

# All In The DETAILS

Most crewed yachts are available for "whole boat" charters only—that is, they don't charter by the cabin. Generally speaking, crewed charters are priced best for parties of six. With fewer people, ancillary expenses are less, but certain yacht and crew costs are fixed. Parties of two or four will pay a premium for the fixed costs. Parties of eight or more may have to move to larger yachts with higher cost. In general, charter rates are not negotiable. If a broker offers to undercut her competition, she's not playing by the ethics rules widely recognized in the industry. Call someone else.

## M.Y.B.A. YACHT CHARTER AGREEMENT- PAGE 1 OF 2

NAME OF YACHT: \_\_\_\_\_ Type: \_\_\_\_\_  
 Port of Registry: \_\_\_\_\_ Flag: \_\_\_\_\_ Length: \_\_\_\_\_

This Date \_\_\_\_\_ and Place \_\_\_\_\_  
 Between the Undersigned Parties it has been Agreed as Follows:

OWNER:  
 ADDRESS: \_\_\_\_\_  
 CHARTERER:  
 ADDRESS: \_\_\_\_\_  
 Broker:  
 Broker (Stakeholder): \_\_\_\_\_

### CHARTER PARTICULARS

CHARTER PERIOD: From \_\_\_\_\_ Hrs on the \_\_\_\_\_  
 To \_\_\_\_\_ Hrs on the \_\_\_\_\_  
 PORT OF DELIVERY: \_\_\_\_\_ PORT OF RE-DELIVERY: \_\_\_\_\_  
 Cruising Area: \_\_\_\_\_  
 Maximum Number of Guests Sleeping ( \_\_\_\_\_ ) and Cruising ( \_\_\_\_\_ ) on Board  
 Crew Consisting of: \_\_\_\_\_

### CHARTER FEE:

Plus: Advance Provisioning Allowance (A.P.A.) (see Clause 8): \_\_\_\_\_  
 Delivery Fees: \_\_\_\_\_  
 Security Deposit (See Clauses 16 & 17): \_\_\_\_\_

To be paid as follows:  
 FIRST INSTALMENT: \_\_\_\_\_  
 SECOND INSTALMENT: \_\_\_\_\_

To the following Broker's Clients' Account and it shall be deemed paid only when cl

### CONDITIONS

The CHARTERER shall pay in addition to the Charter Fee and at cost: all fuel in tenders; all harbour, pilot and divers' fees; water, electricity and national and the CHARTERER's party, personal laundry and all communications costs for th

SIGNATURE

CHARTERER (see Clauses 1-24, includi  
 Broker's name specifically list

Yacht charters are subject to both law and reasonable business practice. Read and understand the contract before you sign it.

Most crewed charters require a 50 percent deposit when you sign the contract. If the cost of the charter does not include food, bar, fuel or other expenses (as is often the case outside the Caribbean and on large motoryachts), a deposit on those items usually is required as well. On motoryachts, those expenses typically run 25 percent of the advertised price of the charter; on sail, they run roughly 20 percent (food and drink usually are priced at cost to the boat). The remainder is due between one month and two weeks before the charter commences.

A crew gratuity of 10-20 percent on the published cost of the charter is customary. Give that to the captain who dispenses it how he sees fit. For charters picking up in some European countries, a Value Added Tax (of up to 20 percent may be collected as well).

Payment for deposits can be made by check, wire transfer or credit card. The balance is almost always payable by check or wire transfer.

Charter contracts usually stipulate that your money will not be refunded if you cancel, unless the yacht is re-booked for your exact dates. If you do cancel, the broker will scramble to re-book the yacht. If that fails, he will try to negotiate with the owner. If the owner is unwilling, you may be out of luck. If some of your dates are re-booked, you may get a refund for those. While most charter yachts are not operated with profitmaking as a goal, they are still run as businesses.

For these reasons, many brokers recommend trip cancellation insurance. Depending on the policy, it can cost up to 5 percent of the value of the charter, and in some cases, it has a limit on coverage and strict stipulations on what reasons they will allow for cancellation.

"With some, you literally have to die to collect," says Missy Johnston, of Northrop & Johnson Worldwide Yacht Charters in Newport, R.I.

If the boat cancels because of dangerous weather or mechanical problems before you board, you get your money back (without interest). If



# American Yacht Charter Association

**UNINSPECTED PASSENGER VESSEL CHARTER AGREEMENT**  
 UNITED STATES FLAG  
 Commercially Documented Vessels  
 (Coastwise Trade and/or Registry Endorsements)

DATE: \_\_\_\_\_

YACHT and OFFICIAL NUMBER \_\_\_\_\_ LENGTH \_\_\_\_\_ TYPE \_\_\_\_\_

OWNER \_\_\_\_\_ ADDRESS \_\_\_\_\_

CHARTERER \_\_\_\_\_ ADDRESS \_\_\_\_\_

CHARTER TERM FROM: \_\_\_\_\_ TO: \_\_\_\_\_

DELIVERY PORT \_\_\_\_\_ TIME / DATE \_\_\_\_\_

CRUISING AREA \_\_\_\_\_ RE-DELIVERY PORT \_\_\_\_\_

CHARTER FEE \_\_\_\_\_ DEPOSIT \_\_\_\_\_ MAX. NUMBER PASSENGERS: ( ) ( )

