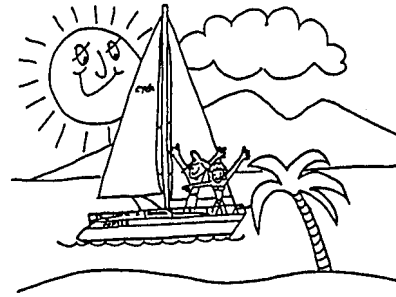


## CYOA YACHT CHARTERS - Insurance Concerns



### SAILING VESSELS - Monohull

Our vessels are insured by Lloyds of London. Various policies create a limit of \$2 million coverage for property damage and liability, subject to the terms and conditions of the policies and a deductible of 2% of the hull value (as shown on the contract), which you are fully responsible for. The loss and damage waiver that we require (\$30 per day) reduces your exposure for the hull deductible from 2% to \$250, and provides for coverage of any lost items from the vessel's inventory and or damage to the vessel that exceeds \$250.

As the contracted charterer you are automatically covered under these policies as an additional insured, up to the policy limit. The policies require (among other things) that you operate the vessel in conformity with all laws and regulations of the jurisdictions sailed within, observe and comply with the COLREGS (Rules of the Road), that all of the rules and regulations (written or oral) of the charter company be observed and complied with, that common sense, good seamanship and prudent judgment be exercised at all times and that any accident (to a person or property) be reported to the appropriate authority and the charter company as soon as possible.

At the conclusion of your charter the vessel will be inspected by CYOA and the cost to repair ANY damage and/or the cost of ANY lost items will be deducted from your security deposit. If there are losses or damage that exceed \$250 you promise to pay the excess when presented with an invoice.

Some examples of some things that are not covered by insurance:

- Any loss, injury or damage arising out of an event occasioned by a willful or negligent violation of the terms of the demise charter contract.
- Any loss, injury or damage arising while operating the yacht under the influence of drugs or alcohol.
- Any damage to the vessel caused in connection with the use of tobacco products - inside or outside.
- Seizure of the vessel by authorities for any reason.
- Deliberate or willful damage by charter guests.
- Loss or damage to personal property (this can usually be covered under your homeowner's policy).
- Any loss, injury or damage arising out of an event occasioned by willful or negligent imprudent seamanship.
- Willful or negligent disregard for the 'Rules of the Road'.
- Willful or negligent disregard for instructions given by CYOA checkout captain and staff including written instructions regarding areas considered to be "off limits" and information in the Vessel Operations Manual.

Negligence is defined as follows: "Any action that may result in damage, injury or loss caused by a flagrant breach of law, regulation or procedure or by a dangerous act which a charterer should have been reasonably expected to know was incorrect".