

Speedboat Clause in Yacht Insurance and Important Considerations

Today, yachts are considered prestigious vehicles that symbolize luxury and comfort, making them highly desirable among many individuals. Consequently, the yacht industry is growing, and the need for yacht insurance is also increasing. In both Turkey and the international market, yacht insurance has become a significant sector, with various standard terms defining its coverage. One of the most commonly used sets of terms in this context is the *Institute Yacht Clauses (IYC)*.



However, since yachts differ significantly in shape, size, and intended use, insurance policies are tailored accordingly. Insurance companies may impose additional conditions depending on the yacht's characteristics and purpose. **Speedboat Clause** is particularly crucial for yachts with high-speed capabilities.

Speed Warranty and Speed Limit

IYC **Clause 5** states that the insured yacht or its service boats must not exceed a design speed of **17 knots**. This condition may come as an unexpected restriction for policyholders. If a yacht exceeds this speed, the standard policy terms become invalid. In such cases, **Clause 5 is removed from the policy and replaced with Clause 19 – Speedboat Clause**.

When an insurer agrees to remove this speed restriction, the **Speedboat Clause** takes effect, altering the insurance coverage accordingly. This clause provides more limited coverage, considering the increased risks associated with high-speed boats.

Speedboat Clause Coverage and Exclusions

The **Speedboat Clause** imposes several significant exclusions, addressing the potential risks faced by yachts exceeding 17 knots. Situations not covered under this clause include:



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In 2014, she graduated from Izmir Yaşar University, Department of Business Administration / English with a scholarship and started her career as a Bancassurance Sales Specialist at Anadolu Sigorta A.Ş. in the same year and worked in this position until 2017. During this period, she completed her master's degree in International Logistics Management at Izmir Yaşar University with a scholarship and thesis. In 2017, she joined Aksigorta A.Ş. as Agency Channel Sales Executive and after about 2 years, she continued her career at Aksigorta as Senior Underwriter in the Marine, Liability and Special Risks department. During her time at Aksigorta, she took part in Agile Projects. In 2022, she completed the Turkish Insurance Institute Foundation's Basic Insurance Training and Marine Insurance Training. As of January 2024, she joined Türk P&I Sigorta as Technical Executive.



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1. **Damage Occurring While Unattended:** The insurance does not cover damage that caused by or arising from the vessel being stranded sunk swamped immersed or breaking adrift, while left moored or anchored unattended off an exposed beach or shore.
2. **Accidents occurring during races:** If a yacht is damaged while participating in a racing event, the insurance does not cover the loss.
3. **Damage to the rudder or propeller:** Damage to the rudder, propeller, or shaft caused by latent defects, negligence, or adverse weather conditions is excluded from coverage.
4. **Fire and explosions caused by the engine:** If a yacht is equipped with an inboard engine, the insurance does not cover fire or explosion damage unless the engine room, tank area, and galley are fitted with a properly installed, regularly maintained, and operational fire suppression system that is either automatic or controlled from the control station.

Additionally, insurers may charge higher premiums for high-speed yachts and require specific safety measures to be implemented.

When obtaining yacht insurance, it is crucial to determine the policy coverage based on the yacht's characteristics and intended use. Especially for yachts with a speed of over 17 knots, insureds should obtain detailed information about the **Speedboat Clause** and its limitations. Otherwise, discovering that a particular damage is not covered could lead to significant financial losses.

For yacht owners, being aware of these clauses and obtaining an appropriate insurance policy is essential for financial protection and risk minimization.