aurora P&I

Terms and Conditions
Commencing 1 July 2026

MARKEL

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PART 1 INTRODUCTION

1 Conditions of Insurance

Any Insurance for risks covered under Part 2 of this policy is only to insure liabilities, costs and expenses that have arisen:

1.1 in respect of the Insured's interest in the Insured Ship;
1.2 out of events that have occurred during the Period of Insurance;
1.3 in connection with the operation of the Insured Ship by or on behalf of the Insured.

2 Standard P&I Risks

The standard P&I risks specified in Part 2 Sections A to C of this policy constitute the basic cover provided by the Insurer.

The said standard P&I risks are subject to the relevant procedures, obligations, conditions, limitations, exclusions, definitions and other provisions set out in Parts 1 to 8 of this policy.

3 Additional Cover

By virtue of Part 2 Sections D and E, the Insured may be covered against additional risks other than the standard P&I risks set out in Part 2 Sections A to C of this policy, providing that:

3.1 the Insurance of such risks has been agreed in writing between the Insured and the Insurer;
3.2 the Insured has paid or agreed to pay such additional Premium as may be required by the Insurer.

Unless otherwise expressly agreed, such additional risks Insurance is subject to the relevant procedures, obligations, conditions, limitations, exclusions, definitions and other provisions set out in Parts 1 to 8 of this policy.

4 Special Cover

The risks insured under Part 2 of this policy may be excluded, limited, modified or otherwise altered by an agreement to provide special cover, providing that:

4.1 such special cover has been agreed in writing between the Insured and the Insurer;
4.2 the Insured has paid or agreed to pay such additional Premium as may be required by the Insurer.

PART 2 WHAT IS INSURED

5 Standard P&I Risks Insurance

The standard P&I risks covered by the Insurer under this policy are set out in Sections A to C below.

5.1 **Limits and Deductibles under Sections A to C**

5.1.1 The maximum amount(s) recoverable by the Insured will be the amount(s) stated in the relevant Certificate of Insurance.

5.1.2 The Insured's recovery from the Insurer will be subject to the deductibles set out in the relevant Certificate of Insurance.

SECTION A LIABILITIES RELATING TO PEOPLE

6 Members of the Crew

Risks Covered

Liabilities arising in respect of a Member of the Crew of the Insured Ship, whether under a contract of employment, a contract of service, a collective agreement or under a legal or Statutory Obligation, as follows:

6.1 compensation or damages for any illness, personal injury or death;

6.2 the cost of medical or hospital treatment in relation to any illness or personal injury;

6.3 wages during medical or hospital treatment or during repatriation, providing that:

6.3.1 such liability results from illness or injury;

6.4 the cost of funeral and ancillary expenses necessarily incurred following death;

6.5 the cost of repatriation or deportation necessarily incurred by reason of illness, personal injury, death or a Casualty involving the Insured Ship;

6.6 unpaid wages due from the Insured to the Member of the Crew following the abandonment of a Member of the Crew or the cost of repatriation or deportation necessarily incurred by reason of a Member of the Crew having been left ashore or abandoned, providing that:

6.6.1 there is a Statutory Obligation to pay such costs of repatriation or deportation; or

6.6.2 there is a legal liability to pay such unpaid wages or costs of repatriation or deportation under any statutory enactment or domestic legislation giving effect or equivalent to the 2006 Maritime Labour Convention and such unpaid wages or costs of repatriation or deportation are not otherwise recoverable under this Clause 6; and

6.6.3 cover for such unpaid wages has been expressly agreed in the Certificate of Insurance and any payment by the Insurer in respect of unpaid wages under Clause 6.6 will be limited to a maximum of four months' wages per Member of the Crew and, where applicable, any such aggregate limit as may be stated in the Certificate of Insurance.

6.7 damages or compensation in respect of loss or damage to the personal effects of any Member of the Crew, except that:

6.7.1 there will be no right of recovery in respect of Valuables and

6.7.2 any recovery will be limited to USD5,000 unless otherwise agreed in writing by the Insurer;

6.8 wages, maintenance or compensation under a Member of the Crew's contract of employment, contract of service or collective agreement in respect of any continuous period of unemployment resulting from the actual or constructive total loss of the Insured Ship, providing that:

6.8.1 the total amount payable will not exceed the equivalent of 60 days wages;

6.9 costs and expenses charged by a government agency or authority or that are necessarily incurred by the Insured in respect of any Member of the Crew who deserts or goes on strike, providing that:

6.9.1 the costs and expenses cannot be recovered from the Member of the Crew concerned;

6.9.2 there is a legal liability to pay the costs and expenses or they are incurred with the prior agreement of the Insurer.

Exclusions

6.10 There will be no recovery under this Clause 6 in respect of any costs and expenses arising out of or in consequence of:

6.10.1 the expiry of a Member of the Crew's period of service on the Insured Ship, either in accordance with the terms of a contract of employment, a contract of service or a collective agreement or by mutual consent of the parties to it;

6.10.2 breach by the Insured of any contract of employment, contract of service or collective agreement relating to non-payment of wages or similar labour-related disputes;

6.10.3 the laying up or sale of the Insured Ship.

6.11 If any of the liabilities, costs and expenses identified in this Clause 6 are incurred under the terms of a contract of employment, a contract of service or a collective agreement and would not have arisen but for those terms, there will be no right of recovery in respect of those liabilities, costs and expenses unless:

6.11.1 the terms of the contract of employment, contract of service or collective agreement have previously been approved by the Insurer in writing.

7 Substitutes

Risks Covered

Costs and expenses necessarily incurred to substitute a Member of the Crew who:

7.1 has deserted;

7.2 was ill, injured or has died;

7.3 has been left ashore; or

7.4 has been repatriated as a result of illness, personal injury, death or a Statutory Obligation.

Conditions

7.5 The substitute's wages will only be recoverable as an expense during the period of substitution, where the Insured is legally liable to pay wages simultaneously to the Member of the Crew and to the substitute.

Exclusions

7.6 There will be no recovery under this Clause 7 in respect of any costs and expenses arising out of or in consequence of:

7.6.1 the expiry of a Member of the Crew's period of service on the Insured Ship, either in accordance with the terms of a contract of employment, a contract of service or a collective agreement or by mutual consent of the parties to it; or

7.6.2 breach by the Insured of any contract of employment, contract of service or collective agreement relating to non-payment of wages or similar labour-related disputes; or

7.6.3 the laying up or sale of the Insured Ship.

8 Passengers

Risks Covered

Liabilities in respect of Passengers arising under a contract, as follows:

8.1 compensation or damages for any illness, personal injury or death;

8.2 the cost of medical or hospital treatment in relation to any illness or personal injury;

8.3 the cost of funeral and ancillary expenses necessarily incurred following death;

8.4 compensation or damages to Passengers on board the Insured Ship as a result of a Casualty to the Insured Ship, including the cost of maintenance ashore and the cost of transportation to the port of destination or embarkation;

8.5 compensation in respect of loss or damage to the personal effects of a Passenger on board the Insured Ship, except that:

8.5.1 there will be no right of recovery in respect of Valuables;

8.5.2 any recovery in respect of the personal effects of a Passenger will be limited to USD5,000 unless otherwise agreed in writing by the Insurer.

Exclusions

8.6 There will be no recovery under this Clause 8 for any liabilities, costs or expenses arising under the terms of a contract unless the terms of such contract have been approved by the Insurer in writing.

8.7 There will be no recovery under this policy for any liabilities, costs or expenses arising out of the carriage of a Passenger by air, except where this occurs while the Passenger is being transported to the port of destination or embarkation following personal injury, illness or a Casualty to the Insured Ship.

8.8 There will be no recovery under this policy in respect of liabilities, costs or expenses incurred while a Passenger is on an excursion from the Insured Ship in circumstances where either:

8.8.1 a separate contract has been entered into by the Passenger for the excursion, whether or not with the Insured; or

8.8.2 the Insured has waived any rights of recourse against any sub-contractor or other third party in respect of such excursion.

9 Third Persons

Risks Covered

Liabilities arising in respect of Third Persons, as follows:

9.1 compensation or damages for any illness, personal injury or death;
9.2 the cost of medical or hospital treatment in relation to any illness or personal injury;
9.3 the cost of funeral and ancillary expenses necessarily incurred following death;
9.4 compensation in respect of loss or damage to the personal effects of a Third Person on board the Insured Ship, except that:
9.4.1 there will be no right of recovery in respect of Valuables.

Conditions

9.5 Cover under this Clause 9 is limited to liabilities arising out of a negligent act or omission that:
9.5.1 occurred on board the Insured Ship; or
9.5.2 related to the Insured Ship; or
9.5.3 related to the handling of Cargo, from the time of that Cargo's loading at the port of shipment until the time of its discharge at the port of discharge.

Exclusions

9.6 If any of the liabilities identified in this Clause 9 are incurred under the terms of a contract and would not have arisen but for those terms, there will be no right of recovery in respect of those liabilities unless the terms of the contract have been approved by the Insurer in writing.
9.7 There will be no recovery under this Clause 9 for any liabilities that may be recoverable under Clause 16 (Collisions with other Ship) or Clause 17 (Damage to other Ships other than by collision).

10 Stowaways, Refugees and Persons Rescued at Sea

Risks Covered

Costs and expenses necessarily incurred by the Insured to meet its obligations in respect of stowaways, refugees or Persons rescued at sea, including the cost of maintaining, landing and, where necessary, repatriating such Persons.

Conditions

Recovery under this Clause 10 will be limited to costs and expenses:

10.1 not recoverable from any other third party;
10.2 that the Insured has a legal liability to pay or are incurred with the prior agreement of the Insurer; and
10.3 that would not have been incurred but for the diversion or delay.

Exclusions

10.4 There will be no recovery under this Clause 10 for any costs and expenses recoverable under Clause 11 (Diversion).

11 Diversion

Risks Covered

Costs resulting from the diversion or delay of the Insured Ship where they have been necessarily incurred, as follows:

11.1 providing medical treatment ashore for sick or injured Persons;
11.2 repatriating dead bodies aboard the Insured Ship;
11.3 waiting for a substitute for a sick or injured Member of the Crew who has been landed ashore for treatment;
11.4 waiting for a substitute for a Member of the Crew who has died during the voyage;
11.5 landing stowaways, Persons rescued at sea or refugees; and
11.6 saving or attempting to save life at sea.

Conditions

11.7 Recovery under this Clause 11 will be limited to costs that would not have been incurred but for the diversion or delay in respect of:
11.7.1 fuel;
11.7.2 insurance;
11.7.3 wages;
11.7.4 stores and provisions;
11.7.5 port charges.

12 Life Salvage

Risks Covered

Any compensation legally due to a third party that has saved or attempted to save the life of a Person on or from the Insured Ship.

Exclusions

12.1 There will be no recovery under this Clause 12 for any amounts recoverable under the Hull Policies of the Insured Ship or from Cargo interests.

13 Quarantine

Risks Covered

Costs and expenses, including the cost and expense of disinfection, fumigation or quarantine, where they have been necessarily incurred as a direct result of an outbreak, or presence on board, of a human infectious disease.

Conditions

13.1 The Insured's recovery in respect of stores and provisions consumed, bunkers, wages of Members of the Crew, insurance and port charges will be limited to those costs and expenses that would not have been incurred but for the outbreak of the said human infectious disease.

SECTION B LIABILITIES RELATING TO PROPERTY AND THE ENVIRONMENT

14 Loss of or Damage to Property not on board the Insured Ship

Risks Covered

Liabilities arising in respect of property, whether on land or water and whether fixed or moveable, as follows:

14.1 damages or compensation for any loss or damage to any property; and

14.2 damages or compensation for any infringement of rights of any party having an interest in property.

Conditions

14.3 Where the Insured Ship infringes rights or causes loss or damage to property belonging wholly or partly to the Insured, or in which the Insured has a whole or partial interest, the Insured will have the same rights of recovery under this policy as if such rights, interest or property belonged wholly to a third party.

Exclusions

14.4 There will be no recovery under this Clause 14 in respect of:

14.4.1 liabilities which are within the scope of the following Clauses:

14.4.1.1 Clause 6.7, Clause 8.5 or Clause 9.4 relating to liabilities for loss or damage to the personal effects of Members of the Crew, Passengers and Third Persons;

14.4.1.2 Clause 15 (Loss of or damage to Property on board the Insured Ship);

14.4.1.3 Clause 16 (Collision with other Ships);

14.4.1.4 Clause 17 (Damage to other Ships other than by Collision);

14.4.1.5 Clause 18 (Pollution);

14.4.1.6 Clause 20 (Towage);

14.4.1.7 Clause 21 (Wreck Liabilities);

14.4.1.8 Clause 22 (Cargo liabilities);

14.4.2 liabilities within the scope of any proviso, limit, condition, exclusion or deductible applicable to any of the Clauses listed in Clause 14.4.1 above;

14.4.3 any amounts recoverable under the relevant Hull Policies of the Insured Ship or for any amounts that would have been recoverable under the said Hull Policies but for a breach of contract by the Insured;

14.4.4 any franchise or deductible borne by the Insured under the Hull Policies of the Insured Ship;

14.4.5 liabilities arising under the terms of any contract or indemnity entered into by the Insured, to the extent that they would not have arisen but for such contract or indemnity unless:

14.4.5.1 the Insured has obtained appropriate special Insurance by written agreement with the Insurer, and the Insured has paid or agreed to pay such additional Premium as required by the Insurer;

15 Loss of or Damage to Property on board the Insured Ship

Risks Covered

Liabilities of the Insured to pay for loss of or damage to any containers, equipment or fuel on board the Insured Ship.

Exclusions

15.1 There will be no recovery under this Clause 15:

15.1.1 where such property is within the scope of the following Clauses:

15.1.1.1 Clause 6.7, Clause 8.5 or Clause 9.4 relating to liabilities for loss or damage to the personal effects of Members of the Crew, Passengers and Third Persons;

15.1.1.2 Clause 22 (Cargo Liabilities);

15.1.2 in respect of liabilities within the scope of any proviso, limit, condition, exclusion or deductible applicable to any of the Clauses listed in Clause 15.1.1 above;

15.1.3 where such property forms part of the Insured Ship and is owned or leased by the Insured, or by any company associated with or under the same management as the Insured;

15.1.4 in respect of any liabilities arising under the terms of any contract or indemnity entered into by the Insured that would not have arisen but for such contract or indemnity unless:

15.1.4.1 the Insured has obtained appropriate special Insurance by written agreement with the Insurer, and the Insured has paid or agreed to pay such additional Premium as required by the Insurer.

16 Collision with other Ships

Risks Covered

Liabilities to pay costs and damages to any other Person arising as a result of a collision between the Insured Ship and any other ship, as follows:

16.1 one fourth, or other such proportion as agreed by the Insurer in writing, of the liabilities arising out of a collision;

16.2 four fourths of the liabilities arising out of the collision for, or relating to:

16.2.1 the raising, removal, disposal, destruction, lighting or marking of obstructions, wrecks, Cargoes or any other thing whatsoever;

16.2.2 any real or personal property or any thing whatsoever, except:

16.2.2.1 other ships or property on other ships;

16.2.3 the Cargo or other property on the Insured Ship, or general average contributions, special charges or salvage paid by the owners of such Cargo or property;

16.2.4 loss of life, personal injury, illness, repatriation or substitute expenses;

16.2.5 an escape or discharge or threatened escape or discharge of oil or any other substance:

16.2.5.1 other than from the Insured Ship and

16.2.5.2 excluding damage to other ships with which the Insured Ship has collided and Property on such other ships;

16.2.6 remuneration paid pursuant to the SCOPIC Clause, or any revision thereof, in respect of the salvage of a ship with which the Insured Ship has collided.

16.3 That part of the Insured's liabilities arising out of the collision, other than the liabilities listed in Clause 16.1 above, which exceeds the sum recoverable under the Hull Policies of the Insured Ship, providing that:

16.3.1 such excess arises solely because the sum of the Insured's liabilities arising out of the collision has exceeded the valuation of the Insured Ship in the said Hull Policies and

16.3.2 the Insured Ship was insured for a Proper Value in the said Hull Policies.

A Proper Value is defined in Part 8 (Definitions) of this policy.

Conditions

16.4 If a claim arises under this Clause 16 in respect of a collision involving the Insured Ship and another ship belonging wholly or partly to the Insured, the Insured will be entitled to recover under this policy and the Insurer will have the same rights as if the other ship had belonged wholly to a third party.

