



Servicing Office:

State Code : XX  
GSTIN : XXXXXXXXXXXXXXX  
General Insurance Services: 9971

## **ENERGY EXPLORATION & CONSTRUCTION POLICY**

**UIN – IRDAN106CPMR0001V01202425**

**IN CONSIDERATION** of the Insured stated in the Policy Schedule having paid or agreed to pay the premium stated in the Policy Schedule to the IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED (elsewhere in this Policy referred to as “Insurer”).

**THE INSURER HEREBY AGREE** to insure the Insured against loss/ damage/ liabilities/ costs and expenses in accordance with the terms, conditions and limitations contained in this Policy.

**PROVIDED** that the liability of the Insurers shall not exceed the Sums Insured or limits of Insurers’ liability stated in this Policy or such other limits as may be substituted for these by Endorsement to the Policy signed by or on behalf of the Insurers.

### **POLICY SCHEDULE**

i. **INSURED** :

Address :  
GSTIN :  
Contact No. :  
Email Address :  
Intermediary Details :

ii. **LOSS PAYBEE:** :

iii. **THE PERIOD OF INSURANCE**

Upto 84 months from at 00:01 a.m. Local Standard Time at the location of the property or operations insured.

Start Date:

End Date:

iv. **THE INTERESTS INSURED AND COVERAGE UNDER THIS POLICY**

The coverage under this policy is applicable only for following insured sections as mentioned below and subject to the sum-insured or limits, deductibles specified against each section



Section	Description	Sum Insured/Limit	Deductibles

v. **Schedule of Items Insured:**

Section	Description	Sum Insured/Limit

vi. **Navigational Limits (If Applicable):**

vii. **Other specific terms, conditions, limitations:**

viii. **PREMIUM**

SECTION	DESCRIPTION	PREMIUM (INR)
1.		
2.		
3.		
4.		
5.		
6.		
7.		
Sub Total		



CGST @x%
SGST@x%
IGST@x%
Total Premium

**ix. Reporting and Adjustment Condition**

The insured agrees to report to the Insurers the status of all wells insured under this policy at the end of the Period of Insurance, at which time the Premium for any drilling and workover wells shall be adjusted, with the premium to be calculated on the rates agreed by the Insurers at inception of the policy.

SIGNED for and on behalf of  
**IFFCO TOKIO General Insurance Company Limited**

In witness whereof, the undersigned being duly authorized has hereunder set his/her hand on this policy on 00/00/20__
Toll Free: 1800-103-5499
For IFFCO-TOKIO General Insurance Co. Ltd CIN : U74899DL2000PLC107621 Website: <a href="http://www.iffcotokio.co.in">www.iffcotokio.co.in</a> Policy Issuing Office: Delhi Consolidated Stamp Duty deposited as per the order of Government. of .....

**Kindly send us a request for endorsement in case of change in your contact details or bank account details.**



## **GENERAL CONDITIONS**

**(Applicable to all the Sections insured hereunder). These conditions are in addition to other conditions specified in the policy.**

### **1. GENERAL WARRANTIES**

- (A) It is warranted that:
- i. where the Insured has an operating interest in an operation or any operations are within its direct control, the Insured shall exercise due care and diligence in the conduct of all operations insured utilizing all safety or hazard control practices and/or equipment generally considered to be prudent for such operations or necessary to comply with regulations or industry requirements (including, but not limited to, blowout preventers). In the event that any hazardous condition develops with respect to property, operations or wells insured, the Insured shall make all reasonable efforts to prevent the happening of an Occurrence or loss or to minimize the effects of such Occurrence or loss; and
  - ii. where the Insured has a non-operating interest in any operations or any operations are outside its direct control, it will use all reasonable endeavors to ensure that the operator or the contractor or other party having direct control complies with all the practices, regulations and requirements stated in paragraph A. above.
- (B) It is further warranted that no excess coverage is in place in respect of any coverage provided under this Insurance unless specifically agreed by the Insurers.
- (C) It is understood that a drilling well survey is to be carried out prior to spudding in of the first drilling well in any field and it is warranted that all recommendations made by the surveyor will be complied with by the Insured.
- (D) It is understood and agreed that coverage is subject to a risk survey by a surveyor appointed by insurer within 90 days of attachment and it is warranted that all recommendations are to be complied with. The scope of surveyor shall be provided by insurers which includes Drilling Plans, Property, Operations and Maintenance.

### **2. NOTICE AND PROOF OF LOSS**

The Insured shall give to the Insurers, as soon as practicable, notice of any Occurrence which may result in a claim under this Insurance, stating the time, place, cause and circumstances of such Occurrence. The Named Insured shall also file with the Insurers, as soon as practicable, a detailed, sworn Proof of Loss and Payment Order. The Insured shall, if requested by the Insurers, make available to the Insurers or their representatives all records, agreements, contracts or other documents needed to determine or substantiate a claim.

### **3. SUBROGATION**

- A. The Insurers shall, upon reimbursement to the Insured of any loss, damage or expense, be subrogated to all the Insured's rights of recovery against any other person, firm or corporation who



may be legally or contractually liable for such loss, damage or expense so reimbursed by the Insurers.

- B. It is agreed that the Insurers may make claim upon and institute legal proceedings against any parties believed responsible for loss, damage or expense reimbursed under this Insurance in the name of the Insured, and the Insured shall provide Insurers with their full co-operation in pursuing such claim or legal proceedings.

#### **4. OTHER INSURANCE**

If at the time of any loss or damage happening to any risk insured hereunder there be any other subsisting insurance or insurances, whether effected by the insured or by any other person or persons covering the same property, this Company shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.

#### **5. COLLECTION FROM OTHERS**

No loss shall be paid by the Insurers under to the extent that the Insured has collected the same from any other party.

#### **6. INSPECTION AND DISCOVERY OF RECORDS**

The Insurers shall have the right of inspection and discovery of the Insured's records pertaining to all matters of whatsoever nature relating to the property/risk insured under this Insurance.

#### **7. CANCELLATION**

This insurance may be terminated at any time at the request of the Insured, in which case the Company will retain the premium at customary short period rate for the time the policy has been in force. This insurance may also at any time be terminated at the option of the Company, on 7 days notice to that effect being given to the Insured, in which case the Company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

#### **8. DEDUCTIBLE**

It is agreed and understood that, until unless specified specifically, each claim (including claims under the sue and labour clause) shall be reported and adjusted separately and from the amount of each claim the sum as stated in the Policy Schedule shall be deducted. For the purpose of this clause each accident or occurrence shall be treated separately, but it is agreed that a sequence of losses or damages arising from the same occurrence shall be treated as one occurrence for each section.

#### **ADDITIONAL CONDITIONS** (Applicable to Section 1)

##### **(1) SPECIAL CONDITIONS/ BLOWOUT PREVENTER WARRANTY**

This Section One does not cover any loss:



- (a) Occurring while the property described herein is being operated by others than the Insured or the Insured's employees, unless otherwise agreed to by Insurers hereon by endorsement attached hereto. Permission is granted for the property insured to be operated by the well owner or operator as required in the drilling contract.
- (b) Occurring while oil, gas or air is being used as a drilling fluid but this shall not exclude the use of oil base mud, nor the use of oil for "drilling- in" nor the use of oil for "washing-in" purposes.
- (c) Unless a blowout preventer of standard makes properly installed and tested in accordance with the usual practice is being used. (Not applicable to cable tool rigs and spudders).

Warranted that blowout preventer(s) of standard make will be set in the surface casing, such blowout preventer(s) to be installed and tested in accordance will the usual practice.

## **(2) CO-INSURANCE**

If the Property hereby insured shall, at the time of accident, has greater value than the sum insured thereon, then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly. The insured shall maintain sum insured equal to the reinstatement value.

## **(3) CONSTRUCTIVE TOTAL LOSS**

There shall be no recovery for a Constructive Total Loss hereunder unless the expense of recovering and repairing the property insured shall exceed the actual insured value.

In no case shall Insurers be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period covered by this insurance.

## **(4) AUTOMATIC ACQUISITIONS CLAUSE**

Subject to the terms, conditions and limitations of Section 1, the Insurers agree that this Insurance automatically extends to cover:

- A. Additional property and/or interests of the type described under the definition of the property insured within Section 1 which may be acquired or otherwise become at the risk of the Insured during the Period of Insurance, but coverage in respect of any such additional property and/or interests will cease 30 days after the date of acquisition or becoming at the risk of the Insured unless such additional property and/or interests are reported to and accepted by the Insurers within that 30 day period (or the expiry date of the Policy if sooner); and
- B. any increases in values of property insured following construction, renovation, installation, erection or assembly operations covered under Section One of this Policy in accordance with "Minor Works"; and

The Named Insured agrees to pay additional premium within 30 days on agreed Rates from the date acquired or becoming at the Insured's risk to expiration if required by the Insurers. All the coverage under this section shall cease if insured doesn't pay premium within specified time.



## **(5) REMOVAL OF WRECK/DEBRIS**

The insurance under this Section 1 is extended to indemnify the Insured for all costs or expenses of, or incidental to the actual or attempted raising, removal or destruction of the wreck and/or debris of property insured which results from loss of or damage to such property insured as a result of a peril insured against, including the provision and maintenance of lights, markings, audible warnings and the like, when the incurring of such costs and/or expenses is necessary for reinstatement of the property, or is compulsory by law or ordinance, or is by contractual obligation or when the Insured may not or cannot, for practicability of the Insured's operations at the site in question, abandon the wreckage or debris, provided, however, that from any such claim for costs or expenses shall be deducted the value of property salvaged or recovered inuring to the benefit of the Insured.

The Insurers' liability under this extension of coverage shall not exceed the sub-limit stated in the Policy Schedule.

## **(6) SUE AND LABOUR EXPENSE**

It is agreed that should the property insured under this Section 1 suffer loss or damage (or in the event of imminent loss or damage) covered under the terms of this Insurance, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labour and travel for, in and about the defence, safeguard and recovery of the said property, or any part thereof, without prejudice to this Insurance, and subject always to the terms, conditions, limitations and exclusions of this Insurance, the charges thereof shall be borne by the Insurers. It is especially declared and agreed that no acts of the Insurers or the Insured in recovering, saving or preserving the property shall be considered as a waiver or acceptance of abandonment.

The Insurers' liability for Sue and Labour expenses shall not exceed the sub-limit stated in the Policy Schedule.

## **(7) MINOR WORKS**

Subject to the terms, conditions and limitations of this Section 1, it is agreed and understood that this Section 1 is extended to include physical loss of or physical damage to or caused by or arising out of minor alterations and/or repairs and/or construction and/or re-construction and/or additions and/or maintenance and/or fabrication and/or modifications and/or installation and/or erection and/or similar work carried out on any of the property insured for the amount specified in the policy schedule.

### **COMMON CONDITION FOR SPECIFIED SECTIONS:**

#### **1. EXTENDED EXPIRATION:**

If Sections 1, 2 and 3 expire or be cancelled while an Occurrence giving rise to a loss recoverable under this Insurance is in progress, it is understood and agreed that said loss, subject to all other terms and conditions and the limits of Insurers' liability of this Insurance, will be covered under these Sections as if the entire loss had occurred prior to the date of expiration or cancellation.

#### **2. DEFINITION OF "OCCURRENCE"**



The term "Occurrence", wherever used in Sections 1, 2 and 3, shall be defined as one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

In addition:

- A. As respects windstorm, all tornadoes, cyclones, hurricanes, similar storms and systems of winds of violent and destructive nature, arising out of the same atmospheric disturbance within any period of 72 consecutive hours commencing during the period of this Insurance, shall be considered one event.
- B. Each earthquake shock or volcanic eruption shall constitute one event hereunder, provided that, if more than one earthquake shock or volcanic eruption shall occur within any period of 72 consecutive hours commencing during the period of this Insurance, such earthquake shocks or volcanic eruptions shall be deemed to be one event within the meaning hereof.
- C. In no event, except as provided for in the sue and labour expense clause and removal of wreck/debris clause under Section 1, shall the Insurers' liability arising from any one accident or occurrence exceed the amount insured hereunder as set forth in the policy schedule in respect of the items subject to claim in such accident or occurrence.

**GENERAL EXCLUSIONS** (Applicable to All the Sections).

**These exclusions are in addition to the exclusions mentioned anywhere in the policy.**

It is agreed and understood that the policy shall not cover any claim on account of:

- A. War and Civil War Exclusion  
There shall be no indemnity or liability, loss, damage or expense resulting from:
  - i. war, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
    - a. by any government or sovereign power (de jure or de facto) or by any other authority maintaining or using military, naval or air forces; or
    - b. by military, naval or air forces; or
    - c. by any agent of any such government, power, authority or forces; or
  - ii. any weapon(s) of war employing atomic fission or radioactive force whether in time of peace or war; or
  - iii. insurrection, rebellion, revolution, civil war, usurped power, or action by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of government or public authority, or risks of contraband or illegal transportation or trade.
- B. Radioactive Contamination Exclusion  
This Clause shall be paramount and shall override anything contained in this Insurance inconsistent therewith





In no case shall this Insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- i. ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- ii. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- iii. any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
- iv. radioactive contamination however caused whenever or wherever happening.

C. Terrorism Exclusion

There shall be no liability under these Sections One, Two and Three for any claim caused by, resulting from, or incurred as a consequence of:

- i. a. the detonation of any explosive;  
b. any weapon of war;  
and caused by any person acting maliciously or from a political motive; or
- ii. any act for political or terrorist purposes of any persons, and whether or not agents of a sovereign power, and whether the loss, damage or expense resulting therefrom is accidental or intentional.

D. Electronic Data Exclusion (NMA 2915)

Notwithstanding any provision to the contrary within these Sections One, Two and Three or any endorsement thereto, it is understood and agreed as follows:

These Policy shall not cover loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to "Trojan Horses", "worms" and "time or logic bombs".



E. Toxic Mould Exclusion

These Policy shall not cover loss, damage, cost or expense caused directly or indirectly by, arising out of, resulting from, contributed to by, or related in any way to "mould". Loss, damage, cost or expense caused directly or indirectly by, arising out of, resulting from, contributed to by, or related in any way to "mould" is excluded regardless of any other cause or event that contributes concurrently, or in any sequence with, the loss, damage, cost or expense.

For the purposes of this exclusion, the following definition is added to these Sections One, Two and Three:

"Mould" means any species of fungi including, but not limited to, mould, yeast, mildew, spores, mould toxins, mycotoxins, mould metabolites, mould antigens, mould allergens, smut, wet or dry rot, mould-produced antibiotics, or dust or fumes containing any of the foregoing, individually, or in any combination therewith or with another substance.

**OTHER CONDITIONS:**

**1. LIMITATION OF ACTION**

No suit or action on this insurance for the recovery of any claims shall be sustainable in any court of law or equity unless the Insured shall have complied fully with all the requirements of this insurance, and unless commenced within twenty-four months next after the time a cause of action for the loss accrues.

**2. LAW, PRACTICE AND JURISDICTION AND SUIT AGAINST INSURERS**

This insurance Policy is subject to Indian law and jurisdiction.

**3. ARBITRATION CLAUSE:**

Any dispute related to claim arising out of or in relation to this insurance policy shall be referred to and resolved by arbitration under the Arbitration & Conciliation Act, 1996, enacted in India including amendments thereto. The arbitration proceedings shall be conducted in English under and in accordance with the provisions of the said Arbitration and Conciliation Act 1996.

The seat of arbitration shall be the place of issuance of this insurance policy or any other place in India as agreed by the parties and the parties shall bear costs of fees and expenses of arbitral tribunal in equal proportion until unless otherwise stated in arbitral or other order/award.



#### 4. GRIEVANCES

In case of any grievance, the insured may contact IFFCO Tokio General Insurance Co. Ltd. Through

Website: <https://www.iffcotokio.co.in/customer-services/grievance-redressal>

Grievance Registration: Follow the above-mentioned link and fill the details to register the grievance.

Toll free: 1800-103-5499

Email: [chiefgrievanceofficer@iffcotokio.co.in](mailto:chiefgrievanceofficer@iffcotokio.co.in)

Address : Chief Grievance Officer  
IFFCO-Tokio General Insurance Co Ltd  
IFFCO Tower, Plot no. 3  
Sector -29, Gurgaon – 122001

Insured may also approach the grievance cell at any of the company's branches with the details of grievance. The list of branches with addresses are available at <https://www.iffcotokio.co.in/contact-us>.  
If Insured is not satisfied with the redressal of grievance through one of the above methods, insured may contact the grievance officer at [chiefgrievanceofficer@iffcotokio.co.in](mailto:chiefgrievanceofficer@iffcotokio.co.in).

For updated details of grievance officer, kindly refer the link:

<https://www.iffcotokio.co.in/contact-us/customer-services/grievance-redressal>



## Section I. PROPERTY INSURANCE

### A. OIL AND GAS WELL DRILLING TOOLS FLOATER FORM (ALL RISKS)

#### 1. PROPERTY INSURED

Except as hereinafter excluded, this Section 1 insures onshore and offshore property of any type or description (except Platforms), office contents as scheduled and agreed by Insurers, the property of the Insured or for which the Insured may be legally liable, while at locations and in transit anywhere in the world and/or storage and/or down-hole.

#### 2. PERILS INSURED

This Section 1 insures against all risks of direct physical loss of or physical damage to the property insured from any external cause except as hereinafter excluded.

#### 3. PROPERTY NOT INSURED HEREUNDER

This Section 1 does not insure:

- (a)
  - i) motor vehicles, aircraft, railroad rolling stock;
  - ii) cement, mud, drilling compounds or chemicals, but only whilst in use;
  - iii) casing and tubing installed in an oil or gas well;
  - iv) blueprints, plans, specifications or records;
  - v) property of employees;
  - vi) watercraft or drilling barges
- (b) loss or damage to any property while airborne;
- (c) property insured situated below the surface of the earth or water bottom, unless loss or damage is caused by:
  - i) fire, lightning, windstorm, earthquake, flood, explosion above the surface of the ground, aircraft or falling objects, strikes, riots, civil commotion, vandalism, malicious mischief;
  - ii) blowout and cratering, as defined herein;
  - iii) raising, lowering, pull-in or collapse of derrick or mast;
- (d) drill stem left in the well through which an oil or gas well is completed, or drill stem for which the well owner or operator has assumed liability;
- (e) property insured used to drill a relief well to control or to attempt to control blow-out, crater or fire in any oil or gas well, unless prior approval is obtained from the Insurers;
- (f) foam solutions or other fire extinguishing materials lost, expended or destroyed in fire, lightning, blowout or cratering, nor any other expense incidental to fighting fire or controlling or attempting to control blowout or cratering, unless such property is stated in the schedule agreed by the



Insurers and/or their Reinsurers or unless the Insurers have specifically agreed to insure such property by Endorsement to Section 1 of the Policy.

#### 4. PERILS NOT INSURED AGAINST

This Section 1 does not insure against loss, damage or expense caused by or resulting from:

- A. wear and tear, mechanical or electrical breakdown or failure, inherent vice, latent defect, gradual deterioration, corrosion, rust, dampness of atmosphere, freezing or extremes of temperature;
- B. infidelity or any dishonest act on the part of the Insured or other party or interest, it's or their employees or agents or any person or persons to whom the property may be entrusted (carriers for hire excepted);
- C. any alterations and/or repairs and/or construction and/or re-construction and/or additions and/or maintenance and/or fabrication and/or modifications and/or installation and/or erection and/or similar work, except where covered under General Conditions to Section 1 Clause 10, "Minor Works";
- D. unexplained loss, mysterious disappearance, nor loss or shortage disclosed upon taking inventory;
- E. loss of use or delay, loss of hole, loss of contract or income or profits, or any loss of a consequential nature;
- F. the neglect of the Insured to use all reasonable means to save and preserve the property at time of and after any disaster insured against and when the property is in danger by fire in neighboring premises;
- G. explosion of steam engines, steam boilers, steam slush pumps, steam pipe or connections, steam water heaters, internal combustion engines, power slush pumps, fly wheels, pulleys, abrasive wheels or moving or rotating parts of machines unless fire ensues, and then only for loss or damage directly caused by ensuing fire.

