



Charterers Liability insurance Terms and Conditions

This insurance is arranged by Transecure AB Sundsvall Sweden as underwriting agents to the underwriters Insurance Company of InterHannover Ltd, England filial AB Stockholm Sweden, herein after called the Underwriters

The insurance product is designed for Charterers of small and midsize drycargo, tankers , reefer and fishingvessels with a world wide trade on time, voyage or tripcharter, including transhipments at highseas, always warranted that the chartered vessel (vessels) have a recognized owners P&I insurance and classed with a approved IACS class society.

Preliminary

(A) An Assured is only insured against loss, damage, liability or expense incurred by him which arises:

in respect of the Assured's liability as

the charterer of an Insured Ship and/or

the disponent owner of an Insured Ship and/or

the carrier of goods in a ship insured
by or on behalf of the Assured; and

out of events occurring during the Policy Period.

in connection with an Insured Ship

(B) An Assured who has an Insured Ship is bound to pay Premium to the Underwriters, in accordance with the provisions of these Terms and Conditions.

Transecure may in their absolute discretion vary or modify the instalments and times of payment of premium as determined under these Terms and Conditions, provided always that any such variation or modification shall be expressly agreed in writing between the Underwriters and the Assured.



CLAUSE 1

Financial limitation of the Underwriters's liability

- (A) The liability of the Underwriters under Class 1 in respect of each accident or occurrence relating to an Insured Ship giving rise to one or more claims under these Terms and Conditions shall be limited to the sum as shown in the Insurance Certificate issued.
- (B) Transecure may issue a Policy of Insurance upon such terms and conditions (including deductibles) as they may consider to be appropriate.
- (C) Where more than one claim is made in respect of any one accident or occurrence and the aggregate of such claims exceeds the Maximum Sum or such lower limit as may have been agreed in writing between the Assured and the Underwriters, the liability of the Underwriters for each claim shall be such proportion of the Maximum Sum or lower limit (whichever is the lower) as such claim bears to the aggregate of all such claims.

CLAUSE 2

Risks covered

Unless otherwise agreed between an Assured and the Underwriters, the risks covered by the Underwriters are set out in Sections 1 to 18 below.

SECTION 1

Liability in respect of damage to an Insured Ship

(A) Liability

to indemnify an owner or a disponent owner under the terms of the Charterparty in respect of which the Ship is insured; or

to pay to an owner or a disponent owner damages or compensation (including detention and/or demurrage and/or hire),

which may arise out of physical loss or damage to an Insured Ship, to include loss or damage to hull, machinery, containers (if owned or leased by such owner or a disponent owner), equipment, stores, fuel, supplies or other property of such owner or disponent owner on board such an Insured Ship.



- (B) Liability to pay to an owner or a disponent owner damages or compensation which may arise where such owner or a disponent owner has taken reasonable measures to determine whether there has been such physical loss or damage to an Insured Ship, but where it is found that in fact no such physical loss or damage has occurred, save that, in no event, shall cover under this paragraph (B) extend to any liability to pay detention and/or demurrage and/or hire.

PROVIDED ALWAYS that:-

such property is not within the scope of Section 4 of this Clause (cargo liabilities) or within any provisions, exclusion, limit or deductible applicable to that Section; and such property is not owned or leased by the Assured or by any Company associated with or under the same management as the Assured.

SECTION 2

Injury, illness and loss of life

Liability to pay damages or compensation for personal injury, illness or death of any person (other than persons engaged by the Assured under a contract of employment) and hospital, medical or funeral expenses incurred in relation to such injury, illness or death.

PROVIDED ALWAYS that:-

- (A) Cover under this Section is limited to liabilities arising out of a negligent act or omission on board or in relation to an Insured Ship or in relation to the handling of her cargo from the time of receipt of that cargo from the shipper or pre-carrier at the port of shipment until delivery of that cargo to the consignee or onward carrier at the port of discharge.
- (B) Where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, that liability is not covered under this Section but may be recoverable under and in accordance with Section 6 of this Clause.
- (C) Where the liability is in respect of a person on another ship, and arises out of a collision between that other ship and the Insured Ship, that liability is not covered under this Section but may be recoverable under and in accordance with Section 5 of this Clause (Collisions).



SECTION 3

Loss of or damage to property

Liability to pay damages or compensation for or in relation to any loss of or damage to any property (including infringement of rights in connection with that property) whether on land or water and whether fixed or moveable.

PROVIDED ALWAYS that:-

- (A) There shall be no recovery by an Assured under this Section in respect of liability which arises under the terms of any contract or indemnity to the extent that it would not have arisen but for those terms (unless the contract or indemnity has been agreed in advance in writing by the Underwriters on such terms as the Underwriters may require).
- (B) There shall be no recovery by an Assured under this Section in respect of loss of or damage to property which is owned or is within the possession, custody or control of the Assured.

