

COASTAL POLICY WORDING

PROTECTION AND INDEMNITY

AND

HULL AND MACHINERY MARINE RISKS

TERMS AND CONDITIONS

General Information

All Insurances bound will be subject to the Terms, Conditions and Conditions Precedent to Cover as stated in the Schedule and the Policy wording.

Coastal Marine Services Ltd

Is a limited company registered in England under company number 5978224. The operational address is:

Coastal Marine Services Ltd
3 New Street
Chelmsford
Essex CM1 1NT

Tel: +44 (0) 1245 294111
Fax: +44 (0) 1245 294112
Email: marine@coastalms.com

Emergency After Hours Contact

Tel/Fax: +44 (0) 1245 471932
Mobile: +44 (0) 7900 210238

Coastal Marine Services Ltd is authorised and regulated by the Financial Conduct Authority (the 'FCA') registered number 524949 and may be found on the FCA Register at www.fca.org.uk

Our Security

Our Security is provided by Certain Underwriters at Lloyd's, London, the registered office is:

Lloyd's
One Lime Street
London EC3M 7HA

Tel: +44 (0) 207 327 1000
Web: www.lloyds.com

Lloyd's of London are regulated by the Financial Conduct Authority (the 'FCA')

Customer Complaints Procedure

In the event of a complaint, in the first instance please contact your broker.

We will send you and/or your Broker written acknowledgement of your complaint by close of business of the following business day after its receipt, giving the name or job title of the individual handling the complaint for us.

If we are able to provide a final response by close of business of the following business day after receipt of a complaint we may combine our acknowledgement of the complaint with the final response.

We will, within four weeks of receiving your complaint, send you and/or your broker either:

- A final response or
- A holding response, which explains why we have not been able to respond as yet

We will by the end of eight weeks after receipt of your complaint, send you and/or your broker either;

- A final response or
- A holding response, which explains why we have not been able to respond as yet

If you remain dissatisfied with our response, you may refer your complaint to the Financial Ombudsman Service (FOS) and must do so within six months to be eligible. You can contact the FOS by telephone on 0845 080 1800 and further information is available at <http://www.financial-ombudsman.org.uk/>

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Tel: +44 (0) 207 964 1000
Fax: +44 (0) 207 964 1001

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Tel: +44 (0) 207 066 1000
Fax: +44 (0) 207 066 1099

Complaints Dept.
Lloyd's
One Lime Street
London
EC3M 7HA

Tel: +44 (0) 207 327 5693
Fax: +44 (0) 207 327 5225
Email: complaints@lloyds.com

Compensation Scheme

Lloyd's Underwriters are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if a Lloyd's Underwriter is unable to meet its obligations to you under this contract. If you are entitled to compensation under the Scheme, the level and extent of the compensation will depend on the nature of this contract. Further information about the Scheme is available from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU (and on their website www.fscs.org.uk).

Claims and Enquiries

In the event of a claim, in the first instance please contact your broker or notify Coastal Marine Services Ltd at the above address as soon as you become aware of any circumstance that may give rise to a claim being made against you or the vessel and for which there may be liability under this insurance.

Enquiries of any nature should be addressed to Coastal Marine Services Ltd.

Several Liability Clause:

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

LSW 1001

or

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA5096 (Combined Certificate)

DEFINITIONS

In these Terms and Conditions the following words and phrases will have the following meanings unless the context otherwise requires.

Assignment and Subrogation

The right of the Insurer to 'step into the shoes of the Assured' when a loss has been paid under the Policy and to take over all rights that the Assured may have to claim against a third party.

Assured

The Assured named in the Policy.

Beneficial Ownership

The right to receive the benefit of an asset even though legal title belongs to another person.

Clause

References in Section 1 and Section 2 to numbered Clauses are references to Clauses in the same Section unless stated otherwise.

Container

Containers constructed in accordance with the recommendations of the International Standards Organisation and complying with the requirements of the International Convention for Safe Containers, 1972, as amended.

Consequential Loss

An indirect loss that is not directly caused by the occurrence of a risk that is insured under the Policy.

Crew

Any person (including apprentices but not the Master and any persons operating for nominal pay) working under a written contract of employment or contract of service to work on board the Insured Ship including a substitute for that person and also those persons whilst proceeding to or from the Insured Ship.

Deviation

An alteration to the contractually agreed voyage or adventure which deprives the Assured of the right to rely on a defence, exemption or right to limitation which would otherwise have been available to them.

Hague/Hague-Visby Rules

The International Convention for the Unification of Certain Terms and Conditions Relating to Bills of Lading signed at Brussels on 25th August 1924 as amended by the rules of conduct to that Convention signed at Brussels on 23rd February 1968.

Hamburg Rules

United Nations Convention on the carriage of goods by sea, 31st March 1978

Insurer

The Insurer named in the Policy.

Insured Ship

The ship named in the Policy as being insured under its terms

Joint Assured

The term Joint Assured has the meaning given to it in Clause 2.

Jointly and Severally

Where there are Joint Assureds, if one Joint Assured fails to pay any amount due under the Policy the remaining Joint Assureds are each liable for the full amount outstanding.

Lien

The right to keep possession of something owned by someone who owes a debt, until the debt has been settled

Master

The Master of an Insured Ship or substitute working under a written contract of employment or service to work on board the Insured Ship.

Passenger

A person carried on board an Insured Ship by virtue of holding a passenger ticket.

Personal Effects

Clothes, documents, navigational or other technical instruments and tools but excluding cash, valuables or any articles which in the opinion of the Insurer are not an essential requirement for the Master or a member of the crew as the case may be.

Policy

The document that sets out the terms of the contract of insurance between the Insurer and the Assured. The terms of the Policy comprise the Terms and Conditions in Section 1, the Risks Covered set out in Section 2 and all further terms as are set out in the Policy and in any Endorsement to it.

Policy Period

The period of twelve (12) months from the start of cover at the time and date stated in the Policy or that other period as is stated in the Policy.

Premium

The sum payable by the Assured to the Insurer for providing cover.

Proper Value

The value for which an Insured Ship should be insured to reflect its market value. The market value is to be determined on the basis that the Hull and Machinery and/or Excess Liability policies of the Insured Ship have been the subject of periodic review in the light of market conditions, so that the total amount of cover provided by those policies is maintained at all times at a figure which is as near as possible to the equivalent of the free uncommitted market value of the Insured Ship, but in no event less than the aggregate of the limits of liability set out in the International Convention relating to the Limitation of Liability of Owners for Marine Claims, 1976, and any revisions.

Punitive or Aggravated Damages

Damages exceeding simple compensation for losses suffered by an injured party.

Ship

The term ship, whether referring to the Insured Ship or a ship proposed to be insured by the Insurer will mean any ship, boat, hovercraft or other description of vessel (even when still under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part of or any proportion of the tonnage or any applicable share.

Ship Manager

A manager or other managing agent acting on behalf of the owner of an Insured Ship.

Standard Clauses regarding Hull and Machinery Risks

The standard clauses covering Hull and Machinery risks as incorporated in Section 2, Clause 1 and are referred to in the Policy. In the event of an irreconcilable contradiction or inconsistency between the provisions of Section 1 and Section 2 of the Policy, and the Standard Clauses regarding Hull and Machinery Risks as may be incorporated in relation to Section 2 Clause 1 in the Policy, the provisions of Section 1 and Section 2 will prevail.

Subrogation – see Assignment and Subrogation

Sue and Labour

Any expenses incurred by the Assured to avert or minimise a loss that would give rise to a claim under the Policy

Supernumerary

A relative of the Master or of a member of the crew, or any other person whom the Assured has agreed to maintain or carry on board an Insured Ship (except a passenger) including persons engaged under a contract of employment or contract of service for nominal pay.

Terms and Conditions

The Terms and Conditions in Section 1, Section 2 and any terms and conditions stated in the Policy.

Tonnage

The gross tonnage of the Insured Ship as certified or stated in the Certificate of Registry or other official documents relating to the registry of the Insured Ship and 'tonne' refers to the unit of the tonnage.

Writing will include facsimile, telex, printing, typewriting, lithography and any other permanent mode or modes of representing or reproducing words in a visible form and includes e-mail.

Words meaning the singular will include the plural and vice versa.

Words meaning the masculine will include the feminine and vice versa.

Words meaning persons will include bodies corporate and vice versa.

SECTION A
PROTECTION AND INDEMNITY
TERMS AND CONDITIONS

SECTION 1 – TERMS AND CONDITIONS OF COVER

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Subject to all the terms and conditions set out in the Policy, the Insurer agrees to insure the Assured against the risks set out in Section 2, where the Assured incurs liability, loss or expense (including legal costs) arising from an event occurring during the Policy Period by reason of its interest in an Insured Ship, provided that the Assured is only insured to the extent that it has paid the loss or expense incurred.

1. Terms of Cover

- 1.1 Any party that wishes to obtain insurance regarding a ship for Protection and Indemnity and/or Hull and Machinery Cover must apply on the Proposal Form currently in use by the Insurer giving all relevant information and any other information requested by the Insurer.
- 1.2 Any information given in the Proposal Form and any other information given in the course of applying for insurance will be used when considering whether to agree to insure the Assured. The Assured's cover under the Policy may be adversely affected if all information provided by the Assured is not a fair presentation of the risk or is not true and complete.
- 1.3 The Insurer may agree to insure an Assured regarding a ship without receiving a Proposal Form. If the Insurer does this, it will be a condition that the Assured submits a Proposal Form as described in Clause 1.1 within thirty (30) days of the start of the Policy Period. Once the Proposal Form has been received the the Insurer may:
 - 1.3.1 confirm cover on the terms set out in the Policy;
 - 1.3.2 offer cover on different terms, which the Assured must agree in writing within seven (7) days of receipt, otherwise cover will be considered to have been not taken up after that seven (7) day period;
 - 1.3.3 cancel cover by giving seven (7) days' notice in writing to the Assured.
- 1.4 As soon as reasonably possible after accepting any application for insurance the Insurer will issue a Policy document which will state:
 - 1.4.1 that the Insured Ship is insured;
 - 1.4.2 the name and address and contact details of the Assured;
 - 1.4.3 the risks for which the Insured Ship is insured by reference to Section 2 and any other risks as may be set out in the Policy;
 - 1.4.4 the date and time when the insurance of the Insured Ship starts;
 - 1.4.5 the Premium payable regarding the Insured Ship.
- 1.5 The terms and conditions upon which a ship is insured, including the nature and extent of the risks covered and the contribution or deductible payable by the Assured, will be set out in the terms and conditions in this Section 1 and Section 2 of the Policy Schedule.
- 1.6 If at any time the Insurer and the Assured agree to change the terms and conditions of the Policy the Insurer will issue an Endorsement giving details of changes and the date and time from which they are effective.
- 1.7 The Insurer may agree to provide cover by way of reinsurance, in which case the terms Assured and Insurer in the Policy will be read as the Reassured and Reinsurer respectively.

2. Joint Assureds

- 2.1 If insurance is provided by the Insurer in the name of more than one party, they will be considered to be Joint Assureds. Joint Assureds will be jointly and severally liable to pay Premium due to the Insurer.

