



RaetsMarine

MARINE LIABILITY POLICY FOR SHIPOWNERS OF INLAND CRAFT

Version 1/2009



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MARINE LIABILITY POLICY FOR SHIPOWNERS INLAND CRAFT 1/2009

- Part 1 - General terms and conditions
- Part 2 - Protection & Indemnity (Class 1)
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- Part 4 - Definitions

Part 1 General terms and conditions

Section 1 Application of terms

Any contract of insurance effected pursuant to the Marine Liability Policy for Shipowners Inland Craft shall incorporate the general terms and conditions and the terms and conditions of Class 1. The terms and conditions set out in each Class of insurance in this policy shall prevail over the general terms and conditions in the event of a conflict between them, but any terms appearing in the Certificate of Insurance shall prevail above all others.

Section 2 Application for insurance

An application for insurance must be filed by the prospective Insured filling out and signing the application form. All details and particulars submitted in the insurance application shall be deemed to form part of the insurance policy between the Company and the Insured.

Section 3 Certificate of Insurance

- 3.1 If the Company accepts an application for insurance the Company will issue a Certificate of Insurance, which shall state:
 - 3.1.1 Name of Assured on whose behalf the Insured Vessel is insured, the name of the Manager of the Insured Vessel and name of any co-assured;
 - 3.1.2 The Class of insurance and any special terms and/or warranties;
 - 3.1.3 The name and main details of the Insured Vessel(s);
 - 3.1.4 The Attachment Date of the Insurance of Insured Vessel(s) and the Period of Insurance;
 - 3.1.5 The maximum amount insured;
 - 3.1.6 The applicable deductibles.
- 3.2 If at any time during the Period of Insurance the terms relating to any Insured Vessel vary the Company will issue an endorsement stating the terms and effective date of such variation.
- 3.3 Every Certificate of Insurance and any endorsement thereto issued by the Company shall be conclusive evidence as to the terms of the contract of insurance or as to the variation of such terms as the case may be.

Section 4 Exclusions and Limitations

- 4.1 The Assured shall not be entitled to recover under any Part or Class of insurance, if:
 - 4.1.1 the Assured has failed to exercise reasonable care in the chartering, operation or management of the Insured Vessel;
 - 4.1.2 the Assured has failed to promptly provide the Company or it's nominated representative with any information or documentation relating to any claim or dispute under this policy;
 - 4.1.3 the claim or dispute is between joint assureds or between associated persons;
 - 4.1.4 the claim or dispute arose out of or consequent upon the Insured Vessel carrying illegal goods, contraband, blockade running or being employed in



- an unlawful trade or that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper;
- 4.1.5 the liabilities, costs, losses or expenses are caused by:
- a. war, civil war, revolution, rebellion, insurrection, terrorist act or civil strife arising therefrom, or any hostile act by or against a belligerent power;
- b. capture, seizure, arrest, restraint or detention, barratry, piracy and the consequences thereof or any attempt thereat;**
- c. any weapons of war, unless by reason of transport on the insured vessel;
- d. nuclear risks;
- e. ionising radiations from or contamination by radioactivity from or nuclear fuel or from any nuclear waste or from combustion or nuclear fuel;
- f. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- g. any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- h. fraud by the Insured.
- 4.1.6 the Insured Vessel has been employed in trades or areas other than those agreed with the Company;
- 4.1.7 the claim, liability or expenses are covered under any other policy.
- 4.1.8 claims in respect of liability, losses, costs and expenses arising out of performing Specialists Operations unless agreed by the Company in writing prior to attachment;**
- 4.1.9 claims in respect of liability, losses, costs and expenses arising out of the carriage of passengers, unless agreed by the Company in writing prior to attachment;**

Section 5

Premiums

- 5.1 The Assured shall pay the premium on such dates as the Company shall specify and in default of such payment the Assured shall have no rights under this Policy.
- 5.2 The Company may require the Assured to pay all or any part of any premium due in such currency as the Company may specify.
- 5.3 No claim of any kind whatsoever by the Assured against the Company shall constitute any right of set-off against the premiums or other sums due to the Company or shall entitle the Assured to withhold or delay payment of any premiums or other sums due under this Policy.
- 5.4 If any premium or other sum due to the Company is not paid on, or before, the date specified by the Company, interest shall be payable from the date specified for payment thereof to the date of payment at a rate which the Company shall from time to time determine.
- 5.5 Where an Assured has failed to pay, either in whole or in part, any amount due from the Assured to the Company, the Company shall have the right to serve a notice upon the Assured requiring him to pay such amount by any date specified in such notice, not being less than seven days from the date on which notice is given. If the Assured fails to make such payment in full on or before the date so specified, the insurance of the Assured shall be cancelled forthwith without further notice of other formality. Notwithstanding that the insurance has been cancelled by virtue of this clause, the Assured shall be liable for all or any monies which have fallen due under this policy prior to such cancellation.
- 5.6 The Company shall be entitled, once premiums have become due and payable, to commence an action against the Assured or any other liable person, for the recovery of any unpaid premiums and other sums.
- 5.7 Full annual premium is due in case of an Actual Total Loss and/or Constructive Total Loss and/or Compromised Total Loss of the vessel.