#### 5. DEFINITION OF BLOWOUT AND CRATERING

- (a) The term "blowout", as used in this Section 1, shall be defined as a sudden, accidental, uncontrolled and continuous expulsion from the well above the earth's surface of oil, gas, water or drilling fluids resulting in complete loss of control of the well.
- (b) Term "crater", as used in this Section 1, shall be defined as a basin-like opening in the earth's surface surrounding a well caused by the erosive action of gas, oil or water flowing uncontrolled.

#### 6. IN-HOLE SALVAGE EXPENSE

In the event in hole salvage expense is incurred with respect to drill stem lost or damaged as a result of a peril insured against, this insurance shall cover that proportion of such expense that the value of the drill stem below the earth's surface (at the time of loss) bears to the aggregate cost of the hole at the attained depth (at the time of loss) plus the value of the drill stem below the earth's surface (at the time of loss).

However, this insurance shall not cover:



- (a) Salvage expense contractually assumed by or made the responsibility of the well owner or operator.
- (b) For any amount in excess of the value of the drill stem below the earth's surface (at the time of loss) as respects salvage expense or loss or damage to drill stem or both combined.

Any co-insurance penalty applicable to the insured unit involved in the loss shall be applied to any claim for in hole salvage expense and loss or damage to drill stem.



## **B. LONDON STANDARD DRILLING BARGE FORM :**

### **1. Property Insured Hereunder**

This insurance covers the hull and machinery of the drilling barge(s), as scheduled herein, including all their equipment, tools, machinery, caissons, lifting jacks, materials, supplies, appurtenances, drilling rigs and equipment, derricks, drill stem, casing and tubing while aboard the said drilling barge(s) and/or on barges and/or vessels moored alongside or in the vicinity thereof and used in connection therewith (but not such barges and/or vessels themselves), and including drill stem in the well being drilled, and all such property as scheduled herein owned by or in the care custody or control of the Insured, except as hereinafter excluded.

### **2. Navigation Limits**

- (a) Privilege is granted to be towed within the above Navigation Limits. Also, to cover in port, while going on or off, and while in docks and graving docks and/or wharves, ways, gridirons and pontoons, subject to the terms and conditions of this insurance.
- (b) This insurance covers up to 25% of the scheduled amount of insurance hereunder on property insured herein (as described in clause 3 above), when separated from the property insured hereunder whilst in temporary storage at, or in local transit to or from, ports or drilling barges within the Navigation Limits provided in Paragraph (a). It is expressly understood and agreed, however, that this extended coverage is concluded within and shall not increase the total amount of insurance hereunder.

### **3. Coverage**

Subject to its terms, conditions and exclusions this Insurance is against all risks of direct physical loss of or damage to the property insured, provided such loss or damage has not resulted from want of due diligence by the Insured, the Owners or Managers of the property insured, or any of them.

### **4. Collision Liability**

And it is further agreed that:

- a) if the Vessel shall come into collision with any other ship or vessel, and the Insured or the Surety in consequence of the Vessel being at fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, the Underwriters will pay the Insured or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as their respective subscriptions hereto bear to the Agreed Value, provided always that their liability in respect to any one such collision shall not exceed their proportionate part of the Agreed Value;
- b) in cases where, with the consent in writing of a majority (in amount) of Hull Insurer, the liability of the Vessel has been contested, or proceedings have been taken to limit liability, the Insurer will also pay a like proportion of the costs which the Insured shall thereby incur or be compelled to pay.



When both vessels are to blame, then, unless the liability of the owners or charterers of one or both such vessels becomes limited by law, claims under the Collision Liability clause shall be settled on the principle of Cross-Liabilities as if the owners or charterers of each vessel had been compelled to pay to the owners or charterers of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Insured in consequence of such collision.

Provided that this clause shall in no case extend to any sum which the Insured may become liable to pay or shall pay in consequence of, or with respect to:

- a) removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law;
- b) injury to real or personal property of every description;
- c) the discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever;
- d) cargo or other property on or the engagements of the Vessel;
- e) loss of life, personal injury or illness.

Provided further that exclusions b) and c) above shall not apply to injury to any other vessel with which the Vessel is in collision or to property on such other vessel except to the extent that such injury arises out of any action taken to avoid, minimise or remove any discharge, spillage, emission or leakage described in c).

## 5. Exclusions

Notwithstanding anything to the contrary which may be contained in this insurance there shall be no liability under this insurance in respect of:

- a) Loss, damage or expense caused by or attributable to earthquake or volcanic eruption, or fire and/or explosion and/or tidal wave consequent upon earthquake or volcanic eruption.
- b) Loss, damage or expense which arises solely from the intentional sinking of the barge for operational purposes; such sinking shall not constitute a collision, stranding, sinking or grounding within the meaning of this insurance.
- c) Loss, damage or expense caused whilst or resulting from drilling a relief well for the purpose of controlling or attempting to control fire blowout or cratering associated with another drilling barge, platform or unit unless immediate notice be given to Insurer of said use and additional premium paid if required.
- d) Any claim, be it a Sue and Labour Expense or otherwise, for moneys, materials or property expended or sacrificed in controlling or attempting to control blowout or cratering or in fighting fire associated with blowout.
- e) Loss, damage or expense caused by or resulting from delay detention of loss of use.
- f) Wear and tear, gradual deterioration, metal fatigue, machinery breakdown, expansion or contraction due to change in temperature, corrosion, rusting, electrolytic action, error in design: nor does this





insurance cover the cost of repairing or replacing any part which may be lost, damaged, or condemned by reason of any latent defect therein.

- g) Loss of or damage to dynamos, exciters, lamps, motors, switches and other electrical appliances and devices, caused by electrical injury or disturbance, unless the loss or damage be caused by a peril not excluded hereunder originating outside the electrical equipment specified in this clause. Nevertheless, this clause shall not exclude claims for physical loss or damage resulting from fire.
- h) Liabilities to third parties except as specifically covered under the terms of the Collision Liability Clause contained herein.
- i) Claims in connection with the removal of property, material, debris or obstruction, whether such removal be required by law, ordinance, statute, regulation or otherwise.
- j) Loss of or damage to drill stem located underground or underwater unless directly resulting from fire, blowout, cratering, or total loss of the Drilling Barge caused by a peril insured hereunder. There shall be no liability in respect of drill stem left in the well and through which an oil or gas well is completed.

**Blowout.** The term "Blowout" shall mean a sudden, accidental, uncontrolled and continuous expulsion from a well and above the surface of the ground of the drilling fluid in an oil or gas well, followed by continuous and uncontrolled flow from a well and above the surface of the ground of oil, gas or water due to encountering subterranean pressures.

**Cratering.** The term "Crater" shall be defined as a basin-like depression in the earth's surface surrounding a well caused by the erosion and eruptive action of oil, gas or water flowing without restriction.

- k) Well(s) and/or hole(s) whilst being drilled or otherwise.
- l) Drilling mud cement chemicals and fuel actually in use, and casing and tubing in the well.
- m) Unrefined oil or gas or other crude product.
- n) Blueprints, plans, specifications or records, personal effects of employees or others.
- o) Scraping or painting the bottom of the hull of the drilling barge.

## 6. Blowout Preventer Warranty

The well and/or hole will be equipped with a minimum of three pressure operated blowout preventers, which shall be installed and tested immediately after installation.

## 7. Limit of Liability

In no event, except as provided for in the Sue and Labour Expense Clause and Collision Liability Clause herein, shall the Insurer' liability arising from any one accident or occurrence exceed the amount insured hereunder as set forth in the policy in respect of the items subject to claim in such accident or occurrence.



In respect of the property insured hereunder Insurer shall not be liable for more than their proportion of the cost of repairing or replacing the property damaged or lost with materials of like kind and quality to a condition equal to but not superior to or more extensive than its condition prior to the loss; nevertheless in respect of the hull of the Drilling Barge covered hereunder all costs of repair and replacement for which Insurer may be liable shall be on the basis of new for old with no deduction for depreciation.

In no event shall Insurer be liable for any increased cost of repair or reconstruction by reason of law, ordinances, regulation, permit or licence regulating construction or repair.

#### **8. Constructive Total Loss**

There shall be no recovery for a Constructive Total Loss hereunder unless the expense of recovering and repairing the insured property shall exceed the actual insured value.

In no case shall Insurer be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period covered by this insurance.

#### **9. Sue and Labour Expense**

It is further agreed that should the property insured hereunder suffer loss or damage covered under the terms of this insurance, it shall be lawful and necessary for the Insured, their Factors, Servants and Assigns, to sue, labour and travel for, in and about the Defence, Safeguard and Recovery of the said property, or any part thereof, without prejudice to this insurance, and subject always to the terms conditions limitations and exclusions of this insurance, the charges thereof shall be borne by the Insurer. And it is especially declared and agreed that no acts of the Insurer or Insured in recovering, saving or preserving the property insured shall be considered as a waiver or acceptance of abandonment.

The Insurer' liability for Sue and Labour Expenses shall not exceed .....% of the insured value of the item(s) in the Defence, Safeguard or Recovery of which such expense is incurred.

#### **10. Lay Up and Cancellation**

To return daily pro rata of rates to be agreed by Insurer for any period of 30 or more consecutive days the vessel may be laid up in port unemployed.

Provided always that: -

- a) the location shall be approved by surveyor appointed by Lloyd's Agent or approved by Insurer.
- b) there shall always be a watchman on board.
- c) no return shall be allowed in the event of the vessel becoming an actual or constructive or compromised or arranged total loss during the currency of this insurance.
- d) there shall be no shifts during the lay-up period.
- e) there shall be no movement of legs or variation in buoyancy during the lay-up period.
- f) In the event of any amendment of the annual rate, the rates of return shall be adjusted accordingly.

The return for a laid-up period of 30 or more consecutive days which fall on two policies effected for the same Insured shall be apportioned over both policies on a daily pro rata basis.



## 11. Free of Capture and Seizure

Notwithstanding anything to the contrary contained in this insurance, there shall be no liability for any claim caused by, resulting from, or incurred as a consequence of: -

- a) Capture, seizure, arrest, restraint or detainment, or any attempt threat; or
- b) Any taking by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; or
- c) Any mine, bomb, torpedo or other engine of war; or
- d) Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
- e) Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy; or
- f)
  - i) the detonation of an explosive
  - ii) any weapon of war  
and caused by any person acting maliciously or from a political motive; or
- g) Any act for political or terrorist purposes of any person or persons, whether or not agents of a Sovereign Power, and whether the loss, damage or expense resulting therefrom is accidental or intentional; or
- h) Hostilities or warlike operations (whether there be a declaration of war or not) but this subparagraph h) not to exclude collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly by a hostile act by or against a belligerent power which act is independent of the nature of the voyage or operation which the vessel concerned, or in the case of a collision or contact, any other vessel involved therein, is performing. As used herein, 'power' includes any authority maintaining naval, military or air forces in association with a power.



**C. LONDON STANDARD PLATFORM FORM ALL RISKS** (Except as hereinafter excluded)

**1. PROPERTY INSURED HEREUNDER**

This insurance covers platform installation(s) as scheduled and agreed by Insurers, which includes the platform(s), catwalks and landing ramps, (but excluding dolphins) and all property as scheduled and agreed by Insurers, owned by or in the care, custody or control of the Insured located on the said platform installation(s) except as hereinafter excluded.

Each deemed to be separately insured.

Any loss paid hereunder shall not reduce the amount of the insurance except in the event of a Total Loss and/or Constructive and/or Agreed and/or Arranged Total Loss.

**2. COVERAGE**

Subject to its terms, conditions and exclusions this insurance is against all risks of direct physical loss of or physical damage to the insured property, provided such loss or damage has not resulted from want of due diligence by the Insured, the owners or managers of the insured property, or any of them.

**3. EXCLUSIONS**

Notwithstanding anything to the contrary which may be contained in this insurance there shall be no liability under this insurance in respect of: -

- (a) Loss, damage or expense caused whilst or resulting from drilling a relief well for the purpose of controlling or attempting to control fire blowout or cratering associated with another platform or unit unless immediate notice be given to Insurers of said use and additional premium paid if required.
- (b) Any claim, be it a sue and labour expense or otherwise, for monies, materials or property expended or sacrificed in controlling or attempting to control blowout or catering or in fighting fire associated with blowout.
- (c) Loss, damage or expense caused by or resulting from delay detention or loss or use.
- (d) Wear and tear, gradual deterioration, metal fatigue, machinery breakdown, expansion or contraction due to change in temperature, corrosion, rusting, electrolytic action, error in design; nor does this insurance cover the cost of repairing or replacing any part which may be lost, damaged, or condemned by reason of any latent defect therein.
- (e) Loss of or damage to dynamos, exciters, lamps, motors, switches and other electrical appliances and devices, caused by electrical injury or disturbance, unless the loss or damage be caused by a peril not excluded hereunder originating outside the electrical equipment specified in this clause.

Nevertheless, this clause shall not exclude claims for physical loss or physical damage resulting from fire.

- (f) Liabilities to third parties.
- (g) Drilling and/or servicing rig(s) including drill pipe and drill collars and all other components forming part of a drilling or servicing rig(s).
- (h) Well(s) and/or hole(s) whilst being drilled or otherwise.
- (i) Drilling mud, cement, chemicals and fuel actually in use, and casing and tubing in the well.
- (j) Unrefined oil or gas or other crude product.
- (k) Blueprints, plans, specifications or records, personal effects of employees or others.



## Section II. OPERATORS EXTRA EXPENSE INSURANCE

### ADDITIONAL GENERAL CONDITIONS APPLICABLE TO ALL SUB-SECTIONS OF SECTION TWO

#### 1. COVERAGE

Subject always to its terms and conditions and to the Policy Schedule and Policy General Conditions, the Insurers agree to provide coverage under this Section for:

- A. Control of Well Insurance (as per Sub-Section A).
- B. Redrilling/Extra Expense Insurance (as per Sub-Section B).
- C. Seepage and Pollution, Clean-up and Containment Insurance (as per Sub- Section C).

#### 2. LIMITS OF INSURERS' LIABILITY UNDER THIS SECTION

This Section Two provides to the Insured (be they one or more) insurance coverage only up to but not exceeding the Combined Single Limits of Liability stated in Item 5. of the Policy Schedule, including Defence Costs, which are the total Combined Single Limits of Insurers' liability to the Insured for any one Occurrence and over all of Sub- Sections A, B and/or C, subject always to the applicable underlying retentions.

#### 3. INSURED'S RETENTION UNDER THIS SECTION TWO

The Combined Single Limits of Insurers' liability referred to in Clause 2. are excess of the Insured's Retentions stated in Item 6 of the Policy Schedule.

#### 4. REPORTING CLAUSE

The Insured shall report to the Insurers within ..... days after the expiry of this Section Two the status of all wells insured hereunder during the preceding period and agrees to pay any additional premium if required at the rates agreed with the Insurers. Premiums accruing from this report are due and payable as the report is made.

#### 5. WELLS INSURED AND RATES

Covering wells onshore and offshore India as stated in the schedule seen and agreed by the Insurers and/or their Reinsurers and retained on file by the Insured and their insurance brokers.

Applicable Rating Areas and Rates are as agreed with and retained on file by the Insurers and/or their Reinsurers and/or at the offices of their insurance brokers. All wells not scheduled at inception are held covered by the Insurers at rates, terms and conditions to be agreed by their Reinsurers prior to spudding in or attachment.

#### 6. CO-VENTURERS

It is understood and agreed that, subject to the provisions of Clause 10. of these Additional General Conditions, this insurance may be extended to insure the interests of co-venturers (defined as co-owners, partners and/or other party (ies) having a financial and insurable interest in the wells insured hereunder), all of whom



individually and collectively are non-operators (all hereinafter referred to as "Co-Venturers"), and provided the agreement to include such Co-Venturers is executed in writing between and/or among the parties prior to any occurrence giving rise to claim for reimbursement hereunder.

Such Co-Venturers who comply with the above paragraph shall be deemed to be named as additional Insureds hereunder only in respect of wells insured hereunder and only for the period(s) of time operations in respect of said wells are insured hereunder as determined by Clause 13. of these Additional General Conditions.

Any cover granted hereunder to Co-Venturers shall be limited to operations in which a Co-Venturer has a common interest with the named Insured and shall be subject in all respects to the terms, conditions and rates and Combined Single Limits of Liability specified in this Section Two.

If the Named Insured is not the operator of a well, then this insurance shall not cover the operator without the Insurers' prior approval.

## 7. RATING PROVISIONS

### A. Rates – as agreed with the Insurers:

#### (1) Drilling Rates, if any, apply for the period

- a. during which any well is being drilled and/or deepened and/or completed, and
- b. during any remaining period of this Section Two of the Policy, if any, during which
  - (i) such well, if any, is in its subsequent Producing and/or Shut-In and/or Plugged and Abandoned condition and
  - (ii) the Insured is purchasing coverage hereunder for its other Producing and/or Shut-In and/or Plugged and Abandoned Wells, if any;

#### (2) Workover Rates, if any, cover for the period during which any well is being serviced and/or worked over and/or reconditioned; and

#### (3) Producing and/or Shut-In and/or Plugged and Abandoned Rates, if any, are annual but shall not apply to Producing and/or Shut-In and/or Plugged and Abandoned Wells, if any, for which premium at Drilling Rates under Paragraph 7. A. (1) of these Additional General Conditions has been paid under this Section Two.

### B. It is understood and agreed that the rate per foot shall be applied to the total footage drilled, measured through the hole from the surface of the ground or water bottom to the bottom of the well.

### C. Premium applicable to deepening of wells and multiple completions shall be charged at 100% of the applicable drilling rate per foot and such rate shall apply to the final completed depth of the well measured through the hole from the surface of the ground or water bottom to the bottom of the well.



## 8. RATING AREAS

Onshore India wells rated as Area 2, wet wells offshore India rated as Area 3 if water depth less than 10,000 feet. Wet wells offshore India rated as Area 4 if water depth is greater than 10,001 feet.

## 9. EXCLUSIONS

There shall be no indemnity or liability under this Section Two for:

- A. any fines or penalties imposed under the laws of any State or Nation or other Government entity, or any agency or subdivision thereof;
- B. any punitive or exemplary damages including any other damages resulting from multiplication of compensatory damages;
- C. any claims whatsoever arising directly or indirectly from any occurrence caused, in whole or in part, by any breach of any of the General Warranties in Clause 1. of the General Conditions or Clause 15 of these Additional General Conditions applicable to all Sub-Sections of Section Two;
- D. loss, damage or expense caused by the infidelity of the Insured or any other person or organisation acting for or on behalf of the Insured;
- E. loss, damage or expense as respects any well in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the inception of this Insurance, until final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning, unless specifically agreed to by the Insurers.

## 10. PARTIAL INTEREST CLAUSE

The Combined Single Limits of Liability over all Sub-Sections of this Section Two, the Insured's Retentions, any separate limit of liability set forth in any Endorsement to this Section Two, and the rates expressed herein are for a 100% interest. In the event that the interest of the Insured in any one well insured hereunder does not amount to 100%, then said Combined Single Limits of Liability, the Insured's Retentions, any separate limit of liability set forth in any Endorsement and the rates applicable to that well, shall be reduced proportionately and shall apply in the same proportion as the total interest of the Insured in said well insured hereunder bears to 100%. In the event of an Occurrence giving rise to a claim(s) recoverable hereunder, the Insurers shall in no event be liable under any Sub-Section of this Section Two or Endorsement to it for a greater percentage interest in any such claim than the Insured's percentage interest in the well with respect to which, and at the time that, such Occurrence took place.

## 11. RESIDUAL VALUE

In the event of an Occurrence giving rise to a claim recoverable within the terms and conditions of this Section Two, the residual value of any equipment and/or materials used or purchased by the Insured in respect of such Occurrence will inure to the benefit of the Insurers in the adjustment of such claim.