16.5 If both ships are to blame and the liability of either or both ships in collision becomes limited by law, claims under this Clause 16 will be settled upon the principle of single liability, providing that:

16.5.1 in all other cases, claims under this Clause 16 will be settled upon the principle of cross-liabilities, as if the owner of each ship had been compelled to pay the owner of the other ship such proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Insured in consequence of the collision.

Exclusions

There will be no recovery under this Clause 16:

16.6 for any amounts recoverable under the relevant Hull Policies of the Insured Ship or for any amounts that would have been recoverable under the said Hull Policies but for a breach of contract by the Insured; or

16.7 for any franchise or deductible borne by the Insured under the Hull Policies of the Insured Ship, unless this has previously been agreed by the Insurer in writing.

17 Damage to other Ships other than by Collision

Risks Covered

Liability to pay costs and damages arising, otherwise than by collision between that other ship and the Insured Ship, as follows:

17.1 loss or damage to the other ship, or property on that other ship;

17.2 the cost of raising, removal, disposal, destruction, lighting or marking of the wreck of the other ship and any cargo or other property which is or was on board such other ship;

17.3 compensation or damages for loss of life, personal injury, illness, repatriation or substitute expenses in accordance with the provisions of Clause 9 (Third Persons); or

17.4 costs arising from an escape or discharge or threatened escape or discharge of oil or any other substance from such other ship.

Conditions

17.5 Where loss or damage is caused, other than by collision, to any other ship or property belonging wholly or partly to the Insured, or in which the Insured has a whole or partial interest, the Insured will have the same rights of recovery under this policy as if such rights, interest or property belonged to wholly to third parties.

Exclusions

17.6 There will be no recovery under this Clause 17 in respect of liabilities which are within the scope of Clause 14 (Loss of or Damage to Property not on board the Insured Ship) of this policy.

18 Pollution

Risks Covered

Liabilities, losses, damages, costs and expenses caused by or incurred in consequence of an escape or discharge, or threatened escape or discharge, of oil or any other substance from the Insured Ship, as follows:

18.1 loss, damage or contamination;

18.2 any loss, damage or expense that the Insured incurs, or for which the Insured is liable, as a party to any agreement approved by the Insurer, including the costs and expenses incurred by the Insured in performing the obligations under such agreements;

18.3 any measures reasonably taken for the purpose of avoiding or minimising pollution or any resulting loss or damage together with any liability for loss of or damage to property caused by measures so taken;

18.4 any measures reasonably taken to prevent an imminent danger of the discharge or escape from the Insured Ship of oil or any other substance that may cause pollution; and

18.5 compliance with any order or direction given by any government or authority for the purpose of preventing or reducing pollution or the risk of pollution.

Conditions

18.6 If the discharge or escape from the Insured Ship causes loss or damage to property belonging wholly or partly to the Insured, or in which the Insured has a whole or partial interest, the Insured will have the same rights of recovery under this policy as if such rights, interest or property belonged wholly to third parties.

18.7 The value of any ship or wreck and of any stores and materials or Cargo or other property removed and saved as a result of any measures taken as outlined in this Clause 18 will either be credited to the Insurer or deducted from any recovery due from the Insurer.

Exclusions

There will be no recovery under this Clause 18 in respect of:

18.8 compliance referred to under Clause 18.5, where such compliance is a requirement for the normal operation or salvage or repair of the Insured Ship or where such costs and expenses are recoverable under the Hull Policies of the Insured Ship;

18.9 any liability, loss, damage, cost or expense arising as a consequence of the presence in, or the escape or discharge, or threatened escape or discharge, from any land-based dump, storage or disposal facility of any substance previously carried in or on the Insured Ship, whether or not as Cargo, fuel, stores or waste;

18.10 any liability, loss, cost or expense that would have been recoverable in general average if the Cargo in or on the Insured Ship had been carried on terms no less favourable than those of the York-Antwerp Rules 1974 or 1994 unless:

18.10.1 the Insured has obtained appropriate special Insurance by written agreement with the Insurer, and the Insured has paid or agreed to pay such additional Premium as required by the Insurer.

19 Special Compensation to Salvors

Risks Covered

Liability to pay compensation to a salvor of the Insured Ship.

Conditions

Compensation will only be recoverable under this Clause 19 where such compensation:

19.1 is not payable by those interested in the salved property; and

19.2 is limited to the salvor's 'reasonably incurred expenses' together with any increment awarded under the exception to the principle of 'no cure – no pay' contained in Clause 1(a) of the Lloyd's Standard Form of Salvage Agreement 1980 (LOF 1980); or

19.3 is in the form of 'special compensation' within the meaning of Article 14 of the International Convention on Salvage, 1989, as incorporated into a Lloyd's Standard Form of Salvage Agreement for operations to prevent or minimise damage to the environment; or

19.4 is in respect of 'SCOPIC remuneration' under the SCOPIC Clause as supplementary to a Lloyd's Standard Form of Salvage Agreement or any other "No Cure No Pay" salvage contract approved in writing by the Insurer.

Exclusions

19.5 There will be no recovery under this Clause 19 where the compensation payable to the salvor, or any part thereof, would not have been incurred had the Insured Ship been insured for a Proper Value in the relevant Hull Policies.

A Proper Value is defined in Part 8 (Definitions) of this policy.

20 Towage

Risks Covered

Liabilities arising in respect of towage, as follows:

20.1 **Customary Towage of the Insured Ship**

Liability under the terms of an Approved Contract for the customary towage of the Insured Ship, to the extent that the Insured is not insured for such liability under the Hull Policies of the Insured Ship, providing that such towage is:

20.1.1 for the purpose of entering or leaving port, or manoeuvring within port, during the ordinary course of trading; or

20.1.2 of an Insured Ship customarily towed in the ordinary course of trading from port to port, or from place to place.

20.2 **Towage of the Insured Ship other than Customary Towage**

Liability arising out of towage of the Insured Ship other than the customary towage covered under Clause 20.1 above, providing that:

20.2.1 cover for such liability has previously been agreed by the Insurer in writing; and

20.2.2 the Insured has paid or agreed to pay such additional Premium as required by the Insurer.

20.3 **Towage by the Insured Ship**

Liability arising out of the towage of another ship or object by the Insured Ship.

Exclusions

There will be no recovery under:

20.4 Clause 20.1 for any liability to pay for the cost of contracted services;

20.5 Clause 20.3 in respect of:

20.5.1 loss of or damage to the towed ship or object;

20.5.2 wreck removal of the towed ship or object;

20.5.3 loss of or damage to or wreck removal of any cargo or property on the towed ship or object;

unless

20.5.4 the Insured Ship is towing under an Approved Contract; or

20.5.5 cover for such liability has previously been agreed by the Insurer in writing; and

20.5.6 the Insured has paid or agreed to pay such additional Premium as required by the Insurer.

An Approved Contract is defined in Part 8 (Definitions) of this policy.

21 Wreck Liabilities

Risks Covered

21.1 Liabilities, costs or expenses relating to the locating, raising, removal, destruction, lighting or marking of the wreck of the Insured Ship providing that:

21.1.1 such locating, raising, removal, disposal, destruction, lighting or marking is compulsory by law or such liabilities, costs and expenses are legally recoverable from the Insured.

21.2 Liabilities, costs or expenses relating to the locating, raising, removal, disposal, destruction, lighting or marking of any Cargo, equipment or property being carried or having been carried on the Insured Ship, providing that:

21.2.1 such locating, raising, removal, disposal, destruction, lighting or marking is compulsory by law or such liabilities, costs and expenses are legally recoverable from the Insured;

21.2.2 such Cargo or property is not oil or any other substance within the scope of Clause 18 (Pollution);

21.2.3 the Insured is unable to recover such liabilities, costs or expenses from the owner or insurer of such Cargo, equipment or property, or from any other party.

21.3 Liabilities, costs or expenses incurred by the Insured as a result of:

21.3.1 the presence or involuntary shifting of the wreck of the Insured Ship or of any Cargo, equipment or property being carried or having been carried on the Insured Ship;

21.3.2 failure of the Insured to raise, remove, destroy, light or mark the wreck of the Insured Ship or of any Cargo, equipment or property being carried or having been carried on the Insured Ship;

21.3.3 the discharge of oil or any other substance from the wreck of the Insured Ship, providing that:

21.3.3.1 there will be no recovery for liabilities, costs or expenses recoverable under Clause 18 (Pollution).

Conditions

21.4 The Insured Ship, Cargo, equipment or property being carried or having been carried on the Insured Ship must have become a wreck as the result of a Casualty or event occurring during the relevant Period of Insurance, in which case, the Insurer will continue to be liable for the claim notwithstanding that in all other respects the liability of the Insurer will have terminated pursuant to Clause 84.3 (Termination of Insurance).

21.5 The value of all the Insured Ship's stores and materials saved, as well as the value of the wreck itself, the value of all Cargo, equipment or other property saved to which the Insured is entitled, salvage remuneration received by the Insured and any sum received by the Insured from third parties will first be deducted from or set off against such liabilities, costs or expenses and only the balance, if any, will be recoverable from the Insurer.

21.6 Where liabilities arise, or costs or expenses are incurred, under the terms of an indemnity or contract, and would not have arisen but for those terms:

21.6.1 the terms of the indemnity or contract must previously have been approved by the Insurer and

21.6.2 special Insurance must have been agreed between the Insured and the Insurer, and the Insured must have paid or agreed to pay such additional Premium required by the Insurer.

Exclusions

There will be no recovery under this Clause 21:

21.7 if, without the consent of the Insurer, the Insured transfers its interest in the wreck (otherwise than by abandonment) prior to:

21.7.1 the raising, removal, disposal, destruction, lighting or marking of such wreck; or

21.7.2 the Casualty or event giving rise to the liabilities, costs and expenses referred to in this Clause 21;

21.8 where the liabilities cost and expenses, or any part thereof, would not have been incurred had the Insured Ship been insured for a Proper Value in the relevant Hull Policies.

A Proper Value is defined in Part 8 (Definitions) of this policy.

22 Cargo Liabilities

Risks Covered

Liabilities arising or costs and expenses incurred in respect of Cargo intended to be, or being or having been carried in the Insured Ship, as follows:

22.1 **Loss, Damage, Shortage or other Responsibility**

Loss, damage, shortage or other responsibility arising out of any breach by:

22.1.1 the Insured, or

22.1.2 any Person for whose acts, neglect or default the Insured may be legally liable in respect of the Insured's obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the Cargo, or out of unseaworthiness or unfitness of the Insured Ship.

22.2 **Disposal of Damaged Cargo or Sound Cargo from a Damaged Ship**

Liability for additional costs and expenses incurred by the Insured following damage to the Insured Ship (over and above the costs and expenses that the Insured would have incurred if the Cargo or the Insured Ship had not been damaged) in respect of:

22.2.1 discharging or disposing of damaged Cargo; or

22.2.2 discharging or disposing of sound Cargo.

Condition

22.2.3 Any recovery under this Clause 22.2 will be limited to those costs and expenses that are not recoverable or cannot be recovered from any other party.

22.3 **Failure of Consignee to Remove Cargo**

Liabilities and additional costs incurred by the Insured (over and above the liabilities and costs that it would have incurred if the Cargo had been collected or removed) as a result of:

22.3.1 a total failure by a consignee to collect or remove Cargo at the port of discharge or place of delivery.

Condition

22.3.2 Any recovery under this Clause 22.3 will be limited to those liabilities and costs that exceed the proceeds of sale of the Cargo and are not recoverable or cannot be recovered from any other party.

22.4 **Through or Transhipment Bills of Lading**

Loss, shortage, damage or other responsibility in respect of Cargo carried by a means of transport other than the Insured Ship, when the liability arises under a through transport bill of lading, or other form of contract, approved by the Insurer, providing for carriage partly to be performed by the Insured Ship, providing that:

22.4.1 the Insured has obtained appropriate special Insurance by written agreement with the Insurer, and the Insured has paid or agreed to pay such additional Premium required by the Insurer.

Conditions

22.5 **Regulations Applying to Terms and Contracts**

From time to time during the Period of Insurance, the Insurer may make regulations prescribing the use of any particular clause or form of contract, either generally or in any particular trade, or in relation to the system and method of carriage, storage, transport, custody and handling of Cargo intended to be, being or having been carried on the Insured Ship.

22.6 **Property of the Insured**

Where any Cargo lost or damaged on board the Insured Ship is wholly or partly owned by the Insured, the Insured will be entitled to recover from the Insurer the same amount as would have been recoverable if the Cargo had belonged wholly to a third party and that third party had concluded a contract of carriage of the Cargo with the Insured on the terms of the Insurer's recommended standard terms of carriage, in accordance with the provisions of Clause 22.7 (Standard Terms of Contracts of Carriage) providing that

20.6.1 cover for such liability in respect of the Insured's owned Cargo has previously been agreed by the Insurer in writing; and

20.6.2 the Insured has paid or agreed to pay such additional Premium as required by the Insurer.

Exclusions

There will be no recovery under this Clause 22 in respect of the liabilities referred to in Clauses 22.7 to 22.18 inclusive.

22.7 **Standard Terms of Contracts of Carriage**

Liabilities that would not have been incurred, or sums that would not have been payable by the Insured, if the Cargo (including Cargo carried on deck) had been carried under a contract incorporating terms no less favourable to the Insured than the Insurer's recommended standard terms of carriage, which are the Hague or Hague-Visby Rules, unless:

22.7.1 the contract of carriage is on terms less favourable to the Insured solely because such terms are of mandatory application; or

22.7.2 the Insured has obtained appropriate special cover by written agreement with the Insurer, and the Insured has paid or agreed to pay such additional Premium required by the Insurer.

22.8 **Regulations Issued by the Insurer from Time to Time**

Liabilities where the Insured has not followed or adhered to the regulations set out under Clause 22.5.

22.9 **Deviation**

Liabilities, costs and expenses that arise out of, or are incurred as a consequence of, a Deviation.

22.10 **Non-contractual Discharge**

Liabilities, costs and expenses that arise out of or are incurred as a consequence of discharge of Cargo at a port or place other than the port or place provided for in the contract of carriage.

22.11 **Misdelivery**

Liabilities, costs and expenses that arise out of, or are incurred in consequence of:

22.11.1 delivery of Cargo carried under a negotiable bill of lading without production of the original negotiable bill of lading by the Person to whom delivery is made, except where:

22.11.1.1 Cargo has been carried on the Insured Ship under the terms of a non-negotiable bill of lading, waybill or similar non-negotiable document (and has been properly delivered as required by that document) and liability arises under the terms of a negotiable bill of lading or other similar document of title, issued on behalf of a party other than the Insured, providing for carriage partly by a means of transport other than the Insured Ship;

22.11.2 delivery of Cargo carried under a non-negotiable bill of lading, waybill or similar non-negotiable document without production of such document by the Person to whom delivery is made where such production is required by the express terms of that document or by the law applicable to that document, or the contract of carriage contained in or evidenced by it, except where:

22.11.2.1 the Insured was required by any other law to deliver or relinquish custody or control of the Cargo without production of such document.

22.12 **Incorrect Statements**

Liabilities, costs and expenses that arise out of or are incurred as a consequence of the issue of a bill of lading, waybill or other document:

22.12.1 containing or evidencing the contract of carriage, issued with the knowledge of the Insured or the master of the Insured Ship with an incorrect description of the Cargo, or its quantity or its condition;

22.12.2 containing or evidencing the contract of carriage containing any fraudulent misrepresentation, Including but not limited to the issue of an ante-dated or post-dated bill of lading, waybill or other document; and

22.12.3 in the manner described in Clause 22.12.1 and Clause 22.12.2, where the said bill of lading, waybill or other document has been issued by a charterer, agent or other third party, acting under the authority of the Insured.

22.13 **Late and Non-arrival**

Liabilities, costs and expenses that arise out of or are incurred as a consequence of the late arrival or non-arrival of the Insured Ship at a port or place of loading, or the

failure or delay in loading any particular Cargo or Cargoes in the Insured Ship, other than liabilities arising under a bill of lading already issued.

22.14 **Deliberate Breach**

Liabilities, costs and expenses that arise out of or are incurred as a consequence of a deliberate breach of the contract of carriage on the part of the Insured, its manager or agent.

