Benefits:

Vessel –

- Full sailboat racing up to 100 nautical miles;
- Mechanical breakdown;
- Lay-up Cover;
- Transport by a professional boat carrier;
- Breach by Bareboat Hirer or Member of a Managed Recreational Boating Group.

Liability –

- Passenger Liability – excluding food and drink;
- Passenger Liability – food and drink;

3. Things you should do when purchasing insurance.

Your duty of disclosure

We rely on the information you provide us with, to decide whether to insure you and the terms on which we will insure you. You have a Duty of Disclosure under the Marine Insurance Act 1909 To comply with your Duty of Disclosure when you enter into the policy or vary, renew, extend, reinstate, or replace it, you must tell us everything that you know, and which a reasonable person in the circumstances, could be expected to know, is relevant to our decision whether to insure you, and if so, on what terms.

You do not have to tell us anything that is common knowledge that we should know through our business, that reduces the risk of a claim or that we tell you we do not need to know.

If you fail to comply we may reduce or deny any claim you make and/or cancel the policy. If you fraudulently keep information from us or deliberately make false statements we may avoid your contract and treat your insurance as if it never existed.

General Warranties

Where any of the conditions contained in this PDS

- Require you to do something,
- Require you not to do something,
- Require you to comply with them,

You will have given an undertaking constituting a warranty and you must ensure that you strictly comply with them.

Waiver of Warranties

Any warranties waived will be noted in writing on your Certificate of Insurance.

Understand this insurance

Nautilus Commercial vessel insurance is designed to protect your vessel against some of the most common events such as collision, sinking, fire and theft (see page 10).

It also provides a broad range of Additional Benefits which may not be offered by all insurers (see pages 11-12) and the opportunity to add Optional Benefits such as Mechanical breakdown (see page 14).

There are limits to the cover provided and while some of these are fixed, others may be extended by simply notifying us of the items you own and their value.

There are also exclusions which apply to certain events (see pages 10-11) as well as general exclusions which apply to all cover under this insurance (see pages 13-19).

Certain words have defined meanings you need to understand (see pages 19-23).

You should read this policy in full to ensure you understand the insured events and benefits as well as the limits and exclusions to this cover.

Work out what cover suits you and how much insurance you need

You need to ensure that the cover is suitable for your needs and that the level of cover provided is adequate.

You can choose two types of cover:

Market Value – we pay up to the market value of your vessel or its equipment (i.e. the cost to replace the item with a similar item of the same age and condition), but never more than the sum insured listed on the Certificate of Insurance.

Agreed Value – we pay the amount we agree with you for the relevant item(s). You must obtain a valuation from an authorised commercial vessel dealer or broker and we must agree and accept the valuation.

The agreed values will be listed on your Certificate of Insurance.

A separate agreed value (called a sum insured) will apply to each of the hull, motor, mast, spars, rigging & sails, trailer and equipment and accessories. The maximum amount we will pay for any item not listed with an agreed value on the Certificate of Insurance will be its current market value.

4. Things you must do after purchasing insurance

Keep your vessel and equipment in good condition and repair and always protect them.

You must maintain your vessel and equipment in a good state of repair and condition. Any loss or damage caused by poor maintenance is not covered under the policy. You must also make reasonable efforts to protect your vessel and equipment from any loss or damage. If you make a claim and knew about something that could cause loss or damage to your property and you did not make reasonable efforts to avoid it before the loss or damage occurred, then your claim may not be paid. If you do suffer loss or damage to your vessel and equipment you must make reasonable efforts to prevent any further loss or damage.

If your vessel is kept on a mooring you must make sure that the mooring is in good order and repair. This means that the mooring must be well maintained and serviced on at least an annual basis.

Keep proof of ownership of your property

When you make a claim for loss or damage, we will require proof that you owned the item and of its value or your claim may not be paid.

The easiest way to do this is by keeping receipts, valuations and other forms of purchase confirmation such as model and serial numbers.

Tell us if you modify your vessel or change its use or change your normal storage or mooring location.

You must tell us if you modify your vessel from the manufacturer's original specifications or if there is a significant change in the use of your vessel or change your normal storage or mooring location.

If you do not provide us with this information you may not be covered in the event of a claim.

When you provide this information to us we may alter the terms and conditions of the policy and this may involve the payment of an additional premium. Alternatively, we may cancel the policy or decide not to offer renewal.

Ensure your premiums are always paid

You are responsible for ensuring that your premiums are paid or your cover could be put at risk.

Please call us if you are ever unsure about your premiums.

Meeting your other obligations

You will need to meet other conditions of the policy, such as claims conditions, or we may reduce or refuse to pay a claim and/or cancel the policy.

5. Insuring your vessel

What is your vessel?

