



兆豐產物保險股份有限公司
Chung Kuo Insurance Company, Limited

113.09.10 兆產備字第 1135100144 號

客戶申訴及 24 小時服務專線: 0800-053-588

兆豐產物船舶保險 –

EOM P&I Terms & Conditions 2024

EAGLE OCEAN MARINE

PROTECTION AND INDEMNITY INSURANCE

DEFENCE INSURANCE

GENERAL TERMS AND CONDITIONS OF COVER

01.07.2024



EAGLE OCEAN MARINE

TABLE OF CONTENTS

<u>PART ONE: INTRODUCTORY AND GENERAL PROVISIONS</u>	4
SECTION I: SCOPE OF COVER	5
SECTION II: DEFINITIONS	6-7
SECTION III: JOINT INSURED, CO-INSURED AND AFFILIATES	8
1. Joint Insureds	8
2 - 13. Co-insureds and Affiliates	8-9
SECTION IV: GENERAL CONDITIONS	10
1 - 3. Application for Insurance	10
4 - 5. Premium Rating and Other Variable or Additional Terms	10
6 - 8. Certificates of Insurance and Endorsements	10
9 - 10. Assignment	11
11. Set-off	11
12 - 13. Subrogation	11
14. Classification, Flag State and Statutory Requirements	11-12
15. Hull and Machinery & War Risk Insurance	12
16 - 17. General Conditions in Regard to Claims	12
18 - 22. Insured's Obligations in Regard to Claims	12-13
23 - 24. Powers of the Insurer in Regard to Claims	13
25. Time Bar	13
26. Knowledge of the Insured	13
27 - 30. Other Provisions in Regard to Claims	14
31 - 36. General Limitations	15
37 - 39. Provision of Security	15-16
40 - 44. Surveys and Operational Audits	16-17
45 - 48. Payment of Premium and Termination of the Insurance	17-18
49. Cancelling Returns Only	18
50 - 53. Cesser of the Insurance	18-20
54 - 55. Disputes	20
56. Applicable Law	20-21
57 - 58. Maritime Lien	21
59. Delegation	21
60. Insureds and Successors Bound by Terms and Conditions of Cover	21
61. Rights of Indemnity	21-22
<u>PART TWO: RISKS AND LOSSES COVERED</u>	23
SECTION I: PROTECTION AND INDEMNITY COVER	23
1. Loss of Life, Injury and Illness	23-24
2. Repatriation and Substitute Expenses	24
3. Collision	24-25
4. Damage Caused Otherwise than by Collision	25
5. Damage to Docks, Buoys, etc.	26
6. Liability in Respect of Wrecks	26-27
7. Claims in Respect of Cargo	27-28
8. Fines and Penalties	28-29
9. Quarantine Expenses	29
10. Diversion Expenses	29
11. Unrecoverable General Average Contributions	29

12.	Discharge of Oil or Other Substances	30
13.	Ship's Proportion of General Average	30
14.	Official Inquiries	30
15.	Legal Costs	30-31
16.	Investigative Costs	31
17.	Sue and Labour Costs	31
18.	Expenses Incurred Under Authorisation of the Insurer	31
SECTION II: DEFENCE COVER		32
1.	Introductory Provisions	33
2.	Joint Insureds, Co-Assureds and Affiliates	32
3.	General Insurance Provisions	32
4.	Extent of Cover	32-33
5 - 12.	Special Conditions	33-34
SECTION III: WAR AND TERRORISM COVER		35
1.	Extent of Cover	35
2 - 3.	Special Conditions	35-36
<u>PART THREE: EXCLUSIONS FROM AND LIMITATIONS TO COVER</u>		37
SECTION I: RISKS EXCLUDED		37
1.	War Risks	37
2.	Nuclear and Bio-Chem Risks	37
3.	Cyber Attack Exclusion	37
4.	Blockade Running, Unlawful Trade etc.	37
SECTION II: LOSSES EXCLUDED		38
1 - 3.	Hull Damage etc. to the Insured Vessel	
4.	Cancellation of Contracts, Loss of Hire etc.	38
5.	Sums Insurable under Hull Policies	38
6.	Towage by an Insured Vessel	38
7.	Towage of an Insured Vessel	38
8.	Contracts and Indemnities	39
9.	Specialist Operations	39
10.	Wilful Misconduct	39
11.	Drilling and / or Production Operations	39
12.	Waste Disposal and Sub-Sea Activities	39
13.	Refugees	39
14.	Salvage of an Insured Vessel	39-40
15.	Salvage by an Insured Vessel	40
16.	Non-Marine Personnel	40
17.	Heavy Lifts	40
18.	CERCLA-type Liabilities	40
19.	Occupational Disease or Cumulative Injury	40
20.	Acquired Immune Deficiency Syndrome	41
21.	Punitive or Exemplary Damages	41
22.	Californian Block Stowage	41
23.	Political, Economic or Trade Sanction	41-42
24.	Further Exclusions	43

PART ONE: INTRODUCTORY AND GENERAL PROVISIONS

In consideration of the premium payable or paid in respect of this insurance, the Insurer agrees to indemnify the Insured for all liabilities, losses, costs and expenses which the Insured is liable to pay, arising out of an event which first commences during the period of insurance specified in the Certificate of Insurance in respect of the Vessel(s) named in the Certificate of Insurance, in regard to the risks and losses set out in Part Two herein, subject always to the provisions of every other part of these General Terms and Conditions of Cover ("General Terms").

The Eagle Ocean Marine ("EOM") Contract of Insurance ("Contract of Insurance") shall in each instance be contained in and / or evidenced by a Certificate of Insurance, any additional terms and conditions scheduled thereto, any endorsement or variation thereto and by these General Terms and Conditions of Cover, save where such General Terms are expressly amended in the Certificate of Insurance.

The Contract of Insurance is subject to English law, the Marine Insurance Act 1906, the Insurance Act 2015 and any modification thereof. However, the Contract of Insurance expressly incorporates certain provisions whereby EOM (and the Insurer, the American Steamship Owners Mutual Protection and Indemnity Association Inc) excludes certain provisions of the Insurance Act 2015 and any modification thereof, including certain provisions incorporated by the Enterprise Act 2016. **These exclusions are set out in Part One, Section IV, Sub-section 54 (Applicable Law) of these General Terms and must be read with care.**

SECTION I: SCOPE OF COVER

1. These General Terms provide cover against loss, damage, liability or expense incurred by the Insured which arises:
 - a. out of events occurring during the period of insurance; and
 - b. in respect of the Insured's interest in the Insured Vessel; and
 - c. in connection with the operation of the Insured Vessel by or on behalf of the Insured.
2. Notwithstanding the terms of Section I.1 above, an Insured may be insured otherwise than in respect of the Insured Vessel, or otherwise than in connection with the operation of the Insured Vessel, but only where this has been expressly agreed in writing between the Insurer and the Insured.
3. The cover provided by these General Terms is solely and exclusively for the benefit of the Insured named herein or such other parties as set out and defined in Section III below. It is not intended, save as provided for in rule 29 of this section as below, that any rights whatsoever should be acquired by any third party through the operation of the Contracts (Rights of Third Parties) Act 1999 of the United Kingdom or any such legislation.

SECTION II: DEFINITIONS

Affiliate	Any person who is insured in accordance with the terms of Part One, Section III.6.
Applicant Insured	In relation to a vessel which is desired or intended to be insured with the Insurer means an owner, operator or charterer (including a bareboat or demise charterer) of such vessel and any other person, including any person seeking reinsurance in respect of an owner, operator or charterer as above, by whom or on whose behalf an application has been, is being or is to be made for the insurance of such vessel with the Insurer whether or not he is, or is to be, an Insured of the Insurer.
Bill of Lading	A bill of lading or similar document of title.
Cargo	Goods, including anything used or intended to be used to secure goods, which are subject to a contract of carriage to which the Insured is party, but excluding containers or other equipment owned or leased by the Insured.
Certificate of Insurance	The document issued by the Insurer evidencing the Contract of Insurance between the Insurer and the Insured, and incorporating these General Terms (save where expressly amended in the Certificate) and such additional terms and conditions as may be agreed.
Co-insured	Any person who is insured in accordance with the terms of Part One, Section III.2-13.
Combined Single Limit	The maximum monetary amount for which the Insurer is liable in respect of any claims or claims under the Contract of Insurance arising out of one event, accident or occurrence, or series of accidents or occurrences arising out of one event.
Container	A container or similar receptacle, including trailer, flat, pallet or tank, as may have been expressly agreed to be such in writing by the Insurer.
Contract of Insurance	The Contract of Insurance between the Insured and the Insurer includes the provisions of the Certificate of Insurance, any additional terms and conditions scheduled thereto, any endorsement or variation thereto issued by the Insurer to the Insured and the General Terms as set out herein in effect as at the date the Certificate of Insurance was issued, save to the extent that such General Terms are agreed to be amended.
Deductible	The total amount payable by the Insured in respect of all liabilities, costs, including legal costs, and expenses arising out of any one occurrence before the Insurer shall be liable to make any payment under this insurance.
Effects	Personal property, documents, navigational or other technical instruments and tools brought on board, or being taken to or from an Insured Vessel by a seaman or supernumerary but excluding cash, valuables, or any other article which is not an essential requirement for a seaman.
Endorsement	A document issued by the Insurer evidencing any variations or additions to the Contract of Insurance as contained in a certificate of insurance to which it is attached and of which it forms an integral part.
Fines	Fines, penalties and other impositions similar in nature to fines imposed in respect of any insured vessel by any court, tribunal or authority of competent jurisdiction.
Fleet	Any two or more vessels insured hereunder having common nominal, or beneficial, ownership, management or control.
General Terms	The Eagle Ocean Marine General Terms and Conditions of Cover - 01.07.2021
Hull Insurance(s) /	Any insurance in respect of the Insured Vessel's hull & machinery, increased
Hull Policy(ies)	value, excess liability, war & strikes risks and any policies in respect of total loss.

Insured	The person insured under the Contract of Insurance and who is stated as being the Insured in the Certificate of Insurance.
Insurer	American Steamship Owners Mutual Protection and Indemnity Association, Inc., One Battery Park Plaza, 31 st Floor, New York, New York 10004, USA.
Insured Vessel	A vessel which has been insured by the Insurer and the name of which appears in the Certificate of Insurance.
In Writing / Written	Visibly expressed in any mode of permanently representing or reproducing words including telegram, facsimile transmission and other electronic communication.
Joint Insured	Any person who is insured in accordance with the terms of Part One, Section III.I and 8 to 13.
Net Premium	Has the meanings ascribed to it in Part One, Section IV.44.
Passenger	A person carried on board an Insured Vessel under a contract of carriage or who, with the consent of the carrier, is accompanying a vehicle or live animals covered by a contract for the carriage of goods.
Seaman	An employee of an Insurer falling within the categories of person set out in Part Two, Section I.B.
Vessel	Any ship, boat, hydrofoil, hovercraft or other description of vessel (including a lighter, barge or similar vessel howsoever propelled but excluding a fixed platform or fixed rig or mobile offshore unit) 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 vessel or any proportion of the tonnage thereof or any share therein.

Words importing the singular number only shall include the plural number and vice versa. Words importing the masculine gender only shall include the feminine and neuter genders.

Words importing persons shall include individuals, partnerships, corporations, insurers, joint ventures and any other business entities.

SECTION III: JOINT INSURED, CO-INSURED AND AFFILIATES

Joint Insureds

1. If any application for the insurance of interests in the same vessel is made by or in the names of more than one person, whether jointly or separately interested, then such persons may be treated as Joint Insureds and the insurance of such vessel as joint insurance, the consequences of which, unless expressly agreed otherwise in writing by the Insurer, shall be as set out in sub-sections 8 to 13 below.

