



Shipowners Mutual Syndicate

Shipowners Mutual Syndicate Limited

Charterers P&I Terms and Conditions

Commencing 21st November 2008

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Version 2022.01

Charterers` Protection and Indemnity Liability

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PART I SCOPE OF COVER

CLASS 1 – DEFENCE

1 Preliminary

- (A) The extent to which (if at all) an Assured may be supported by the Underwriters in respect of any Claim shall be decided by the Underwriters at any stage of the Claim, dispute, matter or proceedings. Each Claim or incident will be considered on its own merits and previous support for a particular type of Claim does not guarantee, or in any way bind the Underwriters from approving, or covering a similar Claim in the future.
- (B) (i) This Insurance only provides cover for legal cost and expense incurred by the Assured:
 - (a) in connection with an Insured Ship; and
 - (b) during the Policy Period; and
 - (c) in the Assured's capacity as Charterer, and/or disponent owner of, and/or carrier of goods in an Insured Ship.(ii) For the purposes of determining when a particular Claim is covered under clause 1(B)(i):
 - (a) a Claim or dispute arising out of contract (other than a Claim or dispute specified in clause 1(B)(ii)(b) below), in tort or under statute shall be deemed to arise on the date when the cause of action accrued or is alleged to have accrued;
 - (b) a Claim or dispute as to salvage or towage services shall be deemed to arise on the date when the relevant services were begun or are alleged to have begun.
- (C) The risks as set out in clause 3 are limited by the restrictions set out in the remainder of these Terms and Conditions, including but not limited to, Part II and the relevant Certificate of Insurance.

2 Maximum Limit

- (A) The maximum liability of the Underwriters under Class 1 in respect of each accident or occurrence and whether consisting of one or more Claims relating to an Insured Ship shall be limited to such sum as the Underwriters may from time to time determine (the "Maximum Sum") which shall never exceed USD 2,000,000 (two million United States Dollars) or such other limit as may be agreed in writing by Underwriters and contained in the Certificate of Insurance.
- (B) Where during any Policy Period there are multiple Claims arising out of or in connection with a single accident or occurrence and the aggregate of such Claims (excluding Deductibles) exceeds the Maximum Sum, the liability of the Underwriters for each individual Claim shall be such proportion of the Maximum Sum as that Claim bears to the aggregate of all such Claims.

3 Risks covered

Legal cost and expense, including any legal cost and expense which the Assured may become liable to pay to any other party in proceedings, solely for Claims as set out in sections 1 to 17 of this clause:

SECTION 1

Claims for hire, freight, deadfreight and passage money arising under any Charterparty, bill of lading, waybill or other contract;

SECTION 2

Claims for general and particular average contributions or charges;

SECTION 3

Claims for demurrage or despatch;

SECTION 4

Claims in respect of the detention of an Insured Ship (including, without prejudice to the generality of the foregoing, detention for any cause by any department of state, or local, or public authority or body, or any person or persons in authority);

SECTION 5

Claims in respect of the loss of or damage to an Insured Ship;

SECTION 6

Claims for the breach of any Charterparty, bill of lading, waybill or contract of affreightment, or for the breach of any legal duty arising in connection with the carriage of goods;

SECTION 7

Claims in respect of improper loading, lightering, stowage, trimming, or discharge of cargo;

SECTION 8

Claims in respect of the supply of inferior, unsatisfactory or unsuitable fuel, outfit or equipment, or other necessaries;

SECTION 9

Claims connected with overcharges in accounts;

SECTION 10

Claims in respect of salvage and towage services rendered by, or to, an Insured Ship;

SECTION 11

Claims by or against passengers intended to be, or being, or having been carried, on an Insured

Ship, or their personal representatives or dependants;

SECTION 12

Claims by or against masters, officers, crew, stowaways and other persons on or about an Insured Ship;

SECTION 13

Claims arising in connection with:

- (a) any sale, or proposed sale, of the Insured Ship by the registered owner which interferes, or threatens to interfere, with the rights or obligations of the Assured; or
- (b) the purchase, or proposed purchase, of the Insured Ship by the Assured pursuant to the exercise of rights acquired under the Charterparty in respect of the Insured Ship; or
- (c) any action, or proposed action, by a mortgagee of the Insured Ship which interferes, or threatens to interfere, with the rights or obligations of the Assured;

SECTION 14

Claims by or against Revenue or Customs Authorities in connection with an Insured Ship;

SECTION 15

Representation of an Assured at official investigations, coroners' inquests, or other enquiries whatsoever in relation to an Insured Ship;

SECTION 16

The cost of obtaining information and legal advice on matters of general concern to Charterers.

IT IS A CONDITION PRECEDENT FOR THE PROVISION OF COVER UNDER THIS SECTION 16 THAT:

- (a) the Assured has received the prior approval of the Underwriters before seeking such information or advice; and
- (b) the amount recoverable by an Assured under this section shall not exceed such sum as the Underwriters have expressly agreed with the Assured when seeking and obtaining their prior approval as required by sub section (a) above;

SECTION 17

All Claims, disputes, matters, legal, arbitration or other proceedings (other than those specified in sections 1 – 16 of this clause) as the Underwriters shall decide fall within the scope of the Insurance, other than any risks which are specifically excluded from the Insurance.

4 Claims handling

- (A) The Insurance has been provided and Premium calculated on the basis that

Underwriters shall be entitled to control the conduct of any Claim, dispute, matter or proceedings in the name of the Assured to such stage or extent, and in such manner and on such terms and conditions as the Underwriters decide, including (without prejudice to the generality of the foregoing) the right to defend, litigate, arbitrate, mediate, settle, abandon or in any other way dispose of a Claim.

- (B) The right of Underwriters as set out in sub clause (A) above shall apply notwithstanding any previous decision by the Underwriters to support the Claim, dispute, matter or proceeding.
- (C) Underwriters may at any time appoint and employ on behalf of the Assured upon such terms as they think fit, lawyers or other persons both within and outside the United Kingdom with a view to investigating, advising upon, or otherwise dealing with any Claim, dispute, matter or proceedings and discontinue such employment at any time.
 - i. Such lawyers and other persons must (without prejudice to their right to retire from the matter on any other grounds) retire from the matter if they consider that a conflict of interest has arisen or may arise between the Assured and the Underwriters.
 - ii. Such lawyers and other persons shall at all times give advice and report to the Underwriters in connection with the matter without prior reference to the Assured and produce to the Underwriters without prior reference to the Assured any Documents or information in their possession or power relating to any Claim, dispute, matter or proceeding, in the same manner as if they had been appointed to act and had at all times been acting on behalf of the Underwriters and whether or not any such Documents or information would otherwise be the subject of legal or any other form of privilege.
 - iii. The Underwriters may at any time rely upon such advice, reports, documentation or information in order to discontinue, or refuse, further support and any failure to rely on such advice, reports, documentation or information within a reasonable time after receipt of the same, or at all, shall in no circumstances prejudice, or affect, Underwriters rights, or be treated as any waiver of those rights.
- (D) Without prejudice to the generality of paragraphs (A) to (C) of this clause, the Underwriters shall be entitled to consider:
 - i. whether an Assured has shown that he has reasonable grounds for taking steps to assert, or dispute, any Claim, dispute, matter or proceedings, or for taking, defending or being a party to or being represented at any proceedings;
 - ii. whether in the particular circumstances of the Claim, dispute, matter or proceedings it appears appropriate to the Underwriters that the Assured should be supported;
 - iii. whether to reimburse any Claim to an Assured in whole or in part.
- (E) Where Underwriters exercise their rights under sub-paragraphs (A) to (D) above and decide that it is not appropriate for an Assured to be supported in connection with any Claim, dispute, matter or proceedings having regard to the probable legal cost and expense likely to be incurred in such proceedings as compared with the amount

in dispute, then the Underwriters may (in abandoning or otherwise dealing with the Claim) pay to the Assured the whole or any part of the Assured's Claim, as the Underwriters may think fit.

- (F) The Underwriters shall be entitled to withhold payment of any Claim until such time as all outstanding sums due from the Assured are fully paid and to exercise their right of set-off in accordance with clause 21(H) against Claims payments in respect of sums due.

5 Right of the Underwriters to recover costs from an Assured

Underwriters shall be entitled to recover from an Assured as a first charge against any award or judgment in respect of costs, an amount equal to any amounts paid by them under this Insurance relating to the same Claim, matter, dispute or proceedings. In circumstances where the Assured resolves a Claim, matter, dispute or proceedings by way of a commercial settlement, then where the settlement payment specifically refers to a cost element, Underwriters' rights shall be as stated above. Where the settlement payment does not specifically refer to a cost element, Underwriters will be entitled to recover from the settlement amount the same percentage as the settlement amount bears to the full Claim amount in respect of any amounts paid by them under this Insurance relating to the same Claim, matter, dispute or proceedings.