For the purpose of this policy your vessel means the commercial vessel described in the current Certificate of Insurance which is used for hire or reward and comprises any or all of the following items:

- hull;
- motors, including fuel tanks;
- masts, spars, rigging and sails;
- trailer;
- equipment and accessories;
- your vessel's tender.

Your vessel does not include modifications you have not told us about or which are not shown on your Certificate of Insurance.

What is an excess?

An excess is the amount you contribute when a claim is accepted under this insurance. The excess applicable to your cover is shown on your Certificate of Insurance.

There is no excess for claims involving death or bodily injury under the Legal Liability cover provided by the policy.

Other party's interest

You must tell us of the interests of all parties (e.g. credit providers or other owners) who you want to be covered by the policy. We will cover their interests only if you have told us about them and we have noted them on your Certificate of Insurance.

Goods and Services Tax (GST)

If you are registered, or required to be registered, for GST and would have been entitled to an input tax credit if you were to incur the cost to which the claim relates, then we will reduce any amount we pay under a claim by an amount equal to the amount of your input tax credit entitlement.

This provision applies to any amount we pay, including where we state elsewhere in this policy that an amount will include GST.

For the purpose of this policy, payment in relation to the agreed value will be taken to have been made in full even if the amount we pay has been reduced in accordance with this provision.

Other insurance

We will not pay (where we are legally entitled to do so) more than a rateable portion of any loss, damage or expense in situations where your vessel is also covered under another insurance policy irrespective of whether that insurance policy was arranged by you or any other party.

If you have borrowed money to buy your vessel

If a credit provider is noted on your Certificate of Insurance as having an interest in your vessel and, if you have a claim and we agree to settle on a cash basis, we have the option of making this payment to the credit provider in full or part settlement of your claim.

In this situation we will pay the credit provider the amount we agree to settle the claim, up to the amount outstanding under your loan account.

Reinstatement of sum insured for certain claims

When we pay a claim for your vessel, that is not a total loss, or repair an item, the relevant sum insured for your vessel or item will be automatically reinstated to the same amount shown in the Certificate of Insurance unless we tell you otherwise in writing.

6. Other important matters

You must take care

You must at all times take appropriate precautions:

- to protect the vessel from loss or damage;
- to minimise loss or prevent further loss or damage following an event that causes loss or damage to your vessel;
- to preserve our recovery rights against any other party who may be responsible for the loss, damage or liability.

Geographic limits and period of insurance

Cover is only provided under the policy in relation to events causing loss, damage or liability which occur:

- during the period of insurance; and
- within the geographic limits specified on your Certificate of Insurance. All cover provided by the policy will be automatically suspended when your vessel clears Australian Customs and Immigration for the purpose of leaving Australian waters and will recommence when the vessel has cleared Australian Customs and Immigration on its return.

However we will provide cover in circumstances where your vessel goes beyond the geographic limits:

- to reasonably respond to an unforeseen emergency; or
- because of circumstances beyond the reasonable control of the person in charge or control of your vessel; or
- we have agreed to extend cover in writing.

If your vessel is a total loss

If there has been a total loss claim paid, your vessel or damaged item will become our property and we will keep the proceeds of any salvage sold.

There is no premium refund payable if we settle a claim for your vessel on a total loss basis.

Licensing and manning of your vessel

Your vessel must at all times be:

- in current survey and properly registered with the appropriate government authorities;
- operated in compliance with and within the limits of any licence or government authority restrictions or conditions; and
- operated by a master or skipper or other person who (where required) is the holder of an appropriate licence or competency certificate.

Usage of your vessel

This policy provides cover for your vessel based on the commercial use declared by you and detailed on your Certificate of Insurance.

The usage includes voluntary rescue work and incidental private use by you and your employees provided that statutory commercial licensing, registration, classification and survey requirements are complied with.

7. Making a claim

What happens if you need to make a claim?

If an event occurs that is likely to result in a claim, the following checklist will help you ensure that you have done everything you need to do, so that your claim can be assessed quickly. Not all items may be applicable to your claim.

First you should:

- Report the accident to the appropriate Marine Authority,
- do what you can to prevent any further loss, damage, cost or liability;
- tell the police if the event involves theft, attempted theft, malicious damage or impact;
- call us on 1300 996 110 or your insurance broker as soon as possible.
- Email: claims@nautilusinsurance.com.au

You must never, without our consent:

- admit guilt, fault or liability (except where required by law);
- offer or negotiate to pay a claim;
- approve any repairs or arrange replacements (other than emergency repairs necessary to minimise or prevent further loss or damage);
- dispose of any damaged property.

We will also require you to:

- provide us with the proof that we require regarding lost or damaged items;
- help us manage the claim, which may include us inspecting your vessel or asking you questions, or you providing written statements to us under oath;
- keep items that have been damaged and allow us to inspect them or assess repair costs;
- allow us to take possession of damaged property that is the subject of a claim;
- send us any communication you receive relating to the claim (including telling us of pending court proceedings or offers of settlement);
- help us as we work to negotiate, defend or settle any claim made under the policy and to exercise for our benefit your legal right of recovery against any other party;
- tell us about any other insurance that may be relevant to the claim.

