



MARINE LIABILITY POLICY FOR CHARTERERS

Version 1 - 2012



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**PART 1 – PROTECTION & INDEMNITY
(including liability for damage to the
Insured Vessel)**

The Company shall indemnify the Assured against the legal liabilities, costs and expenses under this Class of Insurance, 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 16 below.

**SECTION 1 – LIABILITY FOR DAMAGE
TO INSURED VESSEL**

1.1 Liability of the Assured as Charterer under the terms of the Charter Party of the Insured Vessel, which may arise out of physical loss or damage to the Insured Vessel, to include loss of or damage to hull, machinery, equipment, stores, fuel or other property belonging to the owners of the Insured Vessel.

1.2 Liability of the Assured as Charterer for detention or loss of use of the Insured Vessel, following and consequent upon an incident which led to physical loss or damage to the Insured Vessel for which the Assured is legally liable under the terms of the Charter Party as per section 1.1 above.

**SECTION 2 – ILLNESS, INJURY AND
LOSS OF LIFE**

2.1 Liability to pay damages or compensation for illness, personal injury or death of any person, other than an employee, including hospital, medical or funeral expenses incurred in relation to such illness, injury or death.

2.2 Exclusions and Limitations

2.2.1 Cover under this section is limited to liabilities arising out of a negligent act or omission on board or in relation to an Insured Vessel or in relation to the handling of her Cargo from the time of receipt of that Cargo from the shipper or pre-carrier at the port of shipment until delivery of that Cargo to the consignee or onward carrier at the port of discharge.

2.2.2 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 6 (Contracts and Indemnities).

**SECTION 3 – LOSS OF OR DAMAGE TO
PROPERTY**

3.1 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.

3.2 Exclusions and Limitations

3.2.1 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.

3.2.2 No claim shall be recoverable under this section in respect of loss of or damage to property which is owned, leased or otherwise within the possession, custody or control of the Assured.

3.2.3 This section does not apply to liabilities falling within other sections of this Class of Insurance.

SECTION 4 – CARGO LIABILITIES

4.1 The liabilities, costs and expenses set out in paragraphs (a) to (d) when and to the extent that they relate to Cargo.

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 the Assured 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 legally liable for these costs and expenses and 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;

d. Through or transshipment bills of lading. Liability for loss, shortage, damage, or other responsibility in respect of Cargo carried by a means of transport other than the Insured



Vessel, when the liability arises under a through or transshipment bill of lading, or other form of contract, approved by the Company in writing, which provides for carriage partly to be performed by the Insured Vessel.

4.2 Exclusions and Limitations

4.2.1 Notwithstanding the Period of Insurance and each Insured Vessel's attachment hereunder 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, unless otherwise agreed by the Company in writing and in advance on such terms as the Company may require.

4.2.2 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;

- 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.

4.2.3 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 laid down on the Company's recommended standard terms of carriage which shall be the HagueVisby Rules. In particular, there shall be no recovery from the Company in respect of liabilities arising under the Hamburg



Rules, unless the Hamburg Rules are compulsorily applicable to the contract of carriage by operation of law.

4.2.4 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.

4.2.5 Ad valorem bills of lading. Where the value of any Cargo is declared upon the bill of lading at a figure in excess of USD 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 USD 2,500.- per unit, piece or package, unless the Company has agreed in writing to provide cover at a higher value.

4.2.6 Property of the Assured. If any Cargo lost or damaged on board of the Insured Vessel shall be the property of the Assured, he shall be entitled to recover from the Company the same amounts as would have been recoverable if the Cargo had belonged to a third party and that third party had concluded a contract of carriage with the Assured on the terms of the Company's standard terms of carriage stated above in section 4.2.3.

4.2.7 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.

4.2.8 Deck Cargo. There shall be no recovery from the Company for liability, costs or expenses in respect of Cargo carried on deck, except:

- a. For containers where the Insured Vessel is designed and/or fitted for the carriage of containers on deck and the Insured Vessel has written approval from the Classification Society for the carriage of containers on deck;
- b. In case 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.

SECTION 5 – COLLISION WITH OTHER SHIPS

Liability to pay damages to any other person and/or party arising out of the



collision of the Insured Vessel and another vessel.

SECTION 6 – CONTRACTS AND INDEMNITIES

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

SECTION 7 – WRECK REMOVAL

7.1 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.

7.2 Exclusions and Limitations

7.2.1 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.

