



Pleasure Craft

It is best to illustrate the application of a comprehensive cover pleasure craft insurance policy by an example.

“One of the pleasure craft moored at the yacht club was on fire. The fire spread out rapidly by strong wind and David’s pleasure craft also caught fire in no time. His craft was seriously damaged by the fire and the repair cost of the craft was over \$300,000 which was a big and sudden financial burden to David. He needs not to spare \$300,000 for paying the repair cost because David has taken out a comprehensive Pleasure Craft Insurance Policy which includes coverage for accidental damage to the craft. The insurer paid the repair cost for him to the repairer directly.”

Under Hong Kong SAR Law, Cap. 548 Merchant Shipping (Local Vessels) Ordinance, pleasure craft are required to have compulsory third party risks insurance for sailing within Hong Kong Waters. A typical pleasure craft insurance policy includes:

1. Third-Party Risks (including legal costs to defend a claim subject to prior approval by the insurer)
Please click the link below for the minimum scope of third party liability cover:
https://www.mardep.gov.hk/en/pub_services/ocean/pdf/ctpri.pdf
2. Accidental loss or damage to the craft (optional)
3. Possible extension of cover:
 - (a) Liability cover for waterskiers operating with the craft
 - (b) Racing risk extension
 - (c) Cover for personal effects
 - (d) Dinghy/tender attached to the craft

Please also note that the policy covers craft used for private pleasure purposes only. The craft will not be covered if it is let out for reward or commercial use.

Although most insurers adopted the widely used Institute Yacht Clauses –1/11/85 in providing coverage under the policy, additional condition clauses/warranties may be imposed by individual insurers to extend/restrict the cover. Also, claim deductibles, as well as premiums, will be different among insurers. Attention in careful comparison is important for the right choice of insurer.