

SUMMARY OF PANTAENIUS COVER

HULL INSURANCE

Covers damages suffered by the insured vessel, such as fire, lightning, collision, grounding, mast breakage, theft, etc.

MAIN ADVANTAGES:

- agreed fixed value (non disputable by the insurers) for the duration of contract – please refer to detailed explanation on page 2
- no deduction “new for old” - please refer to detailed explanation on page 3
- vandalism and piracy is automatically insured
- no underinsurance can be argued by the insurer
- the participation of sailing yachts in club and/or amateur regattas is automatically insured without any additional premium or deductible
- No (0 € !) deductible in case of:
 - total loss, total constructive loss, theft of the entire vessel
 - burglary
 - damages caused by fire
 - damages caused by lightning
 - collision by a responsible third party whilst your vessel is not moving
 - damages to personal effects
 - inspection of the vessel after grounding (for the necessary cost of inspection)
 - salvage costs
 - cost for assistance according to § 5.2 PYHC

THIRD PARTY LIABILITY INSURANCE

Covers damages caused to third parties (collision, fire, etc.)

MAIN ADVANTAGES:

- high insured sums.
For European and Turkish flagged vessels the standard insured sum is 6 000 000 € (higher sums up to 25 000 000 € are available upon request), for US flagged vessels the standard sum is 1 500 000 €
- covers also injury caused to person on the insured vessels as well in the case of false manoeuvre
- cover complies with law and sums insured of all other European authorities (Greece, Spain, Italy etc.)
- participation in club or amateur regattas is automatically insured

PERSONAL ACCIDENT INSURANCE

This insurance covers the risk of death or permanent disablement following an accident occurred on board the vessel. Covered are the owner, his family, friends and guests. Excluded are employed crew (we can offer you alternative cover) and persons hired to work on the boat (contractors, external companies etc.)

MAIN ADVANTAGES:

- high insured sums for the entire vessel and per person. Our standard offer is
 - 100 000 € in the case of death, limited to a maximum of 50 000 € per person
 - 200 000 € in the case of permanent incapacity, limited to a maximum of 100 000 € per person

and

- 150 000 € in the case of death, limited to a maximum of 50 000 € per person
- 300 000 € in the case of permanent incapacity, limited to a maximum of 100 000 € per person

Higher sums are available on request, up to

- 2 000 000 € in the case of death, limited to a maximum of 250 000 € per person
- 4 000 000 € in the case of permanent incapacity, limited to a maximum of 500 000 € per person

HOW ARE YOU REIMBURSED IN CASE OF A TOTAL LOSS? AGREED FIXED VALUE OR MARKET VALUE?

There are basically two different ways to insure the value of a vessel in case of a total loss. The common practice is to insure market value of the vessel at the day of the accident. Pantaenius offers their clients the agreed fixed value. What are the differences?

If your vessel is insured for the market value you will have a policy showing the insured value at the start day of the policy. However if you suffer a total loss the insurance company will ask a surveyor to assess the market value of the day of the accident, which will be less than what is actually written in the policy, and, of course, this is very often subject to discussion and dispute between owner and insurance company.

Pantaenius offers the client an agreed fixed value which is stated in the policy and the insurers will not argue, nor contest this value if the vessel is declared a total loss. This not only during the first insurance year, the agreed fixed value is valid for the whole duration of the contract. Of course the insured (owner) can reduce the value anytime he wants.

Please find herewith an example which explains the above in more detail.

	COMPETITOR – HULL INSURANCE WITH MARKET VALUE	PANTAENIUS – HULL INSURANCE WITH AGREED FIXED VALUE
Start date of the policy:	15.05.2004	15.05.2004
Year Built of the vessel:	2004	2004
Insured value stated in the policy:	€ 150 000,00	€ 150 000,00
Claim date:	01.06.2009	01.06.2009
Age of vessel at the date of the fire – total loss:	5 years	5 years
Procedure:	Insurance company will send surveyor in order to determine the cause of the damage and extent of the damage and to determine the market value at the date of the accident.	Insurance company will send surveyor in order to determine the cause of the damage and extent of the damage. The surveyor will not be asked to determine the market value, as the insured sum has been agreed upon between the parties.
Conclusion of the surveyor:	The vessel is a total loss; the cause of the total loss is an insured event. The value of the vessel at the date of the accident is determined by the surveyor at € 90 000,00.	The vessel is a total loss; the cause of the total loss is an insured event.
Consequence:	The insurer will organize payment to the client for € 90 000,00 only.	Pantaenius will organize payment to the client for € 150 000,00.
Conclusion:	The client is reimbursed € 90 000,00 and has lost € 60 000,00 compared to the Pantaenius reimbursement.	The client received payment of the full insured amount = € 150 000,00.

Please take the above as an example. According to the age of the vessel, the difference between market value and insured value can be higher or lower. Also the current market situation can influence the decision of the surveyor. In times when it is difficult to sell a used vessel, the market value at the date of the accident is consequently lower than in times where used vessels can easily be sold.

HOW ARE YOU REIMBURSED IN CASE OF A PARTIAL CLAIM? DEDUCTION "NEW FOR OLD" OR REPLACEMENT FOR NEW?

What is valid in case of total loss is applicable as well in the case of partial claim. For partial claims there are two different ways to assess the amount of the damage suffered by the client. The common practice is to apply a deduction "new for old". Pantaenius offers their clients a reimbursement that is made without any deduction "new for old". What are the differences?

Usually insurers will take into account the age and the conditions of the damaged material and will argue with the client that as old material has to be replaced by new parts the vessel is in a better condition than before the accident. By consequence they will make the client pay for the betterment and will not reimburse the invoice in full. Pantaenius will reimburse without any deduction "new for old". Please find herewith an example which explains the above.

	COMPETITOR – HULL INSURANCE WITH DEDUCTION "NEW FOR OLD"	PANTAENIUS – HULL INSURANCE WITH "REPLACEMENT FOR NEW"
Start date of the policy:	15.05.2004	15.05.2004
Year Built of the vessel:	2004	2004
Insured value stated in the policy:	€ 150 000,00	€ 150 000,00
Deductible stated in the policy:	€ 1 500,00	€ 1 500,00
Claim date:	01.06.2009	01.06.2009
Claim:	Mast breakage and mast went over board and sails have been lost as well.	Mast breakage and mast had to be cut off and sails have been lost as well.
Age of vessel at the date of claim:	5 years	5 years
Procedure:	Insurance company will send surveyor in order to determine the cause of the damage and extent of the damage and to determine the deduction "new for old" which will apply because the 5 year old mast and sails will be replaced by new material.	Insurance company will ask the client to send pictures of the damage and repair estimate. Mast breakage is always insured and therefore it is not always necessary that the insurer will have to send a surveyor.
Estimated repair cost:	€ 17 500,00	€ 17 500,00
Conclusion of the surveyor:	The cause of the mast breakage is an insured event. The deduction for betterment will be 40% on the mast and spars and 70% on the sails.	
Consequence:	The insurer offers payment of € 17 500,00 (repair invoice) - € 8 000,00 (deduction "new for old") - € 1 500,00 (deductible) € 8 000,00 = total payment to client	Pantaenius will settle as follows: € 17 500,00 (repair invoice) - € 1 500,00 (deductible) € 16 000,00 = total payment to client
Conclusion:	The client has lost € 8 000,00 compared to the Pantaenius reimbursement.	The reimbursement received from Pantaenius is twice as high.

Please take the above as an example. According to the age of the damaged items and depending what items need to be replaced, the deduction applied for betterment can be higher or lower.