

Pleasurecraft insurance policy

Blue Horizons™

Form MN045 11/09



Lumley General Insurance (N.Z.) Limited, Head Office, Lumley Centre, 88 Shortland Street, PO Box 2426, Auckland 1140, New Zealand, Tel 308 1100, Fax 09 308 1114

This is Your Blue Horizons insurance policy which is underwritten by Lumley General Insurance (N.Z.) Limited. It consists of this wording, Your application or proposal form and the Schedule.

In consideration of You having paid Us the premium required We will provide the insurance cover explained in this policy and will indemnify You against Loss during the Period of Insurance.

This insurance has been arranged on the basis of information supplied by You. We may not cover You unless all statements made to Us are entirely correct. If there is any information which We have not been given or any changes in circumstance during the Period of Insurance You must tell Us.

Definitions

Accident

'Accident' means an unforeseen or unintended happening or event. Wherever the word 'Accidental' is used this refers to 'Accident' as defined.

Contents

'Contents' means household appliances, furniture and furnishings up to 10 years of age (e.g. microwave, TV, dining suite) while on board the Insured Craft.

Excess

'Excess' means the first amount, as shown in the Schedule, of any claim You must bear as You are not insured for this amount.

Insured Craft

'Insured Craft' means the following:

- (a) '**Hull, Furniture and Fittings**' which means the craft itself including sails, mast, spars and rigging, inboard motors, outboard motors, dinghies and such gear and equipment that would normally be sold with the craft;
- (b) '**Ancillary Equipment**' which means hand held navigational aids and communications equipment, personal effects not otherwise insured and all other equipment not normally sold with the craft if it has changed hands;
- (c) '**Trailer**' which means a boat trailer or a trailer to which is secured a special frame to carry a craft; as agreed in writing.

Interested Party

'Interested Party' means the person(s) or entity agreed in writing as the Interested Party or notified to us as the mortgagee of or holder of a security interest in the Insured Craft.

Loss

'Loss' means Accidental loss or damage.

New Zealand Waters

'New Zealand Waters' means navigating within a seaward limit of 200 Nautical Miles from the coast of the North Island, South Island or Stewart Island.

Period of Insurance

'Period of Insurance' means the period agreed in writing during which this insurance is in force. The period starts at the 'From' date, and ends at 4.00 PM (New Zealand time) on the 'To' date. The policy will be annually renewed thereafter until such time as this insurance is cancelled.

Replacement Value

'Replacement Value' means the reasonable cost of repairing or replacing the lost or damaged parts of the Insured Craft, up to the Sum Insured.

Schedule

'Schedule' means the most recently dated Schedule issued to You. This includes any Schedule issued to renew or endorse Your insurance.

Sum Insured

'Sum Insured' is the sum shown in the Schedule as the value of Your Insured Craft.

You

'You' means the person (or persons) agreed in writing as 'The Insured'. Wherever the word 'Your' is used this refers to 'You' as defined above. If there is more than one Insured, this policy insures You jointly.

We, Our or Us

'We, Our or Us' means Lumley General Insurance (N.Z.) Limited.