22.15 **Ad Valorem Bills of Lading**

Liabilities, costs and expenses that arise out of or are incurred as a consequence of Cargo being carried under a bill of lading, waybill or other document declaring the Cargo's value to be in excess of USD 2,500 (or the equivalent in the currency in which the declared value is expressed) per unit, piece or package unless:

22.15.1 the Insured has obtained appropriate special cover in writing with the Insurer and the Insured has paid or agreed to pay such additional Premium required by the Insurer.

22.16 **Rare and Valuable Cargo**

Liabilities, costs and expenses that arise out of or are incurred as a consequence of claims relating to the carriage of Valuables unless:

22.16.1 the Insured has obtained appropriate special cover in writing with the Insurer and the Insured has paid or agreed to pay such additional Premium required by the Insurer.

22.17 **Fishing Vessels**

Liabilities, costs and expenses that arise out of or are incurred as a consequence of loss, shortage, damage or other responsibility for the catch of an Insured Ship, being a fishing vessel, or any fish or fish products that will be, are being or have been carried on board unless:

22.17.1 the Insured has obtained appropriate special cover in writing with the Insurer and the Insured has paid or agreed to pay such additional Premium required by the Insurer.

22.18 **Electronic Trading**

Liabilities, costs and expenses arising out of, or incurred as a consequence of, using any Electronic Trading System to the extent that such liabilities, costs and expenses would not have arisen under a paper trading system, unless:

22.18.1 the relevant Electronic Trading System has been approved in writing by the Insurer; or

22.18.2 the Insured has obtained appropriate special cover in writing with the Insurer and the Insured has paid or agreed to pay such additional Premium required by the Insurer.

SECTION C LIABILITIES RELATING TO OTHER MATTERS

23 General Average

Risks Covered

23.1 **Unrecoverable General Average Contributions**

Such proportion of general average, special charges or salvage that the Insured may be entitled to claim from Cargo, or from some other party to the marine adventure, but is not legally recoverable solely by reason of a breach of the contract of carriage.

Conditions and Limitations

23.1.1 The provisions of Clause 22.5 to Clause 22.18 (inclusive) will apply to any claims under this Clause 23.1.

23.1.2 The Insured's recovery under this policy will be limited to the proportion of general average expenditure that the Insured is or would be entitled to claim from Cargo, or from some other party to the marine adventure, following an adjustment in accordance with either the York-Antwerp Rules 1974 or 1994 unless:

23.1.2.1 the Insured has obtained appropriate special cover in writing and the Insured has paid or agreed to pay such additional Premium required by the Insurer.

23.2 **Ship's Proportion of General Average**

The Ship's proportion of general average, special charges or salvage that is not recoverable because the Insured Ship has been assessed for contribution to general average or salvage at a sound value that exceeds the insured value under the Hull Policies, providing that:

23.2.1 there will be no cover under this Clause 23.2 for any part of such unrecoverable proportion arising from the Insured's failure to cover the Insured Ship for a Proper Value in such Hull Policies.

A Proper Value is defined in Part 8 (Definitions) of this policy.

24 Fines

Risks Covered

Fines and penalties, associated costs and expenses in respect of:

24.1 short landing, short delivery, over landing or over delivery of Cargo, or for failure to comply with regulations relating to declaration of goods or to documentation of the Insured Ship in respect of Cargo carried on board, providing that:

24.1.1 the Insured is covered under this policy for Cargo liabilities in accordance with the provisions of Clause 22 (Cargo Liabilities);

24.2 contravention of any law or regulation relating to immigration;

24.3 an accidental escape or discharge of oil or other substance from the Insured Ship;

24.4 smuggling or any infringement of any customs law or regulation other than in relation to Cargo carried on the Insured Ship.

Conditions

24.5 Any Fines or monetary penalties will only be recoverable where they have been imposed by a court, tribunal or authority in respect of the Insured Ship, either:

24.5.1 upon the Insured; or

24.5.2 upon any Person whom the Insured may be legally liable to reimburse (other than under the terms of a contract or indemnity) or reasonably reimburses with the approval of the Insurer; or

24.5.3 upon any Person whom the Insured may be legally liable to reimburse under the terms of a contract or indemnity previously approved by the Insurer in writing.

Exclusions

There will be no recovery under this Clause 24 in respect of:

24.6 Fines and penalties, associated costs and expenses, arising out of or related to:

24.6.1 the overloading of the Insured Ship;

24.6.2 Illegal Fishing (including the costs and expenses incurred in defending any allegation of Illegal Fishing);

24.6.3 criminal activity which the Insured had knowledge of, recklessly disregarded or failed to take reasonable steps to prevent;

24.6.4 infringements or violations of or non-compliance with the provisions regarding construction, adaptation and equipment of ships contained in the International Convention for the Prevention of Pollution from Ships 1973 as modified or amended by the Protocol of 1978 and any subsequent Protocol, or such of those provisions as are contained in the laws of any State giving effect to that Convention or to such Protocol;

24.6.5 confiscation of the Insured Ship;

24.6.6 confiscation of any property, money, cash, personal effects, financial instruments of any description or Valuables belonging to the Insured that are carried or have been carried on the Insured Ship;

24.6.7 infringements or violations of or non-compliance with provisions of the ISM or ISPS Codes.

25 Enquiry expenses

25.1 Costs and expenses necessarily incurred by the Insured in defending itself or in protecting its interests before a formal enquiry into the loss of the Insured Ship, or into a Casualty involving the Insured Ship.

Conditions

25.2 It is a condition of cover under this Clause 25 that:

25.2.1 such costs and expenses have been incurred with the prior written approval of the Insurer; and

25.2.2 such costs and expenses do not exceed the amount previously agreed between the Insured and the Insurer in writing.

26 Expenses incurred by Direction of the Insurer

Risks Covered

Costs and expenses incurred by the Insured at the specific request of the Insurer for the purpose of protecting or advancing the Insurer's interests.

27 Legal Costs and Expenses

Risks Covered

27.1 Legal costs and expenses relating to any liability or expenditure against which the Insured is wholly or partly insured by the Insurer, providing that:

27.1.1 such legal costs and expenses are incurred with the prior approval of the Insurer.

28 Criminal Defence Costs

Risks Covered

28.1 Costs and expenses necessarily incurred by the Insured in connection with the defence of criminal proceedings brought against a Member of the Crew aboard the Insured Ship following a Casualty to the Insured Ship.

Conditions

28.2 It is a condition of cover under this Clause 28 that:

28.2.1 such costs and expenses have been incurred with the prior written approval of the Insurer; and

28.2.2 such costs and expenses do not exceed the amount previously agreed between the Insured and the Insurer in writing.

29 Sue and Labour

Risks Covered

29.1 Extraordinary costs and expenses (other than those set out in Clause 27) reasonably incurred on or after the occurrence of any Casualty, event or matter liable to give rise to a right of recovery from the Insurer, providing that:

29.1.1 such extraordinary costs and expenses are incurred solely for the purpose of avoiding or minimising any liability or expenditure against which the Insured is wholly, or partly, covered by the Insurer; and

29.1.2 such extraordinary costs and expenses are incurred with the prior approval of the Insurer.

Exclusions

29.2 There will be no recovery under this policy for any cost or expense related to ransom demands, ransom payments, extortion, blackmail, bribery or any illegal payments.

SECTION D ADDITIONAL RISKS

30 Additional Risks Insurance

In accordance with the provisions of Clause 3 (Additional Cover), the Insured may be covered for certain additional risks under Section D below.

30.1 **Limits and Deductibles applying to cover under Section D**

30.1.1 The maximum amount recoverable by the Insured in respect of each additional risk will be the amount stated in the relevant Certificate of Insurance.

30.1.2 The Insured's recovery from the Insurer will be subject to the deductibles set out in the relevant Certificate of Insurance.

31 Contractual Extension Liabilities

Risks Covered

Liabilities, costs and expenses as have been agreed with the Insurer, relating to the risks set out in:

31.1 Section A (Liabilities Relating to People); and/or

31.2 Section B (Liabilities relating to Property and the Environment)

arising under the terms of a contract or indemnity given, made by or on behalf of the Insured, and relating to:

31.4 facilities or services provided, or to be provided to the Insured Ship, or in connection with the Insured Ship.

Conditions

31.5 It is a condition of cover under this Clause 31 that the Insurer will have approved in writing the terms of such contract or indemnity entered into by the Insured.

Exclusions

31.6 There will be no recovery under this Clause 31 in respect of liabilities:

31.6.1 for which the Insured is covered by the Insurer under this policy in respect of standard P&I risks or by another insurer providing equally wide cover; or

31.6.2 relating to any of the risks which are excluded in the Insured's Certificate of Insurance, unless otherwise agreed by the Insurer.

32 Additional Passenger Liabilities

Risks Covered

32.1 Where a Person is carried on board an Insured Ship without holding a ticket of passage and has not made any payment of money for passage on board the Insured Ship, the Insurer will indemnify the Insured in respect of any liabilities, costs and expenses incurred in respect of such Person, as follows:

32.1.1 loss of or damage to the personal effects of any such Person, except that:

32.1.1.1 there will be no right of recovery in respect of Valuables and

32.1.1.2 any recovery in respect of the personal effects of a Passenger will be limited to USD 5,000 unless otherwise agreed in writing by the Insurer;

32.1.2 personal injury, illness or death of any such Person;

32.1.3 any related hospital, medical or funeral expenses; and

32.1.4 compensation or damages to such Persons intended to be carried on board the Insured Ship as a consequence of a Casualty to that ship, including the costs of travel and maintenance.

32.2 Additionally, where a Person is carried on board and holds a ticket of passage, the Insurer will indemnify the Insured in respect of any liabilities, costs and expenses incurred in respect of such Person for:

32.2.1 compensation or damages to Passengers for breach of contract or warranty in respect of failure to provide facilities on board or in connection with a voyage on board the Insured Ship in accordance with the Insured's legal obligations.

Exclusions

32.3 There will be no cover under this Clause 32 in respect of liabilities or costs and expenses that are otherwise recoverable under Clause 8 (Passengers).

33 Stand-by Crew

Risks Covered

Liabilities, costs and expenses referred to in Clause 6 (Members of the Crew) where:

33.1 the Insured has concluded a contract of purchase for a ship to be insured under this policy and where such liabilities, costs and expenses have arisen in respect of a Person who has been stationed on:

33.1.1 a new ship for the purpose of supervision of work, familiarisation and hand-over; or

33.1.2 a second-hand ship for the purpose of inspection, familiarisation and hand-over;

33.2 liabilities have arisen in respect of a Person who is not a Member of the Crew who has been stationed on:

33.2.1 the Insured Ship, which is undergoing repair, refit or dry-docking for the purpose of supervision of the repairs, refitting or dry-docking.

34 Obstruction of Waterways

Risks Covered

Financial losses incurred by the Insured as a direct consequence of the Insured Ship being prevented from proceeding to the port of discharge as agreed with shippers or charterers following:

34.1 an obstruction of any navigable waterway with a CEMT class IV or higher, lock or port as a direct result of:

34.1.1 an accident to a bridge, lock, dike or similar structure; and/or

34.1.2 the sinking of another ship and/or cargo or part thereof; and/or
34.1.3 a collision between other ships; and/or
34.1.4 pollution by any substance from any source.

Conditions

It will be a condition of cover under this Clause 34 that:

34.2 the Insured Ship was laden with Cargo at the time when the Insured Ship was obstructed; and

34.3 the lawful authority prohibited all ships of the same type and size as the Insured Ship to pass the obstruction and this extension of cover shall only take effect during the time of such prohibition; and

34.4 the Insured Ship could not proceed to the port of discharge as agreed with shippers and charterers by using alternative waterways not affected by the obstruction; and

34.5 the ship has not contributed to the obstruction in any way whatsoever, or howsoever, directly or indirectly.

35 Salvors' Liabilities

Risks Covered

Where the Insured is the owner or operator of a salvage tug or other ship designed and intended to be used for salvage operations, the Insurer will indemnify the Insured in respect of any liabilities, costs and expenses:

35.1 arising in respect of the risks and liabilities set out in Sections A, B and C of this policy;

35.2 arising out of oil pollution occurring during and as a result of salvage operations, whether or not they arise in respect of the Insured's interest in the Insured Ship; and

35.3 caused by events occurring during salvage operations, whether or not they arise in respect of the Insured's interest in the Insured Ship, providing that:

35.3.1 they are not recoverable under Clauses 35.1 and Clause 35.2.

Conditions

35.4 The Insurance afforded under this Clause 35 in connection with any salvage or attempted salvage will be in all respects the same as that afforded under Sections A, B and C above in respect of the operations of the Insured Ship, except where:

35.4.1 in the case of Insurance afforded under Sections B and C above, the liabilities, costs and expenses need not arise in respect of the Insured Ship or out of the operation of the Insured Ship provided that they arise in connection with the Insured's business as a professional salvor.

35.5 The Insured will apply to enter for Insurance every ship intended to be used in connection with salvage operations at the time when the Insurance is given and, thereafter, at least 30 days before the beginning of each policy year.

Exclusions

There will be no recovery under this Clause 35:

35.6 in respect of any liabilities arising under the terms of any contract or indemnity entered into by the Insured that would not have arisen but for such contract or indemnity *unless*:

35.6.1 they are assumed in respect of sub-contractors' tortious and/or statutory liabilities; or

35.6.2 the Insured has obtained appropriate special Insurance by written agreement with the Insurer, and the Insured has paid or agreed to pay such additional Premium as required by the Insurer.

36 Cargo Deviation Liabilities

Risks Covered

Liabilities, costs and expenses otherwise excluded by Clause 22.9 (Deviation).

37 Confiscation of the Insured Ship

Risks Covered

Liabilities, costs and expenses of the Insured as owner arising out of the loss of the Insured Ship following final confiscation of the Insured Ship by a competent court, tribunal or authority by reason of infringement of any custom law or custom regulation otherwise excluded by the terms of Clause 24.6.5 (Fines).

Conditions

37.1 The amount recoverable under this Clause 37 will, in no circumstances, exceed the market value of the Insured Ship at the date of final confiscation, disregarding any charter or other engagements to which the Insured Ship may be committed.

Exclusions

There will be no recovery under this Clause 37 where:

37.2 the activity giving rise to such confiscation was embarked on with the knowledge, connivance, complicity or reckless disregard of the Insured or its servants; and

37.3 the Insured failed to take all reasonable steps to prevent the said activity giving rise to the confiscation; and

37.4 the Insured has not been finally and irrevocably deprived of the use of the Insured Ship.

38 Offshore Liabilities

Risks Covered

Liabilities, costs and expenses arising out of or during any of the operations set out in Clauses 38.1 to 38.4 inclusive, in respect of which cover is otherwise excluded under this policy.

38.1 **Miscellaneous Specialist and Offshore Operations**
Liabilities incurred by the Insured in the course of performing specialist and offshore operations to the extent that such liabilities arise as a consequence of claims brought by any third party for whose benefit the work has been performed, or by any third party (whether connected with a party for whose benefit the work has been performed, or not), in respect of the specialist nature of the operations, otherwise excluded under Clause 63.1.1 (Exclusion of Offshore Risks).

38.2 **Underwater Operations**

Liabilities incurred by the Insured in connection with any claim brought against the Insured arising out of the operation by the Insured of underwater vehicles (including but not limited to submarines, mini-submarines, remotely operated vehicles, autonomous underwater vehicles, sea ploughs, scarabs, diving bells and similar equipment), otherwise excluded under Clause 63.3 (Underwater Operations).

Exclusion

38.2.1 There will be no recovery under this Clause 38.2 for loss of or damage to underwater vehicles being operated by the Insured.

38.3 **Diving**

Liabilities incurred by the Insured arising out of the activities of professional or commercial divers where he is responsible for such activities, otherwise excluded under Clause 63.3 (Underwater Operations).

Exclusion

38.3.1 There will be no recovery under this Clause 38.3 for the illness, injury or death of divers where the Insured's liability arises under a contract and would not have arisen in the absence of such contract.

38.4 **Property on Board**

Liabilities in respect of loss of or damage to property, other than Cargo, stores or fuel, in the Insured's care, custody and control on board or being used from the Insured Ship where such liabilities are incurred pursuant to the terms of an indemnity or contract made by the Insured and otherwise excluded under Clause 15 (Loss of or Damage to Property on Board the Insured Ship), providing that:

38.4.1 the indemnity or contract has been approved by the Insurer in writing in advance.