Co-insureds and Affiliates

2. The Insurer may agree, subject to all the provisions of this Section III and to such other terms as it may in its absolute discretion require, to extend the cover afforded by the Contract of Insurance to an Insured to:
 - a. any person who is affiliated to or associated with that Insured and who shall not be specifically named in the Certificate of Insurance; and
 - b. any other named Co-insured.
3. The cover afforded to a named Co-insured in categories (a), (b) and (c) below shall extend only to liabilities, losses, costs and expenses arising out of operations and / or activities customarily carried on by, or at the risk and responsibility of, shipowners:
 - a. any person interested in the operation, management or manning of the Insured Vessel;
 - b. the holding company or the beneficial owner of the Insured or of any Co-insured falling within category (a) above;
 - c. any mortgagee of the Insured Vessel.
4. The cover afforded to a Co-insured who has entered into a contract with the Insured for the provision of services for or by the Insured Vessel, and any sub-contractor of the Co-insured, shall extend only to liabilities, losses, costs and expenses which are to be borne by the Insured under the terms of the contract and which would, if borne by the Insured, be recoverable by the Insured from the Insurer, PROVIDED THAT:
 - a. the contract has been expressly approved by the Insurer; and
 - b. the contract provides that each party shall be similarly responsible for any loss or damage to its own (or its sub-contractors') property or loss of life or personal injury to its own (or its sub-contractors') personnel.
5. The cover afforded to all other categories of Co-insureds, other than those referred to in sub-sections 3 and 4 above, shall only extend insofar as such Co-insured may be found liable to pay in the first instance for loss or damage which is properly the responsibility of the Insured, and nothing herein contained shall be construed as extending cover in respect of any amount which would not have been recoverable from the Insurer by the Insured had the claim in respect of such loss or damage been made and enforced against him.
6. The cover afforded to an Affiliate shall extend only to claims made and enforced through the Affiliate in respect of any liabilities for which the Insured has cover and nothing herein contained shall be construed as entitling an affiliate to recover any amount which would not have been recoverable from the Insurer by the Insured had the claim been made and enforced against the Insured.
7. To the extent that the Insurer has indemnified a Joint Insured, Co-insured or an Affiliate in respect of a claim, it shall not be under any further liability and shall not make any further payment to any person whatsoever, including the Insured, in respect of that claim or of the loss or damage in respect of which that claim was brought.
8. The Insurer shall not be bound to issue any Certificate of Insurance or Endorsement to more than one Insured, delivery of which to whom shall be sufficient delivery to any and all Joint Insureds and to any and all Co-insureds and Affiliates.
9. Joint insureds, Co-insureds and Affiliates insured under the Contract of Insurance, or in respect of any fleet as

defined in Section II above, shall be jointly and severally liable for all sums due to the Insurer in respect of such insurance or such fleet.

10. Any payment by the Insurer to one Joint Insured, Co-insured or affiliate shall fully discharge the obligations of the Insurer in respect of such payment.
11. Any communication by the Insurer to one Joint Insured, Co-insured or Affiliate shall be deemed to be communication to all.
12. Any communication from one Joint Insured, Co-insured or Affiliate shall be deemed to have been made with the full approval and authority of all.
13. The conduct or omission of one Joint Insured, Co-insured or Affiliate which under the provisions of these General Terms would constitute a breach of the Contract of Insurance shall be deemed to be the conduct or omission of all Joint Insureds, Co-insureds and Affiliates.

SECTION IV: GENERAL CONDITIONS

Application for Insurance

1. Any Applicant Insured who desires to insure a vessel with the Insurer shall make application for such insurance in such form or manner as may from time to time be required, or which may otherwise satisfy the Insurer.
2. The Applicant Insured and any agent of the Applicant Insured must make to the Insurer a fair presentation of the risk by providing the Insurer, in a clear and accessible way, with all material particulars and information together with any additional particulars and information that the Insurer may require. The Applicant Insured and any agent 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. The Applicant Insured is obliged to disclose any change in any material information relating to a vessel insured. Upon such disclosure, or failure to disclose, the Insurer may amend the Applicant Insured's premium rating or terms of entry, or terminate the entry in respect of such ship with effect from the time of disclosure or failure to disclose.
3. The Insurer shall be entitled, as a matter of its absolute discretion and without giving any reason, to refuse any application of a vessel for insurance whether or not the Applicant Insured of such vessel is already an insured in regard to other vessels operated by that party.

Premium Rating and Other Variable or Additional Terms

4. Before an application is accepted for the insurance of a vessel, the Applicant Insured and the Insurer shall agree the premium rating of the Vessel concerned in addition to any other variable or special terms and conditions of insurance as shall be considered appropriate for acceptance of the Vessel to be insured.
5. In deciding upon the premium rating of any vessel, as well as any other variable or any additional terms and conditions of the Contract of Insurance, the Insurer may, in its absolute discretion, take into account all matters which it may regard as relevant including, but not limited to, the level of risk estimated to be involved in the insurance for which application is being made.

Certificates of Insurance and Endorsements

6. After accepting an application for insurance, the Insurer shall issue a Certificate of Insurance for the Vessel concerned, setting out, *inter alia*:
 - a. the dates of commencement and termination of the period of insurance;
 - b. such premium details as may be appropriate and / or necessary;
 - c. the gross tonnage of the Insured Vessel;
 - d. the name of the Insured and all other insured persons and their respective interests in the Insured Vessel;
and
 - e. any additional terms of insurance, including the limit of cover and applicable deductibles, which additional terms shall be set out in a schedule to the Certificate.
7. If at any time it is mutually agreed between the Insured and the Insurer to vary the terms of any insurance, the Insurer may issue an endorsement detailing such variation and the date from which it is to be effective.
8. Every Certificate of Insurance and every Endorsement issued as aforesaid, together with any other agreement made in writing between an Insured and the Insurer, shall be conclusive evidence and binding for all purposes as to the commencement and termination of the period of insurance, as to the terms and conditions on which the Insured Vessel has been insured, and as to the terms of any variation and the date from which such variation is to be effective; provided however that, in the event that any Certificate of Insurance or any Endorsement shall in the opinion of the Insurer contain any error or omission, the Insurer may in its absolute discretion issue a new Certificate of Insurance or a new Endorsement which shall be conclusive evidence and binding as aforesaid.

Assignment

9. No insurance provided by the Insurer and no interest under these General Terms or under any Contract of Insurance between the Insurer and any Insured, Joint Insured, Co-insured or Affiliate may be assigned without the prior written consent of the Insurer who shall have the right in its absolute discretion to give or refuse such consent without stating any reason, or to give such consent upon any terms or conditions as it may think fit. Any purported assignment made without such consent or without there being due compliance with any terms and conditions as the Insurer may impose shall, unless the Insurer in its absolute discretion may otherwise decide, be void and of no effect.
10. Notwithstanding any written consent of the Insurer or specific agreement contained in a Certificate of Insurance or Endorsement attaching thereto allowing assignment in accordance with sub-section 9 above, the Insurer shall be entitled in settling any claim presented by the assignee to deduct or retain such amount as then estimated 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.

Set-off

11. Notwithstanding anything else contained in these General Terms, the Insurer shall be entitled to set off any amount due from any insured, affiliate, co-insured or joint insured against any amount due to any insured, affiliate, co-insured or joint insured under any particular Contract of Insurance from the Insurer.

Subrogation

12. The Insurer shall be subrogated to all the rights which the Insured, any Affiliate, Co-insured or Joint Insured may have against any other person or entity, in respect of any payment made in accordance with the Contract of Insurance, to the extent of such payment, and the Insured, Affiliate, Co-Insured or Joint Insured shall, upon the request of the Insurer, execute all documents necessary to secure such rights to the Insurer. The Insurer, in his absolute discretion, shall be entitled to give an express written waiver of his acquired rights of subrogation to the Insured.
13. The Insurer shall have the right to sue in the name of the Insured, and the Insured shall execute all papers and documents in connection therewith, as requested by the Insurer, and shall lend all assistance to the prosecution of any suit. The balance of any amount recovered after full reimbursement of the Insurer for its loss and all expenses incurred shall be paid to the Insured. Compliance with this requirement may, in the Insurer's absolute discretion, be made a condition of the payment of a loss.

Classification, Flag State and Statutory Requirements

14. The Insured warrants that:
 - a. the Insured Vessel will be and will remain throughout the period of insurance classed with a classification society approved by the Insurer; and
 - b. any incident or condition in respect of which that classification society might make recommendations as to repairs or other action to be taken by the Insured will be promptly reported to that classification society in writing; and
 - c. the Insured will comply with all the rules, recommendations and requirements of the classification society relating to the Insured Vessel within the time or times specified by that classification society; and
 - d. the Insured will authorise the Insurer to inspect any documents and obtain any information relating to the maintenance of class of the Insured Vessel in the possession of any classification society or societies with which the Insured Vessel is, or at any time has been, classed and will, where necessary, authorise such classification society or societies to disclose and make available such documents and information to the Insurer upon its request for whatsoever purposes the Insurer may consider necessary; and
 - e. the Insured will comply or procure compliance with all statutory requirements of the state of the Insured Vessel's flag including without limitation those relating to the construction, adaptation, condition, fitment,

equipment and manning of the Insured Vessel and will at all times maintain the validity of such statutory certificates as are issued by or on behalf of the state of the Insured Vessel's flag in relation to such requirements and in relation to the International Safety Management (ISM) Code and the International Ship and Port Facility Security (ISPS) Code or any equivalent mandatory flag state regime.

Unless otherwise expressly agreed in writing by the Insurer, in the event that an Insured is, or comes to be, in breach of any of the warranties referred to in this sub-section 14 (a)-(e) above, cover automatically ceases with immediate effect without notice. An Insured shall not be entitled to any recovery from the Insurer for any claim of whatsoever nature and howsoever arising during a period in which the Insured is or was in such breach of warranty; and

- f. The Insured will give the Insurer prior notice in writing of any proposed change in the classification society of the Insured Vessel and / or of any change of flag of the Insured Vessel as may be intended during the currency of the cover provided hereunder. In the event that:
 - i. the Insured shall have failed to give the required notice to the Insurer of such change as aforesaid; or
 - ii. the Insurer shall have notified the Insured that it does not approve of the classification society and / or flag to which the Insured Vessel has been changed;

cover hereunder shall be null, void and of no effect as of the date of such change, save to the extent that the Insurer, in its sole discretion, may otherwise determine.

Hull and Machinery & War Risk Insurance

15. Unless otherwise expressly agreed in writing by the Insurer, it is a condition precedent to liability under the Contract of Insurance that the Insured has in effect throughout its duration hull and machinery and war risk coverage on terms which afford the Insured protection no less favourable than that provided under a policy written on terms and conditions no less wide than un-amended Institute Hull Clauses – 1.10.83 or 1.11.95 and un-amended Institute War and Strikes Clauses – 1.11.95. It shall further be a condition precedent to liability under this Contract of Insurance that the said hull and machinery cover, including war risk cover, shall be at an insured value at least equivalent to, the market value of the Insured Vessel from time to time. Such market value shall be assessed on the basis that the Insured Vessel is available for sale, free of commitment, from a willing seller at the date of the event giving rise to a claim under the Contract of Insurance.

General Conditions in Regard to Claims

16. Without prejudice to any other provision of the Contract of Insurance and without waiving any of the Insurer's rights hereunder (including but not limited to the provisions of clause 35 of this section as below), the Insurer may at any and all times appoint and employ on behalf of an Insured, upon such terms as the Insurer may consider appropriate, lawyers, surveyors or other persons for the purpose of dealing with any matter liable to give rise to a claim by an insured upon the Insurer, including investigating or advising upon any such matter and taking or defending legal or other proceedings in connection therewith. The Insurer may also at any time discontinue such employment if it considers appropriate.
17. All lawyers, surveyors and other persons appointed by the Insurer on behalf of an Insured, or appointed by an Insured with the prior consent of the Insurer, shall at all times be and be deemed to be appointed and employed on the terms that they have been instructed by the Insured at all times (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, all as if such person had been appointed to act and had at all times been acting on behalf of the Insurer.

Insured's Obligations in Regard to Claims

18. Any happening, occurrence, event or matter (including, but not limited to, any legal or arbitration proceedings commenced against the Insured) which may be liable to cause the Insured (which shall include any Joint Insured, Co-Assured or Affiliate) to incur loss, damage, liabilities, costs or expenses for which he may be insured by the Insurer shall be notified promptly to the Insurer by the Insured on it being known to the Insured (which shall include any Joint Insured, Co-Assured or Affiliate). In so far as there may be any difference of opinion between the Insured and the Insurer as to whether any happening, occurrence, event or matter is or was such as might be liable to cause

the Insured to incur loss, damage, liabilities, costs or expenses, or as to whether the Insured knew or ought to have known of such happening, occurrence, event, or matter as aforesaid, the determination of the Insurer shall be final. An Insured and his agents shall take and continue to take all such steps as may be reasonable for the purpose of averting, mitigating or minimizing any expense or liability in respect of which he may be insured by the Insurer. Should an Insured and his agents fail to take such reasonable steps, despite being specifically requested to do so in writing by the Insurer, then if the Insurer considers that there is a risk of a significant increase in the exposure of the Insured to such any expense or liability which may be insured by the Insurer, the Insurer shall, in his absolute discretion, be entitled to immediately terminate the insurance cover.