SECTION 4

Cargo Liabilities

(A) Sources of liability

The liabilities and costs enumerated in paragraph (B) of this Section shall be covered only to the extent that they relate to cargo intended to be or being or having been carried in an Insured Ship and, in the case of liabilities, arise:

under the terms of a contract of carriage contained in or evidenced by a bill of lading or waybill issued in respect of goods shipped or to be shipped on board and Insured Ship, or of a sub-Charterparty pursuant to which the Assured is obliged to pay damages or compensation to the owner of such goods and/or any shipper consignee or endorsee or other person entitled to make a claim in respect of the goods under such contract of carriage or sub-Charterparty; or

in relation to cargo carried by an Insured Ship in respect of which the Assured is liable to an owner of cargo or other person entitled to make a claim in respect of such cargo, otherwise than in contract; or

under the terms of a Charterparty of an Insured Ship pursuant to which the Assured is obliged to indemnify or to pay damages or compensation to the owner or disponent owner in respect of liabilities which that owner or disponent owner has incurred (and discharged)

under or pursuant to a bill of lading and/or contract of carriage relating to the carriage of goods on an Insured Ship; or



under the terms of any sub-Charterparty of an Insured Ship between the Assured as disponent owner) and a sub-Charterer pursuant to which the Assured is obliged to indemnify or pay damages or compensation to the sub-Charterer in respect of liabilities which that sub-Charterer has incurred (and discharged) under or pursuant to a bill of lading and/or contract of carriage relating to the carriage of goods on an Insured Ship.

(B) Risks Covered

The following risks shall be covered by the Underwriters (subject to the provisions of this Section):

Loss, shortage, damage or delay

Liability for or in relation to loss, shortage, damage or delay arising out of any breach by the Assured, or by any person for whose acts, neglect or default he may be legally liable, of his obligations properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of unseaworthiness or unfitness of the Insured Ship.

Disposing of damaged cargo

The additional costs or liability for or in relation thereto (over and above those which would have been incurred if the cargo had not been damaged) in necessarily discharging or disposing of damaged cargo, but only if and to the extent that the Assured has no recourse to recover them from any other party.

(C) Duration of Cover

Period of Cover

An Assured shall only be insured in respect of liabilities or costs which arise from events which occur during the period from the time of shipment onto, until the time of discharge from the Insured Ship unless otherwise agreed by the Underwriters in writing and in advance on such terms as the Underwriters may require.

Combined Transport, Through Transport or Transhipment Bills of Lading

- (a) An Assured shall be insured against liability for or in relation to loss, shortage damage or delay in respect of cargo which the Assured may incur under a Combined Transport or Through Transport bill of lading or other contract of carriage pursuant to which the Assured is entitled to perform the carriage partly by an Insured Ship



and partly by another vessel and/or land and/or air transport, where the Assured is able to prove that the liability arose during the period covered within paragraph (C) of this Section.

Notwithstanding the foregoing provisions of this paragraph (C) of this Section there shall be recovery from the Underwriters in respect of the liability referred to in paragraph (a) above, where such liability arises during carriage other than on the Insured Ship, and where-

the Underwriters have agreed in writing and in advance to provide such cover on such terms as the Underwriters may require;

the terms of the contract of carriage (and at the discretion of the Underwriters, any subcontract) have been approved by the Underwriters in writing and in advance; and

if the Assured enters into a contract of carriage as principal, the Assured obtains from any subcontractor an appropriate form of subcontract and receipt.

- (C) Where such extended cover is given, that-
cover shall include cover against storage risks which are incidental to a transit, being liabilities incurred by the Assured pursuant to the contract of carriage in respect of events which occur during periods between discharging from and loading onto any means of transport, for a period of up to 7 days between any two transits. Provided always that such storage is within the port area or otherwise in a secure storage area.

Storage

An Assured may be insured against storage risks which

- (a) are not incidental to a transit, being liabilities incurred by the Assured pursuant to the contract of carriage in respect of events which occur prior to loading onto the first (or only) means of transport, or after discharge from the final (or only) means of transport; or
- (b) are incidental but may extend for more than seven days between any two transits in any one place,.

if the terms, place and period of storage have been approved by the Underwriters in writing and in advance on such terms as the Underwriters may require.



Limit of Cover

There shall in no circumstances whatsoever be any recovery from the Underwriters under this Section unless the loss and/or damage is suffered or legal liability incurred between the time of receipt for shipment and completion of delivery at final destination.

(D) General Exclusions, Limitations and Provisions

Cover under this Section shall be subject to the following exclusions, limitations and provisos, save that in the case of paragraphs below the Underwriters may in their sole and absolute discretion decide that those exclusions, limitations and provisos should not be fully applied and decide that the claims should be paid in whole or in part:

General Exclusions

There shall be no recovery from the Underwriters under this section in respect of liabilities, costs or expenses arising out of:

- (a) Delivery of cargo without production of the relevant bill of lading or other document of title.
- (b) The issue of an ante-dated or post-dated bill of lading.
- (c) The issue of a bill of lading by the Assured, or his agent which does not correctly state and truly reflect the quantity and/or condition of the cargo at the time of shipment in the Insured Ship and which bill of lading the assured or his agent knew was incorrect in those respects, but only insofar as the said liabilities, costs or expenses arise as a direct consequence of the failure of the Assured or his agent to issue correct bills of lading.
- (d) Either the failure to arrive or late arrival of the Insured Ship at a port of loading, or the failure to load a particular cargo or cargoes in an Insured Ship.
- (e) Discharge of cargo at a port or place other than that stipulated in the contract of carriage.