6 Obligations of the Assured in respect of Claims

- (A) An Assured must promptly notify the Underwriters of every casualty, Claim, dispute, matter or event which is liable to give rise to a Claim by him under the Insurance.
- (B)
- (i) An Assured must at all times promptly notify the Underwriters 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 by the Assured under the Insurance, and which are in the possession or power of the Assured or his agents or otherwise within his knowledge.
- (ii) When so requested by the Underwriters, an Assured shall promptly produce, or cause his agents promptly to produce to the Underwriters and/or allow the Underwriters or their agents (including any lawyer appointed by the Underwriters) to inspect, copy, or photograph all Documents of whatsoever nature which are or may be relevant to the Assured's Claim or intended Claim. The Underwriters shall further have the right to direct the Assured to preserve evidence (whether documentary or physical, including but not limited to samples, machinery or parts of equipment) until Underwriters determine that such preservation is no longer required. Any associated cost or expense shall be for the account of the Assured save where Underwriters agree to cover the same.
- (iii) An Assured shall permit the Underwriters or its agents (including any lawyer appointed by the Underwriters) 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 Underwriters may consider likely to have any direct or indirect knowledge of the matter giving rise to the Assured's Claim under the Insurance, or who may have been under a duty at any time to report to the Assured in connection with the said matter.

- (C) An Assured shall not settle or admit liability for any Claim, dispute, matter or proceedings in connection with which the Underwriters may be liable under this Insurance without first obtaining the written consent of the Underwriters.
- (D) If an Assured wilfully or negligently withholds any relevant information, Document or evidence or knowingly conceals any relevant information, Document or evidence, or makes any false statement with a view to obtaining the support of the Underwriters in any matter, or if an Assured causes or knowingly permits any other person to act in such a way, the Assured shall become exposed to the sanction set out in (G) below.
- (E) The Assured shall on request by the Underwriters provide copies of any Documents in their control relating to compliance of the Insured Ship with such directions, provisions and/or requirements of SOLAS 1974 (and any amendments thereto) and the ISM Code.
- (F) The Assured must be in a position to demonstrate that they carried out adequate checks at the time of entering into the relevant contract to show the good commercial standing and reputation of the intended contractual counter party with no adverse credit history or non-compliance with contractual obligations, including the honouring of any arbitration award or judgment and that they had appropriate insurance cover for the intended venture.
- (G) Where an Assured is in breach of any of the obligations set out in sub-sections (A) – (F) of this clause THERE IS NO INSURANCE and the Assured shall be liable to repay any amounts paid by the Underwriters in respect of Claims made in relation to the same Claim, dispute, matter or proceedings. The Assured shall not be entitled to any return of Premium.

CLASS 2 – LIABILITY

7 Preliminary

- (A) (A) An Assured only has Insurance for liability for or in relation to loss and damage, cost or expense incurred by him which arises:
- (i) in respect of the Assured's liability as:
 - (a) the Charterer of an Insured Ship; and/or
 - (b) the disponent owner of an Insured Ship; and/or
 - (c) the carrier of goods in an Insured Ship in this Class by or on behalf of the Assured,
- and
- (ii) out of events occurring during the Policy Period; and
 - (iii) in connection with an Insured Ship.
- (B) The risks covered as set out in clause 9 are limited by the restrictions set out in the remainder of these Terms and Conditions, including but not limited to Part II and the relevant Certificate of Insurance.

8 Maximum Limit

- (A) The maximum liability of the Underwriters under Class 2 in respect of each accident or occurrence and whether consisting of one or more Claims relating to an Insured Ship shall be limited to such sum as the Underwriters may from time to time determine (the "Maximum Sum") which shall never exceed USD 20,000,000 (twenty million United States dollars) or such other limit as may be agreed in writing by Underwriters and contained in the Certificate of Insurance.
- (B) Where during any Policy Period more than one Claim is made in respect of any one accident or occurrence, and the aggregate of such Claims (exceeding Deductibles) exceeds the Maximum Sum, the liability of the Underwriters for each individual Claim shall be such proportion of the Maximum Sum as that Claim bears to the aggregate of all such Claims.

9 Risks covered

SECTION 1

Liability in respect of damage to an Insured Ship

- (A) Liability
- (i) to indemnify an owner or a disponent owner under the terms of the Charterparty in respect of the Insured Ship; or
 - (ii) to pay to an owner or a disponent owner damages or compensation (including detention and/or demurrage and/or hire);
- which may arise out of physical loss or damage to an Insured Ship, which shall include loss or damage to hull, machinery, containers (if owned or leased by such owner or a disponent owner), equipment, stores, fuel, supplies, or other property

- (save for cargo which is dealt with separately under section 4 of this clause) of such owner, or disponent owner, on board such an Insured Ship.
- (B) Liability to pay to an owner or a disponent owner damages or compensation, excluding detention and/or demurrage and/or hire, which may arise where such owner or a disponent owner has taken reasonable measures to determine whether there has been such physical loss or damage to an Insured Ship, but where it is found that in fact no such physical loss or damage has occurred.

SECTION 2

Injury, illness and loss of life

Liability to pay damages or compensation for personal injury, illness or death of any person (other than persons engaged by the Assured under a contract of employment) and hospital, medical or funeral expenses incurred in relation to such injury, illness or death (save for any injury, illness or loss of life to a person on board a ship other than the Insured Ship following a collision which is dealt with separately under section 5 of this clause).

SECTION 3

Loss of or damage to property

Liability to pay damages or compensation for or in relation to any loss of or damage to any property (including infringement of rights in connection with that property) whether on land or water and whether fixed or moveable which is not within the possession, custody or control of the Assured.

SECTION 4

Cargo liabilities

- (A) Sources of liability

Insurance for the liabilities and costs to the extent that such liabilities and costs relate to cargo intended to be, or being, or having been carried in an Insured Ship and which arise:

- (i) under the terms of a contract of carriage contained in or evidenced by a bill of lading, or waybill, issued in respect of goods shipped, or to be shipped on board an Insured Ship, or of a sub-Charterparty pursuant to which the Assured is obliged to pay damages or compensation to the owner of such goods and/or any shipper, consignee, or endorsee, or other person entitled to make a Claim in respect of the goods under such a contract of carriage or sub-Charterparty; or
- (ii) in relation to cargo carried by an Insured Ship in respect of which the Assured is liable to an owner of cargo, or other person entitled to make a Claim in respect of such cargo, otherwise than in contract; or
- (iii) under the terms of a Charterparty of an Insured Ship pursuant to which the Assured is obliged to indemnify, or to pay damages or compensation to the owner or disponent owner in respect of liabilities which that owner or disponent owner has incurred (and discharged) under or pursuant to a bill of lading and/or contract of carriage relating to the carriage of goods on an Insured Ship; or
- (iv) under the terms of any sub-Charterparty of an Insured Ship between the Assured

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

(B) Risks

(i) Loss, shortage, damage or delay

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

(ii) Disposing of damaged cargo

The additional costs (over and above those which would have been incurred if the cargo had not been damaged) for, or in relation to, necessarily discharging or disposing of damaged cargo, but only if and to the extent that the Assured has no recourse to recover such additional costs from any other party and the Assured is legally liable for such additional costs on the basis that the damage has been caused by the direct negligence of the Assured subsequent to loading of the cargo onto the Insured Ship.

(C) Duration of Cover

(i) Period of Cover

An Assured shall only have Insurance in respect of liabilities or costs which arise from events which occur during the period from the time of shipment onto, until the time of discharge from, the Insured Ship.

(ii) Combined Transport, Through Transport or Transhipment Bills of Lading

(a) Only where Underwriters have agreed in writing to provide such cover shall an Assured have Insurance against liability for or in relation to loss, shortage, damage or delay in respect of cargo which the Assured may incur under a Combined Transport, or Through Transport bill of lading, or other contract of carriage approved by the Underwriters in writing pursuant to which the Assured is entitled to perform the carriage partly by an Insured Ship and partly by another vessel and/or land and/or air transport, where the Assured is able to prove that the liability arose during the period covered within paragraph (C)(i) of this section and where if the Assured has entered such a contract as principal they have obtained from any subcontractor a form of subcontract and receipt approved by the Underwriters in writing.

(b) Cover as provided under sub-section (ii)(a) of this clause shall include cover against storage risks which are incidental to a transit, being liabilities incurred by the Assured pursuant to the contract of carriage in respect of events which occur during periods between discharging from and loading onto any means of transport, for a period of up to seven Days between any two transits where such storage is within the port area or otherwise in a secure storage area.

(iii) Storage

Only where Underwriters have agreed in writing to provide such cover Insurance against storage risks which:

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

Only where Underwriters have agreed in writing to provide such cover an Assured shall have Insurance against liability for or in relation to loss, shortage, damage or delay in respect of cargo carried under and in relation to the Assured's participation in an Approved Paperless System which complies in full with the Paperless Trading Restrictions.

SECTION 5

Collision with other Ships

Liability to pay damages to any other person other than persons engaged by the Assured under a contract of employment as a consequence of a collision between an Insured Ship and any other Ship.

SECTION 6

Approved indemnities and contracts

Only where Underwriters have agreed in writing to provide such cover an Assured shall have Insurance against liability for loss of life, personal injury or illness, or for loss of or damage to property, arising under the terms of an indemnity or contract, given or made by or on behalf of the Assured, relating to facilities or services provided, or to be provided to, or in connection with, an Insured Ship or (in respect of liability for loss of life, personal injury or illness only) as a consequence of a casualty to an Insured Ship.

SECTION 7

Wreck

- (A) Liability for cost or expense, having first deducted the value of all stores and materials saved, as well as the wreck itself, relating to the actual or attempted raising, removal, destruction, lighting or marking of the wreck of an Insured Ship when such raising, removal, destruction, lighting or marking is compulsory by law, or the costs involved in such operations are legally recoverable from the Assured.
- (B) Liability incurred by an Assured as a result of the presence or involuntary shifting of the wreck of an Insured Ship, or as a result of his failure to remove, destroy, light or mark such wreck, including liability arising from the discharge or escape from such wreck of oil or any other substance.

