OWNERS' FIXED PREMIUM P&I COVER
POLICY TERMS & CONDITIONS
VERSION 4.01 (FEBRUARY 2018)

The London P&I Club

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A	1 **Risks Covered**	Subject to any special terms which may be agreed by the Association in writing the Assured is covered for the risks set out in this Section A, PROVIDED that such risks arise: 1.1 in respect of the Assured's interest in the insured Ship; and 1.2 in connection with the operation of the insured Ship by or on behalf of the Assured; and 1.3 out of events occurring during the period of cover of the insured Ship by the Association.
A	2 **Liability to Persons other than Seamen, Persons engaged to Handle Cargo and Passengers (persons holding passage tickets)**	2.1 *Liability to persons other than Seamen* Liability to pay damages or compensation for personal injury, illness or death of any person (other than a seaman of the insured Ship, a person engaged to handle the cargo of the insured Ship or a passenger on board the insured Ship) and hospital, medical, funeral and other expenses necessarily incurred in relation to such injury, illness or death, PROVIDED that 2.1.1 there shall be no recovery in respect of any person (other than those employed for marine purposes) on board the insured Ship (being an accommodation Ship) employed by someone other than the Assured unless there has been a contractual allocation of risks as between the Assured and the employer of any such person which has been previously approved by the Association in writing. 2.2 *Liability to Persons engaged to Handle Cargo* Liability to pay damages or compensation for personal injury, illness or death of any person engaged to handle the cargo of the insured Ship, PROVIDED that 2.2.1 cover under this Clause 2.2 is limited to liabilities arising out of a negligent act or omission on board or in relation to the insured Ship or in relation to the handling of its cargo from the time of receipt of that cargo from the shipper or pre-carrier at the port of shipment until delivery of that cargo to the consignee or onward carrier at the port of discharge; 2.2.2 where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, such liability is not covered under this Clause 2 but may be recoverable under Clause 16 or 17; 2.2.3 where the liability is in respect of a person on another Ship, and arises out of a collision between that Ship and the insured Ship, such liability is not covered under this Clause 2 but may be recoverable under Clause 13. 2.3 *Liability to Passengers (persons holding passage tickets)* Liability to pay damages or compensation: 2.3.1 for personal injury, illness or death of any passenger and hospital, medical or funeral expenses incurred in relation to such injury, illness or death; 2.3.2 to or in respect of passengers on board the insured Ship arising as a consequence of a casualty to that Ship, including the cost of forwarding passengers to destination or return to port of embarkation and of maintenance of passengers ashore; 2.3.3 for loss of or damage to the effects of any passenger; PROVIDED that: 2.3.4 the terms of the passage ticket or other contract between the passenger and the Assured have been approved by the Association in writing and cover for the liabilities

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set out in this Clause has been agreed between the Assured and the Association in writing on such terms as the Association may require;

2.3.5 there shall be no recovery from the Association under this Clause 2.3 in respect of liabilities for personal injury or death, or loss of or damage to property, delay or any other consequential loss sustained by any passenger by reason of carriage by air, except where such liability occurs either:

2.3.5.1 during repatriation by air of injured or sick passengers or of passengers following a casualty to the insured Ship; or

2.3.5.2 subject always to Clause 2.3.6 below, during an excursion from the insured Ship;

2.3.6 there shall be no recovery from the Association in respect of the contractual liability of the Assured to a passenger while on an excursion from the insured Ship in circumstances where either:

2.3.6.1 a separate contract has been entered into by the passenger for the excursion, whether or not with the Assured; or

2.3.6.2 the Assured has waived any or all of the Assured's rights of recourse against any subcontractor or other third party in respect of the excursion;

2.3.7 there shall be no recovery in respect of hotel, restaurant, bar or other guests or visitors on board the insured Ship when moored and open to the public as a hotel, restaurant, bar or other place of entertainment;

2.3.8 in the context of Clause 2.3.2, "casualty" shall mean an incident involving either

2.3.8.1 a collision, stranding, explosion, fire, or any other cause affecting the physical condition of the insured Ship so as to render it incapable of safe navigation to its intended destination; or

2.3.8.2 a threat to the life, health or safety of passengers.

A **3** **Injury and Death - Seamen**

Liability to pay damages or compensation for personal injury or death of any seaman of the insured Ship and hospital, medical, funeral and other expenses necessarily incurred in relation to such injury or death, including expenses of repatriating the seaman and sending abroad and/or awaiting a substitute to replace the seaman,

PROVIDED that

3.1 where the liability arises or the costs or expenses are incurred under the terms of a crewing agreement, collective agreement or other contract of service or employment and would not have arisen but for those terms, such liability is only covered to the extent that those terms shall have been previously approved by the Association in writing.

3.2 subject to Clause 3.1 where the liability arises or the costs or expenses are incurred while a seaman is on leave, the seaman shall be deemed to have been serving at the material time on the Ship on which the seaman last served prior to the seaman's injury or death.

A **4** **Illness – Seamen**

Liability to pay damages or compensation for illness or industrial disease of a seaman of the insured Ship and hospital, medical, funeral and other expenses necessarily incurred in relation to such illness or industrial disease including expenses of repatriating the seaman and sending abroad and/or awaiting a substitute to replace the seaman.

PROVIDED that

4.1 where the liability arises or the costs or expenses are incurred under the terms of a crewing agreement, collective agreement or other contract of service or employment and would not have arisen but for those terms, such liability is only covered to the extent that those terms shall

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			have been previously approved by the Association in writing. 4.2 subject to Clause 4.1 where the liability arises or the costs or expenses are incurred while a seaman is on leave, the seaman shall be deemed to have been serving at the material time on the Ship on which the seaman last served prior to the seaman's illness or industrial disease.
A	5	**Wages and Shipwreck Unemployment Indemnity**	5.1 Liability to pay wages to a seaman of the insured Ship: 5.1.1 during medical or hospital treatment abroad or during repatriation consequent upon injury or illness; 5.1.2 in the case of a seaman engaged abroad as a substitute, while awaiting and during repatriation. 5.2 Liability to compensate a seaman who is on board or proceeding to or from the insured Ship for the loss of the seaman's employment caused by the actual or constructive total loss of that Ship or to pay the seaman's wages in consequence of the actual or constructive total loss of that Ship. PROVIDED that 5.3 where the liability arises or the costs or expenses are incurred under the terms of a crewing agreement, collective agreement or other contract of service or employment and would not have arisen but for those terms, such liability is only covered to the extent that those terms shall have been previously approved by the Association in writing.
A	6	**Repatriation and Substitutes**	6.1 The expense of repatriating a seaman of the insured Ship in unforeseen circumstances and, where applicable, the expense of sending abroad and/or awaiting a substitute to replace the seaman other than under Clause 3 or Clause 4 where: 6.1.1 the Assured is under statutory obligation to repatriate the seaman; 6.1.2 the Assured is obliged to repatriate the seaman under the terms of a crewing agreement, collective agreement or other contract of service or employment previously approved by the Association in writing; 6.1.3 the seaman's presence is necessarily required to attend the seaman's spouse, child or parent who has died or become dangerously ill during the course of the voyage; 6.1.4 the repatriation and/or substitution is necessary for the safety of the crew, insured Ship or her cargo; 6.2.1 PROVIDED that there shall be no recovery under this Clause 6 in respect of expenses which arise out of or are the consequence of: 6.2.1.1 the termination of any agreement, whether the termination is in accordance with the terms of that agreement or by mutual consent of the parties to it; or 6.2.1.2 breach by the Assured of any agreement or other contract of service or employment; or 6.2.1.3 sale of the insured Ship; or 6.2.1.4 any other voluntary disposition by the Assured of the insured Ship.
A	7	**Diversion**	Expenses of diversion of the insured Ship to the extent that those expenses: 7.1 represent the net loss to the Assured (over and above such expenses as would have been incurred but for the diversion) in respect of the cost of bunkers, insurance, wages, stores, provisions and port charges; and 7.2 are reasonably incurred for the sole purpose of securing treatment for an injured or sick person or while awaiting a substitute for such person or for the purpose of landing stowaways, refugees or persons saved at sea, or for the purposes of attempting to save life at sea.

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A	8 **Spouses and Children**	8.1 Hospital, medical, funeral, repatriation and other expenses necessarily incurred in relation to the injury, illness or death of any seaman's spouse or child travelling on board the insured Ship. 8.2 Repatriation expenses of a spouse or child travelling on board the insured Ship in the event of the seaman's repatriation or if the spouse's presence is necessarily required to attend a child who has become dangerously ill during the course of the voyage.
A	9 **Stowaways, Deserters and Refugees**	9.1 Expenses, other than under Clause 7, incurred by the Assured in discharging the Assured's obligations towards or making necessary arrangements for stowaways, deserters, refugees and persons saved at sea but only to the extent that either the Assured is legally liable for them or they are incurred with the prior approval of the Association in writing. 9.2 The cost of employing shore watchmen approved by the Association, or the cost of maintaining crew members, stowaways or refugees ashore in safe custody, in circumstances where a detainment notice is served by the appropriate Authorities; PROVIDED that there shall be no recovery from the Association unless the Assured can satisfy the Association that proper steps were taken to guard against desertion and landing without permission of the proper authority.
A	10 **Life Salvage**	10.1 Sums legally due to third parties who have saved or attempted to save the life of any person on the insured Ship to the extent that such payments are not recoverable under the hull policies of the insured Ship or from cargo owners or underwriters. 10.2 Such sums as the Assured shall have paid to other ships which have stood by or in any way assisted the insured Ship or persons on that Ship, and as shall be determined by the Members' Committee in its sole discretion to have been reasonable; the Members' Committee in its sole discretion may also allow recovery of expenses incurred by a sister Ship in assisting the insured Ship in these same circumstances.
A	11 **Effects of Seamen and Others**	Liability for loss of or damage to the effects belonging to or in the charge of any seaman, passenger or other person on board the insured Ship, PROVIDED that: 11.1 unless previously agreed by the Association in writing, there shall be no recovery in respect of cash, negotiable instruments, valuables or objects of a rare or precious nature including rare or precious metals or stones; 11.2 where the liability arises under the terms of a contract and would not have arisen but for those terms, such liability is only covered to the extent that those terms shall have been previously approved by the Association in writing; 11.3 there shall be no recovery in respect of loss of or damage to property, delay or any other consequential loss sustained by any passenger by reason of carriage by air, except where such liability occurs during repatriation by air of injured or sick passengers, or following a casualty to the insured Ship.
A	12 **Quarantine**	Additional expenses incurred by the Assured as a direct consequence of an outbreak of infectious disease on the 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 such outbreak) in respect of bunkers, insurance, wages, stores, provisions and port charges, PROVIDED that: 12.1 unless the Members' Committee in its sole discretion shall otherwise determine, in the case of an insured Ship, which is not already under contract, being ordered or chartered to proceed to a port where it is known or should be reasonably anticipated that such Ship will, as a result, be

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subject to quarantine there or elsewhere, there shall be no recovery of expenses arising at, or consequent upon the Ship having been at such port.

