

## Learning Unit 10: Watercraft



learning outcomes

### Learning Outcomes

Upon completion of this learning unit, it is expected that you will be able to:

- Understand and provide definitions for terminology.
- List who we insure for watercraft.
- Describe what we insure under watercraft.
- Identify the countries where watercraft can be insured.
- Identify what we do not insure (exclusions) under watercraft.
- Explain how compensation takes place for liability.
- Describe the special conditions related to compensation.
- Identify the underwriting rules relevant to the insurance of watercraft.



## Introduction

The term watercraft covers a range of different vehicles including ships, boats, hovercraft and submarines, and differs from a simple device that merely floats, such as a log raft. Usually the purpose behind watercraft designs and skills are for seafaring education or leisure activities, fishing and resource extraction, transportation of cargo or passengers, and for conducting combat or salvage operations. In general, the purpose of a water vehicle is aligned to its function within a maritime industry sub-sector.

For purposes of this learning unit, however, we are looking at watercraft that are used for private and pleasure use only. The term used in this regard is **pleasure craft**. A pleasure craft is a vessel used for personal, family and sometimes sporting recreation. Typically, such watercraft are motorised and are used for holiday entertainment, for example on a river, lake, canal or waterway. Pleasure craft are normally stored at a marina (a small dock with a jetty).

A more detailed description of watercraft is provided below.



Note that the watercraft covered in terms of this cover is given under the definitions in the policy wording.

### 10.1 Definitions

These definitions provide a clear description of whom and what is covered under this section. This table clearly sets out the definitions for easy reference. Some are already familiar insurance definitions and others are related to the pleasure craft in question and the nautical terms in this section. These definitions have been categorised as such, with the insurance definitions given first.

Word or phrase used	Definition and description
you, (your, yourself)	The phrase <b>you</b> means the policyholder and anyone we insure under this section.
we (us, our)	This is Mutual & Federal Insurance Company Ltd. Registration No: 1970/006619/06.
breach of contract	Breaking a promise or not fulfilling an agreement to carry out a contractual responsibility.
compensation	This means that the insurer will pay the insured the amount stated in the schedule when a claim against an insured event has been made.

<p>coroner</p>	<p>A government official who confirms and certifies the death of an individual within a particular area.</p> <p>A coroner may also conduct or order an investigation into the manner or cause of death and investigate or confirm the identity of an unknown person who has been found dead within the coroner's jurisdiction.</p> <p>A coroner's office typically maintains death records of those who have died within the coroner's jurisdiction.</p>
<p>excess</p>	<p>This is the first amount which must be paid by the policyholder before a claim is settled.</p>
<p>exclusions</p>	<p>This is an event, loss or damage which <u>is not</u> insured.</p>
<p>inquest</p>	<p>A judicial inquiry or investigation in common law jurisdictions, particularly one held to determine the cause of a person's death.</p> <p>Conducted by a judge, jury or government official, an inquest may or may not require an autopsy to be carried out by a coroner or medical examiner.</p> <p>Generally, inquests are only conducted upon deaths which are suspicious, due to violence, involving law enforcement officials, or of persons held in state custody.</p>
<p>Schedule</p>	<p>This is the document which sets out:</p> <ul style="list-style-type: none"> <li>• The type of insurance bought;</li> <li>• The parties insured;</li> <li>• The period of insurance;</li> <li>• The amounts insured for;</li> <li>• Excesses that apply;</li> <li>• Premium to be paid.</li> </ul>
<p>Spouse</p>	<p>A spouse can be one of two parties:</p> <ul style="list-style-type: none"> <li>• The partner of a policyholder in marriage, civil union or customary union by South African law;</li> <li>• A person who is living with the policyholder in a relationship which is permanent and who is named in the schedule.</li> </ul>
<p>watercraft</p>	<p>Means the boat used on water for pleasure and private purposes with a maximum design speed of 100km per hour.</p> <p>It includes, for example:</p> <ul style="list-style-type: none"> <li>• Jet skis,</li> <li>• Rubber dinghies,</li> <li>• Yachts,</li> </ul>

	<ul style="list-style-type: none"> <li>• Rowing watercrafts.</li> </ul> <p>For certain watercrafts, you must specify the hull, the motor, the accessories and special equipment in the schedule.</p> <p>Other watercrafts, such as jet skis for example, are insured as a whole unit. In these cases the watercraft includes the hull, superstructure, fittings, machinery, engines, motors, accessory watercraft, gear and any equipment that would usually be sold with the watercraft.</p>
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This section of insurance does not include trailers.