SECTION 8

Quarantine expenses

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

SECTION 9

Towage contracts

- (A) Customary towage of an Insured Ship
Liability under the terms of a contract of towage of an Insured Ship save for the usual costs of such services.
- (B) Towage of an Insured Ship (other than customary towage)
Only where Underwriters have agreed in writing to provide such cover liability (but not cost) under the terms of a contract for towage of an Insured Ship other than the customary towage.
- (C) Towage by an Insured Ship
Only where Underwriters have agreed in writing to provide such cover liability (but not cost) under the terms of a contract for towage of another Ship or object by an Insured Ship.

SECTION 10

Pollution

Liability, cost and expense set out in paragraphs (A) to (D) below when and to the extent that they are caused by, or incurred in consequence of the discharge or escape from an Insured Ship of oil or any other substance, or the threat of such discharge or escape:

- (A) Liability for loss, damage or contamination;
- (B) The cost and expense of any measures reasonably taken with the prior approval of the Underwriters for the purpose of avoiding or minimising pollution or any resulting loss or damage, together with any liability for loss of or damage to property caused by measures so taken;
- (C) The cost and expense of any measures reasonably taken with the prior approval of the Underwriters to prevent an imminent danger of the discharge or escape from the Insured Ship of oil or any substance which may cause pollution;
- (D) Liability, cost and expense 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 liability, cost and expense is not recoverable under any other insurance.

SECTION 11

General average

Liability for the Assured's proportion of general average, special charges, or salvage in respect of freight at risk and/or bunkers owned by the Assured.

SECTION 12

Sue and labour costs

Liability for extraordinary cost and expense (other than cost and expense set out in section 13) reasonably incurred on or after the occurrence of any casualty, event or matter liable to give rise to a Claim under this Insurance and incurred solely for the purpose of avoiding or minimising any liability but only to the extent that such cost and expense has been incurred with the agreement of the Underwriters in writing.

SECTION 13

Fines

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

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

For the purposes of applying any Deductible relating to the risks in respect of which there is Insurance under section 4 or section 10 of this clause, the amount of any Claim under section 4 shall be added to the amount of any Claim under sub-paragraph (B) of this section, and the amount of any Claim under section 10 shall be added to the amount of any Claim under sub-paragraph (E) of this section.

SECTION 14

Stowaways

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

- (A) the owner or disponent owner itself incurred such Fines and expenses under legal liability; and
- (B) those Fines and expenses are not recoverable by the Assured from any third party.

IT IS A CONDITION PRECEDENT FOR THE PROVISION OF COVER UNDER THIS SECTION 14 THAT:

the relevant Charterparty contains either the Stowaways Clause for Time Charters as

contained in the Baltic and International Maritime Council Special Circular No. 5, dated 21 July 1993 or Stowaways Clause for Time Charter Parties 2009 as contained in the Baltic and International Maritime Council Special Circular No. 1, dated January 2010, or some other provision which limits any liability to the same extent or lesser.

SECTION 15

Enquiry expenses

Cost and expense approved in advance by Underwriters incurred by an Assured in defending himself, or in protecting his interests, before a formal enquiry into the loss of, or into a casualty involving, an Insured Ship but only to the extent that such enquiry relates to a risk for which Insurance is provided in this Class.

SECTION 16

Legal cost and expense

Legal cost and expense (including surveyors' costs and expenses and other costs and expenses associated with any investigation) approved in advance by Underwriters relating to any liability or alleged liability or expenditure against which the Assured has Insurance or, by reason of the Maximum Sum or a Deductible, has Insurance in part.

SECTION 17

Expenses incidental to the chartering of Ships (Omnibus Clause)

Liability, cost and expense incidental to the business of chartering Ships which in the opinion of the Underwriters fall within the scope of the Insurance.

SECTION 18

Expenses incurred by direction of the Underwriters

Liability, cost and expense which an Assured may be required to incur by special direction of the Underwriters in cases in which the Underwriters decide that it is in the interest of the Underwriters that the direction be given.

10 Special cover

The Underwriters may issue a Certificate of Insurance on terms which cover an Assured against any special or additional risks not set out in clause 9. The nature and extent of the risks and the terms of the cover, including but not limited to any Maximum Sum, additional Premium and/or Deductible shall be as agreed in writing between the Underwriters and the Assured.

11 Claims handling

- (A) The Insurance has been provided and the Premium calculated on the basis that Underwriters shall be entitled to control the conduct of any Claim, or legal, or other proceedings in the name of the Assured relating to any liability, loss or damage in respect of which the Assured has Insurance in whole or in part to such stage or

extent and in such manner and on such terms and conditions as the Underwriters decide, including (without prejudice to the generality of the foregoing) the right to defend, litigate, arbitrate, mediate, settle, abandon or in any other way dispose of a Claim.

- (B) If the Assured does not comply with the Underwriters' right to control or direct the conduct of any Claim or legal or other proceedings as set out in paragraph (A) of this clause or does not settle, compromise or dispose of a Claim or of proceedings after being required to do so by the Underwriters in accordance with paragraph (A) of this clause, any eventual recovery by the Assured from the Underwriters under the Insurance shall be limited to the amount he would have recovered if he had acted as required by the Underwriters.
- (C) Underwriters may at any and all times appoint and employ on behalf of the Assured, upon such terms as the Underwriters may think fit, lawyers, surveyors and other persons both within and outside the United Kingdom with a view to investigating or advising upon or otherwise dealing with any Claim or legal or other proceedings and discontinue such employment at any time.
- (i) Such lawyers and other persons must (without prejudice to their right to retire from the matter on any other grounds) retire from the matter if they consider that a conflict of interest has arisen or may arise between the Assured and the Underwriters.
- (ii) Such lawyers and other persons shall at all times give advice and report to the Underwriters in connection with the matter without prior reference to the Assured and produce to the Underwriters without prior reference to the Assured any Documents or information in their possession or power relating to any Claim, dispute, matter or proceedings, in the same manner as if they had been appointed to act and had at all times been acting on behalf of the Underwriters and whether or not any such Documents or information would otherwise be the subject of legal or any other form of privilege.
- (iii) The Underwriters may at any time rely upon such advice, reports, documentation or information in order to discontinue, or refuse further support and any failure to rely on such advice, reports, documentation or information within a reasonable time after receipt of the same, or at all, shall in no circumstances prejudice or affect Underwriters' rights or be treated as any waiver of those rights.
- (D) The Underwriters shall be entitled to withhold payment of any Claim until such time as all outstanding sums due from the Assured are fully paid and to exercise their right of set-off in accordance with clause 21(H) against Claims payments in respect of sums due.
- (E) In no circumstances whatsoever will the Underwriters provide cash deposits or be obliged to provide bail or other security. Neither does the Insurance cover any cost or expense incurred by the Assured in arranging for, placing, or maintaining bail or other security. The Underwriters may, however, should they otherwise agree with the Assured, provide bail or other security in respect of a Claim, in such form and on such conditions (including but not limited to the provision of counter security by the

Assured) as the Underwriters may determine. The provision of any such bail or security shall not constitute an admission of liability by the Underwriters in respect of any Claim which the Assured may seek to make under the Insurance and shall always be subject to the rights of reimbursement and recourse set out under clause 21(1).

12 Obligations of the Assured in respect of Claims

- (A) An Assured must promptly notify the Underwriters of every casualty, event or Claim upon him which is liable to give rise to a Claim by him under the Insurance (including Claims by him under any special cover agreed with the Underwriters under clause 10).
- (B) An Assured must promptly notify the Underwriters of every event or matter which is liable to cause the Assured to incur liabilities, costs or expenses for which he may have Insurance (including any liabilities, costs or expenses which are the subject of any special cover agreed with the Underwriters under clause 10).
- (C) An Assured must promptly notify the Underwriters of every survey or opportunity for survey in connection with a matter referred to under sub-paragraphs (A) or (B). The Underwriters shall be entitled to send one or more representatives to attend such a survey.
- (D)
 - (i) An Assured must at all times promptly notify the Underwriters of the existence of any Documents, reports or other information relevant to a casualty, event or other matter referred to under sub-paragraphs (A) or (B) which are in the possession, custody or power of the Assured or his agents or otherwise exist to the knowledge of the Assured.
 - (ii) When so requested by the Underwriters, an Assured shall promptly produce to the Underwriters and/or allow the Underwriters or their agents to inspect, copy or photograph all Documents of whatsoever nature which are or may be relevant to the Assured's Claim or intended Claim (including, without prejudice to the generality of the foregoing, vouchers, survey reports and general average adjustments). The Underwriters shall further have the right to direct the Assured to preserve evidence (whether documentary or physical, including but not limited to samples, machinery or parts of equipment) until Underwriters determine that such preservation is no longer required. Any associated cost or expense shall be for the account of the Assured save where Underwriters agree to cover the same.
 - (iii) The Underwriters may at any time require to be satisfied as to the spaces, plant, and apparatus used and the instructions given for the carriage of cargo in insulated or refrigerated chambers or containers and the terms of the contract of carriage under which such cargo is to be carried. Immediately upon Underwriters request the Assured shall supply all relevant information to the Underwriters. If the Underwriters are not satisfied with the information provided Underwriters shall be entitled to serve the Assured with a notice suspending the Insurance

