HMRC - IPT04400 - Lifeboats

The Finance Act 1994, Schedule 7A, paragraph 5(1) exempts a contract:

…if it relates only to a lifeboat and is a contract of general insurance of a relevant class.

Paragraph 5(2) defines a relevant class:

… if it insures against risks arising from or in relation to

(a) accidents,

(b) ships, or

(c ) liabilities of ships,

(and no other risk)

Paragraph 6(1) of Schedule 7A also exempts insurance:

if it relates only to a lifeboat and lifeboat equipment and is such that, if it related only to a lifeboat, it would fall within paragraph 5 above.

Therefore, the contract covering a lifeboat and its equipment must be written under classes 1, 6, and 12 if it is to be treated as exempt. However, in deciding whether a contract relates to lifeboat equipment, paragraph 6(2) of Schedule 7A says:

… the nature of the risks concerned is immaterial, and they may (for example) be risks of dying or sustaining injury or of loss or damage.

The purpose of the relief is, broadly, to reflect that available for the commercial shipping sector. The relief was not granted because of the charitable or voluntary status of the Royal National Lifeboat Institution(RNLI).

Definition of a “lifeboat”

Paragraph 5(3) of Schedule 7A defines “a lifeboat” as:

… a vessel used or to be used solely for rescue or assistance at sea.

The relief applies to sea-going lifeboats after they have been launched, but not during construction. This treatment is the same as that for ships (see IPT04350).

Definition of “lifeboat equipment”

Paragraph 6(3)(b) of Schedule 7A defines “lifeboat equipment” as:

… anything used or to be used solely in connection with a lifeboat.

This includes carriage equipment, tractors, winches and hauling equipment used solely for the launching and recovery of lifeboats.

What the exemption does not cover

The exemption does not extend to rescue craft on inland waterways, lakes and reservoirs, lifeboats under construction, or to vessels, which are not “lifeboats” but are used in training personnel in life saving techniques. The exemption does not extend to boat houses or slipways, or other assets or facilities of the RNLI - these are not considered to be “lifeboat equipment.”

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