## 12. ADDITIONAL DEFINITIONS

- A. The term "Well(s) Insured" shall be defined as oil and/or gas and/or thermal energy wells:
- (1) while being drilled, deepened, serviced, worked over, completed and/or reconditioned until completion or abandonment as set forth in Clause 13. of these Additional General Conditions;
  - (2) while producing;
  - (3) while shut-in;
  - (4) while plugged and abandoned,  
for the account of the Insured and as may be included within the areas and types of wells insured as set forth in Clause 5. of these Additional General Conditions.
- B. The term "Defence Costs" shall be defined as investigation, adjustment, settlement, litigation and legal expenses, premiums on attachment or appeal bonds, and pre and post judgement interest and shall exclude all expenses for salaried employees, general retainer fees normally paid by the Insured and office expenses of the Insured.

## 13. ATTACHMENT AND TERMINATION OF COVERAGE

A. Attachment of Coverage:

- (1) In respect of any well(s) insured hereunder, coverage shall attach when the Insured acquires an interest in such well(s) unless coverage attaches later by operation of any of Paragraphs 13. A. (2), (3) or (4) below;
- (2) In respect of any well(s) insured hereunder spudded in during the period of this Section Two of the Policy, coverage shall attach at the time of "spudding in";
- (3) In respect of any well(s) in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the inception of this Insurance, and which would have been insured hereunder at inception in the absence of the Earthquake Exclusion of these Additional General Conditions, coverage shall attach upon final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning;
- (4) In respect of any other well(s) insured hereunder, coverage shall attach at inception of this Section Two of the Policy.

B. Termination of Coverage:

- (1) In respect of any well(s) insured hereunder, coverage shall terminate when the Insured ceases to have an interest in such well(s) unless coverage is terminated by operation of any of Paragraphs 13.B.(2), (3) or (4) below;
- (2) In respect of any well(s) which are insured hereunder during drilling only, by virtue of the Insured's electing not to purchase coverage for Producing and/or Shut-In and/or Plugged and Abandoned Wells, coverage shall terminate upon either total and/or complete abandonment or completion of such well(s), which shall include the setting of the "Christmas Tree", pumping equipment or wellhead equipment or the dismantling or removal of the drilling equipment from the drill site, or the termination of the Insured's responsibility under contract, whichever shall first occur, except that, if removal of the drilling equipment from the drill site occurs first, then the period of time between complete removal of such equipment and the commencement of





completion operations shall not exceed ..... days in order for said completion operations to be covered hereunder;

- (3) In respect of any well(s) insured hereunder in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the expiry or cancellation of this Section Two of the Policy, coverage shall terminate upon final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning, notwithstanding the fact that said final termination may occur later than said expiry or cancellation;
- (4) In respect of any other well(s) insured hereunder, coverage shall terminate at the expiry or cancellation of this Section Two of the Policy or (if plugged and abandoned wells are not insured hereunder) upon total and/or complete abandonment of such well(s), whichever shall first occur.

#### 14. DEFENCE

The Insurers shall not be called upon to assume the handling or control of the defence or settlement of any claim made against the Insured but the Insurers shall have the right, but not the duty, to participate with the Insured in the defence and control of any claim which may be recoverable in whole or in part under this Section Two.

The Insurers shall not be called upon to pay any Defence Costs in relation to any claim until after the final resolution of such claim.

The Insurers shall not be liable to pay any Defence Costs unless the prior consent of the Insurers was obtained before those Defence Costs were incurred.

#### 15. WARRANTIES

- A. It is warranted that where the Insured is the operator or joint operator on any insured well being drilled, deepened, serviced, worked over, completed and/or reconditioned, a blowout preventer(s) of standard make will, when in accordance with all regulations, requirements and normal and customary practices in the industry, be set on surface casing or on the wellhead and installed and tested in accordance with usual practice.  
When the Insured is a non-operator on any insured well, it will endeavour to see that the operator complies with all the warranties set out in this Clause 15.
- B. It is further warranted that the Insured will use every endeavour to ensure that they and/or their contractors comply with all regulations and requirements in respect of fitting storm chokes and other equipment to minimise damage or pollution, and that all equipment (including drilling and/or workover rigs) will be manned by properly certified personnel where required by regulatory authorities.
- C. It is further warranted that in the event of a well becoming out of control or other escape or flow of drilling fluid, oil, gas or water, the Insured will use every endeavour to control the well or stop the escape or flow.
- D. It is understood and agreed that all wells insured hereunder as defined in Paragraph 12.A. of these Additional General Conditions for which the Named Insured is the operator, or where the Named Insured has a non-operating interest but is responsible for its own insurance, shall be insured hereunder for not less than the Named Insured's percentage interest therein.



## SUB-SECTION A

### CONTROL OF WELL INSURANCE

#### 1. COVERAGE

The Insurers agree, subject to the Combined Single Limits of Liability, terms and conditions applicable to Section Two, to reimburse the Insured for actual costs and/or expenses incurred by the Insured

- A. in regaining or attempting to regain control of any and all well(s) insured hereunder which get(s) out of control, including any other well that gets out of control as a direct result of a well insured hereunder getting out of control, but only such costs and/or expenses incurred until the well(s) is (are) brought under control as defined in Paragraph 2.B. of this Sub-Section A; and
- B. in extinguishing or attempting to extinguish
  - (i) fire above the surface of the ground or water bottom from well(s) insured hereunder or from any other well(s) which are burning as a direct result of well(s) insured hereunder getting out of control or
  - (ii) fire above the surface of the ground or water bottom which may endanger the well(s) insured hereunder.

Relief Wells are automatically held covered under this Sub-Section subject to notice to the Insurers as soon as possible and rates to be established by the Insurers.

#### 2. DEFINITIONS

##### A. Well Out of Control

For the purposes of this Insurance, a well(s) shall be deemed to be out of control only when there is an unintended flow from the well(s) of drilling fluid, oil, gas or water above the surface of the ground or water bottom,

- (1) which flow cannot promptly be:
  - a. stopped by use of the equipment on site and/or the blowout preventer, storm chokes or other equipment required by Warranty 1.A. in the General Conditions applicable to Sections One, Two and Three or by the warranties within Clause 15 of the Additional General Conditions applicable to all Sub- Sections of Section Two; or
  - b. stopped by increasing the weight by volume of drilling fluid or by the use of other conditioning materials in the well(s); or
  - c. safely diverted into production;or
- (2) which flow is declared to be out of control by the appropriate regulatory authority.



Nevertheless, and for the purposes of this Insurance, a well shall not be deemed out of control solely because of the existence or occurrence of a flow of oil, gas or water into the well bore which can, within a reasonable period of time, be circulated out or bled off through the surface controls.

#### **B. Well Brought under Control**

A well(s) deemed out of control in accordance with Paragraph 2.A. of this Sub-Section A shall, for the purposes of this Insurance, be deemed to be brought under control at the time that:

- (1) the flow giving rise to a claim hereunder stops, is stopped or can be safely stopped; or
- (2) the drilling, deepening, servicing, working over, completing, reconditioning or other similar operation(s) taking place in the well(s) immediately prior to the occurrence giving rise to a claim hereunder is (are) resumed or can be resumed; or
- (3) the well(s) is (are) or can be returned to the same producing, shut-in or other similar status that existed immediately prior to the occurrence giving rise to a claim hereunder; or
- (4) the flow giving rise to a claim hereunder is or can be safely diverted into production; whichever shall first occur, unless the well(s) continues at that time to be declared out of control by the appropriate regulatory authority, in which case, for the purposes of this Insurance, the well(s) shall be deemed to be brought under control when such authority ceases to designate the well(s) as being out of control.

#### **C. Expenses**

Expenses recoverable hereunder shall include costs of materials and supplies required, the services of individuals or firms specialising in controlling wells, and directional drilling and similar operations necessary to bring the well(s) under control, including costs and expenses incurred at the direction of regulatory authorities to bring the well(s) under control, and other expenses included within Clause 1 of this Sub-Section A.

### **3. TERMINATION OF EXPENSES**

In any circumstances, and subject always to the Combined Single Limits of Liability of Section Two, Insurers' liability for costs and/or expenses incurred in regaining or attempting to regain control of a well(s) shall cease when the well(s) is (are) brought under control as defined in Paragraph 2.B. of this Sub-Section A.

### **4. EXCLUSIONS**

There shall be no indemnity or liability under this Sub-Section A for:

- A. any loss of or damage to any drilling or production equipment;
- B. any loss of or damage to any well or wells, or hole or holes;
- C. any loss, damage or expense caused by or arising out of delay (including delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure.



## SUB-SECTION B

### REDRILLING/EXTRA EXPENSE INSURANCE

#### 1. COVERAGE

The Insurers agree, subject to the Combined Single Limits of Liability, terms and conditions applicable to Section Two, to reimburse the Insured for actual costs and/or expenses reasonably incurred to restore or redrill a well insured hereunder, or any part thereof, which has been lost or otherwise damaged as a result of an Occurrence giving rise to a claim which would be recoverable under Sub-Section A of Section Two if the Insured's Retention applicable to Sub-Section A were nil, subject to the following conditions:

- A. The Insurers shall reimburse the Insured only for such costs and expenses as would have been incurred to restore or redrill a well had the most prudent and economical methods been employed.
- B. There shall be no coverage under this Sub-Section B for restoration or redrilling of any well whose flow can be safely diverted into production, including by completing through drill stem left in the well insured hereunder, or which can be completed through a relief well(s) drilled for the purpose of controlling a well.
- C. In no event shall the Insurers be liable for costs and/or expenses incurred
  - (1) with respect to drilling wells, to drill below the depth reached when the well became out of control as defined in Clause 2. of Sub-Section A of Section Two and
  - (2) with respect to producing or shut-in wells, to drill below the geologic zone or zones from which said well(s) was (were) producing or capable of producing.
- D. In respect of drilling wells, the Insurers' liability hereunder shall in no event exceed 130% of the cost incurred to drill the original well to the depth reached at the time when the well became out of control or fire occurred.
- E. In respect of producing, shut-in or workover wells, The Insurers' liability hereunder shall in no event exceed .....% of the cost incurred to drill the original well, plus 10% per annum compound thereof from the date of spudding of the original drilling of the well until the date of the occurrence giving rise to the aforesaid claim which would have been recoverable under Sub-Section A of this Section Two if the Insured's Retention applicable to Sub-Section A were nil, subject to a maximum of .....% of the original cost.
- F. In any circumstances, the Insurers' liability under this Sub-Section B for costs and expenses shall cease
  - (1) if actual restoration or redrilling has not commenced within ..... days after
    - a. the date of the accident or occurrence giving rise to coverage under this Sub-Section B,  
or



- b. the date of cancellation or expiry of this Section Two of the Policy, whichever shall later occur; and
- (2) in any event when the depths set forth in Paragraph 1.C. of this Sub- Section B have been reached and the well restored to a condition comparable to that existing prior to the occurrence giving rise to the claim, or so far as possible utilising generally available equipment and technology.

## 2. EXCLUSIONS

There shall be no indemnity or liability under this Sub-Section B for:

- A. any loss of or damage to any drilling or production equipment;
- B. any loss, damage or expense caused by or arising out of delay (including delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure;
- C. costs and/or expenses incurred to restore or redrill any relief well, or any part thereof;
- D. any claim recoverable under this Section Two solely by reason of the addition or attachment to Sub-Section A of this Policy of the Making Wells Safe Endorsement;
- E. redrilling and/or recompletion or for in-hole equipment in respect of any well that was plugged and abandoned prior to loss or damage covered under Sub- Section A hereof and that remained plugged and abandoned at the time of such loss or damage.



## **SUB-SECTION C**

### **SEEPAGE AND POLLUTION, CLEAN-UP AND CONTAINMENT INSURANCE**

#### **1. INSURING AGREEMENTS**

The Insurers agree, subject to the Combined Single Limits of Liability, terms and conditions applicable to Section Two, to indemnify the Insured against:

- A. all sums which the Insured shall by law or under the terms of any oil and/or gas and/or thermal energy lease and/or license be liable to pay for the cost of remedial measures and/or as damages for bodily injury (fatal or non-fatal) and/or loss of, damage to or loss of use of property caused directly by seepage, pollution or contamination arising from wells insured herein;
- B. the cost of, or of any attempt at, removing, nullifying or cleaning up seeping, polluting or contaminating substances emanating from wells insured herein, including the cost of containing and/or diverting the substances and/or preventing the substances reaching the shore;
- C. costs and expenses incurred in the defence of any claim or claims resulting from actual or alleged seepage, pollution or contamination arising from wells insured herein, including Defence Costs and costs and expenses of litigation awarded to any claimant against the Insured, provided, however, that the inclusion of the above costs (and expenses) shall in no way extend the combined single limits of liability of the Insurers over all Sub-Sections of this Section Two,  
provided always that such seepage, pollution or contamination results from both
  - (1) an accident or occurrence taking place during the period of this Insurance (including any continuation thereof provided for by Clause 13. of the Additional General Conditions) and of which notice has been given in accordance with Clause 3. of the General Conditions of this Section Two, and
  - (2) an occurrence giving rise to a claim which would be recoverable under Sub- Section A of Section Two if the Insured's Retention applicable to Sub-Section A were nil.

#### **2. INSURED**

As respects this Sub-Section C only, but subject always to the Combined Single Limit of Liability over all Sub-Sections of this Section Two, the unqualified word "Insured" includes the Named Insured, and any principal, officer, director or stockholder or employee thereof while acting within the scope of his duties as such.

#### **3. COST AND APPEALS CLAUSE**

In the event of any claim and/or series of claims arising out of one Occurrence where the Insured's final gross claim is likely to exceed the retention of the Insured, no costs shall be incurred on behalf of the Insurers without the consent of the Insurers, and if such consent is given, the Insurers shall consider such costs as part of the final claim hereunder. No settlement of losses by agreement shall be effected by the Insured without the consent of the Insurers where the Insured's final gross claim will exceed the retention of the Insured.



In the event that the Insured elects not to appeal against a judgement in excess of the retention of the Insured, the Insurers may elect to conduct such appeal at their own cost and expense, and shall be liable for the taxable cost and interest incidental thereto, but in no event shall the liability of Insurers exceed the Combined Single Limits of Liability over all Sub-Sections of this Section Two.

#### 4. EXCLUSIONS

There shall be no indemnity or liability under this Sub-Section C for:

- A. any loss of or damage to any drilling or production equipment at the site of any well insured herein;
- B. any claim recoverable under Section Two solely by reason of the addition or attachment to Sub-Section A of the Underground Control of Well Endorsement;
- C. any claim arising directly or indirectly from seepage, pollution or contamination if such seepage, pollution or contamination:
  - (1) is deliberate from the standpoint of the Insured or any other person or organisation acting for or on behalf of the Insured; or
  - (2) results directly from any condition which is in violation of or non-compliance with any governmental rule, regulation or law applicable thereto; notwithstanding the foregoing, this Exclusion does not apply with respect to any such condition which at the time of loss is in the process of being corrected by a schedule or program sanctioned and approved by the appropriate governmental authority with jurisdiction over such rule, regulation or law, to the extent that the Insured is in compliance with such schedule or program;
- D. any claim for mental injury, anguish or shock unless same results from physical injury to the claimant.

#### SEEPAGE AND POLLUTION, CLEAN-UP AND CONTAINMENT

Subject to the terms, conditions, exclusions and Combined Single Limits of Liability of Section Two, it is agreed to extend coverage under this Sub-Section C to indemnify or pay on behalf of the Insured all sums, costs and expenses as defined in the Insuring Agreement applicable to this Sub-Section C arising from seepage, pollution or contamination arising from property covered under Section 1 or which could be covered under Section 1 had the Insured had an interest.

However, no indemnity shall be payable to the Insured in respect of such properties unless all the following conditions have been met:

- a. the seepage, pollution or contamination was caused by an event and was neither expected or intended by the Insured and
- b. the event first commenced on an identified specific date during the Period specified in the Policy Schedule hereto.
- c. the event was first discovered by the Insured or the Operator within .... days of such first commencement and
- d. written notification of the event was first received from the Insured by Insurers within ... days of the Insured's or Operator's first discovery of the event and
- e. the event did not result from the Insured's intentional violation of any statute, rule, ordinance or regulation.



**Section III. LOSS OF PRODUCTION INCOME / BUSINESS INTERRUPTION INSURANCE**

**1. COVERAGE**

Subject to the provisions of the Policy Schedule and General Conditions applicable to Sections One, Two and Three (as far as they apply to this Section Three), the Insurers agree to indemnify the Insured in respect of:

A. Loss of production income resulting directly from necessary interruption of or interference with business due to, arising from, arising out of or caused by a peril insured against under Section One and/or Two of the Policy occurring during the period of these Sections One, Two and Three to property and/or wells insured thereunder, but only where a loss is recoverable under Section 1 and/or Two or would be so recoverable but for the application of a Deductible amount stated in the Policy Schedule for such Sections, and only in respect of the \_\_\_\_\_ insured operations as stated in policy schedule.

B. The necessary Extra Expense incurred by the Insured, in order to reduce or minimise any loss of production income under this Section Three and/or to continue as nearly as practicable the normal conduct of the Insured's business following a loss recoverable under Section 1 and/or Two of the Policy which occurs during the period of these Sections One, Two and Three. The Insurers shall be liable for the Extra Expense so incurred for a length of time not exceeding the maximum period stated in Clause 2.A. of this Section Three and only to the extent that such Extra Expense does not exceed the resulting reduction in the insured loss of production income.

"Extra Expense" is defined as the excess (if any) of the total cost during the maximum period as shown in the Schedule chargeable to the conduct of the Insured's business, over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred, the cost in each case to include the expense of using other property or facilities of other concerns or the cost of temporary repair or other necessary emergency expenses.

In no event, however, shall the Insurers be liable under the Extra Expense coverage for loss of income, nor for the cost of repairing or replacing any property that has been damaged or destroyed, except cost in excess of the normal cost of such repairs or replacement necessarily incurred for the purpose of reducing the total amount of Extra Expense; liability for such excess cost, however, shall not exceed the amount by which the total Extra Expense otherwise payable under this Section Three is reduced.

The Insurers shall also be liable for Extra Expense incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the Insured's business; any salvage value of such property remaining after resumption of normal operations shall be taken into consideration in the adjustment of any loss hereunder.

**2. THE INSURERS' LIABILITY UNDER THIS SECTION THREE**

A. The indemnity under this Section Three shall begin with an interruption of or interference with the Insured's operations which shall commence immediately following the expiry of the Waiting Period stated in the Policy Schedule and shall end not later than \_\_\_ days thereafter, during which period





the Insured's production income shall be affected in consequence of a loss as defined by this Section Three.

- B. The Insurers' liability under this Section Three shall cease when production from the facilities herein described is, or could, with due diligence and dispatch, be restored to the planned level of production which would have been achievable in the absence of a loss insured under this Section Three, or on the expiry of the indemnity period stated in Clause A. above.
- C. Coverage under this Section Three applies on an Agreed Indemnity basis. This Section Three is to pay up to the amount stated in the Policy Schedule following the reduction in production as a result of a loss recoverable under Section 1 and/or Two of this Policy.

Notwithstanding the foregoing provisions, the maximum limit of Insurers' liability under this Section Three in respect of any one Occurrence shall be as stated in the Policy Schedule.

The Insurers shall have no liability under this Section Three for interruption or interference occurring during the Waiting Period.

### **3. ADDITIONAL CONDITIONS AND EXTENSIONS APPLICABLE TO THIS SECTION THREE**

#### **A. Due Diligence**

The Insured shall effect, or cause to be effected, all repairs (temporary or permanent) with due diligence and dispatch. The Insurers have the right to require the Insured to incur any expenses which would reduce the Insurers' liability under this Insurance, such expenses to be for the Insurers' account.