Section 6

Claims



- 6.1 Upon the occurrence of any casualty, event or matter liable to give rise to a claim by the Assured against the Company, it should be the duty of the Assured and his agents to take and continue to take all such steps as may be reasonable for the purpose of averting or minimising any expense or liability in respect of which he may be insured by the Company. If the Assured commits any breach of this obligation the Company may reject any claim by him;
- 6.2 If the Assured makes any request for payment under this Policy knowing it to be fraudulent or false in any respect (or in circumstances where it ought reasonably to be known to be so) or where the Assured colludes with a third party with a view to making a fraudulent claim under this policy the Company shall refuse to make any payment;
- 6.3 If the Assured becomes insolvent during the course of any claim to which the Company has given support, the Company shall thereupon reserve the right to withdraw that support forthwith;
- 6.4 It is a condition precedent to Company's liability hereunder that the Assured shall give prompt notice in writing to the Company of any claim, dispute, matter or event, which has arisen or has occurred and which is liable to give rise to a claim under this Policy, and give the Company all relevant facts of which the Assured has knowledge at the time of any notification;
- 6.5 The Assured must at all times promptly notify the Company of any documents, reports, evidence or other information relevant to any claim, dispute, matter or event which has led or which is liable to lead to a claim under this Policy, and which are in the possession or power of the Assured or his agents or otherwise within his knowledge;
- 6.6 When so requested by the Company, the Assured shall promptly produce, or cause his agents promptly to produce all such documents or information of whatsoever nature which are or may be relevant to the Assured's claim or intended claim;
- 6.7 The Assured shall permit the Company or his appointed agent or servant to interview any servant or agent or other person who may have been working for the Assured at the material time or at any time thereafter or whom the Company consider likely to have any direct or indirect knowledge of the matter giving rise to a claim under this Policy;
- 6.8 All lawyers, surveyors or other persons appointed by the Company, or by the Assured with the prior consent of the Company, shall be deemed to be appointed and employed on the basis:
- 6.8.1 that they have been appointed and employed by the Assured, and continue to be so, at all times;
- 6.8.2 that they are instructed at all times by the Assured to advise, report to and produce to the Company any and all relevant documents or information in their custody without prior reference to the Assured, all as if such person had been appointed to act at all times and had at all times been acting on behalf of the Company;
- 6.8.3 that any reports or advices given pursuant to this Section shall not bind the Company to any course of action.
- 6.9 The Company is under no obligation to provide bail or other security on behalf of the Assured, but from time to time the Company may in its sole discretion decide to provide bail or other security on such terms as the Company may consider appropriate.
- 6.10 The provision by the Company of bail or other security, or otherwise acting on behalf of the Assured, shall not constitute an admission of liability by the Company for the claim in respect of which the bail or other security is given.
- 6.11 The provision by the Company of bail or other security is always subject to payment to the Company of the applicable deductible(s) and all outstanding premiums.
- 6.12 It is a condition precedent to the Assured's right of recovery under this policy with regard to any claim by the Assured in respect of any loss,



- expense or liability, that the Assured shall first have discharged any loss, expense or liability.
- 6.13 Where the Company has indemnified the Assured for any claim under this policy, the Company shall be entitled to any recovery from a third party in respect of that claim and the Assured shall, upon first request of the Company, provide all documents to enable the Company to exercise the Assured's rights of recovery.

6.14 **Period of coverage**

The coverage shall commence at 00.00 hours Dutch time on the commencement date and shall end at 23.59 hours Dutch time on the expiry date of the policy.

Section 7 Cesser of Insurance

- The Assured shall cease to be insured by the Company in respect of all Insured Vessels upon the happening of any of the following:
- 7.1 In respect of the Assured:
- 7.1.1 If the Assured is served in accordance with Section 5.5 with a notice by the Company requiring him to pay any amount due to the Company and he fails to pay such amount on or before the date specified in such notice;
- 7.1.2 Where the Assured is an individual, upon his death or if a receiving order shall be made against him or if he shall become bankrupt or make any composition or arrangement with his creditors generally or if he shall become incapable by reason of mental disorder of managing and administering his property and affairs;
- 7.1.3 Where the Assured is a corporation, upon the passing of any resolution for voluntary winding up (other than voluntary winding up for the purposes of company or group reorganisation) or upon an order being made for compulsory winding up or upon dissolution or upon a receiver or manager of all or part of the corporation's business or undertaking being appointed or upon possession being taken by or on behalf of the holders of any debentures secured by a floating charge of any property comprised in or subject to the charge.
- Should the insurance be terminated by cancellation, the Insured shall remain responsible for the premium for the covered period.
- 7.2 In respect of the Insured Vessel:
- 7.2.1 If the Insured Vessel becomes a total loss or is accepted under the Hull or War Risks Policies as being a constructive, compromised or arranged total loss;

Section 8 Effect of Cesser of Insurance

- 8.1 If the cesser of the insurance occurs because of a failure to pay premiums, the Company shall not be liable for any claims in respect of any Insured Vessel by this policy, whether the incident giving rise to such claim occurred before or after the cesser of all insurance.
- 8.2 If the cesser of all insurance occurs for any other reason the Company shall remain liable for all claims under this policy arising from any incident which occurred before the cesser but shall be under no liability in respect of any claim arising out of any occurrence or event after the cesser.

Section 9 Maximum insured amount

The maximum liability of the Company under this policy in respect of each accident or occurrence relating to the Insured Vessel and falling within the Period of Insurance shall be limited to the amount(s) specified in the Certificate of Insurance.

Section 10 Deductibles



Any claim recoverable under this policy shall be limited to the excess of the deductibles specified in the Certificate of Insurance.