On Carriage

There shall be no recovery from the Underwriters under this Section in respect of liability for the cost and expense of on-carrying cargo to a contractual port or destination from any intermediate port where the cargo may have been off-loaded from an Insured Ship, or in respect of storage charges or other charges at any such intermediate port.



Deviation

There shall be no recovery from the Underwriters under this Section and no claim shall be admissible if the liability or costs arise as a result of or arise following a deviation and if as a result of such deviation the Assured is not entitled to rely on any defences or rights of limitation which would otherwise have been available to him to reduce or eliminate his liability; provided always that if the Assured has notified the Underwriters of the deviation before it occurs or immediately upon receiving information that it has occurred the Underwriters may agree in writing special cover in respect of the deviation on such terms as they may require.

For the purposes of this Section the carriage of cargo on deck shall not be a deviation if the contract provides for the carriage of cargo on deck or if such carriage is effected pursuant to a trade custom.

Standard Terms of Carriage

Unless and to the extent that the Assured has previously obtained appropriate special cover by agreement with the Underwriters in advance and in writing on such terms as the Underwriters may require, there shall be no recovery from the Underwriters in respect of liabilities (whether arising during the period covered within paragraph (c) or otherwise as extended pursuant to paragraphs (c) or of this Section) which would not have been incurred or sums which would not have been payable by the Assured if the Assured had been entitled to rely on all defences and rights of limitation provided for in the Underwriters' recommended standard terms of carriage, which shall be the Hague-Visby Rules; provided that where the Hamburg Rules are compulsorily applicable, by operation of law, to a contract of carriage under which the Assured incurs liability, then in that case (and in that case only), the Hamburg Rules shall be the Underwriters' recommended standard terms of carriage.

Rare and Valuable Cargo

Unless and to the extent that the Assured has previously obtained appropriate special cover by agreement with the Underwriters in advance and in writing on such terms as the Underwriters may require, there shall be no recovery from the Underwriters in respect of any claim relating to the carriage of specie, bullion, precious or rare metals or stones, plate, jewellery, or any other objects of a rare or precious nature, bank notes, or other form of currency, bonds or other negotiable instruments.

Perishable cargo in insulated spaces

The Underwriters may at any time require to be satisfied as to the spaces, plant, and apparatus used and the instructions given for the carriage of cargo in insulated or refrigerated chambers or containers and the terms of the contract of carriage under which such cargo is to be carried and the Assured shall upon request supply the relevant



information to the Underwriters. If the Underwriters are not so satisfied and therefore withhold their approval and so notify the Assured, such Assured shall not be entitled to recover from the Underwriters in respect of any loss of or damage to such cargo the carriage of which began after the serving of the notice.

Ad Valorem Bills of Lading

Unless and to the extent that the Assured has obtained appropriate special cover by agreement with the Underwriters in advance and in writing on such terms as the Underwriters may require, the Underwriters shall not be liable for payments to owners and/or disponent owners and/or cargo claimants of amounts exceeding US \$2,400 per unit, piece or package in respect of shipment of goods carried under an ad valorem bill of lading in which the value per unit, piece or package has been stated to be in excess of US \$2,400.

Property of the Assured

There shall be no recovery from the Underwriters by an Assured in respect of loss of or damage to any cargo owned by the Assured.

SECTION 5

Collision with other ships

The liability to pay damages to any other person as a consequence of a collision between an Insured Ship entered in this Class and any other Ship.

SECTION 6

Liability arising under certain indemnities and contracts

- (A) Liability for loss of life, personal injury or illness, or for loss of or damage to property, arising under the terms of an indemnity or contract given or made by or on behalf of the Assured relating to facilities or services provided to or in connection with an Insured Ship in this Class but only if and to the extent that the terms have previously been approved by the Underwriters and cover for the liability has been agreed between the Assured and the Underwriters on such terms as the Underwriters may require.
- (B) Liability to Passengers on board an Insured Ship (other than for those risks covered under Section 2 of this Clause) which arise as a consequence of a casualty to an Insured Ship in this Class and under the terms of a passage contract approved in writing by the Underwriters prior to the casualty on such terms as the Underwriters may require or in such circumstances as may have been agreed between the Assured and the Underwriters.



Provided always that where any liability referred to in (A) or (B) above would have arisen in any event irrespective of an indemnity or contract, then such liability will be covered by the Underwriters if it falls within any other section of this Clause.

SECTION 7

Wreck Liabilities

- (A) Costs or expenses relating to the raising, removal, destruction, lighting or marking of the wreck of an Insured Ship in this Class when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Assured, provided always that the said costs or expenses have been reasonably incurred by the Assured.
- (B) Liability incurred by an Assured as a result of any such raising, removal or destruction of the wreck of an Insured Ship as is referred to in paragraph (A) of this Section, or any attempt thereat.
- (C) Liabilities incurred by an Assured as a result of the presence or involuntary shifting of the wreck of an Insured Ship or as a result of his failure to remove, destroy, light or mark such wreck, including liability arising from the discharge or escape from such wreck of oil or any other substance.