#### **B. Professional Accountants**

Any particulars in the Insured's accounts or other information or evidence which may be required by the Insurers under the conditions of this Section Three for the purpose of investigating or verifying any claim may be produced by professional accountants, if at the time they are acting regularly as such for the Insured, and their report shall be prima facie evidence of the information to which it relates.

The Insurers will pay the reasonable additional charges payable by the Insured to the accountants for producing such information.

#### **C. Coverage after Expiration or Cancellation**

It is agreed that, in the event of expiration of the term of this Insurance, or in the event of cancellation of this Insurance, any loss covered under this Section Three which is occurring at the time of such termination or cancellation shall continue under full coverage afforded by this Insurance until such time as interruption or interference ceases.

#### **D. Special Exclusions**

The Insurers shall not be liable under Section Three for:



- i. loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature;
- ii. loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the Insured's production income after the period following any loss during which indemnity is payable;
- iii. loss of production income due to a limitation of oil and/or gas production by governmental or state action, law decree, order, regulation or injunction: however, this exclusion iii. Shall not apply to exclude loss otherwise recoverable hereunder to the extent that such loss would have occurred irrespective of the governmental action, law, decree, order, regulation or injunction referred to above.



## Section IV. CONSTRUCTION INSURANCE

### 1. INTERESTS/PROPERTY INSURED UNDER THIS SECTION FOUR

Property and Construction, Installation or similar operations to be insured under this Section Four are to be declared to and accepted by the Insurers, prior to attachment, for individual periods as may be agreed.

### 2. COVERAGE

Subject to the terms, conditions and exclusions of this Section Four and to the Policy Schedule, it is agreed that this Section Four shall insure the property and/or operations advised to and agreed by the Insurers for each declaration, on the terms and conditions of the "WELCAR 2001" Wording attached to this Section Four or as may otherwise be agreed by the Insurers.

### 3. SUM INSURED

As agreed with the Insurers for each declaration.

### 4. DEDUCTIBLE OR RETENTION AMOUNT

As agreed with the Insurers for each declaration.

## WELCAR 2001

### OFFSHORE CONSTRUCTION PROJECT POLICY

Subject to the terms, conditions and exclusions herein, this Section Four provides coverage for certain physical damage and liabilities incurred by the Insureds. Sub-Section I-Physical Damage and Sub-Section II-Liability are distinct sub-sections, with the exception that the Scope of Insurance and General Terms and Conditions below shall apply to Sub-Section I and Sub-Section II.

Please review this entire Section Four carefully and discuss the coverage hereunder with your insurance agent, broker or other representative.

### SCOPE OF INSURANCE

(Applicable to Sub-Sub-Section I and Sub-Sub-Section II)

Subject to the insuring agreements, applicable terms, conditions and exclusions, this insurance covers the following activities undertaken in the course of the project identified in Item 2 of the Declarations to Section Four (hereinafter, the "Project"), provided such activities are within the insured values. Covered activities include: procurement, construction, fabrication, load out, loading/unloading, transportation by land, sea or air (including call(s) at port(s) or place(s) as may be required), storage, towage, mating, installation, burying, hook-up, connection and/or tie-in operations, testing and commissioning, existence, initial operations and maintenance, project studies, engineering, design, project management, testing, trials, pipelaying, trenching, and commissioning. Covered activities may also include direct consequences from drilling operations, but only where declared to and agreed by the Insurers.



1. **INSUREDS : As mentioned in Policy Schedule**
2. **SPECIAL CONDITIONS FOR OTHER INSUREDS**

It is a condition precedent for any party identified in Other Insureds definition clause iii. And iv. Above to benefit from the Other Insureds status under Sub-Section Four of the Policy that they perform their operations according to Quality Assurance/Quality Control system(s) which comply with the Quality Assurance/Quality Control provisions passed on by the Principal Insureds through each and every written contract awarded within the scope of insured works as scheduled under Section Four of the Policy.

The interest of the Other Insured(s) shall be covered throughout the entire Policy Period (as agreed each declaration) for their direct participation in the venture, unless specific contract(s) contain provisions to the contrary. The rights of any Insured under this insurance shall only be exercised through the Principal Insureds. Where the benefits of this insurance have been passed to an Insured by contract, the benefits passed to that Insured shall be no greater than such contract allows and in no case greater than the benefits provided under the insuring agreements, terms, conditions and exclusions in Section Four of the Policy.

3. **LOSS PAYEE**

Losses and returns of premiums shall be paid to the insured or as stated in the policy schedule.

4. **POLICY PERIOD**

As detailed in Item 3 of the Declarations to Section Four.

**GENERAL TERMS AND CONDITIONS**  
(Applicable to Sub-Sub-Section I and Sub-Sub-Section II)

1. **PREMIUMS**

Premium shall be payable as provided in Item 6 of the Declarations to Section Four.

2. **SUBROGATION**

The Insurers shall be subrogated to all rights which the Insured may have against any person or other entity, other than Principal Insureds and Other Insureds, in respect of any claim or payment made under Sub-Sub-Section I or Sub-Sub-Section II of Section Four of the Policy. The Insured shall execute all papers required by the Insurers and shall co-operate with the Insurers to secure their subrogation rights.

3. **WAIVER OF SUBROGATION**

The Insurers agree to waive rights of subrogation against any Principal Insured(s) and/or Other Insured(s). The Insureds shall not grant any waiver of subrogation to drilling contractors and/or their sub-contractors without obtaining the Insurers' agreement to a specific endorsement to this Section Four of the Policy prior to the commencement of operations.



As a condition precedent to their benefiting from the automatic waiver of subrogation in this clause, Other Insureds must perform their operations according to Quality Assurance/Quality Control system(s) that comply with the Quality Assurance/Quality Control provisions passed on by the Principal Insureds through each and every written contract awarded within the scope of insured works as scheduled under Section Four of the Policy.

#### **4. PERCENTAGE INTEREST CLAUSE**

All values, limits, deductibles and premiums contained in Section Four of the Policy are in respect of a 100% interest and shall be reduced in proportion to the individual Principal Insured(s) interest as declared or as may be subsequently declared and agreed by the Insurers.

#### **5. ORDER OF PRECEDENCE**

All clauses incorporated into Section Four of the Policy by reference (hereinafter the "Incorporated Clauses") apply insofar as they do not conflict with the wording of Section Four of the Policy. In the event that the Incorporated Clauses conflict with this Policy wording, this wording shall take precedence.

#### **6. HELD COVERED CLAUSE**

In the event the interest is requisitioned for title or use, confiscated, nationalized, pre-empted or otherwise appropriated, wholly or in part, Section Four of the Policy shall continue to cover the contingent liability of the Insured, subject to the insuring agreements, terms, conditions and exclusions herein, for a period of fourteen days after such event. Thereupon Section 4 of the Policy shall terminate unless there be prior agreement by the Insurers to continue coverage.

#### **7. DIVESTMENT CLAUSE**

Upon divesting a portion or all of its interest in the project, a Principal Insured shall immediately notify the Insurers of the divestment. The Insurers agree to provide cover hereon for the new owners of the divested interest for a period of 14 days from the date of divestment on the same terms and conditions. Coverage for the divested portion will automatically terminate 14 days after the divestment unless the Insurers and the new owner reach agreement to continue the coverage.

In the event the new owner elects not to continue coverage hereunder, the Insurers agree to adjust their acceptance of risk and premiums payable from the termination date. Furthermore, after coverage for the divested portion terminates, the Insurers shall have no obligation to make payments to or on behalf of the new owner(s) of the divested interest or their insurers, even if loss or damage results from an Occurrence or event that takes place prior to the divestment date.

#### **8. DUE DILIGENCE**

It is a condition of Section Four of the Policy that the Insureds shall exercise due care and diligence in the conduct of all operations covered under Section Four of the Policy, utilising all safety practices and equipment generally considered prudent for such operations. In the event any hazardous condition develops, including with respect to any well from which consequential damages covered by Section Four of the Policy may arise, the Insureds shall at their expense make all reasonable efforts to prevent the occurrence of a loss insured against under Section Four of the Policy.



## **9. PERMISSION TO OCCUPY AND OPERATE**

Permission is granted to occupy and operate any portion or portions of the property insured and such occupancy or operation shall not constitute acceptance of the property insured, subject to any adjustment of premium as applicable, and prior notification to the Insurers.

## **10. AGREEMENT WITH CARRIERS, WAREHOUSEMAN AND OTHER BAILEES**

The Insureds may waive their right(s) of recovery against private or contract carriers in writing prior to loss, and may accept bills of lading or receipts from common carriers, warehousemen or other bailees limiting their liability, but this insurance shall not inure to the benefit of any carrier, warehousemen or bailee.

## **11. INSOLVENCY**

The insolvency, bankruptcy, receivership or any refusal or inability to pay of the Insured and/or any other insurer shall not operate to:

- a. deplete the Deductibles set out in Item 5 of the Declarations to Section Four;
- b. increase the Insurers' liability under Section Four of the Policy; or
- c. increase any Insurers' share of liability under Section Four of the Policy.

## **12. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any time. Neither the Insurers' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe.

The Insurers may examine and audit the Insured's books and records at any time during the Policy Period and extensions thereof and within three years after the final termination of Section Four of the Policy, as far as such books and records relate to the subject matter of this insurance.

## **13. CONFLICTING STATUTES**

Any and all provisions of this insurance that conflict with the statutes of the state or country wherein this insurance is issued are understood, declared and acknowledged by the Insurers and the Insured(s) to be amended to conform to such statutes.

## **14. ASSIGNMENT OR MODIFICATION OF SECTION FOUR OF THE POLICY**

This Section of the Policy is made and accepted subject to the conditions, limitations, agreements and declarations and all endorsements signed by the Insurers, and shall constitute the entire contract between the Insurers and the Insured(s). No notice or assignment of any right under Section Four of the Policy nor any change, waiver or extension of its terms shall be valid unless endorsed hereon and signed by the Insurers.

In the event of the death, bankruptcy or receivership of an Insured within the Policy Period, Section Four of the Policy shall, except in the event of cancellation, cover the legal representative of the Insured, provided that notice in writing is given to the Insurers within thirty days from the date of such death, insolvency, bankruptcy or receivership.



## 15. ACCEPTANCE

By accepting this section of the Policy, each Insured declares that the several statements in the application, schedules and proposal are true and are hereby made a part of Section Four of the Policy. Each Insured recognises that Section Four of the Policy is issued by the Insurers in reliance upon such statements and in consideration of the premium to be paid by the Insured.

## 16. FORFEITURE

If an Insured shall breach any provision of Section Four of the Policy, there shall be no coverage for that Insured as to the particular claim in connection with which the breach occurred, provided that there is no statute to the contrary in the country or state in which the insurance was made.

If any Insured shall make any demand for indemnity under this Section Four of the Policy that is false or fraudulent, as regards amount or otherwise, this Section Four of the Policy shall become null and void, and all coverage hereunder shall be forfeited.

## 17. DISCOVERY CLAUSE

Claims under Section Four of the Policy shall only be recoverable hereunder if the Insured has discovered and reported such loss, damage or Occurrence to the Insurers within 12 months from expiry of the Project Period set out in Item 3 of the Declarations to Section Four and concurrent with specific maintenance period(s) set out in Item 3 of the Declarations to Section Four and described in Sub-Section I, Terms and Conditions, Clause 19 below.

This clause shall not, however, restrict the time otherwise allowed for establishing the extent and/or effecting of repairs and/or presentation of a claim in respect of such loss and/or damage discovered and reported in accordance with the foregoing paragraph.



## SUB – SECTION I — PHYSICAL DAMAGE

### 1. COVERED PERILS

Subject to the terms, conditions and exclusions herein, Sub-Section I insures against all risks of physical loss of and/or physical damage to the property covered hereunder, provided such loss or damage arises from an Occurrence within the Policy Period set out in Item 3 of the Declarations to Section Four.

### 2. COVERED PROPERTY

This insurance covers works executed anywhere in the world in the performance of all contracts relating to the Project including (provided they are included in the contract values declared to the Insurers and insured herein) materials, components, parts, machinery, fixtures, equipment and any other property destined to become a part of the completed project, or used up or consumed in the completion of the project. This insurance shall also cover (provided they are declared to and agreed by the Insurers) all temporary works, plant, equipment, machinery, materials, outfits and all property associated therewith, whether such items are intended to form a permanent part of the works or not, including site preparatory work and subsequent operational risks.

It is understood and agreed that any insured equipment and/or property that is not for incorporation into the contract works shall be covered whilst it is being utilised in the Project and whilst in transit from the Project site(s) until the earlier of the date of arrival at its final destination or the 30th day after its removal from the Project site(s).

### 3. POLICY LIMIT

The Insurers' total liability under Sub-Section I for all claims arising out of any one Occurrence shall not exceed 125% of the latest agreed Schedule "B" values, including payments made under the sue and labour clause, the additional work clause and the removal of wreckage and/or debris clause (each of which is separately limited under the appropriate coverage clauses).

In the event of escalation as provided under clause 5 of Sub-Section I, the Insurers' total liability under Sub-Section I for all claims arising out of any one Occurrence shall not exceed amount stated in Policy Schedule, including payments made under the sue and labour clause, the additional work clause and the removal of wreckage and/or debris clause, and the Escalation Clause (each of which is separately limited under the appropriate coverage clauses).

Notwithstanding anything contained herein, the Insurers' maximum limit of liability in respect of Sub-Section I shall not exceed the limit specified in the policy schedule.

### 4. DEDUCTIBLES

The Insurers' liability under Sub-Section I of Section Four of the Policy shall be subject to the Deductibles set out in Policy Schedule





## 5. ESCALATION CLAUSE

Whereas the values stated in the Declaration at the time the risk was bound represent the Estimated Completed Value and are therefore provisional, it is agreed that the final completed value of the property insured herein shall be the insured value.

Should the insured values, determined as above:-

- a. exceed the provisional value stated in Schedule B, the Insureds agree to declare to the Insurers hereon the amount of such excess and to pay premium as agreed, and the Insurers agree to accept their proportionate share of the increase; or
- b. be less than the provisional value stated in Schedule B, the sum insured by the Insurers shall be reduced proportionately, and the Insurers agree to return premium as agreed on the amounts by which their respective lines are reduced.

Nevertheless, should the insured value exceed .....% of the initial declared value as per Schedule B, then the limits of indemnity under Sub-Section I shall be .....% of the initial schedule values, any one Occurrence, but always subject to the limits of recovery as provided for elsewhere in Section Four of the Policy and in accordance with the agreed "B" scheduled amounts as per the Declarations to Section Four at the time of loss.

## TERMS AND CONDITIONS

(Sub-Section I only)

### 1. BASIS OF RECOVERY

In the event of an Occurrence covered under Sub-Section I of Section Four of the Policy, the Insurers agree to indemnify the Insured on the following basis: -

- a. items repaired or replaced – 'New for Old' plus towage, installation and all other costs necessarily incurred and duly justified in repair or replacement – as per latest agreed Schedule B.
- b. replacement with items which are redesigned or of new design – provided such replacement is actually commenced and no repairs or replacements are carried out on the item which sustained physical loss or physical damage, indemnification hereunder shall be on the basis of reasonably estimated figures in accordance with paragraph 1a. above.
- c. items not repaired or replaced: -
  - (i) for items which are a total and/or constructive total loss, the actual items costs incurred up to time of loss as per latest agreed Schedule B.
  - (ii) for partial physical loss of or physical damage to an insured item, the reasonable depreciation arising from the unrepaired damage, deemed to be the reasonable cost of repairing such damage on a new for old basis plus (in the event repairs are not undertaken for reasons entirely outside the control of the Insured) towage, installation and other similar costs



directly incurred in respect of the item lost or damaged, up to the point of loss and, to the extent that such costs have been prepaid or the Insured is committed to paying and is unable to revoke, but not to exceed amounts as per the latest agreed Schedule B.

- d. use of prehired vessels/equipment – It is understood and agreed that if, in the event of physical loss and/or physical damage to the property insured which is covered by Sub-Section I, repairs and/or reinstatement and/or replacement and/or salvage are carried out by vessels and/or craft and/or equipment and/or labour which the Insured have on charter, hire or contracted to them, the cost or the proportion thereof shall be based on the pre-agreed hire or contract rates for such employment when used in or about the repair, reinstatement, replacement, or salvage of losses covered by Sub-Section I and shall be so recoverable as a claim hereon. In the event that the Insured utilises its own vessels, craft, equipment, material or labour for any repair, reinstatement, replacement or other work in respect of physical loss and/or physical damage covered by Sub-Section I, then, subject otherwise to the terms and conditions of Section Four of the Policy, a reasonable charge in respect of such work shall be recoverable as a claim hereon. Provided always that the recoverable costs referred to in this paragraph shall not exceed the costs of employing approved vessels and/or craft and/or equipment and/or materials and/or labour from other available sources.

In respect of paragraphs a. and b. above, in no event shall the Insurers be liable for any increased cost or expense of repair or construction by reason of law, ordinance, regulation, permit or licence regulating construction or repair or any increased cost or expense incurred by reason of betterment or alteration in design.

Additional insurance costs and (re)certification costs attaching to damage repair or replacement work are covered hereunder as part of the values insured subject to inclusion of the original insurance costs in the initial Estimated Final Completed Value of the works.

Provided always that where any of the aforesaid costs relate to retrieval of a damaged item and/or subsequent (re)installation of that repaired item or a replacement, and such costs or part thereof would in any event have been incurred by the Insured irrespective of the insured physical damage, or otherwise benefit the Insured in respect of uninsured matters, then such costs shall be apportioned in a fair and reasonable manner between the Insured and the Insurers.

## 2. INCORPORATED CLAUSES

The following clauses are incorporated into Section Four of the Policy by reference, with the amendments described below:

- a. Institute Clauses for Builders Risks (1<sup>st</sup> June 1988)
- b. PERILS

SUBJECT ALWAYS TO ITS TERMS, CONDITIONS AND EXCLUSIONS this insurance covers all risks of physical loss of or physical damage to the subject matter insured caused and discovered during the period of the insurance.



**AS SET FORTH IN EXCLUSION 1.I. HEREIN, IN NO CASE SHALL THIS SECTION FOUR OF THE POLICY COVER THE COST OF RENEWING FAULTY WELDS.**

Institute War Clauses Builders Risk (1<sup>st</sup> June 1988). OR Its Updated version  
Institute Strikes Clauses – Builders Risk (1<sup>st</sup> June 1988). OR Its Updated version

- c. The following conditions shall apply to any parts of the property insured herein that are in storage (ashore or afloat), loading, unloading and in transit other than by means of their own buoyancy or by means of floatation tanks. These conditions shall continue until midnight on the day on which off-loading at final offshore site is completed and shall include the Collision Clause provisions of the Institute Clauses for Builders Risks (1<sup>st</sup> June 1988).

Subject as applicable to: -

Institute Cargo Clauses (A) 1<sup>st</sup> January 2009

Institute Classification Clause 01/01/2001, where property insured is carried as cargo.

Institute War Clauses 1<sup>st</sup> January 2009.

Institute War Clauses (Air) 1<sup>st</sup> January 2009.

Institute War Clauses (Post) 1<sup>st</sup> January 2009.

Institute Strikes, Riots and Civil Commotion Clauses (Cargo) 1<sup>st</sup> January 2009.

Institute Strikes, Riots and Civil Commotion Clauses (Air Cargo) 1<sup>st</sup> January 2009.

The MAR Form is deemed incorporated herein in respect of transits covered under the 1<sup>st</sup> January 2009 Clauses.

### **3. LOSS NOTIFICATION**

The Insured will render a signed and sworn proof of loss after an Occurrence as soon as may be reasonably practicable thereafter (taking into consideration the nature of the Insured's operation) stating the time, place and cause of loss, the interest of the Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

### **4. ERRORS AND OMISSIONS**

Any unintentional or inadvertent error or omission in name or description under Sub-Section I shall not operate to the prejudice of the Insured, provided that the error or omission is corrected when discovered by the Insured and advised to the Insurers prior to any Occurrence giving rise to a claim hereunder.