Section 11

Joint Assureds and Co-assureds

- 11.1 The Company may accept an Insured Vessel owned by more than one party or managed by another company than the Assured, in which case each party shall be a Joint Assured.
 - 11.1.1 Joint Assureds shall be jointly and severally liable to pay all monies due to the Company;
 - 11.1.2 If an application is made of two or more vessels forming part of a fleet through a ship manager with a view to obtaining terms which would not have been available had the vessels been offered for insurance separately, such insurance may be accepted on the basis that the ship manager shall sign the appropriate Application Form and be treated as a Joint Assured and shall together with the Assured be jointly liable as Assured;
 - 11.1.3 Any payment by the Company to the Assured, or any Joint Assured, shall be deemed to be payment to the Assured and to all Joint Assureds jointly and shall fully discharge the obligations of the Company in respect of that payment;
 - 11.1.4 The contents of any communication between the Company and the Assured, or any Joint Assured or any Co-Assured, shall be deemed to be within the knowledge of the Assured and all Joint Assureds and Co-assureds;
 - 11.1.5 Any failure by the Assured, or any Joint Assured, or any Co-assured to comply with any of the obligations under this Policy of Insurance, shall be deemed to be a failure of the Assured and all Joint Assureds and Co-assureds;
 - 11.1.6 Any conduct or omission (including misrepresentation or non-disclosure) by the Assured, or any Joint Assured or any Co-assured, which would have entitled the Company to reject or reduce any claims shall be deemed to have been the failure of the Assured and all Joint Assureds and Co-assureds;
 - 11.1.7 The Company shall not cover any liability, loss, expense or costs in respect of any dispute between the Assured and any Joint Assured any Co-assured, or between Joint Assureds or between Co-assureds or between Joint Assureds and Co-assureds.
 - 11.1.8 The total liability of the Company in respect of any one event, to the Assured, and to any Joint Assured or Co-assured shall not exceed such sum as would have been recoverable from the Company only by the Assured;
 - 11.1.9 In the event that the total liability of the Company is less than the total sum claimed by the Assured and by any Joint Assured or Co-assured, the Company shall be entitled to apportion payment in proportion to the respective amounts claimed.
- 11.2 The Company may agree to extend the Policy of Insurance to a Co-assured named in the Certificate of Insurance.
 - 11.2.1 In respect of a Co-assured the Company shall only be liable to the Co-assured to the extent that it would have been liable to the Assured had the claim in question been brought and enforced against the Assured;
 - 11.2.2 A Co-assured shall not be liable for monies due to the Company by the Assured.

Section 12

Fleet Insurance

If it is agreed between the Assureds and the Company that the Insured Vessels are subject to Fleet Insurance then the debts of any one Assured in respect of any such Insured Vessel shall be treated as a debt to the Company of all other Assureds whose vessels are or were insured as part of the same fleet and the Company shall be entitled to act as if all the



vessels forming part of the fleet were entered by the same Assured.

Section 13

Double Insurance

- 13.1 There shall be no recovery from the Company of any claim in respect of liabilities or expenses which are recoverable under any other insurance effected by the Assured;
- 13.2 The Company shall not be liable for any franchise, deductible or deduction of a similar nature borne by the Assured under such other insurance.

Section 14

Interest and set off

- 14.1 In no case whatsoever shall interest be paid on any amount due from the Company;
- 14.2 The Company shall be entitled to set off any amount due from the Assured against any amount due to the Assured.

Section 15

Warranties, Classification and Statutory requirements

- 15.1 Unless otherwise agreed in writing between the Assured and the Company the following shall apply to the Insured Vessel:
 - 15.1.1 It is warranted that the Insured Vessel and its cargo shall, at all times, be properly documented and shall not carry false papers;
 - 15.1.2 It is warranted that the Insured Vessel shall be crewed and manned in accordance with the laws, regulations and directions applying to the Insured Vessel by virtue of its registry or flag and shall comply with the laws, regulations or decrees relating to crewing and manning in each port to which the Insured Vessel visits, whether or not in the course of its employment;
 - 15.1.3 It is warranted that the Insured Vessel is registered in a particular country and sails under a particular flag and/or management and shall remain so during the entire Period of Insurance;
 - 15.1.4 It is warranted that the Insured Vessel is and shall remain throughout the Period of Insurance fully classed and/or registered in accordance with the laws and regulations of the Flag State. The Assured shall fully and timely comply with all rules, recommendations and requirements of the Flag State and their appointed authorities and will promptly report to Appropriate Authorities and the Company any incident or condition in connection with the Insured Vessel;
 - 15.1.5 The Assured irrevocably authorises the Company to inspect and copy information relating to the maintenance of Class or Registration either in the Assured's possession or in the possession of the Appropriate Authorities and the Assured will at the request of the Company confirm in writing that the Company is entitled to inspect and copy such records for whatever purpose the Company may deem necessary;
 - 15.1.6 It is warranted that during the Period of Insurance the Insured Vessel shall be classed and/or registered and maintained in valid class and/or registration without any extensions or postponements from the Appropriate Authorities of their due dates. It is further warranted that any recommendations by the Classification Society and/or Appropriate Authorities in relation to the Insured Vessel will be complied with immediately.

Section 16

Inspection and Recommendations

The Assured will permit the Company, at any time, to carry out a survey of the Insured Vessel and provide the Company with any information or documents in respect of the condition of the Insured Vessel. The Assured shall comply with any recommendations made by the Company in respect of any shortcomings and/or defects found on the Insured Vessel. The Company may, in its sole discretion, impose exclusions and/or restrictions of cover under this Policy of Insurance, which will be effective immediately



after having notified the Assured in writing and will remain in force until the Company has reinstated their exclusions and/or restrictions.

Section 17

Assignment

No insurance provided by the Company and no interest in any contract between the Company and the Assured may be assigned without the written consent of the Company, who shall have the right in his sole discretion to give or refuse such consent without stating any reason or to give consent upon any such terms or conditions as the Company may think fit. The Company shall be entitled, before paying any claim to an assignee of the Assured, to deduct or retain such amount as the Company may then estimate to be sufficient to discharge any liabilities of the Assured to the Company, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.

Section 18

Forbearance and Waiver

No act, omission, course of dealing, forbearance, delay or indulgence by the Company, whether by its officers, servants, agents or otherwise, shall be treated as a waiver of any of his rights in respect of any of the terms and conditions in this policy.