A **13 Collision with Other Ships**

Liabilities set out in this Clause 13 to pay damages to any other person as a consequence of a collision between the insured Ship and any other ship to the extent that such liabilities are not covered by the hull policies of the insured Ship or would not be covered under the usual form of Lloyd's Policy with the Institute Time Clauses Hulls including the Three-Fourths Collision Liability Clause (under which the insured Ship is deemed by Section D Clause 6 to be insured) namely:

13.1 One-fourth of the liability arising out of the collision, other than the liabilities set out in Clause 13.2 hereof which shall be recoverable in full; or where the Association shall have previously agreed in writing (which may include the requirement of an increased premium) four-fourths of such liability.

13.2 Four-fourths liability arising out of the collision for or relating to:

13.2.1 the raising, removal, destruction, lighting or marking of obstructions, wrecks, cargoes or any other thing;

13.2.2 any real or personal property except other ships with which the insured Ship is in collision and property on such other ships;

13.2.3 pollution or contamination of any real or personal property, or the threat thereof, except other ships with which the insured Ship is in collision and property on such other ships;

13.2.4 the cargo or other property on the insured Ship or general average contributions, special charges or salvage paid by the owners of that cargo or property;

13.2.5 loss of life, personal injury or illness, repatriation or substitute expenses.

13.3 That part of the Assured's remaining three-fourths liability, which exceeds the greater of three-fourths of the actual insured value in the hull policies of the insured Ship or three-fourths of whatever value the Members' Committee in its sole discretion may determine as the appropriate full value for which the insured Ship is deemed to be insured under Section D Clause 6.

13.4 The Assured's liability which exceeds the greater of the actual insured value in the hull policies of the insured Ship or whatever value the Members' Committee in its sole discretion may determine as the appropriate full value for which the insured Ship is deemed to be insured under Section D Clause 6

PROVIDED that the terms on which the Ship is insured specifically exclude recovery of those liabilities defined in Clause 13.1;

PROVIDED that:

13.5 the Assured shall not be entitled to recover under this Clause 13 any franchise or deductible borne by the Assured under the hull policies of the insured Ship;

13.6 if the insured Ship shall come into collision with another ship belonging wholly or in part to the Assured, the Assured shall be entitled to recover the same amounts from the Association, and the Association shall have the same rights, as if such other ship belonged wholly to a different owner;

13.7 if both the ships in collision are to blame, then where the liability of either or both becomes limited by law, or is treated by agreement as if so limited, claims under this Clause 13 shall be settled upon the principle of single liability, but in all other cases claims under this Clause 13 shall be settled upon the principle of cross liabilities, as if the owner of each Ship had been compelled to pay the owner of the other ship such proportion of the latter's damages as may

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		have been properly allowed in ascertaining the balance or sum payable by or to the Assured in consequence of the collision.
A	14 **Property not on board the Insured Ship**	Liability to pay damages or compensation for any loss of or damage to or loss of use of or infringement of rights in connection with any property whether on land or water and whether fixed or movable, 14.1 PROVIDED that there shall be no recovery under this Clause 14 in respect of liability: 14.1.1 arising under the terms of any contract or indemnity which would not have arisen but for those terms and for which recovery, if any, shall only be under Clauses 16 or 17 14.1.2 against which cover is available (or would have been available but for the operation of any proviso, warranty, condition, exception, deductible or other like term) under Clauses 11, 13, 15, 18, 19 or 22. 14.2 Where there would be a valid claim for damage to any property but for such property belonging to the Assured, the Assured shall nevertheless be entitled to recovery under this Clause 14 corresponding with the liability which the Assured would have incurred if such property had belonged to another person, subject to determination by the Members' Committee in its sole discretion of the appropriate law (including any right to limit liability) which shall be deemed to apply for the purpose of evaluating such notional liability, and in any event only for the excess of any amount recoverable by the Assured under any other insurance on the said property.
A	15 **Pollution**	Liabilities, costs and expenses set out in this Clause 15 to the extent that they are the result of the discharge or escape from the insured Ship of oil or any other polluting substance, or the threat of such discharge or escape, namely: 15.1 liability for loss, damage or contamination; 15.2 liability of the Assured as a party to any agreement previously approved by the Association in writing, and the costs and expenses incurred by the Assured in performing the Assured's obligations under such agreements; 15.3 the costs of measures reasonably taken (or taken in compliance with any order or direction given by any government or authority) for the purpose of avoiding the threat of or minimising pollution, and liability incurred as a result of such measures; 15.4 liability of the Assured to pay special compensation to a salvor of the insured Ship in respect of work done or measures taken to prevent or minimise damage to the environment, but only to the extent that such liability is imposed on the Assured pursuant to Article 14 of the International Convention on Salvage 1989, or is assumed by the Assured under the terms of a standard form of salvage agreement approved by the Association, or the Lloyd's Standard Form of Salvage Agreement (LOF1995) and subsequent amendments thereto, 15.5 PROVIDED that, unless the Members' Committee in its sole discretion shall otherwise determine, there shall be no recovery under this Clause: 15.5.1 in respect of any liabilities, costs and expenses which but for the terms of a charter or contract of employment entered into for the employment of the insured Ship would have been allowable in general average adjusted on terms no less favourable than under the York-Antwerp Rules 1994 or the York-Antwerp Rules 2016 and would have been recoverable from other parties to the contract; 15.5.2 in respect of any liability for loss, damage, contamination, costs and expenses arising as a consequence of the discharge or escape, or the threat of discharge or escape, or the presence, of any substance, material, product or waste, determined or deemed to be hazardous, in any dump, site, storage or disposal facility, whether or not such substance, material, product or waste was previously carried on the insured Ship as

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		cargo, fuel or stores; 15.6 The Assured insured in respect of a Ship which is a 'Relevant Ship' as defined in the Small Tanker Oil Pollution Indemnification Agreement 2006, as amended (STOPIA 2006) shall, by virtue of insurance by and through the agency of the Association, and unless the Association otherwise agrees in writing, become a party to STOPIA 2006 for the period of cover of that Ship by the Association. In the event that the Assured exercises the Assured's rights under STOPIA 2006 to withdraw from that agreement, and unless the Managers have agreed in writing, or unless the Members' Committee in its sole discretion otherwise determines, there shall be no cover under this Clause 15 in respect of such Ship so long as that Assured is not a party to STOPIA 2006.
A	**16 Towage**	16.1 *Towage of an insured Ship* Liabilities under the terms of any contract for customary towage of the insured Ship, namely: 16.1.1 towage of an insured Ship for the purpose of entering or leaving port or manoeuvring within the port during the ordinary course of trading; or 16.1.2 towage of an insured Ship which is habitually towed or pushed in the ordinary course of trading from port to port or from place to place, which has been so declared to the Association in writing, 16.2 PROVIDED that such liabilities shall only be covered by the Association to the extent that the Assured is not insured against such liabilities under the hull policies on the insured Ship. 16.3 Liabilities under the terms of any other contract for the towage of an insured Ship, 16.4 PROVIDED that the terms of the towage contract have been previously approved and cover agreed by the Managers in writing, upon such terms as the Managers may require. For the purpose of this Clause, the Managers will approve contracts for the towage of an insured Ship on terms not less favourable to the insured Ship than: 16.4.1 Lloyd's Open Form of Salvage Agreement (1980, 1990, 1995, 2000 or 2011, whether or not incorporating SCOPIC); or 16.4.2 a contract that contains a term that the parties to the towage contract, and any parties on whose behalf they contract, shall be responsible for any loss of or damage to or wreck removal of their own ship, cargo or property and for loss of life or personal injury thereon, without any recourse whatsoever against the other and will indemnify the other against any such liability. 16.5 *Towage by an insured Ship* Liabilities arising out of the towage by an insured Ship of another ship or object, 16.6 PROVIDED that: 16.6.1 the insured Ship was specially designed or converted for the purposes of towage and was declared to the Association as intended to be used for towing at the time of conversion or when cover attached; and 16.6.2 the terms of the towage contract have been previously approved and cover agreed by the Managers in writing, upon such terms as the Managers may require; or 16.6.3 the Members' Committee in its sole discretion shall determine that in the particular circumstances of the case it was reasonable for the insured Ship to undertake such towage.
A	**17 Indemnities and Contracts for Services**	Liability arising under the terms of an indemnity or contract relating to facilities or services provided or to be provided to or in connection with the insured Ship, other than under Clause 16 and only to the extent that either: 17.1 the terms have previously been approved by the Association in writing, and subject to payment

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by the Assured of whatever additional premium may be required by the Association; or

17.2 the Members' Committee in its sole discretion may determine that the Assured should be reimbursed.

17.3 PROVIDED that there shall be no recovery from the Association in respect of the contractual liability of the Assured to a passenger while on an excursion from the insured Ship in circumstances where either:

(i) a separate contract has been entered into by the passenger for the excursion, whether or not with the Assured; or

(ii) the Assured has waived any or all of the Assured's rights of recourse against any subcontractor or other third party in respect of the excursion.

A **18 Wreck Removal**

18.1 Costs and expenses reasonably incurred by the Assured under a contract approved by the Association, in the raising, removal, destruction, lighting or marking of the wreck of the insured Ship or any cargo, equipment or other property which is or was carried on board the insured Ship where such is a hazard or obstruction to navigation or to the extent that such measures are compulsory by law, or if (with the approval of the Association in writing) the Assured has declined to take such measures, the Assured's liability to any other person for such costs and expenses.

18.2 Liability for costs and expenses as in Clause 18.1 under the terms of use of port facilities, but only to the extent that such terms shall have previously been approved by the Association in writing, for which the Association may require an additional premium.

18.3 Liability resulting from any raising, removal or destruction of the wreck undertaken by the Assured as specified in Clause 18.1.