### **5. PROJECT ALTERATIONS AND AMENDMENTS**

The Insurers agree to hold covered all amendments and alterations to the Project specification subject to the terms and conditions of Section Four of the Policy for a period of ....days from the date of such amendments



and/or alterations, subject to the Principal Insured notifying the Insurers of any material and/or significant alterations promptly within the ....day period. In order for coverage for such material and/or significant amendments and alterations to extend beyond .... days, the Principal Insureds and the Insurers must agree upon the additional premium to be applied.

## 6. POLLUTION HAZARD CLAUSE

Subject to the terms and conditions of Section Four of the Policy, this insurance covers physical loss of or physical damage to the property insured hereunder directly caused by any governmental authority acting under the powers vested in them to prevent or mitigate a pollution hazard, or threat thereof, provided such act of governmental authority has not resulted from want of due diligence by the operator for the Principal Insureds to prevent or mitigate such hazard or threat.

Coverage provided by the above paragraph shall also extend to cover any other physical loss or physical damage caused or inflicted by order of any governmental body or agency after consultation with officials and engineers of the Insured relating to the insured project but only in respect of interests covered by Sub-Section I, and always subsequent to physical loss and physical damage resulting from a peril insured against.

## 7. DEFECTIVE PARTS

The insurance afforded by Sub-Section I covers physical loss and/or physical damage to the property insured herein occurring during the Policy Period and resulting from a Defective Part, faulty design, faulty materials, faulty or defective workmanship or latent defect even though the fault in design may have occurred prior to the attachment date of the declaration to Section Four the Policy.

Sub-Section I, however, does not provide coverage for loss or damage to (including the cost of modifying, replacing or repairing) any Defective Part itself, unless all of the following are satisfied:

- a. such Defective Part has suffered physical loss or physical damage during the Policy Period;
- b. such physical loss or physical damage was caused by an insured peril external to that part; and
- c. the defect did not cause or contribute to the physical loss or physical damage.

In no case shall Sub-Section I provide coverage for any cost or expense incurred by reason of betterment or alterations in design.

In the event of the total physical loss or total physical destruction of one or more of the items listed in the Schedule "B" attached to Section Four of the Policy, then this exclusion shall only apply to an identifiable part or parts of such scheduled item or items.

For the purposes of this clause a "Defective Part" shall mean any part of the subject matter insured which is or becomes defective and/or unfit or unsuitable for its actual or intended purpose, whether by reason of faulty design, faulty materials, faulty workmanship, a combination of one or more thereof or any other reason whatsoever. The term "Defective Part" shall also include such ancillary components, which are not themselves faulty, but which would normally be removed and replaced by new components when the component that is faulty is rectified.



This clause shall prevail in the event of any conflict or inconsistency with any other clause forming part of Section Four of the Policy. The terms of this clause are not intended and shall not be construed as providing coverage not otherwise provided under Section Four of the Policy.

#### **8. GENERAL AVERAGE AND SALVAGE CHARGES**

General Average and Salvage charges are payable as provided in the contract of affreightment, or if there be no contract of affreightment according to York/Antwerp Rules 1990 amended. In the event the contributory value for the purpose of contribution to General Average or Salvage charges exceed the insured value, it is agreed that such General Average or Salvage charges shall nevertheless be paid in full by the Insurers hereon, provided always that the amount recoverable under Sub-Section I in respect of partial loss arising from any one casualty shall not exceed the value applicable to the item.

General Average deposits are payable on production of General Average Deposit receipts.

The Insurers agree, if required, to provide General Average guarantees or Salvage security in respect of property insured by Section Four of the Policy.

#### **9. SUE AND LABOUR CLAUSE**

It is further agreed that in the case of any imminent physical loss or physical damage to the property insured hereunder, which is the direct result of a peril insured against, the Insureds, their servants and their agents may sue, labour and travel for, in and about the defence, safeguard and recovery of the subject matters insured without prejudice to this insurance and may incur reasonable expenses in efforts to avert or minimise a loss which may fall under Sub-Section I.

The expense so incurred shall be borne by the Insureds and the Insurers proportionately to the extent of their respective interests. No acts of the Insurers or the Insureds in recovering, saving or preserving the property insured shall be considered as a waiver or acceptance of abandonment.

#### **10. ADDITIONAL WORK**

In the event that the structure or property insured is set down or wrongly positioned, which is the direct result of a peril insured against, the Insurers shall indemnify the Insureds for the cost of additional work that is required in respect of positioning or repositioning, sinking, submerging and stabilizing the property insured herein insofar as such cost does not fall within the cover afforded by the sue and labour clause. However, the Insurers' liability under this clause shall not exceed the percentage amount that would be recoverable under the sue and labour clause and then only to the extent that the Section Four Policy Limit is not exhausted by a claim under the sue and labour clause.

#### **11. REMOVAL OF WRECK, WRECKAGE AND/OR DEBRIS**

Following an Occurrence covered by Sub-Section I, the Insurers shall indemnify the Insureds for all costs of or incidental to the actual or attempted raising, removal or destruction of the wreckage and/or debris of the insured property, or the provision and maintenance of lights, markings, audible warnings for such wreckage and/or debris when the incurring of such costs is compulsory by any law, ordinance or regulation or when the Insured hereunder is liable for such costs under written contract or when such wreckage and/or debris interferes with the Insured's normal operations.



The Insurers' limit of liability under this clause shall be limited to the %age mentioned in the policy schedule.

## 12. TESTS, LEAK AND/OR DAMAGE SEARCH COSTS

If it becomes necessary to repeat any test(s) and/or trial(s) or to carry out subsequent test(s) and/or trial(s) as a result of a physical loss or physical damage to the property insured arising from an Occurrence covered under Sub-Section I, the Insurers will bear the cost of any such repeated and/or subsequent test(s) and/or trial(s) subject to a sub-limit of to be agreed each declaration (100%) any one Occurrence, but never to exceed original expenditure as identified in the latest agreed Schedule B.

## 13. STAND-BY CHARGES

Subject to a sub-limit of to be agreed each declaration any one Occurrence aggregated at to be agreed each declaration over the declaration to the Section Four Policy Period, the Insurers shall indemnify the Insureds for the cost of stand-by time on vessels and/or craft and/or equipment actively engaged in the course of repair following an Occurrence covered under Sub-Section I, where the Insureds are prevented from working in, around or about the damaged property by bad weather, including named hurricanes.

## 14. WARRANTY

Warranted that approved surveyor as confirmed by insurer shall issue certificates on the project as follows.

Conceptual – Certificates to be issued prior to relevant load-outs/installations.

- i. Procedures for laying, burying, jetting and rock dumping, trenching (all if and as applicable) including the tie-ins of same and installation of spool pieces and risers.
- ii. Positioning and orientation procedures for jackets at offshore site(s).
- iii. Piling in procedures in respect of ii. Above.
- iv. Procedures in respect of the sequence of and/or scope and pattern of laying of anchor patterns and temporary moorings for the positioning of Heavy Lift Vessels/Barges (if not dynamically positioned) and pipe laying barges in the vicinity of existing offshore installations.

Physical – Certificate(s) to be issued prior to commencement of relevant work.

- i. Load-outs, tugs, tows, towages and stowages (including sea fastening) in relation to barge movements from/to as advised each declaration and/or to offshore sites.
- ii. Lifting and orientation/setting down/securing procedures at offshore sites.

Conceptual – Certificate(s) to be issued prior to relevant load-outs/installations  
Load-outs, stowage and sea-fastening on heavy lift vessel for transit.

Physical – Certificate(s) to be issued prior to commencement of relevant work.  
Lifting and orientation/setting down/securing procedures at offshore site, of jackets and/or topsides.

## 15. TERRORIST "BUY-BACK" CLAUSE

- i. Coverage



Subject to the terms and conditions to which reference is made below, the Insurers shall indemnify the Insureds under this clause for physical loss and/or physical damage that would be recoverable under Sub-Section I of Section Four of the Policy but for the existence of the following clause in Sub-Section I, Exclusion2: "Notwithstanding anything to the contrary contained in this sub-section, there shall be no liability whatsoever for any loss caused by, or resulting from, or incurred as a result of: -

- a)
  - i. the detonation of an explosive and/or
  - ii. any weapon of war  
and is caused by any person acting maliciously or from a political motive.
  
- b) any act for political or terrorist purposes of any persons, and whether or not agents of a sovereign power, and whether the physical loss, damage or expense resulting therefrom is accidental or intentional".

ii. Cancellation, Automatic Termination, Suspension and Amendment of Terms from Time of Load Out

- a)
  - i. Amendment of Terms

Coverage under this clause may be cancelled by the Insurers giving notice effective on the expiry of 14 days from midnight Greenwich Mean Time on the day on which notice is issued. The Insurers agree however to reinstate this insurance subject to agreement between the Insurers and the Insured prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions.

- ii. Notice of Cancellation

Coverage under this clause may also be cancelled by the Insurers or the Insured giving notice not less than seven days prior to the end of each period of three months from inception.

- b) Whether or not such notice of cancellation has been given coverage under this clause shall TERMINATE AUTOMATICALLY:

- i. Upon the outbreak of war (whether there be a declaration of war or not) between any of the following States, namely, The United Kingdom, United States of America, France, Commonwealth of Independent States (formerly U.S.S.R.), The People's Republic of China; or
- ii. Upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or force or matter, whensoever detonation may occur.

- c) The coverage afforded by this clause shall be suspended in respect of the property concerned in the event of the property being appropriated, requisitioned or confiscated or nationalised by any authority of Government (whether civil, military or de facto) of the state in which the property is owned or registered.



- d) Provided that there have been no claims hereunder, pro rata return of premium shall be payable to the Insured in the event of either cancellation by notice from the Insurers or the automatic termination or suspension by reason of the operation of this Sub-Section of Section Four of the Policy.

iii. Held Covered

In the event of the interest being requisitioned for title or use, or confiscated, nationalised, pre-empted or otherwise appropriated wholly or in part, coverage under this clause shall continue to cover the contingent liability of the Insured in respect of the coverage provided under this clause for a period of fourteen days after such event. Thereupon coverage under this clause the insurance shall terminate unless there be prior agreement by the Insurers to continue.

## 16. FORWARDING CHARGES

In respect of transit(s) insured hereunder, if as a result of an Occurrence covered by the terms of Sub-Section I, the insured transit is terminated at a port or place other than that to which the property insured is covered under this insurance, the Insurers will reimburse the Insured for any extra charges properly and reasonably incurred in unloading, storing and forwarding the property insured to the destination to which it is insured hereunder.

The Insurers will bear the cost of any such extra charges subject to a sub-limit of to be agreed each declaration (100%) any one Occurrence.

## 17. MAINTENANCE

The cover provided hereunder shall be no wider than that contained elsewhere in Section Four of the Policy. Coverage under Sub-Section I only shall continue during the maintenance period(s) specified in individual contracts but not exceeding a further 12 months from expiry date of the Project Period as set out in Item 3 of the Declarations to Section Four. During such maintenance period(s), coverage is limited to physical loss or physical damage resulting from or attributable to:

- a. faulty or defective workmanship, construction, material or design arising from a cause occurring prior to the commencement of the maintenance period; and
- b. operations carried out by Other Insureds during the maintenance period(s) for the purpose of complying with their obligations in respect of maintenance or the making good of defects as may be referred to in the conditions of contract, or by any other visits to the site necessarily incurred to comply with qualifications to the acceptance certificate.

## 18. OTHER INSURANCE

The insurance afforded under Sub-Section I shall be primary to, and receive no contribution from, any other insurance maintained by or for the Principal Insured(s) and/or Other Insured(s).





## DEFINITIONS

(Sub-Section I only)

1. The phrase “**the property insured hereunder**” shall be substituted for the word “**vessel**,” as used in the Incorporated Clauses, where the context of Sub-Section I of Section Four of the Policy allows.
2. The word “**launch**” shall be deemed to include skidding onto and off launch barge/vessel and/or mating and/or floating in dry dock and/or flooding thereof and/or transfer of the property insured into water and/or emplacement and/or positioning in water at site.
3. The term “**Occurrence**,” wherever used in Sub-Section I of Section Four of the Policy, shall mean one loss, accident, disaster or casualty or series of losses, accidents, disasters or casualties arising out of one event;
  - i. as respects windstorm, all tornadoes, cyclones, hurricanes, similar storms and systems of winds of a violent and destructive nature, arising out of the same atmospheric disturbance within any period of seventy-two consecutive hours commencing during the period of this insurance, shall be considered one event;
  - ii. each earthquake, shock or volcanic eruption, shall constitute one event hereunder, provided that if more than one earthquake, shock or volcanic eruption shall occur within any period of seventy-two consecutive hours commencing during the period of this insurance, such earthquake, shocks or volcanic eruptions shall be deemed to be one event within the meaning hereof.

## EXCLUSIONS

(Sub-Section I only)

1. The coverage afforded by Sub-Section I shall not apply to:
  - a. vessels or other watercraft, except for floating materials that are destined to become a permanent part of the completed Project and are declared to and accepted by the Insurers prior to loss;
  - b. aircraft and/or helicopters;
  - c. temporary works, site preparatory works, property and/or equipment that are not owned by the Principal Insureds and are not for incorporation in the contract work, unless separately scheduled hereunder and agreed by the Insurers at an additional premium prior to loss;
  - d. penalties for non-completion of or delay in completion of contract or part or non-compliance with contract conditions;
  - e. any claim by reason of the platforms and/or structures being placed in the wrong locations unless caused by an Occurrence which is covered by the terms of Sub-Section I;
  - f. loss of use or delay in "start-up" of the property insured howsoever caused;
  - g. liability assumed under contracts or otherwise for "Performance Guarantees" given by suppliers;
  - h. infidelity of a Principal Insured or with the knowledge of a Principal Insured;
  - i. costs of repairing, correcting or rectifying wear and tear, rust and oxidisation and fluctuations in temperature;
  - j. any claim arising from or in connection with the dumping of rocks and/or similar materials, where such rocks and/or similar materials have been placed in the wrong position or location;



- k. all operations, temporary or permanent works, assets or equipment (whether destined to be a permanent part of the project or not) for which related budgeted costs are not included within the latest agreed Schedule B;
  - l. the costs or expenses of repairing, renewing or replacing faulty welds;
  - m. loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:
    - i. ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
    - ii. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
    - iii. any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
    - iv. radioactive contamination however caused whenever or wherever happening;
2. The following clauses i. And ii. Are only to apply to property on land and/or installed at the offshore location, but they shall not be construed to exclude physical loss or physical damage caused by mines, bombs, torpedoes, missiles or other weaponry remaining from previous hostilities or military exercises.
- i. Notwithstanding anything to the contrary contained herein, this sub-section does not cover loss or damage directly or indirectly occasioned by, happening through, or in consequence of war (whether war be declared or not), invasion, acts of foreign enemies, hostilities, civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority except as otherwise provided in Sub-Section I of Section Four of the Policy.
  - iii. There shall be no liability whatsoever for any claim caused by or resulting from, or incurred as a consequence of:
    - a. (1) The detonation of an explosive.  
(2) Any weapon of war and caused by any person acting maliciously or from a political motive.
    - b. Any act for political or terrorist purposes of any person, whether or not agents of a Sovereign Power, and whether the loss, damage or expense resulting therefrom is accidental or intentional.

However, Exclusion 2. ii. Above is subject to Terrorist Buyback Clause 16. Herein.



## SUB-SECTION II—LIABILITY INSURING AGREEMENT

### 1. COVERAGE

The Insurers agree, subject to the limitations, terms, conditions and exclusions herein, to indemnify the Insured(s) for Ultimate Net Loss which the Insured(s) shall be obligated to pay by reason of

- i. liability imposed upon the Insured(s) by law, and/or
- ii. Express Contractual Liability,

for Bodily Injury or Property Damage caused by an Occurrence, provided always that the Occurrence takes place during the Project Period and arises out of the activities described in the Scope of Insurance section herein.

### 2. DEDUCTIBLE

Regardless of the number of:

- i. Insureds under Section Four of the Policy,
- ii. persons or organisations who sustain Bodily Injury or Property Damage, or
- iii. claims made or suits brought on account of Bodily Injury or Property Damage,

The Insurers shall only be liable for Ultimate Net Loss exceeding the Deductible set forth in Item 5 of the Declarations to Section Four in respect of each and every Occurrence including expenses, liability, debris removal, uncollected accrued charges and legal fees, and/or defence charges, or all combined.

### 3. LIMIT OF LIABILITY

The Sub-Section II Limit of Liability stated in Item 4 of the Declarations to Section Four is the limit of the Insurers' liability under Sub-Section II for all Ultimate Net Loss by reason of any one Occurrence without regard to the number of Insureds, claims or claimants. The Limit of Liability shall be reduced and may be exhausted by Ultimate Net Loss payments. The Insurers shall not be obligated to make any Ultimate Net Loss payment once the Limit of Liability is met, or upon deposit of the available Limit of Liability in a court of competent jurisdiction.

### 4. DEFENCE AND SETTLEMENT

The Insurers shall not be called upon to assume charge of the settlement or defence of any claim or suit brought or proceeding instituted against the Insured(s), but the Insurers shall have the right and shall be given the opportunity to associate with the Insured(s) in the defence and control of any claim, suit or proceeding relative to an Occurrence where the claim or suit involves, or appears reasonably likely to involve amounts payable by the Insurers, in which event the Insured(s) and the Insurers shall co-operate in all things in the defence of such claim, suit or proceeding.



## TERMS AND CONDITIONS (Sub-Section II only)

### 1. NOTICE TO INSURERS

In the event of an Occurrence, the Insured(s) shall provide written notice to the Insurers as soon as is practicable stating the following:

- (1) the specific Occurrence; and
- (2) the damages which may result or has resulted from the Occurrence; and
- (3) the circumstance by which the Insured(s) first became aware of the Occurrence.

In respect of Claims to which Sub-Section II, Exclusion 15 applies, the Insured(s) shall provide such notice within the timing requirements set forth in that exclusion.

### 2. ADMISSION OF LIABILITY

The Insured(s) shall not in any way acknowledge or admit any liability on account of any Occurrence nor settle nor negotiate the settlement of any claim or suit resulting therefrom, nor without the consent of the Insurers, incur any expense other than such immediate medical or surgical aid as is imperative at the time of the accident.

### 3. OTHER INSURANCE

If other valid and collectible insurance with any other insurer is available to the Insured(s) covering a loss also covered by this Sub-Section II of Section Four of the Policy, other than insurance that is specifically stated to be excess of Section Four of the Policy, the insurance afforded by Sub-Section II shall be in excess of and shall not contribute with such other insurance. Nothing herein shall be construed to make Section Four of the Policy subject to the terms, conditions and limitations of other insurance.

### 4. CROSS LIABILITIES

In the event of one Insured incurring liability to any other of the Insureds, this Sub-Section II of Section Four of the Policy shall cover the Insured against whom the claim is or may be made in the same manner as if separate policies had been issued to each Insured. However, the inclusion of more than one Insured hereunder shall not operate to increase the Limit of Liability.

In no case shall this Sub-Section II of Section Four of the Policy provide coverage for any physical loss of or physical damage to or defects discovered in the property insured under Sub-Section I.

Coverage in respect of Other Insureds does not apply to actual or alleged liability to other contractors and/or vendors and/or suppliers for consequential loss, loss of profit or business interruption.