Exclusions

38.5 There will be no recovery under this Clause 38 in respect of liabilities:

38.5.1 for which the Insured is already covered by the Insurer or by another insurer affording equally wide cover;

38.5.2 relating to any of the risks which are excluded in the Certificate of Insurance, unless otherwise agreed by the Insurer.

39 Owners' Excess P&I War Risks Insurance

Risks Covered

Any and all of the risks as set out in Sections A, B and C inclusive insofar as the Insured's liability arises as owner, notwithstanding that those costs, liabilities and expenses would otherwise be excluded by Clause 68 (Exclusion of War Risks).

Conditions

It is a condition of cover under this Clause 39 that:

39.1 liability does not also arise as a result of the Insured's interest in the Insured Ship as a charterer (except as a Joint Insured charterer);

39.2 the Insured will maintain cover under a market standard P&I War Risks Policy for not less than the Proper Value of the Insured Ship; and

39.3 cover is limited to such liabilities, costs and expenses that exceed amounts insured under any such other insurance including, but not limited to, the Insured Ship's Hull and Machinery insurance, P&I war risks insurance and crew war risks insurance.

39.4 **Cancellation, Variation and Restriction**

The Insurer may, on giving three days' notice in writing:

39.4.1 cancel the Insurance provided under this Clause 39; or

39.4.2 vary or restrict the terms on which Insurance under this Clause 39 is provided.

Condition

39.4.3 Cancellation, variation or restriction under this Clause 39.4 will become effective at midnight GMT upon the expiry of three days commencing at 00:01 hours GMT the day after the tender of notice.

39.5 **Automatic Termination**

Notwithstanding the provisions of Clause 86 (Termination of Insurance by Notice), cover under this Clause 39 will terminate automatically without notice on:

39.5.1 the outbreak of war, whether declared or not, between any of the following:
- the United Kingdom;
- the United States of America;
- the People's Republic of China;
- France; or
- the Russian Federation; or

39.5.2 the requisitioning for any purpose of the Insured Ship; or

39.5.3 the hostile detonation by any party, anywhere, of a weapon of war employing atomic or nuclear fission and/or fusion or other similar reaction or radioactive force or matter.

Exclusions

39.6 **Inadequate Primary War Risks Insurance**

Where the Insured Ship is not fully covered for a Proper Value under any other insurance or is not covered on standard terms in accordance with the provisions of Clause 39.2, there shall be no recovery from the Insurer in respect of any liabilities, costs or expenses that would have been recoverable under such other insurance had the Insured Ship been insured for a Proper Value or on standard terms.

39.7 **Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Cyber Attack Risks**

There will be no cover under this Clause 39 and no right of recovery from the Insurer in respect of any liabilities, costs or expenses, whether or not a contributory cause of their being incurred was any neglect on the part of the Insured or the Insured's servants or agents, where the incident giving rise to the liability, costs or expenses was caused by, or as a consequence of:

39.7.1 any chemical, biological, bio-chemical or electro-magnetic weapon; or

39.7.2 the use or operation, as a means for inflicting harm, of any computer, computer software programme, malicious code, computer virus or process or any other computer system.

39.8 **Pre-attachment Events**

There will be no cover under this Clause 39 if an event which would give rise to cover terminating automatically without notice under Clause 39.5 occurs:

39.8.1 after the agreement of the Insurer in writing has been provided to the Insured and

39.8.2 before the date and time for the attachment of the Insurance so agreed

40. Co-Insureds and Protective Co-Insureds

Risks Covered

Where the Insured enters into a contract for the employment of the Insured Ship, the Insurer may agree to name the other party to the contract in the Certificate of Insurance as a co-insured or a protective co-insured providing that:

40.1 the contract has been approved by the Insurer in writing; and

40.2 the contract includes a knock for knock agreement; and

40.3 the Insured has not waived any rights of limitation available to it under applicable law.

The liability of the Insurer to any co-insured or protective co-insured shall only be in respect of liabilities, costs and expenses which are to be borne by the Insured under the terms of the contract and which would be recoverable by the Insured from the Insurer under the policy of insurance.

SECTION E DEFENCE COVER

41 Defence Cover

Costs incurred by the Insured and covered by the Insurer under this policy as set out in Section E.

41.1 Limits and Deductibles applying to cover under Section E:

41.1.1 The maximum amount(s) recoverable by the Insured in respect of any one claim or dispute will be the amount(s) stated in the relevant Certificate of Insurance.

41.1.2 The Insured's recovery from the Insurer will be subject to the deductibles set out in the relevant Certificate of Insurance.

42 Risks Covered

In accordance with the provisions of this Section E, the Insured will be covered in respect of Costs:

42.1 in respect of any legal or other proceedings involving the Insured Ship, taken or defended by the Insured with the written support and agreement of the Insurer for the purpose of asserting or defending any of the claims or disputes specified in this Clause 42.4 to Clause 42.17 inclusive;

42.2 that the Insured may become liable to pay to any other party to the proceedings referred to in Clause 42.1;

42.3 incurred by the Insured with the written approval of the Insurer for the purpose of obtaining legal or other advice in connection with any of the claims or disputes specified in Clause 42.4 to Clause 42.17 inclusive.

42.4 **Freight, Hire and Demurrage**

Freight, deadfreight, hire, demurrage or despatch under any contract of affreightment, charter party, bill of lading or other contract of carriage.

42.5 **Detention and Delay**

Detention, or loss of use of, or delay to the Insured Ship.

42.6 **Loss and Damage**

Loss of or damage to the Insured Ship, providing that:

42.6.1 the Insurer will only cover the Insured for Costs in relation to a claim within any franchise or deductible under a Hull Policy if, and to the extent that, such franchise or deductible does not exceed USD100,000 in respect of each incident.

42.7 **General Average**

General and particular average contributions or charges.

42.8 **Contracts of Carriage**

Breach of any contract of affreightment, charter party, bill of lading, or other contract of carriage or the breach of any legal duty in connection with the carriage of goods.

42.9 **Supplies**

The supply of fuel, materials or equipment, or other necessaries to the Insured Ship.

42.10 **Repairs**

The negligent repair of, or alteration to, the Insured Ship, providing that:

42.10.1the Insurer will only cover the Insured for Costs in relation to a claim within any franchise or deductible under a Hull Policy if, and to the extent that, such franchise or deductible does not, or is deemed not to exceed USD 100,000 in respect of each incident.

42.11 **Stevedores**

Improper loading, lightening, stowage, trimming or discharge of Cargo.

42.12 **Insurance Claims**

Amounts due from or to underwriters and any other Persons conducting the business of marine insurance.

42.13 **Salvage and Towage**

Salvage, towage or pilotage services rendered by or to the Insured Ship, providing that:

42.13.1 there will be no cover under this Clause 42.13 in respect of any Insured Ship operating as a tug, supply boat or salvage vessel unless the nature of the operation has previously been declared and any Insurance has been agreed by the Insurer and is specified in the policy.

42.14 **Passengers**

Claims by or against Passengers arising under a ticket of passage.

42.15 **Members of the Crew and Others**

Claims by or against Members of the Crew, stowaways or other Persons on or about the Insured Ship, providing that:

42.15.1 there will be no Insurance under this Clause 42.15 for claims by or against Members of the Crew under or in connection with a collective agreement or an agreement of service.

42.16 **Buying and Selling**

Claims arising under a contract for the building, purchase, sale or mortgage of the Insured Ship, providing that:

42.16.1 claims arising under a contract of purchase or building will only be insured if:

42.16.1.1 the Period of Insurance under this policy commenced as from the date when the relevant contract was signed; and

42.16.1.2 continues until the Insured takes possession of the said Insured Ship and for the first year thereafter; or

42.16.1.3 if the Insured does not take possession, until the Insured would have taken possession and for the first policy year thereafter;

42.16.2 where a limit has been stipulated in respect of any one claim or dispute, it

applies in the aggregate to all claims in respect of all ships insured by the Insured and associated or affiliated companies or parties arising out of any one contract or series of related contracts, unless otherwise agreed by the Insurer.

42.17 **Port and Customs Authorities**

Claims by or against port authorities, ship's agents, customs authorities or terminal owners.

Conditions

42.18 The Insurance provided under this Section E is to cover Costs that have arisen:

42.18.1 in respect of the Insured's interest in the Insured Ship;

42.18.2 in connection with the building, purchase, sale or operation of the Insured Ship;

42.18.3 claims or disputes that have arisen during the Period of Insurance.

42.19 Claims or disputes arising under contract, in tort or under statute will be deemed to arise as at the date when the cause of action accrues.

42.20 Claims or disputes concerning salvage or towage will be deemed to arise as at the date when the said services commenced.

42.21 The Insured Ship may be insured under this Section E from the first date on which the Insured has an interest in the Insured Ship, which may include the date of entering into:

42.21.1 a charter party in respect of the Insured Ship; or

42.21.2 a contract to purchase the Insured Ship; or

42.21.3 a contract to build the Insured Ship;

and may continue for as long as the Insured retains an interest in the Insured Ship.

42.22 Approval by the Insurer of any contract under this policy will not connote acceptance or approval of the terms and conditions of such contract.

42.23 The Insurance provided under this Section E is subject to all of the claims procedures, obligations, conditions, limitations, exclusions and definitions as set out in Part 1 (Introduction), Part 2 (What is Insured), Part 3 (Claims Procedures and Obligations of the Insured), Part 4 (Conditions, Limitations and Exclusions), Part 5 (Insurance, Premiums and Payment), Part 6 (Termination and Cancellation of Insurance), Part 7 (Administrative Procedures) and Part 8 (Definitions) of this policy.

42.24 There will be no recovery under this Section E for Costs unless they have been incurred with the prior written agreement and support of the Insurer.

Exclusions

42.25 There will be no recovery under this Section E for Costs:

42.25.1 in respect of any claim by a Joint Insured against another Joint Insured, nor in respect of disputes between Joint Insureds;

42.25.2 in respect of any claim by the Insured against the Insurer, nor in respect of disputes between the Insurer and the Insured.

PART 3 CLAIMS PROCEDURES AND OBLIGATIONS OF THE INSURED

43 Powers of the Insurer

43.1 **Control**

The Insurer will have the right, but not the obligation, to control or direct the conduct of any claim or legal or other proceedings relating to any matter which may result in loss, damage, cost, expense or liability in respect of which the Insured is or may be insured under this policy and to require the Insured to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Insurer sees fit.

43.2 **Admission of Liability**

The Insured must not settle or admit liability for any claim, dispute or proceeding in respect of which it may be insured under this policy without the prior written consent of the Insurer.

43.3 **Abandonment**

In the event of the Insured Ship becoming an actual, arranged or constructive total loss, the Insurer will, subject to the hull underwriters' rights in the matter, be entitled to request the Insured to abandon the Insured Ship to the Insurer or to such other Person (including the world at large) as the Insurer will nominate.

If the Insured does not abandon the Insured Ship, having received such a request from the Insurer, the Insurer will not be responsible for any claim that could have been avoided had the Insured abandoned the Insured Ship as described above, providing that:

43.3.1 the burden of proving that the claim could not have been avoided by such abandonment will be upon the Insured.

43.4 **Appointment of Experts**

43.4.1 Without prejudice to any other provision in this policy and without waiving any of the Insurer's rights hereunder, the Insurer may at any and all times appoint on behalf of the Insured, upon such terms as the Insurer may think fit, lawyers, surveyors or other Persons with a view to advising the Insurer upon investigating or dealing with any matter which may result in loss, cost, damage, expense or liability in respect of which the Insured is or may be insured under this policy, including taking or defending relevant legal or other proceedings. The Insurer may also at any time discontinue such appointment if the Insurer thinks fit.

43.4.2 All lawyers, surveyors or other Persons appointed by the Insurer on behalf of the Insured, or appointed by the Insured with the prior consent of the Insurer, will at all times be and be deemed to be appointed and employed on terms that:

43.4.2.1 they have been instructed by the Insured (both while so acting and after having retired from the matter) to give advice and to report to the Insurer in connection with the matter without prior reference to the Insured and to produce to the Insurer without prior reference to the Insured any documents or information in their possession or power relating to such matter;

43.4.2.2 any advice they may give to the Insured is that of an independent contractor employed by the Insured and will in no way bind the Insurer.

43.5 **Breach of Requirements under Clause 43**

In the event that the Insured does not comply with the requirements of the Insurer as set out in Clauses 43.1 to 43.4 above, any eventual recovery by the Insured under this policy in respect of any claim, dispute or proceedings will be limited to the amount, as determined by the Insurer, that the Insured would have recovered if he had acted as required by the Insurer.

44 Obligations of the Insured

44.1 **Obligation to Give Prompt Notice**

The Insured is required to give the Insurer prompt notice in writing of every matter, Casualty, incident, claim, dispute or event likely to give rise to a claim under this policy. The Insured must give notice to the Insurer in writing of the commencement of any legal or arbitration proceedings against it as soon as practicable, but in no case later than 7 days after the Insured has received service or notice of the said proceedings.

44.2 **Obligation to Mitigate**

On the occurrence of any matter, Casualty, incident, claim, dispute or event that may give rise to a claim under this policy, or of any legal or arbitration proceedings commenced against the Insured , the Insured must take such steps as at the time appear proper for the purpose of averting or minimising any loss, damage, cost, expense or liability for which the Insured may be insured under this policy.

44.3 **Information**

The Insured must at all times promptly notify the Insurer of any information, documents or reports in its or his agents' possession or knowledge relevant to any matter, Casualty, incident, claim, dispute, event or proceedings referred to under Clause 44.1 above. In addition, the Insured must, whenever requested by the Insurer, give the Insurer or its representatives free access to such information, documents or reports with liberty to inspect and copy the same. Such free access will include the right to conduct a survey, or to interview any party (including any officer, servant or agent of the Insured) who may, in the opinion of the Insurer, be in possession of information relevant to the said matter, Casualty, incident, claim, dispute, event or proceedings.

44.4 **Time Limit for Making a Recovery**

All requests by the Insured for reimbursement of any losses, costs or expenses recoverable from the Insurer under the terms of this policy must be made to the Insurer within six months of the payment of the cost or expense by the Insured.

44.5 **Breach of Obligations under Clause 44**

In the event that the Insured does not comply with the requirements of the Insurer or commits any breach of its obligations set out in this Clause 44, any eventual recovery by the Insured under this policy in respect of any claim, dispute or proceedings will be limited to the amount, as determined by the Insurer, that the Insured would have recovered if it had acted as required by the Insurer.

45 Bail

45.1 The Insurer is under no obligation to provide bail or other security on behalf of the Insured, except that:

45.1.1 where the same is provided it will be on such terms as the Insurer may consider appropriate and will not constitute any admission of liability by the Insurer for the claim in respect of which the bail or other security is given.

45.2 In no case will cash deposits be made by the Insurer.

45.3 It will be a condition of the provision of bail or other security on behalf of any Insured, that the Insured will indemnify the Insurer for any costs associated with the provision of such bail or other security and for any liability the Insurer may incur to a third party under or in connection with such bail or other security, providing that :

45.3.1 the indemnity will not extend to those amounts that the Insured would have been entitled to recover from the Insurer under the provisions of this policy had the Insured paid them directly.

45.4 It is a condition of the Insurer's consideration of the provision of bail or security that the Insured will remit to the Insurer any deductible that may apply to such claim and any Premium or other amount that is due to the Insurer.

PART 4 CONDITIONS, LIMITATIONS AND EXCLUSIONS

CONDITIONS

46 Policy Subject to the Marine Insurance Act

46.1 This policy, and all contracts of Insurance made by the Insurer, will be subject to and incorporate the provisions of the Marine Insurance Act 1906 of the United Kingdom, as amended by the Insurance Act 2015, and any statutory modifications thereof, except insofar as such Acts or modifications may have been excluded by this policy, or by any term of such contracts.

46.2 Upon its entry into force on 12th August 2016, the following provisions of the Insurance Act 2015 are excluded from this policy and the contracts of Insurance as follows:

46.2.1 Section 8(2) and Schedule 1 of the Insurance Act 2015 are excluded entirely. As a result, any breach of the duty of fair presentation shall entitle the Insurer to avoid this policy or the contract of Insurance and refuse all claims if the Insurer, but for the breach, would not have entered into this policy or the contract of Insurance at all or would have done so on different terms. If the breach of the duty of fair presentation is deliberate or reckless, the Insurer does not need to return any Premium already paid. If the breach of the duty of fair presentation is not deliberate or reckless, the Insurer will return any Premium already paid.