18.4 Liability resulting from the presence of the wreck, but if measures as specified in Clause 18.1 have not been undertaken by the Assured, only to the extent that such inaction has had the approval of the Association in writing,

18.5 PROVIDED that:

18.5.1 subject to the next following provision, all cover under this Clause 18 shall cease 3 years after termination of the Ship's period of cover by the Association save in respect of costs and expenses incurred prior to that time or claims which are already by then the subject of formally instituted proceedings against the Assured and of which the Assured shall have promptly notified the Association in writing;

18.5.2 cover may be continued beyond the cesser of the immediately preceding provision but only if requested by the Assured within the 3 years period referred to therein and agreed by the Association in writing, for which the Association may require an additional premium;

18.5.3 from any claim under Clause 18.1 – 18.3 there shall be deducted the value of the wreck and its equipment including all bunkers, stores and materials saved and if the Association shall have reimbursed, advanced or incurred a liability to any other party whatsoever for the costs and expenses of raising and removal of the wreck and/or its equipment including bunkers, stores and materials, then the Association shall be entitled to reimbursement by the Assured of the value of the wreck and its equipment, including all bunkers, stores and materials saved;

18.5.4 there shall be no recovery under this Clause 18 if the Assured, without the consent of the Association in writing, shall have transferred the Assured's interest in the wreck prior to the raising, removal, destruction, lighting or marking of the wreck or prior to the incident giving rise to liability; tendering of notice of abandonment to hull underwriters shall not require the Association's consent but prompt advice whether or

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not the same has been accepted must nonetheless be given by the Assured to the Association;

18.5.5 a claim under Clauses 18.1 – 18.4 shall be covered only in circumstances where the insured Ship becomes a wreck as a result of a fortuitous incident caused by collision, stranding, explosion, fire or similar cause, and no claim shall be recoverable in the event that the insured Ship becomes a wreck due to dereliction or neglect of the Assured.

A **19 Cargo**

Liabilities, costs and expenses set out in Clause 19.1 – 19.4 in respect of cargo intended to be or being or having been carried in the insured Ship, extending from the time of receipt for shipment on quay or wharf until final delivery from quay or wharf, namely:

19.1 liability (other than in respect of a contract of through carriage entered into by the Assured) for loss, shortage, damage or other responsibility;

19.2 the additional costs (over and above those which would have been incurred in any event under the contract of carriage) incurred by the Assured in discharging or disposing of damaged or worthless cargo, originally loaded in sound condition, but only to the extent that the Assured both has to incur such costs to enable the insured Ship to complete discharge and continue trading and has no right to recover such costs from any other person;

19.3 the costs of discharging, re-loading and re-stowing cargo necessarily incurred to continue the safe prosecution of the voyage but only to the extent that the Assured has no right to recover such costs from any other person by way of general average or otherwise;

19.4 liability for loss, shortage, damage or other responsibility in respect of any contract of through carriage of cargo partly to be performed by the insured Ship and including transit by land, water or air to or from the insured Ship and intermediate storage necessary to perform such contract, but only to the extent that the terms of such contract shall have been approved by the Association in writing, for which the Association may require an increased premium;

19.5 PROVIDED that:

19.5.1 unless the Association shall have previously agreed or arranged cover on special terms (which may include the requirement of an additional premium) or unless the Members' Committee in its sole discretion shall otherwise determine, there shall be no recovery in respect of liabilities, costs or expenses which would not have been incurred by the Assured if the contract of carriage had been subject to the Hague Rules or the Hague Visby Rules, except and to the extent that such are overridden by other rules, conventions or provisions of national or international law which may mandatorily apply;

19.5.2 if any means of transport or other facilities are used in connection with carriage, storage or handling of cargo outside the dock area where the insured Ship is to load or has discharged, there shall be no recovery of any amounts recoverable by the Assured from the owners or operators of such other means of transport or other facilities or which would have been recoverable if all available rights of recourse had been maintained by the Assured against such owners or operators;

19.5.3 there shall be no recovery in the case of deviation from the contractually agreed voyage if as a result of such deviation the Assured is denied any defences or rights of limitation which would otherwise have been available to the Assured to exclude or reduce liability unless either:

19.5.3.1 the Assured has notified the Association of the deviation before it occurs or immediately upon receiving information that it has occurred and the Association has agreed or arranged cover on special terms (which may

include the requirement of an additional premium), or

19.5.3.2 the Members' Committee in its sole discretion shall determine that the Assured had reasonable grounds for believing that no deviation was being or had been made or that the deviation was permitted under the terms of the contract of carriage;

19.5.4 unless the Members' Committee in its sole discretion shall otherwise determine, there shall be no recovery in respect of:

19.5.4.1 any bill of lading, waybill or other document containing or evidencing the contract of carriage issued with an incorrect date or, with the knowledge of the Assured or the master of the insured Ship, with an incorrect description of the cargo or its quantity or its condition or a misstatement of the port of loading or the port of discharge;

19.5.4.2 delivery of cargo carried under a negotiable bill of lading or similar document of title (including an electronic bill of lading) without production (or the equivalent thereof in the case of an electronic bill of lading) of that bill of lading or document by the person to whom delivery is made except where cargo has been carried on the insured Ship:

19.5.4.2.1 under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document (and has been properly delivered as required by that document) and liability arises under the terms of a negotiable bill of lading or other similar document of title issued on behalf of a party other than the Assured providing for carriage partly by a means of transport other than the insured Ship; or

19.5.4.2.2 under the terms of an approved electronic trading system and has been properly delivered to the person so entitled in accordance therewith;

19.5.4.3 delivery of cargo without production of the relevant non-negotiable bill of lading, waybill or other document containing or evidencing the contract of carriage where production of such document is required by the express terms of that document or the law to which such document, or the contract of carriage contained in or evidenced by it, is subject, except where the Assured is required by any other law to which the Assured is subject to deliver or relinquish custody or control of the cargo without production of such document;

19.5.4.4 discharge of cargo at a port or place other than that stated in the contract of carriage;

19.5.4.5 carriage of cargo to the port or place of discharge stated in the contract of carriage from another port or storage or other charges;

19.5.4.6 late arrival or non-arrival of the insured Ship at a port or place of loading, or failure to load or delay in loading any particular cargo other than such liabilities, costs and expenses arising under a bill of lading already issued;

19.5.4.7 the carriage on deck of cargo for which the bill of lading does not state that such cargo is being so carried and does not purport to exclude the Assured's liability altogether, save that in the case of cargo customarily carried or suitable for carriage on deck incorporation of an appropriate liberty clause for on-deck carriage shall be sufficient;

19.5.4.8 any liability howsoever described arising from the mistaken or illegal exercise

of a lien over cargo on board the insured Ship;

19.5.4.9 any liability howsoever described arising from withdrawal or temporary interruption in services performed under a time charterparty where such actions have been taken in order to enforce payment of hire;

19.5.4.10 refusal to issue bills of lading in an attempt to recover any sums due to the Assured under a charterparty;

19.5.4.11 any liabilities, losses, costs and expenses arising from the use of any electronic trading system, other than an electronic trading system approved by the Association, to the extent that such liabilities, losses, costs and expenses would not (save insofar as the Association in its sole discretion otherwise determines) have arisen under a paper trading system.

For the purposes of this Clause 19.5.4.11,

19.5.4.11.1 an electronic trading system is any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport and which:

19.5.4.11.1.1 are documents of title, or

19.5.4.11.1.2 entitle the holder to delivery or possession of the goods referred to in such documents, or

19.5.4.11.1.3 evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.

19.5.4.11.2 a "document" shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.

19.5.5 except where the Association shall have previously agreed in writing, there shall be no recovery in respect of perishable cargo carried in insulated or refrigerating chambers or containers unless:

19.5.5.1 in the event that the space, apparatus and the means used for the carriage and safe custody of the perishable cargo have been provided by the Assured, such have been certified and approved before the commencement of each voyage, by a competent expert; and

19.5.5.2 in the event that the space, apparatus and the means used for the carriage and safe custody of perishable cargo have been provided by a third party, the Assured has taken all reasonable steps to ensure or require that such have been certified and approved before the commencement of each voyage by a competent expert; and

19.5.5.3 the relevant contract of carriage contains appropriate protective clauses and appropriate instructions have been given to those on board the Ship for the safe carriage of perishable cargo;

19.5.6 there shall be no recovery in excess of USD 2,500 per unit, piece or package where an ad valorem bill of lading, waybill or other document containing or evidencing the contract of carriage has been issued in which a unit value of more than USD 2,500 (or the equivalent in any other currency) is declared and/or inserted by reference to a unit, piece, or package or by reference to an overall or aggregated value or otherwise where the effect of such a declaration and/or insertion is to deprive the Assured of any

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right or rights of limitation to which the Assured would otherwise have been entitled and which causes the Assured to incur a greater liability than the Assured would have done but for such declaration and/or insertion to the extent that such liability thereby exceeds USD 2,500 (or the equivalent in any other currency) in respect of any such unit, piece or package, unless this has been promptly notified to the Association by the Assured and the Association has agreed or arranged cover on special terms, which may include the requirement that an additional premium be paid;

19.5.7 there shall be no recovery in respect of cash, bullion, bonds, negotiable instruments, plate, valuables or objects of a rare or precious nature including rare or precious metals or stones, whether carried as cargo or as passengers' baggage or as crew's effects and whether the value is declared or not, unless the spaces, apparatus and means used for the carriage and the instructions given for the safe custody thereof, have been approved by the Association in writing prior to any such carriage and any directions made by the Association have been complied with;

19.5.8 where cargo on board the insured Ship is the property of the Assured, the Assured shall nevertheless be entitled to recovery under this Clause 19, and the Association shall have the same rights, as if such cargo belonged to a third party and that third party had entered into a contract of carriage with the Assured.

A	20	**Irrecoverable General Average Contributions**	General average (excluding Ship's sacrifice items), special charges or salvage chargeable to any other party to the marine adventure for which the Assured may become liable or be unable to recover from such party solely by reason of a breach of the contract of carriage, PROVIDED that: 20.1 the Assured shall have notified the Association in writing within 12 months both of the casualty out of which a claim under this Clause 20 might arise, and of the reference of the matter to adjusters; 20.2 the Provisos in Clause 19.5.1 – 19.5.7 shall apply to recovery under this Clause 20.
A	21	**Ship's Proportion of General Average**	Ship's proportion of general average, special charges or salvage not recoverable under hull policies by reason of the value for which the insured Ship is assessed for contribution to general average, special charges or salvage exceeding the greater of the actual insured value in the hull policies or whatever value the Members' Committee in its sole discretion may determine as the appropriate full value for which the insured Ship is deemed to be insured under Section D Clause 6, PROVIDED that: 21.1 the Assured shall have notified the Association in writing within 12 months both of the casualty out of which a claim under this Clause 21 might arise, and of the reference of the matter to adjusters.
A	22	**Property other than Cargo on board the Insured Ship**	Liability for loss of or damage to any containers, equipment, bunkers or other property on board the insured Ship other than cargo and the effects of any person aboard, PROVIDED that: 22.1 there shall be no recovery in respect of any property which forms part of the insured Ship or which is owned, hired, leased or borrowed by the Assured or by any company associated with or under the same management as the Assured; 22.2 where the liability arises under the terms of any contract or indemnity and would not have arisen but for those terms, such liability is not covered under this Clause 22 but may be recoverable under Clauses 16 or 17.