The **nautical terminology** you will need to learn in order to assist a client in understanding this section of the policy is listed below.

Word or phrase used	Definition and description
anchor	The purpose of a ship or boat's anchor is to attach the vessel to the ground at a specific point. There are two primary classes of anchors namely, temporary and permanent. A permanent anchor is often called a mooring and is rarely moved. It's quite possible the vessel cannot hoist it aboard but must hire a service to move or maintain it. A temporary anchor is usually carried by the vessel and hoisted aboard whenever the vessel is underway.
adrift	Floating without being either moored or steered.
fire fighting	The act of extinguishing fires. Fire-fighting is a highly technical skill that requires professionals who have spent years training in both general fire-fighting techniques and specialised areas of expertise.
fittings	Anything that is physically attached to the vessel.
gear and equipment	A general term for ropes, blocks, tackle and other equipment.
grounding	The accidental contact by a ship or vessel with the seabed or river mouth while it is moored or anchored as a result of faulty navigation.
hull	The body or frame of a ship or boat. It is a central concept in water vessels. The hull is essentially what keeps the water from entering the boat and acts as the walls and floor of the vessel.
machinery	The vessel's main or supporting engines and outboard motors together with all associated electrical equipment, piping, fittings, cables, shafts and propellers.
mooring	<p>A mooring, strictly-speaking, refers to any device used to hold and secure an object by means of cables, anchors or lines.</p> <p>In the world of watercraft, it often specifically refers to a device to which a vessel can attach so that it can remain in the same position. The boat is then moored.</p>

Word or phrase used	Definition and description
motor	<p>Something, such as a machine or an engine that produces action by converting any kind of energy into mechanical energy.</p> <p>In the context of smaller vessels the motor would mean outboard motors, which propel the vessel.</p>
salvage	<p>The process of rescuing the hull or equipment of a vessel. Generally the crew have lost control of or abandoned the ship due to sinking, being stranded on rocks or aground on a shallow sea bed or simply because its means of propulsion has failed and it is drifting with the wind and tide.</p> <p>It is also the saving or rescue of a vessel from loss and/or damage at sea.</p>
SAMSA	South African Maritime Sailing Authority.
seaworthy	Fit or safe for a sea voyage.
stranded	Left somewhere with no way of being moved anywhere else.
sunk	The vessel goes to the bottom of the sea or some other body of water because of damage or a collision.
superstructure	The structure consisting of the part of a ship above the main deck.
swamped	Cause a vessel to sink or fill with water or to be submerged.
yacht racing	Yacht racing is the sport of competitive sailing. Much racing is done around buoys or similar marks in protected waters, while some longer offshore races cross open water. All kinds of boats are used for racing, including small dinghies, catamarans, boats designed primarily for cruising and purpose-built race boats.

### 10.2 Who we insure

The following people are insured:

- The policyholder;
- The policy-holder's spouse.



It is important to note that only the policyholder and/or his/her spouse are covered under this section.

### 10.3 What we ensure

The insured is covered for specific events such as the following:

#### Loss or damage to the watercraft

The insurer will compensate the insured for loss or damage to the watercraft up to the limit reflected on the policy schedule.

#### Sighting expenses

The insurer will compensate the insured for the cost of sighting (checking for damage) the underwater section of the hull after grounding. The costs must be reasonable, and must be for the purpose of sighting.