19. An Insured shall disclose and produce to the Insurer all information, documents or reports in or coming into its or its agents' (including lawyers') possession, power or knowledge relevant to any such casualty, event or claim available at the time of notification and at any other time.
20. Whenever required by the Insurer, an Insured shall aid in promptly securing information and evidence and in obtaining witnesses and shall promptly cooperate with the Insurer in the defence of any claim or suit or in the appeal from any judgment, in respect of any happening or occurrence as herein provided.
21. An Insured shall neither settle nor make any admission in respect of liabilities, costs or expenses for which it is insured without the prior written consent of the Insurer.
22. If an Insured commits any breach of any of its obligations under clauses 18-21 above, then in addition to the power of the Insurer to terminate cover as per clause 18 above, the Insurer may reject or reduce any recovery to which such breach may appear to the Insurer to be relevant.

Powers of the Insurer in Regard to Claims

23. The Insurer shall have the right if it so decides to control or direct the conduct of any claim or legal or other proceedings relating to any liability, loss or damage in respect whereof an insured is or may be insured in whole or in part, and to require an Insured to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Insurer sees fit.
24. If an Insured does not settle, compromise or dispose of a claim or legal or other proceedings after being required to do so by the Insurer in accordance with sub-section 23 above, any eventual recovery by the Insured from the Insurer in respect of such claim or proceedings shall be limited to the amount it would have recovered if it had acted as required by the Insurer.

Time Bar

25. a. In the event that:
 - i. an Insured fails to fulfil its duty of prompt notification as contained in sub-section 18 above; and / or
 - ii. an Insured fails to submit a claim with proper proof of loss to the Insurer for reimbursement of any liabilities, costs or expenses within six months after discharging or settling the same;

the Insured's claim against the Insurer shall be discharged and the Insurer shall be under no liability in respect thereof.
- b. Without prejudice to paragraph (a) of this sub-section 25, in no event shall any claim be recoverable from the Insurer unless written notice thereof has been given to the Insurer within twenty-four (24) months after the Insured knew or ought to have known of the happening, occurrence, event or matter giving rise to the claim. In so far as there may be any difference of opinion between the Insured and the Insurer as to whether the Insured knew or ought to have known of such happening, occurrence, event or matter giving rise to the claim as aforesaid, the determination of the Insurer shall be final.

Knowledge of the Insured

26. Knowledge of the Insured in relation to any relevant happening, occurrence, event or matter shall be deemed to include matters which the ship's officers and/or crew knew or should have known.

Other Provisions in Regard to Claims

27. Unless otherwise expressly agreed in writing by the Insurer, where the Insurer has paid a claim to or on behalf of an Insured, any recovery from a third party in respect of that claim shall be credited and paid to the Insurer up to an amount corresponding with the sum paid by the Insurer together with any interest element on that sum comprised in the recovery; provided however that where, because of a deductible in the Contract of Insurance, the Insured has contributed to settlement of the claim, any such interest element shall be apportioned between the Insured and the Insurer taking into account the payments made by each and the dates on which those payments were made.
28. In the event that more than one class of claims as provided for by the Contract of Insurance shall arise as the result from the same accident or occurrence, only one deductible shall be applied, which deductible shall be the highest deductible of those applying to the classes of claims involved.
29. It is a condition precedent to the Insured's right to recover under this insurance in respect of any liabilities, costs or expenses that the Insured shall first have discharged and paid the same out of funds belonging to the Insured unconditionally and not by way of loan or otherwise.
30. Notwithstanding the provisions of subsection 28 above, where an Insured shall have failed to discharge a legal liability to pay damages or compensation for personal injury, illness, death or repatriation of a seaman, the Insurer shall discharge or pay such claim on the Insured's behalf directly to such seaman or to the legal dependant thereof.

PROVIDED ALWAYS THAT

- a. The seaman or the dependant has no enforceable right of recovery against any other party and would otherwise be uncompensated; and
- b. subject to c. below, the amount payable by the Insurer shall under no circumstances exceed the amount which the Insured would have been able to recover from the Insurer under the Contract of Insurance; and
- c. where the Insurer is under no liability to the Insured in respect of such claim by reason of termination of the Contract of Insurance for non-payment of amounts due to the Insured or by a reason of cesser of the Contract of Insurance under the terms of sub- sections 48 to 51 below, the Insurer will nevertheless discharge or pay that claim:
 - i. to the extent only that it solely arises from a happening, occurrence, event or matter occurring prior to the date of such termination or cesser of cover
 - ii. in the case of repatriation of seamen only, where the claim solely arises from a happening, occurrence, event or matter occurring within the earlier of three months after:
 - 1) the date of such cesser or termination; or
 - 2) the expiry of the Contract of Insurance; or
 - 3) any disposal by the Insured of his interest in the Insured Vessel in whole or in part; and
- d. this sub-section 29 shall apply only to claims by or regarding a seaman employed on an insured vessel and to the personal injury, illness, death or repatriation of such seaman solely arising from a happening, occurrence, event or matter occurring during the period of validity of the Contract of Insurance; and
- e. notwithstanding anything else in this clause, the Insurer's agreement to discharge or pay the Insured's liabilities regarding repatriation of seamen is applicable only to such liabilities in states which implement or otherwise give effect to guideline B2.5 of Regulation 2.5 of the 2006 Maritime Labour Convention (MLC 2006); and
- f. any payment by the Insurer to a seaman or dependant shall be as agent of the Insured and the Insured shall be liable to and agrees to reimburse the Insurer for the full amount of such payment.

General Limitations

31. If and when an Insured has any interest other than as an owner or bareboat charterer of the Insured Vessel, in no event shall the Insurer be liable hereunder to any greater extent than if such Insured were the owner or bareboat charterer and were entitled to all the rights of limitation of liability to which a shipowner is entitled.
32. Subject to any additional terms and conditions upon which a vessel may be insured, the Insurer covers the liability of an Insured in respect of an Insured Vessel as this liability may be determined and fixed by law, including any laws pertaining to limitation of liability. The Insurer shall in no circumstances be liable for any sum in excess of such legal liability. If an Insured is entitled to limit its liability, the liability of the Insurer shall not exceed the amount of such limitation.
33. Cover hereunder shall be limited to a maximum monetary amount which shall have been agreed between the Insurer and the Insured at the time of contracting the insurance. Such amount shall be described as a combined single limit as defined in Section II above.
34. To the extent an Insured, Joint Insured, Co-insured or Affiliate is insured for pollution risks under any other insurance, then if the limits available under such other insurance are the same as or greater than the limits available for pollution losses under the Contract of Insurance evidenced by the Certificate of Insurance then the Contract of Insurance evidenced by the Certificate of Insurance shall be null, void and of no effect with regard to such claims. In the event the limits of said other insurance are less than the limits available hereunder, the Contract of Insurance evidenced by the Certificate of Insurance shall respond up to the limits set forth in the Certificate of Insurance for pollution losses, but only for the amount by which any such losses exceed the stated limits of such other insurance, and then only up to the limits set forth herein for pollution losses. The Contract of Insurance evidenced by the Certificate of Insurance shall respond only in excess of the stated limits of the other insurance, whether or not the full amount of such policy limits or any amount at all, is recoverable thereunder.
35. The Insurer shall not be liable for any loss, damage or expense against which, but for the insurance provided under the Contract of Insurance evidenced by the Certificate of Insurance, the Insured, Joint Insured, Co-Insured or Affiliate would have been insured under any other existing insurance, except as set forth above in sub-section 33 above, nor shall the Insurer provide prorated or allocated cover on the basis of double insurance or otherwise, except as set forth above in sub-section 33 above; nor will this insurance replace any other insurance where (for whatever reason) that other insurance does not or is not able to respond to a claim thereunder.
36. (1) **No Election provision:** In the case of any breach of the any terms of the Contract of Insurance by the Insured, Joint Insured, Co-Insured or Affiliate by which this Contract of Insurance is cancelled or discharged or terminated or brought to an end or rendered void or of no effect and or liability hereunder is reduced then no act or omission or delay or course of dealing or any act of forbearance or indulgence whatsoever or howsoever made shall be capable of amounting to or be treated as evidence of an election by the insurer either (a) to treat the Contract of Insurance as remaining in existence and or (b) as an election to treat the requirements of any clause that would otherwise have brought the Contract of Insurance to an end as described in this clause, as having been met. It is expressly agreed and understood by the Insured and any Joint or Co-Assured or Affiliate that the Insurer shall only be capable of and or shall only be treated as having made any such election if, and only if, the Insurer following a breach of the Contract of Insurance, issues a formal document headed "Notice of Election to Affirm the Contract of Insurance".

(2) **No waiver provision:** No act, omission, course of dealing, forbearance, delay or indulgence by the Insurer in enforcing any terms and conditions of the Contract of Insurance evidenced by the Certificate of Insurance shall neither prejudice or affect the rights and remedies of the Insurer under the Contract of Insurance evidenced by the Certificate of Insurance, nor shall be treated as any evidence of waiver of the Insurer's rights thereunder or result in any form of estoppel as to such rights and remedies, nor shall any waiver of a breach by an insured of such contract operate as a waiver or estoppel with respect to any subsequent breach thereof. The Insurer shall at all times and without notice be entitled to insist on the strict application and enforcement of all the terms of the Contract of Insurance it issued to the Insured.

Provision of Security

37. The Insurer may, but shall in no case be obliged to, provide on behalf of an Insured security to prevent the arrest or obtain the release from arrest or attachment or any other form of restraint or detention in respect of an Insured Vessel or the Insured's other property or assets or funds. Should the Insurer indicate that it will provide such security then the Insurer shall be entitled to request from the Insured, either as a condition precedent to the

provision of such security or upon the security being issued, that the Insured provides such countersecurity (which counter-security may, in the Insurer's absolute discretion, include a deposit of cash with the Insurer) as the Insurer may require and (with or without such counter-security having been required or arranged) shall indemnify the Insurer in consequence of the security originally provided by the Insurer.

38. Where the Insurer has issued the security and has requested the provision of counter-security upon the issue of such security then, in the event that an insured does not arrange such counter-security as may have been required or does not indemnify the Insurer as aforesaid, the Insurer, without prejudice to its other rights, shall be entitled to retain any and all amounts which would otherwise be recoverable by such insured, notwithstanding that the same may have no connection with the liability in respect of which the original security was provided and may relate to other periods of cover before or after that liability was incurred by the Insured or to another insured vessel. The provision of security by the Insurer shall be without prejudice to the Insurer's possible declination of liability to the Insured for the claim in question.
39. Notwithstanding the foregoing, in no circumstances shall the Insurer be liable for the detention of an Insured Vessel or for any other detention or attachment of an insured's other property, funds or assets, or for any damage whatsoever caused to an Insured by reason of the provision or non-provision of security of whatever kind.

Surveys and Operational Audits

40. The Insurer may at any time in its absolute discretion appoint a surveyor or such other person as they may think fit to inspect an Insured Vessel. The Insured shall afford such facilities as may be required for such inspection, and shall comply with such recommendations as the Insurer may make following such inspection.
41. Notwithstanding anything contained in these terms and conditions of cover to the contrary, and unless and to the extent that the Insurer shall otherwise agree, the failure by an insured to present a vessel for survey by such time and date as shall have been stipulated by the Insurer, then the Insurer shall have the power, in their discretion:
- a. to terminate the insurance in respect of the Insured Vessel with immediate effect; or
 - b. to suspend the insurance in respect of the Insured Vessel in which case the Insurer shall not be liable during the period of suspension for any claims of whatsoever nature and howsoever arising under the insurance in respect of the said vessel; or
 - c. to impose conditions and/or restrictions or otherwise vary the Certificate of Insurance as the Insurer sees fit, including, without limitation, the exclusion or all or part of the risks and losses which may otherwise be covered under Part Two, Section I of these General Terms.
42. Unless and to the extent that the Insurer in its absolute discretion otherwise decides, an Insured who commits any breach of its obligations referred to in sub-section 40 above shall not be entitled, in relation to any casualty, event or matter occurring during the period of the breach, to any recovery from the Insurer in respect of any claim arising out of such casualty, event or matter.
43. Moreover, in the event that an Insured Vessel shall, in the sole opinion of the Insurer, have failed to pass survey, cover shall cease automatically with immediate effect without further notice. Cover may be reinstated subject to any special terms and conditions as the Insurer may in its absolute discretion wish to impose. In the absence of such reinstatement, unless and to the extent that the Insurer may in its absolute discretion otherwise decide, an Insured shall not be entitled to any recovery from the Insurer for any claim of whatsoever nature and howsoever arising during the period in which such automatic cesser shall have taken effect.
44. The Insurer may at any time in its absolute discretion:
- a. appoint representatives to visit the Insured's offices or those of any party or parties having operational control of an Insured Vessel entered on behalf of that Insurer and / or attend on board such Insured Vessel at such time specified by the Insurer to audit the Insured's management systems, including, but not limited to, interviewing all relevant personnel and reviewing all relevant documentation. The Insured shall be under a duty to ensure full cooperation with such representatives, making all requested personnel, information and documentation available and, unless otherwise agreed in writing by the Insurer, shall pay for the reasonable costs of such audits; and
 - b. make recommendations as to the rectification of any deficiencies as may have been identified during the course

of such a review either forthwith or within such time as may be specified by the Insurer. The Insured shall inform the Insurer immediately on completion of the implementation of any recommendations which the Insurer shall have made and provide them with such evidence as the Insurer deems fit as to the rectification and any deficiencies it shall have identified, provided always however that the Insurer shall have the right to carry out further audits at whatever time and in whatever circumstances it deems appropriate to verify the same.