Section 19

Admission and Settlement

The Assured shall make no admission of liability nor settle any claim or dispute or proceedings instituted by or against it without prior approval of the Company. If the Assured admits liability or settles the claim or dispute without such prior approval or refuses to settle the claim, notwithstanding that the Company shall have required it to do so, the Company shall not be liable to indemnify the Assured and the Assured will be liable to refund the Company all or part of any costs paid by the Company either to the Assured or to lawyers, surveyors or other persons.

Section 20

Notification and Time limit

Without prejudice to the duty of prompt notification contained in Section 6.4 if an Assured:

- (i) fails to notify the Company of any casualty, event or claim referred to in Section 6.4 within one year after he has knowledge thereof or ought to have had knowledge thereof or
- (ii) fails to submit a claim to the Company for reimbursement of any liabilities, costs or expenses within one year after discharging the same the Assured's claim against the Company shall be extinguished and the Company shall be under no further liability in respect thereof.

Section 21

Law and Jurisdiction

21.1 This policy shall be governed by, and construed in accordance with Dutch Law.

21.2 The Court of Rotterdam shall have exclusive jurisdiction to hear and determine any claim or dispute under this policy.



CLASS 1
RISKS COVERED

Part 2

Protection & Indemnity

The Company shall indemnify the Assured against the legal liabilities, costs and expenses under this Class, which are incurred in respect of the operation of the Insured Vessel, arising from events occurring during the Period of Insurance, as set out in Sections 1 to 15 below.

Section 1

Illness, Injury and Loss of Life

- 1.1 Liability to pay damages or compensation for illness, personal injury or death of any person, being a crewmember on board the Insured Vessel, including hospital, medical or funeral expenses incurred in relation to such illness, injury or death where such liability arises on board the Insured Vessel.
- 1.2 Liability to pay damages or compensation for illness, personal injury or death of any person, other than an employee of the Assured/Co-assured(s), including hospital, medical or funeral expenses incurred in relation to such illness, injury or death where such liability arises on board the Insured Vessel.
- 1.3 *Exclusions and Limitations*
 - 1.3.1 Medical expenses and sick wages are expressly excluded from cover, unless it is a recovery claim from the insurers of medical expenses and/or sick wages. Cover under this Section is limited to liabilities arising out of a negligent act or omission on board or in relation to the Insured Vessel.
 - 1.3.2 Liability to persons engaged with the handling of Cargo of the Insured Vessel shall be limited from the time of receipt of that cargo at the port of shipment till delivery of that cargo at the port of discharge.
 - 1.3.3 No claim shall be recoverable under this Section where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, unless those terms were previously approved by the Company in writing in accordance with Section 2 (Contracts and Indemnities).
- 1.4 **Repatriation costs and costs of replacement of crew members**
 - 1.4.1 The costs of repatriation of any person forming part of the crew of the insured vessel who is ill, injured or deceased or whose repatriation has become necessary due to an accident on board the insured vessel.
 - 1.4.2 The costs of repatriation of any person forming part of the crew of the insured vessel who has been left ashore as a consequence of a legal obligation.
 - 1.4.3 The costs of replacement of any person forming part of the crew of the insured vessel who is ill, injured or deceased.
 - 1.4.4 The costs of replacement of any person forming part of the crew of the insured vessel who has been left ashore or is repatriated as a consequence of illness, injury or legal obligation.
 - 1.4.5 *Exclusions and limitations*
Expressly excluded are expenses that arise from or are the consequence of the cessation of the term of service of a crew member, or that are in accordance with the provisions of an agreement with the crew, or that are mutually agreed between the parties involved.
 - 1.4.6 Expressly excluded are expenses that arise from or are the consequence of the violation of an agreement with the crew by the Insured.
 - 1.4.7 Expressly excluded are expenses that arise from or are the consequence



of the sale of the vessel.

Section 2

Contracts and indemnities

Liability for loss of life, illness or personal injury, or for loss of or damage to property under the terms under any contract or indemnity made or given by the Assured in respect of facilities or services rendered or to be rendered to or by the Insured Vessel, but only if and to the extent that the terms have been agreed and cover for the liability has been agreed in writing between the Assured and the Company.

Section 3

Cargo Liabilities

- 3.1 The liabilities, costs and expenses set out in paragraphs (A) to (C) when and to the extent that they relate to cargo intended to be or being or having been carried in the Insured Vessel:
- A. **Loss, shortage, damage or other responsibility**
Liability for loss, shortage, damage or other responsibility arising out of any breach by the Assured, or by any person for whose acts, neglect or default he may be legally liable, of his obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or out of unseaworthiness or unfitness of the Insured Vessel.
 - B. **Disposing of damaged cargo**
The additional costs and expenses over and above those which would have been incurred by the Assured in any event under the contract of carriage, which have been incurred by the Assured in discharging or disposing of damaged or worthless cargo, but only if and to the extent that the Assured is unable to recover those costs from any other party.
 - C. **Failure of consignee to remove cargo**
The liabilities and additional costs incurred by the Assured, over and above the costs which would have been incurred by him if the cargo had been collected or removed, solely by reason of the total failure of a consignee to collect or remove cargo at the port of discharge or place of delivery, but only if and to the extent that such liabilities or costs exceed the proceeds of sale of the cargo and the Assured has no recourse to recover those liabilities or costs from any other party.