Section 1: Cover for the Insured Craft

- 1 You are insured for:
 - 1.1 Loss to the Insured Craft during the Period of Insurance including all reasonable and necessary salvage charges, removal charges or charges incurred in averting or minimising Loss arising whilst:
 - 1.1.1 Ashore or afloat;
 - 1.1.2 In transit by land or by any recognised sea or airfreight service;
in New Zealand and New Zealand Waters.
 - 1.2 General average and salvage charges adjusted or determined according to the contract of carriage and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from a risk otherwise covered under this insurance.
- 2 We will pay for any Loss or series of Losses arising from one Accident up to the Sum Insured, as follows.
 - 2.1 If there is:
 - 2.1.1 a total Loss of Your Insured Craft We will pay the Sum Insured.
 - 2.1.2 a partial Loss we will pay Replacement Value, except that:
 - (a) We will pay Replacement Value less depreciation for Ancillary Equipment over 5 years old at the date of Loss.
 - (b) If the Insured Craft is not racing:
We will pay Replacement Value less depreciation in respect of sails and protective covers.
 - (c) If the Insured Craft is racing:
We will pay Replacement Value in respect of sails, masts, spars and attached fittings, standing or running rigging and blocks of the Insured Craft less 1/3rd of that Replacement Value or the Excess (whichever is the greater), but only if:
 - (i) the Schedule shows that this insurance is extended to cover Racing Risks, and
 - (ii) the Sum Insured for this purpose includes the full value of all sails (whether set or not) masts, spars, and attached fittings, standing or running rigging and blocks.
 - 2.2 We will also pay expenses reasonably and necessarily incurred in averting or minimising a Loss otherwise covered under this insurance.
 - 2.3 In any event, at our option we may:
 - 2.3.1 as an alternative to payment replace or repair the Insured Craft or any part of it.
 - 2.3.2 pay direct to any Interested Party whose receipt will discharge Us completely.
- 3 This insurance does not cover:
 - 3.1 The Excess for each claim.
 - 3.2 Loss of use.
 - 3.3 The cost of repairing or renewing any defective part as a result of a fault or error in design or construction.
 - 3.4 Loss caused by vermin, wear and tear, depreciation and deterioration, osmosis or breakdown and/or deterioration of hull sheathing.
 - 3.5 Damage caused by fire or explosion unless there is on board fire extinguisher(s) in good working order.
 - 3.6 Seizure or overheating of motor(s) or any other machinery. However we will pay for any loss which seizure or overheating causes to any other part of the Insured Craft or if the seizure or overheating is a direct result of any of the following:
 - 3.6.1 Fire, collision or impact of or to the Insured Craft.
 - 3.6.2 Malicious act.
 - 3.7 Mechanical and/or electrical breakdown or failure. However we will pay for any loss which breakdown or failure causes to any other part of the Insured Craft or if the breakdown or failure is a direct result of any of the following:
 - 3.7.1 Fire, collision or impact of or to the Insured Craft.
 - 3.7.2 Malicious act.
 - 3.8 Loss to food, drink, nets, moorings or fishing gear unless caused directly by an Accident to the Insured Craft.
 - 3.9 Personal effects other than those listed in 3.8 above unless otherwise agreed in writing as part of Ancillary Equipment.
 - 3.10 The cost of making good any defect in maintenance or repair or alteration work.
 - 3.11 Sails and protective covers split by wind or blown away whilst set unless in consequence of damage to the spars to which sails are bent, or occasioned by the Insured Craft being stranded or in collision or contact with any external substance (ice included) other than water.
 - 3.12 Sails, masts, spars and attached fittings, standing or running rigging and blocks of the Insured Craft while racing unless:
 - 3.12.1 the Schedule shows that this insurance is extended to cover Racing Risks, and
 - 3.12.2 the Sum Insured for this purpose includes the full value of all sails (whether set or not) masts, spars, and attached fittings, standing or running rigging and blocks.
 - 3.13 Theft of masts, spars, sails, rigging and parts thereto, outboard motors, dinghies or gear or equipment except theft consequent upon
 - 3.13.1 forcible entry into a place of storage, or
 - 3.13.2 illegal entry or conversion of the Insured Craft, or
 - 3.13.3 forcible and violent removal from the Insured Craft.

Section 2: Contents

- 4** You are insured for Accidental Loss to Contents during the Period of Insurance.
- 5** We will pay for any Loss or series of Losses arising from one Accident up to the Sum shown in the Schedule for Contents, as follows.
 - 5.1 Replacement value for any item you actually repair or replace.
 - 5.2 The present day market value of any item you do not repair or replace.
- 6** At our option we may repair or replace the item as an alternative to payment.
- 7** This insurance does not cover:
 - 7.1 The Excess for each claim
 - 7.2 Loss caused by wear and tear, mildew, rot, corrosion, rust, or gradual deterioration.
 - 7.3 The cost of repairing or renewing any fault, defect or error in material, workmanship or design.
 - 7.4 Loss caused by the action of light, any process of cleaning, repairing or restoring, insects, or vermin.However, exclusions 7.1- 7.4 apply only to the part or item directly affected. This insurance will cover any resultant Loss as long as it is not also excluded.