In the event of any non-compliance with any of the provisions of this sub-section 43, the Insurer shall be empowered in its absolute discretion to:

- i. terminate the insurance of any or all Insured Vessels from a time and date specified by notice in writing to the Insured; or
- ii. determine that there shall be no right of recovery from the Insurer in respect of any liability, cost or expense during a period commencing from the time and date at which the Insured ceases to be in compliance, or such other date as is specified in writing, until the Insurer is satisfied that compliance has been achieved; or
- iii. exclude cover for claims arising out of or contributed to by such non-compliance; or
- iv. reduce any recovery from the Insurer to the extent that a claim has been contributed to by such non-compliance; or
- v. vary the terms and conditions of this insurance including, but not limited to, the terms of any or all Insured Vessels' premium rating.

PROVIDED ALWAYS THAT nothing in this sub-section 43, or any action taken by the Insurer pursuant to this clause (including but not limited to the issuance of any report or recommendation by the Insurer) shall relieve the Insured of its obligations with regard to those requirements in regard to classification and statutory regulation of the Insured Vessel as set out in sub-section 14, or in regard to the maintenance and / or condition of the Insured Vessel generally).

Payment of Premium and Termination of the Insurance

45. Premium payable in respect of this insurance shall be paid on such terms as the Insurer shall specify in writing.

- a. Interest on Premium and other sums due to the Insurer

Notwithstanding any provisions contained herein to the contrary, interest at the rate of 1% per month shall be payable on any premium or other sums due to the Insurer as from the due date of payment of such premium or other sums or from such later date as may be specified by the Insurer.

- b. Premium and Other Taxes

The Insured shall on demand pay to the Insurer or to 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 for which the Insurer determines the Insurer or the Insured has, or may, become liable, and the Insured shall indemnify and hold harmless the Insurer in respect of any loss, damage, liability, cost or expense which the Insurer may incur in respect of such premium tax or other tax.

46. Should an insured at any time fail to pay, either in whole or in part, any amount due from the Insured to the Insurer (including any amount for which the Insured may be jointly and severally liable to the Insurer) or any amount which the Insurer shall have instructed the Insured to pay to another party, the Insurer may give the Insured notice in writing requiring him to pay such amounts by any date specified in such notice, not being less than five (5) days from the date on which such notice is sent by the Insurer. In the event that the Insured fails to make payment in full on or before the date so specified, the insurance (whether or not such insurance may already have ceased for any other reason) in respect of any and all vessels insured for account or on behalf of the Insured shall be terminated immediately without any further notice or other formality.

47. In the event that an insured's insurance is terminated by reason of the foregoing, the time of the occurrence of which being hereinafter referred to as "the date of termination", the following consequences shall ensue:
- a. the Insured shall remain liable for all premiums and any other amounts due or which subsequently become due from the Insured to the Insurer;
 - b. the Insurer shall with effect from the date of termination cease to be liable for any claims of whatsoever nature and howsoever arising under the insurance in respect of any and all vessels in relation to which the insurance has been terminated, irrespective of whether:
 - i. such claims have arisen by reason of any event which has occurred at any time prior to the date of termination, including during previous policy periods;
 - ii. such claims arise by reason of any event occurring after the date of termination;
 - iii. the Insurer may have admitted liability for or appointed attorneys, surveyors or any other person to deal with such claims; or
 - iv. the Insurer at the date of or prior to the date of termination knew that such claims might or would arise;

and as from the date of termination any liability of the Insurer for such claims shall cease retroactively and the Insurer shall be under no liability to the Insured for any such claims or on any account whatsoever;

PROVIDED ALWAYS THAT:

The Insurer may in its absolute discretion and upon such terms as it thinks fit, including but not limited to terms as to payment of premiums and / or other sums, admit either in whole or in part any claim in respect of an Insured Vessel for which the Insurer is under no liability by virtue of this sub-section, whether such claim has arisen before or arises after the date of termination as the case may be, or forgive wholly or partly any payment of premiums or other sums due to the Insurer.

48. Save to the extent specifically provided for under the provisions of Part Two, Section III where applicable, and save as otherwise generally provided in these Terms and Conditions, any contract of insurance in respect of an insured's interest in an insured vessel may be terminated by the Insurer at any time, without giving reasons, by giving not less than fourteen days' prior written notice to the Insured.

Cancelling Returns Only

49. Unless otherwise agreed by the Insurer in writing, the Contract of Insurance evidenced by the Certificate of Insurance provides for cancelling returns only.

Cesser of the Insurance

50. Unless otherwise agreed by the Insurer in writing, an Insured shall forthwith cease to be insured by the Insurer in respect of any and all Insured Vessels upon the happening of any of the following events:
- a. Where the Insured is a natural person,
 - i. upon his death,
 - ii. if a receiving order is made against him,
 - iii. if he becomes bankrupt,
 - iv. if he makes any composition or arrangement with his creditors generally,
 - v. if he becomes incapable by reason of mental disorder of managing or administering his property and affairs;
 - b. Where the Insured is a corporation,

- i. upon the passing of any resolution for its voluntary winding up (other than voluntary winding up for the purposes of company or group reorganization),
 - ii. upon an order being made for its compulsory winding up,
 - iii. upon its dissolution,
 - iv. upon a receiver or manager being appointed of all or part of its business or undertaking,
 - v. upon its commencing proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganize its affairs.
51. Unless otherwise agreed by the Insurer in writing, an Insured shall forthwith cease to be insured by the Insurer in respect of any vessel insured by it or on its behalf upon the happening of any of the following events in relation to such vessel:
- a. upon the Insured parting with or assigning the whole or any part of its interest in the Insured Vessel whether by bill of sale or other formal document or agreement or in any other way whatsoever;
 - b. upon the mortgaging or hypothecation of the Insured Vessel or of any part of the Insured's interest in that vessel;
 - c. upon the managers of the Insured Vessel being changed by the appointment of new managers;
 - d. upon undisputed possession being taken of the Insured Vessel by or on behalf of a secured party;
 - e. upon the Insured being in breach of, or otherwise failing to fulfil its obligations under sub- sections 14 and 37 herein.
52. Unless otherwise agreed by the Insurer in writing, an Insured shall forthwith cease to be insured by the Insurer in respect of any vessel insured by it or on its behalf upon the happening of whichever of the following shall be the earliest event:
- a. upon the Insured Vessel being missing for ten days from the date when it was last heard of;
 - b. upon the Insured Vessel being posted at Lloyd's as missing;
 - c. upon the Insured Vessel becoming an actual total loss;
 - d. upon acceptance by hull underwriters (whether of marine or war risks) that the Insured Vessel is a constructive total loss;
 - e. upon agreement by hull underwriters (whether of marine or war risks) to pay to the Insured an unrepaired damage claim in respect of the Insured Vessel which exceeds the market value of the Vessel without commitment immediately prior to the casualty which gave rise to such claim;
 - f. upon a compromise or settlement with hull underwriters (whether of marine or war risks) on the basis of which the Insured Vessel is considered or deemed to be an actual or constructive total loss;
 - g. upon a decision by the Insurer that the Insured Vessel is to be considered or deemed to be an actual or constructive total loss or otherwise commercially lost.
 - h. the vessel being employed or being permitted to be employed by the Insured in any activity whatsoever that may expose the Insurer to the risk of violating, or to being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state, international or supranational organization or competent authority or upon the Insured and/or any vessel or vessels insured by them or on their behalf being designated by any state, international or supranational organization or competent authority. Notwithstanding that the happening of such event may not have increased the risk of any loss which may have occurred. For the purpose of this provision, 'designated' means listed and subject to asset blocking or freezing such that persons are prohibited from dealing with them.

53. Where cover in respect of an insured vessel shall have ceased by reason of the happening of any events defined in sub-section 51 above, the premium which would have been due and owing for the remainder of the full period of insurance to expiry but for the happening of the defined event shall be immediately due and payable in full to the Insurer

Disputes

54. a. The Insured hereby submits to the jurisdiction of the High Court of Justice of England in respect of any action brought by the Insurer to recover sums which the Insurer may consider to be due to it from the Insured. Without prejudice to the foregoing, the Insurer shall be entitled to commence and maintain in any jurisdiction any action to recover sums which the Insurer may consider to be due to it from the Insured.
- b. The amounts due to the Insurer from a defaulting insured shall include, but not be limited to, unpaid premiums plus the Insurer's reasonable legal fees, collection expenses and other costs of recovering all amounts due from an insured or former insured plus interest at 9% per annum or such higher or lower rate of interest as may be lawful in the jurisdiction in which the action is commenced.
55. If any other difference or dispute shall arise between an insured or any other person and the Insurer out of or in connection with the Contract of Insurance between the Insured and the Insurer, or as to the rights or obligations of the Insurer or the Insured or any other person thereunder or in connection therewith, such difference or dispute shall be referred to arbitration in London, the tribunal being made up of three arbitrators, one to be appointed by the Insurer and the other by such Insured and the two arbitrators to appoint a third, and the submission to arbitration and all the proceedings therein shall be subject rules of the LMAA currently in force at the time of the dispute and to the provisions of the English Arbitration Act, 1996, and any statutory modification or re-enactment thereof.

Applicable Law

56. The Contract of Insurance shall be governed by and construed in accordance with the laws of England and Wales. This provision is not, in any manner, to be construed as a waiver of any rights, claims or defences available to the Insurer under any other provisions of the Contract of Insurance, including, but not limited to, sub-sections 53 and 54 above.

These General Terms and any contract of insurance contained or evidenced by any certificate of insurance, endorsement or variation issued pursuant to such General Terms shall be subject to and incorporate the provisions of the Marine Insurance Act 1906 and the Insurance Act 2015 and any statutory modifications thereof, save where such Acts or modifications have been expressly excluded by these General Terms or by any such contract of insurance, certificate of insurance, endorsement or variation thereto.

The provisions of the Insurance Act 2015 are excluded from these General Terms and from any such contract of insurance, certificate of insurance and endorsement or variation as follows:

- a. **Section 8 of the Act is excluded.** Accordingly, the Insurer shall be entitled to avoid any contract of insurance, certificate of insurance and / or endorsement or variation where there has been a breach of the duty of fair presentation of the risk, whether or not the breach of the duty of fair presentation is innocent, deliberate or reckless.
- b. **Section 10 of the Act is excluded.** Accordingly, all warranties set out in these General Terms and / or any contract of insurance, certificate of insurance, endorsement or variation thereto must be strictly complied with. If the Insured, or any other person, Affiliate, Co-insured or Joint Insured who is insured in accordance with the terms of these General Terms or under any contract of insurance, certificate of insurance endorsement or variation fails to comply with any warranty the Insurer shall be discharged automatically from liability from the date of the breach, whether or not the breach is subsequently remedied.
- c. **Section 11 of the Act is excluded.** Accordingly, all terms of these General Terms and / or any contract of insurance, certificate of insurance endorsement or variation thereto, between the Insurer and the Insured, and any other insured person, Affiliate, Co-insured or Joint Insured must be strictly complied with, including terms which tend to reduce the risk of loss of a particular kind, loss of a particular location and / or loss of a particular time. If the Insured, or any other insured person, Affiliate, Co-insured or Joint Insured fails to comply with any

such term, the liability of the Insurer may be excluded, limited or discharged in accordance with the terms of these General Terms and / or under any contract of insurance, certificate of insurance, endorsement or variation thereto, notwithstanding the fact that any breach could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

- d. **Section 13 of the Act is excluded.** Accordingly, the Insurer shall be entitled to exercise the right to terminate any contract of insurance, certificate of insurance endorsement or variation thereto in relation to the Insured, or any other insured person, Affiliate, Co-insured or Joint Insured, in the event that any fraudulent claim is submitted by or on behalf of the Insured and / or any other insured person, Affiliate, Co-insured or Joint Insured.
- e. **Section 13A of the Act is excluded.** Accordingly, the Insurer shall not be subject to any implied obligation to pay any sums due in respect of any claim within a reasonable time, nor shall the Insurer be liable for breach of any such implied term, unless said breach is deliberate or reckless.
- f. **Section 14 of the Act is excluded.** Accordingly, these General Terms and / or any contract of insurance, certificate of insurance, endorsement or variation thereto, shall be treated as a contract of the utmost good faith. Any breach of the duty of the utmost good faith shall entitle the Insurer to avoid such contract of insurance, certificate of insurance endorsement or variation thereto.