3.2 **Exclusions and Limitations**

- 3.2.1 Notwithstanding the Period of Insurance of the Insured Vessel there shall only be recovery from the Company under this Section if and only if the loss or damage is suffered or legal liability is incurred between the time of receipt for shipment **by** the Insured Vessel and completion of delivery at the discharging port.
- 3.2.2 There shall be no recovery from the Company under this Section in respect of liabilities, costs or expenses arising from:
- a. a bill of lading, way bill or other document containing or evidencing the contract of carriage, issued with the knowledge of the Assured, or his agent with an incorrect description of the cargo or its quantity or its condition;
 - b. the issue of a bill of lading or other document containing or evidencing the contract of carriage which contains any fraudulent misrepresentation, including but not limited to the issue of an ante-dated or post-dated bill of lading, way bill or other document containing or evidencing the contract of carriage ;
 - c. Delivery of cargo carried under a negotiable bill of lading or similar document of title without production of that bill of lading or document by the person to whom delivery is made;
 - d. Delivery of cargo carried under a waybill or similar non-negotiable document to a party other than the party nominated by the shipper as the person to whom delivery should be made;
 - e. Discharge of cargo at a port or place other than in accordance with the



- contract of carriage;
- f. late arrival or non-arrival of the Insured Vessel at a port or place of loading, or failure to load any particular cargo, unless the late arrival or failure to load is caused beyond the Assured's control.
- 3.2.3 Standard terms of carriage
There shall be no recovery from the Company in respect of liabilities, costs and expenses, which would not have been incurred by the Assured if the cargo had been carried on terms no less favourable to the Assured than those of the Applicable Law.
- 3.2.4 Rare or precious cargo
There shall be no recovery from the Company in respect of bullion, precious or rare metals or stones, plate, jewellery or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments or specie, unless the Company has approved the carriage in writing.
- 3.2.5 Ad valorem bills of lading
Where the value of any cargo is declared upon the bill of lading, way bill or other document containing or evidencing the contract of carriage at a figure in excess of Euro 2,500.- (or the equivalent in the currency in which the declared value is expressed) per unit, piece or package, the liability of the Company under this Section shall not exceed Euro 2,500.- per unit, piece or package, unless the Company has agreed in writing to provide cover at a higher value.
- 3.2.6 Property of the Assured
Should any cargo which becomes lost or damaged on board the insured vessel be the property of the Insured, he shall be entitled to recover from the Company that amount as would be recoverable were the cargo to have belonged to a third party and that third party had entered into a transportation agreement with the Insured on terms that accord with applicable law. Where the terms are less favorable for the Insured than applicable law, the terms that accord with applicable law shall prevail.
- 3.2.7 Deviation
There shall be no recovery from the Company under this Section and no claims shall be admissible if the liability, costs or expenses arise as a result of or arise following a deviation from the contractually agreed voyage and if as a result of such a deviation the Assured is not entitled to rely on any defences or rights of limitation which would otherwise have been available to him to reduce or eliminate his liability. The Company may agree special cover at terms to be agreed, if the deviation is reported before it occurs.
- 3.2.8 Deck cargo
There shall be no recovery from the Company for liability, costs or expenses in respect of cargo carried on deck, unless the bill of lading, waybill or similar document expressly states that the cargo is carried on deck and that the Assured is free from liability for all loss or damage.
- 3.2.9 Refrigerated containers
There shall be no recovery from the Company for liability, costs or expenses in respect of cool - or refrigerated containers, unless the Captain/Owner can prove that he has carried out regular temperature measurements before loading, during transportation and after unloading.
- 3.2.10 Livestock
Liabilities arising in respect of any contract for the carriage of live animals are excluded from cover.



Section 4

Collision with other ships and non-contact damage

- 4.1 Liability to pay costs and damages to any other person arising out of the collision of the Insured Vessel and another vessel, but only to the extent that such liabilities are not recoverable under the collision liability clause contained in the Hull Policies of the Insured Vessel and provided that it has been agreed in writing between the Company and the Assured prior to inception what proportion of the Insured Vessel's collision liability is covered under this Section.
- 4.2 If a claim arises under this Section in respect of a collision involving two vessels belonging wholly or partly to the same Owner, the Assured shall be entitled to recover from the Company, and the Company shall have the same rights, as if the vessels had belonged to different owners.
- 4.3 In any instance in which both vessels involved in a collision are to blame and the liability of either or both vessels becomes limited by law, any recovery of the Assured from the Company will be settled on the principle of single liability. In all other instances, a claim for recovery by the Assured from the Company under this Section shall be settled on the principle of cross liabilities, as if the owner of each vessel had been compelled to pay the other owner such proportion of the latter's damages or as may have been properly allowed in ascertaining the balance payable by or to the former.
- 4.4 Liability to pay for loss of or physical damage to any other ship or cargo or other property therein caused by the wash of the Insured Vessel, or by the ship's non-compliance with any statutory regulation, but only and insofar as such damages are not recoverable under the collision liability clause which is included in the hull policy of the insured vessel and provided that the Company and the Insured agree in advance what proportion of the collision liability of the insured vessel is covered on the basis of this article.
- 4.5 *Exclusions and Limitations*
- 4.5.1 There shall be no recovery from the Company of any deductible applicable under the Hull Policies of the Insured Vessel.
- 4.5.2 Recovery from the Company under this Section shall be limited to the excess, if any, of the amount which would have been recoverable under the Hull Policies of the Insured Vessel if that vessel had been insured thereunder at the proper value.

Section 5

Loss of or damage to property

- 5.1 Liability to pay damages or compensation for any loss of or damage to any property (including infringement of rights in connection with that property) whether on land or water and whether fixed or moveable, not being another ship or cargo carried in the Insured Vessel.
- 5.2 *Exclusions and Limitations*
- 5.2.1 No claim shall be recoverable under this Section where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, unless those terms were previously approved by the Company in writing.
- 5.2.2 No claim shall be recoverable under this Section in respect of loss of or damage to property that is owned, leased or otherwise within the possession, custody or control of the Assured.