PROVIDE ALWAYS that:

The Insured Ship became a wreck as a result of a casualty or event occurring during the Policy Period.

In respect of a claim under paragraph (A) of this Section, the value of all stores and materials saved, as well as the wreck itself shall first be deducted from such costs or expenses and only the balance thereof, if any, shall be recoverable from the Underwriters.

Nothing shall be recoverable from the Underwriters under this section if the Assured shall, without the consent of the Underwriters in writing, have transferred his interest in the wreck, otherwise than by abandonment, prior to the raising, removal, destruction, lighting or marking of the wreck or prior to the incident giving rise to liability.

There shall be no recovery under this Section in respect of costs, expenses or liabilities incurred more than three years after the termination of insurance of the Insured Ship, unless and insofar as is otherwise expressly agreed between, the Assured and the

Underwriters prior to the expiry of that three year period. Any such agreement may be subject to such terms and conditions as the Underwriters may consider appropriate, including (without prejudice to the generality of the foregoing) the payment of an extra Premium.



SECTION 8

Quarantine expenses

Liability to pay damages or compensation and/or additional expenses incurred by an Assured of this Class as a direct consequence of an outbreak of infectious disease on an Insured Ship, including quarantine and disinfection expenses and the net loss to the Assured (over and above such expenses as would have been incurred but for the outbreak) in respect of fuel, insurance, wages, stores, provisions and port charges.

SECTION 9

Liability under towage contracts

(A) Customary towage of an Insured Ship

Liability, other than the costs of the contracted service, under the terms of a contract for the customary towage of an Insured Ship that is to say:

towage for the purpose of entering or leaving port or manoeuvring within the port during the ordinary course of trading or-

towage of such Insured Ships as are habitually towed or pushed in the ordinary course of trading from port to port or from place to place.

(B) Towage of an Insured Ship (other than customary towage)

Liability under the terms of a contract for towage of an Insured Ship other than the customary towage covered under paragraph (A) of this section but only if and to the extent that cover for such liability has been agreed with the Underwriters upon such terms as the Underwriters may require.

(C) Towage by an Insured Ship

Liability under the terms of a contract for towage of another Ship or object by an Insured Ship but only if and to the extent that:

cover for such liability has been agreed with the Underwriters in writing in advance upon such terms as the Underwriters may require, or the Underwriters shall in their sole discretion decide that having regard to all circumstances the claim falls within the scope of the Policy of Insurance and that the Assured should be reimbursed.

SECTION 10

Pollution risks

The liabilities, losses, damages, costs and expenses set out in paragraphs (A) to (D) below when and to the extent that they are caused by or incurred in consequence of the discharge or escape from an Insured Ship, of oil or any other substance or the threat of such discharge or escape.



- (A) Liability for loss, damage or contamination.
- (B) The costs of any measures reasonably taken with the prior approval of the Underwriters 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.
- (C) The costs of any measures reasonably taken with the prior approval of the Underwriters to prevent an imminent danger of the discharge or escape from the Insured Ship of oil or any substance which may cause pollution.
- (D) The costs or liabilities incurred as a result of 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, provided always that such costs or liabilities are not recoverable under any other insurance.

In no circumstances shall the Underwriters be liable in respect of any liabilities, losses, damages, costs or expenses referred to above which arise in relation to the Assured's ownership of or rights in a cargo of oil unless the Underwriters shall have otherwise agreed in advance and in writing on such terms as they may require.

Provided always that, without the agreement of the Underwriters in advance and in writing on such terms as the Underwriters may require, there shall be no recovery from the Underwriters in respect of liabilities or costs which arise in respect of bulk oil cargo tanker voyages within the Exclusive Economic Zone of the United States of America as defined in the United States Oil Pollution Act 1990 arising out of incidents to which the United States Oil Pollution Act 1990 and/or any other similar state legislation is applicable.

Liquefied Petroleum Gas carriers are not to be treated as tankers in respect of the above oil pollution exclusion.

Any Certificate of Insurance issued pursuant to these Terms and Conditions shall not be deemed to be evidence of financial responsibility under the Oil Pollution Act 1990 or any similar federal or state laws and may not be shown or tendered to the United States Coast Guard or any federal or state agency as evidence of financial responsibility or evidence of insurance. The Underwriters do not consent to be a guarantor.

SECTION 11

General average

The Assured's proportion of general average, special charges or salvage for which the Assured is liable in respect of freight at risk and/or bunkers owned by the assured provided always that such liability is not covered by any other insurance.



SECTION 12

Sue and labour costs

Extraordinary costs and expenses (other than those set out in Section 13) reasonably incurred on or after the occurrence of any casualty, event or matter liable to give rise to a claim upon the Underwriters and incurred solely for the purpose of avoiding or minimising any liability or expenditure against which the Assured is wholly or by reason of the Maximum Sum or some other agreed limit of liability or a deductible, partly insured by the Underwriters, but only to the extent that those costs and expenses have been incurred with the agreement of the Underwriters in writing or to the extent that the Underwriters in their absolute discretion decide that the Assured should recover under the Policy of Insurance.