Maritime Lien

- 57. The Insurer shall have a lien on the Insured Vessel under the Contract of Insurance and / or applicable law for all premium and all other sums of whatsoever nature due to it. Such lien shall extend to other insured vessels which are part of a fleet as defined in Section II above and shall be in addition to, and in no way may be construed as a waiver of, or amendment to, any other contractual or maritime lien which the Insurer may either expressly or impliedly possess in regard to the said insured vessel or vessels. Such lien shall apply notwithstanding that the cover of the Insured in respect of any vessel insured by it with the Insurer may have ceased or been terminated.
- 58. Nothing herein shall prejudice or otherwise affect the right of the Insurer to take action and / or commence proceedings in any jurisdiction to enforce its right of lien on vessels or to otherwise obtain security by seizure, attachment or arrest of assets or to otherwise recover any amounts owed to the Insurer.

Delegation

- 59. Whenever any power, duty or discretion is conferred or imposed upon the Insurer by virtue of the Contract of Insurance, such power, duty or discretion may, subject to any terms, conditions or restrictions contained in the contract, be exercised by any one or more of the servants or agents of the Insurer to whom the same shall have been delegated or sub- delegated.

Insureds and Successors Bound by Terms and Conditions of Cover

- 60. An Insured or other person by whom or on whose behalf an application is made for insurance or reinsurance by the Insurer shall be deemed to have agreed not only on its own behalf but also on behalf of its successors and each of them that both it and they will in every respect be subject to and bound by all the provisions of the Insured's contract of insurance with the Insurer.

Rights of Indemnity

- 61. Where:

- a. an event or events occur during the period of insurance in respect of the Insured's interest in the Insured Vessel and in connection with the operation of the Insured Vessel by or on behalf of the Insured but
- b. the Insurer has no liability to provide any relevant insurance cover to the Insured (including the reimbursement of any sums whatsoever paid by the Insured) under the Certificate of Insurance for whatever reason whether specified by, or as a consequence of the operation of, or as a result of any breach of, these General Terms or any additional terms agreed in (or forming part of) the Certificate of Insurance, and/or as a matter of law including any applicable legislation or otherwise

then if the Insurer nonetheless:

- i. suffers a direct action by a third party and/or
- ii. is obliged to make, or reasonably does make any payment to a third party pursuant to or by reason of any certificate of compulsory insurance or under an international convention and/or
- iii. is obliged to make or reasonably does make any payment to a third party pursuant to any letter of undertaking or contract of guarantee

in relation to that event or events, the Insured hereby accepts and agrees that it shall be liable to indemnify the Insurer for any amount paid out by the Insurer (including legal costs and interest) as a result of that said direct action and/or arising as set out above, to the extent that the Insurer would not have been liable to reimburse the Insured had the payment been made by the Insured.

PART TWO: RISKS AND LOSSES COVERED

SECTION I: PROTECTION AND INDEMNITY COVER

I. Loss of Life, Injury and Illness

- A. Liability for life salvage in respect of, or loss of life of, or personal injury to, or illness of, any person, (other than the persons specified in paragraphs B, C and D of this subsection) and hospital, medical or funeral expenses incurred in relation to such injury, illness or death.
- B. Liability for life salvage in respect of, or loss of life of, or personal injury to, or illness of, any seaman and hospital, medical or funeral expenses incurred in relation to such injury, illness or death.
 - 1. Liability hereunder shall include liability arising ashore or afloat;
 - 2. For the purposes of this sub-section I.B a seaman shall be defined as an employee of the Insured:
 - a. who is the master or a member of the crew of the Insured Vessel; or
 - b. who is on board the Insured Vessel with the intention of becoming a member of its crew; or
 - c. who, in the event of the Insured Vessel being laid up and out of commission, is engaged in the upkeep, maintenance or watching of the Insured Vessel; or
 - d. who is engaged by the Insured Vessel or its master to perform stevedoring work in connection with the Insured Vessel's cargo at ports where contract stevedores are not readily available.

PROVIDED THAT:

- a. Where the liability arises, or the costs or expenses are incurred, under the terms of crew articles or other contract of service or employment and would not have arisen but for those terms, that liability shall not be covered by the Insurer unless and to the extent that those terms shall have been previously approved by the Insurer in writing.
 - b. There shall be no recovery in respect of liabilities, costs and expenses incurred by an insured in respect of the personal injury of a seaman under or pursuant to the terms of a contract of employment between the Insured and that seaman, where that seaman has suffered injury while on leave, except where the claim is made under the insurance of the last insured vessel on which the seaman served prior to suffering the injury.
- C. Liability for life salvage in respect of, or loss of life of, or personal injury to, or illness of, any person engaged to handle the cargo of an insured vessel and hospital, medical or funeral expenses incurred in relation to such injury, illness or death.
 - 1. Liability hereunder in connection with the handling of cargo for the Insured Vessel shall commence from the time of receipt by the Insured of the cargo on dock or wharf, or on craft alongside, for loading, and shall continue until due delivery thereof to dock or wharf of discharge or until discharge from the Insured Vessel onto craft alongside;
 - 2. the Insurer shall not be liable for any loss, damage or expense sustained, directly or indirectly, by reason of any claim for loss of life, personal injury or illness in relation to the handling of cargo where such claim arises under a contract of indemnity between the Insured and its subcontractor.
- D. Liability to pay damages or compensation.
 - 1. for life salvage in respect of, or loss of life of, or personal injury to, or illness of, any passenger; and hospital, medical or funeral expenses incurred in relation to such injury, illness or death;

2. to passengers on board an Insured vessel arising as a consequence of a casualty to that vessel, including the cost of forwarding passengers to destination or return to port of embarkation and of maintenance of passengers ashore;
3. for loss of, or damage to, the effects of any passenger.

PROVIDED THAT:

- a. For the purposes of subsection 1.D.2 above a casualty shall be defined as an incident involving either:
 - i collision, stranding, explosion, fire or other cause affecting the physical condition of the Insured Vessel so as to render it incapable of safe navigation to its intended destination; or
 - ii a threat to the life, health or safety of passengers.
- b. There shall be no recovery from the Insurer in respect of liabilities for personal injury or death, delay or any other consequential loss sustained by any passenger by reason of carriage by air, except where such liability occurs during repatriation by air of injured or sick passengers, or following a casualty to the Insured Vessel.
- c. There shall be no recovery from the Insurer in respect of the contractual liability of an insured to a passenger while on an excursion from the Insured Vessel in circumstances where either a separate contract has been entered into by the passenger for the excursion whether or not with the Insured, or the Insured has waived any or all of the Insured's rights of recourse against any subcontractor or other third party in respect of the excursion.

AND FURTHER PROVIDED THAT:

In the case of each and every head of cover, A, B, C and D as set out above in this subsection 1, unless and to the extent that special cover has been agreed in writing by the Insurer, there shall be no recovery from the Insurer in respect of claims relating to cash, negotiable instruments, precious or rare metals or stones, valuables or objects of a rare or precious nature.

2. Repatriation and Substitute Expenses

Liabilities, costs and expenses reasonably incurred in necessarily repatriating any member of the crew or any other person employed on board the Insured Vessel, or in necessarily sending a substitute to replace any member of the crew or any person employed on board the Insured Vessel; provided, however, that the Insured shall not be entitled to recover any such expenses incurred by reason of the expiration of the crew / employment agreement, other than by sea perils, or by the voluntary termination of the agreement or due to a breach by the owner of any crew /employment agreement. Wages shall be recoverable hereunder only when payable under statutory obligation during unemployment due to the wreck or loss of the Insured Vessel.

Coverage under sub-section 2 shall include expenses incurred by the Insured in discharging its obligations toward or making necessary arrangements for stowaways or refugees, but only if and to the extent that the Insured is legally liable for the expenses or if they are incurred with the approval and agreement of the Insurer.

Coverage under sub-section 2 shall also include liability for loss of or damage to the effects of any seaman or any other person (other than passengers) **PROVIDED THAT:**

- a. Unless and to the extent that special cover has been agreed in writing by the Insurer, there shall be no recovery from the Insurer in respect of claims relating to cash, negotiable instruments, precious or rare metals or stones, valuables or objects of a rare or precious nature.
- b. Where the liability arises or the costs or expenses are incurred under the terms of a contract and would not have arisen but for those terms, such liability is not covered by the Insurer unless and to the extent that those terms shall have been previously approved by the Insurer in writing.

3. Collision

Liability for loss or damage as set out in paragraphs 1, 2, and 3 below which arises from collision of the Insured

Vessel with another ship or vessel, but only if and to the extent that such liability is not covered by the hull insurances of the Insured Vessel:

1. one fourth, or such other proportion as may have been agreed, of the liabilities arising out of the collision other than those set out in paragraph 2 below;
2. four-fourths of the liabilities arising out of the collision in consequence of, or in respect to:
 - a. removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law;
 - b. injury to real or personal property of every description;
 - c. the discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever including, but not limited to, remuneration paid pursuant to the Special Compensation P & I Club (SCOPIC) Clause, or any revision thereof, in respect of the salvage of a ship or vessel with which the Insured Vessel is in collision;
 - d. cargo or other property on the Insured Vessel;
 - e. loss of life, personal injury or illness;
3. that part of the Insured's liability arising out of the collision which exceeds the sums recoverable under the hull policies of the Insured Vessel solely by reason of the fact that the liability exceeds the hull insurance value.

PROVIDED ALWAYS THAT:

- a. For the purpose of determining any sum recoverable under this paragraph 3, the Insurer shall be entitled to determine the proper value at which the Insured Vessel should have been insured under the hull policies and the Insurer shall only be liable for the excess (if any) above the amount which would have been recoverable under the hull policies had the Insured Vessel been insured thereunder at such value. For the purpose of this paragraph 3, "proper value" is defined as an amount equal to the free, uncommitted market value of the Insured Vessel at the time of the collision.
- b. Coverage hereunder shall not extend to any liability, whether direct or indirect, in respect of the engagements of, or the detention or loss of time of, the Insured Vessel.
- c. Claims hereunder shall be settled on the principles of cross-liabilities.
- d. Where both vessels are insured vessels and are the property, in part or in whole, of the same owners or charterers, claims hereunder shall be settled on the basis of the principles set forth in the collision clauses contained in the hull policies of those insured vessels.
- e. Claims hereunder shall be separated among and take the identity of the several classes of liability for loss, damage and expense enumerated in this sub-section and each class shall be subject to the deductions, inclusions, exclusions and special conditions applicable in respect to such class.
- f. Notwithstanding the foregoing, the Insurer shall not be liable for any claims hereunder where the various liabilities resulting from such collision, or any of them, have been compromised, settled or adjusted without the written consent of the Insurer.

4. Damage Caused Otherwise than by Collision

Liability for loss of or damage to any other vessel or craft, or to property on board such other vessel or craft, caused otherwise than by collision of the Insured Vessel with another vessel or craft.

Where such other vessel or craft or property on board such other vessel or craft belongs to the Insured, claims hereunder shall be adjusted as if it belonged to a third person; provided, however, that if such vessel, craft or property be insured, the Insurer shall be liable hereunder only insofar as the loss or damage, but for the insurance herein provided, is not or would not be recoverable by the Insured under such other insurance.

5. **Damage to Docks, Buoys, etc.**

Liability for loss of or damage to any dock, pier, jetty, bridge, harbour, breakwater, structure, beacon, buoy, lighthouse, cable, or to any fixed or movable object or property whatsoever, including infringement of rights, except another vessel or craft or property on another vessel or craft, or to property on the Insured Vessel unless property on the Insured Vessel is elsewhere covered herein.

Where any such object or property belongs to the Insured, claims hereunder shall be adjusted as if it belonged to a third person; provided, however, that if such object or property be insured, the Insurer shall be liable hereunder only insofar as the damage, but for the insurance herein provided, is not or would not be recoverable by the Insured under such other insurance.

