



Does your current Hull and Machinery policy include “Additional Perils”?

The benefit of the *Additional Perils Clause* is that it effectively makes your standard hull and machinery “named perils” (storm, collision, fire etc) cover into an “all risks” policy, extending cover to insure any accident or negligence whatsoever and not just the perils named in the main body of the policy.

What is the advantage of this clause?

The main advantage of this extension to cover is that it allows a claim for **any** accident or act of negligence regardless of what or who caused it.

Where you are insured under the standard Institute Time Clauses and you suffer damage to your hull or a machinery breakdown, before you can claim from your insurance policy you will have to establish how exactly the damage was caused. If you cannot reasonably prove that the damage was the result of a storm, collision, grounding, fire, latent defect, negligent repair or overhaul by a yard or the crew, negligence of any party chartering your vessel or through the malicious actions of the crew then your claim will not be covered. This could mean that if you have a part of machinery which breaks down only due to a defect in its material or make up then you can claim for the cost of any *consequential* damage but not for the cost of repairing/replacing the defective part itself. While this might be inconsequential if it is a washer or a bearing, the cost can be quite significant if it is a shaft, an engine block or say the welding or caulking in your vessel’s hull.

To present a claim all you will have to do is prove that the damage caused was accidental without having to go into the specific reasons why. The clauses will also cover the cost of repairing or replacing your defective part.

How it works?

A useful example is where your vessel breaks down as the result of the propeller shaft breaking. On your standard hull and machinery cover you will have to establish what exactly caused the shaft to break and if it does not fall under one of the perils detailed above, you will not have a claim. If the shaft breaks because of an unknown (latent) defect in the



material it is made of, on your standard policy you would be able to claim for the cost of any consequential damage but not the cost of replacing the shaft itself. With the *Additional Perils Clauses* you will only have to establish that the failure was due to an accident to have valid claim and you will be able to claim the cost of both the shaft and the consequential damage caused by it breaking.

Can I get this Cover?

Arthur J Gallagher has put together an exclusive insurance offering for CVA Members that includes the option of *Additional Perils Cover*.

When you place your insurance through AJG, you will be entitled to a **minimum 15% refund** of your premium payment each year, if you do not have any claims. If you sign up for a **two year** deal you will be entitled to a **minimum 20% refund** of your premium payment each year, subject to claims.

For more information or to arrange a quote, please contact Arthur J Gallagher Marine on;

Phone: 02 9424 1842

Email: jacob.oneill@ajg.com.au

Website: <http://www.ajg.com.au/industries/marine-insurance>