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A	**23 Fines**	23.1 Fines imposed by any court, tribunal or authority upon the Assured (or upon a third party whom the Assured is legally obliged to reimburse) in respect of the insured Ship for or in respect of the following: 23.1.1 breach of any immigration law or regulations relating to crew members or their spouses and children or stowaways, *provided that* there shall be no recovery from the Association unless the Assured can satisfy the Association that proper steps were taken to guard against desertion and landing without permission of the proper authority; 23.1.2 smuggling or any infringement of any customs law or regulation other than in relation to cargo carried on the insured Ship, *provided that* the Assured upon becoming aware of the alleged offence immediately notifies the Association; 23.1.3 short-delivery or over-delivery of cargo or failure to comply with any law or regulation relating to declaration or documentation of cargo, but only when the insured Ship is covered for cargo risks under Clause 19 in which case such fines shall be aggregated with cargo claims for the purposes of applying the cargo deductible to the same, and fines under this Clause 23.1.3 shall not be subject to any other deductible; 23.1.4 the accidental discharge or escape of oil or any polluting substance or threat thereof, but as regards oil only where the insured Ship is covered for pollution risks under Clause 15; 23.2 All other fines shall be recoverable only to such extent as the Members' Committee in its sole discretion may determine and *provided that*: 23.2.1 the Assured has satisfied the Members' Committee that the Assured took such steps as appear to the Members' Committee to have been reasonable to avoid the event giving rise to the fine or penalty; and 23.2.2 any fine imposed not on the Assured but on the master or crew members of the insured Ship or on any other servant or agent of the Assured shall only be recoverable in circumstances either where the Assured has been compelled by law to pay or reimburse such fine or where the Members' Committee shall determine that it was reasonable for the Assured to have paid or reimbursed the same.
A	**24 Confiscation**	Confiscation of the insured Ship by a legally empowered court, tribunal or authority for breach of any customs law or regulation, PROVIDED that: 24.1. recovery under this Clause 24 shall be to such extent as the Members' Committee in its sole discretion shall decide but shall in any event be limited to the market value of the Ship, free of commitment, at the time of confiscation; 24.2 no claim shall be considered by the Members' Committee in respect of any confiscation which has not remained in effect for a continuous period of 183 days from such time as the Assured shall have notified the Association in writing of the confiscation, and if at any time before or after the expiry of the said period terms become available for the return of the Ship on payment of a monetary penalty, the Members' Committee may require the Assured to accept such terms and make the necessary payment which alone shall then be the subject of recovery from the Association; 24.3 the Assured has satisfied the Members' Committee that the Assured took such steps as appear to the Members' Committee to have been reasonable to prevent the event giving rise to the confiscation.

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A	**25 Official Enquiries**	The costs incurred to defend the interest of the Assured in an enquiry conducted by the lawful authority of any country but only to the extent that such enquiry relates to any risk against which the Assured is insured under these terms and conditions and with the previous approval of the Association in writing.
A	**26 Special Direction of the Members' Committee**	Loss, costs and expenses incurred in compliance with the Members' Committee's special direction (confirmed to the Assured by the Association in writing under express reference to this Clause 26 and subject to any special terms which the Members' Committee may require) in any circumstances where the Members' Committee shall in its sole discretion determine that it is in the interests of the Association that the direction should be given.
A	**27 Sue and Labour and Legal Costs**	27.1 Extraordinary costs and expenses reasonably incurred after any casualty, event or matter for the purpose of avoiding or minimising any liabilities, costs or expenses against which the Assured is insured under these terms and conditions, but only to the extent either that such extraordinary costs and expenses have been incurred with the approval of the Association or that the Members' Committee in its sole discretion shall determine that the same should be recovered. 27.2 Legal costs and expenses relating to any liabilities, costs or expenses against which the Assured is insured under these terms and conditions, but only to the extent either that such legal costs and expenses have been incurred with the approval of the Association or that the Members' Committee in its sole discretion shall determine that the same should be recovered, 27.3 PROVIDED that the operation of this Clause 27 shall require account to be taken of any relevant deductible in evaluating the liabilities, costs and expenses for which the Assured is insured under these terms and conditions and for the avoiding or minimising of which the extraordinary or legal costs and expenses shall have been incurred.

SECTION	EXCLUDED RISKS	TERMS AND CONDITIONS
B	1 **Damage to the Insured Ship, Loss of Hire etc.**	There shall be no recovery by the Assured in respect of the insured Ship for: 1.1 loss of or damage to the insured Ship, its stores or fuel, or to any equipment, containers, pallets or trailers which are used in connection with such Ship and which are owned or leased by the Assured or by any company associated with or under the same management as the Assured, save only as may be recoverable under Section A Clause 24; 1.2 freight, demurrage, hire or detention except by way of the Assured's liability towards a third party for loss of or damage to cargo; 1.3 salvage or services in the nature of salvage (other than under Section A Clauses 10 and 15.4); 1.4 cancellation or wrongful termination of a charter or other engagement; 1.5 bad debts or other losses arising out of the insolvency of any person, including insolvency of agents; 1.6 loss, damage or expense in whole or in part arising out of or occasioned by the failure, inability or unwillingness of the Assured on financial grounds to pay and/or settle all or any financial obligations and demands and/or to discharge all or any items of expenditure whatsoever in connection with the proper prosecution and/or completion of a voyage; 1.7 interest on any claim or part thereof that the Assured may make or bring against the Association under or in connection with these terms and conditions, including any claim brought by way of legal or arbitration proceedings; PROVIDED that any recovery which would otherwise be excluded under Clauses 1.1 to 1.7 may be allowed if the relevant matters shall have been the direct result either of compliance by the Assured with a special direction of the Members' Committee in accordance with Section A Clause 26 or of suing and labouring undertaken by the Assured with the approval of the Association in accordance with Section A Clause 27.1.
B	2 **Risks arising from Salvage and Specialist Operations, Drilling Vessels and Waste Disposal and Subsea Activities**	2.1 Unless previously agreed in writing by a special agreement between the Assured and the Association there shall be no recovery in respect of liabilities, costs and expenses: 2.1.1 arising from the operation of a semi-submersible heavy lift Ship or other Ship designed exclusively for the carriage of heavy lift cargo where the claim arises in connection with the cargo or, notwithstanding Section A Clause 18.1, the wreck removal of that cargo; 2.1.2 arising out of salvage operations (including wreck removal) conducted by the insured Ship or provided by the Assured, other than for the purpose of saving or attempting to save life at sea; 2.1.3 incurred by the Assured during the course of performing specialist operations including but not limited to dredging, blasting, pile-driving, well stimulation, cable or pipelaying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil spill response training, or tank cleaning of a Ship other than the insured Ship to the extent that such liabilities, costs and expenses arise as a consequence of: 2.1.3.1 claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations; 2.1.3.2 the failure to perform such specialist operations by the Assured or the fitness for purpose and quality of the Assured's work, products or services, including any deficiency in the Assured's work, products or services;

SECTION	EXCLUDED RISKS	TERMS AND CONDITIONS

2.1.3.3 any loss of or damage to the contract work;

2.1.3.4 PROVIDED that this exclusion shall not apply to liabilities, costs and expenses incurred by the Assured in respect of loss of life, injury or illness of crew and other personnel on board the insured Ship, the removal of the wreck of the insured Ship, and the discharge or escape of oil from the insured Ship; but only to the extent that such liabilities, costs and expenses are covered elsewhere in accordance with these terms and conditions;

2.1.4 incurred in respect of an insured Ship carrying out drilling or production operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of any such operations, to the extent that such liabilities, costs or expenses arise out of or during drilling or production operations;

2.1.4.1 for the purposes of Clause 2.1.4, an insured Ship shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil, and either:

2.1.4.2 the oil is transferred directly from a producing well to the storage vessel; or

2.1.4.3 the storage vessel has oil and gas separation equipment on board and gas is being separated from oil while on board the storage vessel other than by natural venting;

2.1.4.4 in respect of any insured Ship employed to carry out production operations in connection with oil or gas production, the exclusion shall apply from the time that a connection, whether directly or indirectly, has been established between the insured Ship and the well pursuant to a contract under which the insured Ship is employed, until such time that the insured Ship is finally disconnected from the well in accordance with that contract;

2.1.5 incurred by the Assured in connection with any claim arising out of:

2.1.5.1 waste incineration or disposal operations carried out by the insured Ship (other than any such operations carried out as an incidental part of other commercial activities, not being specialist operations); or

2.1.5.2 the operation by the Assured of submarines, mini-submarines or diving bells; or

2.1.5.3 the activities of professional or commercial divers where the Assured is responsible for such activities, other than:

2.1.5.3.1 activities arising out of salvage operations being conducted by the insured Ship where the divers form part of the crew of that insured Ship (or of diving bells or other similar equipment or craft operating from the insured Ship) and where the Assured, the owner of that insured Ship, is responsible for the activities of such divers; and

2.1.5.3.2 incidental diving operations carried out in relation to the inspection, repair or maintenance of the insured Ship or in relation to damage caused by the insured Ship; and

2.1.5.3.3 recreational diving activities.

B	3	**Illegal, Hazardous or Improper Adventures**	There shall be no recovery in respect of any liability, costs or expenses arising out of or in consequence of:

3.1 the insured Ship carrying contraband, blockade running or being employed in an unlawful trade;

3.2 any carriage, trade or voyage of, or any other activity on board or in connection with the insured

SECTION	EXCLUDED RISKS	TERMS AND CONDITIONS
		Ship which the Members' Committee shall in its sole discretion determine to be imprudent, unsafe, unduly hazardous or improper.
B	4 War Risks	There shall be no recovery in respect of any liabilities, costs or expenses (whether or not a contributory cause of the same being incurred was any neglect on the part of the Assured or the Assured's servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or costs or expenses are incurred, shall have been caused, whether directly or indirectly, by: 4.1 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, 4.1.1 PROVIDED that in the event of any dispute as to whether or not any act constitutes an act of terrorism the decision of the Members' Committee shall be final; 4.2 capture, seizure, arrest, restraint or detainment (barratry and piracy excepted), and the consequences thereof or any attempt thereat; 4.3 mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, 4.3.1 PROVIDED that the exclusion in Clause 4.3 shall not apply to: 4.3.1.1 liabilities, costs or expenses which arise solely by reason of the transport of any such weapons whether on board the insured Ship or not; 4.3.1.2 the use of any such weapons, either as a result of government order or with the agreement of the Association in writing, where the reason for such use is the avoidance or mitigation of liabilities, costs or expenses which would otherwise be recoverable under Section A.
B	5 Nuclear Risks	There shall be no recovery in respect of any liabilities, costs or expenses (whether or not a contributory cause of the same being incurred was any neglect on the part of the Assured or the Assured's servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or costs or expenses are incurred, shall have been caused, whether directly or indirectly, by: 5.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; 5.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; 5.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; 5.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter, PROVIDED that the exclusions in Clauses 5.1, 5.2, 5.3 and 5.4 shall not apply to liabilities, costs and expenses arising out of carriage of 'excepted matter' (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in an insured Ship.