6. **Liability in Respect of Wrecks**

Liability for costs or expenses relating to:

- A. The raising, removal, destruction, lighting or marking of the wreck of an Insured Vessel, when such raising, removal, destruction, lighting or marking is compulsory by law or the costs thereof are legally recoverable from the Insured.
- B. The raising, removal, destruction of any property (other than oil or other substance within the scope of Part Two, Section I.15) being carried or having been carried on an Insured Vessel, when such raising, removal or destruction is compulsory by law or the costs thereof are legally recoverable from the Insured but only if and to the extent that such property does not form part of the Insured Vessel and is not owned or leased by the Insured or by any company affiliated with the Insured, and the Insured is unable to recover such costs and expenses from the owner or insurer of such property, or from any other party.
- C. Any such raising, removal or destruction of the wreck of an Insured Vessel or any property as is referred to in paragraphs A and B of this sub-section, or any attempt thereat.
- D. The presence or involuntary shifting of the wreck of an Insured Vessel or as a result of the Insured's failure to remove, destroy, light or mark such wreck, including liability arising from the discharge or escape from such wreck of oil or any such substance.

PROVIDED THAT:

- a. The Insured Vessel became a wreck as a result of a casualty or event occurring during the period of that Insured Vessel's coverage by the Insurer, in which case the Insurer shall continue to be liable for the claim notwithstanding that in other respects the liability of the Insurer shall have ceased pursuant to Part One, Section IV.50.
- b. In respect of a claim under paragraph A of this sub-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 Insurer.
- c. Nothing shall be recoverable from the Insurer under this sub-section if the Insured shall, without the consent of the Insurer in writing, have transferred its 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 the liabilities, costs and expenses referred to in this sub-section.
- d. Where the liability arises or the costs or expenses are incurred under the terms of a contract and would not have arisen but for those terms, that liability is not covered by the Insurer unless and to the extent that those terms shall have been previously approved by the Insurer in writing.
- e. The Insurer shall not be liable for any costs or expenses of a type, character or kind which would be covered by the hull insurance of the Insured Vessel.
- f. In the event that the wreck of the Insured Vessel is upon property owned, leased, rented or otherwise occupied by the Insured, the Insurer shall be liable for any liability or removal of the wreck which would be imposed upon the Insured by law in the absence of contract if the wreck had been upon property belonging to another, but only for the excess over any amount recoverable under any other insurance

applicable thereto.

7. Claims in Respect of Cargo

Liabilities and costs set out in sub-sections 1 to 4 below when and to the extent that they relate to cargo intended to be or being or having been carried in an Insured Vessel.

1. Loss, Shortage, Damage or Other Responsibility

Liability for loss, shortage, damage or other responsibility arising out of any breach by the Insured, or by any person for whose acts, neglect or default it may be legally liable, of its obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of unseaworthiness or unfitness of the Insured Vessel.

2. Disposing of Damaged Cargo

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

PROVIDED ALWAYS THAT where the said additional costs claimed represent the daily running costs of the Insured Vessel, such costs shall not be payable save to the extent that the Insurer, in its absolute discretion, shall otherwise determine.

3. Failure of Consignee to Remove Cargo

The liabilities and additional costs (over and above the costs which would have been incurred by it if the cargo had been collected or removed) incurred by an Insured solely by reason of the total failure of a consignee to collect or remove cargo at the port of discharge or place of delivery, but only if and to the extent that such liabilities or costs exceed the proceeds of sale of the cargo and the Insured has no recourse to recover those liabilities or costs from any other party.

4. Through or Transshipment Bills of Lading

Liability for loss, shortage, damage or other responsibility in respect of cargo carried by a means of transport other than the Insured Vessel, when the liability arises under a through or transshipment bill of lading, or other form of contract, providing for carriage partly to be performed by the Insured Vessel.

PROVIDED ALWAYS THAT:

a. Standard Terms of Carriage

Unless and to the extent that the Insurer in its absolute discretion otherwise decides, or special cover has been agreed in writing by the Insurer, there shall be no recovery from the Insurer in respect of liabilities which would not have been incurred or sums which would not have been payable by the Insured if the cargo (including cargo on deck) had been carried on terms no less favourable to the Insured than the Hague-Visby Rules or the U.S. Carriage of Goods by Sea Act and / or such other rules and / or conventions as the Insurer may from time to time determine.

b. Deviation

Unless and to the extent that the Insurer in its absolute discretion otherwise decides, or cover has been confirmed in writing by the Insurer prior to the deviation, there shall be no recovery in respect of liabilities, costs or expenses which arise out of or which are incurred as a consequence of a deviation, in the sense of a departure from the contractually agreed voyage or adventure which deprives the Insured of the right to rely on defences or rights of limitation of liability which would otherwise have been available to it on the basis of the standard terms of carriage referred to in proviso (a) above to reduce or eliminate its liability.

c. Claims Payable Only at the Discretion of the Insurer

Unless and to the extent that the Insurer in its discretion otherwise decides there shall be no recovery in respect of liabilities, costs or expenses arising out of:

- i. discharge of cargo at a port or place other than the port or place provided in the contract of carriage;
 - ii. delivery of cargo carried under a negotiable bill of lading or similar document of title without production of that bill of lading or document by the person to whom delivery is made, except where cargo has been carried in the Insured Vessel under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document, and has been properly delivered as required by that document, notwithstanding that the owner of that insured vessel may be liable under the terms of a negotiable bill of lading or other similar document of title issued by or on behalf of a party other than that owner providing for carriage partly by a means of transport other than the Insured Vessel;
 - iii. the issue of an antedated or post-dated bill of lading, waybill or other document containing or evidencing the contract of carriage, that is to say a bill of lading, waybill or other document recording the loading or shipment or receipt for shipment on a date prior or subsequent to the date on which the cargo was in fact loaded, shipped or received as the case may be;
 - iv. a bill of lading, waybill or other document containing or evidencing the contract of carriage, issued with the knowledge of the Insured or the master of the Insured Vessel with an incorrect description of the cargo or its quantity or its condition;
 - v. either the failure to arrive or late arrival of an Insured Vessel at a port of loading, or the failure to load any particular cargo or cargoes in an Insured Vessel other than liabilities, loss and expenses arising under a bill of lading already issued.
- d. Ad Valorem Bills of Lading

Unless and to the extent that special cover has been agreed in writing by the Insurer, there shall be no recovery for payments to cargo claimants of amounts exceeding whichever is the higher of \$2,500 per unit, piece or package or the limitation per unit, piece or package specified in the standard terms of carriage, in respect of shipments of goods carried under an ad valorem bill of lading, waybill or other document containing or evidencing the contract of carriage in which the value of the relevant unit, piece or package has been stated to be in excess of \$2,500.

e. Rare or Valuable Cargo

Unless and to the extent that special cover has been agreed in writing by the Insurer, there shall be no recovery from the Insurer in respect of claims relating to the carriage of specie, bullion, precious or rare metals or stones, plate or other objects of a rare or precious nature, bank notes or other forms or currency, bonds or other negotiable instruments.

f. Property of the Insured

In the event that any cargo lost or damaged on board the Insured Vessel shall be the property of the Insured, such insured shall be entitled to recover from the Insurer the same amount as would have been recoverable from it if the cargo had belonged 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.

8. Fines and Penalties

- I. Liability for fines and penalties imposed in respect of an Insured Vessel by any court, tribunal or authority for:
 - a. Breach of administrative, governmental or customs requirements concerning the regulation of cargo documents or for short delivery or over-delivery of cargo, including any sum for which the Insured is liable to any charterer of the Insured Vessel in respect of such fine or monetary penalty levied against such a charterer, under the terms of a charterparty to which the Insured is party.

- b. The accidental release or escape of oil or any other polluting substance from the Insured Vessel provided that the Insured has under the Certificate of Insurance for pollution liability and subject to the applicable limit of liability under the General Terms.
 - c. Breach of any laws, regulations or requirements in respect of immigration provided that such breach is unknown to the Insured.
2. With regard to fines or penalties imposed in respect of an Insured Vessel by any court, tribunal or authority for any act or omission by any member of the crew acting pursuant to their obligations to the Insured under a contract of employment or service, or under any collective agreement, in respect of an insured vessel, it shall be at the sole discretion of the Insurer as to whether any such fine shall be covered by the Insurer

There shall however be no cover under this policy for a fine or monetary penalty levied in respect of:

- i. Any overloading of the Insured Vessel, or the presence on board the Insured Vessel of a greater number of passengers than is legally permitted.
- ii. Contravention of any law, regulation or requirements in respect of fishing.
- iii. Criminal activity embarked on with the knowledge, connivance, complicity or reckless disregard of the Insured.
- iv. Any breach or infringement of the requirements and provisions relating either to the configuration and equipping of the Insured Vessel or the maintaining of proper records or documents under or in connection with the International Convention for the Prevention of Pollution from Ships 1973, as amended or any statutory re-enactment of such requirements and provisions.
- v. Failure, neglect or default of the Insured in the exercise of due diligence to prevent a loss or to ensure compliance with such regulations as may be applicable in respect of the seaworthiness of vessels, or the safety of life, property or the environment.

9. Quarantine Expenses

Liability for extraordinary expenses, incurred in consequence of the outbreak of any disease on the Insured Vessel, for disinfection of the Insured Vessel or of persons on board, or for quarantine expenses, not being the ordinary expenses of loading or discharging, nor the ordinary wages or provisions of crew or passengers, provided, however, that no liability shall exist hereunder if the Insured Vessel be ordered to proceed to a port where it is known that it will be subjected to quarantine.

10. Diversion Expenses

Liability for expenses (over and above those which would have been incurred but for the diversion) incurred solely for the purpose of putting in to land an injured or sick seaman or passenger, or for putting in to land stowaways or refugees or for saving life at sea; and the net loss to the Insured in respect of bunkers, insurance, stores and provisions as the direct result of the diversion.

11. Unrecoverable General Average Contributions

General average (excluding ship's sacrifice items), special charges or salvage chargeable to any other party to the marine adventure for which the Insured may become liable or be unable to recover from such party solely by reason of a breach of the contract of carriage, PROVIDED THAT:

- a. the Insured shall have notified the Insurer in writing within twelve months both of the casualty out of which a claim under this sub-section 11 might arise, and of the reference of the matter to adjusters; and
- b. the provisos in sub-section 7 above shall apply to recovery under this sub-section 11; and
- c. the Insured shall have obtained adequate general average security in the absence of which recovery from the Insurer will be available if, and only to the extent that, the Insured can establish that, at the time of delivery of the cargo, it neither knew nor ought to have known that there had been an occurrence of a general average nature during the voyage, or if, and only to the extent that, the Insurer, in its absolute discretion, shall otherwise determine.

12. Discharge of Oil or Other Substances

Liabilities, costs and expenses that are the result of the accidental discharge or escape of oil or any other polluting substance, or the threat of such discharge or escape, from an Insured Vessel, namely:

- a. liability for loss, damage or contamination;
- b. liability of the Insured as a party to any voluntary agreement previously approved by the Insurer in writing, and the costs and expenses incurred by the Insured in performing his obligations under such agreement;
- c. the costs of measures reasonably taken (or taken in compliance with any order or direction given by any government or authority) for the purpose of avoiding the threat of or minimizing pollution, and liability incurred as a result of such measures;
- d. liability to pay special compensation to a salvor of an Insured Vessel in respect of work done or measures taken to prevent or minimize damage to the environment, but only to the extent that such liability is imposed on the Insured pursuant to Article 14 of the International Convention on Salvage, 1989, or is assumed by the Insured under the terms of a standard form of salvage agreement approved by the Insurer, or the Lloyd's Standard Form of Salvage Agreement (LOF 2010) and subsequent amendments thereto.

PROVIDED THAT any recovery hereunder may be reduced if and to the extent that the Insured shall not have taken steps to ensure that costs and expenses recoverable hereunder are included in general average to the extent permitted under the York Antwerp Rules 2016.

Note:

Any and all certificates of insurance and / or any additional terms and conditions scheduled thereto and any endorsement or variation thereto are evidence only of a contract of insurance issued in accordance with these General Terms and are evidence only of the Contract of Insurance between the named insureds and the Insurer and shall not be construed as evidence of any undertaking, financial or otherwise, on the part of the Insurer to any other party.

In the event that an insured tenders any certificate / endorsement as evidence of insurance under any applicable law relating to financial responsibility, including but not limited to the Oil Pollution Act 1990 or any similar federal or state laws, or otherwise shows or offers it to any other party as evidence of insurance, such use of the certificate / endorsement by the Insured is not to be taken as any indication that the Insurer thereby consents to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Insurer does not so consent.

13. Ship's Proportion of General Average

The Insured Vessel's proportion of general average, special charges or salvage not recoverable under the hull policies by reason of the value of the ship being assessed for contribution to general average or salvage at a sound value in excess of the insured value under the hull policies.

PROVIDED ALWAYS THAT for the purpose of determining any sum recoverable under this subsection 13, the Insurer shall be entitled to determine the proper value at which the Insured Vessel should have been insured under the hull policies and the Insurer shall only be liable for the excess (if any) above the amount which would have been recoverable under the hull policies had the Insured Vessel been insured thereunder at such value. For the purpose of this sub-section 13, "proper value" is defined as an amount equal to the free, uncommitted market value of the Insured Vessel at the time of the incident giving rise to the general average, special charges or salvage.