SECTION 13

Fines

Fines as set out in paragraphs (A) to (F) below when and to the extent that they are imposed in respect of an Insured Ship by any court, tribunal or authority and are imposed upon the Assured or upon any person whom the Assured may be legally liable to reimburse or reasonably reimburses with the approval of the Underwriters:

- (A) For failure to maintain safe working conditions on or in relation to the Insured Ship.
- (B) For short or overlanding or overdelivery of cargo, or for failure to comply with regulations relating to declaration of goods or to documentation of the Insured Ship or her cargo, but only if and insofar as the Assured is also covered for cargo risks under Section 4 of this Clause.
- (C) For smuggling or any infringement of any Customs law or Regulation relating to the construction, adaption, alteration or fitment of the Insured Ship.
- (D) For contravention of any law or regulation relating to immigration.
- (E) In respect of pollution by oil or other substance, but only if and insofar as the Assured is also covered for pollution risks under Section 10 of this Clause.
- (F) For any act, neglect or default (other than those specified in (A) to (E) above) of any servant or agent to the Assured in the course of their duties in respect of the Insured Ship.

For the purposes of applying any deductible relating to the risks covered by Section 4 or Section 10 of this Clause, the amount of any claim under Section 4 shall be added to the amount of any

claim under sub-paragraph (B) of this Section, and the amount of any claim under Section 10 shall be added to the amount of any claim under sub-paragraph (E) of this Section.



PROVIDED ALWAYS that:

The Underwriters shall not in any event indemnify an Assured against a fine imposed upon him for:

- (a) the overloading of an Insured Ship
 - (b) the entry of the Insured Ship into prohibited waters
 - (c) the disregarding of routing regulations, or
 - (d) illegal fishing,
- or against the legal costs and expenses relating thereto.

The Underwriters shall not in any event indemnify an Assured against a fine imposed upon him as a result of any act or default of which the Assured personally knew, or for which the Assured was otherwise personally responsible.

SECTION 14
Stowaways

Liability under a Charterparty to the owner or disponent owner for fines and other expenses incurred by that owner or disponent owner as a consequence of stowaways being or having been on board an Insured Ship, provided that:

- (A) the owner or disponent owner itself incurred such fines and expenses under legal liability; and
- (B) those expenses are not recoverable by the Assured from any third party; and
- (C) there shall be no recovery from the Underwriters in respect of liabilities in excess of those the Assured has or would have incurred under the Stowaways Clause for Time Charters as contained in the Baltic and International Maritime Council Special Circular No. 5, dated 21 July 1993.

SECTION 15
Enquiry expenses

Costs and expenses incurred by an Assured in defending himself or in protecting his interests before a formal enquiry into the loss of or into a casualty involving an Insured Ship, but only to the extent that

such enquiry relates to a risk insured in this Class and on such conditions as the Underwriters in their discretion may determine.



SECTION 16

Legal costs and expenses

Legal costs and expenses (including surveyors' costs and expenses and other costs and expenses associated with any investigation) relating to any liability or alleged liability or expenditure against which the Assured is wholly, or, by reason of the Maximum Sum or some other agreed limit of liability or a deductible, partly insured, but only to the extent that those costs and expenses have been incurred with the agreement of the Underwriters in writing or to the extent that the Underwriters in their discretion decide that the Assured should recover.

SECTION 17

Expenses incidental to the chartering of ships (Omnibus clause)

Liabilities, costs and expenses incidental to the business of chartering ships which in the opinion of the Underwriters fall within the scope of the Policy of Insurance:

PROVIDED ALWAYS that:

Subject to this provision there shall be no recovery under this Section in respect of liabilities, costs and expenses which are expressly excluded by other provisions of these Terms and Conditions.

Any amount claimed under this Section shall be recoverable to such extent only as the Underwriters in their absolute discretion may determine without having to give any reasons for their decision.

SECTION 18

Expenses incurred by direction of the Underwriters

Costs, expenses and loss which an Assured may be required to incur by special direction of the Underwriters in cases in which the Underwriters in their absolute discretion decide that it is in the interest of the Underwriters that the direction be given.

CLAUSE 2

Special cover

- (A) Save insofar as is expressly prohibited by these Terms and Conditions, the Underwriters may issue a Policy of Insurance on terms which afford cover to an Assured against any special or additional risks not set out in Clause 3. The nature and extend of the risks and the terms of the cover shall be as agreed in writing between the Underwriters and the Assured.
- (B) Where these Terms and Conditions provide that the Underwriters may agree special cover or any extension to cover on such terms as the Underwriters may require, (whether under this Clause 12 or otherwise), such terms may include (but shall not be limited to) terms as to the payment or the agreement to pay additional Premium.