- 2.2 If an application for insurance is made regarding two or more ships forming part of a fleet through a Ship Manager which would not have been available to the ships separately, it may be accepted on the understanding that the Ship Manager will also sign the Proposal Form and will be considered a Joint Assured.
- 2.3 Applications for insurance may be made where a ship within the fleet is subject to Beneficial Ownership. The Insurer will deal with the insurance of these ships on a fleet basis and not individually. Each Assured will be Jointly and Severally responsible for paying the Premium or other amounts due to the Insurer in respect of all Insured Ships in the fleet, and the Ship Manager will also sign the Proposal Form and be considered a Joint Assured.
- 2.4 If any Joint Assured receives any payment from the Insurer, this will be considered to be a payment made in full to all Joint Assureds and will release the Insurer from any further liability in relation to the payment.
- 2.5 Failure by any Joint Assured referred to in Clause 2.2 or Clause 2.3 to provide material information which was or ought to have been known by that Joint Assured or provides false information, will be considered to have been a failure to disclose or provide this information by all Joint Assureds.
- 2.6 Deliberately or recklessly providing a false statement of fact or failing to disclose relevant facts by or on behalf of any Joint Assured which would have entitled the Insurer to avoid the Policy or to refuse to cover the Joint Assured will be considered the actions of all Joint Assureds.
- 2.7 Unless the Insurer has agreed in writing, the contents of any communication from or on behalf of the Insurer to any Joint Assured will be considered to have come to the knowledge of all Joint Assureds. Any communication from any Joint Assured to, or intended for, the Insurer will be considered to have been made with the full knowledge, approval and authority of all Joint Assureds.
- 2.8 The Insurer will not under any circumstances be liable for any costs or expenses arising in connection with any claims or disputes between Joint Assureds. If the Insurer incurs any costs in connection with those claims or disputes, the Insurer will be entitled to reimbursement from the Joint Assureds concerned.
- 2.9 Any limit of the Insurer's liability under the Policy will be considered the total amount payable under the Policy to all Joint Assureds. The claims of the registered owner of the Insured Ship will be paid first in full, and any balance up to the Policy limit will be shared equally among the remaining Joint Assureds.
- 2.10 If the cover of any Joint Assured is cancelled in accordance with Clause 22 of the Policy the cover of all Joint Assureds will be cancelled at the same time.
- 2.11 If the insurance of any Joint Assured ends in circumstances other than in relation to Clause 22 of the Policy, the Insurer will be entitled to treat the insurance of all Joint Assureds as ending at the same time, or to offer to continue the insurance in respect of some or all of the remaining Joint Assureds on other terms as the Insurer sees fit.

3. Payment of Premium

- 3.1 Premium will be payable in instalments and on dates that the Insurer specifies. No claims of any kind will be off-set against any Premium or other sum or will entitle any person to withhold payment of any sum due to the Insurer.
- 3.2 The Insurer may at any time require that security be provided by the Assured for the payment of Premium or other amounts due under the Policy in the form of a bank guarantee from a bank acceptable to the Insurer and under a wording agreed by the Insurer.
- 3.3 The insurance provided under the terms of the Policy is a contract of marine insurance. The Assured accepts that the Insurer has the right to enforce a maritime lien for any outstanding debt due under the Policy until it has been settled. The maritime lien may be executed by any competent court in any country having general admiralty and maritime jurisdiction.
- 3.4 If any Premium or part of it, or any other sum due from the Assured under the Policy is not paid on or before the date specified for payment, the Assured may be required to pay interest on the amount owing from and including the due date at the Bank of England Prime Lending Rate ruling at the date specified for payment.

4. Survey of Ships

- 4.1 The Insurer may at any time during the Policy Period appoint a surveyor or similar person to inspect an Insured Ship. The Assured will allow an inspection and will promptly comply with any requirements which may be imposed following the inspection, within the timeframe set. The cost of the survey is to be agreed between the Assured and Insurer.
- 4.2 An Assured who does not comply with Clause 4.1:
- 4.3 will not be entitled to any payment from the Insurer regarding any claim caused or occurring during the period in which the Assured is in default, until the Assured has complied with its obligations in relation to Clause 4.1 and the Insurer has been notified; and
- 4.4 the Insurer may cancel cover by giving seven (7) days' notice to the Assured in writing.
- 4.5 The Insurer may require that a survey be carried out by a surveyor approved by the Insurer, but paid for by the Assured, if so this will be detailed in the Policy Schedule at inception of cover. The survey is to be carried out within thirty (30) days of the start of the Policy Period. Any requirements set by the surveyor are to be complied with by any deadline set by the surveyor. If the Assured fails to arrange a survey within thirty (30) days, or fails to comply with the requirements set within any deadline given by the surveyor, the Insurer will be under no liability and cover under the Policy will cease immediately.

5. Assignment and Subrogation

- 5.1 No party will transfer their cover with the Insurer or its rights under the Policy:
- 5.1.1 to any Charterer, or
- 5.1.2 to any other person except in accordance with Clause 5.3.
- 5.1.3 No such allocation will bind the Insurer in any way
- 5.2 No benefit of this cover will pass to any other person through substitution from one person to another.
- 5.3 No transfer of any interest under the Policy will have any effect unless the Assured has notified the Insurer in writing, identifying the person to whom they intend to transfer the interest and their address and the Insurer has approved the transfer in writing. If the Insured fails to comply with this Clause, the Insurer will be entitled to cancel the Policy by giving fourteen (14) days' notice in writing to the Assured and the person they have purported to transfer the interest to. The Insurer will be entitled, in settling any claim presented, to deduct or retain the amount sufficient to discharge any remaining liability of the Assured.
- 5.4 When a claim is paid by the Insurer they will become entitled to exercise all rights to act against any third party in order to recover the claim paid. The Assured will do all that it can in order to assist the recovery of this claim, by providing all necessary information and allowing the Insurer to use its name in legal proceedings where necessary.
- 5.5 The Assured will, if requested by the Insurer, execute a formal assignment or deed of assignment in order to assist the recovery of subrogated claims.

6. Requirements regarding Claims

- 6.1 It is a condition that the Assured complies with the requirements in Clauses 6.1.1 – 6.1.7.
- 6.1.1 Every claim or circumstance which may give rise to a claim will be notified to the Insurer immediately. If the Insurer is not notified in writing within one year after the date of the incident, the Insurer will not be liable for the claim under the Policy.

- 6.1.2 The Assured will promptly notify the Insurer of every survey or opportunity to survey in connection with any claim or circumstance which may give rise to a claim. In the event of a grounding incident, this must be within 72 hours of the incident occurring.
- 6.1.3 The Assured will allow the Insurer to examine and take copies of any information or documents relevant to the claim.
- 6.1.4 The Assured will allow the Insurer to interview any person who may have knowledge of the facts of the claim whether employed by them before, at the time of or after the incident.
- 6.1.5 The Assured will not, without the prior written consent of the Insurer, compromise or admit liability for any claim.
- 6.1.6 The Insurer will have the right to control the conduct of any claim or other proceedings relating to any liability which the Assured is responsible for and which is covered under the Policy. The Insurer has the right to settle the claim without the consent of the Assured.
- 6.1.7 The Assured will not wilfully or negligently withhold any relevant information and will not make any false statement to obtain payment of any claim or the support of the Insurer in any matter, nor will the Assured cause or knowingly allow any other person to do so.

7. Appointment of Lawyers and Advisors

- 7.1 Without affecting any of their rights, the Insurer may at any time appoint, on behalf of the Assured, lawyers, surveyors or other persons (whether or not those persons have already been appointed by the Assured) to deal with any matter which may give rise to a claim under the Policy. The Insurer may discontinue these appointments at any time.
- 7.2 Expenses and fees incurred will only be payable on condition that all lawyers, surveyors and others are appointed with the prior consent of the Insurer,
- 7.3 All lawyers, surveyors and others appointed by the Insurer or by the Assured with the prior consent of the Insurer will be considered to be appointed and employed on terms:
 - 7.3.1 that (without affecting their right to stop working on the claim for any other reason) they will be entitled to stop working on the claim if either the Insurer or the Assured requests it, or if any of them considers that a conflict of interest has arisen or may arise between the Assured and the Insurer;
 - 7.3.2 that they may report to the Insurer without first notifying the Assured;
 - 7.3.3 that they are to produce to the Insurer without first notifying the Assured, any document or information in their possession or power relating to the case as if that person had at all times been acting on behalf of the Insurer, even if that material would be the subject of legal or any other form of privilege against the Insurer.

8. Classification Of Insured Ships

- 8.1 There will be no cover under the Policy if:
 - 8.1.1 at the time of the claim, the Insured Ship is (or has been at any time prior to the incident) not fully classed by a Classification Society or other organisation approved by the Insurer, and/or
 - 8.1.2 the Assured has failed to comply with all the rules, recommendations and requirements of that Classification Society or Organisation,

unless the Assured has obtained prior written approval of that cancellation or failure from the Insurer.

9. Consequential Loss, Interest and Deductibles

- 9.1 In no circumstances will the Assured be entitled to be paid interest on any claim or to recover any loss of profit, or any other consequential financial loss.
- 9.2 Claims will be limited to the amount for which they exceed the agreed deductible and will always be subject to the limits of liability. Deductibles applied to claims will be on the basis agreed between the Assured and the Insurer. Provided the Insurer does not state otherwise, the deductibles will apply regarding any renewal on expiry of the Policy Period.

10. Sue and Labour

- 10.1 Upon the occurrence of a claim it will be the duty of the Assured to take all reasonable steps in order to prevent or minimise any liability, loss or expense.
- 10.2 The Assured will act as a competent and sensible uninsured owner in these circumstances.
- 10.3 If the Assured commits any breach of its obligations under Clause 10.1 and/or 10.2, they will be covered under the Policy only to the extent as though they had complied with these Clauses.

11. Off-Set

- 11.1 Without affecting any other terms of the Policy, the Insurer will be entitled to off-set any amount due from the Assured to the Insurer against any amount due to the Assured from the Insurer.
- 11.2 No claim by the Assured may be off-set against any Premium or other sums nor will any claim entitle the Assured to withhold or delay payment to the Insurer.

12. Provision of Security

- 12.1 The Insurer may agree to provide security on behalf of the Assured on the terms as it may require. Unless otherwise agreed in writing, the Insurer will be entitled to a commission of one percent (1%) per annum of the amount of the security provided. The provision of bail or security will not be considered to be an admission of liability by the Insurer for the claim for which the security is given. Where security is provided, the Insurer may require the Assured to provide reimbursement or a third party guarantee.
- 12.2 No costs or expenses incurred by the Assured in order to obtain the release or prevent the arrest of an Insured Ship will be payable by the Insurer.

13. Unusual Voyages

In the event of the Insured Ship sailing (with or without cargo) with an intention of being broken up or being sold or prepared for breaking up, or for any purpose other than normal trading activities, no claim occurring after that sailing will be payable unless prior notice has been given to the Insurer in writing, any amendment to the Policy or additional Premium has been agreed and paid by the Assured, and any requirement for the conduct of a survey and any subsequent recommendations have been complied with.

14. Other Insurances

Where the Assured is insured under any other insurance policy in respect of a risk insured under this Policy, the Insurer will only pay any claims recoverable under this Policy in excess of all other insurances.

15. Imprudent or Improper Trades

There will be no cover regarding any liabilities involving or resulting from an Insured Ship carrying contraband, blockade running, being employed in unlawful trade or performing any voyage or being employed in any carriage, trade or voyage which was unwise, unsafe, unduly hazardous or improper.

16. Conditions Precedent to Cover, Classification and Statutory Requirements

16.1 Unless otherwise agreed in writing between the Assured and Insurer the following will apply:

16.1.1 it is a condition precedent to cover that every Insured Ship and its cargo will be properly documented and will not carry false papers;

16.1.2 it is a condition precedent to cover that if a ship is insured on the basis that she is registered in a particular country and sails under a particular flag, she will remain registered in that country, sail under that flag and comply with those regulations, unless the Insurer has given their prior written consent;

16.1.3 it is a condition precedent to cover that every Insured Ship will remain fully classed with a Classification Society or organisation approved by the Insurer and will be crewed in accordance with its registry or flag and will comply with the laws and regulations relating to crewing in each port it visits;

16.1.4 unless the Insurer has given its prior written consent, it is a condition precedent to cover that the Assured will fully comply with all rules, recommendations and requirements of its Classification Society or other organisation approved by the Insurer, and will promptly report to the Classification Society or other organisation and the Insurer any incident or condition:

16.1.4.1. that might result in the Classification Society or other organisation imposing a requirement or recommendation for repair or similar; and/or

16.1.4.2. that requires to be reported to the Classification Society or other organisation under its rules.