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C	1 **Excess P&I War Risks**	1.1 Coverage is extended to include war risks which are otherwise excluded from cover by virtue of the provisions of Section B Clause 4. 1.2 Coverage under Clause 1.1 shall be excess of: 1.2.1 such value as the Members' Committee in its sole discretion may determine as representing at the relevant time the insured Ship's full market value, free of commitment in accordance with Section D Clause 6, or 1.2.2 the amount recoverable in respect of the claim under any other policy or policies of insurance, whether or war risks or otherwise, whichever shall be the greater. 1.3 However, this extension does not apply to any ports, places, countries, zones or areas (whether of land or sea) that the Association may in its sole discretion determine. 1.4 *Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Computer Virus Exclusion Clause* In no case shall cover for War Risks cover loss, damage, liability, costs or expense directly or indirectly caused by or contributed to by or arising from: (i) any chemical, biological, bio-chemical or electromagnetic weapon; (ii) the use or operation, as a means for inflicting harm, of any computer virus. However this Clause (ii) shall not operate to exclude losses (which would otherwise be covered under the terms of the War Risks cover) 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. 1.5 *Notice of Exclusion of Certain Zones, Cancellation, Automatic Termination and Exclusion of Cover in respect of War Risks* At any time or times before, or at the commencement of, or during the currency of this insurance, the Association may in its sole discretion determine that any ports, places, countries, zones or areas (whether of land or sea) be excluded from cover hereunder in respect of War Risks. Cover hereunder in respect of War Risks shall cease in respect of such ports, places, countries, zones or areas on the expiry of seven days from 24:00:00 GMT on the day on which notice of such determination is issued. There shall be no recovery from the Association in respect of War Risks for any claim howsoever arising out of any event, accident, or occurrence within the said area after such date. Cover hereunder in respect of War Risks may be cancelled by the Association giving seven days' notice. Such cancellation shall become effective on the expiry of seven days from 24:00:00 GMT on the day on which the notice of cancellation is issued. However, the Association agrees to reinstate cover subject to reaching agreement with the Assured prior to the expiry of this notice period as to any new premium terms, conditions and warranties that are to apply. Whether or not such notice of cancellation under this Section C has been given, cover hereunder in respect of War Risks shall terminate automatically in the following circumstances: (i) the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, The Russian Federation, The People's Republic of China; (ii) in respect of any Ship in connection with which cover is provided hereunder, in the event of such Ship being requisitioned either for title or use. Cover hereunder in respect of War Risks shall in no case indemnify the Assured in respect of damage, liabilities, losses, costs and expenses arising out of:

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(i) the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, The Russian Federation, The People's Republic of China;

(ii) requisition either for title or use.

There shall in any event be no cover hereunder in respect of War Risks if prior to the attachment of risk any event has occurred which would have automatically terminated cover.

1.6 PROVIDED that:

1.6.1 It is a condition precedent to the Association's liability under this excess P&I War Risks Section that the Ship is insured in respect of primary P&I War Risks for a limit of liability equivalent to such value as the Members' Committee in its sole discretion may determine as representing at the relevant time the insured Ship's full market value, free of commitment in accordance with Section D Clause 6. Such primary P&I War Risks insurance shall be no narrower than the coverage afforded by the *Institute War and Strikes Clauses Hulls – Time* 01/11/95 (CL. 281) together with customary Protection and Indemnity and Crew inclusion clauses.

1.6.2 In the event that the Association makes any payment under the

- International Convention on Civil Liability for Oil Pollution Damage, 1992; and/or
- International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001; and/or
- Small Tanker Oil Pollution Indemnification Agreement, as amended (STOPIA) 2006; and/or
- Nairobi International Convention on the Removal of Wrecks, 2007; and/or
- Maritime Labour Convention, 2006; and/or
- any other guarantee

and that payment (or part thereof) is in respect of P&I War Risks, the Assured shall indemnify the Association to the extent that such payment is recoverable under the Assured's primary P&I War Risks cover or would have been recoverable if the Assured had complied with the requirements of Clause 1.5.1. The Assured further agrees to assign to the Association all the rights of the Assured under such insurance and against any third party.

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D	1 **Duty of Disclosure**	1.1 The Assured must make a fair presentation of the risk to the Association by providing the Association with all material facts and must ensure that every material representation as to a matter of fact is both complete and accurate and that every material representation as to a matter of expectation is made in good faith. This duty exists not only prior to the conclusion of the contract of insurance but also at the time of any variation thereof and on renewal. 1.2 The Assured must disclose to the Association in writing any material changes to those facts during the period of this insurance. Upon such disclosure, or failure to disclose, the Association may terminate the Assured's contract of insurance or amend the Assured's premium rating and/or terms and conditions with effect from the time of disclosure or failure to disclose. 1.3 A material fact or a material change to those facts is a fact which may influence an underwriter's judgment in his or her assessment of a risk, including its terms and pricing. If the Assured is in any doubt as to whether a fact is material the Association recommends that the Assured should disclose it.
D	2 **Certificates of Entry and Endorsements**	2.1 On acceptance of an application for insurance the Association shall issue a Certificate of Entry for the Ship as evidence of cover, including, as applicable: Names of all the Assureds and their respective interests in the insured Ship Period of cover Details of the Ship Limit of the Association's liability Deductibles Special terms of cover (if any) Premium 2.2 If at any time the Association agrees to vary the terms of the insurance the Association shall at its option issue an Endorsement detailing such variation and the date from which the variation is effective.
D	3 **Limit of Liability**	3.1 The liability of the Association shall not exceed the limit of liability set out in the Certificate of Entry in respect of the insured Ship. 3.2 Notwithstanding the limit of liability agreed with the Association and set out in the Certificate of Entry in respect of the insured Ship, when the Assured is entitled to limit any liability for which the Assured is insured under these terms and conditions, there shall be no recovery hereunder in respect of such liability for more than that limited amount plus interest and costs, subject always in the aggregate to the limit of liability stated in the Certificate of Entry. 3.3 Notwithstanding that the Association may accept an application for insurance of interests in the same Ship in the names or on behalf of more than one person as Coassureds or Other Assureds who may thereby each have an independent right of recovery from the Association, such multiple rights of recovery shall not in aggregate exceed such amount to which the Assured alone might otherwise have limited the Assured's liability and/or the limit of liability stated in the Certificate of Entry, whichever is the less. 3.4 Notwithstanding the limit of liability agreed with the Association and as set out in the Certificate of Entry in respect of the insured Ship, it is solely the Assured's responsibility to choose the limit of liability appropriate to the Assured's regulatory, contractual, statutory and any other requirements.
D	4 **Right to Recover and Subrogation**	4.1 It shall be a condition precedent to recovery by the Assured that the Assured shall have made actual payment (out of monies belonging to the Assured absolutely and not by way of loan or otherwise) of the full amount of such liabilities, costs and expenses in respect of which the

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Assured seeks recovery;

4.2 Where the Assured has failed to pay promptly any amount due by the Assured to the Association on account of premium or otherwise, the Assured shall thereupon without further notice cease to have any rights of recovery from the Association, notwithstanding that the liabilities, costs or expenses in relation to which such rights of recovery would otherwise have been exercisable may have been incurred by the Assured at a time when all amounts due to the Association may have been paid by the Assured in full, or may have been incurred during periods of cover or in respect of the insured Ship for which all amounts so due may similarly have been paid.

4.3 The Association shall be subrogated to all rights and claims which the Assured may have against any person in relation to any matter and/or claim giving rise to a right of recovery by the Assured against the Association or in relation to any matter and/or claim in respect of and/or as a result of which the Association incurs or may incur liability under any security the Association provides on behalf of the Assured. The Assured shall notify the Association of any such rights or claims immediately upon becoming aware of the same and shall do all such things and execute all such documents as the Association may require in relation to such rights and claims, including the execution of any assignment of such rights or claims in favour of the Association. Until any such assignment, the Assured shall hold all such rights and claims on trust for the benefit of the Association to the extent of any right of recovery by the Assured from the Association from the time of the relevant incident. All of the foregoing provisions shall be without limitation of and without prejudice to any right of subrogation which the Association may have by operation of law.

D **5** **Classification, Inspections of Ships and Statutory Requirements**

5.1 Unless otherwise agreed by the Association in writing, the insured Ship shall be fully classed throughout the period of cover with a Classification Society approved by the Association, regardless of any separate inspections which the Association may have required. The Association shall be given 30 days' notice preceding any proposed change of Classification Society.

5.2 Any occurrence known or likely to have caused damage to the insured Ship in respect of which the Classification Society might reasonably be expected to make recommendations as to repairs or other action to be taken, must be promptly called to the attention of the Classification Society.

5.3 All the rules, recommendations and requirements of the Classification Society relating to the insured Ship must be complied with within the time or times specified by the Classification Society.

5.4 The Association shall have the right to inspect any records or information relating to the classification of the insured Ship during any period of insurance and if required, the Assured shall authorise the Classification Society to make available all such records and information to the Association.

5.5 Without derogation from and in addition to Clauses 5.1 to 5.4, the Association may but shall not be obliged to require the insured Ship to be submitted to inspection of its condition and structure or any part thereof and its safety management (including the Ship's managers and/or operators) by an inspector nominated by the Association at any time or within any period of time as may be specified by the Association, and the Association may require the cost of such inspection to be borne by the Assured.