- relating to the carriage of cargo in such spaces.
- (iv) An Assured shall permit the Underwriters or their agents (including any lawyer appointed by the Underwriters) 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 Underwriters may consider likely to have any direct or indirect knowledge of the matter giving rise to the Assured's Claim under the Insurance, or who may have been under a duty at any time to report to the Assured in connection with the said matter.
- (E) The Assured shall on request by the Underwriters provide copies of any Documents in their control relating to compliance of the Insured Ship with such directions, provisions and/or requirements of SOLAS 1974 (and any amendments thereto) and the ISM Code.
- (F) If an Assured wilfully or negligently withholds any relevant information, Document or evidence or knowingly conceals any relevant information, Document or evidence or makes any false statement with a view to obtaining the support of the Underwriters in any matter, or if an Assured causes or knowingly permits any other person to act in such a way, the Assured shall become exposed to the sanction set out in (J) below.
- (G) The Assured shall on request by the Underwriters provide copies of any Documents in their control relating to compliance of the Insured Ship with any directions, provisions or other requirements of this Insurance.
- (H) Upon the occurrence of any casualty, event or matter liable to give rise to a Claim by an Assured upon the Underwriters (including a Claim under any special cover granted under clause 10), it shall be the duty of the Assured and his agents to take and to continue to take all such steps as may be reasonable for the purpose of averting or minimising any expense or liability in respect of which he may have Insurance.
- (I) The Assured must be in a position to demonstrate that they carried out adequate checks at the time of entering into the relevant contract to show the good commercial standing and reputation of the intended contractual counter party with no adverse credit history or non-compliance with contractual obligations, including the honouring of any arbitration award or judgment and that they had appropriate insurance cover for the intended venture.
- (J) Where an Assured is in breach of any of the obligations set out in sub-paragraphs (A) – (I) of this clause THERE IS NO INSURANCE and the Assured shall be liable to repay any amounts paid by the Underwriters in respect of Claims made in relation to the same Claim, dispute, matter or proceedings. The Assured shall not be entitled to any return of Premium.

PART II LIMITATION OF COVER

13 LIMITATION OF COVER

This Part II and clause 13 set out the limitations on Cover for both Class 1 and Class 2 so that for each of the headed sub-paragraphs (1) – (32) THERE IS **NO INSURANCE** FOR LIABILITY, COST AND/OR EXPENSE OF WHATSOEVER NATURE arising out of, or which is directly or indirectly caused by, or in any way contributed to, by or in consequence upon any of the following:

(1) **Double Insurance**

Amounts recoverable under any other insurance or which would have been so recoverable:

- (i) apart from any terms in such other insurance excluding or limiting liability on the grounds of double insurance; and
- (ii) if the Ship had not been an Insured Ship.

(2) **Financial Claims**

Claims regarding the recovery or loss of hire, demurrage or damages for detention in respect of Claims made under Class 1.

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

Claims concerning an Insured Ship carrying contraband, blockade running or being employed in an unlawful trade or if the Underwriters, having regard to all the circumstances, shall be of the opinion that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper.

(4) **Associated Persons**

Claims, disputes or other matters which arise between the Assured and an Associated Person.

(5) **Owned or Leased Property**

Claims for, or in respect of any property which is owned or leased by the Assured or by any company associated with or under the same management as the Assured.

(6) **Injury, Illness and Loss of Life**

Claims in respect of injury, illness and loss of life involving:

- (i) Any person engaged under a contract of employment by the Assured;
- (ii) Any injury, illness or loss of life which does not result from a negligent act or omission;
- (iii) Any injury, illness or loss of life which takes place otherwise than on board an Insured Ship, or in relation to handling cargo carried on board an Insured Ship, from the time of receipt of such cargo from the shipper or pre-carrier at the port of shipment until delivery of such cargo to the consignee or onward carrier at the port of discharge;

(iv) Any liability which arises under the terms of any contract or indemnity and would not have arisen but for those terms (unless separately recoverable under and in accordance with section 6 of clause 9 of Class 2 of these Terms and Conditions).

(7) **Specific contract or indemnity**

Claims which arise under the terms of any contract or indemnity and would not have arisen but for those terms (unless separately recoverable under and in accordance with section 6 of clause 9 of Class 2 of these Terms and Conditions).

(8) **Combined and Through Transport**

Claims in respect of loss and/or damage suffered or legal liability incurred other than between the time of receipt for shipment and completion of delivery at final destination.

(9) **Cargo**

(i) Bills of Lading

Claims concerning:

(a) Delivery of cargo without production of the relevant bill of lading or other document of title;

(b) The issue of an ante-dated or post-dated bill of lading or waybill;

(c) The issue of a bill of lading or waybill which does not correctly state and truly reflect the quantity and/or condition and/or description of the cargo at the time of shipment in the Insured Ship and which bill of lading or waybill the Assured or his agent knew was incorrect in those respects, but only insofar as the said liabilities, costs or expenses arise as a direct consequence of the failure to issue correct bills of lading or waybills;

(d) Either the failure to arrive or late arrival of the Insured Ship at a port of loading, or the failure to load a particular cargo or cargoes in an Insured Ship, or the failure to carry a particular cargo or cargoes to the nominated discharge port;

(e) Discharge of cargo at a port or place other than that stipulated in the contract of carriage;

(f) Delivery of cargo to a party other than that named in the waybill, or delivery other than that required by such waybill;

(g) Necessary discharge of cargo due to its pre-shipment state or condition;

(h) The issue of a bill of lading or waybill by the Assured other than one which is on either the owners own form and identifies the owners as carriers, or some other general form and identifies the owners as carriers.

(ii) On-Carriage

Claims regarding the on-carrying of cargo to a contractual port or destination from any intermediate port where the cargo may have been off-loaded from an Insured Ship, or in respect of storage charges or other charges at any such intermediate port.

(iii) Deviation

Claims in respect of any deviation, including the unauthorised carriage of cargo on deck, or if as a result of such deviation the Assured is not entitled to rely on any

defences or rights of limitation which would otherwise have been available to him to reduce or eliminate his liability.

(iv) **Standard Terms of Carriage**

Claims concerning any liabilities which would not have been incurred or sums which would not have been payable by the Assured if the Assured had been entitled to rely on all defences and rights of limitation provided for in the Hague-Visby Rules; provided that where the Hamburg Rules are compulsorily applicable, by operation of law, to a contract of carriage under which the Assured incurs liability, then in that case (and in that case only), the Hamburg Rules will provide the basis of the limitation under this sub-provision.

(v) **Inter-Club New York Produce Exchange Agreement**

Claims concerning any liabilities under a Charterparty based on the New York Produce Exchange Form which would not have been incurred or sums which would not have been payable by the Assured if the relevant Charterparty had incorporated the terms of the Inter-Club New York Produce Exchange Agreement 1996 or the Inter-Club New York Produce Exchange Agreement 1996 (as amended September 2011).

(vi) **Rare and Valuable Cargo**

Claims concerning any Claim relating to the carriage of specie, bullion, precious or rare metals or stones, plate, jewellery, or any other objects of a rare or precious nature, bank notes, or other form of currency, bonds or other negotiable instruments.

(vii) **Perishable cargo in insulated spaces**

Claims concerning any loss of or damage to perishable cargo stored in reefer containers or refrigerated, or insulated spaces where the carriage of such cargo began after the Assured was served with a notice by Underwriters requesting any information concerning such reefer containers or refrigerated, or insulated spaces and/or the terms of any applicable contract of carriage, unless the Assured have responded and Underwriters have confirmed that they are satisfied that their enquiry has been fully addressed.

(viii) **Ad Valorem Bills of Lading or Waybills**

Claims concerning any payments of amounts exceeding USD 2,500 (two thousand five hundred United States dollars) per unit, piece or package in respect of shipment of goods carried under an ad valorem bill of lading or waybill in which the value per unit, piece or package has been stated to be in excess of USD 2,500 (two thousand five hundred United States dollars).

(10) **Wreck**

Claims in respect of:

- (i) The Insured Ship becoming a wreck other than during the Policy Period;
- (ii) Any such liability, cost or expense which arises subsequent to any termination of this Insurance save for a termination under clause 22 (B) of Part III of these Terms and Conditions;
- (iii) Transfer of the Assured's interest in the wreck otherwise than by abandonment,

prior to the raising, removal, destruction, lighting or marking of the wreck, or prior to the incident giving rise to the liability for the wreck;
(iv) Any such liability, cost or expense arising more than seven years after the Insured Ship became a wreck.

(11) **Contractual towage**

Claims in relation to the towage costs involved in the Insured Ship entering or leaving port, or manoeuvring within the port during the ordinary course of trading, or cost or expense incurred where Ships are habitually towed or pushed in the ordinary course of trading from port to port or from place to place.

(12) **Pollution and carriage of oil cargo**

Claims in respect of:

(i) the Assured's ownership of or rights in a cargo of oil;

(ii) liabilities, costs or expenses which arise in respect of bulk oil cargo tanker voyages within the Exclusive Economic Zone of the United States of America as defined in the United States Oil Pollution Act 1990 arising out of incidents to which the United States Oil Pollution Act 1990 and/or any other similar state legislation is applicable.

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

(13) **Fines**

Claims in respect of Fines or financial charges or penalties of whatever nature which concern:

(i) the overloading of an Insured Ship;

(ii) the entry of an Insured Ship into Prohibited Waters;

(iii) the disregarding of routing regulations;

(iv) illegal fishing;

(v) any act or default of which the Assured knew or should have known, or for which the Assured was otherwise personally responsible, including but not limited to circumstances where the Assured incurs a Fine as a result of their engaging in a positive course of action or taking a commercial decision.

