



DEDUCTIBLE REDUCTION AGREEMENT

IMPORTANT - Please read carefully

Client: John Doe Vessel: 2009 Jeanneau 50Ds 3 Cabin
Contract No: 31696 Hull Insured Deductible: USD\$11000
Charter Dates: From 10/21/2012 to 10/29/2012

CYOA vessels are insured by Lloyds of London. Various policies provide a limit of \$2 million coverage for property damage and liability, subject to the terms and conditions of the policies and various deductibles which you are fully responsible for.

As the contracted charterer you are automatically covered under these policies as an additional insured, up to the policy limit. The policies generally 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.

The uninsured amounts you are responsible for are:

- Yacht Hull 2% of the insured value – actual amount varies by vessel and is shown above for your chartered Yacht.
- Tender & Outboard Engine - \$8500
- Liability - \$2500
- Pollution - \$2500

These are not insignificant amounts of money. Accordingly, we offer and require that you purchase directly from us this **DEDUCTIBLE REDUCTION AGREEMENT ("DRA")**.

In exchange for the daily fee that CYOA has collected from you for this **DRA** your exposure for the deductibles listed above is changed as follows:

- Yacht Hull - from 2% of the insured value to:
 - \$500 for inventory and Above the Waterline Damage
 - \$1500 for Below the Waterline Damage
- Tender – from full value to:
 - \$100 for inventory and Above the Waterline Damage
 - \$1500 for Below the Waterline Damage
- Outboard Engine – from full value to:
 - \$100 for inventory and Above the Waterline Damage
 - \$1500 for Below the Waterline Damage
- Liability – No Reduction
- Pollution – No Reduction

The following actions/events will negate the **DRA** and cause you to be responsible for the entire deductible:

- Any loss, injury or damage arising out of an event occasioned by a willful, wanton and/or grossly negligent violation of the terms of the charter contract.
- Any loss, injury or damage arising while operating the yacht under the influence of Drugs or Alcohol.
- Seizure of the vessel by authorities for any reason determined to be valid.
- Deliberate or willful damage by charter guests.
- Violation of the written "Out of Bounds" list provided at the beginning of your charter.
- Willful, wanton and/or grossly negligent disregard for the 'Rules of the Road'.
- Willful, wanton and/or grossly negligent disregard for instructions given by CYOA staff; including oral and written instructions, information in the Charter Operations Manual and the CYOA Client Responsibility Agreement.

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