

THE COMMERCIAL COMBINED MARINE TRADE POLICY SUMMARY OF COVER

THE POLICY

We can offer a specifically designed Commercial Combined policy to protect marine trade businesses.

DATA PROTECTION ACT 1998

In order to assist us in providing a fast and efficient service to our clients we maintain a data base of all information provided on this Proposal Form and contained in any policy schedule and also in respect of correspondence exchanged between us. Some of this information is sensitive particularly relating to criminal convictions.

WHO CAN INSURE WITH THIS POLICY?

Anyone involved in the marine leisure trade business including but not limited to:

- boat builders, manufacturers and outfitters;
- boat vendors, boat valeters and boat maintenance;
- boatyards;
- chandlers;
- hire fleet operators;
- marinas;
- marine electricians;
- marine engineers;
- mooring owners and layers;
- pier owners;
- riggers working up to 10 metres;
- sail makers;
- water sport retailers;
- yacht brokers

BACKGROUND

This is only a summary and is subject to all the terms, provisions, conditions and warranties of the policy and dependent upon the cover which you choose to take. We will provide a specimen policy to allow you to make an informed decision about the policy and on request.

SUMMARY OF COVER

Material Damage

This Section insures physical loss of or damage to your business property.

Business Property at your Premises

We will cover you for all risks of loss or damage to your business property at your premises subject to the usual

exclusions such as wear and tear, gradual deterioration, faulty workmanship, mechanical or electrical breakdown, as set out in Section 1.

Subsidence damage is not included although you can cover this by payment of an additional premium.

Theft, with certain exceptions, is restricted to theft following forcible and violent entry to or exit from buildings.

1. Buildings

If you wish to insure buildings at more than one location, please allocate a separate sum insured for each site. It is in your interest to specify individual buildings separately.

We can also arrange insurance for full rebuilding/replacement costs (reinstatement) or upon the written down value of the property concerned.

If you decide to insure on a 'reinstatement' basis, then your sum insured should allow for the cost of replacing and rebuilding the buildings as new.

In choosing the amounts you wish to insure for buildings, please ensure they represent the full rebuilding cost including professional fees and site clearance costs and incorporate all buildings, service tanks, pipes, wires and cables, walls, gates and fences, landlord's fixtures and fittings and sanitary ware.

2. Stock

You should not include vessels, engines or trailers which you use other than for display ashore under this Section; they should be insured under Section 4 – Marine.

In insuring your stock you are asked to carefully note the specified categories and allocate the stock sum insured appropriately. If there is no specified category, use one of the free spaces.

It is essential you insert a sum insured against each specified item of stock that you have because if you do not, it will not be insured.

3. Business Property at the premises

This includes all office contents, furniture and furnishings, stationery, documents, books, personal effects, employees tools and pedal bicycles, computers, and associated equipment and computer system records whilst at your premises. Business property away from your premises should be insured under a separate Section (see below for details).

4. Machinery

You are required to specify separate amounts for:

- (i) lifting tools and yard plant. Cover includes theft from a locked compound;
- (ii) hand tools;
- (iii) all other machinery.

Plant, fixtures and fittings, utensils and tools of the trade, are included in this category. Any gaming or vending machines should be separately specified.

5. Marina Installations

This includes piers, quays, docks, slip-ways, gangways, pontoons, moorings, piles, dolphins, staging, jetties, breakwaters together with their equipment and services.

6. Moulds

This includes moulds, tools and plugs and includes theft from a locked compound.

It is important for you to insure your property for its full value. If you insure it for less and if you make a claim, you will only receive a proportionate part of the amounts of any loss. This is known as 'Average'.

Glass

Breakage of all external and internal glass at the premises can be covered. The Section automatically includes the cost of boarding up after a breakage, making good damage caused to frames and fittings, removing and replacing window fittings and other obstructions to replacement, damage to goods in display windows and replacing any superimposed lettering or designs on glass.

We can extend cover to insure you against the breakage of illuminated signs and sanitary ware.

Business Property away from the premises

Under this Section you insure equipment that may be elsewhere other than at your premises. Such things include photographic equipment, survey equipment, portable computers, mobile telephones or tools.

You should state the geographic limits or location for which cover is required for each item. For goods away from your premises, underwriters are likely to exclude theft from unattended vehicles.

Frozen Food

We will cover you for physical loss of or damage to food in a freezer caused by a rise or fall in temperature resulting from breakdown of the plant, accidental failure of the public supply of electricity or escape of refrigerant or refrigerant fumes from the plant subject to the exclusions in this Section.