16.2 The Assured authorises the Insurer to inspect and copy information relating to the past or present class status of the Insured Ship and will confirm in writing when required that the Insurer is entitled to inspect and copy the records of the Classification Society or other organisation. Further :

16.2.1 it is a condition precedent to cover that the Insured Ship will be classed and maintained without any extensions or postponements of its survey dates;

16.2.2 the Assured will endeavour to comply with any recommendations made by the Classification Society or other organisation in relation to an Insured Ship immediately, and not during any period of grace that the Classification Society or other organisation may allow;

16.2.3 it is a condition precedent to cover that the Assured will comply with all statutory requirements of the flag state relating to the construction, adaptation, condition, fitment, equipment, crewing and documentation of the Insured Ship and will maintain the statutory certificates which are issued by that flag state; and

16.2.4 it is a condition precedent to cover that the Assured will comply with all the relevant requirements of the International Convention for the Safety of Life at Sea 1974, the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978, the International Safety Management Code, the International Convention on Standards of Training, Certification and Watchkeeping for Fishing Personnel 1995, any revisions to those Conventions or Codes, and any other Conventions, Codes of Practice or Regulations as may be adopted by the International Maritime Organisation and which may be in force from time to time.

17. Carriage of Radioactive Materials

- 17.1 Subject to Clause 17.2, there is no cover regarding any loss, damage, liability, expenses or costs arising out of or as a result of the emission of ionising radiation from, or the toxic, explosive or other hazardous properties of, nuclear fuels or radioactive products or waste carried in an Insured Ship, or the consequences of those substances being on board the Insured Ship.
- 17.2 Cover will extend to the carriage only of pure radio-isotopes which are used or are intended to be used for any agricultural, medical or scientific purposes. It is a condition that all those materials are listed in the International Maritime Dangerous Goods Code ("IMDG") and that it is carried in accordance with all the requirements of the IMDG Code and all the requirements of the International Maritime Organisation.
- 17.3 The Insurer may reduce the coverage given by Clause 17.2, or extend the coverage to those materials as it may approve in writing. The Insurer may also extend the coverage given by Clause 17.2 to individual consignments or cargo which would otherwise be excluded, on the terms as it thinks fit.

18. Radioactive Exclusion

- 18.1 This Clause will override anything to the contrary contained in the Policy. In no case will the Policy cover liabilities, losses, damages or expenses caused by or contributed to, by or as a result of:
- 18.1.1 Ionising radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion or decay of nuclear fuel;
- 18.1.2 The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component;
- 18.1.3 Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

19. Specific Exclusions

- 19.1 This Clause will override anything to the contrary contained in the Policy.
- 19.2 The Insurer will not be liable regarding any liabilities, losses, damages or expenses caused by or contributed to by:
- 19.2.1 war (actual or threatened), act of war, war-like operations, civil war, revolution, rebellion, insurrection, martial law, state of emergency, civil strife or any hostile act by or against a hostile power;
- 19.2.2 occupation by armed or unarmed fighting forces;
- 19.2.3 a person acting maliciously or in the name or under the influence of a political or terrorist organisation ;
- 19.2.4 capture, seizure, arrest, restraint or detainment (except for barratry and piracy), and the consequences of this action or attempted action ;
- 19.2.5 strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions;
- 19.2.6 confiscation or seizure;
- 19.2.7 mines, torpedoes, bombs, rockets, shells or similar weapons of war, provided that this exclusion will not apply to the use of the weapons, whether by Government order or with the agreement of the Insurer where the reason for that use is to reduce liability;
- 19.2.8 blockades or threatened blockades.

20. Cancellation of Insurance

20.1 The Assured's cover will end as a result of any of the following events:

20.1.1 if the Assured is an individual:

20.1.1.1 upon his death;

20.1.1.2 if a receiver is appointed in respect of his assets;

20.1.1.3 if a petition in bankruptcy or any proceedings of a similar nature are started against him inside or outside the United Kingdom, or he makes any proposal to or agreement with his creditors in order to reduce or restructure his debts;

20.1.1.4 if he is declared bankrupt ;

20.1.1.5 if he is declared incapable because of mental disorder of handling his property or affairs.

20.1.2 if the Assured is a corporation:

20.1.2.1 at the time of voluntary or compulsory winding up;

20.1.2.2 at the time of issue of any proceedings against them under any bankruptcy or insolvency laws;

20.1.2.3 at the time when any arrangement with its creditors is proposed;

20.1.2.4 upon starting proceedings under any bankruptcy or insolvency laws designed to obtain protection from its creditors;

20.1.2.5 at the time of an administrator or similar officer being appointed in respect of it;

20.1.2.6 upon possession of any of its property by or on behalf of a creditor third party to whom a debt is owed;

20.1.2.7 at the time of an order being made for the appointment of an administrator or similar officer;

20.1.2.8 upon the dissolution of the corporation.

20.1.3 Upon cancellation of cover under Clause 22.

20.2 Cover will cease under the Policy when any of the following events happens unless previously agreed in writing by the Insurer:

20.2.1 if the Assured parts with or transfers all or any part of its interest in the Insured Ship, whether by selling it or chartering it in any way;

20.2.2 if the Insured Ship is mortgaged or similar without a guarantee to pay all contributions due;

20.2.3 if any person having given a guarantee under Clause 20.2.2 fails to honour this guarantee;

20.2.4 in the case of cover being provided to an Assured in its capacity as a Time Charterer, if the time charter period ends or is terminated;

20.2.5 if cover is terminated in accordance with the terms of the Policy;

20.2.6 if the management or flag of the Insured Ship is transferred during the Policy Period;

- 20.2.7 if the Assured fails to provide a Bank Guarantee within fourteen (14) days as required under Clause 3.2.
- 20.3 Unless agreed in writing by the Insurer and subject to Clause 21 cover will be cancelled under the Policy in the event of whichever of the following events happens first:
 - 20.3.1 if the Insured Ship is missing for ten (10) days from the date she was last heard from or is posted as missing at Lloyd's,
 - 20.3.2 if the Insured Ship becomes an actual total loss or is agreed by the Hull Underwriters of the Insured Ship (whether of marine or war risks) to be a constructive total loss or a compromised total loss,
- 20.4 if the Hull Underwriters of the Insured Ship (whether of marine or war risks) make a payment to the Assured regarding an unrepaired damage claim which exceeds the market value of the Insured Ship at that time.
- 20.5 After the occurrence of any of the events or circumstances listed in this Clause the Insurer may continue the insurance of the Insured Ship by imposing additional terms and conditions.
- 20.6 If any of the events specified in Clause 20.1, Clause 20.2 or Clause 20.3 occurs (provided that notice in writing is given to the Insurer within one month), the Assured will only have to pay the Premium for the relevant Policy Period calculated on a proportional basis.
- 20.7 The Insurer will remain entitled to charge Premium in respect of any former Assured as though it remained an Assured, but only as regards the Policy Period for which it was insured.

21. Termination or Cancellation Other Than Under Clause 22

- 21.1 Where cover regarding any or all Insured Ships is cancelled other than for non-payment under Clause 22:
 - 21.1.1 if the cancellation is caused by the death of an individual Assured, the Insurer will remain liable for claims which occurred prior to the death;
 - 21.1.2 if the cancellation is caused by circumstances described in Clause 20.3, the Insurer will remain liable regarding liabilities arising from the actual or constructive total loss;
 - 21.1.3 any interested party will be liable for all Premiums and any other sums payable except where Clause 20.5 applies.
- 21.2 Where the Policy has expired, the Assured will be entitled to pursue a claim in respect of a loss that occurred during the Policy Period.

22. Cancellation For Non-Payment

- 22.1 If, within the timeframe set out, the Insurer has not received payment in full of Premium or any other amount due from the Insured under the Policy, the Insurer may give the Assured notice in writing:
 - 22.1.1 referring to this Clause;
 - 22.1.2 requiring the Assured to pay any outstanding amounts within seven (7) days; and
 - 22.1.3 informing the Assured that if it fails to pay the outstanding amount in full on or before the specified date, cover will be cancelled on that date without further notice, the Insurer will not be liable for any claims under the Policy, and any Premium already paid will be non-refundable.
- 22.2 If an Assured fails to make payment in accordance with any notice issued under Clause 22.1, cover will be cancelled as specified in that notice and Clause 22.3 will apply.

- 22.3 Where cover is cancelled under clause 22.2, the Insurer will not be liable for any claim or other amount payable under the Policy that has not been paid by the Insurer before the date of cancellation, including (to avoid any doubt):
- 22.3.1 any claim arising from an event which occurred before the date of cancellation, including during any previous Policy Periods; or
 - 22.3.2 any claim arising from an event occurring after the date of cancellation; or
 - 22.3.3 any claim on which the Insurer may have made a payment or accepted liability or appointed any lawyers, surveyors or other person to deal with the claim; or
 - 22.3.4 any claim which the Insurer knew prior to the date of cancellation might or would arise.
- 22.4 When the Assured's Policy has been cancelled in accordance with Clause 22.1 and Clause 22.2:
- 22.4.1 in relation to the Policy Period, all Premium and other sums payable regarding the Policy Period will be payable proportionally to the period up to the date of cancellation,
 - 22.4.2 in relation to any Policy Period before the cancellation, all Premium and other sums due to the Insurer will be payable in full and non-returnable.
- 22.5 This Clause will apply to a person who was, but is no longer, an Assured

23. Forbearance

No actions by the Insurer in enforcing the Terms and Conditions of the Policy, or the granting of time to any person to take any action, will affect any of the rights of the Insurer. The Insurer will be able to insist at all times on the application and enforcement of all of the Terms and Conditions of the Policy.

- 23.1 Cover will not be terminated by the Assured except with the written consent of the Insurer.
- 23.2 The Assured will be under a duty to disclose to the Insurer all relevant facts in connection with any renewal of the Policy.

24. Limitation of Liability

- 24.1 The liability of the Insurer will not under any circumstances exceed the limit of liability set out in the Policy even if any law, statute or other provision with legal effect provides otherwise.
- 24.2 If the Assured is not the registered owner, demise charterer, manager or operator of the Insured Ship, the Assured will be considered to be entitled to all the limitations of liability which would apply against third parties as if it were the registered owner of the Insured Ship and was entitled to limit its liability accordingly.

25. Oil Pollution Limitation

- 25.1 Subject to Clause 25.2 and Clause 25.3 below, the Insurer's liability for any and all claims regarding damage by oil pollution will be limited to the amount stated in the Policy.
- 25.2 The limit of the Insurer's liability will apply regardless of whether the incident involves the actual or possible escape of oil from one or more Insured Ship(s) and to all claims brought by the Assured regarding the incident. If the total payable amount of the claims exceeds that limit, the liability of the Insurer will not exceed the limit of liability set out in the Policy.
- 25.3 If the Insured Ship provides assistance to another ship following a casualty, a claim by the Assured regarding oil pollution as a result of that assistance will be combined with any claims regarding oil pollution by any other ships assisting the same casualty that are insured by the Insurer regarding oil pollution. In these circumstances the total

liability of the Insurer regarding the incident will not exceed the greatest limit of liability applying to any of the individual ships involved.

26. Terms of Cover

- 26.1 Cover will begin at the time and date stated in the Policy, will continue for twelve (12) months (the Policy Period), unless stated otherwise.
- 26.2 The Insurer may at any time end cover by giving seven (7) days' notice in writing to the Assured, and pro rata return of premium may be applicable
- 26.3 Cover will not be ended by the Assured except with the written consent of the Insurer.
- 26.4 The Assured will be under a duty to disclose to the Insurer all relevant facts in connection with any renewal of the Policy.

27. Exclusion of Risks Covered By Hull and Machinery and Other Policies

There is no cover regarding any risks and liabilities, costs or expenses if at the time of the incident the Insured Ship was:

- 27.1 fully insured under a Hull policy based on Lloyd's Marine Policy with Institute Time Clauses – Hulls 1.10.83 or 1.11.95 attached with no deductible applicable, or
- 27.2 fully insured against war risks based on Lloyd's Marine Policy with the Institute War and Strikes Clauses Hulls – Time 1.11.95 attached with no deductible applicable.

28. Abandonment

In the event of an Insured Ship becoming an actual or constructive total loss, the Insurer will, subject to the Hull Underwriters' rights, be entitled to require the Assured to abandon the Insured Ship to the Insurer or to the other person as the Insurer may advise and, if the Assured does not abandon the Insured Ship, the Insurer will not be responsible for any claim that could have been avoided by so doing.