(14) **War Risks**

Claims concerning:

(i) War, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power or any act of terrorism;

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

(iii) Mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war (save for those liabilities, costs or expenses which arise solely by reason of the

transport of any such weapons whether on board the Insured Ship or not). Provided always that this exclusion shall not apply to the use of such weapons, whether as a result of government order or with the agreement of the Underwriters where the reason for such use is the mitigation of liabilities, costs or expenses which would otherwise fall within the Insurance.

PROVIDED ALWAYS that:

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

(b) Nothing in this paragraph shall operate to exclude a Claim for a Fine which would otherwise be recoverable under section 13 of clause 9 of Class 2 of these Terms and Conditions.

(15) Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons

Claims concerning:

(a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

(b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

(c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

(d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause 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 or other similar peaceful purposes;

(e) any chemical, biological, bio-chemical, or electromagnetic weapon.

(16) Liabilities, costs and expenses of salvage ships, drilling ships, dredgers and others

Claims where:

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

(ii) an Insured Ship is used for the operations of drilling, core sampling, oil production or gas production, and the Claim arises as a result of those operations;

(iii) an Insured Ship is a dredger, and the Claim arises out of dredging operations;

(iv) an Insured Ship is used for the operations of pile driving, pipe laying or blasting, and the Claim arises out of those operations.

(17) Classification of Ship

Claims which arise during a period when an Insured Ship does not have a valid entry in

class with a Classification Society approved by the Underwriters.

(18) **Rights of Recourse**

The Assured having waived or failed to protect any rights of recourse against any other person.

(19) **ISM**

Where the Insured Ship, and "the company" (as defined by Chapter IX of the International Convention for the Safety of Life at Sea (as amended), ("SOLAS 1974") and, as defined in the International Safety Management Code, ("ISM Code") is not at any time during the Policy Period in compliance with all necessary directions, provisions and/or requirements of SOLAS 1974 (and any amendments thereto) and the ISM Code which pertain to the Insured Ship and which are in force during the Policy Period.

(20) **Cyber Attack**

(a) Subject only to paragraph (c) below, in no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.

(b) Subject to the conditions, limitations and exclusions of the policy to which this clause attaches, the indemnity otherwise recoverable hereunder shall not be prejudiced by the use or operation of any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.

(c) Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, paragraph (a) shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

(21) **Electronic Date Recognition**

Claims concerning:

(a)

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

(ii) any implemented or attempted change or modification or test of any computer system, software, hardware, integrated circuit, microchip, operating system

and/or any other electronic device or component, whether or not belonging to or in possession of the Assured or of any third party, in anticipation of or in response to any change of year, date or time, or any advice given or services performed in connection with any such change or modification;

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

(b) Paragraph (a) above shall not apply to exclude a Claim which the Assured can demonstrate to the satisfaction of the Underwriters:

(i) would be recoverable under these Terms and Conditions in the absence of the exclusion in paragraph (a); and

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

(c) Notwithstanding paragraph (b) above 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:

(i) any software, programming, operating system, code or data; or

(ii) any measures taken with the intention of averting or minimising any of the matters referred to in paragraphs (a)(i) or (a)(ii) above or any of their possible or anticipated consequences.

(22) **Sanctions**

Where support, assistance, involvement, payment (whether in respect of any Claim, or settlement of disbursements or accounts of any third party), or other benefit to an Assured of whatever nature, may expose Underwriters, Re-insurers or Managers to Sanctions.

(23) **Disputes with Underwriters**

In respect of any Claims, disputes or other matters which arise between the Assured and Underwriters.

(24) **Approved Cargo**

Where any cargo carried by an Assured on an Insured Ship is not an Approved Cargo.

(25) **Approved Charterparty**

Where an Insured Ship is chartered under any other than an Approved Charterparty.

(26) **Approved Insurer**

Where the owner or a disponent owner of an Insured Ship does not have an entry for any Insured Ship with an Approved Insurer.

(27) **Cargo Compliance**

Unless the cargo is loaded, stowed, or discharged, strictly in accordance with the

requirements of any IMO Code or any other similar legislation or regulation, or where cargo is carried under or pursuant to a Charterparty which is not an Approved Charterparty, or in the case of hazardous cargo, where such cargo is carried without the express knowledge and consent of the master and owner.

(28) Inadequate Lashing and Stowage

Inadequate lashing and stowage found to be causative and where the Assured has either intentionally or recklessly allowed such inadequate lashing and stowage to take place for whatsoever reason howsoever arising.

(29) Cost and Expense Not Expressly Authorised

When either:

(i) the Assured is not supported by the Underwriters in respect of any Claim, dispute, matter or proceedings; or

(ii) the Assured has not complied with any terms or conditions imposed by the Underwriters in giving their support to any Claim, dispute, matter or proceedings; or

(iii) the Assured has failed or refused to comply with any directions given by the Underwriters pursuant to clause 4(D),

this sub clause (29) shall operate notwithstanding that Underwriters may have previously supported any such or similar Claim, dispute, matter or proceedings.

(30) Repeated Breach

Where the Assured has breached a requirement under this Insurance on more than one occasion and has previously been put on notice of such breach of such requirement by Underwriters. In addition, in such circumstances the Underwriters will be entitled to give the Assured written notice that should the same requirement be breached subsequent to the service of such written notice, they will be entitled to cancel the Insurance with immediate effect and retain all Premium paid. In addition, Underwriters will still be entitled to claim and recover any sums due.

(31) Cost and Expense in Relation to Bail or Security

In relation to the placing, obtaining or maintaining of any bail or other form of security.

(32) Miscellaneous Exclusions

(Save so far as is expressly covered under these Terms and Conditions or by the terms of any special agreement with Underwriters), any of the following:

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

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

(iii) loss of freight or hire or any proportion thereof, unless as part of a Claim recoverable from the Assured for loss in respect of cargo and subject to the Underwriters and Assured reaching an agreement in writing on such terms as the Underwriters may require;

(iv) Claims relating to demurrage on, or detention of, or hire earned on, or off hire not

earned on, an Insured Ship;

(v) the cost of forwarding or return to port of embarkation of passengers, or of maintenance of passengers ashore consequent upon a casualty to the Insured Ship, unless insurance for such cost has been specially agreed between the Assured and the Underwriters pursuant to section 6 of clause 9;

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

(vii) salvage or services in the nature of salvage and any cost and expense in connection therewith;

(viii) loss arising out of cancellation of a Charterparty or other engagement of an Insured Ship;

(ix) loss arising out of irrecoverable debts or out of the insolvency of any person including insolvency of owners, sub-charterers or agents;

(x) indemnity Claims in respect of salvage or general average;

(xi) Claims of any nature where the Assured has intentionally made a false or untrue statement in support of any Claim, including but not limited to the background, factual nexus, circumstances, evidence or amount claimed.

(33) Communicable Disease

1. In the event that the World Health Organization ('WHO') has determined an outbreak of a Communicable Disease to be a Public Health Emergency of International Concern (a 'Declared Communicable Disease'), no coverage will be provided under this insurance for any loss, damage, liability, cost or expense directly arising from any transmission or alleged transmission of the Declared Communicable Disease.

2. The exclusion in paragraph 1 of this Clause 33 will not apply to any liability of the Assured otherwise covered by this insurance where the liability directly arises from an identified instance of a transmission of a Declared Communicable Disease and where the Assured proves that identified instance of a transmission took place before the date of determination by the WHO of the Declared Communicable Disease.

3. However even if the requirements of paragraph 2 of this clause are met, no coverage will be provided under this insurance for any:

a. liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for the Declared Communicable Disease whether the measures are preventative or remedial;

b. liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of the Declared Communicable Disease;

c. loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the Declared Communicable Disease.

4. Communicable Disease means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism to another organism where:

- a. the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not, and
 - b. the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, transmission to or from or via any solid object or surface or liquid or gas, and
 - c. the disease, substance or agent may, acting alone or in conjunction with other co-morbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind.
5. This clause shall not extend this insurance to cover any liability which would not have been covered under this insurance had this clause not been incorporated.

PART III GENERAL TERMS AND CONDITIONS

14 Duty of fair presentation

- (A) It is a condition precedent of this Insurance that the Assured and any party engaged by them have complied with their duty of fair presentation and have disclosed all the information which would influence the judgement of a prudent underwriter in determining whether to issue this Insurance on the terms set out in these Terms and Conditions and the relevant Certificate of Insurance. Should information later be disclosed or become known which shows that there was not a fair presentation, even if innocent, the Underwriter will not be bound by the terms of this Insurance the condition precedent having been breached, with the result that the Insurance will be void from inception. In such circumstances the Underwriter shall be entitled to retain any Premium paid against the costs of any Claims paid and to the extent the amount of Claims paid exceeds the value of such Premium, to be entitled to recover from the Assured the balance of any Claims paid.
- (B) It is the duty of the Assured and any party retained by them to disclose all information which they ought to know and which would have been revealed by a reasonable search of information and documentation which may influence the judgement of a prudent underwriter in determining whether to accept the Insured Ship and place the Insurance on the terms and for the amount of Premium set out in these Terms and Conditions and the relevant Certificate of Insurance.
- (C) The Assured's attention is specifically drawn to the queries raised during the application process concerning any special or unusual facts relating to the risks covered by the Insurance and any material factors, the purpose for which the Assured seeks the Insurance.
- (D) The Insurance has been placed in reliance upon the Assured's and any party or other agent's confirmation that they have conducted a reasonable search of all information which is available to them which includes the personal knowledge of all senior management, insurance and Claim management, designated person (as set out in the ISM Code), risk management, survey, technical and operations departments.
- (E) The Underwriters shall be entitled to refuse any application for Insurance where the Assured or any party have failed to comply with any of their duties set out under (A) – (D) above and further be entitled to restrict the level of Cover provided and/or charge an additional Premium where relevant information is disclosed or discovered following the issuance of the Insurance.