Sighting expenses are the expenses incurred in order for the watercraft to be declared sea-worthy following the grounding of the vessel. The expertise of specialists and divers are used to establish if there is any damage to the hull following the grounding of a watercraft. The divers dive down under the boat to see if there is in fact any damage to the hull. The expenses involved are quite costly as it is a labour-intensive exercise.



It is important to remember that sighting expenses would still be covered even if the hull were not damaged as a result of the grounding.

Compensation in respect of this cover will be limited to the amount reflected on the policy schedule.

#### Avoiding or minimising loss

The insurer will compensate the insured for all reasonable emergency costs spent in order to avoid or minimise loss or damage that would be covered by this policy. This includes the cost of salvaging the watercraft.

Compensation in respect of this cover will be limited to the amount reflected on the policy schedule.

**If other people use the watercraft**

The cover under this section is extended for loss or damage to the watercraft should the watercraft be used by any other person provided that the person has the insured's permission. The person using the vessel will be regarded as the insured person and he/she must comply with the terms, conditions and exclusions as set out in the policy wording. It is the policyholder's responsibility to ensure this is complied with.

We do not compensate if the other person is the operator or employee of the shipyard, repair yard, slipway, yacht club, marina, watercraft sales service or similar operation.

**Medical expenses**

This covers the insured for the medical expenses as a result of injuries he/she or any person on board the vessel may sustain as a result of an accident involving the watercraft.

Compensation in respect of this cover will be limited to the amount reflected on the policy schedule for any one accident.



The insurer will not compensate the injured person if they are covered by any other insurance including medical aid.

**Fire extinguishing expenses**

The insurer covers any fire-fighting or extinguishing expenses that the insured would be liable for if the watercraft was in danger from a fire. The compensation limit for this cover is stated in the policy schedule.

**10.4 What we do not insure**

**General loss and damage**

We do not compensate you for loss or damage caused **while**:

- the watercraft is being used for something other than pleasure and private use, unless we have agreed in writing;



- the watercraft is being hired out or chartered, unless we have agreed in writing;
- the watercraft is being towed on water except:
  - towing when stranded; or
  - customary towage in connection with laying up, fitting out and repairs;
- the watercraft is being used to tow or salvage another watercraft, unless it is in distress;
- the watercraft is being used to tow or salvage any other watercraft under a contract arranged before the start of the towing or salvaging;
- participating in racing, speed tests or related trials, other than yacht racing;
- an unattended watercraft is left moored or anchored off an exposed beach or shore, and the watercraft then becomes stranded, sunk, swamped or breaks adrift;
- power jumping and extreme beach landing.

We do not compensate you for loss or damage caused **by**:

- wear and tear and depreciation in value over time;
- gradual operating causes such as deterioration, rust, mildew, corrosion, decay;
- cleaning, repairing, restoring or maintenance by any manner or method;
- any part of the watercraft which is condemned only because of a fault in the design or construction;
- a defect from negligence or breach of contract relating to any repair or alteration.

#### **Loss or damage because of mechanical or electrical breakdown**

We do not compensate you for loss due to mechanical or electrical breakdown of machinery, engines, motors, batteries and their connection. However, we will compensate you if the mechanical or electrical breakdown is caused by an external event that is not excluded by the policy. We do, however, compensate you for loss caused by breakdown of the shaft and the propeller.



**Damage to sails**

We do not compensate you for damage to sails or protective coverings that are split by the wind or blown away while set.

We do, however, compensate you:

- if the damage to the sails or protective coverings happens because of damage to the spars which the sails are attached to;
- if the damage to the sails or protective coverings happens because the watercraft is stranded, sunk, burnt, in a collision or in contact with any external substance, including ice, but excluding water.

**Loss or damage during transport (including loading and unloading)**

We do not compensate you for the following loss during transport of the watercraft on land:

- scratches;
- dents;
- any costs that you become liable for to another person;
- while the watercraft is transported by a person without a valid driving license, unless the person is charged with theft or illegal use of the vehicle towing the watercraft;
- while the watercraft is transported by a person who is under the influence of alcohol or drugs, or who has a blood-alcohol level above the legal limit.