What happens after you make a claim?

If your vessel or other item is covered under the policy we will at our discretion:

- repair or replace your vessel or item;
- pay you the reasonable cost of repairing or replacing your vessel or item; or
- pay you the agreed value or market value of your vessel or item (whichever is applicable).

However, we will never pay more than the relevant sum insured or limit specified in this document or on your Certificate of Insurance less any applicable excess.

If we pay you the reasonable cost of repairing or replacing your vessel or item, our payment will be based on the cost to repair or replace it as near as possible to its appearance and condition immediately prior to the claimed loss or damage.

If we accept your claim we will pay for damage to mechanical and electrical components of the motor, up to its agreed value or market value (whichever is applicable), on a new for old basis for motors up to 12 months of age. Where possible we will use the manufacturer's genuine parts.

8. What you are insured against – Your vessel

Your Nautilus Commercial vessel insurance covers your vessel for sudden and unforeseen loss or damage to the commercial vessel listed as insured on your Certificate of Insurance and caused by any of the following insured events:

Accidental Loss or Damage

We will cover you for accidental loss or damage to your vessel. This includes damage caused by fire, storm, impact, sinking, submersion and any other event not specifically excluded by the policy.

You are not covered for loss or damage:

- to an outboard motor when secured to the vessel or vessel's tender in a manner other than that specifically recommended by the manufacturer of the motor, the vessel or the vessel's tender.
- specifically excluded under the other Insured Events listed in this policy.

Theft

We will cover you for the theft of the vessel and/or its contents and personal effects.

You are not covered for theft:

- by someone who is using the vessel with your consent unless we have agreed in writing to provide cover for the bare boat chartering of your vessel or use by a member of a managed recreational boating group.
- of fishing, diving, water skiing and aquaplaning equipment, contents and personal effects unless there is physical evidence of violent and forcible entry into your vessel or the loss involves violent and forcible removal of the items from the place of storage.

Malicious Damage

We will cover you for malicious damage to your vessel.

You are not covered for loss or damage:

- caused by you or a person acting with your express or implied consent.

Transit Damage

We will cover you for loss or damage sustained in an accident which occurs while your vessel is being transported on its own trailer by road, rail or ship.

You are not covered for loss or damage if:

- your vessel is not designed to be normally transported on a trailer;
- you have not complied with all statutory requirements;
- your vessel is being transported by a professional carrier unless we have agreed to extend cover in writing.

Latent Defect

We will cover you for loss or damage arising out of a latent defect within the hull, motors, masts, spars and rigging,

You are not covered:

- if the latent defect resulted from a lack of due diligence on your part;
- for the cost of repairing and/or replacing the latently defective part itself.

9. Vessel – Additional benefits

The policy is extended to include the following additional benefits when your vessel is lost or damaged as a result of one of the Insured Events detailed in Section 8.

Personal Effects

We will pay up to \$5000 in total for loss or damage to personal effects owned by you and your crew which are being used or stored on your vessel at the time of loss or damage.

The cover for personal effects is restricted to clothing, shoes, waterproof gear and manchester.

Fishing, diving, waterskiing and aquaplaning equipment

We will pay up to \$5,000 in total for loss or damage to your fishing, diving, waterskiing and aquaplaning equipment provided that they are being stored on your vessel at the time of loss.

There is no cover for theft unless there is physical evidence of violent and forcible entry into your vessel or the loss involves violent and forcible removal of the items from the place of storage.

Emergency Land Transit

We will pay up to \$1000 towards the cost of towing your vessel in an emergency to your home or the nearest place where repairs can be made.

No excess is applicable to a claim for this additional benefit and our payment will be in addition to the sum insured for your vessel.

Repairer's Negligence

We will pay for loss or damage to your vessel caused by the negligence of any repairer engaged by you to repair your vessel.

This additional benefit does not extend to include cover for the repairer under the legal liability section of this policy.

Arrest or Detention

We will pay for loss or damage to your vessel together with reasonable legal fees and expenses incurred in obtaining the release of the vessel following impounding, arrest, detention, confiscation or any similar act by any government as a result of any act committed without your knowledge by a charterer, master or crew member.

Government Authority

We will pay for loss or damage to your vessel caused directly by any Government Authority acting in the interests of public welfare to prevent or mitigate a pollution hazard, or the threat of a pollution hazard, which has arisen directly from damage to your vessel which is covered by this policy.

There is no cover under this additional benefit if the act of the Government Authority has resulted from a lack of due diligence by you to prevent or mitigate such hazard or threat.