14. Official Inquiries

Costs and expenses incurred by an insured in defending itself or in protecting its interests before an official inquiry into the loss of an insured vessel or into a casualty involving an insured vessel but only to the extent and on such conditions as the Insurer in its sole discretion may determine.

15. Legal Costs

Legal costs necessarily incurred by the Insured after a casualty suffered by the Insured Vessel, or an event likely to give rise to a claim under this policy, to avoid or limit liabilities, costs and expenses in respect of risks covered by

this policy, PROVIDED THAT such legal costs have been incurred with the prior approval of the Insurer.

16. Investigative Costs

Costs, other than legal costs, necessarily incurred by the Insured after a casualty suffered by the Insured Vessel, or an event likely to give rise to a claim under this policy, for the purpose of conducting an investigation into the circumstances of such a casualty or event, PROVIDED THAT such costs have been incurred with the prior approval of the Insurer.

17. Sue and Labour Costs

Costs and expenses, other than those which would be incurred in the course of the ordinary operation or trading of the Insured Vessel, necessarily incurred by the Insured, after a casualty suffered by the Insured Vessel, or an event likely to give rise to a claim under this policy, solely to avoid or limit liabilities, costs or expenses in respect of risks covered by this policy, PROVIDED THAT such costs and expenses have been incurred with the prior approval of the Insurer.

18. Expenses Incurred Under Authorisation of the Insurer

Expenses which the Insured may incur under special written authorisation of the Insurer in cases in which the Insurer decides that it is in the interests of the Insurer that the direction be given.

SECTION II: DEFENCE COVER

Introductory Provisions

- I. An Insured is only insured against costs and expenses incurred by him which arise:
 - a. out of events occurring during the period when his vessel is insured with the Insurer;

PROVIDED that:

- i. as to claims and disputes arising under contract in tort or under statute, such claims and disputes will be deemed to have arisen at the date when the cause of action accrued;
 - ii. as to claims and disputes concerning salvage, or in respect of towage services, such claims and disputes will be deemed to have arisen at the date when the relevant services were commenced; and
 - b. in respect of the Insured's interest in the insured vessel; and
 - c. in connection with the building, sale, purchase or operation of the insured vessel by or on behalf of the Insured

Joint Insureds, Co-Insureds and Affiliates

2. Paragraphs 1-13 of Section III Part One, to the extent that they are consistent with the subject and context of the paragraphs set out in this Section II, shall be deemed to be incorporated in and form an integral part of these provisions of Section II

General Insurance Provisions

3. The provisions of Section IV Part One of these terms and conditions, to the extent that they are consistent with the subject and context of provisions with this Section II, shall be deemed to be incorporated in and form an integral part of these provisions of Defence Cover under this Section II.

Extent of Cover

4. Legal costs and expenses necessarily incurred by the Insured (including the costs of an opposing party where such costs are ordered to be paid by a court or tribunal, or are to be paid pursuant to the terms of any settlement concluded with the approval in writing of the Insurer and always subject to the provisions contained in Part One, Section IV paragraphs 16 to 24 inclusive) in pursuing or defending claims, or in seeking to resolve disputes, on such terms as the Insurer may agree in writing, arising in respect of the following:
 - a. Any contract for the building of an Insured Vessel, which has the prior approval in writing of the Insurer.
 - b. Any contract for the purchase or sale of an Insured Vessel, which has the prior approval in writing of the Insurer.
 - c. Any contract for the conversion, alteration, repair, refit, drydocking or maintenance of an Insured Vessel.
 - d. Any charterparty, contract of carriage, bill of lading or contract of affreightment, to which the Insured is party in respect of an Insured Vessel and disputes as to the conclusion or legal effect of any such charterparty, contract of carriage, bill of lading or contract of affreightment.
 - e. Any contract for operational services provided to or in respect of an Insured Vessel, including but not limited to agency, stevedoring, towage or salvage, or harbour authority services.
 - f. Any contract for administrative services provided to or in respect of an Insured Vessel for insurance broking or ship broking services, management services or the provision of technical advice.
 - g. Any contract in respect of goods or materials, necessities and stores including bunkers and lubricating oil provided to an Insured Vessel.

- h. The employment of crew.
- i. Any damage to an Insured Vessel, detention of an Insured Vessel, or the impairment of any right of the Insured in respect of an Insured Vessel, caused by any third party.
- j. General average contributions.
- k. The presence on board an Insured Vessel of stowaways, refugees or persons rescued at sea.
- l. The handling, loading, stowing, lashing and discharge of cargo which is to be carried, which is carried or which has been carried on board an Insured Vessel.

Special Conditions

5. Approval by the Insurer of a contract under sub-section l.i or l.ii above shall not connote acceptance or approval of the terms and conditions of such a contract.
6. There shall be no cover under this Section II in respect of any claim by a Joint Insured against another Joint Insured, nor in respect of disputes between Joint Insureds and Co-insureds and between Co-insureds, as the case may be.
7. The Insurer, in deciding whether or not to provide support under the provisions of this Defence Cover may, but shall not be obligated to take into account the following matters in assessing the appropriateness and/or prospects of successfully pursuing or defending any such claim or resolving any such dispute:
 - a. The applicable law and jurisdiction.
 - b. The value of the claim or sum in issue or the significance of the dispute.
 - c. The level of the legal costs and expenses likely to be incurred.
 - d. The legal merit of the Insured's position
 - e. Any alternative means for pursuing or defending the claim or resolving the dispute.
 - f. The ability to enforce any claim by or against the Insured and the costs involved.
 - g. The prospects of obtaining a monetary recovery from any award or judgement rendered in favour of the Insured, including the issue of whether meaningful security for a claim that the Insured has against the opponent can be obtained.
 - h. The conduct of the Insured.
 - i. The importance of any issues that arise to the shipping community generally.
8. Whenever a request has been made or may be made by an Insured for the support of the Insurer in any proceedings or for legal or other advice in connection with matters covered by this insurance, the Insurer may at any time appoint and employ on behalf of the Insured, upon such terms as the Insurer thinks fit, lawyers or other persons with a view to supplying services to the Insured by investigating, advising upon or otherwise dealing with such matters and / or taking, continuing or defending proceedings or acting for or representing the Insured therein; furthermore, the Insurer may thereafter at any time in their discretion discontinue such employment.
9. All lawyers, surveyors and other persons appointed by the Insurer on behalf of the Insured or appointed by the Insured with the prior consent of the Insurer to supply services to the Insured shall be and be deemed to be appointed and employed on the terms that they have been instructed by the Insured at all times (both while so acting and after they have ceased so to act) 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, all as if such person had been appointed to act and had at all times been acting on behalf of the Insurer.

PROVIDED THAT: Where an Insured employs, without the prior approval of the Insurer, lawyers or other persons for the purposes of giving advice in connection with matters covered by this insurance, then the costs of

such person or persons shall not be recoverable from the Insurer unless the Insurer in its absolute discretion otherwise decides.

10. Any vessel insured under the terms of this Part Two, Section II shall be deemed to be fully insured under the terms of Part Two, Section I and an Insured shall not be entitled to recover any costs and expenses under the terms of this Part Two, Section II which would have been recoverable under the terms of Part Two, Section I had the Vessel been so insured.
11. Where the applicable law governing an Insured's claim or dispute against a third party allows the successful party to recover some or all of legal fees, expenses and/or costs, and where the Insurer has exercised its discretion to support such a claim or dispute in full or in part the Insurer shall be entitled to recover legal fees, expenses and/or costs, plus any interest thereon, awarded to the Insured by a court, tribunal, or other competent authority in any decision, order, award, or judgment, or by a settlement or agreement of the parties concerning any such claim or dispute. To the extent that such legal fees, expenses and/or costs are not recoverable in full, or if the Insured settles or otherwise resolves its claim or dispute with a third party without the Insurer's prior written consent or agreement, the Insurer shall be entitled to recover such legal fees, expenses and/or costs, plus interest thereon, on a pro rata basis from any or all recoveries by the Insured on its principal claim legal fees, expenses and/or costs and/or interest thereon.
12. There shall be no right of recovery to any extent whatsoever under provisions in respect of any claims, costs, or expenses arising out of risks and losses either expressly or impliedly excluded under these Terms and Conditions.

SECTION III: WAR AND TERRORISM COVER

Extent of Cover

1. Notwithstanding the generality of the exclusion contained in Part Three, Section I.I below of these General Terms, and subject always to special agreement with the Insurer in advance, the Insured may be covered for liabilities, costs and expenses caused by:
 - a. war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or from any hostile act by or against a belligerent power or any act of terrorism;
 - b. capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat;
 - c. Mines, torpedoes, bombs or other weapons of war;

provided such liabilities, costs and expenses are not covered under the terms of any other insurance in respect of the Insured Vessel or the Insured. This insurance shall only cover such liabilities, costs and expenses insofar as they exceed amounts recoverable under any such other insurance including but not limited to the Insured Vessel's hull and machinery insurance and insurance in respect of crew and of war risks.

AND PROVIDED ALWAYS THAT cover under this Section III of these General Terms shall extend solely and exclusively to those liabilities, costs and expenses as may be discharged by the Insurer on behalf of the Insured pursuant to a demand made under:

- i. 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 thereto; or
- ii. a certificate issued by the Insurer in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 or any amendments thereto;

but only to the extent that such liabilities, costs and expenses would not be recoverable by the Insured under war risks policies of insurance had the Insured entered into such policies of insurance and complied with all the terms and conditions thereof. Where any such guarantee, undertaking or certificate is provided by the Insurer on behalf of an insured as guarantor or otherwise, the Insured agrees that any payment by the Insurer thereunder in discharge of the said liabilities, costs and expenses, shall, to the extent of any amount recovered under any other policy of insurance or extension to the cover provided by the Insurer, be deemed to be by way of loan and that there shall be assigned to the Insurer all the rights of the Insured under any such other insurance and against any third party.

In the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of the Insurer shall be final.

Special Conditions

2. Cover hereunder shall be subject to the following:
 - a. Cancellation: The Insurer may, on giving seven (7) days' notice in writing:
 - i. cancel the cover provided under this insurance, or
 - ii. vary or restrict the terms on which cover under this Section III is provided.
 - b. Automatic Termination: Cover under this insurance shall cease automatically without notice:
 - i. on the outbreak of war, whether declared or not, between any of the following: The United States of America, the United Kingdom, the People's Republic of China, France or the Russian Federation;
 - ii. the requisitioning for any purpose of any Insured Vessel covered under this insurance;
 - iii. 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.

3. There shall be no cover under these General Terms if an event which would have given rise to cover ceasing automatically without notice by reason of sub-section 2.ii above shall have occurred after the agreement of the Insurer has been given in writing to provide this war risks insurance, but before the date and time for attachment of cover so agreed.

PART THREE: EXCLUSIONS FROM AND LIMITATIONS TO COVER

SECTION I: RISKS EXCLUDED

1. War Risks

Notwithstanding anything to the contrary contained in these General Terms, there shall be no recovery in respect of any liabilities, costs and expenses caused by:

- a. 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;
- b. capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat;
- c. mines, torpedoes, bombs, rockets, shells, explosives or similar weapons or devices, PROVIDED THAT this exclusion shall not apply to any liabilities, costs or expenses which arise solely by reason of:
 - i. the transport of any such weapons whether on board the Insured Vessel or not; or
 - ii. the use of any such weapons, either as a result of government order or through compliance with a written direction given by the Insurer where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise have fallen within the cover given by the Insurer.

2. Nuclear and Bio-Chem Risks

Notwithstanding anything to the contrary contained in these General Terms, there shall be no recovery in respect of any liabilities, loss, damage, costs or expenses, when the incident giving rise to the liability, cost or expense was caused by ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; or the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; or any weapons or devices employing atomic or nuclear fission and / or fusion or other like reaction of radioactive force or matter; or any chemical, biological, biochemical or electro-magnetic weapon.

PROVIDED ALWAYS THAT this sub-section 2 shall not apply to liabilities, losses, costs or expenses arising out of or in consequence of the emission of ionizing radiations from, or the toxic, explosive or other hazardous properties of:

- (1) isotopes prepared for use for industrial, commercial, agricultural, medical or scientific purposes
- (2) natural uranium; or
- (3) depleted uranium

being carried as cargo in an insured vessel, and such further exceptions as the Insurer may approve.

3 Cyber Attack Exclusion

In no case shall these General Terms cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software program, malicious code, computer virus or process or any other electronic system.