**Loss to contents of the watercraft**

We do not compensate you for loss of or damage to your personal effects, to food and other consumables that you keep on the watercraft, to fishing gear or to moorings.

**Loss if the watercraft is used as a residence**

We do not compensate you if the watercraft is used as a houseboat or as your permanent home.

**10.5 Compensation**

The insured will be compensated up to the limit shown on the policy schedule for any single loss or series of losses that are the result of one event.


**How we compensate you**

It is at the discretion of the insurer as to which method will be used in the settlement of claims. The insurer may choose one or more of the following ways to compensate the insured:


- Pay for the repairs at a repairer that we approve.
- Replace the relevant watercraft or parts.
- Pay the amount of the loss, damage or Liability.

**Limit of compensation**

The policyholder will be compensated up to the limit shown in the schedule for the item and loss insured.

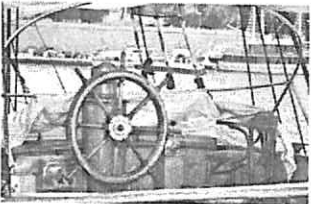


The policyholder must ensure that the limit stated includes any amounts he/she owes to a registered credit provider that financed the purchase of the watercraft. The insured will need to check the schedule to see which Liability limits apply.



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There are two basic methods of compensation.

<p><b>If we repair or replace</b></p>	<p>If the insurer repairs or replaces the watercraft we will have the damage repaired or replaced as close as possible to the original condition.</p> <p>The insurer cannot promise that the restorer will achieve an exact restoration. For a glass-reinforced plastic hull, the insurer will not match a glitter finish.</p>
<p><b>If we pay the value</b></p> 	<p>The most the insurer will pay is:</p> <ul style="list-style-type: none"> <li>• If the watercraft is less than 4 years old, the current purchase price of the same or a similar model up to the limit shown in the schedule less the excess shown in the schedule.</li> <li>• If the watercraft is older than 4 years old, the current market value of that watercraft up to the limit shown in the schedule less the excess shown in the schedule.</li> </ul> <p>If the policyholder still owes money on the watercraft:</p> <ul style="list-style-type: none"> <li>• if the watercraft was purchased on instalment sale or lease, the insurer will <u>first</u> pay the outstanding debt. The insurer will compensate the registered credit provider that financed the purchase of the watercraft. The credit agreement must fall under the National Credit Act (Act 34 of 2005);</li> <li>• If it is found that the policyholder owes less than the total amount that is compensated in terms of this section, then the insurer will firstly pay the credit provider and then compensate the difference to the policyholder;</li> <li>• The insurer will not cover the amount the insured owes if he/she has in any way refinanced the sale or lease;</li> </ul> <p>If the value of the loss is less than the amount still owing on the watercraft, the insurer will pay the amount still owed, up to the limit shown in the schedule.</p> <ul style="list-style-type: none"> <li>• The insurer will deduct the following from the amount still owed by the insured:</li> </ul>

	<ul style="list-style-type: none"> <li>○ Any instalments that are late and any interest on late payments;</li> <li>○ Any refunds of premiums for cancelled insurance for the watercraft;</li> <li>○ The excess;</li> <li>○ Any increase in instalments that occur because the insured is unable to realise the residual capital value after the loss.</li> </ul> <p>The policy wording is clear in stating that:</p> <ul style="list-style-type: none"> <li>• the insurer will not, in total, compensate the insured for more than the limit insured for, less the excess; and</li> <li>• the insurer does not cover the amount that the policyholder owes if one of the instalments in the agreement, other than the final residual payment, was more than 10% different from any other instalment.</li> </ul>
<p><b>Excess</b></p>	<p>There is an excess in the schedule for watercraft. This is the amount that the policyholder must pay before the insurer will compensate the insured. This excess does not apply to claims for Liability.</p>

**Watercraft Liability**

**What we insure**

We compensate you if you are held liable for another person’s death, bodily injury, loss or damage to property belonging to other people caused by the watercraft during the period of insurance.