5.6 Any deficiencies noted and/or any recommendations made as to repair or remedy as a result of any inspection undertaken in accordance with Clause 5.5 shall be corrected and/or carried out forthwith or within such period of time as may be specified by the Association. Notwithstanding anything herein, no action, lack of action or omission by the Association with regard to any inspection, noting of deficiency, recommendation, or lack thereof by the Association or its nominated inspector under this Clause 5 shall constitute an approval, disapproval, warranty, undertaking, certification or assumption of responsibility of any kind by the Association

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			regarding the Assured, the Assured's Ship(s) or management, nor shall any such action, lack of action or omission by the Association relieve the Assured of any of the Assured's responsibilities or obligations under these terms and conditions. 5.7 The Assured shall ensure compliance with all the statutory requirements of the state of the insured Ship's flag relating to the construction, adaptation, condition, fitment, equipment, manning, safety management and ship security of the insured Ship and ensure at all times the maintenance of the validity of such statutory certificates as are required to be issued by or on behalf of the state of the insured Ship's flag. 5.8 Save to the extent that the Members' Committee in its sole discretion may otherwise determine, there shall be no recovery in respect of any liability, costs or expenses arising during a period when any of the foregoing requirements have not been fulfilled. 5.9 Without prejudice to Clause 5.8, the Association may: 5.9.1 immediately terminate any contract of insurance after deficiencies or failures have been noted under Clause 5.6; 5.9.2 exclude cover for any liability, costs or expenses arising out of any accident or occurrence which is caused in whole or in part by any deficiency in or condition of the insured Ship and/or its safety management (including the Ship's managers and/or operators) in respect of which an inspector has made any recommendations under Clause 5.6. 5.9.3 from a specified date exclude cover for any liability, costs or expenses arising out of any accident or occurrence which is caused in whole or in part by any deficiency in or condition of the insured Ship and/or its safety management (including the Ship's managers and/or operators) in respect of which an inspector has made any recommendations, unless by that date the Assured has submitted the insured Ship for a further inspection and the recommended repairs have been effected to the satisfaction of the Association.
D	6	**Hull Insurance**	Subject to Clause 7 below, for the purposes of this insurance the insured Ship shall be deemed to be insured throughout the period of cover on terms no narrower than a customary Lloyd's Policy Form incorporating the *Institute Time Clauses – Hulls* 01/10/83 (including ¾ths Collision Liability) for such value as the Members' Committee in its sole discretion may determine as representing at the relevant time the insured Ship's full market value, free of commitment.
D	7	**Other insurances**	Unless and to the extent that the Members' Committee in its sole discretion otherwise decides, or the Association agrees in writing as a term of cover, there shall be no recovery for any liability, costs or expenses for which the insured Ship is deemed to be insured under Clause 6 or which the Assured is entitled (or but for the insurance of the Ship concerned, would be entitled) to recover under any other insurance or otherwise howsoever.
D	8	**Unreasonable Conduct**	The Members' Committee may reject or reduce any recovery by the Assured where in its sole discretion it determines that the Assured has not at any time (whether before, at the time of, during or after any casualty, event or matter liable to give rise to a claim upon the Association) taken such steps to protect the Assured's interests as the Members' Committee in its sole discretion would have expected an uninsured person acting reasonably in similar circumstances to have taken.
D	9	**Amendment of Terms and Conditions**	Notwithstanding and without prejudice to any other provision of these terms and conditions or the Articles relating to the amendment of these terms and conditions, these terms and conditions may, on such notice as the Board may in its sole discretion decide, be amended at any time to such extent as the Board may in its sole discretion determine is necessary as a result of the implementation of or any change in, or potential or proposed implementation of or any change in, any sanction, prohibition, restriction, legislation, regulation or requirement to obtain any licence, consent, permission or

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		approval, by any government, state, international organisation, regulatory or competent authority, official body or the like.
D	**10 Sanctions**	There shall be no recovery by the Assured in respect of any insured Ship for any liability, loss, damage, cost or expense where the provision of cover or any payment in respect thereof exposes or may expose the Association or the Managers to being or becoming or to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state, international organisation or other authority which sanction, prohibition or adverse action the Members' Committee in its sole discretion determines may materially affect the Association in any way whatsoever.
D	**11 Reinsurances**	11.1 The Association may reinsure in whole or in part risks insured under these terms and conditions. Where such reinsurance is arranged: 11.1.1 the Assured shall be entitled to recover only the net amount actually recovered under such reinsurance arrangements, together with that portion (if any) of the risk or risks retained by the Association; and 11.1.2 the Managers shall be at liberty in their sole discretion to delay making payment to the Assured until after recovery under such reinsurance; 11.2 Without prejudice to the generality of Clauses 11.1.1 and 11.1.2, the Assured shall not be entitled to recovery in respect of that part of any liability, loss, damage, cost or expense which is not recovered by the Association under any reinsurance(s) arranged by the Association because of a shortfall in recovery from such parties or reinsurers thereunder by reason of a sanction, prohibition or adverse action against them by a state, international organisation or other authority or the risk thereof if payment were to be made by such parties or reinsurers. For the purposes of this paragraph "shortfall" includes any failure or delay in recovery by the Association by reason of such parties or reinsurers making payment into a designated account in compliance with the requirements of any state, international organisation or other authority.
D	**12 Premium**	12.1 The Assured shall be liable to pay a fixed premium to the Association of such amount and at such times as agreed with the Association and set out in the Certificate of Entry issued in respect of the insured Ship or as set out in the Association's debit note in respect thereof. 12.2 The premium due shall be paid without set-off of any amount due or alleged to be due by the Association to the Assured on any ground or of any kind whatsoever. If the premium due under Clause 12.1 is not paid at such times as agreed with the Association, the Association shall have the right to terminate this insurance in accordance with Section F Clause 7.2 of these terms and conditions. 12.3 The Assured shall pay on demand to the Association the amount of any premium tax or other excise tax for which the Association determines it or the Assured has or may become liable and shall indemnify and hold harmless the Association in respect of any loss, damage, liability, cost or expense which the Association may incur in respect of such premium tax or other excise tax.

SECTION	CLAIMS	TERMS AND CONDITIONS
E	1 **Obligations of the Assured in respect of Claims**	1.1 The Assured must promptly: 1.1.1 notify the Association of every casualty, event and claim against the Assured which threatens to give rise to any liability, costs or expenses for which the Assured is insured, or would have been insured but for the existence of any deductible, other insurance or retention, of all material developments in respect thereof, and of every survey or opportunity for survey (including survey of the condition of the insured Ship) in connection therewith; 1.1.2 disclose and produce all information, documents, reports or legal advices in or coming into the Assured's or the Assured's agents' (including lawyers') possession, power or knowledge relevant to any such casualty, event or claim either available at the time of notification or at any time. 1.2 The Assured must neither settle nor make any admission nor grant any waiver in respect of liabilities, costs or expenses for which the Assured is insured without prior consent from the Association in writing. 1.3 If the Assured commits any breach of the Assured's obligations under this Clause 1 the Members' Committee may in its sole discretion reject or reduce any recovery to which such breach may appear to the Members' Committee to be relevant or require the Assured to repay to the Association any amounts in respect of liabilities, costs or expenses which the Association may have incurred or paid or undertaken to pay in connection therewith.
E	2 **Time Bar**	Without derogation from and in addition to the obligation under Clause 1.1.1 to give prompt notice, if the Assured fails to notify the Association in writing of any claim against the Assured as therein described within one year after the Assured has knowledge of such claim, any right of the Assured to recover in respect thereof shall be extinguished, unless the Members' Committee in its sole discretion shall otherwise determine.
E	3 **Bail**	The Association may, but shall in no case be obliged to, provide on behalf of the Assured security to prevent arrest or obtain release from arrest or otherwise in respect of the insured Ship and if it does such Assured shall upon first demand made at any time by the Association in writing arrange such countersecurity (which expression may in the Association's sole discretion include a deposit of cash with the Association) as the Association may require and (with or without such countersecurity having been required or arranged) shall indemnify the Association against all liabilities and expenses incurred by the Association in consequence of the security originally provided by the Association. In the event that the Assured does not arrange such countersecurity as may have been required or does not indemnify the Association as aforesaid, the Association, without prejudice to its other rights, shall be entitled to retain any amounts which would otherwise be recoverable by such Assured, notwithstanding that the same may have no connection with the liability in respect of which the original security was provided and may relate to other periods of cover before or after that liability was incurred by the Assured or to another insured Ship. The provision of security by the Association shall be without prejudice to the Association's liability to the Assured for the claim in question.
E	4 **Powers of the Association relating to the Handling and Settlement of Claims**	4.1 The Association shall at all times have the right to: 4.1.1 appoint and employ on the Assured's behalf lawyers, surveyors or other persons to co-operate with the Assured in investigating or dealing with (including commencing or defending legal or other proceedings) any matter which may result in liability, costs or expenses for which the Assured is or may be insured by the Association, or would have been insured but for the existence of any deductible, other insurance or retention, or in respect of which the Association has provided security; 4.1.2 direct the conduct of any claim or legal or other proceedings against the Assured relating to any potential liability for which the Assured is or may be insured by the

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Association in whole or in part, or would have been insured but for the existence of any deductible, other insurance or retention, or in respect of which the Association has provided security, including direction that such claim or proceedings should be settled, compromised, or otherwise disposed of in such manner and upon such terms as the Association may require;

4.1.3 with the approval of the Members' Committee, control the conduct of any claim or legal or other proceedings against the Assured relating to any potential liability for which the Assured is or may be insured but for the existence of any deductible, other insurance or retention, or in respect of which the Association has provided security, including the settlement, compromise or other disposal of such claim or proceedings in such manner and upon such terms as the Association may require;

4.1.4 require the Assured to provide or execute any documents to enable it to give effect to its powers under this Section E Clause 4.

4.2 Without prejudice to any of the Association's rights and remedies under these terms and conditions and at law, if the Assured fails to co-operate or to comply with any of the provisions under this Section E Clause 4, the Members' Committee may in its sole discretion reject or reduce any recovery to which such failure may appear to the Members' Committee to be relevant.

E **5** **Settlement of Claims**

5.1 The Members' Committee and the Board shall meet as often as may be required for the purposes of settling and determining claims or any other matters relating to the business of the Association.

5.2 The Members' Committee shall in its sole discretion have power from time to time to authorise the Managers to effect both settlement and payment of any claims, without prior reference to the Members' Committee, of such types and up to such sums as the Members' Committee may in its sole discretion determine.

5.3 No member of the Members' Committee may vote upon any claim in which he or she is in any way interested.

5.4 Where under any Section of these terms and conditions the Members' Committee shall have exercised its sole discretion in settling or determining claims or any other matters relating to the business of the Association, the Members' Committee shall not be obliged to give reasons for any decision.