Section 6

Wreck removal

- 6.1 Liability for the costs and expenses of raising, removing, destroying, lighting or marking the wreck of an Insured Vessel or of any cargo carried aboard such vessel, but always provided that the Assured is obliged by law to perform such operations or bear such expenses.
- 6.2 *Exclusions and Limitations*
- 6.2.1 In respect of a recovery from the Company under this Section the value of the wreck and anything else salvaged shall be deducted and set off against the recoverable costs and expenses;
- 6.2.2 The Assured shall not have transferred its interest in the wreck prior to the raising, removal, destruction, lighting or marking of the wreck or prior to the incident giving rise to liability, save by abandonment with the Company's approval in writing;
- 6.2.3 The occurrence or event giving rise to the wreck of the Insured Vessel arose during the Period of Insurance of the Insured Vessel.

Section 7

Quarantine expenses

Liability to pay damages or compensation and/or additional expenses incurred by the Assured as a direct consequence of an outbreak of a contagious or infectious disease on the Insured Vessel, including quarantine and disinfection expenses and the net loss to the Assured in respect of bunkers, insurance, wages, stores, provisions and port charges.

Section 8

Towage

- 8.1 Towage of the Insured Vessel
- 8.1.1 Liability under the terms of a contract for the customary towage of the Insured Vessel for the purpose of entering or leaving a port or manoeuvring within the port during the ordinary course of trading;
- 8.1.2 Liability in the ordinary course of trading if the Insured Vessel is habitually towed from port to port or from place to place.
- 8.1.3 Liability under the terms of a contract for towage of an Insured Vessel other than customary towage, but only if and to the extent that cover for such liability has been agreed by the Company in writing.
- 8.2 Towage by the Insured Vessel
- Liability under the terms of a contract for towage of another ship or object is only recoverable from the Company, if the contract is approved in writing by the Company and cover has been agreed between the Company and the Assured.

Section 9

Pollution risks

- 9.1 The liabilities, losses, damages, costs and expenses set out below under A. to D. when and to the extent that they are caused by or incurred in consequence of the **accidental** discharge or escape from the Insured Vessel, of oil or any other substance, or the threat of such discharge or escape:
- A. Liability for loss, damage or contamination.
- B. The costs of any measures reasonably taken for the purpose of avoiding or minimising pollution or any resulting loss or damage together with any liability for loss of or damage to property caused by measures so taken.
- C. The costs of any measures reasonably taken to prevent an imminent danger of the discharge or escape from the Insured Vessel of oil or any hazardous substance which may cause pollution.
- D. The costs or liabilities incurred as a result of compliance with any order or direction given by any government or authority for the purpose of preventing or reducing pollution or the risk of pollution, provided always that such costs or liabilities are not recoverable under any other insurance.



- 9.2 *Exclusions and Limitations*
- 9.2.1 No claim shall be recoverable under this Section where the Assured is solely held liable as owner of the oil cargo.

Section 10 **General Average**

- 10.1 Unrecoverable general average contributions - cargo
The proportion of general average expenditure (including salvage) and special charges which the Assured is entitled to claim from cargo interests or from some other party to the maritime adventure, but which are not legally recoverable solely by reason of a breach of the contract of carriage.
- 10.2 Ship's proportion of general average - hull
Ship's proportion of general average expenditure (including salvage) and sue and labour expenses which are not recoverable under the Hull Policies and Excess Liabilities by reason of the value of the Insured Vessel being assessed for contribution to general average or salvage at a sound value in excess of the insured value under such policies. If the amount insured under the Hull Policies is less than the proper value, then the proper value shall be determined by the Company in their sole discretion and the Assured shall only be entitled to recover the excess of the amount which would have been recoverable under the Hull Policies if the vessel had been insured at the proper value.

Section 11 **Sue & Labour and Legal Costs**

Costs, including legal costs, and expenses reasonably incurred by the Assured, on the occurrence of an event or matter liable to give rise to a claim, in avoiding or seeking to avoid or minimise any liability or expenditure or loss against which it is insured by the Company, provided that such costs and expenses have been incurred with the Company's prior written agreement.

Section 12 **Fines**

- 12.1 Liability for fines imposed by any court, tribunal, or Authority of competent jurisdiction upon the Assured or upon any person for whom the Assured is legally liable to reimburse, for any of the following:
- A. Short or over delivery of cargo or for failing to comply with regulations concerning declarations relating to goods or cargo or to the Insured Vessel's documents;
 - B. in respect of **accidental** pollution by oil or other substance;
 - C. Smuggling or any infringement of any customs law or regulation relating to the cargo or the Insured Vessel;
 - D. Breach of immigration laws or regulations;
 - E. any act, neglect or default, other than those specified above, of any servant or agent of the Assured in the course of their duties in respect of the Insured Vessel.
- 12.2 *Exclusions and Limitations*
There shall be no recovery from the Company in respect of:
- 12.2.1 Overloading of the Insured Vessel;
 - 12.2.2 Entry of the Insured Vessel into prohibited waters;
 - 12.2.3 Disregarding of routing regulations;
 - 12.2.4 Criminal activity of which the Assured had actual or constructive knowledge, recklessly disregarded or failed to take reasonable steps to prevent;
 - 12.2.5 Failure to maintain the Insured Vessel's life saving and/or navigational equipment and/or to keep prescribed certificates on board;
 - 12.2.6 Desertion or landing of a crew member, stowaway or refugee without permission of the necessary authorities;



- 12.2.7 Non compliance with legislation about allowable sailing times and occupation of crew on board of the Insured Vessel

Section 13

Enquiry expenses

Expenses reasonably incurred at the discretion of the Company by the Assured in defending itself and/or protecting its interests before a formal enquiry into a casualty involving the Insured Vessel, which may likely give rise to a claim under this Policy.