## DEFINITIONS (Sub-Section II only)

1. **“BODILY INJURY”** means bodily injury, sickness or disease, including death resulting therefrom (and including damages allowed for loss of services) and mental anguish, provided such injuries are accidentally sustained by any person by reason of the Insured's operations as declared hereto.
2. **“CLAIMS EXPENSES”** shall mean reasonable legal costs and other expenses incurred by or on behalf of the Insured(s) in the defence of any covered claim including attorney's fees and disbursements, investigation, adjustment, appraisal, appeal costs and expenses and pre- and post- judgement interest, excluding salaries, wages and benefits of the Insured's employees and the Insured's administrative expenses.
3. **“DAMAGES”** shall mean compensatory damages, monetary judgements, awards, and/or compromise settlements entered with the Insurers' consent, but shall not include fines or penalties, punitive damages, exemplary damages, equitable relief, injunctive relief or any additional damages resulting from the multiplication of compensatory damages.
4. **“EXPRESS CONTRACTUAL LIABILITY”** means liability that the Insured has expressly assumed prior to any Occurrence covered by this Section Four of the Policy in:
  - a. any written contract; or
  - b. any oral contract reduced to writing within 7 days after the contract is orally agreed.
5. **“OCCURRENCE”** means an accident, including continuous or repeated exposure to conditions, which results in Bodily Injury or Property Damage neither expected nor intended from the standpoint of the Insured.
6. **“PROPERTY DAMAGE”** means physical loss of or direct damage to or destruction of tangible property, including the loss of use thereof, and including the loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an Occurrence during the declaration to the Policy Period, and such losses are accidentally sustained by reason of the Insured's operations as declared to the Insurers.
7. **“ULTIMATE NET LOSS”** shall mean the total sum the Insured is obligated to pay as Damages, and shall include Claims Expenses in respect of claims covered under this Section Four of the Policy.

## EXCLUSIONS (Sub-Section II only)

The insurance afforded by Sub-Section II does not apply to actual or alleged liability:

1. arising out of operations in intentional violation of any national, international, federal or state statute or law;
2. caused by any automobile, tractor, trailer, vehicle (other than hand propelled), team, locomotive, freight cars or aircraft. This exclusion shall not apply to any crawler type tractor, ditch or trench digger, power crane, shovel, grader, scraper and similar equipment, not subject to motor vehicle registration;



3. for Bodily Injury or Property Damage directly or indirectly occasioned by, happening through or in consequence of:
  - a. war (whether declared or not), invasion, acts of foreign enemies, hostilities, civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of property by or under the order of any government or public or local authority; or
  - b. the consequence of any act for political or terrorist purposes of any person or persons whether or not agents of a sovereign power and whether or not the loss, damage or expenses resulting therefrom is accidental or intentional;
4. for indemnification of persons for damage to or loss of their tools, materials or equipment while performing operations for any Insured;
5. arising out of the use or operation of watercraft, whether owned, time chartered, bareboat chartered or operated by any Insured, or for which any Insured may be responsible other than as declared hereto;
6. to an Insured's employees, whether the Insured is liable as an employer or in any other capacity, including without limiting the generality of the foregoing any liability under any workers' compensation law, unemployment compensation law, disability benefit law, United States Longshoremen's and Harbour Workers' Compensation Act, Jones Act, Death on the High Seas Act, General Maritime Law, Federal Employers' Liability Act, or any similar laws of liabilities, and/or whether by reason of the relationship of master and servant or employer and employee or not.
7. to the spouse, child, parent, brother, sister, relative, dependent or estate of any employee of an Insured arising out of the bodily and/or personal injury to or illness or death of said employee, whether the Insured may be liable as an employer or in any other capacity whatsoever;
8. arising out of Bodily Injury to any employee of the Insured, including without limiting the generality of the foregoing any such liability for (i) indemnity or contribution whether in tort, contract or otherwise and (ii) any liability of such other parties assumed under contract or agreement;
9. of any employee of any Insured with respect to Bodily Injury to another employee of the Insured sustained in the course of such employment;
10. which any director, officer, partner, principal, employee or stockholder of the Insured may have to any employee of any Insured;
11. for loss of or damage to any well or hole,
  - i. which is being drilled or worked over by or on behalf of the Insured, or
  - ii. which is in the care, custody or control of the Insured, or
  - iii. in connection with which the Insured has provided services, equipment or materials;
12. for any cost or expense incurred in redrilling or restoring any such well or hole or any substitute well or hole;



13. for loss of or damage to any drilling tool, pipe, collar, casing, bit, pump, drilling or well servicing machinery, or any other equipment while it is below the surface of the earth in any well or hole:
  - i. which is being drilled or worked over by or on behalf of the Insured, or
  - ii. which is in the care, custody or control of the Insured, or
  - iii. in connection with which the Insured has provided services, equipment or materials;
14. for costs or expenses incurred in
  - i. controlling or bringing under control any wells or holes, or
  - ii. extinguishing fire in or from any such wells or holes, or
  - iii. drilling relief wells or holes, whether or not the relief wells or holes are successful;
15. for Bodily Injury or Property Damage directly or indirectly caused by or arising out of seepage, pollution or contamination however caused whenever or wherever happening;

This exclusion shall not apply when the Insured has established all of the following conditions:

- a. the seepage, pollution or contamination was caused by an event;
- b. the event first commenced on an identified specific date during the Policy Period set out in Item 3 of the Declarations to Section Four;
- c. the event was first discovered by the Insured within specified days of such commencement;
- d. The Insurers received written notification of the event from the Insured within specified days of the Insured's first discovery of the event; and
- e. the event did not result from the Insured's intentional violation of any statute, rule, ordinance or regulation.

Even if the above conditions a) to e) are satisfied, this Section Four of the Policy does not apply to any actual or alleged liability:

- i. to evaluate, monitor, control, remove, nullify or clean up seeping, polluting or contaminating substances to the extent such liability arises solely from any obligations imposed by any statute, rule, ordinance, regulation or imposed by contract;
  - ii. to abate or investigate any threat of seepage onto or pollution or contamination of the property of a third party;
  - iii. for seepage, pollution or contamination of property which is or was, at any time, owned, leased, rented or occupied by any Insured, or which is or was at any time in the care, custody or control of any Insured (including the soil, minerals, water or any other substance on, in or under such owned, leased, rented or occupied property or property in such care, custody or control);
  - iv. arising directly out of the transportation by the Insured of oil (other than fuel or other substances used in furtherance of the Insured's operations) or other similar substances by watercraft; or
  - v. arising directly or indirectly from seepage, pollution or contamination which is intended from the standpoint of the Insured or any other person or organisation acting for or on behalf of the Insured;
16. for or arising out of the handling, processing, treatment, storage, disposal, dumping, monitoring, controlling, removing or cleaning-up of any waste materials or substances, or arising out of such waste materials during transportation;



17. for loss of, damage to, or loss of use of property directly or indirectly resulting from subsidence caused by sub-surface operations of the Insured;
18. for loss of or damage to sub-surface oil, gas, water, or other substance or material, or for the cost or expense of reducing to physical possession above the surface of the earth any oil, gas, water, or other substance or material, or for the cost or expense incurred or rendered necessary to prevent or minimize such loss or damage;
19. for fines, penalties, punitive or exemplary damages, including treble damages or any other damages resulting from multiplication of compensatory damages;
20. arising out of goods or products manufactured, sold, handled or distributed by the Insured or by others trading under his name, including any container thereof;
21. for damage to or loss of or loss of use of:
  - i. property owned or occupied by or rented or leased to the Insured;
  - ii. property used by the Insured; or
  - iii. property in the care, custody or control of the Insured or over which the Insured is for any purpose exercising physical control;
22. for the costs of removal, recovery, repair, alteration or replacement of any product (or any part thereof) which fails to perform the function for which it was manufactured, designed, sold, supplied, installed, repaired or altered by or on behalf of the Insured in the normal course of the Insured's operations;
23. arising from any negligence, error or omission, malpractice or mistake in providing or failing to provide professional services, which is committed or alleged to have been committed by or on behalf of any Insured in the conduct of any of the Insured's business activities. Professional services include but are not limited to the preparation or approval of maps, plans, opinions, reports, surveys, designs or specifications and supervisory, inspection, engineering, or data processing services;
24. for Bodily Injury or Property Damage directly or indirectly arising out of: asbestos; carpal tunnel; coal dust; polychlorinated biphenyl's; methyl tertiary butyl ether; silica; benzene; lead; talc; dioxin; electromagnetic fields; pharmaceutical or medical drugs/products/substances/devices; or any substance containing such material or any derivative thereof;
25. for Bodily Injury, Property Damage or expense directly or indirectly caused by or contributed to by or arising from:
  - i. ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
  - ii. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
  - iii. any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
  - iv. radioactive contamination however caused whenever or wherever happening;
26. assumed under a warranty for the fitness or quality of the Insured's products or a warranty that work performed by or on behalf of the Insured will be done in a workmanlike manner;





## Section V. LIABILITY INSURANCE

**This is a claims made liability section which is not subject to the terms and conditions of any other insurance. It should be read carefully by the Insured.**

### I. INSURING AGREEMENTS

#### 1. **COVERAGE**

In consideration of the payment of the premium set out in Item 9 of the Declarations to Section Five and in reliance upon the statements in the proposal referred to in Item 11 of the Declarations to Section Five and any supplementary information pertaining thereto, The Insurers agree subject to the insuring agreements, conditions, exclusions, definitions and declarations contained in this Section Five, to indemnify the Insured in respect of their operations anywhere in the world, for Ultimate Net Loss by reason of the liability imposed upon the Insured by law or assumed under an indemnification contract, for damages in respect of a claim for Bodily Injury and/or Personal Injury and/or Property Damage and/or Advertising Injury which the Insured neither intended nor expected nor reasonably should have expected, resulting from an accident which first commences on an identifiable specific date on or after the retroactive date set out in Item 6 of the Declarations to Section Five PROVIDED

- (a) such claim made is first received by the Insured during the policy period set out in Item 5 of the Declarations to Section Five, OR
- (b) the Insured gives written notification of such accident which notification is received by the Insurers within 90 days of such accident and the date of such receipt is during the policy period set out in Item 5 of the Declarations to Section Five, OR
- (c) the Insured gives written notification of the discovery of his involvement in such accident which consists of unintended fire or explosion; lightning; impact of aircraft, automobile, railroad locomotive or rolling stock; impact, capsize or sinking of watercraft; but only if the notification is received by the Insurers within 90 days of such discovery and the date of such receipt is during the policy period set out in Item 5 of the Declarations to Section Five, OR
- (d) the Insured gives written notification of the discovery of such Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury to a named individual person or named individual entity arising out of such accident; but only if the notification is received by the Insurers within 90 days of such discovery and the date of such receipt is during the policy period set out in Item 5 of the Declarations to Section Five.

With respect to a) above, for the purpose of applying the each accident retention, the Insurers will treat such Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury included in each claim as resulting from a separate accident.

With respect to b) and c) above, the Insurers will only provide indemnity for any claims relating to such notification which claims are first received by the Insured during a period of 7 years from the date such notification is received by the Insurers; in which case, for the purpose of applying the each accident retention, the Insurers will treat all such Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury as



resulting from one accident; further such accident will be treated as arising on the date such notification was received by the Insurers or the expiry date of this Section Five, whichever is the earlier.

With respect to d) above, the Insurers will only provide indemnity for any claims relating to such notification which claims are first received by the Insured during a period as specified in the schedule from the date such notification is received by the Insurers; in which case, for the purpose of applying the each accident retention, the Insurers will treat such Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury suffered by each named individual person or each such named individual entity as resulting from a separate accident; further such accident will be treated as arising on the date such notification was received by the Insurers or the expiry date of this Section Five, whichever is the earlier.

Where the accident under b) above or the discovery under c) and d) above takes place within the last days of the period set out in policy schedule, such period shall be extended for up to days, as agreed, solely so as to treat any notification received by the Insurers within such extension of 90 days as if it had been received on the expiry date of the policy period set out in Item 5 of the Declarations to Section Five.

In no event shall the liability of the Insurers exceed the relevant limits of liability set out in Item 4 of the Declarations to Section Five; such limits of liability shall apply to the period of this Section Five set out in Item 5 of the Declarations to Section Five combined with the 7-year periods set out above.

## **2. EACH ACCIDENT RETENTION**

Only that part of any payment constituting Ultimate Net Loss shall deplete the each accident retention set out in Item 3 of the Declarations to Section Five. Regardless of the number of claims made against the Insured, the Insured shall always be liable for the each accident retention in respect of each and every accident.

The each accident retention shall be subject to no aggregate limitation regardless of the number of accidents or Claims made against the Insured.

The Insured shall have the right to insure all or part of the each accident retention, but the Insurers shall not be subject to the terms and conditions of such insurance.

## **3. LIMITS OF LIABILITY**

The Insurers shall only be liable for Ultimate Net Loss in excess of the each accident retention set out in Item 3 of the Declarations to Section Five.

Regardless of the number of accidents or claims made against the Insured, the Insurers' total limits of liability shall not exceed the amount of Ultimate Net Loss set out in Item 4 of the Declarations to Section Five. Such limits include defence expenses.

## **4. JOINT VENTURES**

As regards any liability of the Insured which is insured under this Section Five and arises in any manner whatsoever out of the operations or existence of any joint venture, co-venture, joint lease, joint operating agreement or partnership (hereinafter called the "Joint Venture") in which the Insured has an interest: -

- (a) the each accident retention, and



- (b) the limits of liability of the Insurers under this Section Five shall be limited to the product of (i) the percentage interest of the Insured in the said Joint Venture or such percentage as takes account of any acceptance by the Insurers as set out in Definition 12f) hereof, and (ii) the each accident retention and the limits of liability afforded the Insured by this Section Five, respectively. Where the percentage interest of the Insured in said Joint Venture is not set forth in writing, the percentage to be applied shall be that which would be imposed by law at the inception of the Joint Venture. Such percentage shall not be increased by the insolvency of any members of the said Joint Venture or any other parties. This Joint Venture clause shall not apply to any liability of the Insured where, as a result of the circumstances of an Accident, the terms of the Joint Venture agreement place the whole liability of the Joint Venture on the Insured.

Nothing contained in this Section Five shall make this Section Five subject to the terms and conditions of any other insurance.

## II. CONDITIONS

This Section Five is subject to the following conditions: -

### 1. **INSOLVENCY**

The insolvency, bankruptcy, receivership or any refusal or inability to pay of the Insured and/or any insurer and/or any Underwriter shall not operate to: -

- (a) deplete the each accident retention set out in Item 3 of the Declarations to Section Five;
- (b) increase the Insurers' liability under this Section Five;
- (c) increase any Insurers' share of liability under this Section Five.

In no event shall any Insurer of this Section Five assume the responsibilities and/or obligations of the Insured and/or any insurer and/or any Underwriter.

### 2. **OTHER INSURANCE**

Where the Insured is, irrespective of this Section Five, entitled to be indemnified in whole or in part by any other insurance in respect of any damages which would otherwise have been indemnifiable in whole or in part by the Insurers of this Section Five, there shall be no contribution or participation by the Insurers of this Section Five on the basis of any deficiency, concurrent or double insurance for such damages or that part of such damages for which the Insured is entitled to be indemnified by such other insurance. This condition will apply whether or not the Insured is actually indemnified by such other insurance.

### 3. **NOTICE OF CLAIM**

Prompt notice must be given to the Insurers whenever the Insured has information of any claim and event or circumstance which may give rise to a claim.



For the purpose of this Condition 3 the Insured will notify the Insurers on the basis that the Insured is liable and further is liable for any amount claimed.

#### **4. PREVENTION OF FURTHER CLAIMS**

As soon as the Insured becomes aware of an accident or receives a claim, the Insured shall promptly, and at its own expense, take all reasonable steps to prevent further Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury resulting from the same accident or conditions which may give rise to a similar accident.

#### **5. ATTACHMENT OF LIABILITY**

Liability to pay under this Section Five shall not attach unless and until the Insured has, with the Insurers' prior written consent, paid an amount of Ultimate Net Loss which exceeds the each accident retention set out in Item 3 of the Declarations to Section Five.

#### **6. DEFENCE**

The Insurers shall not be called upon to assume the handling or control of the defence or settlement of any claim made against the Insured but the Insurers shall have the right, but not the duty, to participate with the Insured in the defence or settlement of any claim which may be indemnifiable in whole or in part by this Section Five.

The Insurers will pay any defence expenses incurred after exhaustion of the each accident retention provided the prior written consent of the Insurers is obtained before those defence expenses are incurred and subject to the Insurers' limits of liability set out in Item 4 of the Declarations to Section Five.

#### **7. APPEALS**

In the event the Insured elects not to appeal, a judgment which may, in whole or in part, involve indemnity under this Section Five, the Insurers may, following discussion with the Insured, elect to make such appeal at their own cost and expense and shall be liable for the taxable costs and disbursements and any additional interest incidental to such appeal; but in no event shall the liability of the Insurers exceed the relevant limits of liability set out in Item 4 of the Declarations to Section Five plus such cost, expense, costs, disbursements and interest.

#### **8. APPORTIONMENT OF DEFENCE EXPENSES**

Whenever any written demand received by the Insured for damages is finally resolved by a payment by the Insured which, regardless of the amount thereof, is only covered in part by this Section Five, then the percentage of any defence expenses that can be included in the Ultimate Net Loss shall be calculated by dividing that part of such payment which is covered by this Section Five, by the total amount paid by the Insured.

#### **9. APPLICATION OF RECOVERIES**



All recoveries or payments recovered or received subsequent to a payment by the Insurers under this Section Five, after deduction of all recovery expenses, shall be applied as if recovered or received prior to such payment and all necessary adjustments shall then be made between the Insured and the Insurers.

#### **10. WAIVER OR CHANGE**

Notice to or knowledge possessed by any person shall not affect a waiver or change in any part of this Section Five or stop the Insurers from asserting any right under this Section Five; nor shall any part of this Section Five be waived or changed, except by endorsement issued to form a part of this policy hereof, signed by the Insurers.

#### **11. ASSIGNMENT**

Assignment of interest under this Section Five shall not bind the Insurers unless and until their written agreement thereto is secured.

#### **12. EXTENDED CLAIMS MADE PERIOD**

It may be agreed by the insurer on agreed terms and conditions. Such requests to be submitted before expiry of policy.

#### **13. CURRENCY AND PAYMENT OF PREMIUMS**

Premiums and indemnity payments due under this Section Five are payable in the currencies set out in Item 8 of the Declarations to Section Five. Payment of premiums shall be made by the first named Insured set out in Item 1 of the Declarations to Section Five to the person or entity set out in Item 10 of the Declarations to Section Five. If the first named Insured fails to pay the premium due to the person or entity set out in Item 10 of the Declarations to Section Five, within 45 days after the date(s) set out in Item 9 of the Declarations to Section Five, this Section Five shall be rendered null and void from inception and the Insurers be relieved of all liability under this Section Five. This clause shall take effect whether or not the Insurers have returned or tendered the return of any premium already received.

#### **14. CROSS LIABILITY**

In the event of claims being made by reason of Bodily Injury suffered by any employee of one Insured which does not arise out of the injured employee's employment, for which another Insured is liable, then this Section Five shall cover the Insured against whom such claim is made in the same manner as if separate policies had been issued to each Insured.

Nothing contained in this Condition shall operate to increase the Insurers' limits of liability set out in Item 4 of the Declarations to Section Five.



### III. EXCLUSIONS

This Section Five does not apply to any actual or alleged liability: -

1. arising out of an accident, claim, potential claim, circumstance or loss discovered in respect of which the Insured either has given notice to the insurers of any other insurance before the inception date set out in Item 5 of the Declarations to Section Five or where such notice is treated by any insurers as received by such insurers before the inception date set out in Item 5 of the Declarations to Section Five;
2. arising out of an event which commences prior to the retroactive date set out in Item 6 of the Declarations to Section Five;
3. arising out of a breach of contract;
4.
  - (a) arising out of Occupational Disease;
  - (b) arising under any workers' compensation, unemployment compensation or disability laws, statutes, or regulations;
  - (c) for Employers Liability where the claim is made or the injury took place in any state(s) where the Insured is a non-participant or non-subscriber to regular programmes established by that state's workers' compensation, unemployment compensation or disability laws, statutes, or regulations; provided however, that this exclusion does not apply to liability of a third party assumed by the Insured under an indemnification contract;
  - (d) which any Insured may have to its own employee arising out of the actions or omissions of another of its own employees;
  - (e) of an Insured to its employee arising out of the employment of that employee;
5. arising out of any act, error or omission of the Insured, or any other person or entity for whose acts, errors or omissions the Insured is legally liable in respect of the Insured's Employee Benefits including, without limitation, liability under the Employment Retirement Income Security Act of 1974, as amended;

As used in this exclusion, the term "Employee Benefits" includes, without limitation, Group Life Insurance, Group Accident or Health Insurance, Profit-Sharing Plans, Pension Plans, Employee Stock Subscription Plans, Workers' Compensation, Unemployment Insurance, Social Security and Disability Benefits Insurance.