Section 3: Legal Liability

- 8** This insurance covers You or any other person using the Insured Craft with Your consent for:
 - 8.1 legal liability for Loss to the property of others;
 - 8.2 legal liability for physical or mental injury to or death of any person;
 - 8.3 any costs and expenses incurred with Our consent;
 - 8.4 any costs and expenses recoverable by any claimant;
 - 8.5 the reasonable cost of removing the wreck of the Insured Craft from any place within New Zealand Waters from which You become legally obliged to remove her and the reasonable cost of disposing of the wreck;resulting from any Accident during the Period of Insurance caused by the use of the Insured Craft, but
 - (a) For any Loss or series of Losses arising from one Accident We will pay no more than the limit of indemnity shown in the Schedule.
 - (b) For any Loss or series of Losses arising from one Accident for which punitive or exemplary damages, or damages for mental injury are claimed we will pay no more than \$250,000 in total in respect of such claims.
 - (c) If You have liability protection with Us under any other policy then We will pay no more in total under all policies than the limit of indemnity shown in the Schedule for this policy.
- 9** You are also insured for Your liability while in charge of any other craft used for pleasure purposes subject to the terms conditions and limits of liability of this policy, but You are not insured for Your liability for Loss to the craft that You are using.
- 10** This insurance does not cover liability:
 - 10.1 to any employee arising out of or during employment.
 - 10.2 arising out of the towing in the air of persons or objects.
 - 10.3 to fare-paying passengers.
 - 10.4 arising out of the use of a trailer while attached to a motor vehicle, or inadvertently detached or broken away.
 - 10.5 for loss or damage to property in Your care custody or control or belonging to any person ordinarily residing with You.

Section 4: Further benefits

- 11** If You attend legal proceedings where Your attendance is necessary and which We agree to institute or defend in connection with this policy We will pay Your actual loss of earnings limited to \$100 each day for a maximum of 15 days.
- 12** Provided a claim is admitted We will pay reasonable costs to replenish, refill, or replace fire extinguishers or safety flares.
- 13** Provided a claim is admitted We will pay reasonable costs of returning You and any passengers to the place of commencement of journey or voyage up to a limit of \$500 per person and \$2,000 in the aggregate in any one Period of Insurance.
- 14** This insurance covers the Insured Craft whilst it is being used for search and rescue work by the New Zealand Police, New Zealand Coastguard or other duly constituted authority but does not cover the liability of the New Zealand Police, New Zealand Coastguard or other duly constituted authority.

Conditions

You must comply with all the conditions and obligations of this policy. If You do not we may decline Your claim.

15 Access to Insured Craft

You must give us free access at all times to examine the Insured Craft.

16 Moored Craft

16.1 Permanent Mooring. You warrant that the Insured Craft's permanent mooring:

16.1.1 complies with any applicable regulations, specifications, standards and/or certificates.

16.1.2 is in good order.

16.1.3 is lifted and inspected at intervals no greater than 3 years.

16.2 Temporary Mooring. This insurance excludes all claims caused by or arising from the Insured Craft being left moored or anchored and unattended off a beach or shore, other than a permanent mooring, for a period in excess of 24 consecutive hours.

17 Non Moored Craft

You warrant that while the Insured Craft is at the address where it is usually kept it will be sufficiently secured to prevent theft except consequent upon forcible and violent means.

In the event of a breach of this warranty any claim that may otherwise be payable will be subject to an excess of \$2,000 or the Excess whichever is the greater.

18 Change in Circumstances

You must immediately notify Us in writing of any changes to any circumstances relevant to this policy.

19 Care of Insured Property

You must maintain the Insured Craft in good repair and take all reasonable steps to safeguard the Insured Craft against Loss.

20 Reckless, Wilful or Deliberate Acts

You must not cause or facilitate Loss or incur any liability through any reckless, deliberate or wilful act. You must not knowingly allow or permit anyone else to cause Loss or liability in this way.

21 Other People's Obligations

Any person entitled to cover under this insurance must meet all of the conditions and obligations which apply to You under this Policy. If they do not, this insurance may not cover them, or You.

22 Claims Procedure - Obligations and Rights

22.1 You must:

22.1.1 tell Us immediately You are aware of any event that might result in a claim.

22.1.2 immediately tell the Police if property is lost or if You suspect theft, burglary, arson or malicious damage.

22.1.3 do as much as You can to minimise Loss or any liability.

22.1.4 give Us free access to examine and assess any Loss or liability.