We will also compensate:

- any other person who is piloting or using the watercraft with your permission if they are held liable for another person’s death, bodily injury, loss or damage to property belonging to other people caused by the watercraft during the period of insurance if:



- such person does not have a right to compensation under any other insurance;
- such person has never been refused Liability insurance;
- such person complies with the terms, conditions and exclusions of this policy. It is your responsibility to ensure that any person using your watercraft is aware of the terms, conditions and exclusions of this policy.
- any water skier being towed or preparing to be towed by the insured watercraft if they are held liable for another person's death, bodily injury, loss or damage to property belonging to other people during the period of insurance.
- if you are held liable to pay for removing or trying to remove or destroy the wreck of your watercraft, or as a result of not removing or destroying the wreck of your watercraft.

### **Compensation**

The compensation includes the following:

- the amounts you are liable for;
- legal costs of the other person that you are liable for;
- costs that you incur with our permission to settle or defend the claim against you;
- costs relating to official enquiries and coroner's inquest. You must get our permission before you incur these costs.

### **Limit of compensation**

The compensation is limited to the limit shown in the schedule at the time of the event. This amount applies to any single event or for a series of incidents that are the result of one event.

## **What we do not insure**

### **Liability related to certain people**

We do not compensate for Liability related to:

- the death of or bodily injury to you, the water skier or the person who has your permission to pilot or use the watercraft;
- loss of or damage to property belonging to you, the water skier or the person who has your permission to pilot or use the watercraft;
- the death of or bodily injury to a person that you or anyone else connected with the watercraft employs and is acting in the course of their employment with you at the time of the event;
- the death of or bodily injury to a person that a water skier or a permitted person piloting or using the watercraft employs and is acting in the course of their employment at the time of the event;
- the death of or bodily injury to a person that is employed by a shipyard, repair yard, slipway, yacht club, marina, sales agency or similar organisation and is acting in the course of their employment at the time of the event;
- the death of or bodily injury to fare-paying passengers, and loss of or damage to their property.

### **Liability related to airborne sport**

We do not compensate for Liability related to kiting or any other airborne sport. This includes Liability that arises while the person is preparing to be towed by or while the person is towed by the watercraft. It does not include Liability that arises once the person is back on the watercraft and is no longer taking part in the sport.

### **Claims related to the transporting of the watercraft**

We do not compensate for Liability related to the watercraft being transported by vehicle, rail, ship or aircraft.

### **Loss because the watercraft is stranded, swamped, sunk or adrift**

We do not compensate you for loss, damage, salvage services or Liability that arises because the watercraft is stranded, swamped, sunk or breaks adrift after being moored or anchored and left unattended, off an exposed beach or shore.

**Countries where you are insured**

We do not compensate you for loss, damage, or Liability that arises outside the borders of South Africa, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Malawi and Zimbabwe unless it is within 12 nautical miles of the coast of South Africa, Namibia and Mozambique.

**Use against any regulations**

We do not compensate you if the watercraft is used in any way by any person contrary to any regulations from a competent authority.

This includes:

- while the watercraft is piloted by any person who is not competent to pilot such a watercraft, unless the person is under the immediate supervision of a person who is competent;
- while the watercraft is piloted by any person who is under the influence of alcohol or drugs; or when that person's blood-alcohol level is over the legal limit. This does not apply if the boat is used without your permission.

**10.6 Special conditions**

**If the watercraft is damaged outside of South Africa**

If loss or damage occurs to the watercraft outside South Africa, but within the countries that are insured in terms of the territorial limits, then the policyholder will be responsible for all costs incurred in bringing the watercraft back to South Africa. The policy wording is clear in stating that the insurer will not compensate the policyholder for these costs.



It further states that the insurer will not consider any claim for loss or damage to the watercraft until it has been brought back to South Africa. In the event of the watercraft being lost or totally destroyed, the policyholder must immediately report it to the nearest police station to the area of the loss as well as to the insurer.