7.2.2 The Assured shall not have transferred an interest in the Wreck, if any, 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.

7.2.3 The occurrence or Event giving rise to the Wreck of the Insured Vessel arose during the Period of Insurance and the Insured Vessel's attachment thereto.

SECTION 8 – 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 9 – TOWAGE

9.1 Towage of the Insured Vessel

9.1.1 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.



9.1.2 Liability in the ordinary course of trading if the Insured Vessel is habitually towed from port to port or from place to place.

9.1.3 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.

9.2 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 Company approves the contract in writing and cover has been agreed between the Company and the Assured.

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.

SECTION 10 – POLLUTION RISKS

10.1 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 minimizing pollution or any resulting loss or damage

10.2 Exclusions and Limitations

10.2.1 No claim shall be recoverable under this section where the Assured is solely held liable as owner of the Cargo.

10.2.2 Any Certificate of Insurance or confirmation of cover pursuant to this Policy of Insurance shall not be deemed to be evidence of financial responsibility under the Oil Pollution Act of 1990 or any similar federal or State law and may not be shown or tendered to the United States Coast Guard or any federal or State agency as evidence of financial responsibility or evidence of insurance. The Company does not consent to be a guarantor.



10.2.3 In respect of recovery from the Company under this section the value of any property that is or may be deemed to be a hazardous substance which may cause pollution and in respect of which the Assured has obtained any proceeds of sale or other financial recovery whatsoever shall be deducted from and set off against the Company's liability to pay.

SECTION 11 – GENERAL AVERAGE

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

SECTION 12 – SUE & LABOUR AND LEGAL COSTS

12.1 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 minimize 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.

12.2 Exclusions and Limitations

There shall be no recovery from the Company in respect of:

- a. Costs which are claimable in General Average.
- b. Costs which result from the Insured Vessel being overloaded or improperly stowed.
- c. Costs which are incurred in order to make the Insured Vessel seaworthy to receive the cargo.
- d. Costs which form part of the daily running of the Insured Vessel.
- e. Costs for work which could have been carried out by the Crew or by reasonable use of the Insured Vessel and her equipment.
- f. Costs which are not approved in advance by the Company where it is practicable to obtain such approval.

SECTION 13 – FINES

13.1 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. 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.

13.2 Exclusions and Limitations

There shall be no recovery from the Company in respect of:

- a. Overloading of the Insured Vessel;
- b. Entry of the Insured Vessel into prohibited waters;
- c. Disregarding of routing regulations;
- d. Criminal activity, of which the Assured had actual or constructive knowledge, recklessly disregarded or failed to take reasonable steps to prevent.

SECTION 14 – STOWAWAYS

Liability under a Charter Party to the owner for fines and other expenses incurred by that owner as a consequence of stowaways being or having been on

board an Insured Vessel, provided that the owner itself incurred such fines and expenses under legal liability and those expenses are not recoverable by the Assured from any third party and there is no insurance for liability.

Cost or expense of whatsoever nature directly or indirectly caused by or in any way contributed to, by or in consequence upon liabilities in excess of those by the Assured has or would have incurred under the 'Stowaways Clause for Time Charters' as contained in the Baltic and International Maritime Council Special Circular No. 5, dated 21 July 1993.

SECTION 15 – ENQUIRY EXPENSES

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.

SECTION 16 – INTERFERENCE BY GOVERNMENT AUTHORITIES

Expenses incurred in defending or seeking redress where there has been interference with the operation of the Insured Vessel by any lawful authority in any country, that the Company shall in its own discretion, decide is unwarranted and requires investigation.



EXTENSION OF COVER

In addition to the risks covered under sections 1 to 16, the Protection & Indemnity cover can be extended with the following optional clause at terms and conditions to be approved and confirmed by the Company in writing prior to commencement of such risk

EXTRA BUNKER HANDLING COSTS

Extra costs, and liability for extra costs, in connection with the removal, storage, processing and disposal of bunkers supplied for the Assured's account where such costs are necessarily, reasonable and solely incurred as a direct result of such bunkers being defective, contaminated or unfit for use.

Exclusions and limitations

There shall be no recovery from the Company in respect of costs, or liability for costs, which:

- a. Result from failure to order bunkers of the correct specification; or
- b. Would have been subject to a right of recourse against the bunker suppliers or other third party but for a waiver or exemption agreed to by the Assured.