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F **1** **Guarantees, Certificates and Undertakings**

1.1 Notwithstanding the exclusions in Section B Clauses 4 and 5 and the provisos in Section A Clause 1, the Association will discharge on behalf of the Assured liabilities, costs, and expenses arising under a demand made pursuant to the issue by the Association on behalf of the Assured of:

1.1.1 a guarantee or other undertaking given by the Association to the Federal Maritime Commission under Section 2 of US Public Law 89-777, or

1.1.2 a certificate issued by the Association in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 or 1992 or any amendments thereof, or

1.1.3 an undertaking given by the Association to the International Oil Pollution Compensation Fund 1992 in connection with the Small Tanker Oil Pollution Indemnification Agreement (STOPIA), or

1.1.4 a certificate issued by the Association in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001, or

1.1.5 a certificate issued by the Association in compliance with Article 12 of the International Convention on the Removal of Wrecks 2007, or

1.1.6 a non-war certificate issued by the Association in compliance with either Article IV bis of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974 and the Protocol thereto of 2002 or regulation (EC) No. 392/2009 of the European Parliament and of the Council of 23 April 2009 giving effect thereto, or

1.1.7 a certificate issued by the Association in respect of the requirements under Regulation 2.5.2, Standard A2.5.2 and Regulation 4.2, Standard A4.2.1 Paragraph 1(b) of the Maritime Labour Convention 2006, as amended,

PROVIDED ALWAYS that:

1.1.7 The Assured shall indemnify the Association to the extent that any payment under any such guarantee, certificate or undertaking in discharge of the said liabilities, costs and expenses is or would have been recoverable in whole or in part under a standard P&I war risk policy had the Assured complied with the terms and conditions thereof, and

1.1.7.1 The Assured agrees that:

1.1.7.2 any payment by the Association under any such guarantee, certificate or undertaking in discharge of the said liabilities, costs and expenses shall, to the extent of any amount recovered under any policy of insurance or extension to the cover provided by the Association, be by way of loan; and

1.1.7.3 there shall be assigned to the Association to the extent and on the terms that it determines in its sole discretion to be practicable all the rights of the Assured under any other insurance and against any third party.

1.2 Notwithstanding the provisions of Section D Clause 4.1, the Association shall discharge or pay on the Assured's behalf directly to a seaman or dependent thereof a legal liability which the Assured has failed to discharge to such seaman or dependent to pay damages or compensation for injury, illness or death of the seaman that would have been recoverable by the Assured under Section A Clauses 3 and/or 4,

PROVIDED ALWAYS that:

1.2.1 there shall be no recovery under Clause 1.2 (unless the seaman or dependent has no enforceable right of recovery against any other party and would otherwise be uncompensated,

1.2.2 the amount payable by the Association shall not be subject to set off of any amount due to the Association from the Assured and, subject to Clause 1.2.3 below, the amount payable by the Association shall under no circumstances exceed the amount which the Assured would have been able to recover from the Association under these

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			terms and conditions, 1.2.3 where the Association is under no liability to the Assured by virtue of cesser under Section D Clause 4.2 by reason of non-payment of amounts due to the Association, the Association shall nevertheless discharge or pay a claim under Clause 1.2 to the extent only that it arises from an event occurring during the period of the contract of insurance, 1.2.4 any discharge or payment by the Association in accordance with Clause 1.2 shall be made as agent only of the Assured, and the Assured shall be liable to reimburse the Association for the full amount of such payment.
F	2	**Assured's Indemnity to the Association in respect of Guarantees, Certificates and Undertakings**	In the event that the Association is exposed to direct action by third parties in respect of liabilities arising out of guarantees, certificates, blue cards and/or other undertakings issued by the Association on behalf of the Assured, such third party claims shall take precedence over any rights of recovery of the Assured from the Association; it being understood and agreed by the Assured that the limit of liability available to the Assured in respect of such incident, as set out in the Certificate of Entry issued by the Association in respect of the insured Ship, will thereby be reduced. It is further understood and agreed by the Assured that in the event that the Association is exposed to direct action by third parties in respect of liabilities arising out of guarantees, certificates, blue cards and/or other undertakings which in the aggregate exceed the limit of liability stated in the said Certificate of Entry, the Assured shall indemnify the Association in respect of such excess liabilities.
F	3	**Coassureds and Other Assureds**	3.1 The Association may accept an application for insurance of interests in the same Ship in the names or on behalf of more than one person as Coassureds who shall each have an independent right of recovery from the Association subject always to the provisos in Section A Clause 1 and to the provisions of Clause 3.2 below. 3.2 The Association may in its sole discretion reject or reduce any multiple recovery by Coassureds in respect of the same loss. 3.3 The Association may, subject to the provisos in Section A Clause 1, agree that the benefit of the Assured's insurance shall be extended to persons or companies as Other Assureds which shall be signified in the relevant Certificate of Entry or by endorsement thereto, PROVIDED that: 3.3.1 any such extension of the benefit of the Assured's insurance shall be subject to the same limitation on recovery as stipulated in Section D Clause 3.2 and shall be confined to those liabilities incurred by the beneficiary for which the Assured would have been similarly held liable if the third-party claim had been pursued against the Assured and in respect of which the Assured would have been entitled to recover in accordance with the terms of insurance of the Ship concerned; 3.3.2 for each separate Ship and each separate accident or occurrence, recovery under the Assured's insurance and any such extension of the benefit thereof shall not in aggregate exceed whatever would have been recoverable by the Assured alone if the Assured only could have and had been held liable as postulated in Clause 3.3.1 and payment by the Association to the Assured or any such beneficiaries in that amount shall preclude any further recovery whatsoever; and 3.3.3 the benefit of the Assured's insurance shall not be extended to third party persons or companies which are not referred to in the relevant Certificate of Entry or by endorsement thereto, whether by name, class, description or otherwise, notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999. 3.4 In relation to Coassureds and Other Assureds, unless otherwise agreed by the Association in writing:

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3.4.1 the Association shall not be bound to issue any Certificate of Entry or any Endorsement to more than one Assured delivery of which to whom shall be sufficient delivery to all;

3.4.2 Coassureds shall be jointly and severally liable to pay all amounts due to the Association whether pursuant to these terms and conditions, the Articles or otherwise;

3.4.3 payment to any one Assured of any sums payable by the Association shall be a sufficient discharge of the Association for the same;

3.4.4 failure by one Assured to provide particulars and information within the Assured's knowledge (or which could with reasonable diligence be ascertained by the Assured) shall be deemed to have been the failure of all;

3.4.5 conduct of one Assured which would entitle the Association to reject or reduce recovery shall be deemed to have been the conduct of all and the knowledge (including deemed knowledge) of one Assured shall be deemed to be the knowledge (including deemed knowledge) of all;

3.4.6 any provision of these terms and conditions which would entitle the Association to reject or reduce recovery in respect of one Assured shall be deemed to apply to all;

3.4.7 any communication from the Association to one Assured shall be deemed to have been communicated to all;

3.4.8 any communication from one Assured to the Association shall be deemed to have been made with the full approval and authority of all;

3.4.9 the Association shall be entitled to pay all sums to one Assured on behalf of all Coassureds and Other Assureds; and

3.4.10 no Assured shall be entitled to recover from the Association in respect of any dispute or claim arising between themselves.

F **4** **Affiliates and Associates**

4.1 Should a claim in respect whereof the Assured is insured by the Association be made or enforced through a person or company (other than a Coassured or Other Assured in relation to that Assured) affiliated or associated with such Assured, the Association may if so requested by the Assured indemnify such person or company against any loss which as a consequence thereof such person or company shall have incurred in that capacity provided always that nothing herein contained shall be construed as extending any amount which would not have been recoverable from the Association by the Assured had such claim been made or enforced against the Assured. Once the Association has made such indemnification it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Assured, in respect of that claim.

4.2 Conduct of one Assured or Affiliate or Associate hereunder which would entitle the Association to reject or reduce recovery shall be deemed to have been the conduct of all.

F **5** **Fleet Insurance**

Applications for insurance may be accepted in respect of Ships of which the beneficial ownership is separate on terms that the Ships concerned shall be deemed (for these insurance purposes only) to form part of a specified fleet whereby the Association shall deal with the insurance of such Ships in combination and not individually (a "Fleet Insurance"), in consideration for which all Assureds within each such Fleet Insurance accept joint and several liability to pay all amounts due to the Association by way of premiums or otherwise in respect of all Ships within that Fleet Insurance. Unless otherwise agreed in writing, where the Association issues a single statement of account in respect of Ships of which the beneficial ownership is separate those Ships shall be deemed insured as a Fleet Insurance.

F **6** **Assignment**

6.1 No insurance afforded by the Association may be assigned without the written consent of the Association, which shall in its sole discretion be entitled to refuse consent or to give consent only upon specified terms or conditions, in either case without stating reasons, and any purported

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			assignments made without such consent shall be void and of no effect.
			6.2 Where the written consent of the Association is given to any proposed assignment, such consent and such assignment shall be on terms that on and from the assignment the assignee shall become and be with the assignor jointly and severally liable for the payment of all premiums and/or other amounts due to the Association and for the performance of the assignor's other obligations hereunder.
			6.3 In particular, but without prejudice to the generality of the foregoing, from any amount payable by the Association to the assignee there may be deducted such amount as the Association may then estimate as sufficient to discharge any past or future liabilities whatsoever of the assignor to the Association, whether arising before or after the assignment.
F	7	**Period of Insurance, Termination by Contractual Notice and Novation**	7.1 Unless otherwise agreed by the Association in writing or unless terminated earlier in accordance with these terms and conditions, any contract of insurance in respect of the insured Ship shall commence and shall cease at the respective times shown in the Certificate of Entry.
			7.2 Any contract of insurance in respect of any Assured's interest in the insured Ship may be terminated by the Association at any time with not less than 7 days' written notice to the Assured or, in the event that the Assured declares or manifests an intention not to pay premium or any other amount due to the Association, whether such premium or any other amount due to the Association be then currently due and payable or payable in the future, with immediate effect upon written notice to the Assured.
			7.3 In the event of any sale, disposal or transfer by the Association of the whole or any part of the undertaking, property, assets or liabilities of the Association to any third party carrying on the whole or any part of the business of the Association in succession to the Association (the "Transferee"), any contract of insurance in respect of any Assured's interest in the insured Ship may, subject to the approval of the Board (provided such approval was decided upon at a meeting of the Board at which not less than two thirds of the Board members present and entitled to vote voted in favour of the resolution to give such approval, or is the subject of a written resolution signed by all members of the Board), be:
			7.3.1 novated, in whole or in part, to the Transferee on such terms as the Board may in its sole discretion deem necessary for the purpose of implementing or giving effect to any such sale, disposal or transfer; and/or
			7.3.2 terminated by the Association in accordance with Clause 7.2 and replaced with a new contract of insurance between each Assured and the Transferee on the same terms mutatis mutandis as that Assured's original contract of insurance with the Association.
			7.4 For the purpose of giving effect to Clause 7.3, the Assured hereby consents to any novation, termination and cover by a replacement contract of insurance as referred to in Clauses 7.3.1 and 7.3.2 and appoints the Association (acting through one or more members of the Board or the Managers) as agent for and on its behalf and in its name to enter into and execute any such novation, termination and replacement contract of insurance.
F	8	**Termination upon Sale, Loss etc.**	8.1 Unless otherwise agreed by the Association in writing, any contract of insurance in respect of the insured Ship shall terminate upon the happening of any of the following events:
			8.1.1 the Assured parting with or assigning the Assured's interest in the Ship whether by bill of sale or other formal document or in any other way whatsoever;
			8.1.2 the Ship is a total loss or is accepted by the hull underwriters as being a constructive, compromised or arranged total loss, save as regards the liabilities, costs and expenses resulting directly from the casualty which has given rise to such total loss or which are incurred as a result of measures taken with the Association's approval for the purpose of avoiding or minimising any such liabilities;