Barratry of Master, Officers or Crew

We will pay for loss or damage to your vessel arising out of any wrongful act carried out by the master, officers or crew which is contrary to any duty owed by them to you.

Expenses to avoid or minimise loss

We will pay the reasonable cost to minimise loss or damage if your vessel gets into difficulties or sustains damage in an accident. The cover for this additional benefit will be restricted to the cost incurred in:

- removing your vessel to safety (including emergency towing);
- drying all of the electrical equipment on the motors(s);
- cleaning and oiling of the motor(s) by a qualified mechanic.

You do not need our authority to take such action if it is an emergency and you are unable to obtain our authority. You must advise us as soon as possible after the action has been taken.

These emergency costs are paid in addition to the sum insured shown on your Certificate of Insurance for your vessel.

Recovery or Removal of Wreck

We will pay the reasonable cost for the removal or recovery of the remains of your vessel if it is damaged or sinks accidentally and we agree to recover it or the law requires the wreck to be removed.

These costs will be paid in addition to the sum insured for your vessel.

Negligence of Master, Officers, Crew

We will pay for loss or damage to your vessel arising out of the negligence of the master, officers, crew.

There is no cover under this additional benefit if the loss or damage has resulted from a lack of due diligence by you.

Shore Cover

All parts of the vessel are covered, subject to the terms of this policy, whilst they are ashore being repaired, overhauled or being refitted and during transit from and to the vessel for that purpose

Loss of Hire Income

We will pay for your loss of hire income arising out of the loss or damage that occurs during the current period of insurance to a vessel/s noted on the Certificate of Insurance. We will pay one third of your normal daily hire fee limited to a maximum of \$1000 per day for the

period the vessel/s are temporarily disabled from earning anticipated hire income. We will pay no more than 7 consecutive days of loss hire income in the aggregate during the period of insurance shown on the Certificate of Insurance. There is no cover for loss of hire income during the first 30 days following loss of or damage to your vessel/s

There is no benefit payable under this benefit if the loss of hire income :

- Is not caused by one of the events detailed under 8 “what you are insured against “ section of the policy
- Arises out of loss or damage that is excluded under either the “what you are insured against “ and or the “General Exclusions” section of the Policy PDS
- Follows a total loss of the vessel ,or:
- Arises from inadequate repairs being affected to the vessel

It is a requirement of this additional benefit that the insured keep and make available to Nautilus Marine , a complete and accurate record of the daily hire fees for all charters during the currency of the policy to substantiate the loss of hire income being claimed.

10. Vessel – Optional benefits

The following optional benefits can be added to your Nautilus commercial vessel insurance for an additional premium. If taken, these benefits will be shown on your Certificate of Insurance.

Sailboat Racing Cover

This optional benefit extends cover under the policy for loss or damage caused by the Insured Events detailed in Section 8, while your vessel is competing in sailboat races of up to 100 nautical miles.

Breach by Bareboat Hirer or Member of a Managed Recreational Boating Group

This optional benefit extends cover under the policy for loss or damage caused by the insured events detailed in Section 8 while your vessel is under the control of a Bareboat hirer or Member of a Managed Recreational Boating Group who is using the vessel while under the influence of alcohol or drugs.

You will not be covered if you were aware that the bareboat hirer or Member of a Managed Recreational Boating Group was under the influence of alcohol or drugs at the time of taking control of your vessel.

Extended Breach by Bareboat Hirer or Member of a Managed Recreational Boating Group

This optional benefit extends cover under the policy for loss or damage caused by the insured events detailed in Section 8 while your vessel is under the control of a Bareboat hirer or Member of a Managed Recreational Boating Group even though the claim arises solely by reason of a wrongful act or misconduct of a Bareboat hirer or recreational boater under management who is using the vessel.

You will not be covered if you were aware that the bareboat hirer or recreational boater under management was committing a wrongful act at the time of taking control of your vessel.

Mechanical Breakdown

If you take this option we will cover sudden and unforeseen physical loss or damage to your vessel's motor(s) and or refrigeration which causes immediate stoppage and requires repair or replacement to enable the motor(s) and or refrigeration to continue operating.

This optional cover only applies to motor(s) and refrigeration up to 10 years from the date of manufacture that have been regularly serviced and maintained in accordance with manufacturer's recommendations. In the event of a claim, copies of service records will be required. In the event of loss or damage claimed under this option it is agreed that an additional excess of 10% of the repair costs will be applied to the standard policy excess applicable .

11. Legal liability

We will cover your legal liability to pay compensation as a result of an accident involving your vessel which is caused by your negligence and results in:

- death or bodily injury to a person other than you or your paying passengers unless agreed & extended.
- damage to other people's property, excluding your paying passengers.

This legal liability cover also applies when you are using a substitute vessel that is not owned by you, a member of your household or any person in your employ because your own vessel is unable to be used because it is undergoing unscheduled maintenance or repairs. There is no cover for damage to the substitute vessel while being used by you.

