



Bay Marine Insurance

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Chartering

Putting your craft up for charter may seem a good idea but you should be aware of possible regulatory and insurance complications before you do so.

Regulation

There has recently been introduced a set of regulations called "The Safety of Small Vessels in Commercial use for Sport or Pleasure, operation from a Nominated Departure Point – A Code of Practice".

This covers such important points as:-

- The area of operation
- The equipment that needs to be carried
- The running of the vessel

This publication is available from the Maritime & Coastguard Agency in Southampton or any maritime bookshop. Further advice can also be obtained from the Marine Leisure Association.

Insurance

Most pleasure craft insurance policies or wordings contain a restriction on the use of the craft, for example, "warranted used for private pleasure purposes only" or "warranted not to be used for hire or reward".

In general terms insurers do not deem cost sharing or joint ownership as "charter".

It is not possible for a charterer to insure the vessel while he has it on charter – it is the owner's insurance policy that has to be extended. It is also better to extend an insurance to cover charter for a full policy period rather than try to buy cover for each charter as it happens.

Type of Charter

While it may be possible to extend an insurance to cover an element of "commercial" use, it is a matter for an insurer to decide whether they wish to do so and, if they do, at what additional premium. A lot will depend on the type of charter.

- **Skipped Charter**

This is where the craft is chartered with the owner or the owner's permanent employed skipper on board and in command at all times. An extension to cover this sort of charter may be available for an additional premium.

- **Bareboat Charter**

This is where the vessel is chartered out without a skipper appointed by the owner and therefore becomes more complicated. Many insurers will not even quote for this class of charter on a "one off" basis and some will only offer terms where the craft is part of a professionally managed fleet.

If you are seeking insurance for a single craft be prepared for the insurer to have some very restrictive terms and conditions, such as:-

1. Details of the sailing experience of the charterer including types of craft on which the experience was obtained.
2. Names and addresses of any independent person who can confirm the prospective charterers boating ability. (If there is any doubt these references should be taken up).
3. The charterers passport number should be recorded, together with details of any driving licence (number etc). and details of the bank account from which any payment is made.
4. All payments should be by cheque or credit card and not in cash.
5. The vessel should be managed and charter arranged through a member of the Marine Leisure Association.

Excess

Most craft insurances have a policy excess, which, depending on the type of charter, may be increased while the vessel is actually on charter.

Charter contracts usually involve a security deposit from the charterer to be held in case of loss or damage. To make life easier and simplify administration, the security deposit should be for the same amount as the insurance policy excess.

The Charterer

The craft insurance policy will treat the charterer as if he or she were the owner of the boat but there are occasions where the boat insurance will not provide cover for the charterer – these can include:-

1. Personal liability arising out of an event unconnected with an incident involving the vessel.
2. Loss of deposit or additional expenses in the event of the charter being curtailed or cancelled.
3. Loss or damage to personal items, taken on board, for the period of the charter and which are the property of the charterers.
4. Medical expenses, personal accidents and the like.

These should be separately insured for the protection of both parties to the agreement.

This leaflet is for information purposes only. It is not intended to define legal terms nor is it intended to affect the interpretation of any policy issued.

If you have any questions concerning your insurance, there is no replacement for having your individual questions answered individually – please feel free to telephone us.