PART 2 – 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 4 and the provisions of section 2 below. The Company shall indemnify the Assured against the reasonable and necessary 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 – RISK COVERED

1.1 The reasonable and necessary legal costs and expenses incurred in establishing or resisting claims and disputes, including any such costs and expenses which the Assured may become liable to pay to any other party, arising in respect of:

1.1.1 Hire or off-hire, freight, deadfreight, laytime, demurrage, dispatch 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 Class of Insurance, if:

2.1.1 The claim, liability or dispute would have been covered under the Assured's Protection & Indemnity cover .

2.1.2 There is no reasonable relationship between the amount in

dispute or the prospects of successfully obtaining payment (due to financial position of the other party or otherwise) and the costs which 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 of Insurance 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 6.8 of part 4 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.

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.

2.2.4 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 2 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 defence

**PART 3 – CARGO OWNERS' LEGAL LIABILITY**

The Company shall indemnify the Assured against the legal liabilities, costs and expenses under this Class of Insurance, incurred by the Assured in his capacity as cargo owner/trader whilst carried on a ship, or whilst being loaded on or discharged from a ship, which would have been covered under Class of Insurance 1 of this policy wording had they been incurred by the Assured in its capacity as Charterer, but excluding liabilities, losses, costs and expenses in respect of damage to or loss or reduced value of cargo arising as a consequence of a condition, quality or specification of the cargo which existed prior to the cargo being accepted for carriage or which was caused by treatment or processing, including blending, of cargo other than treatment necessary for transportation.

For the purpose of this Class of Insurance the word “cargo” shall mean any lawful and merchantable commodity or goods intended to be or being or having been carried on board a Vessel pursuant to a contract of carriage but shall exclude any other equipment, stores, fuel (unless carried as cargo) or substance or whatever nature, and shall further exclude waste and residues of cargo(es) and/or of other equipment, stores, fuels and/or substances.

For the purpose of this Class of Insurance “cargo owner” includes buyer, seller, holder of the Bill of Lading and cargo

trader, where they have the ownership on the loaded cargo.

SECTION 1 – EXCLUSIONS AND LIMITATIONS

1.1 Notwithstanding the foregoing, it is hereby understood and agreed that this Class of Insurance does not cover against, nor shall any liability attach hereunder for loss, damage, injury or expense caused by or resulting from:

1.1.1 Any liability arising from lighterage and/or vessel-to-vessel transfer.

SECTION 2 – O.P.A. DISCLAIMER CLAUSE

2.1 Notwithstanding any other provision of this Policy of Insurance or of any underlying insurance, this Policy of Insurance is not evidence of financial responsibility under the Oil Pollution Act of 1990 or any similar federal or State laws. Any showing or offering of this policy by the Assured as evidence of insurance shall not be taken as any indication that the Company consents to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Company does not consent to be guarantor or to be sued directly.



PART 4 -GENERAL TERMS AND CONDITIONS

SECTION 1 - APPLICATION OF TERMS

Any contract of insurance effected pursuant to the Marine Liability Policy for Charterers shall incorporate the general terms and conditions and the terms and conditions of Class of Insurance 1, Class of Insurance 2 or Class of Insurance 3 as the case may be. 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

Any application shall be in the form supplied by the Company from time to time. The information and particulars given in the course of applying for insurance shall be deemed to form the basis of the contract of insurance between the Company and the Assured.

SECTION 3 - CERTIFICATE OF INSURANCE

3.1 On acceptance of the application for insurance by the Company, a Certificate of Insurance will be issued by the Company evidencing the terms and conditions of the contract of insurance between the Company and the Assured, which shall also state:

3.1.1 Name of Assured on whose behalf the Insured Vessel is insured 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 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 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 including taking reasonable steps to check the solvency and reputation of the other party to any Charter Party.

4.1.2 The Assured has failed to promptly provide the Company or its 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 the Assured recklessly or intentionally employed or caused the Insured Vessel to be employed in an unlawful or unduly hazardous or improper trade or voyage or that the Cargo carried and/or the method of its

securing or unsecuring, carriage, loading, inspection, maintenance, treatment or lack thereof during the voyage was unduly hazardous, patently inappropriate 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 from that, or any hostile act by or against a belligerent power;
- b. Capture, seizure, arrest, restraint or detention (barratry and piracy excepted) and the consequences thereof or any attempt thereof;
- 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 any nuclear fuel or from any nuclear waste or from the combustion of 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. The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-section does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific other similar peaceful purposes;
- i. Cargoes that are not carried in accordance with the specific international guidelines applicable including, but not limited to, the IMDG, IBC or IMSBC Code , and port/local regulations; or which are carried on board vessels which do not comply with the requirements as set for the carriage of such Cargo. The transport of this type of Cargo to be always approved under the Charter Party and done with the knowledge and consent of the master/owners;
- j. Wilful misconduct on the part of the Assured, such misconduct being an act intentionally done, or a deliberate omission by the Assured, with knowledge that the performance of omission will probably result in injury, or an act done or omitted in such way as to allow inference of a reckless disregard of the probable consequences.