29. Excluded Risks

- 29.1 There is no cover against:
 - 29.1.1 loss or damage to the Insured Ship, or loss or damage to any navigational equipment, tackle, furniture, fittings, lashings, containers and stores of fuel and lubricating oils or any other property which is not being carried on the Insured Ship under a contract of carriage by sea,
 - 29.1.2 the cost of the repair of the Insured Ship (except where this forms part of cargo's or ship's proportion of General Average expenditure payable under Section 2 Clause 21 or Section 2 Clause 22),
 - 29.1.3 loss of freight or hire relating to the Insured Ship (except where this forms part of the measure of damages payable by the Assured under Section 2 Clause 19),
 - 29.1.4 salvage of the Insured Ship (except life salvage or where salvage forms part of General Average expenditure payable under Section 2 Clause 10, Section 2 Clause 21 or Section 2 Clause 22),
 - 29.1.5 loss as a result of the cancellation of a charter or other engagement of the Insured Ship,
 - 29.1.6 bad debts;
 - 29.1.7 fraud committed by any person including agents,

- 29.1.8 failure to load or discharge the Insured Ship within the time agreed,
- 29.1.9 the cost of taking passengers to their destination or returning them to their port of embarkation as a result of a casualty to the Insured Ship,
- 29.1.10 punitive or aggravated damages.
- 29.1.11 while engaged the Insured Ship is engaged in fishing or fish processing, any
 - 29.1.11.1 costs, liabilities and expenses arising from the Insured Ship fishing in prohibited waters or engaging in unlawful fishing,
 - 29.1.11.2 claim for loss of, or damage to, the nets and gear of the Insured Ship,
 - 29.1.11.3 claim for loss of, damage to, or liability, when caused by the nets and gear,
 - 29.1.11.4 claim in connection with cargo and/or catch whether onboard or not

29.2 The Insurer will be under no liability for any claim regarding;

- 29.2.1 an Insured Ship which is a salvage tug, fire-fighting ship or other ship used or designed or intended to be used for salvage operations, arising from any salvage operations or attempted salvage operation,
- 29.2.2 an Insured Ship which is used for operations of drilling, core sampling, oil production or gas production, when the claim arises from this operation,
- 29.2.3 an Insured Ship which is a dredger, when the claim arises from dredging operations,
- 29.2.4 an Insured Ship which is used for the operations of pile driving, pipe or cable laying or blasting, when a claim arises from those operations,
- 29.2.5 an Insured Ship which is designed for or involved in operations below the surface of the sea.

unless the cover is agreed in writing in the Policy.

30. Notices

- 30.1 Subject to Clause 35, a notice to be served on the Insurer is considered served by sending it through the post in a pre-paid letter or by sending it by facsimile or email addressed to the Insurer at its address for the time being.
- 30.2 A notice required to be served on the Assured may be served by sending it through the post in a pre-paid letter or by sending it by facsimile or email addressed to the Assured at the address shown in the Policy. In the case of Joint Assureds, notice will be served on the first Joint Assured named in the Policy and service will be considered to have been made on all Joint Assureds.
- 30.3 For the purpose of this Clause 30 where for any reason the Insurer does not know the address of the Assured, any notice will be considered to be properly served if served upon any representative who applied for the cover on behalf of the Assured.
- 30.4 Any notice or other document sent by post will be considered to have been served five (5) clear days after the letter was posted, first class.
- 30.5 Any notice sent by facsimile or email will be considered to have been served on the day it was despatched.
- 30.6 The successors, representatives, receivers, legal curators, trustees in bankruptcy or liquidators or any party who is or was at any time an Assured will be bound by a notice or other document served as above if sent to the last address of the Assured,

31. Insurance Act 2015

The Policy includes the provisions of the Insurance Act 2015 and any modification to it unless the modification has been excluded.

32. Right of Recovery

The Assured will be entitled to recover the amount of liability, loss or expense it has incurred regarding a risk or risks set out in Section 2 arising from an incident occurring during the Policy Period.

Provided that:

- 32.1 the Assured has first paid any cost or expense in full regarding any liability incurred to any third party but not by way of a loan; and
- 32.2 the liability of the Insurer will be in accordance with the Policy;
- 32.3 the limit of liability specified in the Policy will be inclusive of legal costs and expenses and, even if s.78(1) of the Marine Insurance Act, 1906 applies, inclusive of costs and expenses of suing and labouring. The total liability of the Insurer will in no circumstances exceed the limit of liability set out in the Policy;
- 32.4 no legal costs or expenses will be payable unless they have been incurred with the prior consent in writing of the Insurer.

33. Choice of Law

The Policy will be governed by and interpreted in accordance with the Law of England and Wales.

34. Recovery of Debts by the Insurer

The Insurer may start and continue proceedings against the Assured in the Commercial Court of the High Court of Justice of London, or any other competent Court of England and Wales to recover any sums or security for those sums which the Insurer may consider due to it by the Assured.

35. Service of Proceedings on the Insurer

Any notice of any legal proceedings may be served on the Insurer at Coastal Marine Services Ltd, 3 New Street, Chelmsford, Essex, CM1 1NT

36. Disputes and Differences

Subject to Clause 34, if any difference or dispute arises between the Assured and the Insurer it should first be referred to a mediator agreed by the Insurer and the Assured.

If mediation fails, the dispute will then be referred to arbitration in London. If the parties cannot agree upon a sole arbitrator then each of them will appoint their own arbitrator who in turn will appoint a further official to act as umpire.

The Tribunal may obtain the opinion of counsel or a solicitor on a point of law, and unless the Tribunal directs otherwise the costs of this process will form part of the costs of the award.

Arbitration will be subject to the Arbitration Act, 1996, and any statutory modification thereof. An Assured may only start proceedings other than an arbitration in order to enforce an award given by arbitration.

SECTION A

PROTECTION AND INDEMNITY

TERMS AND CONDITIONS

SECTION 2 – RISKS COVERED

1. Loss of Life, Personal Injury and Illness
2. Ancillary Expenses
3. Passengers
4. Supernumeraries
5. Repatriation
6. Substitutes
7. Shipwreck Unemployment Indemnity
8. Loss of Personal Effects
9. Distressed Seamen
10. Life Salvage
11. Collision Liability
12. Damage to Property
13. Non-Contact Damage
14. Removal of Wreck
15. Towage of an Insured Ship
16. Towage by an Insured Ship
17. Contracts of Indemnity
18. Quarantine
19. Loss of or Damage to Cargo
20. Collision Liability to Cargo Carried in an Insured Ship
21. Unpayable General Average Contributions
22. Ship's Proportion of General Average
23. Fines
24. Pollution
25. Legal Costs of Enquires

The Assured is covered regarding the risks set out in Section 2 which is to be read together with the Terms and Conditions set out in Section 1.

1. Loss of Life, Personal Injury and Illness

Damages, compensation, wages, maintenance, hospital, medical and funeral expenses for which the Assured is liable involving loss of life, personal injury or illness of:

- 1.1 the Master or a member of the crew of an Insured Ship;
- 1.2 any person on board any other ship;
- 1.3 any other person;

Provided always that:

- 1.3.1 in relation to a member of the crew or Master, nothing will be payable if the liability arises in accordance with the terms of a contract of employment or service or a crew agreement and would not have arisen but for those terms, unless the contract or agreement has been previously approved by the Insurer in writing;
- 1.3.2 nothing will be payable if the liability relates to a person other than a member of the crew or Master, unless they arise out of any negligent act or omission on board, or in relation to the handling of cargo from the time of receipt from the shipper or pre-carrier at the port it is taken on board, until delivery of that cargo to the consignee or onward carrier at the port where it is delivered;
- 1.3.3 there will be no payment under this Clause 1 arising from the Assured's liability under a contract of indemnity between the Assured and the injured party;
- 1.3.4 there will be no payment under this Clause 1 arising from the Assured's liability to supernumeraries or passengers;
- 1.3.5 there will be no payment regarding losses caused by human immunodeficiency virus or other sexually transmitted disease, or regarding any pre-employment medical deficiency or condition that could or should have been detected at the time of the member of the crew or Master's pre-employment medical examination.

2. Ancillary Expenses

The costs incurred by the Assured of the Insured Ship being in port due solely to a circumstance covered under Clause 1, confined to port charges and net losses regarding bunkers, insurance, wages of crew, stores and supplies incurred while securing medical attention or the evacuation of any person other than a passenger, or awaiting a replacement.

3. Passengers

Liability which the Assured incurs resulting from:

- 3.1 loss of life, personal injury or illness of a passenger (including medical, hospital, repatriation and funeral expenses) because of any act, or inaction of a member of the crew or the Master on board the Insured Ship, or in relation to the Insured Ship,
- 3.2 loss of or damage to passengers' baggage and personal possessions,
- 3.3 extra expenses as described in Clause 2 and which are incurred in landing an injured or sick passenger;

Provided that:

- 3.3.1 the passenger ticket will allow the Assured to limit its liability to the maximum extent permitted by the appropriate law and the Assured has , prior to inception, submitted copies of its passenger conditions included in its passenger ticket to the Insurer for approval;
- 3.3.2 the Insurer will not be liable for any payments made by the Assured over and above their legal liability. The Assured must prosecute and enforce any right of recovery they may have against the passenger if required to do so by the Insurer;
- 3.3.3 Claims relating to cash, a promise of money, precious or rare metals or stones, valuables or objects of a rare or precious nature will not be covered;
- 3.3.4 travel by air will not be covered;
- 3.3.5 any breach of immigration or health regulations, whether the fault of the passenger or otherwise will not be covered.

4. Supernumeraries (Any other persons onboard)

The Assured's liabilities regarding a supernumerary which would be covered under Section 2 Clause 1 if that supernumerary was a member of the crew,

Provided that (except in the case of a relative of the Master or of a member of the crew):

- 4.1 the Assured has obtained a suitable indemnity agreement protecting them from the result of the actions of supernumeraries and that this is first approved by the Insurer; and
- 4.2 the Assured has confirmed that the person giving the indemnity has suitable insurance to cover their obligations under the indemnity agreement.

And also provided that:

- 4.3 in cases regarding relatives of the Master or of a member of the crew, the Insurer has given prior written approval in relation to the agreement and insurance described in 4.1 and 4.2 above and the Assured has paid or agreed to pay an additional Premium if required.

5. Repatriation

- 5.1 repatriation expenses which are not payable under Clause 1 and are due to statutory obligations or a contract of employment or service or a crew agreement approved by the Insurer regarding the Master or a member of the crew; and
- 5.2 expenses incurred regarding a crew's entitlement to repatriation in accordance with Regulation 2.5 of the 2006 Maritime Labour Convention;
- 5.3 expenses which are incurred by the Assured in carrying out its statutory obligations towards stowaways or refugees or for the Master or a member of the crew who deserts or goes on strike,

Provided that:

- 5.3.1 there will be no recovery when the expenses result from the termination of employment or service either by mutual consent provided the correct notice is served. or by breach of any contract, or by choice of the Assured, or from the sale of the Insured Ship;
- 5.3.2 the Assured will take, or have taken, all steps permitted by law to recover the expenses from the Master, member of the crew, deserter, stowaway, refugee or from any other person, any insurer, or from any organisations concerned with those persons.

6. Substitutes

Expenses necessarily incurred in sending a substitute or in securing or engaging and subsequently repatriating a substitute to replace the Master or a member of the crew who has died or been left behind in consequence of illness, injury, desertion or any other cause, where liability for the expenses could not reasonably have been avoided;

Provided that:

6.1 there will be no recovery when the engagement of the substitute is because of the termination of employment or service either by mutual consent providing the correct notice is served, or by any breach by the Assured, or by choice of the Assured;

6.2 wages will only be payable as part of the expenses when payable to a substitute engaged abroad while awaiting or during repatriation.

7. Shipwreck Unemployment Indemnity

Wages or other payments payable to the Master or a member of the crew during unemployment because of the wreck or total loss of an Insured Ship, provided that they have been approved in advance by the Insurer.