### Outboard motors

The insurer will not give compensation for loss of or damage to outboard motors:

- Unless securely bolted to the watercraft, in other words, properly stowed or tied in place;
- In respect of theft, unless the outboard motor is securely locked onto the watercraft by means of an antitheft device.



Loss in this context means that the outboard motor(s) is removed or is no longer in the possession of the insured. For example, the outboard motor(s) are stolen.

Damage in this context means that the outboard motors(s) is damaged as a result of accidental damage. For example, it is involved in an accident or it is maliciously damaged or vandalised by an unknown person.

### Damage to rubber and similar crafts

If there is any damage to the fabric of rubber, inflatable or semi-rigid crafts, or similar crafts, the insurer will only compensate the policyholder for the cost of patching or repairing the damage.

### Theft or attempted theft

Theft is, in general, the wrongful taking of someone else's property without that person's permission. In law it is usually the broadest term for a crime against property.

The insurer will compensate the insured for damage caused by theft or attempted theft of machinery, outboard motors, gear or equipment if:

- It is stolen with the watercraft; or

- There are visible signs of forcible entry into or exit from the watercraft or place of storage.

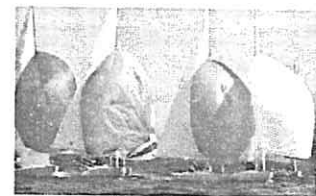
**Loss caused by fire or explosion**

In the case of cover for watercraft with inboard machinery, the insurer will only compensate the policyholder for damage caused by fire or explosion if both of the following conditions are met:

- There is a fire-extinguisher system in the engine room or engine space, in the tank space and in the galley (the kitchen on the vessel). The fire-extinguisher system must either be automatic or have controls at the steering position;
- The fire-extinguisher system must be correctly installed and kept in good working order.

**Loss or damage during yacht racing**

If the loss or damage is from the yacht being stranded, sunk, burnt, in a collision, or in contact with anything other than water (including ice) while the yacht is racing, the insurer will pay the full cost up to the limit shown in the schedule.



**Care of the watercraft**

The policyholder must take reasonable steps to protect the watercraft from damage, keep it seaworthy and in a good state of repair.

**3.4.8. SAMSA Regulations**

The policy or any subsequent renewal will be avoided from the start date if the watercraft and its use do not comply with these important regulations:

- The watercraft does not follow the design and construction requirements set out in the Merchant Shipping Regulations, 2007;
- If the person piloting the watercraft does not have a valid Certificate of Competence as set out in the Merchant Shipping Regulations 2007, or if that person was not supervised by a person with a valid Certificate of Competence as set out in the Merchant Shipping Regulations 2007;
- If the watercraft does not have a valid Certificate of Fitness or Local General Safety Certificate set out in the Merchant Shipping Regulations 2007.



These SAMSA requirements do not apply if the watercraft is one of the following:

- A sailing watercraft less than 9 metres long;
- A power driven watercraft under 15 horse-power;
- A watercraft propelled by human power alone.

**If the watercraft is laid up**

The insurer will not return any premiums for periods when the watercraft is laid up.



**Laid up** means that the watercraft is out of use and is out of water.

**If the watercraft is over 10 years old**

Once the watercraft is over 10 years old it must be surveyed by an independent professional surveyor, whilst the watercraft is out of the water. Based on the outcome of this survey, the insurer may immediately:

- Change the terms, conditions and exclusions of the insurance, or
- Cancel the insurance.



The insurer will not pay for the costs of the survey and may request new survey reports at any point after this, and the policyholder will be liable for the costs involved.

It must be noted that if the policyholder does not have this survey carried out, then the insurer will not be obligated to compensate the policyholder in the event of a loss.

**Make sure you are not under-insured**

It is the insured's responsibility to insure the watercraft for the replacement value. If, at the time of loss or damage, the replacement value is more than the insured amount, the insurer will not compensate you for the full amount of your claim. They will calculate the difference between the replacement value and the insured amount and apply this proportionately to the claim. The insured will be responsible for the difference.