- (C) Notwithstanding Clause 1(E), an Assured may be insured on the special terms that the risks insured may arise otherwise than in respect of the Insured Ship or otherwise than in connection with the operation of the Insured Ship, provided always that this shall have been expressly agreed in writing in advance between the Underwriters and the Assured on such terms as the Underwriters may require.
- (D) Any special cover granted to an Assured by the Underwriters under (A) or (C) shall be limited always to the Maximum Sum under Clause 2(A), unless a different limitation is expressly agreed in writing between the Underwriters and the Assured under Clause 2(B)

CLAUSE 3

Limitations, exceptions, conditions and warranties

(A) Payment first by the Assured

Unless the Underwriters in their absolute discretion otherwise decide, it is a condition precedent of an Assured's right to recover under the Policy of Insurance in respect of any liabilities, costs or expenses that he shall first have discharged or paid the same.

Unless and to the extent that the Underwriters in their absolute discretion otherwise decide, an Assured is only insured in respect of such sums as he has paid to discharge any of the liabilities or to pay any of the losses, costs or expenses referred to in Clause 3, or to discharge such other liabilities, or pay such other losses, costs or expenses, as may be the subject of special cover granted to the Assured under Clause 4.

(B) Set-off

Without prejudice to anything contained elsewhere in these Terms and Conditions the Underwriters shall be entitled to set off any amount due from an Assured against any amount due to such Assured from the Underwriters.

(C) Double Insurance

Unless and to the extent that the Underwriters in their absolute discretion otherwise decide no claim shall be recoverable from the Underwriters for any liabilities, costs or expenses recoverable under any other insurance or which would have been so recoverable.

(D) Insured tonnage – limitation of cover

If less than the chartered tonnage of a Ship is insured, the Assured shall, unless the insurance of the Ship has been accepted on special terms which otherwise provide, be entitled only to recover such proportion of his claim as the insured tonnage bears to the chartered tonnage. For the purposes of this paragraph only "tonnage" shall mean the measurement of tonnage by reference



to which the Assured has entered into a Charterparty of the Insured Ship and references to “chartered tonnage” and “insured tonnage” shall be construed accordingly.

(E) Limitation of cover

Unless otherwise agreed in writing between the Assured and the Underwriters the liability of the Underwriters in respect of any claim brought by an Assured relating to an Insured Ship in this Class shall not exceed the amount, to be determined by the Underwriters, to which the Assured could have limited his liability for the claim if he had been the registered owner of that Ship and had sought and had not been denied the right to limit.

(F) Exclusion of War Risks

Unless otherwise agreed by the Underwriters in advance and in writing on such terms as the Underwriters may require, the Underwriters shall not indemnify an Assured against any liabilities, costs or expenses caused or contributed to, directly or indirectly, by:

War, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power.

Capture, seizure, arrest, restraint or detainment (barratry and piracy excepted), and the consequences thereof or any attempt thereat.

Mines, torpedoes, bombs, rockets, shells, explosive 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). Provided always that this exclusion shall not apply to the use of such weapons, whether as a result of government order or with the agreement of the Underwriters where the reason for such use is the mitigation of liabilities, cost or expenses which would otherwise fall within the Policy of Insurance.

Provided that nothing in this paragraph shall operate to exclude a claim for a fine which would otherwise be recoverable under Section 13 of Clause 3.

(G) Exclusion of certain nuclear risks

The Underwriter shall not indemnify the Assured against any liabilities, losses, costs or expenses arising out of or in consequence of the emission of ionising radiation from, or the toxic, explosive or other hazardous properties of, nuclear fuel or radioactive products or waste carried as cargo in an Insured Ship with the exception of radio isotopes used in or intended to be used for any

industrial, commercial, agricultural, medical or scientific purpose and such further exceptions as the Underwriters may approve.

(H) Exclusion of certain liabilities, costs and expenses of salvage ships drilling ships dredgers and others



Unless special cover shall have been agreed between the Assured and the Underwriters pursuant to Clause 4, the Underwriters shall be under no liability for any claim relating to liabilities, costs and expenses of:

an Insured Ship which is a salvage tug or other Ship used or intended to be used for salvage operations, when the claim arises as a result of any salvage service or attempted salvage service;

an Insured Ship which is used for the operations of drilling, core sampling, oil production or gas production, when the claim arises as a result of those operations;

an Insured Ship which is a dredger, when the claim arises out of dredging operations;

an Insured Ship which is used for the operations of pile driving, pipe laying or blasting, when the claim arises out of those operations.

(I) Contraband, blockade running, unlawful trade, imprudent or hazardous operations

No claim shall be recoverable from the Underwriters if it arises out of or is consequent upon an Insured Ship carrying contraband, blockade running or being employed in an unlawful trade or if the Underwriters, having regard to all the circumstances, shall be of the opinion that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper.