Section 14

Stowaways, refugees or persons rescued

- 14.1 Costs and expenses other than the costs of diversion of the Insured Vessel, necessarily incurred by the Assured in meeting its legal obligations in respect of stowaways, persons rescued, or refugees, including the costs of maintaining, landing and where necessary repatriating such persons, but only to the extent as such sums are not recoverable under the Hull Policies of the Insured Vessel or from cargo owners or their insurers.
- 14.2 Any claim for costs and expenses in respect of bunkers, stores, crew wages, insurance and port charges shall be limited to the Assured's net loss.

Section 15

Life salvage

Sums which are legally payable to third parties by reason of their having saved, or attempted to save, the life of any person on or from the Insured Vessel, but only to the extent as such sums are not recoverable under the Hull Policies of the Insured Vessel or from cargo owners or their insurers.

Section 16

Risks incidental to shipwrecking

The Assured may recover from the Company those liabilities, losses or expenses to third parties, which are incidental to the business of shipwrecking and which are not specified or expressly excluded in this Policy, but only to such extent that the Company may decide on any request under this Section in its sole and absolute discretion.



CLASS 2
RISKS COVERED

Part 3

Defence cover for legal costs

The standard cover is set out in Section 1 below and is subject always to the terms and conditions of this policy and the provisions of the General Terms & Conditions mentioned in Part 1 and the provisions of Section 2 below. The Company shall indemnify the Assured against the reasonable and necessarily legal costs and expenses, which are incurred in relation to the operation of the Insured Vessel, arising from events occurring during the Period of Insurance.

The Company has the liberty to exclude, limit, modify or otherwise alter the standard cover by special terms, which have been agreed between the Company and the Assured and if so agreed any special terms will appear on the Certificate of Insurance.

Section 1

- 1.1 **Standard cover**
The reasonable and necessarily legal costs and expenses incurred in establishing or resisting claims and disputes arising in respect of:
- 1.1.1 hire or off-hire, freight, deadfreight, laytime, demurrage, despatch or other claim or dispute relating to the Charter Party, Bill of Lading or other contract of carriage in respect of the Insured Vessel;
 - 1.1.2 supplies to the Insured Vessel;
 - 1.1.3 charges, disbursements and accounts received from agents, stevedores, customs, brokers, harbour authorities or other servants of the Assured;
 - 1.1.4 loading, stowing, trimming, discharging, lightening of cargo on, or from the Insured Vessel;
 - 1.1.5 loss of, damage to or detention of the Insured Vessel;
 - 1.1.6 general or particular average contributions or charges;
 - 1.1.7 salvage or towage services rendered to the Insured Vessel;
 - 1.1.8 representation of the Assured at official investigations or other inquiries in relation to the Insured Vessel;
 - 1.1.9 actions by, or against passengers intended to be or being or having been carried on the Insured Vessel, provided the carriage of passengers was approved by the Company;
 - 1.1.10 actions by, or against, crew members, or their personal representatives, dependants or stowaways;
 - 1.1.11 actions by, or on behalf of, a State or any public body against the Assured or the Insured Vessel, **but not taxes or dues payable in countries where the ship is registered or where the Assured is resident or where the Assured has a permanent place of business;**
 - 1.1.12 amounts due from, or to, insurers, other than the Company;
 - 1.1.13 sale and purchase of the Insured Vessel;
 - 1.1.14 actions by, or against builders and/or repairers of the Insured Vessel;
 - 1.1.15 any other issue or matter in connection with the Insured Vessel



Any claim under this Section must have arisen from occurrences or circumstances, which have taken place after the Attachment Date under this policy and must be notified to the Company within the Period of Insurance.

Section 2

Exclusions and Limitations

- 2.1 There will be no recovery under this insurance, if:
- 2.1.1 the claim, liability or dispute would have been covered under the Protection & Indemnity cover of a P. & I. Club.
 - 2.1.2 the claim, liability or dispute is subject to an exclusion and/or limitation stated in Section 5 of the General terms and conditions of this Policy.
 - 2.1.2 There is no reasonable relation between the amount in dispute and the costs that are likely to be incurred.
 - 2.1.3 The claim is unreasonable or tainted with illegality or other improper conduct.
- 2.2 Any recovery under this Class shall be subject always to the following:
- 2.2.1 The Company shall be entitled in its absolute discretion to support the Assured in connection with any claim or dispute referred to in Section 1 to such stage or extent and in such manner and on such terms as the Company may think fit, including but not limited to a term that the amount that the Assured will be reimbursed by the Company shall be capped at a particular amount or alternatively that the Assured shall not be reimbursed in respect of any specified amount or proportion of the costs and expenses incurred or to be incurred.
 - 2.2.2 The Company shall be entitled at any time in its absolute discretion to discontinue its support or to refuse further support in connection with any claim or dispute referred to in Section 1, notwithstanding any previous decision by the Company to support the same.
 - 2.2.3 Notwithstanding Section 10.8 of Part I of this insurance, the Company shall have an absolute discretion as to the conduct of any claim or dispute referred to in Section 1 and may at any time direct an Assured and its appointed lawyers, surveyors or other persons to take whatever course in connection therewith as the Company may at its sole discretion require and upon such terms as the Company may deem appropriate and to continue or discontinue any legal proceedings.
 - 2.2.4 In the event of a failure by the Assured to act as directed by the Company whether pursuant to this sub-Section 2.2. or howsoever, any claim by the Assured for reimbursement of legal costs and expenses shall be limited to the amount of those legal fees and expenses which would have been recoverable had the Assured acted as directed.
OR
In the event of a failure by the Assured to act as directed by the Company whether under this sub-Section 2.2. or howsoever, the Assured shall not be entitled to be reimbursed by the Company in respect of any legal costs and expenses so incurred unless and insofar as the Company shall, in its absolute discretion, otherwise determine.
- 2.3 The Company shall be entitled either directly on its own behalf or with the full cooperation of the Assured to take all such steps as it deems appropriate to satisfy itself that the legal costs and expenses incurred in respect of this Part III are reasonable. The Company shall have full authority and right to make enquiry of any appointed lawyers and to



negotiate with them, to require a full schedule of costs and disbursements and to tax or assess the same as the Company in its sole discretion shall consider appropriate whether formally or otherwise and the Assured shall provide all consents as may be necessary in this regard.