8. Loss of Personal Effects

Compensation payable by the Assured approved by the Insurer regarding loss of or damage to personal effects of the Master or a member of the crew, on board an Insured Ship;

Provided that no payment will be made for theft of personal effects of the Master or a member of the crew.

9. Distressed Seamen

Expenses incurred by or chargeable to the Assured and approved by the Insurer regarding distressed seamen, where those expenses are not payable under any other Clause in Section 2, except those incurred because of the termination of a contract of employment or service, or by mutual consent, or by breach by the Assured, or resulting by choice of the Assured, or from the sale of the Insured Ship.

10. Life Salvage

Life salvage, but only if it is not payable under the Hull and Machinery policies or from cargo owners or their underwriters.

11. Collision Liability

Liability that the Assured is liable to pay to any other person in damages for loss of or damage to any other ship or to cargo or other property on board that ship, or delay or loss of use of that ship, or cargo on that ship, caused by collision with the Insured Ship,

11.1 in total up to one-fourth of the Assured's total liability which would be insured under the Hull policies referred to in Section 1 Clause 27, but is not by virtue of the three fourths collisions liability clause (being the one-fourth liability which is not covered under the Hull policies referred to in Section 1 Clause 27) or, if the Assured's actual Hull and Machinery policies exclude a smaller fraction than one-fourth, then that fraction is excluded, unless otherwise agreed and detailed in the Policy;

Provided that this liability is not payable under the Insured Ship's Hull and Machinery policy, and

11.2 in total the Assured's liability exceeds the sum insured under the Assured's actual policies on Hull and Machinery and Excess Liabilities and under Section 2 Clause 11.1, because the claim amount exceeds the sum insured under these policies;

Provided that:

if the Insurer considers that the valuation or sum insured under the policies on Hull and Machinery and Excess Liabilities may be less than the Proper Value, it will determine the Proper Value and the Assured will only be entitled to recover the excess of the amount had it been insured at that value; and

- 11.2.1 if both ships are to blame, then, unless the liability of the owner of one or both of them becomes limited by law, claims under this Clause will be settled upon the principle of cross liabilities;
- 11.2.2 the Assured will not be able to recover from the Insurer any deductible applicable under any policy covering the Assured regarding Hull and Machinery Risks and/or Excess Liabilities;
- 11.2.3 if a collision occurs involving two or more ships belonging to the same Assured, the Assured will be able to recover from the Insurer and the Insurer will have the same rights as if the ships had belonged to different owners.

12. Damage to Property

Liability which the Assured incurs for loss of or damage (including infringement of rights) caused by the Insured Ship to any harbour or anything whatsoever except another ship or cargo, or other property or cargo carried in the Insured Ship;

Provided that:

- 12.1 there is no recovery under this Clause regarding any expenses involving the Assured's liability under a contract of indemnity between the Assured and a third party;
- 12.2 if the expense relates to any property belonging to the Assured, the Assured will be entitled to recover from the Insurer, and the Insurer will have the same rights as if that property belonged to a third party, but only if that expense is not payable under any other insurance.

13. Non-Contact Damage

Liability which the Assured incurs:

- 13.1 for loss of or damage to any ship or cargo or other property caused by the wash of the Insured Ship;

Provided that:

- 13.1.1 if the loss or damage relates to any ship or cargo or property belonging to the Assured, the Assured will be entitled to recover from the Insurer, and the Insurer will have the same rights as if that property belonged to a third party, but only if that expense is not payable under any other insurance.
- 13.2 for delay caused to any other ship because of the Insured Ship causing an obstruction to a navigable waterway or berth.

14. Removal of Wreck

- 14.1 Liabilities, losses or expenses relating to the raising, removal, destruction, lighting or marking of the wreck of the Insured Ship when that raising, removal, destruction, lighting or marking is required by law, or the expenses are legally payable by the Assured;

Provided that:

- 14.1.1 the value of the Insured Ship or materials which are undamaged, or any compensation received from third parties, will be deducted from costs payable by the Insurer;

14.1.2 nothing will be payable by the Insurer if the Assured transfers its interest in the wreck (other than by abandonment to Hull Underwriters) before the raising, removal, destruction, lighting or marking of the wreck without the written consent of the Insurer.

14.1.3 nothing will be payable by the Insurer regarding lighting or marking of a wreck beyond a maximum period of two years, from the date of the incident.

14.2 liability which the Assured incurs regarding the raising, removal, destruction, lighting or marking of the wreck of another ship, where the sinking of that ship is determined to be the Assured's fault;

Provided that:

14.2.1 the liability of the Insurer regarding lighting or marking of a wreck will be for a maximum period of two years from the date of the incident.

15. Towage of an Insured Ship

Liability which the Assured incurs for:

15.1 the towage of an Insured Ship, providing that the Assured is not insured against this liability under the terms of the Insured Ship's Hull and Machinery policies

Provided that:

15.1.1 there is no cover if it was unreasonable to have arranged or agreed for the towage to be carried out, or if the towage were not the responsibility of the owner.

15.2 any other towage of an Insured Ship;

Provided that there will be no recovery unless:

15.2.1 the terms have been approved in writing by the Insurer prior to the start of the tow; and

15.2.2 the Assured has paid or agreed to pay any additional Premium which may be required by the Insurer.

16. Towage by an Insured Ship

Liability which the Assured is responsible for to pay damages under the terms of a contract of the towage of another ship by the Insured Ship;

Provided that:

16.1 the Insurer is informed at the start of cover that the Insured Ship is specially designed or converted for that purpose or that a conversion for the purpose to towage is to occur; and

16.2 considering all the circumstances;

16.2.1 the terms of the towage contract is reasonable, and

16.2.2 the Assured has paid or agreed to pay an additional Premium if required by the Insurer.

16.3 the Assured will not be entitled to be paid by the Insurer for any incident regarding the tow if the Insurer does not first agree in writing.

17. Contracts of Indemnity (The promise to compensate someone else for their loss)

Liability for loss of life or personal injury, excluding liability for any cargo intended, being, or having been carried , under a contract of indemnity between the Assured and:

- 17.1 stevedores or others employed in relation to the handling of the cargo;
- 17.2 the owners or operators of cranes or other appliances or craft used during the operations of loading or unloading;;
- 17.3 the owners or operators of harbours, docks, dry docks or canals,

Provided that:

- 17.3.1. the terms of the contract of indemnity have been approved in writing by the Insurer first; and
- 17.3.2. the Assured has paid or agreed to pay an additional Premium if required

18. Quarantine

Additional expenses directly due to an outbreak of infectious disease on board, or in relation to quarantine;

Provided that:

- 18.1 the additional expenses will be in relation to and limited to bunkers, insurance, wages of seamen, victualling, stores and port charges, but only if these additional expenses during any period of quarantine, are greater than any expenses which would have been paid anyway;
- 18.2 there will be no recovery of expenses where the Insured Ship is quarantined as a result of calling at a port where it is known or should reasonably have been known to be subject to quarantine.

19. Loss of or Damage to Cargo

Liability of the Assured for damage to, or loss or shortage of, cargo which has either been carried or is due to be carried because of the Assured's or their representative's lack of care.

Provided that:

- 19.1 if the Assured enters into a contract of carriage by sea (other than a contract of through carriage) when the Assured knows or ought to know it contains exemptions from liability less favourable to the carrier than the provisions of the Hague/Hague-Visby Rules, or the Hamburg Rules, any claim will be limited to the level which the Assured would have been liable for had the contract of carriage contained exemptions from liability as those contained in the Hague/Hague-Visby Rules or the Hamburg Rules
- 19.2 if the cargo is contracted to be carried in an Insured Ship including transit by land, water or air, either to or from the Insured Ship or stored on land or water, there will be no payment unless that contract has been approved first by the Insurer and any additional Premium has been paid or agreed;
- 19.3 no claim will be allowed regarding loss of or damage to objects of a rare or precious nature, bank notes, bonds or similar items, unless the contract of carriage and methods used have been approved first by the Insurer;
- 19.4 where cargo is carried under a bill of lading where the total value of the goods is to be taken into account, if the package has been stated to have a value of USD 1500 per unit (or equivalent in any other currency) as defined in the Hague/Hague Visby Rules then no claim will be allowed for an amount greater than this, unless the Assured has before shipment:
 - 19.4.1 notified the Insurer of the higher valuation; and

- 19.4.2 agreed to pay an additional Premium as the Insurer may require;
- 19.5 the Assured will not be able to make a claim in relation to the carriage of live animals unless the method of carriage has been agreed first by the Insurer and that the methods used comply with any regulations of the Flag State of the Insured Ship.;
- 19.6 the Insurer may at any time review the procedures of the Assured in relation to all aspects of the carriage of cargo when it is refrigerated or insulated. If the Insurer then removes its approval the Assured will not be able to make a claim in relation to the carriage of refrigerated or insulated cargo that commences after approval is withdrawn;
- 19.7 where the cargo being carried belongs to the Assured, the Assured will be able to make a claim and the Insurer will treat this claim as though the cargo belonged to a third party, provided that the claim would not be covered under another insurance;
- 19.8 the Assured will not be covered if there has been a change in agreed procedures or deviation except;
- 19.8.1 where the Insurer has been informed in writing of the deviation or at the earliest possible opportunity thereafter and that this has been confirmed in writing by the Insurer;
- 19.9 there is no cover regarding the Assured's liability:
- 19.9.1 if the cargo is unloaded at a place other than agreed in the contract;
- 19.9.2 if all or some of the cargo is unloaded late due to the late arrival of the Insured Ship;
- 19.9.3 if any relevant documentation is not produced and signed by the intended recipient of the cargo;
- 19.9.4 for any cost or expense regarding the issue of a bill of lading, waybill or other document recording the shipment on a date before or after the date on which the cargo was in fact loaded, shipped or received;
- 19.9.5 if any relevant documentation is incorrectly completed where the Assured or their representative knew or should have known this to be the case;
- 19.9.6 for cost or expense regarding delivery of cargo against only one of a set of original negotiable bills of lading, waybills or other documents carried on the Insured Ship during the transport of that cargo;
- 19.9.7 for cost or expense regarding any deck cargo carried unless the bill of lading, waybill or other document states that the cargo is carried on deck and that the Assured is free from liability for all loss or damage arising therefrom,
- This does not apply to cargo carried in containers which are fully enclosed in steel or aluminium.
- 19.10 if a contract has been agreed between an operator unloading or loading cargo and the Assured, where the operator of the machinery used for this purpose withdraws any responsibility for the safety of the cargo, this must be agreed in writing first by the Insured;
- 19.11 the Assured will be able to recover the extra cost of disposing of damaged or worthless cargo for which the Assured may be responsible, but only when the Assured is unable to recover these costs from another party;
- 19.12 the Insurer will not be liable for claims involving the carriage of steel products, unless the Insurer first agrees in writing and a preloading survey has been carried out at the Assured's expense by a surveyor approved by the Insurer. and that any findings or recommendations by the surveyor and included in the bill of lading are complied with;
- 19.13 the Insurer will not be liable for claims involving the carriage of any container not carried under deck unless the container is fully enclosed in steel or aluminium and carried in accordance with all relevant regulations.; and with a

lashing plan approved by the Classification Society or Organisation which the Insured Ship is classed with, or by a surveyor appointed by the Insurer but paid for by the Assured;

19.14 The Insurer will not be liable for claims involving the carriage of perishable cargoes unless:

19.14.1 a pre-shipment survey carried out at the Assured's expense by a surveyor approved by the Insurer has decided that the cargo is fit for the intended voyage, and

19.14.2 the surveyor has confirmed in writing that the cargo spaces, ventilation equipment and stowage are fit for the carriage, and

19.14.3 the Assured complies with all recommendations made by the surveyor in connection with the carriage.

20. Collision Liability to Cargo Carried in an Insured Ship

Liability for loss of or damage to cargo carried in the Insured Ship involving a collision between the Insured Ship and another ship where both ships are at fault, and there is no 'both to blame' collision clause applicable

Provided that where that cargo belongs to the Assured, the Assured will be entitled to recover from the Insurer and the Insurer will have the same rights as if that property belonged to a third party, but only to the extent that the loss or damage is not payable under any other insurance upon the property which is considered to be insured for its full value at the time of shipment on the current form of Lloyd's Marine Policy with the Institute Cargo Clauses (C) 1.1.82 attached.