6. for discrimination or humiliation;
7. for Property Damage to property
  - (a) owned, leased, rented or occupied by the Insured;
  - (b) in the care, custody or control of the Insured;
8. for Property Damage to the Insured's products arising out of such products or any part of such products;



9. for Property Damage to property worked on by or on behalf of the Insured arising out of such work or any portion thereof, or out of material, parts or equipment furnished in connection therewith;
10. for the withdrawal, recall, return, inspection, repair, replacement, or loss of use of the Insured's products or work completed by or for the Insured or of any property of which such products or work form a part;
11. for fines, penalties, punitive damages, exemplary damages, or any additional damages resulting from the multiplication of compensatory damages;
12. for Advertising Injury arising out of:-
  - (a) failure to perform under any contract;
  - (b) infringement of trademark, patent, service mark or trade name, other than copyright, titles or slogans;
  - (c) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised;
  - (d) unfair competition;
13. for Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury directly or indirectly caused by or arising out of seepage, pollution or contamination however caused whenever or wherever happening;  
This exclusion shall not apply where all of the following conditions are shown by the Insured to have been met: -
  - (a) the seepage, pollution or contamination was caused by an event and
  - (b) the event first commenced on an identified specific date during the period set out in Item 5 of the Declarations to Section Five and
  - (c) the event was first discovered by the Insured within 144 hours of such first commencement and
  - (d) written notification of the event was first received from the Insured by the Insurers within 90 days of the Insured's first discovery of the event and
  - (e) the event did not result from the Insured's intentional violation of any statute, rule, ordinance or regulation.

Even if the above conditions a) to e) are satisfied, this Section Five does not apply to any actual or alleged liability: -

- (i) to evaluate, monitor, control, remove, nullify and/or clean-up seeping, polluting or contaminating substances to the extent such liability arises solely from any obligations imposed by any statute, rule, ordinance, regulation or imposed by contract;



- (ii) to abate or investigate any threat of seepage onto or pollution or contamination of the property of a third party;
  - (iii) for seepage, pollution or contamination of property which is or was, at any time, owned, leased, rented or occupied by any Insured, or which is or was, at any time, in the care, custody or control of any Insured (including the soil, minerals, water or any other substance on, in or under such owned, leased, rented or occupied property or property in such care, custody or control);
  - (iv) in respect of any seepage, pollution or contamination which is directly caused by or arises out of the drilling of, production from, servicing of, operation of, ownership of or participation in wells or holes;
14. arising out of the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances, or arising out of such waste materials during transportation;
15. directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts or foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority, except in respect of accidents taking place in the United States of America, its territories, possessions, or Canada;
16. not excluded by 15. above, as a result of the use of the Insured's products insofar as they are used in connection with war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or deliberate destruction of or deliberate damage to property;
17. Arising out of Aviation products;
- 18.
- (a) arising out of ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
  - (b) arising out of the radioactive toxic explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
  - (c) arising out of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- 19.
- (a) arising out of an Insured's capacity, duty or responsibility as an officer, director or trustee of a corporation by reason of any breach of fiduciary duty or improper conduct or conflict of interest in the performance of an Insured's duties, responsibilities or accountability as an officer, director or trustee, including without limitation, any actual or alleged misstatement, misleading statement, gain of personal profit or advantage to which the Insured was or is not entitled legally, any dishonest act, or bad faith conduct, in the Insured's capacity as an officer, director or trustee, or with respect to the capital, assets or securities of the corporation, or any action taken beyond the scope of the Insured's authority as an officer, director or trustee;





- (b) arising out of any violation of any federal or state law regulating, controlling or governing stock bonds or securities of any type or nature, including without limitation, liability under The Securities Act of 1933, The Securities Exchange Act of 1934, The Trust Indenture Act of 1939, The Public Utility Holding Company Act of 1935, The Investment Company Act of 1940, The Investment Advisers Act of 1940, and the so called "Blue Sky" laws of the various states or other jurisdiction;
  - (c) of any officer, director or trustee arising out of a shareholder's derivative action;
  - (d) which would be payable under the terms of a Directors and Officers Liability Insurance Policy or a Directors and Company Reimbursement Indemnity Policy of the type issued by insurance companies in the United States of America, as if any Insured had obtained such coverage in an amount sufficient to pay the full amount being claimed against any Insured and any defence thereof, whether or not any Insured has obtained such coverage;
- 20.
- (a) arising out of any violation of any federal or state law regulating, controlling or governing antitrust or the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts and practices or conspiracies in trade and commerce including, without limitation, the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act, the Hart-Scott-Rodino Antitrust Improvements Act and the Racketeer Influenced And Corrupt Organisation Act;
  - (b) arising out of any claim made by or on behalf of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Resolution Trust Company, any other depository insurance corporation, the Comptroller of the Currency, the Federal Home Loan Bank board or any other federal or state bank regulatory agency, in its capacity as regulator, receiver, conservator, liquidator, shareholder, successor in interest or assignee of the Insured, whether such claim is brought in the name of such agency or by or on behalf of such agency in the name of any other person;
  - (c) arising out of or contributed to by the dishonesty, infidelity or fraud of any Insured;
21. for any act, negligence, error or omission, malpractice or mistake arising out of professional services, committed or alleged to have been committed by or on behalf of the Insured in the conduct of any of the Insured's business activities. "professional services" in this exclusion means the providing of or approval of opinions, advice, audits, reports, surveys, maps, plans, designs or specifications and supervisory, inspection, legal, medical, accounting, actuarial, architectural, insurance, investment or data processing services;
22. for Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury directly or indirectly caused by or arising out of: asbestos; tobacco; coal dust; polychlorinated biphenyls; silica; benzene; lead; talc; dioxin; pesticides or herbicides; electromagnetic fields; pharmaceutical or medical drugs/products/substances/devices; or any substance containing such material or any derivative thereof;
23. for Bodily Injury, Personal Injury, Property Damage and/or Advertising Injury in the nature of: - hearing loss or damage; human immune virus or acquired immune deficiency syndrome; cumulative trauma disorder, repetitive motion or strain injury, carpal tunnel syndrome;



24. for the Insured's failure to supply or from fluctuations in supply of any oil, gas, electricity, chemicals, products, materials or services.
  25. arising out of the maintenance, operation or use of any automobile;
  26. arising out of the maintenance, operation or use of any aeroplane, aircraft or helicopter which is designed to fly in the air, atmosphere or space;
- Nothing contained in the above exclusions shall extend this Section Five to cover any liability which would not have been covered had these exclusions not been incorporated herein.

#### **IV. DEFINITIONS**

This Section Five is subject to the following definitions: -

##### **1. ACCIDENT**

The word "accident", wherever used in this Section Five, shall mean an event which first commences on an identifiable specific date on or after the retroactive date set out in Item 6 of the Declarations to Section Five.

##### **2. ADVERTISING INJURY**

The words "advertising injury", wherever used in this Section Five, shall mean injury to a third party arising out of the Insured's advertising activities, but only if such injury arises out of: -

- (a) libel, slander or defamation,
- (b) any infringement of copyright, titles or slogans,
- (c) any invasion of right of privacy.

##### **3. AIRCRAFT LIABILITY**

The words "aircraft liability", wherever used in this Section Five, shall mean liability arising out of the maintenance, operation or use of any aeroplane, aircraft or helicopter which is designed to fly in the air, atmosphere or space.

##### **4. AUTOMOBILE**

The word "automobile", wherever used in this Section Five, shall mean a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment; but the word "automobile", shall not include the contents of any such vehicle, trailer or semi-trailer.

##### **5. AUTOMOBILE LIABILITY**

The words "automobile liability", wherever used in this Section Five, shall mean liability arising out of the maintenance, operation or use of any automobile.



## 6. AVIATION PRODUCTS

The words "aviation products", wherever used in this Section Five, shall mean any of the Insured's products consisting of or being a part of an aircraft, aero-plane, helicopter, rocket, missile, satellite or other craft designed to fly in the air, atmosphere or space. Aviation products shall not include aviation fuel or lubricants.

## 7. BODILY INJURY

The words "Bodily Injury", wherever used in this Section Five, shall mean all physical injury to a third-party human being including death, sickness, disease or disability and all mental injury, anguish or shock to such human being resulting from such physical injury, and all mental injury, anguish or shock suffered by any relative of such human being resulting from such physical injury.

## 8. CLAIM

The word "claim", wherever used in this Section Five, shall mean that part of each written demand received by the Insured for damages covered by this Section Five, including the service of suit or institution of arbitration proceedings.

## 9. COMPLETED OPERATIONS LIABILITY

The words "completed operations liability", wherever used in this Section Five, shall mean liability for Bodily Injury and/or Property Damage arising out of the Insured's operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the Bodily Injury and/or Property Damage happens after such operations have been completed or abandoned and happens away from premises owned, rented, leased or occupied by the Insured.

"Operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times: -

- (a) when all operations to be performed by or on behalf of the Insured under the contract have been completed, or
- (b) when all operations to be performed by or on behalf of the Insured at the site of the operations have been completed, or
- (c) when that portion of the work out of which the Bodily Injury and/or Property Damage arises has been put to its intended use by any person or organisation other than another contractor or sub-contractor engaged in performing operations for a principal as a part of the same project.

Operations which require service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise completed, shall be deemed completed.

Completed Operations Liability does not include liability for Bodily Injury and/or Property Damage arising out of: -

- (a) operations in connection with the transportation of property, unless the Bodily Injury and/or Property Damage arises out of a condition in or on an automobile created by the loading or unloading thereof,



- (b) the existence of tools, uninstalled equipment or abandoned or unused materials.

## 10. DEFENCE EXPENSES

The words "defence expenses", wherever used in this Section Five, shall mean reasonable costs and expenses towards investigation, adjustment, appraisal, defence and appeal and pre and post judgment interest, paid or incurred by or on behalf of the Insured.

The salaries, expenses or administrative costs of the Insured or its employees or any insurer shall not be included within the meaning of defence expenses.

## 11. EMPLOYERS' LIABILITY

The words "employers' liability", wherever used in this Section Five, shall mean any liability of an Insured to its employee arising out of the employment of that employee.

## 12. INSURED

Only the following are included in the definition of the "Insured" under this Section Five: -

- i. the named Insured, as set forth in Item 1 of the Declarations to Section Five,
- ii. the named Insured's subsidiary, owned or controlled companies which have been declared and accepted by the Insurers at the inception date of this Section Five of the policy,
- iii. any person or entity to whom the Insured is obliged by virtue of a written contract entered into before any relevant Accident, to provide insurance within the coverage afforded by this Section Five. Said person or entity shall be covered only to the extent of such obligation of the Insured and then only in respect of products manufactured by or operations carried out by or on behalf of the Insured or of facilities of the Insured or of facilities used by the Insured,
- iv. additional Insureds, other than as provided for in b) or c) above, which have been declared and accepted by the Insurers at the inception date of this Section Five of the policy,
- v. any officer, director, stockholder, partner or employee of an Insured, but only in respect of a claim made against him in his capacity as such,
- vi. such additional percentage of any joint venture, operation or partnership where the Insured is required by written contract to provide insurance for any other partner in the joint venture and which has been declared to and accepted by the Insurers at the inception date of this Section Five of the policy,
- vii. any person or entity that would otherwise fall under b), d), or f) above but for which the named Insured first seeks coverage after the inception date and during the period of this Section Five of the policy, will automatically be covered hereon subject to the retroactive date for such person or entity being the date from which coverage is required and provided satisfactory advice and full information is received by the Insurers from the first named Insured of such additional person or entity within 45 days after the date such coverage is required. The Insurers' reserve the right to charge such additional premium and/or impose such specific terms, conditions and exclusions upon any person or entity covered under this paragraph g) as the Insurers think fit,
- viii. any subsidiary or affiliated company insured under b), d), f), or g) above which ceases to be a subsidiary or affiliated company during the period set out in Item 5 of the Declarations to Section Five, but only with respect to the remainder of the period set out in Item 5 of the Declarations to Section Five and only in so far as such former subsidiary or affiliated company does not have any other insurance as set out in Condition 2 of this Section Five.



### **13. INSURED'S PRODUCTS**

The words "Insured's products", wherever used in this Section Five, shall mean goods or products manufactured, sold, handled or distributed by the Insured or by others trading under the name of the Insured, including any packaging thereof.

### **14. OCCUPATIONAL DISEASE**

The words "occupational disease", wherever used in this Section Five, shall mean any injury, including death, sickness, disease or disability, defined as occupational disease in any workers' compensation, unemployment compensation or disability benefits, laws, statutes or regulations of any jurisdiction in which the claim is made or the occupational disease arose.

### **15. PERSONAL INJURY**

The words "personal injury", wherever used in this Section Five, shall mean:-

- (a) false arrest, false imprisonment, wrongful eviction or wrongful detention of a third-party (natural person);
- (b) libel, slander, defamation of character or invasion of right of privacy of such natural person, unless arising out of any advertising activities;
- (c) mental injury, anguish or shock to such human being which results from a) and/or b) above.

### **16. PRODUCTS LIABILITY**

The words "products liability", wherever used in this Section Five, shall mean liability for Bodily Injury and/or Property Damage arising out of the Insured's products or reliance upon a representation or warranty made at any time with respect thereto, but only if the Bodily Injury and/or Property Damage happens after physical possession of the Insured's products has been relinquished to others and happens away from premises owned, leased, rented or occupied by any Insured.

### **17. PROPERTY DAMAGE**

The words "property damage", wherever used in this Section Five, shall mean physical loss of, physical damage to or physical destruction of tangible property of a third party, including loss of use of the tangible property so lost, damaged or destroyed.

### **18. THIRD PARTY**

The words "third party", wherever used in this Section Five, shall mean any company, entity or natural person other than an Insured or other than a subsidiary, owned or controlled company or entity of an insured. Notwithstanding definition 12 (e) of this Section Five, an employee of an Insured shall be treated as a Third Party hereunder when making a claim against an Insured.



## **19. ULTIMATE NET LOSS**

The words "ultimate net loss", wherever used in this Section Five, shall mean the amount the Insured is obligated to pay, by judgment or settlement, as damages resulting from a claim, including defence expenses in respect of such claim.

## **20. WATERCRAFT LIABILITY**

The words "watercraft liability", wherever used in this Section Five, shall mean liability arising out of the maintenance, operation or use of any craft designed to float or travel on, in or under the water, including hovercraft.



**SHORT RATE CANCELLATION TABLE**

Days Insurance in Force	Per Cent of One Year Premium	Days Insurance in Force	Per Cent of One Year Premium
1	5	154-156	53
2	6	157-160	54
3- 4	7	161-164	55
5- 6	8	165-167	56
7- 8	9	168-171	57
9- 10	10	172-175	58
11- 12	11	176-178	59
13- 14	12	179-182	(6 months) 60
15- 16	13	183-187	61
17- 18	14	188-191	62
19- 20	15	192-196	63
21- 22	16	197-200	64
23- 25	17	201-205	65
26- 29	18	206-209	66
30- 32	(1 month) 19	210-214	(7 months) 67
33- 36	20	215-218	68
37- 40	21	219-223	69
41- 43	22	224-228	70
44- 47	23	229-232	71
48- 51	24	233-237	72
52- 54	25	238-241	73
55- 58	26	242-246	(8 months) 74
59- 62	(2 months) 27	247-250	75
63- 65	28	251-255	76
66- 69	29	256-260	77
70- 73	30	261-264	78
74- 76	31	265-269	79
77- 80	32	270-273	(9 months) 80
81- 83	33	274-278	81
84- 87	34	279-282	82
88- 91	(3 months) 35	283-287	83
92- 94	36	288-291	84
95- 98	37	292-296	85
99-102	38	297-301	86
103-105	39	302-305	(10 months) 87
106-109	40	306-310	88
110-113	41	311-314	89
114-116	42	315-319	90
117-120	43	320-323	91
121-124	(4 months) 44	324-328	92
125-127	45	329-332	93
128-131	46	333-337	(11 months) 94
132-135	47	338-342	95
136-138	48	343-346	96
139-142	49	347-351	97
143-146	50	352-355	98
147-149	51	356-360	99
150-153	(5 months) 52	361-366	100

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## ENDORSEMENT CONTAINING ENERGY EXCLUSIONS TO SECTION FIVE

Notwithstanding anything to the contrary contained in this Section Five, it is hereby understood and agreed that this Section Five shall not apply to any actual or alleged liability for:-

### 1. LOSS OF WELL OR HOLE

- (a) loss of or damage to any well or hole
  - i. which is being drilled or worked over by or on behalf of the Insured,
  - ii. in connection with which the Insured has provided services, equipment or materials,
- (b) any cost or expense incurred in, or incidental to redrilling or restoring any such well or hole or any substitute well or hole;

### 2. IN-HOLE EQUIPMENT

loss of or damage to any drilling tool, pipe, collar, casing, bit, pump, drilling or well servicing machinery or any other equipment while it is below the surface of the earth in any well or hole

- (a) which is being drilled or worked over by or on behalf of the Insured,
- (b) in connection with which the Insured has provided services, equipment or materials;

### 3. COST OF CONTROL

any costs or expenses incurred in, or incidental to

- (a) controlling or bringing under control any wells or holes,
- (b) extinguishing fire in or from any wells or holes,
- (c) drilling relief wells or holes, whether or not the relief wells or holes are successful;

### 4. REMOVAL OF DEBRIS

any costs or expenses incurred in, or incidental to

- (a) the raising, removal or destruction of any wreckage, debris or obstruction, however caused, whether or not the property of the Insured, and whether or not such raising, removal or destruction is required by law, contract or otherwise,

but this exclusion 4. (a) is deleted following a fortuity only.

- (b) the removal or recovery of any drilling tool, pipe, collar, casing, bit, pump, drilling or well servicing machinery or any other equipment while it is below the surface of the earth in any well or hole;

### 5. SUB-SURFACE OPERATIONS





damage to, loss of or loss of use of property resulting from subsidence caused by sub- surface operations of the Insured;

#### **6. UNDERGROUND RESOURCES**

loss of or damage to sub-surface oil, gas, water, or other substance or material, or the cost or expense of reducing to physical possession above the surface of the earth any oil, gas, water, or other substance or material, or the cost or expense incurred or rendered necessary to prevent or minimize such loss or damage;

#### **7. CO-OWNER**

Any liability on account of loss or damages or bodily injury to any co-owner (of a working interest) or their property with respect to such working interest. As used in this exclusion, the term "co-owner of a working interest" means any person or entity working with the Insured, a co-owner, joint venturer or mining partner in mineral properties who participates in the operating expense of such properties or revenues therefrom, or who has the right to participate in the control, development or operation of such properties.