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			8.1.3 the Ship being missing for ten days from the date it was last heard of or from it being posted at Lloyd's as missing, whichever shall be the earlier. 8.2 The Association may terminate any contract of insurance in respect of the insured Ship upon there being any change in the management or operation of the insured Ship.
F	9	**Termination upon Insolvency or Liquidation**	9.1 Any contract of insurance in respect of the insured Ship shall terminate upon the happening of any of the following events: 9.1.1 where the Assured is an individual upon the Assured's death, or upon a receiving order being made against the Assured, or upon the Assured becoming bankrupt, or upon the Assured making any composition or arrangement with the Assured's creditors generally, or upon the Assured becoming incapable by reason of mental disorder of managing and administering the Assured's property and affairs; 9.1.2 where the Assured is a corporation, upon the occurrence of any of the following: 9.1.2.1 dissolution; 9.1.2.2 a resolution for voluntary winding-up being passed (other than for purposes of company or group reorganisation); 9.1.2.3 an order for compulsory winding-up being made; 9.1.2.4 possession being taken by or on behalf of the holder(s) of any debenture(s) secured by a floating charge of any property comprised in or subject to the charge; 9.1.2.5 any event analogous to or having an effect analogous to those set out in Clauses 9.1.2.1 to 9.1.2.4 under the applicable laws and proceedings of any jurisdiction; 9.1.2.6 any action being taken by the Assured intended to procure the occurrence of any or more of the events set out in Clauses 9.1.2.1 to 9.1.2.5. 9.2 Where the Assured is a corporation, the Association may terminate any contract of insurance in respect of that Assured's interest in the insured Ship (together with the insurance of that Ship in respect of that interest) upon the happening of any of the following events: 9.2.1 the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; 9.2.2 the making of any general assignment, arrangement or composition with or for the benefit of creditors; 9.2.3 an order granting protection from creditors being made; 9.2.4 any event analogous to or having an effect analogous to those set out in Clauses 9.2.1 to 9.2.3 under the applicable laws and procedures of any jurisdiction; 9.2.5 any action being taken by the Assured intended to procure the occurrence of any or more of the events set out in Clauses 9.2.1 to 9.2.4.
F	10	**Termination**	Where the contract of insurance in respect of the insured Ship is terminated for any reason it is agreed that the Association is entitled to a lien over the Ship for premiums and any other amounts due to the Association.
F	11	**Notices**	11.1 Service of any notice or other document required under these terms and conditions by the Association on the Assured may be sent through the post in a prepaid letter or by courier, facsimile or by Electronic Means all of which shall be addressed to the Assured at any address identified by or for the Assured to the Association expressly or impliedly as the Assured's place of business, 11.1.1 PROVIDED that if the insurance of a Ship by the Association on behalf of the Assured is

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through a broker or other agent on behalf of the Assured, or if the Association has been notified that a broker or other agent is to be involved in any manner whatsoever with the insurance of the Ship, any such notice or other document may be addressed to that broker or agent and served at the address of any place of business of that broker or agent and such service shall be deemed to be service on the Assured.

11.1.2 In these terms and conditions "address" in relation to 'Electronic Means' has the meaning set out in paragraph 7(1) of Part 3 of Schedule 4 and paragraph 7(1) of Part 3 of Schedule 5 of the Companies Act 2006.

11.2 Service of any notice or other document required under these terms and conditions by the Assured on the Association shall be by any of the methods described in Clause 11.1, sent to the address of the registered office of the Association.

11.3 If posted, any such notice or other document as referred to in Clauses 11.1, 11.1.1 and 11.2 shall be deemed to have been served 24 hours after the letter containing the same was put into the post, and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post as a prepaid letter. Any such notice or other document sent by courier shall be deemed to have been served at the time of delivery and any such notice or other document sent by facsimile or by Electronic Means shall be deemed to have been served at the time it was sent and in proving such service it shall be sufficient to prove that the notice or other document was duly despatched.

11.4 Every successor, legal personal representative, receiver, curator bonis or other legal curator, trustee in bankruptcy or liquidator of the Assured shall be bound by a notice or other document given as aforesaid if sent as aforesaid, notwithstanding that the Association may have notice of the Assured's death, mental disorder, bankruptcy, liquidation, incapacity or administration.

F **12 Forbearance**

No act, omission, course of dealing, forbearance, delay or indulgence of any kind by the Association in enforcing any provisions under these terms and conditions or any contractual terms or conditions, shall be treated as any waiver of any of the Association's rights thereunder, the strict enforcement of which the Association shall at all times and without notice be entitled to insist upon notwithstanding any of the matters aforesaid.

F **13 Jurisdiction and Law**

13.1 These terms and conditions and any contract of insurance entered into by the Association shall be governed by and construed in accordance with English law and shall be subject to the provisions of the Marine Insurance Act 1906 and the Insurance Act 2015 and any statutory modifications thereof except insofar as such Acts or modifications may have been excluded by these terms and conditions or by any terms of such contracts.

13.1.1 The following provisions of the Insurance Act 2015 ("the Act") are excluded as follows:

(i) Section 8 and Section 14 of the Act are excluded. As a result any breach of the duty of fair presentation and/or the duty of good faith shall entitle the Association to avoid this insurance in all circumstances.

(ii) Section 10 of the Act is excluded. As a result if the Assured fails to comply with any warranty in these terms and conditions and/or any contract of insurance, the Association shall be discharged from liability from the date of the breach, regardless of whether the breach is subsequently remedied.

(iii) Section 11 of the Act is excluded. As a result if the Assured fails to comply with any term of these terms and conditions and/or the contract of insurance, the Association's liability may be excluded, limited or discharged in accordance with these terms and conditions notwithstanding that the breach could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

(iv) Section 13 of the Act is excluded. As a result the Association shall be entitled to exercise its right to terminate any contract of insurance in respect of the Assured in the event that a fraudulent claim is submitted by or on behalf of the Assured and/or any affiliated or associated company of the Assured.

(v) Section 13A of the Act is excluded. Any contract of insurance between the Association and the Assured shall not be subject to nor shall the Association be in breach of any implied term that it will pay any sums due in respect of a claim within a reasonable time save that the Association may not deliberately or recklessly fail to do so.

13.2 If any difference or dispute shall arise between the Association and the Assured (or any other person) out of or in connection with these terms and conditions, or out of any contract between the Association and the Assured, or as to the rights or obligations of the Association or the Assured thereunder, or in connection therewith, or as to any other matter whatsoever, such difference or dispute shall be referred to arbitration in London in accordance with the Arbitration Act 1996 and any statutory modifications or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause 13. The arbitration shall be conducted in accordance with the London Maritime Arbitrators' Association (LMAA) Terms current at the time when the arbitration proceedings are commenced. The reference shall be to three arbitrators and the arbitrators shall all be full members of the LMAA and/or Queen's Counsel practising at the Commercial Bar in London.

A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if the sole arbitrator had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In any such arbitration, any matter decided or stated in any judgment or arbitration award (or in any reasons given by an arbitrator for making any award) relating to proceedings between the Assured and any third party shall be admissible in evidence.

The Assured may not bring or maintain any action, suit or other legal proceedings against the Association in connection with any such difference or dispute unless the Assured has first obtained an arbitration award in accordance with this Clause 13.

13.3 In respect of any monies whatsoever which the Association considers are due to it, such as but not limited to, outstanding premiums ("Sums Due"), the Association may but shall not be obliged to commence and maintain proceedings to obtain payment in its sole discretion in the following ways:

(i) in arbitration in London pursuant to Clause 13.2 above; or

(ii) in the High Court of Justice of England and, if it does so, the Assured hereby submits to the jurisdiction of that Court in respect of any such action.

Nothing in this Clause 13 including Clause 13.2 or in any other Clause in these terms and conditions or otherwise shall preclude the Association from taking any legal action of whatsoever nature in any jurisdiction at its sole discretion, and subject to and/or under the law of such jurisdiction, in order to pursue or enforce any of its rights whatsoever and howsoever

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arising including but not limited to:

(a) Recovering Sums Due; and/or

(b) Obtaining security for Sums Due; and/or

(c) Preserving the assets of the Assured; and/or

(d) Enforcement of its rights of lien whether arising by law or under these terms and conditions.

F **14 Definitions**

Unless the context requires otherwise where the following terms appear within these terms and conditions they shall have the following meanings:

Articles
the Articles of Association of the Association in force from time to time;

Association
The London Steam-Ship Owners' Mutual Insurance Association Limited, a company limited by guarantee registered in England under number 10341;

Assured
a person whose application for insurance under these terms and conditions of any interest in a Ship has been accepted by the Association and includes, for the avoidance of doubt, a Coassured and an Other Assured;

Board
the board of Directors for the time being of the Association;

Certificate of Entry
a certificate issued by the Association pursuant to Section D Clause 2 of these terms and conditions;

Coassureds
Assureds whose application for insurance under these terms and conditions has been accepted by the Association pursuant to Section F Clause 3 of these terms and conditions and *Coassured* shall be construed accordingly;

Costs and expenses
Costs and expenses shall be deemed to include fees for professional services rendered with the agreement of and/or at the instruction of the Association;

Directors
the directors for the time being of the Association;

Electronic Form
has the meaning given in section 1168(3) of the Companies Act 2006;

Electronic Means
has the meaning given in section 1168(4) of the Companies Act 2006;

in writing
written, printed, lithographed, electronic form, or visibly expressed in all or any of those or any other modes of representing or reproducing words;

Managers
the managers from time to time of the Association;

Members' Committee
the members' committee for the time being of the Association;

Other assured
a person to whom the benefit of the Assured's insurance is agreed to be extended by the Association pursuant to Section F Clause 3 of this Policy;

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Ship
ship, boat, hydrofoil, hovercraft or other description of vessel or structure (including a lighter, barge or similar vessel or structure under construction howsoever propelled, but excluding (a) a unit or vessel constructed or adapted for the purpose of carrying out drilling operations in connection with oil and gas exploration or production and (b) a fixed platform or fixed rig), 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.

In addition, within these terms and conditions, words importing the singular number only shall include the plural number and vice versa; words importing the masculine gender only shall include the feminine gender; words importing persons shall include individuals, corporations, partnerships and firms (whether or not having a separate legal personality); headings are for convenience only and shall not affect the interpretation of these terms and conditions; and in the event of any conflict between the English text of these terms and conditions and any text thereof written in any other language the English text shall prevail.