46.2.2 Section 10 of the Insurance Act 2015 is excluded entirely and shall not apply to any warranty within this policy or contract of Insurance. As a result, all warranties in this policy or the contract of Insurance must be strictly complied with and if the Insured or any party afforded the benefit of cover by the Insurer fails to comply with any warranty, the Insurer shall be discharged from liability from the date of the breach, regardless of whether the breach is subsequently remedied.

46.2.3 Section 11 of the Insurance Act 2015 is excluded and shall not apply to any term in this policy or contract of Insurance between the Insurer and the Insured or any party afforded the benefit of cover by the Insurer. If the policy or contract of Insurance includes a term which, if complied with, would tend to reduce the risk of loss of a particular kind, or at a particular location or particular time, then this must be strictly complied with. If it is not complied with, the Insurer's liability may be excluded, limited or discharged in accordance with this policy or the contract of Insurance, even if the breach could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

46.2.4 Section 13 of the Insurance Act 2015 is excluded. As a result, where this policy or a contract of Insurance is entered into between the Insurer and the Insured and provides cover for any other party who is not a party to the contract, and where a fraudulent claim is made by or on behalf of any party afforded the benefit of cover by such policy or contract of Insurance, the Insurer shall be entitled to exercise its right to terminate the contract of Insurance in respect of the Insured and any party afforded the benefit of cover by the Insurer and retain any Premium paid under this policy or the contract of Insurance.

46.2.5 Section 13A of the Insurance Act 2015, as introduced by the Enterprise Act 2016, is excluded and shall not apply to this policy or contract of Insurance.

As a result, the Insurer shall not be in breach of the duty to pay claims in a reasonable time, where such breach is neither deliberate nor reckless. Where the Insurer fails to pay the claim in a reasonable time, but such failure is neither deliberate nor reckless, the Insured shall not be entitled to any remedy.

46.2.6 Section 14 of the Insurance Act 2015 is excluded. As a result, this policy or the contract of Insurance between the Insurer, the Insured and any party afforded the benefit of cover by the Insurer shall be deemed to be a contract of the utmost good faith, and any breach of the duty of the utmost good faith shall entitle the Insurer to avoid this policy or contract of Insurance.

47 Payment First by the Insured

It is a condition of the Insured's right to recover under this policy in respect of any liabilities, costs or expenses, that it will first have discharged or paid the same out of funds belonging to the Insured unconditionally and not by way of loan or otherwise.

Exclusions and limitations

47.1 Where the Insured has failed to discharge or pay a legal liability to pay damages or compensation for the illness or death of, or injury to, a Member of the Crew, the Insurer may discharge or pay such liability on the Insured's behalf directly to such Member of the Crew or dependent, providing that:

47.1.1 the Member of the Crew or dependent has no enforceable right of recovery from any other party and otherwise would be uncompensated and

47.1.2 subject to the provisions of Clause 47.1.3 below, the Insurer will in no circumstances be liable for any sum in excess of the amount which the Insured would have been able to recover from the Insurer under this policy and

47.1.3 where the Insurer is under no liability in respect of the claim by virtue of Clause 85 (Cancellation of Insurance), the Insurer will nevertheless discharge or pay the claim to the extent that it arises from an event occurring prior to cancellation of the Insurance, but only as agent of the Insured and the Insured will reimburse the Insurer in full.

47.2 Where the Insured has failed to discharge or pay a legal liability in respect of unpaid wages or repatriation under any statutory enactment or domestic legislation giving effect or equivalent to the 2006 Maritime Labour Convention, the Insurer will discharge or pay such liability on the Insured's behalf directly to such Member of the Crew, providing that:

47.2.1 the Insured will reimburse the Insurer in full for any sums paid by the Insurer, including costs and expenses, under Clause 6.6.2 or which exceed the amounts that the Insured would have been able to recover from the Insurer under the terms of the policy and the relevant Certificate of Insurance.

48 No Liability until the Premium is Paid

Without prejudice to anything elsewhere contained in this policy, it will be a condition of the Insured's right of recovery in respect of any liabilities, costs or expenses that all Premium and other amounts whatsoever as may have become due from the Insured to the Insurer will have been paid in full, without any set-off or discount.

49 Set Off

Without prejudice to anything elsewhere contained in this policy, the Insurer will be entitled to set off any amount due from the Insured against any amount due to such Insured from the Insurer.

50 Settlement of Claims

Payment of a claim by the Insurer to the Insured's broker, manager or to any other agent of the Insured will fully discharge the Insurer's liability to the Insured.

51 Delegation

Whenever any power, duty or discretion is conferred or imposed upon the Insurer by virtue of the terms and conditions of this policy, such power, duty or discretion may, subject to any terms, conditions or restrictions contained in this policy, be exercised by the Insurer or any agent of the Insurer to whom such power, duty or discretion will have been delegated.

52 Classification and Condition of Insured Ships

It will be a condition of Insurance under this policy that, throughout the Period of Insurance:

52.1 the Insured Ship is and will remain fully classed with a classification society approved by the Insurer; and

52.2 the Insured will fully and timely comply with all the rules, recommendations and requirements of such classification society relating to the Insured Ship; and

52.3 the Insured will immediately notify the relevant classification society or the society's surveyors of any incident or condition that has given, or might give rise to, damage in respect of which the classification society might make recommendations as to repairs or other action to be taken by the Insured; and

52.4 the Insured will immediately notify the Insurer of any change of classification or classification society during the Period of Insurance, together with all outstanding recommendations, requirements or restrictions specified by any classification society as at the date of such change; and

52.5 the Insured will comply with all the statutory requirements of the state of the ship's flag relating to the construction, adaptation, condition, fitment and equipment of the Insured Ship; and

52.6 the Insured will comply with all the statutory requirements of the state of the ship's flag relating to manning of the Insured Ship; and

52.7 the Insured must at all times maintain the validity of such statutory certificates as are required and issued by or on behalf of the state of the ship's flag, including but not limited to any certificates issued under the ISM Code and the ISPS Code;

52.8 when required by the Insurer, it is a condition to the Insured's right of recovery from the Insurer that the insured will first have provided to the Insurer:

52.8.1 written proof that the Insured Ship's class has been maintained;

52.8.2 a list of recommendations, requirements or restrictions specified by any classification society; and

52.8.3 details of any periodic docking survey or any special survey of hull, machinery or equipment which is overdue and, where relevant, a statement as to whether or not an extension has been permitted by the classification society, providing that:

52.8.3.1 if the Insurer so requires, such information will be certified by the classification society.

52.9 In accordance with the provisions of Clause 84.2.5, where the Insurer has not exercised his discretion in accordance with the provisions of Clause 52.10 or, where the Insured is not a charterer as defined in Clause 52.11, the Insured will not be entitled to any right of recovery under this policy in respect of any claim whatsoever arising during a period when the Insured is not fulfilling or has not fulfilled any of the conditions set out in Clause 52.1 to Clause 52.8.

52.10 The Insurer may in its discretion waive compliance with the conditions set out in Clause 52.1, Clause 52.2, Clause 52.6, Clause 52.7 and Clause 52.8 for such periods and upon such terms as it thinks fit.

52.11 Where the Insured is insured under this policy as a charterer (other than as a bareboat or demise charterer), the rights of recovery of such charterer will not be dependent on the fulfilment of the conditions set out in Clause 52.2 to Clause 52.8 inclusive.

53 Right to Information

The Insured hereby authorises the Insurer to approach the Insured Ship's classification society direct for any information relating to the Insured Ship's maintenance of class, and the Insured hereby warrants that, upon request from the Insurer, it will immediately provide the relevant classification society with the necessary authorisation to release and make such information available to the Insurer.

53.1 Where the Insured fails to provide or refuses to provide such necessary authorisation, the Insurer may at any time:

53.1.1 agree to continue to insure the Insured Ship only after amending and varying this policy and by imposing special terms, with immediate effect, in such manner as the Insurer thinks fit, including the exclusion of all or part of the risks specified in Part 2 (What is Insured) of this policy, for such time or period as the Insurer may specify; or

53.1.2 agree to insure the Insured Ship on such special terms as the Insurer may in its discretion decide; or

53.1.3 terminate Insurance for the Insured Ship forthwith.

54 Survey or Inspection of Ships

As a condition of cover under this policy, the Insurer may at any time require the Insured to submit the Insured Ship to survey or inspection by a surveyor appointed by the Insurer. The Insurer will require the Insured to bear the expense of such survey or inspection.
Immediately on receiving a request for survey or inspection, the Insured will:

54.1 afford all facilities as may be required for such survey or inspection; and

54.2 waive any rights or claims against the Insurer of whatsoever nature arising in respect of or relating to the content of or opinions expressed in any survey or inspection so produced.

55 Survey of Ships after Lay-up

55.1 If the Insured Ship has been laid-up for a period of six months or more, whether the ship has been insured under this policy for all or part of the period of lay-up and

whether or not laid-up returns have been claimed or paid in accordance with Clause 76 (Laid-up Returns), the Insured will give the Insurer notice that the Insured Ship is to be re-commissioned not less than 7 days before the Insured Ship leaves the place of lay-up.

55.2 Upon receipt of such notice, the Insurer, in its complete discretion, may appoint a surveyor or such other Person as it may think fit to survey or inspect the Insured Ship on behalf of the Insurer and the Insured will afford such facilities as may be required for such survey or inspection.

55.3 The Insured will comply with any and all recommendations as the Insurer may make following such survey or inspection.

56 Rights of the Insurer Following a Survey or Inspection

In the light of any survey or inspection conducted pursuant to the provisions of either Clause 54 (Survey or Inspection of Ships) or Clause 55 (Survey of Ships after Lay-up), the Insurer may:

56.1 terminate Insurance for the Insured Ship, until repairs or other action recommended by the surveyor have been carried out to the satisfaction of the Insurer within any time limit prescribed by the Insurer; or

56.2 agree to continue to insure the Insured Ship, after amending and varying this policy and by imposing special terms, with immediate effect, in such manner as the Insurer thinks fit, including the exclusion of all or part of the risks specified in Part 2 (What is Insured) of this policy, for such time or period as the Insurer may specify; or

56.3 terminate Insurance for the Insured Ship.

57 Survey or Inspection of the Cargo

The Insurer may, from time to time, and as a condition of cover under this policy, require that certain types of Cargo intended to be carried on an Insured Ship be surveyed prior to loading. Following notification by the Insurer, the Insured will be obliged to give the Insurer sufficient notice of the intended carriage of such Cargo so that a surveyor can be appointed by the Insurer at the relevant port(s) of loading.

58 Obligation of the Insured to Maintain the Insured Ship

Notwithstanding the provisions of Clause 52 (Classification and Condition of Insured Ships), Clause 53 (Right to Information), Clause 54 (Survey or Inspection of Ships), Clause 55 (Survey of Ships after Lay-up) and Clause 56 (Rights of the Insurer following a Survey or Inspection), the Insured will be under an obligation to keep the Insured Ship in a proper condition at all times. Any recommendations or observations of a surveyor acting under any part of any one of the said Clauses will be treated as within the actual knowledge of the Insured.

59 Electronic Communication

The Insurer's logs and records of any electronic communication sent or received by the Insurer will, in the absence of manifest error, be conclusive evidence of such communication and of its despatch or receipt.

Limitations

60 Limitation of the Insurer's Liability

60.1 **General**

Subject to the terms and conditions of this policy and to any special terms and conditions set out in the relevant Certificate of Insurance, the Insurer covers the liability of the Insured in respect of the Insured Ship as this liability may ultimately be determined and fixed by law, including any laws pertaining to limitation of liability. In no circumstances will the Insurer be liable for any sum in excess of such legal liability.

60.2 **Persons other than Ship Owners**

Unless otherwise agreed with the Insurer in writing, where cover is provided to a charterer, such cover will be limited to the lesser of, either:

60.2.1 such liability and amount as would have been established under the applicable law had such charterer been the registered owner of the Insured Ship, or

60.2.2 such sum or sums as the Insurer has agreed with the Insured in writing in respect of any one event.

60.3 **Oil Pollution**

The limit of the Insurer's liability for any and all claims in respect of oil pollution will apply in respect of the Insured Ship, each event, and will apply irrespective of whether the event involves the escape or discharge or threatened escape or discharge of oil from one, or more than one ship and to all claims in respect of oil pollution brought by the Insured or Joint Insureds of the Insured Ship, whether under one Clause or more than one Clause found in Part 2 (What is insured) of this policy.

If the aggregate of such claims exceeds such limit, the liability of the Insurer for each claim will be limited to such proportion of such limit as each claim bears to the aggregate of all such claims.

60.3.1 For the purpose of this Clause 60.3 and without prejudice to anything elsewhere contained in this policy, a 'claim in respect of oil pollution' will mean a liability, cost, loss or expense, howsoever incurred, in respect of or relating to an escape or discharge of oil or any threat or consequence of such escape or discharge, but excluding liability for loss of or damage to such oil.

60.4 **Defence Cover**

Without prejudice to the discretionary nature of the cover as described in Clause 29 (Risks Covered) of Section E (Defence Cover), the Insurer's liability for claims arising under Section E will in any event be limited, in the aggregate, in respect of any one claim, dispute or proceedings, to such sum or sums as the Insurer has agreed with the Insured in writing.

61 Certificates and Undertakings

Notwithstanding the exclusions set out in Clause 39 (Owner's Excess P&I War Risks Insurance), Clause 68 (Exclusion of War Risks) and Clause 69 (Exclusion of Nuclear Risks):

61.1 the Insurer will discharge on behalf of the Insured, liabilities, costs and expenses arising under a demand made pursuant to the issue by the Insurer, on behalf of the Insured, of:

61.1.1 a guarantee or other undertaking given by the Insurer to the Federal Maritime Commission under Section 2 of US Public Law 89-777; or

61.1.2 a certificate issued by the Insurer in compliance with Article VII of the International Convention on Civil Liability for Oil Pollution Damage 1969 or 1992 or any amendments thereof; or

61.1.3 a certificate issued by the Insurer in compliance with Article VII of the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001; or

61.1.4 a certificate issued by the Insurer in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007; or

61.1.5 a certificate issued by the Insurer in compliance with Article 4bis of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 2002; and

61.2 the Insured will indemnify the Insurer to the extent that any payment under any such guarantee, undertaking or certificate in discharge of the said liabilities, costs and expenses is or would have been recoverable in whole or in part under a standard P&I War Risk Policy had the Insured complied with the terms and conditions thereof; and

61.3 the Insured will further indemnify the Insurer to the extent that the Insurer is required to make any payment under any such guarantee, undertaking or certificate in discharge of any liability that is otherwise excluded or limited under this policy and the relevant Certificate of Insurance; and

61.4 the Insured further agrees that:

61.4.1 any payment by the Insurer under any such guarantee, undertaking or certificate in discharge of the said liabilities, costs and expenses will, to the extent of any amount recovered under any policy of insurance or extension to the Insurance provided by the Insurer, be by way of loan; and

61.4.2 there will be assigned to the Insurer, to the extent and on the terms that it determines in its discretion to be practicable, all the rights of the Insured under any other insurance and against any third party; and

61.4.3 for the purposes of this Clause 61, the Insurer will have the sole discretion to determine what constitutes a standard war risks policy.

Exclusions

62 Exclusions of Charterers' Risks and Additional Risks

Unless cover has previously been agreed by the Insurer in writing, there will be no recovery under this policy and the Insurer will not indemnify the Insured in respect of any liabilities, costs or expenses incurred in respect of:

62.1 Charterers' risks;

62.2 The Additional Risks set out in Section D (Additional Risks) of this policy as follows:

62.2.1 Clause 31 (Contractual Extension Liabilities);

62.2.2 Clause 32 (Additional Passenger Liabilities);

62.2.3 Clause 33 (Stand-by Crew);

62.2.4 Clause 34 (Obstruction of Waterways);

62.2.5 Clause 35 (Salvors' Liabilities);

62.2.6 Clause 36 (Cargo Deviation Liabilities);

62.2.7 Clause 37 (Confiscation of the Insured Ship).

62.3 Section E (Defence Cover)

63 Exclusion of Offshore Risks

The Insurer will not indemnify the Insured for any liabilities, costs or expenses arising in respect of specialist and offshore risks as set out in Clauses 63.1 and 63.3.