INCLUDED IN FEE: \_\_\_\_\_ BALANCE \_\_\_\_\_ DUE DATE \_\_\_\_\_

NOT INCLUDED IN FEE: \_\_\_\_\_ DEPOSIT \_\_\_\_\_ DUE DATE \_\_\_\_\_

ADDITIONAL PAYMENTS DUE WITH BALANCE: \_\_\_\_\_

ADVANCE PROVISIONING ALLOWANCE (APA) for items not included in fee: \_\_\_\_\_

DISBURSEMENT OF FUNDS: \_\_\_\_\_

TAKEHOLDER: \_\_\_\_\_

INSURANCE LIMITS FOR YACHT: \_\_\_\_\_

ADDITIONAL CONDITIONS: \_\_\_\_\_ HULL: \_\_\_\_\_ PROTECTION & INDEMNITY: \_\_\_\_\_

BOB LUCKEY JR.

weather causes your charter to be curtailed, the owner or captain will usually try to work something out with you. If the boat breaks down during the charter, they usually have 24 or 48 hours to fix the problem, depending on the contract. If they can't, you get a refund for the days you lost. A worst case, though, might be that you have an airline connection through an island in the path of a hurricane, to meet a boat that is on another island safely out the way, and the airline cancels flights. Translation: Buy the insurance.

At its sunny, Caribbean finest, crewed-yacht charter is sublime. But the ocean environment can turn crazy in a hurry. And when you mix salt water and complex machinery, stuff is bound to break. Take the case of *Miss Turnberry*. The 140' motoryacht took on water and sank in December of '95 while steaming in postcard-perfect weather off St. Barths. Her charter guests—reported to be lawyers!—were rescued. *Nadine*, a 166'

motoryacht known for its collection of water and other toys, including a Bell Jet Ranger helicopter and a seaplane, sank in 1996 off Sardinia after taking on water in heavy seas. She was not on charter at the time, but her crew and guests spent a wild night aboard the foundering yacht and had to push the helicopter over the side to facilitate rescue efforts.

Most sailing yachts in the Caribbean quote prices that include food, fuel and other incidental expenses. Bar and beverages usually are extra. The same yacht chartering in New England two months later or in the Med may charter with a cost-plus-expenses contract. Motor-yachts generally are cost plus expenses. Crew gratuities are never quoted in the charter price, but are strongly encouraged. A typical week-long charter is eight days, seven nights. At right is an example of the typical costs for a party of six for a week in the Caribbean on a 65' sailboat and a 65' powerboat.

## Sailboat

(food, etc., included)

**\$12,000=**  
**\$2,000 per person, plus**  
**\$300 each for gratuity, plus**  
**\$808 airfare from New York**  
**to Antigua.**

**Total per person: \$3,108.**

## Powerboat

(food, etc., included)

**\$15,000=**  
**\$2,500 per person, plus**  
**\$350 each for gratuity, plus**  
**\$808 airfare from New York**  
**to Antigua.**

**Total per person: \$3,658.**

# Contract SPORTS

The issue of liability exposure on crewed charters is complex and thorny. Most countries allow crewed yacht charter in their territorial waters for up to 12 guests with the owner supplying the captain and crew. On such charters, the owner and captain bear most of the liability exposure for the boat and crew. However, since the charterer determines, to a degree, the itinerary, he inherits some liability. American laws are more intricate with regard to how yachts charter in American waters and who bears the liability. Most American-flagged yachts are allowed to charter with the owner supplying crew; however, guests may be limited to fewer than the international standard of 12. Most foreign yachts are allowed to charter in U.S. waters, but due to certain regulations, the charterer must supply the captain and crew. In this situation, the charterer becomes liable for both the vessel and the crew. The contract charter brokers use for a boat in this situation is known as a "demise contract" or bareboat contract. When a yacht uses this contract, charterers almost always hire

the crew that's on board the boat. Obviously, it would be impractical to recruit and train a different crew for a single charter. In a worst case, if a crewman is injured while on charter—and hence, under the charterer's employ—he can sue the charterer for compensation.

When chartering under a demise contract, it makes sense to buy liability insurance; the broker can arrange it through a marine insurance agent. It costs about \$200 for a one-week charter for a minimum of \$1 million coverage. You can buy more. Under a demise contract, you also may be responsible for the deductible on the owner's hull insurance should the yacht sink or be damaged. Liability insurance doesn't cover this. On a demise contract charter several years ago in the northwest, the captain hit a submerged object, causing several thousand dollars in damage to the boat. The owner sent the yard bill to the charterer to pay since the contract said he was responsible. The broker intervened and convinced the owner to back off, but he was within his rights to ask for it. Ask your broker what kind of contract the boat you want to charter uses and understand it.

The U.S. Passenger Vessel Safety Act of 1993 clarified many previously gray areas in the regulation of yacht charter. Depending on the register tonnage, the

number of guests, and whether the crew is owner-supplied, the Coast Guard may consider a U.S.-flagged yacht as a recreational vessel, an uninspected passenger vessel or a certificated passenger vessel. Each category comes with its own equipment and manning requirements, and vastly different legal ramifications for a charterer. If the boat is carrying 12 or fewer guests, is chartered without crew, and is not carrying any passengers for hire, the Coast Guard considers it a recreational vessel, the same as a family run-about. If the boat is chartered with crew, it is considered an uninspected passenger vessel, subject to special equipment and manning requirements. Yachts under 100 gross tons can carry up to six guests, and larger yachts can carry up to 12. If you carry more than 12 guests on a chartered vessel of any size, with or without crew, bareboat or not, you've just gone from vacationing to operating a passenger vessel business in the eyes of the law.

Larger charter yachts flying any of the various "red ensign" British flags are subject to the MCA Commercial Yacht Code, administered by the U.K.'s Maritime and Coastguard Agency. Your charter broker should be familiar enough with the requirements of the appropriate agency to explain them to you.

If they are not, it's a signal to find another broker. □