Your insurance does not cover any liability arising out of the non marine related business activities you undertake in using your vessel.

The amount we will pay

We will pay the cost of compensation and legal fees and expenses that you or any other person covered by the policy is liable for, provided that we consent to the costs of any legal fees and expenses you or they incur, in writing before they are incurred.

The maximum amount we will pay under this cover is the liability amount shown on the Certificate of Insurance in total for all claims that arise from any one accident. This maximum includes all legal fees and expenses.

12. Liability – Additional benefits

The accidental discharge, release or escape of fuel, lubricants or sewage

We will cover you for property damage caused by or arising from a sudden and unexpected and unintended discharge directly or indirectly

arising from the release or escape of fuel, lubricants or sewage from your vessel. The cover is restricted to damage that occurs at a clearly identifiable time and place during the period of insurance. We will pay no more than \$500,000 inclusive of legal costs for any one accident or series of accidents arising out of the same event.

This additional benefit does not cover your legal liability that arises from:

- your own wilful negligence or misconduct;
- the wilful negligence or misconduct of any person in possession of your vessel with your permission other than where the usage of your vessel is shown as bare boat charter or recreational boating club on your Certificate of Insurance;
- fuel or lubricants not being used in connection with the operation of your vessel at the time of loss.

We will also cover you for any fines or penalties imposed on you for a breach of any federal, state or local environmental protection legislation, providing that the breach was not caused by wilful negligence or misconduct by you or any person in possession of your vessel with your permission to a maximum of \$50,000 in the policy year.

Cost of cleaning up an accident site

This optional benefit will provide up to \$500,000 cover for the cost of cleaning up an accident site following an insured event provided that you are liable for the clean up and the discharge, spillage, leakage or emission was not caused by your negligence or wilful misconduct.

13. Liability – Optional benefits

The following optional benefits can be added to your Legal Liability cover for an additional premium. if taken, these benefits will be shown on your Certificate of Insurance.

Passenger Liability – excluding food and drink

This optional benefit covers your legal liability for personal injury or death to any paying passenger or damage to their property following an accident caused by the use of your vessel for the carriage of passengers.

The cover provided by this benefit only applies while passengers are either being carried on, embarking or disembarking your vessel via a private or commercial jetty, pontoon or wharf. If a tender is insured under this policy the liability extends to include the transfer of passengers from your vessel to shore.

This optional benefit is limited to the maximum number of paying passengers listed on your Certificate of Insurance.

Passenger Liability – Food and Drink

This optional benefit extends the cover provided by the Passenger Liability optional benefit to also include personal injury, illness or death to any paying passenger arising out of the nature, condition or quality of any food or drink sold or supplied by you on your vessel.

This is limited to the maximum number of paying passengers listed on your Certificate of Insurance.

This extension does not cover the legal liability of any private or contract caterer.

Water-skiing and Aquaplaning Activities Extension

This optional benefit extends the legal liability section of the policy to cover you or any person allowed by you to control your boat and the observer (within the requirements of any law) against any legal liability for

- Accidental death or bodily injury to a water skier or aquaplaner towed by your boat
- Accidental death or bodily injury to any person caused by a waterskier or aquaplaner being towed by your boat
- Accidental damage to another persons property caused by a water skier or aquaplaner being towed by your boat
- This benefit will also cover the water skier or aquaplaner being towed by your vessel for their legal liability to others for accidental death or bodily injury or damage to another persons property.

In addition to the liability exclusions noted in this PDS , the following exclusions apply to this optional benefit:

- Liability arising out of waters skiing or aquaplaning when:
- There is no a legally competent observer in addition to the driver on board your vessel at the time of the incident
- An aerial device or ski ramp is being used
- A ski mast, ski pole, or ski tower are being used unless it has been professionally designed , manufactured and installed
- Involved with any competition waterskiing/ wakeboarding or waterskiing racing whatsoever
- Using any device not designed and professionally manufactured for the purpose of being towed behind a vessel. (ie surfboards, tyre tubes etc)

14. Exclusions to your liability cover

We will not pay legal liability that arises:

- from bodily injury, illness or death:
 - to you or any person covered by the policy;
 - to any person, (other than a bare boat hirer or recreational managed boating partnerships) who is allowed by you to control your vessel;
 - to any person who is covered or should have been covered by any compulsory compensation insurance, including any compulsory third party insurance;
 - either caused by, directly or indirectly from, or in anyway connected with the activity of scuba diving; boom netting or parasailing;