63.1 **Miscellaneous Specialist Operations Risks**

Where an Insured Ship is used for or in connection with specialist operations including but not limited to dredging, blasting, pile-driving, well stimulation, cable or pipe-laying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil spill response training or tank cleaning (other than on the Insured Ship), but excluding firefighting, to the extent that such liabilities arise as a consequence of:

63.1.1 claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed, or not), in respect of the specialist nature of the operations; or

63.1.2 the failure to perform such specialist operations by the Insured or the fitness for purpose or quality of the Insured's work, products or services; or

63.1.3 any loss of or damage to the contract work including, but not limited to materials, components, parts, machinery, fixtures, equipment and any other property which is or is destined to become a part of the completed project, which is the subject of the contract under which the Insured Ship is working or to be used up or consumed in the completion of such project.

63.2 **The exclusions set out above in Clause 63.1 will not apply to liabilities, costs and expenses incurred by the Insured in respect of:**

63.2.1 loss of life, injury or illness of crew and other personnel on board the Insured Ship;

63.2.2 the wreck removal of the Insured Ship; or

63.2.3 oil pollution emanating from the Insured Ship or the threat thereof,

but only to the extent that such liabilities, costs and expenses are otherwise insured by the Insurer in accordance with the terms and conditions set out in Part 2 (What is Insured) of this policy.

63.3 **Underwater Operations**

63.3.1 An Insured Ship that is used for or in connection with the operations of submarines, mini-submarines, remotely operated vehicles, autonomous underwater vehicles, sea ploughs, scarabs, diving bells and similar equipment.

63.3.2 The activities of professional or commercial divers where the Insured is responsible for such activities, other than:

63.3.2.1 activities arising out of salvage operations being conducted by the Insured Ship where the divers form part of the crew of that Insured Ship (or diving bells or other similar equipment, or craft operating from the Insured Ship) and where the Insured is responsible for the activities of such divers; and

63.3.2.2 incidental diving operations carried out in relation to the inspection, repair or maintenance of the Insured Ship or in relation to damage caused by the Insured Ship; and

63.3.2.3 recreational diving activities.

64 Miscellaneous Excluded Operations

The Insurer will not indemnify the Insured for any liabilities, costs or expenses arising in respect of miscellaneous operations as set out in Clauses 64.1 to 64.6 inclusive.

64.1 **Salvage Tugs and Firefighting Ships**

A salvage tug or firefighting ship or other ship used or intended to be used for salvage or firefighting operations, when the claim arises as a result of any salvage or firefighting or attempted salvage or firefighting service:

64.1.1 unless and to the extent that special Insurance has been agreed in writing under Clause 35 (Salvors' Liabilities).

64.2 **Drilling Ships**

An Insured Ship that is used for or in connection with drilling, core sampling, or production operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of such operations when the claim arises out of or during such operations.

64.3 **Heavy Lift Operations**

An Insured Ship that is a semi-submersible heavy lift ship or other ship designed exclusively for the carriage of heavy lift Cargo where the claim arises out of the loss of or damage to or wreck removal of Cargo, unless the Cargo is being carried under a contract on Heavycon terms or any other contract approved by the Insurer in writing.

64.4 **Oil Storage**

An Insured Ship that is used for or in connection with the storage of oil when either:

64.4.1 oil is transferred directly from a producing well to the Insured Ship and the claim arises out of or during such transfer; or

64.4.2 the Insured Ship has oil and gas separation equipment on board and gas is being separated from oil whilst on board (other than by natural venting) and the claim arises out of or during such separation.

64.5 **Ships Used as a Place of Entertainment**

An Insured Ship that is moored on a permanent basis open to the public as a hotel, restaurant, bar or other place of entertainment, when the claim arises in respect of hotel or restaurant guests or other visitors or the catering crew of the Ship.

64.6 **Waste Disposal Operations**

An Insured Ship is used for or in connection with waste incineration or waste disposal operations, other than any such operations carried out as an incidental part of other commercial activities, not being specialist operations.

65 Double Insurance

65.1 There will be no cover or right of recovery under this policy in respect of any claim that:

65.1.1 falls within the scope of cover provided under any other insurance in respect of the Insured or the Insured Ship; or

65.1.2 would be so covered but for a provision in such other insurance seeking or purporting to exclude or limit liability on the basis of double insurance.

65.2 There will be no cover or right of recovery under this policy in respect of any liabilities, costs or expenses relating to any franchise, deductible or deduction of a similar nature borne by the Insured under the provisions of such other insurance.

66 Interest and Consequential Loss

The Insured will have no right to recovery of interest on any claim he may have against the Insurer or any losses incurred by the Insured, of whatsoever nature, by reason of delay or failure to reimburse by the Insurer.

67 Sums Insurable under Hull Policies

Unless the Insurer has agreed in writing, the Insurer will not indemnify the Insured against any liabilities, costs or expenses in connection with the Insured Ship:

67.1 against which that Insured would have been insured if, at the time of the incident giving rise to those liabilities, costs or expenses, the Insured Ship had been fully insured for its Proper Value under Hull Policies on terms equivalent to those provided under Lloyd's Marine Policy MAR (1/1/82 Edition) with the Institute Time Clauses 1/10/83 attached or, in the case of Fishing Vessels only, with the Institute Fishing Vessel Clauses, 20/7/87 attached; and/or

67.2 which would not be recoverable under such policies by reason of some franchise, deductible or deduction of a similar nature in such policies.

A Proper Value is defined in Part 8 (Definitions) of this policy.

68 Exclusion of War Risks

There will be no recovery from the Insurer in respect of any liabilities, costs or expenses (irrespective of whether a contributory cause of the said liabilities, costs or expenses was any neglect on the part of the Insured, or on the part of the Insured's servants or agents) when the loss or damage, injury, illness, death or other accident in respect of which such liability arises or cost or expense is incurred, was caused by:

68.1 war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism, providing that:

68.1.1 in the event of any dispute as to whether or not any act constitutes an act of terrorism the decision of the Insurer will be final;

68.2 capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat;

68.3 mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war (save for those liabilities, costs or expenses which arise solely by reason of the transport of any such weapons whether on board the Insured Ship or not), providing that:

68.3.1 this exclusion will not apply to the use of such weapons, either as a result of government order or with the agreement of the Insurer, where the reason for such use is the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the Insurance given by the Insurer;

68.4 chemical, biological, bio-chemical or electro-magnetic weapon, or

68.5 the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other computer system.

68.6 strikes, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions.

68.7 terrorism, or any person acting maliciously or from a political motive.

68.8 confiscation, nationalisation, expropriation, deprivation or requisition.

69 Exclusion of Nuclear Risks

There will be no recovery from the Insurer in respect of any liabilities, costs or expenses, irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Insured or itsservants or agents, when the loss or damage, injury, illness, death or other accident in respect of which such liability arises or cost or expense is incurred, was directly or indirectly caused by or arises from:

69.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

69.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

69.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or

69.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

This exclusion will not apply to liabilities, costs or expenses arising out of the carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulation made thereunder) as Cargo in the Insured Ship, *providing that:*

69.5 such carriage has been agreed by the Insurer in writing.

70 Sanctions Risks

70.1 There will be no recovery under this policy and the Insurer will not indemnify the Insured in respect of any liabilities, costs or expenses where the provision of Insurance or a payment by the Insurer may expose the Insurer to the risk of being subject to a sanction, prohibition or any adverse action by a state, international organisation or other competent authority.

70.2 The Insured will in no circumstances be entitled to recover from the Insurer that part of any liability, cost or expense which is not recovered by the Insurer from any reinsurer because of a shortfall in recovery from such reinsurer by reason of any sanction, prohibition or any adverse action by a state, international organisation or other competent authority, or the risk thereof if payment were to be made by such reinsurer.

For the purposes of this Clause 70.2, 'shortfall' includes, but is not limited to, any failure or delay in recovery by the Insurer by reason of the said reinsurer making payment into a designated account in compliance with the requirements of any state, international organisation or other competent authority.

70.3 There shall be no recovery from the Insurer and the Insurer shall not be liable to pay any claim or provide any benefit to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or

economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

71 Imprudent Trading

There will be no recovery under this policy and the Insurer will not indemnify the Insured in respect of any liabilities, costs or expenses arising out of or as a result of the Insured Ship:

71.1 carrying contraband, blockade running or being employed in an unlawful trade or engaged in Illegal Fishing; or

71.2 performing any voyage or being employed in any trade if the Insurer, having regard to all the circumstances, will be of the opinion that the nature of the carriage, trade or voyage in which the Insured Ship was engaged was imprudent, unsafe, unduly hazardous or improper.

72 Liabilities Excluded as a result of Wilful Misconduct

There will be no recovery under this policy and the Insurer will not indemnify the Insured in respect of any liabilities, costs or expenses arising out of or consequent upon wilful misconduct on the part of the Insured (being an act intentionally done or a deliberate omission by the Insured with the knowledge that the performance or omission by the Insured will probably result in injury or loss, or an act done or omitted in such a way as to allow an inference of a reckless disregard for the probable consequences).

73 Miscellaneous Exclusions

There will be no recovery under this policy and the Insurer will not indemnify the Insured in respect of any liabilities, costs or expenses set out in Clauses 73.1 to 73.14 inclusive.

73.1 **Damage to the Insured Ship**
Loss of, or damage to, the Insured Ship or any part thereof, except:
73.1.1 as provided for in Clause 37 (Confiscation of the Insured Ship).

73.2 **Equipment**
Loss of, or damage to, any equipment on board the Insured Ship or any containers, lashings, stores or fuel thereon to the extent that the same are owned or leased by the Insured or by any associated company of the Insured or by any company under the same management as the Insured.

73.3 **Repairs to the Insured Shi**p
The cost of repairs to the Insured Ship or of cleaning any part of the Insured Ship, or any charges or expenses in connection therewith, except:
73.3.1 as provided for in Clause 23 (General Average) or Clause 18 (Pollution).

73.4 **Freight and Hire**
Loss of freight or hire, or any proportion thereof, except:
73.4.1 as provided for in Clause 22 (Cargo Liabilities), Clause 23 (General Average) or Clause 18 (Pollution).

73.5 **Demurrage and Delay**
Claims relating to demurrage on or detention of the Insured Ship.

73.6 **Pollution**
An escape or discharge or threatened escape or discharge of oil or any other substance, except:
73.6.1 as provided for in Clause 18 (Pollution).

73.7 **Salvage**

73.7.1 Salvage of the Insured Ship or services in the nature of salvage provided to the Insured Ship and any costs and expenses in connection therewith, except:

73.7.1.1 as provided for in Clause 12 (Life Salvage), Clause 18.2 (Pollution), Clause 23 (General Average).

73.7.2 Liabilities arising out of salvage or towage operations conducted by the Insured Ship or provided by the Insured, except:

73.7.2.1 for liabilities arising out of salvage operations conducted by the Insured Ship for the purpose of saving or attempting to save life at sea, or

73.7.2.2 where such liabilities may be covered under Clause 20.3 (Towage by the Insured Ship) or Clause 35 (Salvors' Liabilities).

73.8 **Road Vehicles**

Liabilities the Insured may incur as the owner or operator of a road vehicle.

73.9 **Employers' Liability**

The breach of any obligation to an employee (other than to Members of the Crew or substitutes) owed by the Insured as an employer.

73.10 **Bad Debts**

Loss arising out of irrecoverable debts or out of the insolvency of any Person.

73.11 **Fraud**

Loss arising out of the fraud of agents, or of an associated company or of employees of the Insured acting as an agent, unless the Insurer will, in its discretion, determine otherwise.

73.12 **Carriage of Through Transit Cargo**

The carriage of Cargo by a means of transport other than the Insured Ship, when the Cargo is carried under a contract of through carriage:

73.12.1 unless and to the extent that special Insurance has been agreed in writing under Clause 22.4 (Through or Transhipment Bills of Lading).

73.13 **Liabilities in Respect of Non-Marine Personnel**

Liabilities, costs and expenses relating to personnel other than Members of the Crew on board the Insured Ship where:

73.13.1 such Insured Ship is an accommodation vessel; and

73.13.2 such personnel are employed otherwise than by the Insured; and

73.13.3 there has not been a contractual allocation of risks as between the Insured and the employer of such personnel.

73.14 **Miscellaneous Exclusions**

The foregoing exclusions set out in this Clause 73 will not apply to losses, costs and expenses incurred under Clause 27 (Legal Costs and Sue) either:

73.14.1 to avoid or reduce a liability or expenditure; or

73.14.2 by the special direction of the Insurer; or

73.14.3 where special Insurance has been agreed in writing with the Insurer.

PART 5 INSURANCE, PREMIUMS AND PAYMENT

Conditions

74 Applications for Insurance

74.1 Any Person who applies to the Insurer for Insurance will make such application in such form as may from time to time be required by the Insurer and will furnish any particulars and information requested by the Insurer.

74.2 The Insured or potential Insured and any agent:

74.2.1 must make to the Insurer a fair presentation of the risk in a reasonably clear and accessible way, by providing the Insurer with every material circumstance, which the Insured knows or ought to know, together with any additional particulars and information as the Insurer may require;

74.2.2 will ensure that every material representation as to a matter of fact is substantially correct, and every material representation as to a matter of expectation or belief is made in good faith.

In accordance with Clause 46.2.1, Section 8(2) and Schedule 1 of the Insurance Act 2015 are excluded. Any breach of (i) or (ii) above shall entitle the Insurer to avoid this policy or contract of Insurance if, but for the breach, the Insurer would not have entered into this policy or contract of Insurance at all, or would have done so on different terms.

The Insured or potential Insured is obliged to disclose any change in any material information relating to this policy or contract of Insurance in accordance with the provisions stated in (i) and (ii) above. This shall include but not be limited to, change of management, flag, classification society, government authority responsible for ship certification for the trade in question, nationality of crew, trading or operating area or nature of trade or operation. Upon such disclosure, the Insurer may amend the Insured's Premium rating or terms of insurance, or terminate this policy or contract of Insurance in respect of such ship with effect from the time of disclosure. Upon failure to disclose such information or upon the breach of the duty of fair presentation in relation to the change in material information, the Insurer may terminate this policy or contract of Insurance from the time of the non-disclosure or breach of the duty of fair presentation, in accordance with the terms of Clause 46.2.1.

74.3 The Insurer will be entitled, in its absolute discretion and without assigning any reason, to refuse any application for Insurance.

75 Premium Rating and Payment

75.1 Before an application for Insurance is accepted, the applicant and the Insurer will agree the basic rate of Premium for the ship concerned.

In deciding upon the Premium rating of any ship, the Insurer may take into account all matters which it considers relevant.

75.2 The Insured will be bound to pay and will pay to the Insurer such sum or sums by way of Premium as will have been agreed with the Insurer, in such instalments and at such time or times as the Insurer will have specified.

75.3 The Insurer may require the Insured to pay all or any part of any Premium payable by the Insured in such currencies as the Insurer may specify.

75.4 It is a condition precedent to any liability of the Insurer to indemnify the Insured under this policy that the Insured will have paid any Premium due on or before the date of the matter, Casualty, incident, claim, dispute or event giving rise to a potential claim by the Insured under this policy.

75.5 The Insurer will be entitled to interest at a rate of 2% over the LIBOR rate for any Premium, or part of the Premium, which is due or unpaid.

75.6 The Insurer will have a lien or other right of action against the Insured Ship in respect of any sum of whatsoever nature, including Premium, owed by the Insured to the Insurer, notwithstanding that the Insurance of the Insured or in respect of any Insured Ship may have ceased or been terminated or cancelled.

75.7 All sums and Premium from time to time payable by the Insured may be recovered by action commenced under the instructions of the Insurer in the name of the Insurer.

75.8 No claim of any kind whatsoever by the Insured against the Insurer will constitute any set-off against Premium or other sums of whatsoever nature due to the Insurer or will entitle the Insured to withhold or delay payment of any such sum.

75.9 The Insured will pay on demand to the Insurer, or its order, the amount of any Premium tax or other tax levied on or in connection with the Insurance or reinsurance provided by the Insurer to the Insured which the Insurer determines it, or the Insured, may become liable to pay, and will indemnify the Insurer and hold it harmless in respect of any loss, damage, liability, cost or expense which the Insurer may incur in respect of such Premium tax or other similar tax.