4. Blockade Running, Unlawful Trade etc.

There shall be no recovery in respect of any liabilities, costs and expenses arising from an Insured Vessel carrying contraband, blockade running or being employed in an unlawful trade or if the Insurer, in its absolute discretion, shall be of the opinion that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper.

SECTION II: LOSSES EXCLUDED

Save to the extent as may be expressly agreed in writing by the Insurer, and notwithstanding anything to the contrary contained in these General Terms, there shall be no right of recovery from the Insurer in respect of any loss, damage, liability or expense an insured may have sustained, directly or indirectly, by reason of:

Hull Damage etc. to the Insured Vessel

1. Loss of, or damage to, the Insured Vessel or any part thereof.
2. Loss of, or damage to, any equipment on board the Insured Vessel or to any containers, lashings, stores or fuel thereon, to the extent that the same are owned or leased by an insured or by any party associated with or under the same management as the Insured.
3. The cost of repairs to the Insured Vessel or any charges or expenses in connection therewith.

Cancellation of Contracts, Loss of Hire etc.

4. Cancellation or breach of any charter or contract, detention of an Insured Vessel, bad debts, insolvency, fraud of agents, loss of freight, passage money, hire, demurrage or any other loss of revenue incurred by an Insured in respect of any Insured Vessel.

Sums Insurable under Hull Policies

5. Any loss, damage, sacrifice or expense of a type, character or kind which would be fully payable without deductible under the terms of a policy written on Institute Hull Clauses – I.10.83 or I.11.95 – or Institute War and Strikes Clauses – I.11.95 – or other equally wide form of insurance, whether or not the Insured Vessel is fully covered under such policies by insurance and excess insurance sufficient in amount to pay in full and without limit all such loss, damage, sacrifice or expense.

Towage by an Insured Vessel

6. Loss of or damage to, or wreck removal of, a vessel or other floating structure towed by an Insured Vessel or the cargo or other property on such tow (together with costs and expenses associated therewith), save insofar as either:
 - a. the towage or attempt thereat is made for the purpose of saving or attempting to save life or property at sea; or
 - b. the Insured Vessel is towing under a contract, or in other circumstances, approved by the Insurer, and PROVIDED ALWAYS THAT this exclusion shall not apply to claims covered under Part Two, section I.1.

Towage of an Insured Vessel

7. Liabilities, costs and expenses incurred under or pursuant to the terms of a contract for the towage of an Insured Vessel other than:
 - a. a contract entered into for the purpose of entering or leaving port, or manoeuvring within the port, during the ordinary course of trading; or
 - b. a contract entered into in the ordinary course of trading of the Insured Vessel, being a vessel which is habitually towed from port to port or from place to place PROVIDED ALWAYS THAT
 - i. such liabilities, costs and expenses shall only be recoverable to the extent that an Insured is not insured against such liabilities, costs and expenses under the hull policies on the Insured Vessel; and
 - ii. the Insured Vessel has been insured with the Insurer on such basis; or
 - c. a contract incorporating a term to the effect that the Insured and the owner of the towing vessel shall each be responsible for any loss or damage to its own vessel, and for loss of life or personal injury on its own vessel, without any recourse whatsoever against the other.

Contracts and Indemnities

8. Liabilities, costs and expenses which would not have arisen but for the terms of a contract or indemnity entered into by an Insured, unless those terms have been expressly approved in writing by the Insurer.

Specialist Operations

9. Any liabilities, costs and expenses incurred by the Insured during the course of performing specialist operations including but not limited to dredging, blasting, pile-driving, well stimulation, cable or pipelaying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil spill response training (but excluding firefighting), to the extent that such liabilities, costs and expenses arise as a consequence of:
- a. 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
 - b. the failure to perform such specialist operations by the Insured or the fitness for purpose and quality of the Insured's work, products or services, including any defect in the Insured's work, products or services; or
 - c. any loss or damage to the contract work.

PROVIDED THAT this sub-section 9 shall not apply to liabilities, costs and expenses incurred by the Insured in respect of:

- i. loss of life, injury or illness of crew and other personnel on board the Insured Vessel; or
- ii. the wreck removal of the Insured Vessel; or
- iii. oil pollution emanating from the Insured Vessel; but only to the extent that such liabilities are covered under Part Two, Section I.9 and I.4 of this insurance.

Wilful Misconduct

10. Claims arising in circumstances where there has been wilful misconduct on the part of the Insured, defined as an act intentionally done by, or a deliberate omission of, the Insured with knowledge that the performance or omission will probably result in injury, or an act done or omitted in such a way as to allow an inference of a reckless disregard of the probable consequences.

Drilling and / or Production Operations

11. Liabilities, costs and expenses incurred in respect of a drilling vessel or barge or any other vessel or barge employed to carry out drilling 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 any such operations, to the extent that such liabilities, costs or expenses arise out of or during drilling or production operations.

Waste Disposal and Sub-Sea Activities

12. Liabilities, costs and expenses incurred by an insured in connection with any claim brought against such insured arising out of waste incineration or disposal operations carried out by the Insured Vessel (other than any such operations carried out as an incidental part of other commercial activities) or the operation by the Insured of submarines, mini-submarines or diving bells or the activities of professional or commercial divers where the Insured is responsible for such activities.

Refugees

13. Consequential loss of profit or depreciation arising from the rescue of refugees.

Salvage of an Insured Vessel

14. Salvage of an Insured Vessel or services in the nature of salvage provided to an Insured Vessel and any costs and

expenses in connection therewith other than such liabilities, costs or expenses as may arise by reason of life salvage, or costs and expenses under any of the following:

- a. Article 14 of the International Convention on Salvage 1989; or
- b. Article 14 of the International Convention on Salvage 1989 as incorporated into Lloyd's Open Form of Salvage Agreement (1980, 1990, 1995, 2011 or 2020) or into any other salvage contract approved by the Insurer; or
- c. cargo's contribution to general average payable by the Insured solely by reason of a breach of the contract of carriage.

Salvage by an Insured Vessel

15. Liabilities, costs and expenses arising out of salvage operations conducted by an Insured Vessel or provided by the Insured, other than:
 - a. liabilities, costs and expenses arising out of salvage operations conducted by an Insured Vessel for the purpose of saving or attempting to save life at sea; and
 - b. liabilities, costs and expenses incurred by the Insured (being a professional salvor) which shall have been specially agreed between the Insurer and the Insured.

Non-Marine Personnel

16. Liabilities, costs and expenses incurred by an Insured in respect of any of the following:
 - a. personnel (other than seamen) on board the Insured Vessel (being an accommodation vessel) employed otherwise than by the Insured where there has not been a contractual allocation of risks as between the Insured and the employer of the personnel which has previously been approved by the Insurer in writing;
 - b. hotel and restaurant guests and other visitors and catering staff of the Insured Vessel when the Insured Vessel is moored (otherwise than on a temporary basis) and is open to the public as a hotel, restaurant, bar or other place of entertainment.

Heavy Lifts

17. Loss of or damage to, or wreck removal of, cargo carried on a semi-submersible heavy lift vessel or any other vessel designed exclusively for the carriage of heavy lift cargo, save to the extent that such cargo is being carried under the terms of a contract on BIMCO "Heavycon" terms or any other terms previously approved by the Insurer in writing.

CERCLA-type Liabilities

18. Unless the Insurer shall otherwise determine, there is no cover in respect of any liability for loss, damage, costs and expenses arising as a consequence of the discharge or escape, or the threat of discharge or escape, of any hazardous waste (previously carried on an insured vessel) from any land-based dump, storage or disposal facility.

Occupational Disease or Cumulative Injury

19. There shall be no cover under these General Terms in respect of any liabilities, costs or expenses which arise by reason of or in connection with:
 - a. occupational disease suffered by any person;
 - b. cumulative injury suffered by any person;
 - c. death of any person caused by or contributed to by occupational disease or cumulative injury.

Acquired Immune Deficiency Syndrome

20. There shall be no cover under this insurance in respect of any liabilities, costs or expenses which arise, or are directly or indirectly caused by, or associated with, Human T-Cell Lymphotropic Virus type III (HIVL III) or Lymphadenopathy Associated Virus (LAV) or the mutant derivatives or variations thereof, or in any way related to Acquired Immune Deficiency Syndrome (AIDS) or any syndrome or condition of a similar kind howsoever it may be named.

Punitive or Exemplary Damages

21. There shall be no cover under this insurance in respect of liability for or exposure to:
- a. Punitive or exemplary damages, howsoever described.
 - b. Any amount payable under any judgment or award of any Court or tribunal in favour of any third party which is not compensatory in nature or which is not payable in respect of loss or damage sustained by that third party.

Californian Block Stowage

22. There shall be no cover under this insurance for any liabilities, costs and expenses in connection with any claim or incident arising out of the loading of cargoes using the California Block Stowage method.

Political, Economic or Trade Sanctions

23. Notwithstanding and without prejudice to any other provision of these General Terms, these General Terms may, on such notice as the Insurer may in their absolute discretion decide, be amended at any time (including with effect at any time during the currency of the relevant contract of insurance) in such fashion and to such extent as the Insurer may in its absolute discretion determine is necessary as a result of the implementation of, or potential or proposed implementation of, any applicable change in legislation, regulation, prohibition, restriction or requirement to obtain any licence, consent or authorisation; or the potential or actual imposition of economic sanctions or penalties against the Insurer by any state, government, official body, regulatory or competent authority, international organization or the like.

Whenever coverage extended by the Insurer under the Contract of Insurance evidenced by a Certificate of Insurance would be in violation of any law applicable to the Insurer including, but not limited to, the prohibitions and requirements of any economic, financial, or trade sanctions administered by any state or national or supranational organization, or would expose the Insurer to the risk of being or becoming subject to any sanction, prohibition, penalty or other adverse action in any form whatsoever by any state or international or supranational organization, such coverage shall be null, void and of no effect.

Any coverage hereunder provided by the Insurer shall not include or, as the case may be, shall by operation of law or pursuant to this sub-section cease, or shall have ceased to include, coverage for, with respect to, any prohibited or unlawful entity, cargo, subject matter, vessel or activity and the laws applicable to the Insurer, any Insured, Co-insured, Joint Insured or Affiliate or any Insured Vessel, or any activity which could lead to the imposition of sanctions or penalties against the Insurer, any Insured, Co-insured, Joint Insured or Affiliate, or any Insured Vessel.

Whenever coverage extended by the Insurer under the Contract of Insurance evidenced by a Certificate of Insurance would be for any carriage, trade, voyage or other activity that would violate economic sanctions laws applicable to the Insured, Co-insured, Joint Insured or Affiliate or any Insured Vessel, or that could lead to the imposition of sanctions or other penalties against any Insured, Co-insured, Joint Insured or Affiliate or Insured Vessel under any economic, financial or trade sanctions administered by any state or international or supranational organization, coverage shall not extend to or shall cease to extend to such carriage, trade, voyage or other activity and be null, void and of no effect. In cases involving trade with or voyages to, from or within countries or territories subject to economic sanctions, to the extent permitted by applicable law(s) and these General Terms, the Insurer may, in its absolute discretion, confirm the availability of cover only after disclosure by the Insured to the Insurer of all relevant facts and information concerning the subject carriage, trade, voyage or other activity.

Without prejudice to the generality of the provisions contained in these General Terms, in the event that the Insurer is unable to recover from any reinsurer whatsoever such reinsurance contributions to any claim, loss or expense to which such reinsurance may pertain and for which the Insurer would otherwise be liable to the Insured

under these General Terms, by reason of the said reinsurer being prohibited from making any such payment to the Insurer under any economic, financial or trade sanctions administered by any state, or international or supranational organization having jurisdiction over the said reinsurer, the liability of the Insurer for such claim, loss or expense shall be limited to that sum which the Insurer is itself lawfully permitted to pay and shall not extend to any amount which it is unable to recover from any reinsurer for the reasons set out above.

Further Exclusions

Preclusion of / exclusion from cover of Voyages involving countries subject to sanctions.

Notwithstanding anything to the contrary contained in these General Terms or in any contract of insurance, Certificate of Insurance, schedule of additional terms thereto or Endorsement or variation thereto, coverage hereunder shall not include or, as the case may be, shall terminate and cease to include:

- (1) any voyage or service to, from or within any countries or territories subject to any sanction, prohibition, penalty or other adverse action in any form whatsoever by any State or international or supranational organization, including in the territorial waters of any countries subject to sanctions, of any vessel otherwise insured hereunder;
- (2) any trade, carriage or activity that could cause the imposition of any sanction, prohibition, penalty or other adverse action in any form whatsoever by any State or international or supranational organization, including US/EU/UK or UN sanctions, against the Insured, Co-insured, Joint Insured or Affiliate, or an Insured Vessel.