- from loss or damage to:
 - any property owned by you or in your physical or legal control;
 - any property owned by, or in the physical or legal control, of a person allowed by you to control your vessel;
 - third party property arising while your vessel is being towed by a vehicle or from the vessel breaking away from or accidentally becoming detached from the towing vehicle;
- while your vessel is in the charge of or physical control of builders, repairers, yacht clubs or marina operators unless for emergency purposes to minimise any loss or damage covered under the policy;
- other than from the hull, motors, masts, spars, rigging, sails, equipment and accessories being on and/or used on the insured vessel, vessel tender or trailer;
- out of the towing of any person or objects in the air;
- from the transmission of any disease;
- from asbestos or any product containing asbestos;
- from any event or liability for which you are required by law to hold an insurance policy;
- for any penalties, fines, punitive or exemplary or aggravated damages for which you are liable unless otherwise covered by this policy;
- for actions brought against you in a court outside Australia or a court that applies law that is not Australian law;

15. General exclusions

Like most insurance policies there are exclusions that apply to all covers.

You are not covered for any loss or damage caused by or resulting from, or the costs incurred from or of:

- the failure to maintain your vessel in good order and repair, or in a proper state of seaworthiness and in compliance with all statutory requirements;
- wear and tear, mould, gradual deterioration, timber rot, delamination, vermin, corrosion, rust, electrolysis, osmosis or marine growth;
- inherent defects, structural faults, faulty workmanship (unless coverage provided elsewhere within this policy) or faulty design;
- damage to sails caused by normal wear and tear and/or wind or water;
- the use of your vessel or any vessel covered by the policy for bareboat; hire, charter or reward, of any kind unless you have advised us and we have agreed to extend cover in writing; any illegal or deliberate action by you, or someone acting with your express or implied consent;

- your vessel or any vessel covered by the policy having been fitted with a motor more powerful than that recommended by the manufacturer of the hull;
- the lawful seizure, confiscation, nationalisation or requisition of your vessel or any other item covered by this policy (this exclusion does not apply to coverage afforded under the Arrest or Detention additional benefit provided within this policy);
- the mooring for your vessel or any vessel covered by the policy not being:
 - of a suitable design and weighting for the vessel;
 - appropriately sited;
 - in good order and regularly maintained on an annual basis;
- while your vessel or any vessel covered by the policy being under the control of:
 - an unlicensed person when a license is necessary;
 - a person without adequate experience to reasonably control the vessel;
 - a person under the influence of alcohol or drugs;
 - a person who has been refused vessel insurance within the last five years unless you have advised us of the refusal and we have agreed in writing to cover that person under the policy.

This exclusion does not apply if you can prove that:

- you did not know or had no reason to suspect that the person in control of the vessel fell into any of the aforementioned categories;
- it was reasonable for that person to assume control of the vessel as a result of an unforeseen emergency.
- while your vessel or any vessel covered by the policy is being used for power vessel racing or speed tests, unless you have advised us and we have agreed to extend cover in writing;
- a lack of reasonable care, protection and/or security of your vessel or any vessel covered by the policy or other insured property;
- your vessel or any vessel covered by the policy exceeding the speed limit shown on your Certificate of Insurance;
- the use of your vessel or any vessel covered by the policy or other insured property for any unlawful or illegal purpose;
- false or fraudulent representation by you or any person who is acting with your express or implied consent. We may refuse payment of the claim and/or cancel the policy under these circumstances;
- war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power or by contamination or pollution by chemical, biological or nuclear agents which results from an act of terrorism);
- pollution or contamination except as otherwise specifically covered in the policy;

- an incident involving your vessel while it is outside the geographic limits noted on your Certificate of Insurance unless you have advised us and we have agreed to extend cover in writing;
- a bushfire or named cyclone within the first 48 hours of the start of the policy unless you bought your vessel on the start date of the policy or you transferred a vessel insurance policy, with equivalent cover, from another insurance company without interruption in cover;
- electronic or mechanical derangement of electronic equipment, data, virus, malfunction or processing error;
- mechanical, structural, electrical or electronic breakdown or malfunction unless:
 - directly caused by one of the insured events listed earlier in this policy; or
 - we have agreed to extend cover in writing;
- the modification of your vessel and/or motor from the manufacturer's specifications unless you have advised us and we have agreed to extend cover in writing;
- mechanical parts that are not in accordance with the manufacturer's original specifications;
- a motor caused by or resulting from seizure and/or overheating unless caused by an accident which is otherwise an accepted claim under the policy;
- radioactivity or the use, existence or escape of any nuclear fuel, nuclear material or nuclear waste;
- improving or altering your vessel;
- any consequential loss or loss of profit unless otherwise covered by this policy;
- Your liability under any contract, or if you have agree to or accepted liability without our prior agreement;
- Acts or omissions by you or someone with your consent, if the acts are unlawful or are intended to be done with reckless disregard for the consequences.
- Any mental loss.