4.1.6 The Insured Vessel has been, or is intended to be, employed in trades or areas other than those agreed with the Company.

4.1.7 The Assured has failed to declare the Vessel to the Company prior to commencement of the Charter Party or voyage, unless specifically otherwise agreed in the Certificate of Insurance.

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 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.

SECTION 5 - PAYMENTS TO THE COMPANY

5.1 The obligation to pay the premium is an obligation solely of the Assured. Section 53 of the Marine Insurance Act shall not unless otherwise agreed apply.

5.2 The Assured shall pay the premium strictly as required by the Company in the Certificate of Insurance or as the Company shall specify from time



to time. Time shall be of the essence as regards any due date as hereinafter defined.

5.2.1 If the Certificate of Insurance or other written notification by the Company requires payment to be made in full by a given date or within the period there set out this shall be the “due date” by which the Assured must pay.

5.2.2 If the Certificate of Insurance or other written notification by the Company requires payment to be made in installments by a series of dates or periods as there set out, then each date or period shall count as a “due date” by which the Assured must pay, although it is expressly agreed and noted that the installment payments do not render the policy severable.

5.2.3 If the Certificate of Insurance or other written notification by the Company requires payment to be made against periodic bordereaux of chartered vessels or pursuant to individual or group declarations (“schedule payments”) then the payment date for each schedule payment shall count as a “due date”. It is expressly agreed that the schedule payments do not render the policy severable.

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 of Insurance.

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 the Assured has failed to pay, either in whole or in part, any premium by a due date notwithstanding that, in relation to installment payments and schedule payments, the Assured may have paid any prior amount(s) by the due date(s), 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 (7) 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. The effect of such cancellation shall be as set out in section 8.1 below. Notwithstanding that the insurance has been cancelled by virtue of this section, the Assured shall be liable for all or any amounts which have fallen due under this policy prior to such cancellation.

5.6 The Company shall be entitled, once premiums and other sums have become due and payable, to commence an



action against the Assured or any other liable person, for the recovery of these amounts.

5.7 For the avoidance of doubt, in relation to schedule payments the Assured may not elect or seek to appropriate any one premium payment to a particular schedule payment. Its obligation is to pay each schedule payment as it falls due and in strict rotation. The Company may serve a notice pursuant to section 5.5 in respect of any failure to pay by a due date and its right of cancellation pursuant to section 5.5, and the effect thereof pursuant to section 8.1, shall subsist and there shall be no waiver in respect thereof even if an earlier or later schedule payment(s) has been made by a due date(s).

Should the Assured electronically transmit funds after a due date or after the notice period specified in the Company's notice under section 5.5 has expired then the acceptance of such funds is conditional only and the Company in its sole discretion may unequivocally accept or reject the late payment. In the event that the Company rejects the late payment then this insurance shall be effectively cancelled as from the expiry of the notice period and section 8.1 shall be fully effective.

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 minimizing 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 of Insurance 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 may reject this request for 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 of Insurance 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 provide 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 of Insurance, 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 of Insurance.

6.8 Any lawyer, surveyor or other expert or adviser shall be selected by the Company. The Company may, at its sole discretion, approve or decline any suggestions of the Assured in this regard. A lawyer, surveyor, expert or other adviser so selected shall be appointed and employed solely on the basis:

6.8.1 That they are employed by the Assured who shall be deemed their principal.

6.8.2 That they have standing instructions from the Assured at all times to give advice and report to the Company directly without prior reference to the Assured and shall produce to the Company any and all relevant documents or information obtained by them whether from the Assured or howsoever and whether or not such advice, reports, documents or information would otherwise be the subject of legal or any form of privilege as if they had been appointed to act at all times and had at all times been acting on behalf of the Company and the Company may at any time whatsoever rely upon such advice, reports and documentation or information as it in its absolute discretion deems fit, including but not limited to, the provision of further support and on coverage under the Policy of Insurance.