21. Unrecoverable General Average Contributions

The proportion of General Average expenditure (including salvage and special charges) which the Assured is entitled to claim from the owner's cargo or from other party(ies) involved in the voyage as long as they are not legally payable due to a breach of the contract of carriage.

Provided that:

21.1 if the proposed share and special charges are not payable because of deviation, Clause 19.8 will also apply in this case;

21.2 there is no cover regarding the General Average costs and special charges because it exceeds the responsibility of the Assured had the contract of carriage contained exemptions from liability as favourable to the carrier as those contained in the Hague/Hague-Visby Rules.

22. Ship's Proportion of General Average

The Insured Ship's proportion of General Average costs (including salvage) and sue and labour expenses which are not payable under the Hull and Machinery and Excess Liabilities policies because of the amounts exceeding insured values and/or limits of liability;

Provided that if the amount insured is less than the Proper Value, the Assured will only be entitled to recover the excess of the amount over and above the actual Value.

23. Fines

Fines or other penalties regarding the Insured Ship imposed by any court, tribunal or authority of competent jurisdiction for:

23.1 failure to maintain safe working conditions on or in relation to the Insured Ship whether in connection with any statutory obligation or regulation,

- 23.2 short or over delivery of cargo, or for failure to comply with regulations relating to declaration of goods or documentation of the ship or cargo,
- 23.3 smuggling or for any infringement of customs laws or regulations,
- 23.4 breach of immigration laws or regulations,
- 23.5 pollution by oil or other hazardous substances,

Provided that:

- 23.5.1 there will be no recovery from the Insurer of a fine for the overloading of an Insured Ship or for illegal fishing or for the associated legal costs and expenses;
- 23.5.2 there will be no recovery from the Insurer under Clause 23.4, unless the Assured can satisfy the Insurer that proper steps were taken to guard against this happening. In the case of men who are refused permission to land by the United States authorities, there will be no recovery from the Insurer unless sufficient approved watchmen have been employed, or the men concerned have been taken ashore into police care;
- 23.5.3 there will be no recovery under this Clause regarding supernumeraries;
- 23.5.4 there will be no recovery regarding non-compliance with provisions regarding the construction, adaptation, equipment and documentation of ships contained in the International Convention for the Prevention of Pollution from Ships, 1973, as modified by any later agreement or legislation;
- 23.5.5 there will be no recovery regarding any non-compliance with the International Safety Management Code, or for any failure in producing valid Safety Management of SOLAS Certification;
- 23.5.6 there will be no payment from the Insurer of fines where the Assured may be held responsible if the Assured knew or should have known that it would become responsible if those fines result from an error of the Assured or his representative.

24. Pollution

The liabilities set out in paragraphs 24.1 to 24.5 below when they are caused by the threat of or escape from the Insured Ship of oil or any hazardous substance:

- 24.1 liability for loss, damage or contamination;
- 24.2 any loss, damage or expense which the Assured incurs, or is liable for, as a party to the International Tanker Owners' Pollution Federation (ITOPF) or other agreement approved in writing by the Insurer, including the costs and expenses incurred in carrying out any requirement under the agreements;
- 24.3 the costs of any actions reasonably taken to avoid or minimize pollution, or any losses or damage to property which occur because of this action;
- 24.4 the costs of any actions reasonably taken to prevent an imminent danger of the escape from the Insured Ship of oil or any hazardous substance;
- 24.5 the costs incurred following any order or direction given by any government or authority in order to prevent or reduce pollution or the risk of pollution, provided that those costs are not payable under the Insured Ship's Hull and Machinery policies ;

Provided that:

- 24.6.1 if the discharge or escape from the Insured Ship causes loss, damage or contamination to property belonging to the Assured, he will have the same rights to make a claim from the Insurer as any third party would;
- 24.6.2 any claim under this Clause will without affecting any other exception or limit, be subject to the limitation of cover explained in Section 1 Clause 26.

25. Legal Costs of Enquiries

Legal costs and expenses which the Assured incurs regarding a formal enquiry into a claim, but only if those costs and expenses are first agreed in writing by the Insurer.

SECTION B

HULL AND MACHINERY MARINE RISKS

TERMS AND CONDITIONS

SECTION I – TERMS AND CONDITIONS OF COVER

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26. Excluded Risks
27. Notices
28. Insurance Act 2015
29. Right of Recovery
30. Choice of Law
31. Recovery of Debts by the Insurer
32. Service of Proceedings on the Insurer
33. Disputes and Differences

Subject to all the terms and conditions set out in the Policy and the Terms and Conditions in this Section 1, the Insurer agrees to insure the Assured against the Hull and Machinery risks set out in the Standard Clauses regarding Hull and Machinery Risks as are incorporated in the Policy in relation to Section 2 Clause 1 arising from a casualty or event occurring during the Policy Period, provided that the Assured is only insured to the extent that it has paid and discharged any cost or expense (including legal costs) incurred regarding the damage, or any liability incurred to any third party, covered under the Standard Clauses in relation to Hull and Machinery Risks as are incorporated in the Policy.

1. Terms of Cover

- 1.1 Any party that wishes to secure insurance regarding a ship for Hull and Machinery must apply on the Proposal Form currently in use by the Insurer and give all relevant information and any other information specifically requested by the Insurer.
- 1.2 Any information given in any Proposal Form and any other information given in the course of applying for insurance will be used when considering whether to agree to insure the Assured. The Assured's cover under the Policy may be adversely affected if all information provided by the Assured is a fair presentation of the risk or not true and complete.
- 1.3 The Insurer may agree to insure an Assured regarding a ship without receiving a Proposal Form. If the Insurer does this, it will be a condition that the Assured submits a Proposal Form as described in Clause 1.1 within thirty (30) days of the start of the Policy Period. Once the Proposal Form has been received the Insurer may :
 - 1.3.1 confirm cover on the terms set out in the Policy,
 - 1.3.2 offer cover on different terms, which the Assured must agree in writing within seven (7) days of receipt, otherwise cover will be considered to have been not taken up after that seven (7) day period.
 - 1.3.3 cancel cover by giving seven (7) days' notice in writing to the Assured.
- 1.4 As soon as reasonably able after accepting any application for insurance regarding a ship, the Insurer will issue a Policy document which will state:
 - 1.4.1 that the Insured Ship is insured;
 - 1.4.2 the name, address and contact details of the Assured,
 - 1.4.3 the risks for which the Insured Ship is insured by reference to the Standard Clauses regarding Hull and Machinery Risks as are incorporated in the Policy regarding Section 2 Clause 1 and any other risks as may be set out in the Policy,
 - 1.4.4 the date and time when the insurance of the ship starts,
 - 1.4.5 the Premium payable regarding the ship.
- 1.5 The Terms and Conditions for which a ship is insured, including the nature and extent of the risks covered and the contribution or deductible payable by the Assured, will be set out in the Terms and Conditions in Section 1 in the Standard Clauses regarding Hull and Machinery Risks in relation to Section 2 Clause 1
- 1.6 If at any time the Insurer and the Assured agree to change the terms and conditions, the Insurer will issue an Endorsement giving details of the changes and the date and time from which they are effective.
- 1.7 The Insurer may agree to provide cover by reinsurance, in which case the terms Assured and Insurer in the policy will be understood to mean the Reassured and Reinsurer.

2. Joint Assureds

- 2.1 If insurance is provided by the Insurer in the name of more than one party, they will be considered Joint Assureds. Joint Assureds will be jointly and severally liable to pay Premium due to the Insurer.
- 2.2 If an application for insurance is made regarding two or more ships forming part of a fleet through a Ship Manager which would not have been available to the ships separately, it may be accepted on the understanding that the Ship Manager will also sign the Proposal Form and will be considered as a Joint Assured.
- 2.3 Applications for insurance may be made where a ship within the fleet is subject to Beneficial Ownership. The Insurer will deal with the insurance of these ships on a fleet basis and not individually. Each Assured will be Jointly and Severally responsible for paying the Premium or other amounts due to the Insurer in respect of all Insured Ships in the fleet, and the Ship Manager will also sign the Proposal Form and be considered a Joint Assured.
- 2.4 If any Joint Assured receives any payment from the Insurer, this will be considered to be a payment made in full to all Joint Assureds and will release the Insurer from any further liability in relation to the payment.
- 2.5 Failure by any Joint Assured referred to in Clause 2.2 or Clause 2.3 to provide material information which was or ought to have been known by that Joint Assured or provides false information will be considered to have been a failure to disclose or provide this information by all Joint Assureds.
- 2.6 Providing false statement of facts or failing deliberately or recklessly to disclose relevant facts by or on behalf of any Joint Assured which will entitle the Insurer to avoid the Policy or refuse to cover the Joint Assured will be considered actions of all Joint Assureds
- 2.7 Unless the Insurer has agreed in writing, the contents of any communication from or on behalf of the Insurer to any Joint Assured will be considered to have come to the knowledge of all Joint Assureds. Any communication from any Joint Assured to, or intended for the Insurer will be considered to have been made with the full knowledge and authority of all the fellow Joint Assureds.
- 2.8 The Insurer will not under any circumstances be liable for any costs or expenses arising in connection with any claims between Joint Assureds. In this case, if the Insurer incurs any costs, the Insurer will be entitled to a reimbursement from the Joint Assureds concerned.
- 2.9 Any limit of the Insurer's liability will be considered the total amount payable to all Joint Assureds. The claims of the registered owner of the Insured Ship will be paid first in full, and any balance up to the Policy limit will be given priority to the claims of the other Joint Assureds, which will be shared equally among the remaining Joint Assured's.
- 2.10 If the cover of any Joint Assured is cancelled in accordance with Clause 22 of the Policy the cover of all Joint Assureds will be cancelled at the same time.
- 2.11 If the insurance of any Joint Assured ends in circumstances other than in relation to Clause 22 of the Policy, the Insurer will be entitled, to treat the insurance of all Joint Assureds as ending at the same time or to offer to continue the insurance in respect of some or all of the remaining Joint Insureds on other terms as the Insurer sees fit .

3. Payment of Premium

- 3.1 Premium will be payable in instalments and on dates that the Insurer specifies. No claims of any kind will be off-set against any Premium or other sum or will entitle any person to withhold payment of any sum due to the Insurer.
- 3.2 The Insurer may at any time require that the security provided by the Assured for the payment of Premium or other amounts due under the Policy shall be in the form of a bank guarantee acceptable to the Insurer and under a wording agreed by the Insurer.
- 3.3 The insurance provided under the terms of the Policy is a contract of marine insurance. The Assured accepts that the Insurer has the right to enforce a maritime lien for any outstanding debt due under the Policy until it has been

settled. The maritime lien may be executed by any competent court in any country having general admiralty and maritime jurisdiction.

- 3.4 If any Premium or any part of it or any other sum due from the Assured under the Policy is not paid on or before the date specified for payment, the Assured may be required to pay interest on the amount owing from and including that date at the rate outlined in England however the Insurer may waive part or all of this interest

4. Survey of Ships

- 4.1 The Insurer may at any time during the Policy Period appoint a surveyor or similar person to inspect an Insured Ship. The Assured will allow the inspection, and will promptly comply with any requirements which may be imposed following the inspection, within any timeframe set out. The cost of the survey is to be agreed between the Assured and Insurer.

- 4.2 An Assured who does not comply with Clause 4.1:

- 4.3 will not be entitled to any payment from the Insurer regarding any claim caused or occurring during the period in which the Assured is in default, until the Assured has complied with its obligations in relation to Clause 4.1 and the Insurer has been notified; and

- 4.4 the Insurer may cancel cover by giving seven (7) days' notice to the Assured in writing.