16. What do our words mean?

accident/accidental

means an event that you did not expect or intend to happen.

agreed value

means the amount(s) we agree to insure your vessel for as shown on your Certificate of Insurance. A separate agreed value will apply to each of the hull, motor, mast, spars, rigging & sails, trailer and equipment and accessories.

certificate of insurance

means the latest Certificate of Insurance we give you. We give you a Certificate of Insurance when you first buy the policy or whenever any part of the policy is changed or when the policy is renewed.

managed recreational boating group

means anyone who is a member of a recreational managed boating Group.

contents

means portable household goods, appliances, refrigerators, microwave ovens, televisions, glassware, crockery, cutlery and cooking utensils while on your vessel only.

contents does **NOT** include

antiques, ornaments, works of art, jewellery, precious stones, furs, curios, collectibles, items that contain gold and silver, bonds, cash, credit cards, cheques and any similar financial items, cameras, portable radios, mobile phones, pagers, electronic organisers, tools of trade, bicycles, computers, software and computing equipment.

delamination

means the peeling or separation into thin layers of the materials used in the construction of the vessel.

diving equipment

means recognised and commercially manufactured sports diving equipment including regulators, tanks and buoyancy compensation devices owned by you.

electrolysis

means the chemical decomposition by electric action.

equipment and accessories

means items manufactured and intended for use on your vessel that are portable or not permanently attached to the hull.

Equipment includes depth sounders, marine radios/transceivers, navigation equipment, fish finders, tools, fishing gear, water ski and diving equipment.

Accessories include vessel covers and canopies, batteries, portable fuel tanks, anchors, paddles, oars, tender and similar items used for safety equipment as required by law.

event

means an occurrence, including continuous or repeated exposure to the same proximate cause.

excess

means the amount you must contribute when a claim is accepted under the policy.

Fire

means accidental damage caused to the vessel from combustion of materials

fishing gear

means rods, reels, tackle and other similar equipment owned by you and used for the purpose of recreational/sport fishing. Non prescription sunglasses are not covered.

geographic limit(s)

means all waters within Australia and those waters off the coast of Australia as restricted or noted on your Certificate of Insurance.

hull

means the shell of the vessel, deck, fixtures and fittings including carpets and curtains either on or below deck that are not normally removable and would normally be sold with the vessel.

inherent defect

means the inbuilt property of the vessel itself which may cause or contribute to the loss or damage.

latent defect

means a hidden flaw or defect in the construction of the vessel which is not readily discoverable by a competent person.

lay up

means the period nominated by you during which you do not use your vessel and you keep it on its trailer at the address shown on your Certificate of Insurance.

malicious damage

means intentional damage to your vessel by someone other than you and without your consent.

market value

means the retail value of items of a similar type, age and condition, with adjustment for special features if any. We may use recognised industry publications to calculate the amount.

motor

means stern drive units, inboard and outboard engines as described in the Certificate of Insurance and include the propeller, shaft, gearbox, skeg, jet unit, wiring harness, instruments, portable fuel tank, battery, control cables, desalinator and generator.

non marine related business activities

means activities other than those used in the actual operation of the vessel.

The following are examples of activities that are considered to be non marine related business activities however this is not an exhaustive list.

- Any underwater activity;
- Any airborne activity;
- The transport of goods in return for remuneration;

osmosis

means blistering of a gel coat and entrapment of moisture.

period of insurance

means the period of time that you are covered by the policy. This period is shown on your Certificate of Insurance.

personal effects

means personal items belonging to you or your crew which are being used or stored on your vessel at the time of loss. The cover for personal effects is limited to clothing, shoes, waterproof gear and manchester.

policy

means your insurance contract with us. It includes this document, your insurance application and the Certificate of Insurance including any endorsements issued by us.

salvage

means either the action of saving your vessel in a time of peril or what is left of your vessel after it has suffered loss or damage.

salvage charges

means reasonable charges and expenses which are incurred in salvage or in preventing or minimising loss or damage to your vessel.

seaworthy

means a vessel that is well maintained, in good repair, is adequately manned by competent crew, properly equipped and provisioned, and in all respects in a condition to withstand the ordinary perils of the sea.

sum insured

means for an agreed value policy the sum(s) insured specified in the Certificate of Insurance for any item(s).

This is the maximum amount we will pay in relation to the relevant item(s).

For a market value policy the maximum amount we will pay for any item(s) will be the lesser of either the sum insured listed on your Certificate of Insurance or the market value of the lost or damaged property.

tools

means those tools used for the normal operation of the vessel.

total loss

means the loss of your entire vessel or damage to your vessel which we consider to be uneconomical to repair.

trailer

means a vehicle designed to be towed by a motor vehicle and used in transporting the vessels described in the Certificate of Insurance. It must be roadworthy, and in a condition that complies with registration requirements.

vessel

means the vessel described in the Certificate of Insurance, including its hull and contents, motors (including fuel tanks), masts, spars, rigging and sails, trailer, equipment and accessories and vessel tender. It includes any replacement vessel.