15 Condition Precedent – Pay to be Paid Indemnity Cover

- (i) It is a condition precedent to the Underwriters liability under this Insurance, failing which all and any liability of Underwriters under this Insurance shall be discharged immediately, that the discharge or payment of all and any legal cost and expense or any liability, cost or expense which the Assured subsequently seeks to recover from Underwriters under the Insurance is paid from funds belonging to the Assured

unconditionally and not by way of loan or otherwise.

- (ii) The discharge or payment of all and any legal cost and expense or any liability, cost and expense which the Assured subsequently seeks to recover from Underwriters under the Insurance by any party other than the Assured, or by way of loan or otherwise shall not constitute fulfilment of the condition precedent set out in sub-section (i) of this clause and Underwriters shall be under no liability under this Insurance.

16 Certificate of Insurance and endorsement slip

- (A) Every Certificate of Insurance and every endorsement slip issued shall be conclusive evidence and binding for all purposes as to:
 - (i) the commencement of the Policy Period; and
 - (ii) the terms and conditions on which the Assured shall be entitled to nominate Ships for Insurance; and
 - (iii) the terms and conditions and effective date of any variation.

PROVIDED ALWAYS that:

If any Certificate of Insurance or any endorsement slip shall in the opinion of the Underwriters contain any error or omission the Underwriters may issue a new Certificate of Insurance or a new endorsement slip which shall be binding and conclusive evidence of the Insurance.

- (B) The Certificate of Insurance, any endorsement slip and these Terms and Conditions shall form a contract between the Assured and the Underwriters.
- (C) Each and every Claim is subject to a Deductible which shall be paid by the Assured as and when requested by Underwriters, or which shall be an uninsured loss deducted from any Claim paid under the Insurance and recoverable only from any third party once any subrogated rights of Underwriters have been completely satisfied.

17 Variations

Notwithstanding anything to the contrary contained in these Terms and Conditions or in a Certificate of Insurance, the Underwriters may from time to time decide and give notice that, in respect of any specific Claims or classes of Claim, or type or types of loss, damage or cost, changes to trade practices, or cargo related problems and dangers, there is no Insurance.

Without prejudice to the generality of the foregoing, such decision may specify:

- (a) certain categories of cargo;
- (b) certain categories of voyage;
- (c) certain types of Ship,

in respect of which there is no Insurance.

18 Joint Insurance

- (A) If a Ship has Insurance in the names of or on behalf of more persons than one as Charterers in respect of the same Charterparty (both "Joint Charterers") the terms upon which each Joint Charterer shall be entitled to recover losses from the Underwriters and upon which the Underwriters shall be entitled to recover Premium from the Joint Charterers shall be such as may be agreed in writing between the Joint Charterers and the Underwriters.
- (B) Unless otherwise agreed in writing all Joint Charterers shall be co-assureds under the Insurance and under the same obligation of any Assured. In addition they shall be jointly and severally liable to pay all Premium or other sums due to the Underwriters and the receipt by any one of such persons of any sums payable by the Underwriters shall be a sufficient discharge of the Underwriters for the same.
- (C) Failure by any Joint Charterer to disclose material information within his knowledge shall be deemed to have been failure of all the Joint Charterers.
- (D) Conduct of any Joint Charterer which would have entitled the Underwriters to limit Cover, or decline to make payment of a Claim under this Insurance shall be deemed the conduct of all the Joint Charterers.
- (E) Unless the Underwriters have otherwise agreed in writing, the contents of any communication from or on behalf of the Underwriters to any Joint Charterer shall be deemed to be within the knowledge of all the Joint Charterers, and any communication from any Joint Charterer to the Underwriters or their agents shall be deemed to have been made with the full approval and authority of all the Joint Charterers.

19 Group Affiliate Cover

- (A) The Underwriters may accept the Insurance of any Ship upon terms that, within the limits and upon the conditions set out in paragraphs (B) and (C) of this clause, the benefit of the Cover afforded by the Underwriters to the Assured in respect of the Insured Ship shall be extended to persons or companies affiliated or associated with the Assured. The rights and obligations as between the Underwriters and any such persons or companies (together Group Affiliates) shall, subject to paragraphs (B) and (C) of this clause, be such as may be agreed in writing between the Assured and the Underwriters.
- (B) The benefit of the cover extended to Group Affiliates in accordance with paragraph (A) of this clause shall be limited to reimbursement of Claims relating to liability, cost or expense incurred by them to the extent that the Assured:
 - (i) would have incurred the same liabilities, cost and expense if the same Claims had been pursued against him; and
 - (ii) would have been entitled to obtain reimbursement from the Underwriters.
- (C) The total liability of the Underwriters in respect of any one event to the Assured and to all Group Affiliates to whom the benefit of that Assured's Insurance has been extended in accordance with this clause shall not exceed such sum as would have been recoverable from the Underwriters in respect of such an event by that Assured, and the receipt by any one of the Assured and any such Group Affiliates of that sum,

or of separate payments by the Underwriters amounting in aggregate to that sum, shall be a full and sufficient discharge of the Underwriters' liability.

20 Time Bar

If an Assured fails within three months:

- (A) to notify the Underwriters of the date on which the Assured became aware, or ought to have become aware, of any casualty, Claim, dispute, matter or event in relation to which he seeks to make a Claim under this Insurance; or
- (B) to submit a Claim to the Underwriters; or
- (C) to supply information concerning the Claim, dispute, matter or proceedings as requested by the Underwriters,

the Assured's Claim against the Underwriters shall be discharged and the Underwriters shall be under no liability under this Insurance.

21 Amounts due to Underwriters

- (A) Section 53 of the Marine Insurance Act 1906 shall not unless otherwise agreed apply and the Assured shall be bound to pay and shall pay to the Underwriters such sums as have been agreed with the Underwriters or Managers and at such time or times as the Underwriters or Managers shall have specified.
- (B) An Assured who has Insurance is bound to pay the Premium to Underwriters as stated in the Certificate of Insurance and in accordance with these Terms and Conditions.
- (C) The Underwriters and the Assured may agree that any Premium to be paid shall, notwithstanding any provision of these Terms and Conditions relating to termination, be no less than a specified amount (the "Minimum Premium").
- (D) The Underwriters may vary or modify the instalments and times of payment of Premium, as determined under these Terms and Conditions and the relevant Certificate of Insurance, provided always that any such variation or modification shall be expressly agreed in writing between the Underwriters and the Assured.
- (E) The Underwriters may require any Assured to pay all or any part of any Premium payable by him in such currency or currencies as the Underwriters may specify.
- (F) No Claim whatsoever by an Assured against the Underwriters shall constitute any set-off against the Premium or other sums of whatsoever nature due to the Underwriters, or shall entitle an Assured to withhold or delay payment of any such sum.
- (G) Without prejudice to the rights and remedies of the Underwriters under these Terms and Conditions and in particular clauses 22 and 23 inclusive, if any Premium, or instalment, or part thereof, or any other sum of whatsoever nature due from any Assured is not paid by such Assured on or before the date specified for payment, such Assured shall pay interest on the amount not paid from and including the date specified until the date of payment at such rate as the Underwriters may from time to time determine.

- (H) Underwriters shall be entitled to set-off any amount due from an Assured against any amount due to such Assured from the Underwriters.
- (I) Where Underwriters agree with the Assured to provide bail or other security in respect of a Claim in accordance with clause 11(E) the following provisions will always apply:
- (1) Underwriters shall be entitled to recover from the Assured the expenses incurred in connection with providing any such bail or other security, except in so far as such expenses, if incurred by the Assured, would be recoverable under clause 9 Section 12 of the Insurance;
 - (2) The Assured shall immediately upon written demand of the Underwriters repay to Underwriters such sum or sums as Underwriters have paid under any bail or other security to the extent that such payment is in respect of liabilities not covered under the Insurance.
- (J) Underwriters shall always have a right of recourse against the Assured for any amount which Underwriters have paid on behalf of the Assured and for which the Assured is not entitled to compensation under the Insurance.