- 4.5 The Insurer may require that a survey be carried out by a surveyor approved by the Insurer, but paid for by the Assured, if so this will be detailed in the Policy Schedule at inception of cover. The survey is to be carried out within thirty (30) days of the start of the Policy Period. Any requirements set by the surveyor are to be complied with by any deadline set by the surveyor. If the Assured fails to arrange a survey within thirty (30) days, or fails to comply with the requirements set within any deadline given by the surveyor, the Insurer will be under no liability and cover under the Policy will cease immediately.

5. Assignment and Subrogation

- 5.1 No party will transfer its cover with the Insurer or its rights under the Policy :

5.1.1 to any Charterer, or

- 5.2 to any other person except in accordance with Clause 5.3. No benefit of this cover will pass to any other person through substitution from one person to another.

- 5.3 No transfer of any interest under the Policy will have any effect unless and until the Assured has notified the Insurer in writing identifying the person to whom they intend to transfer the interest together with their address and the Insurer has given its approval in writing. If the Insured fails to comply with this Clause, the Insurer will be entitled to cancel the Policy by giving fourteen (14) days' notice in writing to the Assured and the person they have purported to transfer the interest to. The Insurer will be entitled, in settling any claim presented, to deduct or retain the amount sufficient to discharge any remaining liability of the Assured.

- 5.4 When a claim is paid by the Insurer they will become entitled to exercise all rights to act against any third party in order to recover the claim paid. The Assured will do all that it can in order to assist the recovery of this claim by providing all necessary information and allowing the Insurer to use its name in legal proceedings where necessary.

- 5.5 The Assured will, if requested, execute a formal assignment or deed of assignment in order to assist the recovery of subrogated claims.

6. Requirements regarding Claims

- 6.1 It is a condition that the Assured complies with the requirements in Clauses 6.1.1 – 6.1.7.

- 6.1.1 Every claim or circumstance which may give rise to a claim will be notified to the Insurer immediately. If the Insurer is not notified in writing within one (1) year after the date of the incident, the Insurer will not be liable for the claim under the Policy.
- 6.1.2 The Assured will promptly notify the Insurer of every survey or opportunity to survey in connection with any claim or circumstance which may give rise to a claim.
- 6.1.3 The Assured will allow the Insurer to examine any information or documents relevant to the claim.
- 6.1.4 The Assured will allow the Insurer to interview any person who may have any knowledge of the facts of the claim employed by them before, at the time of or after the incident.
- 6.1.5 The Assured will not, without the Insurer's prior written consent, admit liability for any claim.
- 6.1.6 The Insurer will have the right to control any claim or legal or other proceedings relating to any liability which the Assured is responsible for and which is covered under the Policy. The Insurer has the right to settle any claim without the consent of the Assured.
- 6.1.7 The Assured will not wilfully or negligently withhold any relevant information and will not make any false statement to obtain payment of any claim or the support of the Insurer in any matter, nor will the Assured make or knowingly allow any other person to do so.

7. Appointment of Lawyers and Advisors

- 7.1 Without affecting any of their rights, the Insurer may at any time appoint, on behalf of the Assured, lawyers, surveyors or other persons (whether or not those persons have already been appointed by the Assured) to deal with any matter which may give rise to a claim under the Policy. The Insurer may discontinue this employment at any time.
- 7.2 Expenses and fees incurred will only be payable on condition that all lawyers, surveyors and others are appointed with the prior consent of the Insurer.
- 7.3 All lawyers, surveyors and others appointed by the Insurer or by the Assured will be considered to be appointed and employed on terms:
 - 7.3.1 that (without affecting their right to stop working on the claim for any other reason) they will be entitled to stop working on the claim if either the Insurer or the Assured requests it, or if any of them believes that a conflict of interest has arisen or may arise between the Assured and the Insurer;
 - 7.3.2 that they may report to the Insurer without first notifying the Assured;
 - 7.3.3 that they are to produce to the Insurer without first notifying the Assured, any document or information in their possession relating to the case, as if that person had at all times been acting on behalf of the Insurer, even if that material would be the subject of legal or any other form of privilege against the Insurer.

8. Classification of Insured Ships

- 8.1 There will be no cover under the Policy if:
 - 8.1.1 at the time of the claim the Insured Ship is (or has been at any time prior to the incident) fully classed by a Classification Society or other organisation approved by the Insurer; and/or
 - 8.1.2 the Assured has failed to comply with all the rules, recommendations and requirements of that Classification Society or Organisation,

unless the Assured has obtained prior written approval of that cancellation or failure from the Insurer.

9. Consequential Loss, Interest and Deductibles

- 9.1 In no circumstances will the Assured be entitled to be paid interest on any claim, or to recover any loss of profit or any other consequential financial loss.
- 9.2 Claims will be limited to the amount by which they exceed the agreed deductible and are always subject to the limits of liability. Deductibles applied to claims will be on the basis agreed between the Assured and the Insurer. Provided the Insurer does not state otherwise, the deductibles will apply to any renewal on expiry of the Policy Period.

10. Sue And Labour

- 10.1 Upon the occurrence of any incident which may give rise to a claim it will be the duty of the Assured to take all reasonable steps to rule out or minimise any liability, loss or expense arising.
- 10.2 The Assured will act as a competent and sensible uninsured owner in these circumstances.
- 10.3 If the Assured commits any breach of its obligations under Clause 10.1 and/or 10.2, they will still be covered under the Policy only to the extent as though they had complied fully.

11. Off-set

- 11.1 Without affecting any other terms of the Policy, the Insurer will be entitled to off-set any amount due from the Assured to the Insurer against any amount due to the Assured from the Insurer.
- 11.2 No claim by the Assured may be off-set against any Premium or other sums, nor will any claim entitle the Assured to withhold or delay payment.

12. Provision of Security

- 12.1 The Insurer may agree to provide security on behalf of the Insured on the terms as required by an Assured. Unless agreed in writing, the Insurer will be entitled to a commission of one per cent (1%) per annum of the amount of the security provided in addition to the cost of the security. The provision of bail or security will not constitute any admission of liability by the Insurer for the claim for which the security is given. Where security is provided the Insurer may require the Assured to provide reimbursement or a third party guarantee.
- 12.2 No costs or expenses incurred by the Assured to obtain the release or prevent the arrest of an Insured Ship will be payable by the Insurer.

13. Unusual Voyages

In the event of the Insured Ship sailing (with or without cargo) with an intention of being broken up or being sold or prepared for breaking up, or for any purpose other than normal trading activities, no claim occurring after that sailing will be payable unless prior notice has been given to the Insurer by the Assured in writing, any amendment to the Policy or additional Premium has been agreed and paid by the Assured and any requirement for the conduct of a survey, and any recommendations have been complied with.

14. Other Insurances

Where the Assured is insured under any other insurance policy in respect of a risk insured under this Policy the Insurer will only pay any claims recoverable under this Policy in excess of all other insurances.

15. Imprudent Or Improper Trades

There will be no cover regarding any liabilities, involving or resulting from an Insured Ship carrying contraband, blockade running, being employed in unlawful trade or performing any voyage or being employed in any carriage, trade or voyage which was unwise, unsafe, unduly hazardous or improper.

16. Conditions Precedent to Cover, Classification and Statutory Requirements

- 16.1 Unless otherwise agreed in writing between the Assured and Insurer the following will apply:
- 16.1.1 it is a condition precedent to cover that every Insured Ship and its cargo will, be properly documented and will not carry false papers;
 - 16.1.2 it is a condition precedent to cover that if a ship is insured on the basis that she is registered in a particular country and sails under a particular flag, she will remain registered in that country and sail under that flag, and comply with those regulations, unless the Insurer has given their prior written consent ;
 - 16.1.3 it is a condition precedent to cover that every Insured Ship will remain fully classed with a Classification Society or organisation approved by the Insurer, and will be crewed in accordance with its registry or flag and will comply with the laws and regulations relating to crewing in each port it visits;
 - 16.1.4 unless the Insurer has given its prior written consent it is a condition precedent to cover the Assured will fully comply with all rules, recommendations and requirements of the Classification Society or other organisation approved by the Insurer and will promptly report to the Classification Society or other organisation and Insurer any incident or condition :
 - 16.1.4.1 that might result in the Classification Society or other organisation imposing a requirement or recommendation for repair or similar; and/or
 - 16.1.4.2 that requires to be reported to the Classification Society or other organisation under its rules
- 16.2 The Assured authorises the Insurer to inspect and copy information relating to the past or present class status of the Insured Ship and will confirm in writing when required that the Insurer is entitled to inspect and copy the records of the Classification Society or other organisation. Further :
- 16.2.1 it is a condition precedent to cover that the Insured Ship will be classed and maintained without any extensions or postponements of their survey dates.
 - 16.2.2 The Assured will endeavour to comply with any recommendations made by the Classification Society or other organisation in relation to an Insured Ship immediately and not during any period of grace that the Classification Society or other organisation may allow;
 - 16.2.3 it is a condition precedent to cover that the Assured will comply with all statutory requirements of the Flag State of the Insured Ship relating to construction, adaptation, condition, fitment, equipment, crewing and documentation and will maintain the statutory certificates which are issued by that Flag State; and
 - 16.2.4 it is a condition precedent to cover that the Assured will comply with all the relevant requirements of the International Convention for the Safety of Life at Sea, 1974, ; the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, and ; the International Safety Management Code, the International Convention on Standards of Training, Certification and Watchkeeping for Fishing Personnel, 1995, any revisions to them, and any other Conventions or codes, and any other Conventions, Codes of Practice or Regulations as may be adopted by the International Maritime Organisation and which may be in force from time to time.

17. Carriage of Radioactive Materials

- 17.1 Subject to Clause 17.2, there is no cover regarding any loss, damage, liability, expenses or costs arising out of or as a result of the emission of ionising radiation from, or the toxic, explosive or other hazardous properties of, nuclear fuels or radioactive products or waste carried in an Insured Ship, nor is there cover regarding the consequences of those substances being on board the Insured Ship.
- 17.2 Cover will extend to the carriage only of pure radio-isotopes which are used or are intended to be used for any agricultural, medical or scientific purposes. It is a condition that all those materials are listed in the International

Maritime Dangerous Goods Code (“IMDG”) and that it is carried in accordance with all the requirements of the IMDG Code and all the requirements of the International Maritime Organisation.

- 17.3 The Insurer may reduce the coverage given by Clause 17.2, or extend the coverage to those materials as it may approve in writing. The Insurer may also extend the coverage given by Clause General Rule 17.2 to individual consignments or cargo, which would otherwise be excluded, on the terms as it thinks fit.

18 Radioactive Exclusion

- 18.1 This Clause will override anything to the contrary contained in the Policy.

- 18.2 In no case will the Policy cover loss, damage, liability, cost or expenses caused by or contributed to as a result of:

- 18.2.1 Ionising radiation from or contamination by radioactivity from, any nuclear fuel or from any nuclear waste or from
- 18.2.2 the combustion or decay of nuclear fuel.
- 18.2.3 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component.
- 18.2.4 Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

19 Specific Exclusions

- 19.1 This Clause will override anything to the contrary contained in the Policy.

- 19.2 The Insurer will not be liable regarding any loss, damage, liability, cost or expenses caused by or contributed to by:

- 19.2.1 war (actual or threatened), act of war, war-like operations, civil war, revolution, rebellion, insurrection, martial law, state of emergency, civil strife or any hostile act by or against a hostile power;
- 19.2.2 occupation by armed or unarmed fighting forces;
- 19.2.3 a person acting maliciously or in the name or under the influence of a political or terrorist organisation ;
- 19.2.4 capture, seizure, arrest, restraint or detainment (except for barratry and piracy), and the consequences or any attempt so to do;
- 19.2.5 strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions;
- 19.2.6 seizure or confiscation;
- 19.2.7 mines, torpedoes, bombs, rockets, shells or similar weapons of war, (unless being transported by the Insured Ship) provided that this exclusion will not apply to the use of these weapons, whether it is by a Government order or with the agreement of the Insurer where the reason for that use is to reduce liability;
- 19.2.8 blockades or threatened blockades.