2.4

Where an Assured settles or compromises a claim within its FD&D cover for a lump sum which includes costs or without making provision as to costs, The Company shall determine what part of the lump sum shall be deemed attributable to costs.



PART 3 **DEFINITIONS**

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| Applicable Law | The provisions of law in relation to the responsibilities, obligations, duties, rights, liabilities, immunities, exceptions and limitations of a carrier by water which are or would be applied by the Competent Court to the particular contract but without regard to any express or special provisions contained therein relating to or otherwise regulating any of the aforementioned matters. |
| Application Form | An application for insurance, duly signed by the Assured, in the standard format stipulated by the Company, providing information material to the risk to be insured and which shall be attached and form part of the Policy of Insurance. |
| Associated person | A company or other legal entity which controls or is controlled by or is under common control with the Assured. |
| Assured | The person insured under the Policy of Insurance and who is stated to be the Assured in the Certificate of Insurance. |
| Attachment Date | The first day on which the insurance commences. |
| Cargo | Goods which are the subject of a contract of carriage and are to be, are, or were carried on the Insured Vessel, other than containers leased and/or owned by the Assured. |
| Certificate of Insurance | The document issued by the Company stating the details of risks attached and which is evidence of the contract of insurance under the Policy of insurance. |
| Charter Party | A time charter party, a voyage charter party, including contracts of affreightment and booking notes or a space charter party. |
| Class of insurance | Any Class of insurance which is referred to in the Policy of insurance. |
| Co-assured | Any person or company named in the Certificate of Insurance, who is covered on the basis of 'misdirected arrow' only. |
| Company | Swiss Re International S.E., Luxembourg. |
| Crew | Any person (including the Master) employed or engaged to serve on board the Insured vessel under Articles of Agreement or other crew agreement or contract of service of or employment, including a substitute for such person. |
| Deductible | The proportion, percentage or the limited sum of money to be borne by the Assured in respect of any claim. |
| Event | Any event, including any occurrence or occurrences arising out of any such event unless the Company decides to treat each occurrence as a separate event. An event shall deemed to have taken place at the time of the first occurrence which results in a claim or claims. |
| Fleet Insurance | Coverage of two or more vessels by one or more Assureds on the basis that the Insured Vessels will be treated as a fleet of vessels, which will be subject to a combined loss record. |
| Hull Policies | The insurance policy or policies effected on the hull and machinery of the Insured Vessel, including any interest, increased value, excess liability, war & strikes risks and other total loss policies. |



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| Inland Craft | A vessel solely or principally used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in Inland Waters or is registered by the appropriate Authorities as an inland craft and a vessel shall be deemed to be principally used or intended to be used as aforesaid, if but only if, either when used outside Inland Waters such use is incidental to the vessel's use or intended use within Inland Waters, it is only occasionally otherwise used outside Inland Waters. |
| Inland Waters | Any harbour, dock, basin, lake, river, canal or other Inland Water (whether natural or artificial and whether tidal or non-tidal) including any estuary or arm of the sea within or adjacent to a specified area, but otherwise excluding the open sea within territorial waters and the high seas. |
| Insured Vessel | A ship, boat, hovercraft or other description of vessel or structure (whether under construction or otherwise), the name of which appears in the Certificate of Insurance. |
| Joint Assured | Where the Certificate of Insurance names more than one person as the Assured, any of those so named. |
| Period of Insurance | Twelve months as from the Attachment Date of insurance of the Insured Vessel or such lesser period as the Company shall agree. |
| Person. | A natural person, an incorporated or unincorporated body or a combination of both. |
| Personal effects | Personal property including clothes, documents, navigation and other technical instruments and tools but excluding valuables and any other articles which, in the opinion of the Company, are not reasonably required by a crew member. |
| Policy of Insurance | The Company's Marine Liability Policy for Shipowners Inland Craft, consisting of the General Terms and Conditions, together with those terms and conditions specified in the separate Classes of insurance, the questionnaire, the Application Form and the Certificate of Insurance. |
| Passenger | A person, not forming part of the crew or, having paid a fare and having obtained a passenger ticket for the passage on board of the insured vessel. |
| Specialist Operations | Specialist operations are considered to be salvage, fire fighting, exploration, surveying, drilling, production, and associated services in respect of oil, gas or minerals, oil storage, underwater operations by a submarine or other submersible, commercial diving and underwater surveying, construction, including pile driving, blasting, and the transport and construction of offshore installations, dredging and the removal and discharge of dredging or other spoil, cable or pipeline laying or recovery, including preparatory surveying, laying or recovery operations, maintenance, waste incineration or disposal, pollution control, professional oil spill response and tank cleaning (otherwise than on the entered vessel), search and rescue at sea, research at sea, leisure, accommodation and catering services on board a permanently moored vessel. |
| Ship manager | A ship manager or other managing agent acting on behalf of the owner of the Insured Vessel. |



This policy wording can be obtained in the Dutch or English language. In case of discrepancy between the English policy wording and the Dutch wording “Polisvoorwaarden aansprakelijkheidsverzekering voor eigenaren van Binnenvaartschepen 1/2009”, only the wording of the latter policy shall be applicable.