It excludes modifications you have not told us about or which are not shown on your Certificate of Insurance.

vessel tender

means an auxiliary vessel or dinghy used as a lifeboat or means of transportation between your vessel and shore. The vessel tender must be marked with the same registration number as the vessel listed on your current Certificate of Insurance and not registered in its own right.

water ski equipment

means commercially manufactured water ski equipment owned by you.

we, us, our

means Nautilus Marine Insurance Agency Pty Ltd as agent for the insurer of the policy, certain underwriters at Lloyd's.

you, your

means the person or persons named as the insured on your Certificate of Insurance.

If more than one person is named as the insured, we will treat a statement, act, omission or claim of any one of those people as a statement, act, omission or claim by all those people.

17. Our obligations to you

Renewing the policy

At least 14 days before the policy expires we will send you a renewal notice, outlining our renewal terms, if any. You are not obliged to renew the policy with us.

If you pay your policy in monthly instalments then unless you are otherwise notified by us, we will automatically renew your policy each year on the terms contained in the renewal invitation we send you, unless you tell us otherwise prior to the expiry date. This PDS (together with any amendments, updates or endorsements that we give you in writing) also applies for any offer of renewal we make, unless we tell you otherwise or issue you with a new updated PDS.

Your cooling off period continues to apply on each renewal. Each renewal is a separate contract and not an extension of the prior contract.

Cancelling your insurance

You can cancel the policy at any time by calling us. We will explain the cancellation process to you.

We will refund any premium you have paid, less an amount that covers the period for which you were insured, unless there has been a total loss.

We can cancel your insurance to the extent permitted by law, for example if you do not comply with the policy terms and conditions, fail to pay your premium, make a fraudulent claim or if you did not comply with your Duty of Disclosure or misrepresented information when you entered into the policy. If we cancel the policy we will send you a cancellation letter.

General Insurance Code of Practice

This Certificate insurance is Insurance Council of Australia's General Insurance Code of Practice compliant, 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.

How we protect your privacy

We value your privacy. Our Privacy Policy, available at **www.nautilusinsurance.com.au** or by calling us, sets out how we protect your personal information. We collect, store and use your personal information to determine whether to offer cover, to administer your and our rights under the policy (e.g. to handle claims) and to provide you with and inform you about insurance and insurance related services we can provide. We may communicate your personal information to our service providers for these purposes (e.g. other insurers, loss assessors, claims handlers, lawyers and accountants). This will always be done as permitted by the relevant privacy legislation.

If you wish to stop receiving information about the insurance and insurance related services we can provide, you can call us or email– **customerservice@nautilusinsurance.com.au** You also have a right to seek access to and correct your personal information held by us. If you would like to do this please call us.

How we resolve your complaints

This Insurance is Insurance Council of Australia's General Insurance Code of Practice compliant, 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. Any enquiry or complaint relating to this Insurance should be referred to the Coverholder shown above 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 write to:

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

who will refer your dispute to Policyholder & Market Assistance at Lloyd's.

Complaints that cannot be resolved by Policyholder & Market Assistance may be referred to the Financial Ombudsman Service (UK). Further details will be provided at the appropriate stage of the complaints process.

The Underwriters hereon agree that:

In the event of a dispute arising under this Insurance, the Underwriters at the request of the Assured will submit to the jurisdiction of any competent Court in the Commonwealth of Australia. Such dispute shall be determined in accordance with the law and practice applicable in such Court.

- (ii) Any summons notice or process to be served upon the Underwriters may be served upon:

Nautilus Marine Insurance Agency Pty Ltd
28-32 George Street
Sandringham VICTORIA 3191

who has authority to accept service and to enter an appearance on the Underwriters' behalf, and who is directed at the request of the Assured to give a written undertaking to the Assured that he will enter an appearance on the Underwriters' behalf.

- (iii) If a suit is instituted against any one of the Underwriters, all Underwriters hereon will abide by the final decision of such Court or any competent Appellate Court.

The amount of Premium specified within the schedule is the amount due to the Underwriters and any commission allowed by them is to be regarded as remuneration of the Coverholder placing this Insurance.

In the event of a claim arising under this Insurance IMMEDIATE NOTICE should be given to:

The Claims Manager
Nautilus Marine Insurance Agency Pty Ltd
28-32 George Street
Sandringham VICTORIA 3191

Contacting us

If you need to contact us for any reason about your insurance or to obtain confirmation of any policy transaction, please call us on: **1300 780 533** or by mail to

28-32 George Street Sandringham VIC 3191



NAUTILUS MARINE
INSURANCE AGENCY

28-32 George Street, Sandringham, Victoria 3191

Phone: 1300 780 533

Email: customerservice@nautilusinsurance.com.au

Website: www.nautilusinsurance.com.au