6.8.3 That notwithstanding SECTION 6.8.2 above, any reports or advices given pursuant to this section shall not bind the Company to any course of action.

6.8.4 That they shall provide costs and disbursement estimates to the Company at the Company's request. If so advised by the Company in writing, no legal costs and expenses shall be incurred by them without the Company's express prior approval.



6.9 Where legal steps or other proceedings are undertaken by lawyers or other parties appointed by the Company or its agents, the Company has the discretion to decline to pay for such legal services. The Company furthermore has the right to control or direct the conduct of handling of any case or legal and other proceedings relating to any matter in respect whereof legal and other costs are covered and to require the Assured to settle, compromise or otherwise dispose of the case or legal and other proceedings in such manner and upon such terms as the Company deems necessary. The Company shall be under no liability to reimburse an Assured for costs incurred before the Company has been notified of a claim under the cover.

6.10 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.

6.11 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.

6.12 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.

6.13 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.

6.14 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.

6.15 Where the Assured as a consequence of an Event which is covered by the Company obtains extra revenue, saves expenses or avoids liability or loss which otherwise would have been incurred and which would not have been covered by the Company, the Company shall be entitled to recover from the Assured or retain from any sum which would otherwise be payable to the Assured, an amount equivalent to the benefit obtained by the Assured.

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 and section 11.3 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.

7.2 In respect of the Insured Vessel:

7.2.1 If the Assured assigns rights and/or obligations under the Charter Party or any other contract for which the Insured Vessel is insured.

7.2.2 From the date of redelivery of the Insured Vessel or termination of the contracted voyage by any reason.

7.2.3 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.

7.2.4 If the Insured Vessel is missing for 10 days from the date she was last heard of, or upon her being posted at Lloyd's as missing, whichever shall be the earlier.

SECTION 8 - EFFECT OF CESSER OF INSURANCE

8.1 If the cesser of the insurance occurs because of a cancellation for failure to pay premiums, the Assured shall cease to be insured as from the Attachment Date and the Company shall not be liable for any claims of whatsoever nature in respect of any Insured Vessel under this policy, whether the incident giving rise to such claim occurred before or after the cesser of this insurance and notwithstanding the Company may have admitted liability for or appointed lawyers, surveyors or any other person to deal with any claims or the Company has posted or promised security.

The Assured must in all cases make alternative arrangements for the defence or prosecution of any claims and for the provision of substitute security and do all



things necessary to take over and handle any claims as prudent uninsured.

8.2 If the cesser of 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 - LIMIT OF LIABILITY

The total limit of liability of the Company under this policy in respect of claims or series of claims arising out of any one Event including any costs, fees and expenses shall in no circumstances exceed the amount stated in the Certificate of Insurance. This limit shall apply to all claims, costs, fees and expenses arising out of the Event whether they are made by one or by more than one Assured.

SECTION 11 - DEDUCTIBLES

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

11.2 The Assured shall pay the Deductible on or before the date specified by the Company.

11.3 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 (7) 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 or formality. Notwithstanding that the insurance has been cancelled by virtue of this clause, the Assured shall be liable for all or any amounts which have fallen due under this policy prior to such cancellation.

11.4 The Company shall be entitled, once Deductibles 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.



SECTION 12 – JOINT ASSUREDS AND CO-ASSUREDS

12.1 The Company may agree to extend the Policy of Insurance to a Joint-Assured named in the Certificate of Insurance.

12.1.1 Joint Assureds shall be jointly and severally liable to pay all amounts due to the Company.

12.1.2 Any payment by the Company to the Assured or any one of the Joint Assureds, shall be deemed to be complete payment to the Assured and to all Joint Assureds jointly and shall fully discharge the obligations of the Company in respect of that payment.

12.1.3 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.

12.1.4 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.

12.1.5 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.

12.1.6 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.

12.1.7 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.

12.1.8 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.

12.2 The Company may agree to extend the Policy of Insurance to a Co-assured named in the Certificate of Insurance.

12.2.1 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.



12.2.2 A Co-assured shall not be liable for amounts due to the Company by the Assured.

SECTION 13 – 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 its 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 14 – 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 15 – DISPUTES BETWEEN ASSURED

In the event of a dispute between Assureds insured with the Company, the Company may insist that the dispute in question shall be submitted to the Company and/or to a legal, technical or other expert appointed by the Company, for an opinion prior to the commencement of court proceedings or arbitration. Any such opinion may not be referred to in any subsequent proceedings but may be taken into account by the Company in determining to what extent the Company shall cover the costs of either Assured.