(J) Miscellaneous exclusion

Save insofar as is expressly covered by Sections 1, 11, 12, 13, 16 and 18 of Clause 3 or by the terms of any special cover granted to an Assured under Clause 4, the Underwriters shall not be liable in respect of:-

loss of or damage to the Insured Ship or any part thereof;

the cost of repairs to the Insured Ship or any charges or expenses in connection therewith;

loss of freight or hire or any proportion thereof, unless such loss forms part of a claim recoverable from the Assured for loss in respect of cargo or is, with the consent of the Underwriters, included in the settlement of such a claim;

claims relating to demurrage on or detention of an Insured ship;

the cost of forwarding or return to port of embarkation of passengers, or of maintenance of passengers ashore consequent upon a casualty to the Insured Ship, unless cover for such cost has been specially agreed between the Assured and the Underwriters pursuant to Clause 3



loss of or damage to any equipment on board the Insured ship or to any containers, lashings, stores or dunnage or other property whatsoever thereon, to the extent that the same are owned or leased by the Assured or by any company associated with or under the same management as the Assured;

salvage or services in the nature of salvage and any costs and expenses in connection therewith;

loss arising out of cancellation of a charter or other engagement of an Insured Ship;

loss arising out of irrecoverable debts or out of the insolvency of any person including insolvency of Owners, sub-charterers or agents.

(K) Classification of Ship

Unless otherwise agreed in writing between the Assured and the Underwriters, it is a condition of the insurance of every Ship entered in this Class that the Ship must be and remain throughout the Policy Period classed with a Classification Society approved by the Underwriters; and

Unless, and to the extent that the Underwriters in their absolute discretion otherwise decide, an Assured shall not be entitled to any recovery from the Underwriters in respect of any claim arising during a period when that condition is not fulfilled.

(L) Obligation to sue and labour

Upon the occurrence of any casualty, event or matter liable to give rise to a claim by an Assured upon the Underwriters under this Class (including a claim under any special cover granted under Clause 4), it shall be the duty of the Assured and his agent to take and to continue to take all such steps as may be reasonable for the purpose of averting or minimising any expense or liability in respect whereof he may be insured by the Underwriters. In

the event that the Assured commits any breach of this obligation, the Underwriters may in their absolute discretion reject any claim by the assured against the Underwriters arising out of the casualty, event or matter, or reduce the sum payable by the Underwriters in respect thereof by such amount as they may determine.

(M) Rights of Recourse

Unless the Underwriters in their absolute discretion otherwise decide, there shall be no recovery from the Underwriters where the Assured has waived or failed to protect any rights of

recourse against any other person, to the extent that the Underwriters' rights of subrogation are or may be prejudiced by such waiver or failure.



(N) Associated Persons

There shall be no recovery from the Underwriters in respect of any of the risks referred to in Clauses 3 or 4 of these Terms and Conditions, where the liability, cost or expense in respect of which a claim against the Underwriters is made arises between the Assured and an Associated Person unless the Underwriters in their absolute discretion shall otherwise decide.

(O) Review of Documents

The review and/or approval by the Underwriters of any standard terms of carriage, or Charterparty, or any other contract or document of any nature whatsoever and whether pursuant to these Terms and Conditions or otherwise shall not extend the terms of cover to which the Assured is entitled under these Terms and Conditions and any special cover or any variations in the cover provided by these Terms and Conditions shall always be specifically agreed in advance and in writing by the Underwriters on such terms as the Underwriters may require.

(P) ISM Clause

The Insured Ship and “the company” (as defined by Chapter IX of the International Convention for the Safety of Life at Sea (as amended), hereinafter referred as ‘SOLAS 1974’ and, as defined in the International Safety Management Code, hereinafter referred as ‘the ISM Code’) shall throughout the Policy Period comply at all times with all applicable provisions and requirements of SOLAS 1974 and the ISM Code. There shall be no cover under these Terms and Conditions in respect of any liability, loss, damage, cost and/or expenses that arose out of or was consequent upon the Insured Ship and/or the company failing to comply with any applicable provisions and requirements of SOLAS 1974 and the ISM Code unless and to the extent that the Underwriters in their sole discretion determine otherwise.

(Q) Electronic Date Recognition Clause

The provisions of this Clause shall prevail notwithstanding any provision whether written, typed or printed in these Terms and Conditions inconsistent therewith.

These Terms and Conditions and the Policy of Insurance do not cover any loss, damage, liability or expense directly or indirectly caused by or in any way in consequence of:

the failure or anticipated failure or inability of any computer system, software, hardware, integrated circuit, microchip, operating system and/or any other electronic device or component, whether or not belonging to or in possession of the Assured or of any third party, correctly, unambiguously or completely to assign, exchange, interpret, manipulate, process, recognise, sequence or transfer any time, year, date or date-like code, data or information;

any implemented or attempted change or modification or test of any computer system, software, hardware, integrated circuit, microchip, operating system and/or any other electronic device or component, whether or not belonging to or in possession of the Assured or of any third party, in anticipation of or in response to any change of year, date or time, or any advice given or services performed in connection with any such change or modification;



any non-use or unavailability for use of any property or equipment of any kind whatsoever resulting from any act, failure to act or decision of the Assured or of any third party related to (i) and/or (ii) above.