20. Cancellation of Insurance

20.1 The Assured will stop being insured in the case of the following events:

20.1.1 if the Assured is an individual,

20.1.1.1 upon his death;

20.1.1.2 if a receiver is appointed in respect of his asset;

20.1.1.3 if a petition in bankruptcy or any proceedings of a similar nature are started against him inside or outside the United Kingdom or he makes any proposal for agreement with his creditors in order to reduce or restructure his debt,

20.1.1.4 if he is declared bankrupt;

20.1.1.5 if he is declared incapable because of mental disorder of handling his property or affairs.

20.1.2 if the Assured is a corporation,

20.1.2.1 at the time of voluntary or compulsory winding up;

20.1.2.2 at the time of issue of any proceedings against them under any bankruptcy or insolvency to avoid paying those to whom a debt is owed;

20.1.2.3 at the time when any arrangement with its creditors is proposed:

20.1.2.4 or starting proceedings under any bankruptcy or insolvency laws designed to obtain protection from its creditors

20.1.2.5 at the time of an administrator being appointed in this respect;

20.1.2.6 upon possession of any of its property by or on behalf of a creditor third party to whom a debt is owed;

20.1.2.7 at the time of an order being made for the appointment of an Administrator or similar officer;

20.1.2.8 upon the dissolution of the corporation.

20.1.3 Upon cancellation of cover under Clause 22.

20.2 Cover will cease under the Policy when any of the following events happens unless previously agreed in writing by the Insurer:

20.2.1 if the Assured parts with or transfers all or any part of their interest in the Insured Ship, or ceases to have an interest in the Insured Ship or transfers the entire control or possession of the Insured Ship in any way;

20.2.2 if the Insured Ship is mortgaged or similar without guarantee to pay all contributions due,

20.2.3 if any person having given a guarantee under Clause 20.2.2 fails to honour this guarantee;

20.2.4 in the case of cover being provided to an Assured in its capacity as a Time Charterer if the time charter ends or is terminated;

20.2.5 if cover is terminated in accordance with the terms of the Policy;

20.2.6 if the management or flag of the Insured Ship is transferred during the Policy Period

- 20.2.7 if the Assured fails to provide a Bank Guarantee within fourteen (14) days as required under Clause 3.2 .
- 20.3 Unless agreed in writing by the Insurer and subject to Clause 21 cover will cease under the Policy in the event of whichever happens first of the following events:
- 20.3.1 if the Insured Ship is missing for ten (10) days from the date she was last heard of or from or is posted as missing at Lloyd's;
- 20.3.2 if the Insured Ship becomes an actual or total loss or is agreed by the Hull Underwriters (whether marine or war risks) as a constructive total loss or a compromised total loss;
- 20.3.3 if the Hull Underwriters of the Insured Ship (whether marine or war risks) make a payment to the Assured regarding an unrepaired damage claim which exceeds the market value of the Insured Ship at that time,
- 20.4 After the occurrence of any of the events or circumstances listed in this clause, the Insurer may continue with the Insurance of the Insured Ship by imposing additional terms and conditions.
- 20.5 If any of the events specified in Clause 20.1, Clause 20.2 or Clause 20.3 occurs (provided that notice in writing is given to the Insurer within one (1) month) the Assured will have to pay only the proportionate Premium for the relevant Policy Period;
- 20.6 The Insurer will remain entitled to charge Premium as though it remained an Assured, but only as regards the Policy Period for which it was insured.

21. Termination, or Cancellation Other Than Under Clause 22

- 21.1 Where cover regarding any or all Insured Ships is cancelled other than for non-payment under Clause 22 :
- 21.1.1 if the cancellation is caused by the death of an individual Assured, the Insurer will remain liable for claims which occurred prior to the death;
- 21.1.2 if the cancellation is caused by circumstances described in Clause 20.3, the Insurer will remain liable regarding liabilities which are the reason for the actual or constructive total loss;
- 21.1.3 any interested party will be liable for all Premiums and any other sums payable except where Clause 20.5 is brought into operation;
- 21.2 Where the policy has expired, the Assured will be entitled to pursue a claim in respect of a loss that occurred during the Policy Period.

22. Cancellation for Non-Payment

- 22.1 If within the timeframe set out, the Insurer has not received payment in full of any Premium or any other amount due from the Insured under the Policy the Insurer may give the Assured notice in writing:
- 22.1.1 referring to this Clause;
- 22.1.2 requiring the Assured to pay that amount within giving at least seven (7) days; and
- 22.1.3 informing the Assured that if it fails to pay the outstanding amount in full on or before the date given, cover will be cancelled on that date without further notice. The Insurer will not be liable for any claims under the Policy and any Premiums already paid will be non-refundable.
- 22.2 If an Assured fails to make payment in accordance with any notice issued under Clause 22.1 cover will be cancelled as specified in the notice, and Clause 22.3 will apply.

- 22.3 Where cover is cancelled under Clause 22.2 the Insurer will not be liable for any claim or other amount payable under the Policy that has not been paid by the Insurer before the date of cancellation which is specified in the notice served in relation to Clause 22.1:
- 22.3.1 arising from any event which occurred at any time prior to the date of cancellation, including during any previous Policy Periods.
 - 22.3.2 arising from any event occurring after the date of cancellation,
 - 22.3.3 on which the Insurer may have made a payment or accepted liability or appointed any lawyers, surveyors or other person to deal with that claim,
 - 22.3.4 which the Insurer knew at the date prior to the date of cancellation might or would arise,
- 22.4 When the Assured's Policy has been cancelled in accordance with Clause 22.1 and Clause 22.2:
- 22.4.1 in relation to the Policy Period, all Premium and other sums payable regarding the Policy Period will be payable in proportion for the period up to the date of cancellation,
 - 22.4.2 in relation to any Policy Period before the cancellation all Premium and other sums also due to the Insurer will be payable in full and non-returnable;
- 22.5 This Clause will apply to a person who was, but is no longer, an Assured.

23. Forbearance

No actions by the Insurer in enforcing the Terms and Conditions of the Policy, or the granting of time to any person to take any action will affect any of the rights of the Insurer. The Insurer will be entitled to insist at all times on the application and enforcement of all of the Terms and Conditions of the Policy.

- 23.1 Cover will not be terminated by the Assured except with the written consent of the Insurer.
- 23.2 The Assured will be under a duty to disclose to the Insurer all relevant facts in connection with any renewal of the Policy.

24 Limitation of Liability

- 24.1 The liability of the Insurer will not under any circumstances exceed the limit of liability set out in the Policy, even if any law, statute or other provision with legal effect provides otherwise.
- 24.2 If the Assured is not the registered owner, demise charterer, manager or operator of the ship, the Assured will be considered to be entitled to all the limitations of liability which would apply against third parties as if it were the registered owner of the Insured Ship and was entitled to its liability accordingly.

25. Terms of Cover

- 25.1 Cover will begin at the time and date stated in the Policy and will continue for twelve (12) months (the Policy Period), unless stated otherwise.
- 25.2 The Insurer may at any time end cover by giving seven (7) days' notice in writing to the Assured, and pro rata return of premium may be applicable

- 25.3 Cover will not be ended by the Assured except with the written consent of the Insurer.
- 25.4 The Assured will be under a duty to disclose all relevant facts in connection with any renewal of the Policy.

26. Excluded Risks

- 26.1 The Insurer will be under no liability for any claim in respect of;
- 26.1.1 an Insured Ship which is a salvage tug, fire-fighting ship or other ship when the claim arises as a result of or during any salvage or attempted salvage operations ,
- 26.1.2 an Insured Ship which is used for operations of drilling, core sampling, oil production or gas production, when the claim arises as a result of or during this operation,
- 26.1.3 an Insured Ship which is a dredger, when the claim arises as a result of or during dredging operations,
- 26.1.4 an Insured Ship which is used for the operations of pile driving, pipe or cable laying or blasting, when a claim arises as a result of or during those operations,
- 26.1.5 an Insured Ship which is designed for or involved in operations below the surface of the sea.
- unless the cover is agreed in writing in the Policy.

27. Notices

- 27.1 Subject to Clause 32, a notice required to be served on the Insurer is considered served by sending it through the post in a pre-paid letter or by sending it by facsimile or email addressed to the Insurer at their address for the time being.
- 27.2 A notice required to be served on the Assured may be served by sending it through the post in a pre-paid letter or by sending it by facsimile or email addressed to the Assured at its address as shown in the Policy. In the case of Joint Assureds, notice will be served on the first Joint Assured named in the Policy and this will be considered to have been served upon all the Joint Assureds.
- 27.3 For the purpose of this Clause 27 where for any reason the Insurer does not know the address of the Assured, any notice will be considered to be properly served if served upon any representative who applied for the cover for the Assured.
- 27.4 Any notice or other document sent by post will be considered to have been served five (5) clear days after the letter was posted first class, and will be considered to have been properly addressed.
- 27.5 Any notice sent by facsimile or email will be considered to have been served on the day it was despatched
- 27.6 The successors, representatives, receivers, legal curators, trustees in bankruptcy or liquidators of any party who is or was at any time an Assured will be bound by a notice served if sent to the last known address of the Assured, even if that the Insurer may have received notice of the Assured's death, disability, insanity, bankruptcy or liquidation.

28. Insurance Act 2015

The Policy is subject to the applicable provisions of the Insurance Act 2015 and any modification to it unless excluded or inconsistent with the express terms and Conditions of the Policy.

29. The Right of Recovery

The Assured will be entitled to recover from the Insurer the amount of the loss, damage, cost, liability or expense as it will have incurred regarding loss of or damage to the Insured Ship caused by the risks set out in the Standard

Clauses regarding Hull and Machinery Risks included in the Policy, in relation to Section 2 Clause 1 arising from an event occurring during the Policy Period.

Provided that:

- 29.1 the Assured has first paid any cost or expense in full regarding any liability incurred to any third party but not by way of loan ; and
- 29.2 the liability of the Insurer will be subject to the Policy;
- 29.3 the limit of liability specified in the Policy will be inclusive of legal costs and expenses; the limit of liability specified in the Policy will be inclusive of legal costs and expenses and, even if s.78(1) of the Marine Insurance Act, 1906 applies, inclusive of costs and expenses of suing and labouring. The total liability of the Insurer will in no circumstances exceed the limit of liability set out in the Policy;
- 29.4 no legal costs or expenses will be payable unless they have been incurred with the prior consent in writing of the Insurer.

30. Choice of Law

The Policy will be governed by and interpreted in accordance with the Law of England and Wales.

31. Recovery of Debts by the Insurer

The Insurer may start and continue proceedings against the Assured in the High Court of Justice of London, or any other Court of England and Wales to recover any sums or security for those sums which the Insurer may consider due to it from the Assured.

32. Service of Proceedings on the Insurer

Any notice of any legal proceedings must be served on the Insurer at Coastal marine Services Ltd, 3 New Street, Chelmsford, Essex, CM1 1NT

33. Disputes and Differences

Subject to Clause 32 if any difference or dispute arises between the Assured and the Insurer it should first be referred to a mediator agreed upon by the Insurer and Assured.

If mediation fails, the difference or dispute will then be referred to arbitration in London. If the parties cannot agree to a sole arbitrator then each will appoint their own and in addition a further official will be appointed by the arbitrators to serve as umpire.

The Tribunal may obtain the opinion of counsel or a solicitor on a point of law and unless the Tribunal directs otherwise this will form part of the costs of the award.

Arbitration and all connected proceedings will be subject to the Arbitration Act, 1996, and any subsequent statutory modification. An Assured may only start proceedings other than through arbitration in order to enforce an award given by arbitration.

SECTION 2 – RISKS COVERED

- 1. Incorporation of Hull and Machinery Clauses**
- 2. Laid Up Returns**

The Assured is covered regarding the risks set out in the Standard Clauses of Hull and Machinery Risks as will be included in the Policy in relation to Clause 1 of this Section, which is to be read together with the Terms and Conditions set out in Section 1 and all other terms in the Policy.

1. Incorporation of Hull and Machinery Clauses

The Assured is covered in accordance with the Policy issued including the Standard Clauses regarding Hull and Machinery Risks

2. Laid Up Returns

Unless otherwise agreed, laid up returns (if any) will be made in accordance with Clause 23 of the Institute Time Clauses – Hulls (1/11/95 Edition).