SECTION 16 – 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 written approval of the Company. If the Assured admits liability or settles the claim or dispute without such prior written 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 17 – DOUBLE INSURANCE

17.1 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.

17.2 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 18 – INTEREST AND SET OFF

18.1 In no case whatsoever shall interest be paid on any amount due from the Company.

18.2 The Company shall be entitled to set off any amount due from the Assured against any amount due to the Assured.

SECTION 19 – SUBROGATION

The Company shall be subrogated to all the rights which the Assured may have against any other person or entity, in respect of any payment or promise of payment made in accordance with this policy, to the extent of such payment or that promise of payment, and the Assured shall, upon the request of the Company, execute all documents necessary to secure to the Company such rights.

The Company shall have the right to sue in the name of the Assured, and the Assured shall execute all papers and documents in connection therewith, as requested by the Company, and shall lend all assistance to the prosecution of any suit. The balance of any amount recovered after full reimbursement of the Company for its loss and all expenses incurred shall be paid to the Assured. Compliance with this requirement may, in the Company's discretion, be made a condition of the payment of a loss.

SECTION 20 – NOTIFICATION AND TIME LIMIT

Without prejudice to the duty of prompt notification contained in section 6.4, the Assured's claim against the Company shall be extinguished and the Company shall be under no further liability in respect thereof if an Assured:

- a. 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;
- b. Fails to submit a claim to the Company for reimbursement of any liabilities, costs or expenses within one year after discharging the same.



SECTION 21 - TOTAL ASBESTOS EXCLUSION

There shall be no recovery from the Company in respect of any liabilities, costs and expenses directly or indirectly arising out of, resulting from or in consequence of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity.

SECTION 22 - LAW AND JURISDICTION

22.1 This policy shall be governed by and construed in accordance with English Law.

22.2 The High Court in London shall have exclusive jurisdiction to hear and determine any claim or dispute under this policy.

22.3 The insurance provided by the Company shall not nor is intended to confer any right or benefit on any third party under the Contracts (Rights of Third Parties) Act 1999 or any similar

provision, enactment or principle of law contained in the laws of any State which purports to do so.

SECTION 23 - MARINE INSURANCE ACT

This policy and all contracts of insurance made by the Company shall be subject to

and incorporate the provisions of the Marine Insurance Act, and any statutory modifications thereof except insofar as such Act or modifications may have been excluded by this policy or by any terms of such contracts.

SECTION 24 - SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision

of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America



PART 5 - DEFINITIONS

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 intended 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 (including the endorsements provided as per part 4, section 3.2) 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.

Charterer

A time charterer, a voyage charterer (whether under contract of affreightment

or otherwise), a charterer in partnership or space charterer in relation to a charter party of an Insured Vessel.

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

Amlin Corporate Insurance N.V., the Netherlands.

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 be deemed to have taken place at the time of the first occurrence that results in a claim or claims.



Hague Visby Rules

The International Convention for the Unification of Certain Rules Relating to Bills of Lading signed in Brussels on 25th August 1924, as amended by the Protocol to that Convention signed in Brussels on 23rd February 1968.

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.

Insured Vessel

A Vessel 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.

Marine Insurance Act

The Marine Insurance Act of 1906 of England and Wales.

Passenger

A person having paid a fare and having obtained a passenger ticket for the passage on board of the Insured Vessel.

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.

Unless otherwise agreed the period running from 00:00 GMT on the date of

commencement of the insurance to 00:00 GMT on the same date in the following calendar year.

Person

A natural person, an incorporated or unincorporated body or a combination of both.

Policy of Insurance

The Company's Marine Liability Policy for Charterers, consisting of the General Terms and Conditions, together with those terms and conditions specified in the separate Classes of Insurance and the Certificate of Insurance.

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 Insured Vessel), search and rescue at sea, research at sea, leisure, accommodation and catering services on board a permanently moored vessel.



Vessel

Any ship, boat, hovercraft or other description of vessel of structure (including any ship, boat, hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part thereof or any proportion of the tonnage thereof or any share therein.

Wreck

Any vessel or craft which is disabled, and is aground or has sunk, and which is not the subject of a contract for the provision of salvage services.