75.10 The policy will operate on the basis of cancelling returns only ('CRO terms') pursuant to the balance of this Clause 75 unless Laid-Up Returns ('LUR terms') are specifically agreed in writing by the Insurer, in which case, Clause 76 will also apply and supplement this Clause 75.

If the Insurance of a ship ceases, is terminated or cancelled under the provisions of Clause 84 (Termination of Insurance) the Insurer will give the Insured credit for Premium paid or due from the date of such termination or cancellation to the end of the Period of Insurance on a pro-rata basis, except that:

75.10.1 there will be no such credit given if the Insured Ship becomes a total loss (defined for this purpose as any of the events set out at Clause 84.3. of the policy), where the Insured will be liable for, and the Insurer entitled to recover, the full Premium due for the entire Period of Insurance.

76 Laid-up Returns

76.1 If the Insured Ship is laid-up in any safe port or place for a period of 30 or more consecutive days after finally mooring there (such period being computed from the day on which the Insured Ship finally moored to the day of departure, 1 day only being excluded), and the said Insured Ship is completely free of Cargo, the Insured will be allowed a return of Premium payable in respect of such Insured Ship for the said period, such return being calculated at a rate of not more than 50% on a pro rata daily basis.

76.2 If during such period the Insured Ship is also without crew, the return will be as aforesaid but at a rate of not more than 75% on a pro rata basis.

76.3 The return of Premium referred to herein will be calculated after the deduction of such liabilities and administrative expenses as the Insurer may from time to time determine.

76.4 No return of Premium will be made by the Insurer unless the Insurer receives written notification from the Insured within 3 months of the end of the period in respect of which the returns are claimed.

Conditions

76.5 For Clause 76 to apply, the Insurer must previously have agreed LUR terms in writing.

76.6 The Insurer will in its absolute discretion determine whether the port or place is a safe port or place for the purposes of this Clause 76.

Exclusions

76.7 There will be no return of Premium in circumstances where:

76.7.1 there are crew on board the Insured Ship other than for security or maintenance necessary for the safety of the Insured Ship; or

76.7.2 repairs or maintenance are carried out to the Insured Ship;

unless otherwise agreed by the Insurer in writing.

77 Certificate of Insurance and Endorsement Slip

77.1 As soon as reasonably practicable after accepting any application for Insurance, the Insurer will issue to the Insured a Certificate of Insurance in such form as may from time to time be prescribed by the Insurer, but so that such Certificate of Insurance will state the Period of Insurance and the terms and conditions on which the Insured Ship has been accepted for Insurance.

77.2 If at any other time, or from time to time, the Insurer and the Insured will agree to vary the terms relating to the Insurance of the Insured Ship, the Insurer will, as soon as reasonably practical thereafter, issue to the Insured an Endorsement Slip stating the terms of such variation and the date from which such variation is to be effective.

77.3 Every Certificate of Insurance and every Endorsement Slip issued as aforesaid will be conclusive evidence and binding for all purposes as to the Period of Insurance, as to the terms and conditions on which the Insured Ship is insured and as to the terms of any variation and the date from which such variation is to be effective, providing that:

77.3.1 in the event that any Certificate of Insurance or Endorsement Slip is lost, damaged, defaced or, in the opinion of the Insurer, contains any error or omission, the Insurer may, in its absolute discretion, issue a new Certificate of Insurance or Endorsement Slip, and the replacement will be conclusive evidence and binding as aforesaid.

78 Period of Insurance

Except as otherwise provided in this policy, the Insurance will begin on the date specified in the Certificate of Insurance at either:

78.1 noon GMT; or

78.2 a different time as agreed in writing between the Insured and the Insurer; or
78.3 at such time as the Insured first has an insurable interest in the Insured Ship;
and will continue until noon GMT on the date specified in the Certificate of Insurance.

79 Joint Insureds

79.1 Where any Insured Ship is insured in the names or on behalf of more Persons than one (hereinafter referred to as Joint Insureds), they will be jointly and severally liable to pay all Premiums and other sums due to the Insurer in respect of such Insurance and the receipt by any Joint Insured of any payment by the Insurer will be deemed to be the receipt by all Joint Insureds jointly and will fully discharge the obligations of the Insurer in respect of such payment.

79.2 Each Joint Insured warrants that, in relation to the Insured Ship, it is:
79.2.1 interested in her operation, management or manning; or
79.2.2 the holding company or the beneficial owner of another Joint Insured or of any Person interested in her operation, management or manning; or
79.2.3 a mortgagee; or
79.2.4 the charterer.

79.3 Failure by any Joint Insured to disclose material information within its knowledge will be deemed to have been failure by all the Joint Insureds.

79.4 The conduct of any Joint Insured which would have entitled the Insurer to decline to indemnify the claim will be deemed the conduct of all the Joint Insureds.

79.5 Where any Insured Ship is insured in the names of or on behalf of Joint Insureds, any limits on the cover provided by the Insurer and set out in the Certificate of Insurance or this policy will apply to Joint Insureds in the aggregate as if the Insured Ship had been insured by the first named Insured on the Certificate of Insurance only.

79.6 Unless the Insurer has otherwise agreed, all communication from or on behalf of the Insurer will be sent to the first named Insured on the Certificate of Insurance and such communication will be deemed to be within the knowledge of the Joint Insureds.

Furthermore, any communication from any Joint Insured to the Insurer will be deemed to have been made with the full approval and authority of all the Joint Insureds.

Exclusions

79.7 There will be no recovery in respect of any liabilities, costs or expenses arising out of any claim or dispute brought between Joint Insureds.

79.8 The Insurer will not be bound to issue more than one Certificate of Insurance or more than one Endorsement Slip in respect of each Insured Ship and delivery of one Certificate of Insurance or one Endorsement Slip, as the case may be, to one of the Joint Insureds will be sufficient delivery to each and all such Persons.

80 Co-Insured Associated Companies

80.1 The Insurer may accept the Insurance of any ship upon terms that the benefit of the cover afforded by the Insurer to the Insured in respect of that Insured Ship will be extended to Co-Insured Associated Companies of that Insured.

80.2 The liability of the Insurer to the Insured and to Co-Insured Associated Companies will be limited in amount to the reimbursement of claims relating to liabilities, costs or expenses incurred by one or more of the Co-Insured Associated Companies only to the extent and amount that the Insured:

80.2.1 would have incurred the same liabilities, costs and expenses if the same claims had been pursued against it; and

80.2.2 the Insured would thereafter have been entitled to obtain reimbursement from the Insurer in accordance with the terms of Insurance under this policy.

80.3 The receipt by the Insured, or any Co-Insured Associated Company, of any payment by the Insurer will be deemed to be the receipt by the Insured and all Co-Insured Associated Companies jointly and will fully discharge the obligations of the Insurer in respect of such payment.

Limitations and Exclusions

80.4 The total liability of the Insurer to the Insured and to all Co-Insured Associated Companies to whom the benefit of that Insured's cover has been extended, in respect of any one event, will not exceed such sum as would have been recoverable from the Insurer in respect of such event, by that Insured.

80.5 There will be no recovery from the Insurer in respect of any liabilities, costs or expenses arising out of any claim or dispute between either the Insured and any Co-Insured Associated Company or between any Co-Insured Associated Companies.

81 Fleet Insurance

The Insurer may agree to insure an Insured Ship on the basis that it is part of a fleet rating agreement and assess the Premium accordingly.
Conditions

81.1 It is a condition under this Clause 81 that :

81.1.1 one Person must be designated as Fleet Principal and any communication from or on behalf of the Insurer to the Fleet Principal is deemed to be within the knowledge of all Insured parties in the fleet and any communication from and action taken by the Fleet Principal is deemed conclusively to be made with the full approval of any and all Insured parties within that fleet; and

81.1.2 all Persons with Insured Ships under a fleet rating agreement and the Fleet Principal remain jointly and severally liable to pay all amounts due to the Insurer in respect of any and all Insured Ships in the same fleet.

82 Assignment

82.1 No Insurance provided by the Insurer, and no interest under this policy or under any contract between the Insurer and the Insured, may be assigned without the written consent of the Insurer who will have the right in its discretion to give or refuse such consent without stating any reason or to give such consent upon any such terms or conditions as it may think fit.

82.2 Any purported assignment made without such consent, or without there being due compliance with such terms and conditions as the Insurer may impose will, unless the Insurer in its discretion otherwise decides, be void and of no effect.

82.3 Whether or not the Insurer will expressly so stipulate as a condition for giving its consent to any assignment, the Insurer will be entitled in settling any claim presented

by the assignee, to deduct or retain such amount as the Insurer may then estimate to be sufficient to discharge any liabilities of the assignor to the Insurer, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.

83 Mortgagees

At the request of a mortgagee and with the written consent of the Insured, the Insurer may in its discretion, and subject to the provisions of Clause 82 (Assignment), agree:

83.1 to pay to the mortgagee, or to its order, any recovery the Insured is entitled to receive from the funds of the Insurer in respect of any liability, cost or expense incurred by the Insured on receipt of notice from the mortgagee that the Insured is in default under the mortgage;

83.2 to give the mortgagee 14 days' notice of the Insurer's intention to cancel the Insurance of the Insured by reason of its failure to pay when due and demanded any sum due from the Insured to the Insurer in accordance with the provisions of Clause 85 (Cancellation of Insurance);

83.3 to inform the mortgagee if notice is given to the Insured in respect of the Insured Ship under Clause 86 (Cancellation of Insurance by Notice) that its Insurance under this policy is to be cancelled.

PART 6 TERMINATION AND CANCELLATION OF INSURANCE

Conditions applying to this policy

84 Termination of Insurance

84.1 The Insurance will terminate immediately in respect of the Insured Ship upon the happening of any of the following events:

84.1.1 where the Insured is an individual:

84.1.1.1 upon the death of the Insured;

84.1.1.2 if a receiving order is made against the Insured;

84.1.1.3 if the Insured becomes bankrupt;

84.1.1.4 ifthe Insurede makes any composition or arrangement with its creditors generally;

84.1.1.5 if the Insured becomes incapable by reason of mental disorder of managing or administering its property and affairs;

84.1.2 where the Insured is a corporation, on:

84.1.2.1 the passing of any resolution for its voluntary winding up (other than voluntary winding up for the purposes of company or group reorganisation);

84.1.2.2 an order being made for its compulsory winding up;

84.1.2.3 its dissolution;

84.1.2.4 a receiver or manager being appointed of all or part of its business or undertaking;

84.1.2.5 its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganise its affairs.

84.2 Unless otherwise agreed in writing by the Insurer, the Insurance will terminate immediately in respect of the Insured Ship upon the happening of any of the following events:

84.2.1 the Insured parting with or assigning the whole or any part of its interest in the Insured Ship, whether by bill of sale or other formal document or agreement or in any other way whatsoever;

84.2.2 the mortgaging or hypothecation of the Insured Ship or any part of the Insured's interest in that Insured Ship;

84.2.3 the managers or flag state of the Insured Ship being changed, either by the appointment of new managers or registration with a new flag state;

84.2.4 undisputed possession being taken of the Insured Ship by or on behalf of a secured party;

84.2.5 the Insured being in breach of any of the provisions of Clause 52 (Classification and Condition of Insured Ships), Clause 53 (Right to Information), Clause 54 (Survey or Inspection of Ships) or Clause 55 (Survey of Ships after Lay-up).

84.3 Unless otherwise agreed in writing by the Insurer, the Insurance will terminate immediately in respect of the Insured Ship upon the happening of whichever will be the earliest of any of the following events:

84.3.1 the Insured Ship being missing for 10 days from the date when the Insured Ship was last heard of;

84.3.2 the Insured Ship being posted at Lloyd's as missing;

84.3.3 the Insured Ship becoming an actual total loss;

84.3.4 acceptance by hull underwriters (whether of marine or war risks) that the Insured Ship is a constructive total loss;

84.3.5 agreement by hull underwriters (whether of marine or war risks) to pay to the Insured an unrepaired damage claim in respect of the Insured Ship that exceeds the market value of the Insured Ship without commitment immediately prior to the Casualty giving rise to such claim;

84.3.6 a compromise or settlement with hull underwriters (whether of marine or war risks) on the basis of which the Insured Ship is considered or deemed to be an actual or constructive total loss;

84.3.7 a decision by the Insurer that the Insured Ship is to be considered or deemed to be an actual or constructive total loss or otherwise commercially lost;

84.3.8 the Insurer is prohibited from insuring the Insured including any Joint Insured, Co-Insured or Co-Insured Associated Company by virtue of any sanction, prohibition or any adverse action by a state, international organisation or other competent authority.

84.4 Unless otherwise agreed in writing by the Insurer, all Insurance will terminate immediately where the policy expires in accordance with the provisions of Clause 78 (Period of Insurance) and at such time as set out in the relevant Certificate of Insurance.

Conditions

84.5 Notwithstanding the termination of Insurance arising under Clause 84.3, the Insurer will, subject always to the terms of the policy, remain liable as regards liabilities flowing directly from the matter, Casualty, incident, claim, dispute or event giving rise to the actual or constructive loss of the Insured Ship.

84.6 On the occurrence of any of the events specified in Clause 84.1 to Clause 84.3 inclusive of this policy in respect of the Insured Ship, the Insured will give notice in writing of such event to the Insurer within 7 days after the date thereof.

84.7 Upon the termination of Insurance in accordance with the provisions of this Clause 84 and, without prejudice to the effects of Clause 84 of this policy, the Insured will be and remain liable to pay to the Insurer all Premium and other sums due in accordance with the terms of this policy.

84.8 If the Insurer agrees that the Insurance of the Insured Ship will continue after the happening of any of the events listed in this Clause 84, it may, in its absolute discretion, impose such terms and conditions as it thinks fit for the continuation of the Insurance.

84.9 Subject to the other provisions of this policy, the Insurer will remain liable in respect of any Insured Ship for all claims under this policy arising by reason of an event which had occurred prior to the date of such termination of Insurance, but will not otherwise be under any liability whatsoever by reason of anything occurring after that date.

85 Cancellation of Insurance

85.1 Where the Insured has failed to pay, either in whole or in part, any amount due to the Insurer, the Insurer may give notice in writing requiringthe Insured to pay such amount by any date specified in such notice, not being less than 7 days from the date on which such notice is given.

If the Insured fails to make such a payment in full, on or before the date so specified, whether the Insurance is current on such date or has terminated by virtue of Clause 84 or in accordance with any other provisions of this policy, the Insurance will be cancelled forthwith without further notice or other formality.

85.2 Where the Insurance is cancelled in accordance with Clause 85.1 (which time is hereinafter referred to in this Clause 85 as 'the date of cancellation'), the Insured will be and remain liable to pay to the Insurer all Premium and other sums due in accordance with the terms of this policy.

85.3 The Insurer will, with effect from the date of cancellation, cease to be liable for any claims of whatsoever kind under this policy in respect of the Insured Ship and, as from the date of cancellation, any liability of the Insurer for such claims will terminate retrospectively and the Insurer will be under no liability to such Insured for any such claims or on any account whatsoever:

85.3.1 irrespective of whether such claims have occurred or arisen or may arise by reason of any matter, Casualty, incident, claim, dispute or event which has occurred at any time prior to the date of cancellation, including during previous policy years;

85.3.2 irrespective of whether such claims arise by reason of any matter, Casualty, incident, claim, dispute or event occurring after the date of cancellation;

85.3.3 irrespective of whether the Insurer may have admitted liability for or appointed lawyers, surveyors or other Person to deal with such claims;

85.3.4 irrespective of whether the Insurer at the date of or prior to the date of cancellation knew that such claims might or would arise;

85.3.5 irrespective of whether the Insured has ceased to be insured by reason of Clause 84 of this policy.

Conditions

85.4 The Insurer may, in its absolute discretion and upon such terms as it thinks fit, including but not restricted to terms as to payment of Premium or other sums, admit either in whole or in part, any claim in respect of the Insured Ship for which the Insurer is otherwise under no liability by virtue of this Clause 85.

86 Cancellation of Insurance by Notice

The Insurer may, at any time, cancel the Insurance of an Insured Ship by giving at least 14 days written notice of cancellation, effective from the expiry thereof, which notice shall include a reason for such cancellation.