22 Termination of Insurance

- (A) The Insurance of any Assured and the Insurance of any Insured Ship shall terminate immediately upon the happening of any of the following events:
- (i) 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;
 - (ii) 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 the appointment of an administrator, trustee, liquidator, receiver, manager or similar officer of all or part of the corporation's business or undertaking being appointed, or upon the commencement of Chapter 11 proceedings before any appropriate court in the United States of America, or upon crystallisation of and/or 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, or if under any system of law other than Panama Law there occurs an event in relation to that corporation which has a similar effect to any of the aforesaid events or circumstances;
 - (iii) if having failed to pay when due and demanded by the Underwriters any sum due from him to the Underwriters, he is served with a notice by or on behalf of the Underwriters requiring him to pay such sum on or before any date which may be specified in such notice and he fails to pay such sum in full on or before the date so specified;

- (iv) where in the opinion of Underwriters or Managers continuing with the Insurance of any Insured Ship will expose either of them or the Re-insurers to Sanctions;
 - (v) where Underwriters have served the Assured with a notice warning of repeated breach of requirement as provided for in clause 13(30).
- (B) Unless otherwise agreed in writing by the Underwriters the Insurance of any Insured Ship shall terminate upon the happening of any of the following events in relation to such Insured Ship:
- (i) the termination of the Assured's Charterparty of the Insured Ship whether by reason of redelivery, performance, cancellation, breach, repudiation, frustration, illegality, operation of law or in any other way whatsoever;
 - (ii) the Insured Ship being missing for ten Days from the date she was last heard of or from her being posted at Lloyd's as missing, whichever shall be the earlier;
 - (iii) the assignment of the Assured's rights and/or obligations under the Charterparty;
 - (iv) the Insured Ship becoming an actual total loss;
 - (v) acceptance by Hull underwriters (whether Marine or War Risks) that the Insured Ship is a constructive total loss;
 - (vi) a compromise, arrangement or settlement with any of the underwriters referred to in (v) above on the basis of which the Insured Ship is considered or deemed to be an actual loss or constructive total loss.

23 Effect of Termination on Liability of the Underwriters

- (A) When the Insurance of an Assured or the Insurance of a Ship terminates under clause 22 (otherwise than under clause 22(A)(iii) or (iv)) then the Underwriters shall remain liable in respect of that Ship for all Claims under these Terms and Conditions which:
- (i) arise by reason of any event which had occurred prior to the time of termination; or
 - (ii) in the case of termination under clause 22(B)(i)-(vi) inclusive, result directly from the event which terminates the Insurance, but shall be under no liability whatsoever by reason of anything occurring after the time of termination.
- (B) When an Assured ceases to have Insurance by virtue of clause 22(A)(iii) or (iv) then the Underwriters shall thereupon cease to be liable for all and any Claims under the Insurance, irrespective of whether:
- (i) such Claims have accrued, or arisen, or may arise, by reason of any event which had occurred before the date of termination, or before the commencement of the Policy Period in which the date of termination occurred;
 - (ii) such Claims may arise by reason of any event occurring after the date of termination;
 - (iii) the Underwriters may have decided to support the Assured, or admitted liability for such Claims, or appointed lawyers, surveyors or any other persons to deal with such Claims;

- (iv) at the date of termination the Claims were likely to accrue, or the events giving rise thereto were, or were not, known to the Underwriters.
- (C) All obligations of the Assured and rights of termination set out in clauses 22(A)(iii), (iv) and 23(B) above shall apply equally to each individual Assured named in the Certificate of Insurance and any Joint Charterer as described in clause 18 so that any default of one such Assured and/or Joint Charterer shall have effect over each and every other Assured and/or Joint Charterer.

24 Effect of Termination on Liability for Premium

- (A) When the Insurance of an Assured or the Insurance of any Insured Ship terminates under clause 22 the Assured and his Successors shall be and remain liable for all Premium in respect of the whole of the period of Insurance of an Insured Ship in which the event of termination occurs provided that if the Assured or former Assured gives notice in writing of such event to the Underwriters within one Month after the date of such termination, the Assured or former Assured shall be liable to pay Premium in respect of such Insured Ship for the relevant period of Insurance on a pro rata basis only, namely the proportion of such Premium applicable to the period beginning at the commencement of the Policy Period (or, in the case of a Ship nominated during the Policy Period, the date of such nomination) and ending at noon on the date of the happening of the termination event but subject always to any Minimum Premium.
- (B) For the purpose of determining whether any (and, if so, what) sum is due for the purpose of clause 22(A)(iii) or otherwise under these Terms and Conditions no account shall be taken of any amount due or alleged to be due by the Underwriters to the Assured on any ground whatsoever, and no set-off of any kind (including set-off which might otherwise have arisen by reason of bankruptcy or winding up of the Assured) shall be allowed against such sum (whether or not any set-off against Premium has been allowed at any time in the past), except to the extent (if any) to which any sum demanded by the Underwriters as due, and required to be paid in a notice served under the said sub-paragraph, may in itself have already allowed for a set-off or credit in favour of the Assured.
- (C) Without prejudice to the generality of clause 25 no act, omission, course of dealing, forbearance, delay or indulgence of any kind by or on behalf of the Underwriters, nor the granting of time, nor the acceptance by the Underwriters (whether expressed or implied) of liability for, or the recognition of, any Claim, and whether occurring before or after any date of termination shall derogate from the effect of clauses 22 to 24 inclusive or be treated as any waiver of any of the Underwriters' rights.

25 Forbearance

No act, omission, course of dealing, forbearance, delay or indulgence by the Underwriters in enforcing any of these Terms and Conditions, or any Insurance, nor any granting of time extensions by the Underwriters, shall prejudice or affect the rights and remedies of the

Underwriters under these Terms and Conditions, or the Insurance, and no such matter shall be treated as any evidence of waiver of the Underwriters' rights, nor shall any waiver of a breach by an Assured of such Terms and Conditions operate as a waiver of any subsequent breach. The Underwriters shall at all times and without notice be entitled to insist on the strict application of these Terms and Conditions and on the strict enforcement of any Insurance.

26 Assignment

- (A) No Insurance provided by the Underwriters and no interest under any Insurance may be assigned without the written consent of the Underwriters who shall have the right to give, or refuse such consent, without stating any reason, or to give such consent upon any such terms or conditions as they may think fit. Any purported assignment made without such consent, or without there being due compliance with any such terms and conditions as the Underwriters may impose, shall, unless the Underwriters otherwise determine, be void and of no effect.
- (B) Whether or not the Underwriters consent to any assignment, they shall be entitled in settling any Claim presented by the assignee to deduct, or retain such amount(s) as they estimate may be sufficient to discharge any liabilities of the assignor to the Underwriters, whether existing at the time of the assignment, or having accrued, or being likely to accrue, at any other time.

27 Applicable Law

- (A) These Terms and Conditions, any Certificate of Insurance, and any non-contractual obligations arising out of or in connection with the same shall be governed by and construed in accordance with Panama law.
- (B) Save for circumstances where there is a different choice of law and jurisdiction recorded in the Certificate of Insurance, the Assured irrevocably agrees, for the exclusive benefit of the Underwriters, that the Panama courts shall have jurisdiction in relation to any dispute and any suit, action or proceeding which may arise out of, or in connection with, the Insurance and for such purposes irrevocably submits to the jurisdiction of such courts. Nothing in this clause shall affect the right of Underwriters to serve process in any manner permitted by law or limit the right of Underwriters to institute legal proceedings against the Assured in any other court of competent jurisdiction, nor shall the institution of legal proceedings in one or more jurisdictions preclude Underwriters from instituting legal proceedings in any other jurisdiction whether concurrently or not.
- (C) The Assured shall not commence any legal proceedings in any country other than England in relation to any matter arising out of, or in connection with, this Insurance and the Assured irrevocably waives any objection which it may now, or at any other time have, on the grounds of inconvenient forum or otherwise, to legal proceedings being brought in any court referred to in this clause and further irrevocably agrees that a judgment or order in any legal proceedings brought in the Panama courts shall be conclusive and binding upon them and may be enforced without review in the

courts of any other jurisdiction.

- (D) A person who is not a party to the Certificate of Insurance has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of the Certificate of Insurance but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

28 Dispute Resolution

- (A) Save for any claim by Underwriters in relation to sums due and owing by the Assured any other dispute or difference between Underwriters and the Assured shall (if required by Underwriters) first be mediated in accordance with the current CEDR (The Centre for Effective Dispute Resolution-www.cedr.co.uk) Model Mediation Procedure. Unless Underwriters and the Assured agree upon a mediator, a mediator will be nominated by CEDR. To initiate the mediation either Underwriters or the Assured must give notice in writing to the other requesting a mediation. A copy of this notice should be sent to CEDR at the same time. Where Underwriters call for mediation in accordance with this clause the Assured irrevocably agrees not to commence any court proceedings or arbitration until they have attempted to settle the dispute by mediation and either the mediation has terminated or Underwriters or the Assured has failed to participate in the mediation.
- (B) Should mediation as required by clause 28(A) fail to resolve, or not apply to, any dispute or difference between Underwriters and the Assured then notwithstanding the provisions of clause 27 Underwriters shall be entitled to direct that any such remaining dispute or difference shall be referred to arbitration in London before an arbitrator to be appointed by agreement between the parties.
- (C) In the absence of agreement within fourteen Days of a request by either party to agree to a sole arbitrator, an arbitrator who is a Member of the London Maritime Arbitrators Association shall be appointed by the President for the time being of the London Maritime Arbitrators Association at the request of either party, who shall thereafter conduct the arbitration proceedings as sole arbitrator.
- (D) The submission to arbitration and all proceedings shall be subject to the provisions of the Arbitration Acts 1950 to 1996 or any statutory re-enactment or modification thereto.
- (E) The arbitrator shall have power to admit any evidence whether legally admissible or not.
- (F) The obtaining of an arbitration award shall be a condition precedent to the right of any Assured to bring or maintain any action, suit or other legal proceedings against Underwriters including but not limited to seeking security for their claim.
- (G) Notwithstanding the provisions of sub clauses (A) – (F) above Underwriters may at any time prior to the service of claim submissions in arbitration have the right to have any dispute determined by reference to the High Court in London. Should Underwriters make such a determination then any dispute resolution procedures under way at the time shall immediately be discontinued with each party bearing their own costs incurred up to such date and the costs of any mediator or arbitrator

being divided equally between them.