22.1.5 take reasonable steps to obtain details of any other person, property or craft involved, and any witnesses.

22.1.6 immediately send Us any communication received from any other person.

22.1.7 fully co-operate with Us and complete any documentation We require.

22.2 You must not:

22.2.1 dispose of any property for which You intend to make a claim on this insurance.

22.2.2 incur any expense in making good any Loss, or any professional expense, without Our agreement, except as necessary to reduce further damage or safeguard the property.

22.2.3 admit responsibility for any Loss or liability or try to negotiate, defend or settle any claim Yourself.

22.2.4 make any claim which is fraudulent in any respect. Otherwise all benefits under this policy are forfeited.

22.2.5 make any incorrect statements in relation to any claim.

22.3 We have the sole right and option to act in Your name and on Your behalf to negotiate, defend, or settle any claim and to take over for Our own benefit any legal right of recovery You may have. If We do this, it will be at Our own expense.

23 Other Insurance

If any Loss or liability covered by this policy is also covered by any other policy

23.1 We will only pay over and above the cover provided by the other policy.

23.2 We will not pay for any Excess which applies to the other policy.

23.3 You must tell Us as soon as You are aware of any other such insurance.

Provided always You warrant that You do not have additional insurance covering that part of the cost of replacement or repair that is not recoverable under this policy.

24 Total Loss Payment

If We pay a claim for a total loss then this policy comes to an end and no refund of premium is due to You.

25 Goods and Services Tax

All amounts specified in this policy or as agreed in writing include GST, unless expressed to the contrary.

26 Alterations

26.1 You can have this policy altered at any time as long as We agree in writing, to such alteration before it takes effect.

26.2 We can alter the terms of this insurance by writing to Your last Postal Address and the change will take effect 14 days after the date of that letter from Us

27 Renewal

If on the date the policy is due to be renewed the Insured Craft is at sea, in distress, at a port or place of refuge, or at a port or place of call, provided You give immediate notice to Us and pay any additional premium, We will continue to insure the Insured Craft until the earliest of:

27.1 a reasonable date to be nominated by Us, or

27.2 the Insured Craft arrives at destination, or

27.3 the Insured Craft arrives at a place of safety.

28 Cancellation of this policy

28.1 By You

28.1.1 You may cancel this policy by writing to Us.

28.1.2 Cancellation is effective from 4pm on the date we receive Your written advice.

28.1.3 We will refund 80% of the unused part of the premium that has been paid to Us.

28.2 By Us

28.2.1 We may cancel this policy by giving You 14 days written notice to Your last known Postal Address.

28.2.2 If the premium is paid We will refund You all the unused part of the premium.

Exclusions

There is no cover under any part of this insurance for any Loss or liability:

29 Caused directly or indirectly in any way by:

29.1 war, invasion, act of foreign enemy, warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power.

29.2 nuclear weapons material or ionising radiation or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel; for the purpose of this exclusion, combustion shall include any self-sustaining process of nuclear fission or fusion.

29.3 any chemical, biological, bio-chemical or electromagnetic weapon.

29.4 any event where cover is provided under the Injury Prevention Rehabilitation & Compensation Act 2001 ('the Act'), any of the Former Acts defined in section 6 of the Act or any Act in Amendment or substitution of the Act.

29.5 confiscation, nationalisation or requisition by the order of the Government or Local Authority, except in the circumstances provided for in clause 14 above, but We will pay for damage as a result of such an order if it is to prevent a Loss which would otherwise have been covered under the policy.

30 Actual or alleged for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of asbestos.**31** For the cost of defending any legal proceedings or for any amount awarded by any court or arbitrator unless all proceedings take place in New Zealand.**32** Caused by unseaworthiness or lack of repair of the Insured Craft.**33** Arising whilst the Insured Craft is:

33.1 let out on hire, or charter, or used for other than private pleasure purposes and emergency services.

33.2 used to provide permanent living accommodation.

33.3 navigating outside New Zealand Waters.

33.4 undergoing any voyage to/from ports and/or places outside New Zealand.

33.5 towing or being towed unless as is customary or when giving or in need of assistance.

33.6 being prepared for or engaged in power racing or power speed trials or tests.

34 To jet propelled craft whilst being used in waters not navigable by propeller propelled craft.