86.1 Where the Insurance is cancelled in accordance with this Clause 86 (which time is hereinafter referred to in this Clause 86 as 'the date of cancellation'), the Insured will be and remain liable to pay to the Insurer all Premium and other sums due up to the date of cancellation in accordance with the terms of this policy.

86.2 The Insurer will, with effect from the date of cancellation, cease to be liable for any claims of whatsoever kind under this policy in respect of the Insured Ship, if such claims arise by reason of any matter, Casualty, incident, claim, dispute or event occurring after the date of cancellation irrespective of whether:

86.2.1 the Insurer may have admitted liability for or appointed lawyers, surveyors or other Person to deal with such claims;

86.2.2 the Insurer at the date of or prior to the date of cancellation knew that such claims might or would arise;

86.2.3 the Insured has ceased to be insured by reason of Clause 86 of this policy.
Conditions

86.3 The Insurer may, in its absolute discretion and upon such terms as it thinks fit, including but not restricted to terms as to payment of Premium or other sums, admit either in whole or in part, any claim in respect of the Insured Ship for which the Insurer is otherwise under no liability by virtue of this Clause 86.

PART 7 ADMINISTRATIVE PROCEDURES

87 ITOPF

The Insurer may require any Person who wishes to insure a ship under the terms of a policy of Insurance that he will become a member or associate of the International Tanker Owners Pollution Federation (ITOPF) as appropriate and will enter the Insured Ship in ITOPF. The Insurer will have the authority to arrange such membership, association and entry, the cost of which will be debited to the Insured.

88 Forbearance and Reimbursement

88.1 No act, omission, course of dealing, forbearance, delay or indulgence by the Insurer in enforcing any of the terms and conditions of this policy or any of the terms or conditions of its contracts with the Insured, nor any granting of time by the Insurer will prejudice or affect the rights and remedies of the Insurer under this policy, or under such contracts, and no such matter will be treated as any evidence of waiver of the Insurer's rights thereunder, nor will any waiver of a breach by the Insured of this policy or such contracts operate as a waiver of any subsequent breach thereof.

88.2 The Insurer will at all times and without notice be entitled to insist on the strict application of the terms and conditions of this policy and on the strict enforcement of its contracts with the Insured.

88.3 The Insured will reimburse to the Insurer on demand the amount of any payment made to any third party by the Insurer on behalf of or as guarantor for such Insured to the extent that such payment is in respect of any amount which is not recoverable from the Insurer.

89 Notices

89.1 **Notice on the Insurer**

A notice or other document required under this policy to be served on the Insurer may be served by sending it by email to edward.turner@markel.com, through the post in a pre-paid, first- class letter to the address documented on the Certificate of Insurance.

89.2 **Notice on the Insured**

A notice or other document required under this policy to be served on the Insured may be served by sending it through the post in a pre-paid letter or by sending it by electronic mail to such Insured at its address as appearing in the Certificate of Insurance or at any place of business of a broker or other intermediary through whom the Insurance of the Insured Ship to which the notice relates was arranged.

In the case of Joint Insureds, a notice will be served on any Joint Insured and such service will be sufficient service upon all Joint Insureds.

89.3 **Addresses**

If the Insured's address appearing after the Insured's name on the front page of this policy is not within the United Kingdom, such Insured will from time to time provide the Insurer, in writing, with an address at which notices may be served upon , in which case, such address will be deemed to be its address as appearing on the front page of this policy for the purposes of this Clause 89.

89.4 **Date of Service**

Any notice or other document if served by post will be deemed to have been served on the day following the day on which the letter containing the same was put in the post and, in proving such service, it will be sufficient to prove that the letter containing the notice was properly addressed and put into the post in a pre-paid, first class envelope.

Any notice served by electronic mail, will be deemed to have been served on the day after it was despatched and in proving such service it will be sufficient to prove that the notice was duly despatched.

89.5 **Successors**

The Successors of anyone who is or was at any time Insured under a policy of Insurance by the Insurer will be bound by a notice or other document served as aforesaid if sent to the last address of such Insured notwithstanding that the Insurer may have notice of the Insured's death, disability, incapacity by reason of mental disorder in the management or administration of his property and affairs, bankruptcy or liquidation.

90 Law, Disputes and Jurisdiction

90.1 **English Law**

This policy and any contract of Insurance between the Insurer and the Insured will be governed by and construed in accordance with English law.

90.2 **Recovery of Sums Due to the Insurer**

Notwithstanding the Insurer's right to refer any claim to arbitration in accordance with clause 90.3 of the policy, the Insurer shall be entitled to commence and maintain any action in any jurisdiction to recover sums that the Insurer may consider to be due to it from the Insured.

90.3 **Disputes**

Except as provided in Clause 90.2, if any difference or dispute between the Insurer and the Insured (or any other Person) will arise out of or in connection with the terms and conditions of this policy or any contract of Insurance between the Insurer and the Insured, such difference or dispute will be referred to arbitration in London. Such arbitration will be conducted as follows:

90.3.1 the difference or dispute shall be referred to arbitration before an arbitrator to be appointed by agreement between the parties;

90.3.2 in the absence of agreement within fourteen days of a request by either party to agree to a sole arbitrator, an arbitrator who is a Member of the London Maritime Arbitrators Association shall be appointed by the President of the London Maritime Arbitrators Association at the request of either party, who shall thereafter conduct the arbitration proceedings as sole arbitrator;

90.3.3 the evidence and proceedings upon any arbitration may in the discretion of the arbitrator be taken in a mercantile way without regard to legal technicalities respecting evidence;

90.3.4 the obtaining of an arbitration award shall be a condition precedent to the right of any Insured to bring or maintain any action, suit or other legal proceedings against the Insurer including but not limited to seeking security for its claim;

90.3.5 the costs of and incidental to any such reference and award will be in the discretion of the arbitrator;

90.3.6 the submission to arbitration and all the proceedings therein will be subject to the provisions of the Arbitration Act 1996 or any statutory modification or re-enactment thereof.

Conditions

90.3.7 No other Person (including the Insured) will be entitled to maintain any action, suit or other legal proceedings against the Insurer otherwise than in accordance with the procedures laid down in this Clause 90.3.Furthermore, such other Person may only commence proceedings, other than the arbitration under Clause 90.3 above, so as to enforce an award under such arbitration and then only for such sum, if any, as the award may direct to be paid by the Insurer. The sole obligation of the Insurer to such other Person under this policy, and any Certificate of Insurance, in respect of such difference or dispute will be to pay such sum as may be directed by such an award.

90.4 Jurisdiction

Any difference or dispute with or by any Person and the Insurer not referred to above, including disputes over the interpretation, effect or application of Clause 90.3 (Disputes) will be decided exclusively by the High Court of Justice in London.

The terms of this policy and the submission to English law shall not confer and are not intended to confer any right or benefit on any Person under or in connection with the Contracts (Rights of Third Parties) Act 1999 or any similar law, provision or principle whether under English law or the laws of any other State. Any such law, provision or principle is excluded from this policy.

PART 8 DEFINITIONS

In this policy, the words standing in bold on the left will bear the meanings set opposite to them, providing that such meanings are not inconsistent with either the subject or the context.

Approved Contract

In the context of Clause 20 (Towage), the following contracts are approved by the Insurer providing that they are not amended so as to increase the liability of the Insured Ship:

1. Where there is a Contract with the owner of the tow:
   - 1.1 the United Kingdom, Netherlands, Scandinavian or German standard towage conditions;
   - 1.2 the International Ocean Towage Agreement's 'Towhire' or 'Towcon' conditions;
   - 1.3 Lloyd's Standard Form of Salvage Agreement 1980 (LOF 1980), or Lloyd's Standard Form of Salvage Agreement 1990 (LOF 1990), or Lloyd's Standard Form of Salvage Agreement 1995 (LOF 1995), or Lloyd's Standard Form of Salvage Agreement 2000 (LOF 2000);
   - 1.4 or any contract between the Insured on the one part and the owner of the tow and the owners of any cargo or other property on board the tow on the other part, requiring that all towage be carried out on terms no less favourable than 'Knock for Knock' (as defined in this Part 8).

2. Where there is no direct contractual relationship with the owner of the tow:

   A charter that contains:
   - 2.1 'Knock for Knock' terms (as defined in this Part 8), covering the property of co-venturers or other contractors of the charterers as well as the property of the charterers themselves, or
   - 2.2 a separate clause within the charter requiring that all towage be carried out on terms no less favourable than the said 'Knock for Knock' terms.

However

In countries where the terms of such contracts would not be enforceable at law, the Insurer may approve, on a case by case basis, contracts in which the Insured contracts on the basis most likely to be effective in upholding the right to limit liability providing always that the towage contract should not impose upon the Insured any liability for the negligence of any other party.

Cargo

Goods, including anything used or intended to be used to pack or secure goods, in respect of which the Insured enters into a contract of carriage but excluding containers or other equipment owned or leased by the Insured and Passengers' personal effects.

Casualty

An incident involving either:

1. collision, stranding, explosion, fire or any other cause affecting the physical condition of the Insured Ship so as to render it incapable of safe navigation to its intended destination; or

2. a threat to the life, health or safety of Passengers.

Within the context of Clause 21.4 (Wreck Liabilities), means a fortuitous incident caused by collision, stranding, explosion, fire or similar cause, but excludes any wreck caused by dereliction or neglect.

Certificate of Insurance

A document and any endorsement thereto issued by the Insurer in accordance with the provisions of Clause 77 (Certificate of Insurance and Endorsement Slip) that evidences the contract of Insurance in respect of an Insured Ship.

Co-insured Associate

A Person named in the Certificate of Insurance that is affiliated or associated with the Insured and to Company whom the benefit of the cover afforded is extended in accordance with the provisions of Clause 80 (Co- Insurance).

Costs

Within the context of Section E (Defence Cover) of this policy, any legal fees or legal costs, including lawyers' disbursements and any other expenses, including survey fees, necessarily incurred in relation to a claim or dispute. Costs will not include any administrative expenses incurred by the Insured, including the salary or retainer of any salaried or retained lawyer.

Deviation

For the purposes of Clause 22 (Cargo Liabilities) Deviation means any departure from the contractually agreed voyage or adventure that deprives the Insured of the right to rely on defences or rights of limitation found in or applicable to the standard terms of carriage referred to in Clause 22.7 (Standard Terms of Contracts of Carriage).

There will be no recovery for those amounts by which the Insured would have been able to reduce or eliminate his liability, but for the Deviation.

Electronic Trading

For the purposes of Clause 22.18, an Electronic Trading System is any system that replaces, or is System intended to replace, documents used for the sale of goods and/or their carriage wholly or partly by sea and other means of transport that:

are documents of title; or

entitle the holder to delivery or possession of the goods referred to in such documents; or

evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.

	Furthermore, document, in this context, means anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.
Endorsement Slip	A document issued by the Insurer in accordance with the provisions of Clause 77 (Certificate of Insurance and Endorsement Slip) that evidences the terms of any variation to the contract of Insurance in respect of an Insured Ship.
Fines	Civil penalties, penal damages and other impositions similar to Fines.
Fleet Principal	The Person insured under this policy of Insurance in accordance with the provisions of Clause 81 (Fleet Insurance) and named as such in the Certificate of Insurance. The Fleet Principal shall also be named in the Certificate of Insurance as a Joint Insured.
Hague Rules	The provisions of the International Convention for the Unification of Certain Rules of Law relating to Bills of Lading signed at Brussels on 25 August 1924.
Hague-Visby Rules	The Hague Rules as amended by the Protocol to that Convention signed at Brussels on 23 February 1968.
Hull Policy	A policy effected on the hull and machinery of a ship including any excess liability policy.
Illegal Fishing	Within the context of Clause 24.6.2 (Fines) and Clause 71 (Imprudent Trading), encompasses the use of the vessel in contravention of any law, rule, regulation, requirement, protocol or article (including but not limited to those of any coastal state, the flag state of the vessel and all applicable treaties and conventions) intended for the management, protection or conservation of marine living resources.
Insurance	Any Insurance or reinsurance against the risks specified in this policy, including any Insurance or reinsurance arranged by or through the Insurer in accordance with the provisions of Clause 3 (Additional Cover).
Insured	The Person insured under this policy of insurance and named as such in the Certificate of Insurance. Where the context and policy permits, Insured will also mean Joint Insured.
Insured Ship	The ship named in the Certificate of Insurance.
Insurer	Underwriters as identified in the Certificate of Insurance.
ISM Code	The International Management Code for the Safe Operation of Ships and for Pollution Prevention as incorporated in Chapter IX of the International Convention for the Safety of Life at Sea 1974 as amended.
ISPS Code	The International Ship and Port Facility Security Code as implemented through Chapter XI-2 of the International Convention for the Safety of Life at Sea 1974 as amended.

Joint Insured	The Person insured under this policy of Insurance in accordance with the provisions of Clause 79 (Joint Insureds) and named as such in the Certificate of Insurance.
Knock for Knock	A provision stipulating (i) that each party to a contract will be similarly responsible for loss of or damage to, and/or death of or injury to, any of its own property or personnel, and/or the property or personnel of its contractors and/or of its or their subcontractors and/or of other third parties, and (ii) that such responsibility will be without recourse to the other party and arise notwithstanding any fault or neglect of any party and (iii) that each party will, in respect of those losses, damages or other liabilities for which it has assumed responsibility, correspondingly indemnify the other party against any liability that that party will incur thereto.
Member of the Crew	A Person (including the Master) engaged under articles of agreement or otherwise contractually obliged to serve on board an Insured Ship (except Persons engaged only for nominal pay) whether on board or while proceeding to or from such Ship.
P&I War Risks Policy	A policy effected in respect of the perils set out in the current Institute War and Strikes Clauses – Hull – Time (1.11.95) (Cl. 281) with Protection and Indemnity and Crew inclusion clauses, or equivalent clauses in terms no less wide than the foregoing.
Passenger	A Person carried on board an Insured Ship by virtue of holding a ticket of passage and making a payment of money for passage on board the Insured Ship.
Period of Insurance	The period stated in the relevant Certificate of Insurance and as defined in Clause 78 (Period of Insurance).
Person	A natural Person, an incorporated or unincorporated body or a combination of both.
Premium	Any sums payable to the Insurer in respect of an Insured Ship pursuant to Clause 75 (Premium Rating and Payment) and Clause 79 (Joint Insureds).
Proper Value	Throughout the Period of Insurance the Insured Ship will be insured in respect of hull and machinery on terms that provide the Insured with protection equivalent to or better than that provided under Lloyd's Marine Policy MAR (1/1/82 Edition) with the Institute Time Clauses 1/10/83 attached or, in the case of fishing vessels only, with the Institute Fishing Vessel Clauses, 20/7/87 attached, for an insured value equivalent to or higher than the market value of the Insured Ship from time to time. Such market value will be assessed on the basis that the Insured Ship is available for sale free of commitment from a willing seller at the date of the event giving rise to a claim under this policy.
Ship	In the context of a ship insured or proposed to be insured, a ship, boat, hovercraft or other description of vessel or structure (including any ship, boat,

	hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water, or any part of such ship, or any proportion of the tonnage thereof, or any share therein.
Statutory Obligation	Any obligation, liability or direction imposed by any legislative enactment, decree, order or regulation having the force of law in any country.
Stevedore	Any Person engaged to handle Cargo of the Insured Ship including, but not limited to, line handlers, longshoremen, crane or forklift drivers and tally clerks.
Successors	Including but not limited to heirs, administrators, executors, personal representatives, assigns (where permitted under this policy), receiver, curator or other Person authorised to act on behalf of one who becomes incapable, by reason of mental disorder, of managing his property or affairs, trustee in bankruptcy, liquidator and other Successors whatsoever.
Third Person	Any Person not being a Member of the Crew, Passenger, substitute, stowaway, refugee or Persons rescued at sea.
The United Kingdom	Great Britain and Northern Ireland.
Valuables	Cash, bullion, documents of value, negotiable instruments, bonds of any description, currency notes, payment orders, bank drafts, cheques, precious, semi-precious and rare metals or stones, objects of a rare or precious nature, artworks and antiques.

Writing will include printing, typewriting, lithography, facsimile and any other mode or modes of representing or reproducing words in a visible form.

Words importing the singular number only will include the plural number and vice versa.

Words importing Persons will include individuals, partnerships, corporations and associations.

The headings and sub-headings as set out in this policy are for convenience and ease of reference only and do not affect the construction of any Part, Section, Clause or Sub-Clause.

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