29 Subrogation

- (A) When a Claim has been paid under these Terms and Conditions, Underwriters shall be subrogated to all rights and remedies in respect of that Claim which the Assured may have against any third party.
- (B) Underwriters shall be entitled to use the name of the Assured in bringing, defending, enforcing or settling any legal proceedings (including proceedings in any arbitration) and the Assured shall give all necessary information and assistance and produce and forward all documents to enable Underwriters to substantiate, pursue, settle or resist any claim or any legal proceedings (including proceedings in any arbitration).
- (C) All and any rights in subrogation as set out in this clause or available to Underwriters as a matter of law shall survive and remain binding upon an Assured even following a termination of the Insurance as provided for in clause 22.

30 Delegation

Whenever any power, duty or discretion is conferred or imposed upon the Underwriters by virtue of these Terms and Conditions, such power, duty or discretion may, subject to any terms, conditions or restrictions contained in these Terms and Conditions, be exercised by any one or more of the Underwriters, or by any servant or agent of the Underwriters to whom the same shall have been delegated or sub-delegated.

31 Assured and Successors bound by Terms and Conditions

An Assured or other person by whom or on whose behalf an application is made for Insurance shall be deemed to have agreed not only on his own behalf but also on behalf of his Successors and each of them that both he and they will in every respect be subject to and bound by the provisions of these Terms and Conditions and by any relevant Insurance.

32 Miscellaneous

Any Insurance effected by the Underwriters shall, save and insofar as it contains any special terms inconsistent herewith, be deemed to incorporate and shall incorporate all the provisions of these Terms and Conditions.

33 Notices

- (A) Notices or any other communications required by these Terms and Conditions shall in the case of Underwriters be served to them by letter or courier addressed to Underwriters c/o Michael Else and Company Limited, 65 Leadenhall Street, London EC3A 2AD and in the case of any Assured or their Successors be served to them by

letter, courier, or email at the address which is the last known and used address of the Assured or upon any party or agent acting on their behalf to their registered office address.

- (B) In the case of Joint Charterers and/or Assured, notice need only be served on the person first named in the Certificate of Insurance.
- (C) Service shall be effective in the case of post on the Day following the Day on which the letter was posted or dispatched by courier and if by electronic means the Day on which the message was transmitted.

34 Terms and Conditions subject to Marine Insurance Act and Insurance Act

These Terms and Conditions and any Insurance shall be subject to and incorporate the provisions of the Marine Insurance Act 1906 and the Insurance Act 2015 of the United Kingdom and any statutory modifications thereof except insofar as such Act or modifications may have been excluded by these Terms and Conditions or by any term of any Insurance. Section 13A of the Insurance Act 2015 is excluded and accordingly all terms of the contract of insurance between the Underwriters and any Assured shall not be subject to nor shall Underwriters be in breach of any implied term that it will pay any sums due in respect of a Claim within a reasonable time save where the breach is deliberate or reckless.

DEFINITIONS

In these Terms and Conditions the words listed in the first column of the following table shall bear the meanings set opposite to them in the second column, if not inconsistent with the subject or context:

WORDS	MEANINGS
Approved Cargo:	A cargo which has been notified to Underwriters as being likely to be carried, is stated as an Approved Cargo in the Certificate of Insurance, has been assessed by the Managers the Premium assessed and cover written strictly on the basis of the notified cargo in reliance upon the Assured's duty of fair presentation and in respect of which there is no reservation or exclusion set out in the Certificate of Insurance.
Approved Charterparty:	A Charterparty on a form which has been provided to Underwriters for their prior approval and which has been so approved and is stated as an Approved Charterparty in the Certificate of Insurance, has been assessed by the Managers, the Premium assessed and cover written strictly on the basis of the notified Charterparty in reliance upon the Assured's duty of fair presentation.
Approved Insurer:	Either a member of the International Group of P&I Clubs or an underwriter, or other form of insurance provider, providing P&I type insurance that has been notified to Underwriters has been assessed by the Managers, the Premium assessed and cover written strictly on the basis of the identity of the notified insurer in reliance upon the Assured's duty of fair presentation.
Associated Person:	Includes any holding company or subsidiary of the Assured, any person which controls, is controlled by, or is under common control with the Assured and any other company, organisation or person who is part of the same group of corporations as the Assured or is in any way whatsoever affiliated or connected with the Assured.
Assured:	The person or party who has Insurance and who is named as Assured or Co-Assured in the Certificate of Insurance. Both of whom (Assured and any number of Co-Assured(s)) are parties to this Insurance.
Certificate of Entry	The certificate, including any endorsements thereto, which is issued by the Underwriters as evidence of the entry.
Charterer:	In relation to an Insured Ship, means time charterer (other than a

bareboat or demise charterer), voyage charterer (whether under a contract of affreightment or otherwise), charterers in partnership or space charterer by or on whose behalf the same has been provided with Insurance by the Underwriters.

Charterers P&I Club:	Trading name of a fixed premium facility for P&I and Defence risks underwritten by Shipowners Mutual Syndicate Limited.
Charterparty/ Charterparties:	A time charterparty (other than a bareboat or demise charterparty), a voyage charterparty (including contracts of affreightment) or a space charterparty.
Claim(s):	Any Claim or Claims made by an Assured, or support sought in respect of any Claim, dispute, matter or proceedings subject to and in accordance with the Insurance.
Class:	The Class of Insurance either Class 1 or 2 as identified in these Terms and Conditions.
Cover:	Insurance cover taken out by the Assured in respect of the Insured Ship in accordance with the Terms and Conditions and Certificate of Insurance.
Day:	A day computed in accordance with Greenwich Mean Time.
Deductible:	The amount or percentage set out in the Certificate of Entry.
Document:	Shall mean anything in which information of any description is recorded, including, but not limited to all electronically stored documentation, email, text message, SMS, metadata, computer or other electronically generated information, documentation or records.
Electronic Bills of Lading:	Shall mean any electronic Document, information, message, or data which is intended to replace or provide, functional equivalence to a paper bill of lading, documents of title, or waybills, as the case may be.
Expiry Date:	The date on which an Insured Ship ceases to have Insurance.
Fine or Fines:	Includes penalties and other impositions similar in nature to fines.
IMO Code:	Any code or shipping requirement relating in any way to loading, stowage, safety for carriage, or discharge, published by the

International Maritime Organization including but not limited to the International Maritime Dangerous Goods Code (IMDG Code), and/or the International Maritime Solid Bulk Cargoes Code (IMSBC Code).

- Insurance:** Cover provided to an Assured in accordance with the Terms and Conditions and Certificate of Insurance.
- Insured Ship:** A Ship which has Insurance.
- Managers:** Shipowners Mutual Syndicate Limited
- Maximum Sum:** In relation to each Class the sum stipulated in clauses 2(A) and 8(A) respectively or such other amount as may have been agreed in writing between the Assured and Underwriters in accordance with these Terms and Conditions.
- Month:** Calendar month.
- Paperless System:** Shall mean any system, or contractual arrangement, the predominant purpose of which is to replace paper-based documentation in shipping and/or international trade with electronic messages.
- Paperless Trading Restrictions:** Shall mean the following:
(a) the Assured shall only agree to the issue of an Electronic Bill of Lading in circumstances where every Charterparty to which the Assured is a party includes a provision (on materially identical terms) which permits the use of such an Electronic Bill of Lading and provides that the consequences of the use of such an Electronic Bill of Lading shall be identical to the position had a paper document been issued; and
(b) the Assured shall not agree to assume any additional, or increased risks, or liabilities pursuant to, or in connection with, the issue of an Electronic Bill of Lading including but not limited to liability incurred being greater than it would have been had a paper bill of lading or waybill been used.
- Policy:** The policy provided for the Insurance.
- Policy Period:** Unless otherwise agreed the period running from 00:00 GMT on the date of the commencement of the Insurance to 00:00 GMT on the same date in the following calendar year.
- Premium:** Any premium or other sum or sums payable to the Underwriters

pursuant to the provisions of the Insurance.

- Prohibited Waters:** Any waters which entry into is prohibited, restricted or limited by any international convention or treaty or by any Statutory Obligation.
- Re-insurers:** Any organization who provides re-insurance facilities of whatsoever nature to the Underwriters.
- Sanctions:** Any sanction, prohibition, restriction, or any other embargo or limitation of any kind whatsoever, whether in relation to the Insured Ship or otherwise, imposed by a competent authority, or government under United Nations resolutions, or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.
- Ship:** Any ship, boat, hovercraft or other description of vessel or 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.
- Statutory Obligation:** Any obligation, liability or direction imposed by any legislative enactment, decree, order or regulation having the force of law in any country.
- Successors:** Includes heirs, executors, administrators, personal representatives, assigns (when permitted under these Terms and Conditions), receivers, curators or persons authorised to act on behalf of one who becomes incapable by reason of mental disorder of managing their property or affairs, trustees in bankruptcy, liquidators and other successors whatsoever.
- Terms and Conditions:** The terms and conditions of The Charterers P&I Club for the time being in force and which are incorporated by reference into the Certificate of Insurance.
- Underwriters:** Shipowners Mutual Syndicate Limited
- USD:** Lawful currency of the United States of America.