Goods in Transit

This Section covers your goods against most risks of loss or damage whilst in transit within the United Kingdom by land or water. This can include:

- (a) transit by your own vehicles or on trailers attached;
- (b) transit by haulier or post;
- (c) cover whilst temporarily stored in securely locked premises for up to 30 days whilst in the course of transit.

Exhibitions

We cover loss of or damage to exhibits, stock (including vessels), stands and equipment at any exhibition in the United Kingdom including transit to and from the exhibition.

In addition this Section can include reimbursement of incurred expenses resulting from cancellation by the organisers of the exhibitions.

Financial Loss

This Section covers your financial loss to the business such as consequential loss following damage to your property, loss of money and defective title in vessel.

Business Interruption

Loss or damage to business property by any risks could mean interruption and disorganisation of the business leading to loss of income and extra expense.

This Section compensates you for loss of income in your business resulting from insured loss or damage.

Any extra costs incurred by implementing emergency measures to keep the business operating and to minimise the effects of the damage, are also included.

In calculating the sum insured you should take into account the gross profit of the business, allowing for the trend of the business and the indemnity period selected.

Gross profit is defined as the total of the turnover plus closing stock and work in progress less the amount of the cost of purchases (less discounts), opening stock and work in progress.

For some business, for example a charter operator or yacht broker, a gross revenue or gross fee basis of calculating the sum insured may be considered more appropriate.

The indemnity period should represent the maximum period during which the results of your business could be affected by insured loss or damage. The length of the indemnity period you choose depends not only on how long it will take for the buildings to be rebuilt or machinery and plant to be replaced but also on how long the business will take to regain the level of earnings that were current when the loss or damage occurred. The period should not normally be less than 12 months.

You should consider carefully how you should calculate the basis of the sum insured.

Sum Insured Basis

The sum insured should represent not less than the gross profit, gross revenue or gross fees of your business which you expect to obtain for the whole of the maximum indemnity period.

You should also bear in mind that a loss could occur near the end of the period of insurance so you should make full allowance for growth and inflation not only in the next year but in addition for the full length of the maximum indemnity period chosen.

If the sum insured you choose proves inadequate claims become subject to a proportional reduction.

Declaration Linked Basis

Before the start of the period of insurance you must declare the estimated gross profit, gross revenue or gross fees that you expect to be earned by your business during the year.

The Insurers' liability is limited to 133.33% of the declared estimated amount. If your original estimate proves to be too low, you have inflation protection up to one third above your estimate. When the actual gross profit or gross revenue or gross fees become known, the premium, which is based on your estimate, is adjusted upwards or downwards.

Book Debts

You may insure for those amounts owed by your clients whom you are unable to identify following damage to books of account and other records.

The additional cost of trying to trace customers' outstanding balances is also covered.

Additional Cost of Working

You can insure for an amount, which you may incur to maintain the business during the indemnity period.

Alternatively, it is possible to insure for the increased cost of working only without insuring your gross profit or revenue.

Extensions

You may also choose to insure against certain risks to your business such as utilities failure, breach of canal and infectious disease. Full details of the extensions available are contained in the policy, a copy of which may be obtained on request.

Financial Loss of Money

You can cover loss of money in the course of your business that may occur as a result of certain events.

You can include personal accident assault benefits should injury result to you or an employee because of an attack while carrying or in charge of money in the course of your business. Money left in unattended vehicles will not be covered.

Assault Cover Tables

	INSURED EVENT	BENEFIT
1.	Death	£10,000
2.	Total or permanent loss or loss of use of one or more limbs, hands or feet	£10,000
3.	Total or permanent loss of sight of one or both eyes	£10,000
4.	Total or permanent loss of hearing or speech	£ 5,000
5.	Permanent total inability to attend any occupation	£10,000
6.	Temporary total inability to attend to the usual occupation – per week	£ 50

Financial Loss – Defective Title to Vessels

If you sell or buy a vessel, you can insure the risk that you do not give or take good title for the vessel.

Liabilities

Employer’s Liability

This Section covers your legal liability for injury to employees. Injury includes death, illness, disease or nervous shock occurring in the course of their employment. Legal costs in defending a prosecution under the Health and Safety at Work legislation are included as are the costs of representation at a Coroner’s inquest or fatal accident hearing.

Employees are covered anywhere in the United Kingdom or working elsewhere in the world if they are based in the United Kingdom.

The limit of our liability in respect of any one event is £10,000,000 except in the case of terrorism when the limit is £5,000,000. This cover complies with current legislation relating to compulsory insurance.