Paragraph (a) of this clause shall not apply to exclude a claim which the Assured can demonstrate to the satisfaction of the Underwriters acting in their sole discretion: would be recoverable under these terms and conditions and the absence of the exclusion in paragraph (a).

and

has not resulted from want of due diligence by the Assured, his agents or servants of their onshore management in respect of any of the matters referred to in paragraph (a)

Notwithstanding paragraph (b) above in no circumstances shall the cover provided herein extend to a claim for loss, damage, liability or expense:

in respect of any software, program-ming, operation system, code or data,

or

arising from or in any way connected, whether directly or indirectly, with any measures taken with the intention of averting or minimising any of the matters referred to in paragraphs (a)(i) or (a)(ii) above or any of their possible or anticipated consequences.

The cover provided in this clause is subject in all other respects to all other Terms and Conditions, exclusions and limits contained in these Terms and Conditions.

CLAUSE 4

Claims

(1) Notification

- (A) An Assured must promptly notify the Underwriters of every casualty, event or claim upon him which is liable to give rise to a claim by him under the Policy of Insurance (including claims by him under any special cover agreed with the Underwriters under Clause 4).
- (B) An Assured must promptly notify the Underwriters of every event or matter which is liable to cause the Assured to incur liabilities, costs or expenses for which he may be insured under the Policy of Insurance (including any liabilities, costs or expenses which are the subject of any special cover agreed with the Underwriters under Clause 4) .
- (C) An assured must promptly notify the Underwriters of every survey or opportunity for survey in connection with a matter referred to under (A) or (B). The Underwriters shall be entitled to send one or more representatives to attend such a survey.



- (D) An Assured must at all times promptly notify the Underwriters of the existence of any documents, reports or other information relevant to a casualty, event or other matter referred to under (A) or (B) which are in the possession, custody or power of the Assured or his agents or otherwise exist to the knowledge of the Assured.

When so requested by the Underwriters, an Assured shall promptly produce to the Underwriters and/or allow the Underwriters or their agents to inspect copy or photograph all documents of whatsoever nature which are or may be relevant to the Assured's claim or intended claim (including, without prejudice to the generality of the foregoing, vouchers, survey reports and general average adjustments).

An Assured shall permit the Underwriters or their agents to interview any servant or agents or other person who may have been working for the Assured at the material time or at any time thereafter or whom the Underwriters may consider likely to have any direct or indirect knowledge of the matter giving rise to the Assured's claim, or who may have been under a duty at any time to report to the Assured in connection with the said matter.

- (E) An Assured shall not settle or admit liability for any claim for which he may be insured by the Underwriters under the Policy of Insurance (including insurance under any special cover) without first obtaining the written consent of the Underwriters.
- (F) In the event that an Assured commits any breach of the obligations referred to under Paragraph (A) to (E) above, the Underwriters may in their absolute discretion reject any claim arising out of the casualty, event or matter, or reduce the amount of payment in respect of such claim by such amount as they may consider appropriate.

(2) Power of the Underwriters relating to the handling and settlement of claims.

- (A) The Underwriters shall have the right if they so decide to control or direct the conduct of any claim or legal or other proceedings relating to any liability, loss or damage in respect whereof the Assured is or may be insured in whole or in part, and to require the Assured to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Underwriters see fit.
- (B) If the Assured does not settle, compromise or dispose of a claim or of proceedings after being required to do so by the Underwriters in accordance with paragraph (2)(A) of this Clause, any eventual recovery by the Assured from the Underwriters in respect of such claim or proceedings shall be limited to the amount he would have recovered if he had acted as required by the Underwriters.
- (B) Without prejudice to any other provision of these Terms and Conditions and without waiving any of the Underwriters' rights hereunder, the Underwriters may at any all times
- (C) appoint and employ on behalf of the Assured, upon such terms as the Underwriters may think fit, lawyers, surveyors and other persons for the purpose of dealing with any matter liable to give rise to a claim by an Assured upon the Underwriters, including investigating



- (D) or advising upon any such matter and taking or defending legal or other proceedings in connection therewith. The Underwriters may also at any time discontinue such employment if they think fit.
- (E) All lawyers, surveyors and other persons appointed by the Underwriters on behalf of the Assured or appointed by the Assured with the prior consent of the Underwriters shall at all times be and be deemed to be appointed and employed on the terms that they have been instructed by the Assured at all times (both while so acting and after having retired from the matter) to give advice and to report to the Underwriters in connection with the matter without prior reference to the Assured and to produce to the Underwriters without prior reference to the Assured any documents or information in their possession, custody or power relating to such matter, all as if such person had been appointed to act on behalf of the Underwriters.

(3) Time Bar

Without prejudice to paragraph (1)(F) of this Clause, if an Assured fails:

- (A) to notify the Underwriters within three months of the date on which the Assured became aware, or ought to have become aware, of any casualty, event or claim referred to in paragraph (1)(A) or (B) of this Clause; or
- (B) to submit a claim to the Underwriters for reimbursement of any liabilities, costs or expenses within three months after discharging or settling the same;

the Assured's claim against the Underwriters shall be discharged and the Underwriters shall be under no further liability in respect thereof unless the Underwriters in their absolute discretion shall otherwise determine.

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