**Underwriting Rules**

This section must be supported by a Household Goods section.

**Watercraft Details**

HIN (Hull Identification Numbers) or serial numbers for motor boats must be captured.



It is the policyholder's responsibility to ensure that any person piloting or using their watercraft is aware of the terms, conditions and exclusions of this policy.



## ACTIVITIES

### Activity 1

The policyholder entered a yacht-racing competition. During the course of the race he hit a sandbar where the water level in the dam is lower than normal. As a result of the contact with the sandbar, his yacht was damaged.

Would there be cover in terms of the policy wording? Give reasons for your answer.

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### Activity 2

The boat owner and a friend were out for the first ride of the season. After riding around for a while, they stopped for lunch on the dam. The boat owner reported hearing a noise from the stern area, as if the fresh water wash-down pump was continuously running. He also noticed that this area was warm to the touch. He opened the engine box cover and fire burst out. He discharged the hand held fire extinguisher but had no success in extinguishing the fire and so they abandoned the vessel. The boat did not sink and the remains were examined from bow to stern and the cause of the fire was established as an overheated pump motor.

Would there be cover for this damage in terms of the policy wording?

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**Activity 3**

The policyholder sent his vessel to a repair yard for repairs. While at the repair yard, the vessel was moved by one of the employees of the repair yard and the vessel was damaged in the process.

Would there be cover for this damage in terms of the policy wording?

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**Activity 4**

At about 14H00 on a Friday afternoon, Jack and Joe left the shores of the Vaal Dam in a 15-foot long open boat powered by a 70 horsepower outboard motor. The trip across the dam was uneventful but during the course of the afternoon a storm started brewing. On the return trip, the boat was heading into the wind and the trip was rougher than earlier. The outboard motor stopped because the primary fuel tank ran dry. With the boat drifting and rolling, the fuel line was connected to the reserve tank, but efforts to restart the motor were unsuccessful. Joe moved to the back of the boat to try and remedy the situation and the stern of the vessel sank.

Would the damage to the boat be covered in terms of the policy wording, and why?

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### Activity 5

The policyholder permits his friend to use his boat for the day at the dam. The friend loads the boat and trailer onto his vehicle and makes his way to the dam. On the way to the dam the friend has an accident. It is later established that the friend does not hold a valid driver's licence.

Would there be cover in terms of the policy wording, and why?

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### Activity 6

The policyholder decides he would like to treat his spouse to a romantic picnic on an island. He launches his motorboat out to sea and makes his way to the island. He gets as close as he can to the shoreline and drops the vessel's anchor. They leave the motorboat and spend the day on interior of the island. When they want to return to the mainland they find the motorboat missing.

It is later established that the motorboat was not anchored correctly and, as a result, it was smashed against the rocks by the waves.

Would the damage to the motorboat be covered in terms of the policy wording, and why?

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### Activity 7

The policyholder employs an au pair to look after the children. One Saturday they spend the day at the dam on their motorboat. The baby is restless and the au pair is in a hurry to get the baby's bottle from the cabin. She trips on the steps and breaks her leg.

Would there be cover for the injury to the au pair in terms of the policy wording?

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### Summary

The use of watercraft as a recreational past time is growing in South Africa. However, it is a relatively expensive activity so people who have the various vessels for hobby purposes want to make sure that their costly possessions are insured properly. This section of the policy does exactly that: it insures the watercraft appropriately.

However, it is quite a complex section because it has many special conditions and exclusions which have to be noted. In addition, you will have to clearly differentiate between the actual watercraft and the liability against the user of the watercraft, as these categories have different compensation clauses and exclusions.

This learning unit has attempted to make the distinction clear and has catalogued the conditions and exclusions in as straightforward a way as possible.

You have also been provided with explanations and definitions for terminology used in the maritime field in the hope that these will assist you in better understanding the circumstances recorded in this section of the policy.