Public Liability Insurance including Boatyard Liability and Product Liability

You can insure against your legal liability for injury to third parties and damage to their property which may arise out of your business activities. This protection includes:

- Liability caused by defects in the premises, plant, tackle, slip-ways, jetties or moorings used in the business or by careless use of cranes, hoists or other plant.
- Liability arising out of work done. We do not pay for the cost of making good faulty workmanship or of replacing materials which give rise to the claim.
- Liability caused by goods sold, supplied, manufactured, repaired, tested or serviced by you.
- Car park liability.
- Liability for vessels in your custody.
- Liability incurred when working away in the United Kingdom or European Union, including overseas trips (except for the USA and Canada) and at exhibitions in the United Kingdom.
- Demonstration, tuition or trial trips (subject to certain limits of speed, time and distance).
- Liability for damage to premises hired or rented to you for the business.
- Liability under the Defective Premises Act or Data Protection Act.
- Liability arising from sudden unintended and unexpected pollution.
- Liability in respect of pressure devices, cranes and other lifting devices provided that we have approved them by noting them in the Schedule under Section 3(b) of the Policy.
- Liability assumed under indemnities and agreements or contracts, provided that we have approved them.

Injury is extended to include wrongful eviction, accusation of shoplifting etc.

Damage includes economic loss arising from any obstruction, trespass, nuisance or interference with any rights of way, air, light, water or other easement.

Legal costs (including claimants' costs) arising out of any claim made on you for injury or damage, or out of any prosecution under the Health and Safety at Work Act 1974, the Consumer Protection Act and the Food Safety Act are also covered.

In the case of a partnership, we will cover each partner for his or her liability to other partners.

Cover can be extended to include liability for and of hired plant under CPA Conditions or similar terms. The limit of our Liability under this extension, including costs, will be a maximum of £100,000.

Marine

This Section deals with purely the marine aspect of your business.

Part 1 - Vessels

We can insure all vessels and their equipment belonging to the business. Vessels held in stock, work boats, charter vessels, rescue boats, hire fleets and all stocks of engines and trailers, are catered for.

Cover includes physical loss of or damage to your vessels caused by accident (including whilst launching, hauling out and laid-up), latent defects, negligence, salvage costs, theft of the entire vessel, theft of machinery, gear, equipment and personal property following forcible and violent entry to or exit from the vessel or a locked building and frost damage to machinery.

Extensions of cover are available for demonstration and trial, transit risks, water skiing, racing, private use by directors and additional equipment hired out with the vessel.

If you run a hire fleet, loss of hire fees can be insured.

Liability to third parties arising from ownership and use of any vessel is covered. If you carry passengers, your liability to them can be included.

Survey reports may be required dependent upon age and construction of vessels.

Any increase in value over the prices paid for a vessel may have to be substantiated by professional valuation.

Part 2 – Builders Risk

If you construct or fit out vessels you should insure them under this Section for their final finished cost price plus 15%.

Any profit element should be insured under this Section.

The vessel and all parts allocated to it (whether attached or not) are covered and cover is similar to that provided in Part 1.

The vessel is also covered whilst on sea trials and during delivery trips by water including third party liability within certain geographical limits.

The cover will also protect the interest of owners (provided their interest has been declared to us) during the period of building.

General Points to Consider

Experience has shown that in many marinas and similar operations, accidents occur and claims are made due to the very nature of a marina and through no fault of the operator. In order to mitigate these accidents and claims at the very least you should endeavour to adopt the following procedure:

You should adopt a system to regularly inspect all buildings, structures, ways, pontoons, paths and accesses to ensure that they are and remain in a safe condition and you put right any defects identified.

You should maintain a written procedure for such inspections and a record of inspections and works undertaken.

You should make all visitors aware that the pontoon and access ways may be slippery during wet, inclement and cold weather. Extreme caution must be taken during such periods and only suitable footwear should be used.

You should clearly mark by visible means any particular areas of risk such as steps, moving parts, changes in gradient or surface condition.

You should ensure that adequate and proper signs of any risk are exhibited about your premises.

You should ensure that you properly document your contractual arrangements particularly in respect of use of moorings or other services. This is best done by signature to a document by the vessel's owner.

In the event that an accident occurs on the marina, no matter how the accident may have been caused and

whether or not the accident involved property or injury to any person you should ensure that those using your facilities report the accident to your office as soon as practicable and in any event no later than 24 hours after the accident took place. You should record in writing the information with which you are provided and evidence any important features, such as the suitability of the area where the accident occurred and obtain details from any witnesses, take photographs, retain CCTV footage, make drawings and other notes. Insurers should be advised immediately.

If you do this it will assist us in defending your position.

20/11/07