**Section VI. CHARTERERS'S AND CONTRACTORS LEGAL LIABILITY**

**LONDON CHARTERERS LIABILITY WORDING 1996**

(Not applicable to vessels on demise or bareboat charters)

**1. COVERAGE**

Subject to the conditions, exclusions, warranties, definitions and limitations of this insurance, Insurers shall indemnify the Insured up to a limit specified in the policy schedule for any one loss or series of losses arising out of an Accident all coverages combined in respect of:

- a) their legal and/or contractual liabilities to third parties, owners and/or disponent owners of the Chartered Vessel which are covered in the United Kingdom Mutual Assurance Association (Bermuda) Ltd. standard form of certificate and/or under their club rules for charterers' risks published and in effect at the inception of this insurance, but subject always to the limit of this insurance and further, Insurers retain all rights reserved by the Association in the said certificate and/or their club rules.
- b) their legal and/or contractual liabilities for physical loss of or physical damage to cargo carried on board the Chartered Vessel including demurrage payments as specified in the charter party arising out of detention or loss of use of the Chartered Vessel and as a consequence of physical loss of or physical damage to such cargo carried on board the Chartered Vessel.
- c) their legal and/or contractual liabilities for physical loss of or physical damage to the Chartered Vessel including demurrage payments as specified in the charter party arising out of detention or loss of use of the Chartered Vessel and as a consequence of physical loss of or physical damage to such Chartered Vessel.
- d) their legal and/or contractual liabilities for owners' contributions in general average, salvage and salvage charges in relation to the Chartered Vessel, where such liabilities arise solely in direct consequence of an Accident to the Chartered Vessel giving rise to liabilities for which indemnity is provided under (a), (b) or (c) above.

Notwithstanding the above this insurance shall only indemnify the Insured for amounts in excess of as per Declarations:

Where there is an Accident which involves a claim under more than one of either coverages (a), (b), (c) or (d) above then the largest single excess shall apply.

**2. CONDITIONS**

- a) Cancellation Clause (in respect of time charters only)

This insurance may be cancelled by the Insured at any time or by the Insurers hereon or their representatives by sending by registered mail notice to the other party stating when, not less than 7 days thereafter, cancellation shall become effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the coverage under this insurance shall end on the effective date and hour of cancellation stated in the notice.

In the event of Insurers giving notice, and this insurance being subject to a minimum and deposit premium, then the words minimum, and shall be deemed deleted. In the event that the Chartered



Vessel is at sea when cancellation becomes effective then coverage hereon shall remain in force until completion of discharge of the Charterer's cargo at the next port of call.

b) Costs

Costs incurred by the Insured shall be payable by Insurers only if Insurers hereon give written consent to the incurring of such costs in respect of any particular claim, suit or proceeding and if such costs are not covered by underlying insurance, and then only in proportion between the amount (excluding costs) paid by the Insured (or by the underlying insurers), and the amount (excluding costs) paid by the Insurers hereon. (The word costs shall be understood to mean investigation, adjustment and legal fees and expenses, excluding, however, all expenses for salaried employees and retained counsel and all office expenses of the Insured).

However, Insurers hereon shall not be [table for any costs in addition to the limit of liability as stated herein; any such additional costs shall be home by the Insured.

c) Assistance and Co-operation

In the event that any Accident appears reasonably likely to involve Insurers, the Insured shall give prompt written notice to the Insurers hereon, shall forward every notice served upon the Insured and shall thereafter keep Insurers fully advised as Insurers may request. Insurers shall not be called upon to undertake or assume charge of investigation, defence or settlement of any claim, suit or proceeding against the Insured, but expressly reserve hereby the right and shall be given the opportunity to associate with the insured or insurer, or both, in the defence and control of any claim, suit or proceeding which in the opinion of Insurers is likely to involve this insurance in which event the Insured and Insurers shall operate in such defence to the mutual advantage of both. The Insured shall not admit liability for or settle any claim without the written consent of Insurers hereon.

d) Other Insurance

In the event of an Accident giving rise to a claim which is, or but for the existence of this insurance, would be covered under any other contract of indemnity or insurance inuring to the benefit of the Insured, the insurance afforded by this Section of the Policy shall be in excess of the amount which would be recoverable under such other indemnity or insurance had this insurance not been effected, but only to the extent !hat the excess amount is covered by this insurance.

e) Trading

The charter party shall require that the Chartered Vessel is to trade within Institute warranty limits. If the Chartered Vessel sails outside these limits, coverage hereon shall be held covered subject to notice being given to the Insurers hereon and subject to an additional premium being agreed by the Insurers.

### 3. EXCLUSIONS

Notwithstanding anything to the contrary herein, it is expressly understood and agreed that this insurance shall exclude-the following:



- a) Contractual or assumed liabilities other than those of the Insured's liabilities as charterer which are established by the specimen charter party and rider clauses or under any bill of lading issued pursuant to the said charter party as seen and approved by the Insurers hereon.  
Any enhancement of, or addition to these liabilities which may fall upon the Insured through employment of alternative/additional charter parties or rider clauses will not be covered hereunder unless and until specifically accepted by Insurers hereon.
- b) Any liability arising out of the carriage of cargo on deck with under-deck bills of lading unless the bills are caused accordingly to allow such carriage.
- c) The insolvency, bankruptcy receivership, financial default or any refusal or inability to pay of the Insured and/or any Insurer and/or any underwriter shall not operate to increase Insurers' liability under this insurance or to increase e any Insurers' share of liability under this insurance. In no event shall any Insurer of this insurance assume the responsibilities and/or obligations of the Insured and/or any Insurer and/or any underwriter.
- d) Punitive, exemplary and/or any additional damages resulting from the multiplication of compensatory damages.
- e) Any liability for physical loss, physical damage or liability directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority, except with the agreement of Insures at an additional premium, if required.
- f) Any liability arising out of helicopter operation.
- g) Supply time.

#### 4. WARRANTIES

It is a condition precedent to liability under this insurance and it is warranted that the Insured complies with the following warranties:

- a) The charter party requires that the Chartered Vessel is fully classed with an international Association of Classification Society member.
- b) In respect of the Insured's liability to cargo, as provided in coverage 1 (b) above, the charter party requires the shipowner or his agents to sign all bills of lading. However, this warranty shall not apply where, with the prior agreement of the Leading Insurer hereon, the charter party and/or bill of lading contains a demise (identity of carrier) clause as agreed by the said Leading Insurer.
- c) All cargoes are carried and/or are stowed in accordance with International Maritime Organisation regulations, codes and practices in force at the commencement of this insurance.

#### 5. DEFINITIONS

- a) Chartered Vessel  
The Chartered Vessel includes the hull, machinery, equipment, lashings, stores and fuel to the extent that the same are not owned or 'leased by the Insured.
- b) Accident

The word Accident, shall mean an event which first commences on an identifiable date during the period of this insurance which the Insured neither intended or expected



**Section VII. TERRORISM DAMAGE COVER ENDORSEMENT - MATERIAL DAMAGE AND LOSS OF PROFIT**

**INSURING CLAUSE**

Subject otherwise to the terms, exclusions, provisions and conditions contained in the Policy and in consideration of the payment by the Insured to the Company of additional premium as stated in the Schedule, it is hereby agreed and declared that notwithstanding anything stated in the "Terrorism Risk Exclusion" of this Policy to the contrary, this Policy is extended to cover:

- (i) Physical loss or physical damage occurring during the period of this Policy caused by an act of sabotage and / or terrorism to the location/s mentioned in the schedule, subject to the exclusions, limits and excess hereinafter contained,  
For the purpose of this cover, an act of sabotage and / or terrorism means an act or series of acts, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), or unlawful associations, recognized under Unlawful Activities (Prevention) Amendment Act, 1967 (as amended from time to time) or any other related and applicable national or state legislation formulated to combat unlawful and terrorist activities in the nation for the time being in force, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes.  
For the purpose of this cover, an act of sabotage means a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
- (ii) loss, damage, cost or expense directly caused by, resulting from or in connection with any action taken in suppressing, controlling, preventing or minimizing the consequences of an act of sabotage and/or terrorism by the duly empowered government or Military Authority.  
Provided that If the Insured is eligible for indemnity under any government compensation plan or other similar scheme in respect of the damage described above, this Policy shall be excess of any recovery due from such plan or scheme.  
For the purpose of the aforesaid inclusion clause, "Military Authority" shall mean armed forces, para military forces, police or any other authority constituted by the government for maintaining law and order.
- (iii) Loss resulting from necessary interruption of business caused by direct physical loss or damage in respect of which liability has been admitted by the Company under (i) and/or (ii) above. In the event of such direct physical loss or damage, this Policy shall be liable for the actual loss sustained by the insured resulting directly from such necessary interruption of business, but not exceeding the loss of gross profits, as defined in the Policy, less charges and expenses which are not necessary during the interruption of business, for such length of time as would be required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such part of the property as has been destroyed or damaged, commencing with the date of such direct physical loss or damage and not limited by the expiration of this Policy.  
Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operations of the Insured with the same operational capability as existed immediately before the loss.



## LOSSES EXCLUDED

### (A) For Materials Damage

This cover shall not indemnify loss of or damage to property caused by any or all of the following: -

1. loss by seizure or legal or illegal occupation;
2. loss or damage caused by:
  - (i) voluntary abandonment or vacation,
  - (ii) confiscation, commandeering, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority, which deprives the Insured of the use or value of its property;
3. loss or damage arising from acts of contraband or illegal transportation or illegal trade;
4. loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment;
5. loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind;
6. loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind;
7. any fine, levy, duty, interest or penalty or cost or compensation/damages and/or other assessment which is incurred by the Insured or which is imposed by any court, government agency, public or civil authority or any other person;
8. loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon.

This exclusion shall not operate to exclude losses(which would otherwise be covered under this Policy) 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;

9. loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labour unrest, riots or civil commotion ;
10. loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder;
11. any consequential loss or damage, loss of use, delay or loss of markets, loss of income, depreciation, reduction in functionality, or increased cost of working;
12. loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service;
13. loss or increased cost as a result of threat or hoax;
14. loss or damage caused by or arising out of burglary, house - breaking, looting, theft, larceny or any such attempt or any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) in any action taken in respect of an act of sabotage and/or terrorism;
15. loss or damage caused by mysterious disappearance or unexplained loss;
16. loss or damage directly or indirectly caused by mold, mildew, fungus, spores or other micro-organism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health;



17. total or partial cessation of work or the retardation or interruption or cessation of any process or operations or omissions of any kind;
18. Any loss due to fines or damages for breach of contract or penalties of whatever nature;
19. Any infidelity, fraudulent, dishonest or criminal act by any director, officer or trustee of the Insured whether acting alone or in collusion with others;
20. Any debt, insolvency or commercial failure, whether to provide bond or security or otherwise, or any other financial cause of any party or person whatsoever.
21. loss or damage caused by Civil Commotion, Insurrection, Revolution or Rebellion, Mutiny and/or Coup d'Etat and Civil War except as may be insured specifically under any Political Violence Extension to this cover;
22. Third party liability howsoever arising except as may be insured specifically under any Third-Party Liability Extension to this cover.

### **(B) For Loss of Profit**

This cover shall not indemnify: -

1. increase in loss resulting from interference at the insured premises, by terrorists or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation;
2. increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract, or order, unless such results directly from the insured interruption of business, and then the Company shall be liable for only such loss as affects the Insured's earnings during, and limited to, the period of indemnity covered under this Policy;
3. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder;
4. the Insured's lack of sufficient capital for timely restoration or replacement of property lost destroyed or damaged;
5. loss resulting from:
  - a) deliberate erasure, loss, distortion or corruption of information on computer systems or other records, programmes or software;
  - b) other erasure, loss, distortion or corruption of information on computer systems or other records, programmes or software unless caused by damage to the machine or apparatus in which the records are mounted;
6. loss resulting from alterations, additions, improvements, rectification of defects or faults or elimination of any deficiencies carried out after the physical loss;
7. loss of market or any other consequential loss.
8. loss as a result of physical or mental or bodily injury to any person.
9. loss arising from Contingent Business Interruption Extension of Business Interruption/Loss of Profit Section under this policy, comprising of Customers and Suppliers premises, Prevention of Access and Public Utilities.

### **LIMIT OF INDEMNITY**

As specified in Policy Schedule

### **MID TERM COVER**

In case the coverage under this endorsement is granted during the currency of the policy, no claims will be payable for loss or damage to property caused by an act of sabotage and/or terrorism occurring during the first 15 (fifteen) days from the date of granting such cover. There should be no known or recorded/reported



losses from ground up including threats/hoaxes from date of inception of policy to the date of granting such cover.

#### **SANCTION, LIMITATION AND EXCLUSION CLAUSE (LMA 3100)**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America

#### **CANCELLATION CLAUSE**

Notwithstanding the cancellation provisions relating to the basic insurance policy on which this endorsement is issued, there shall be no refund of premium allowed for cancellation of the Sabotage and/or Terrorism risk insurance during the period of insurance except where such cancellation is done along with the cancellation of the basic insurance. Where a policy is cancelled and rewritten mid-term purely for the purpose of coinciding with the accounting year of the insured, pro-rate refund of the cancelled policy premium will be allowed.

If the cancellation is for any other purpose, refund of premium will only be allowed after charging short term scale rates.

Note: The definitions, terms and conditions of the Policy save as modified or endorsed herein shall apply.

#### **ENDORSEMENT 2-SABOTAGE AND TERRORISM DAMAGE COVER ENDORSEMENT (MATERIAL DAMAGE ONLY)**

#### **INSURING CLAUSE**

Subject otherwise to the terms, exclusions, provisions and conditions contained in the Policy and in consideration of the payment by the Insured to the Company of additional premium as stated in the Original Policy Schedule, it is hereby agreed and declared that notwithstanding anything stated in the 'Terrorism Risk Exclusion' of this Policy to the contrary, this Policy is extended to cover physical loss or physical damage occurring during the period of this Policy caused by an act of sabotage and/or terrorism to the location/s mentioned in the schedule subject to the exclusions, limits and excess described hereinafter.

For the purpose of this cover, an act of terrorism means an act or series of acts, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), or unlawful associations, recognized under Unlawful Activities (Prevention) Act, 1967 (as amended from time to time) or any other related and applicable national or state legislation formulated to combat unlawful and terrorist activities in the nation for the time being in force, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes.

For the purpose of this cover, an act of sabotage means a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

This cover also includes loss, damage, cost or expense directly caused by, resulting from or in connection with any action taken in suppressing, controlling, preventing or minimizing the consequences of an act of sabotage and/or terrorism by the duly empowered government or Military Authority.

Provided that if the Insured is eligible for indemnity under any government compensation plan or other similar scheme in respect of the damage described above, this Policy shall be excess of any recovery due from such plan or scheme.





For the purpose of the aforesaid inclusion clause, "Military Authority" shall mean armed forces, paramilitary forces, police or any other authority constituted by the government for maintaining law and order.

### **LOSSES EXCLUDED**

This cover shall not indemnify loss of or damage to property caused by any or all of the following: -

1. loss by seizure or legal or illegal occupation;
2. loss or damage caused by:
  - (i) voluntary abandonment or vacation,
  - (ii) confiscation, commandeering, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority, which deprives the Insured of the use or value of its property;
3. loss or damage arising from acts of contraband or illegal transportation or illegal trade;
4. loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment;
5. loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind;
6. loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind;
7. any fine, levy, duty, interest or penalty or cost or compensation/damages and/or other assessment which is incurred by the Insured or which is imposed by any court, government agency, public or civil authority or any other person;
8. loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon. This exclusion shall not operate to exclude losses (which would otherwise be covered under this Policy) 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;
9. loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labour unrest or riots;
10. loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder;
11. any consequential loss or damage, loss of use, delay or loss of markets, loss of income, depreciation, reduction in functionality, or increased cost of working;
12. loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service;
13. loss or increased cost as a result of threat or hoax;
14. loss or damage caused by or arising out of burglary, house - breaking, looting, theft, larceny or any such attempt or any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) in any action taken in respect of an act of sabotage and/or terrorism;
15. loss or damage caused by mysterious disappearance or unexplained loss;
16. loss or damage directly or indirectly caused by mold, mildew, fungus, spores or other micro-organism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health;



17. total or partial cessation of work or the retardation or interruption or cessation of any process or operations or omissions of any kind;
18. Any loss due to fines or damages for breach of contract, or penalties of whatever nature;
19. Any infidelity, fraudulent, dishonest or criminal act by any director, officer or trustee of the Insured whether acting alone or in collusion with others;
20. Any debt, insolvency or commercial failure, whether to provide bond or security or otherwise, or any other financial cause of any party or person whatsoever.
21. loss or damage caused by Civil Commotion, Insurrection, Revolution or Rebellion, Mutiny and/or Coup d'Etat and Civil War except as may be insured specifically under any Political Violence Extension to this cover;
22. Third party liability howsoever arising except as may be insured specifically under any Third-Party Liability Extension to this cover.

#### **LIMIT OF INDEMNITY**

As mentioned in Policy Schedule

#### **MID TERM COVER**

In case the coverage under this endorsement is granted during the currency of the policy, no claims will be payable for loss or damage to property caused by an act of sabotage and/or terrorism occurring during the first 15 (fifteen) days from the date of granting such cover. There should be no known or recorded/reported losses from ground up including threats/hoaxes from date of inception of policy to the date of granting such cover.

#### **EXCESS**

As mentioned in Policy Schedule

#### **SANCTION, LIMITATION AND EXCLUSION CLAUSE – LMA 3100**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

#### **CANCELLATION CLAUSE**

Notwithstanding the cancellation provisions relating to the basic insurance policy on which this endorsement is issued, there shall be no refund of premium allowed for cancellation of the Sabotage and/or Terrorism risk insurance during the period of insurance except where such cancellation is done along with the cancellation of the basic insurance. Where a policy is cancelled and rewritten mid-term purely for the purpose of coinciding with the accounting year of the insured, pro-rate refund of the cancelled policy premium will be allowed.

If the cancellation is for any other purpose, refund of premium will only be allowed after charging short term scale rates. Note: The definitions, terms and conditions of main Policy save as modified or endorsed herein shall apply.



## INSTITUTE CLAUSES FOR REFERENCE

(These clauses shall remain in effect unless superseded by a subsequent updated version)

## INSTITUTE CLAUSES FOR BUILDERS RISKS

**VESSEL** TO BE AGREED  
**Contract or Yard No.** TO BE AGREED  
**BUILDERS'** TO BE AGREED  
**BUILDERSE YARDS** TO BE AGREED

### SUBJECT OF INSURANCE

(Where more than one part of the subject matter insured is described in Section I(A), Section I(B) or Section II below, then the respective wording of Section I(A), Section (B) or Section II shall be applied to each part separately.)

### SECTION 1.

Provisional Period to be agreed from to be agreed but this insurance to terminate upon delivery to Owners if prior to expiry of Provisional Period.

- A. HULL and MACINERY etc. under construction at the yard or other premises of the Builders.

Description	Contract or Yard No.	Provisionally valued at	To be built at/by

The subject matter of this sub-section A is covered whilst at Builders' Yard and at Builders premises elsewhere within the port or place of construction at which the Builders' Yard is situated and whilst in transit between such locations. The Insurer' liability in respect of each item of this sub-section A which is at such locations shall attach from the time:

- i. of inception of this Section I if such item has already been allocated to the vessel;
- ii. of delivery to Builders of such item (if allocated) when delivered after inception of this Section 1;
- iii. of allocation by Builders if allocated after inception of this Section I.

- B. MACHINERY and the like insured hereon whilst under construction by Sub-Contractors-

Description	Contract or Yard No.	Provisionally valued at	To be built at/by



The subject-matters of this sub-section B is whilst at Sub- Contractors works and at Sub Contractors' premises elsewhere within the port or place of construction at which the Sub-Contractors works are situated and whilst in transit between such locations.

The Insurer' liability in respect of each item of this sub-section B which is at such locations shall attach from the time: -

- i. of inception of this Section I if such item has already been allocated to the vessel;
- ii. of delivery to the Sub-Contractors of such item (if allocated) when delivered after inception of this Section 1;
- iii. of allocation by the Sub-Contractors if allocated after inception of this Section 1.

The subject-matter of this sub-section B is also covered whilst: -

- (a) in transit to Builders if the transit is within the port or place of construction at which the Builders' Yard is situated;
- (b) at Builders' Yard and at Builders' premises elsewhere within the port or place of construction at which the Builders' Yard is situated and whilst in transit between such locations.

**SECTION 11.**

Provisional Period to be agreed from to be agreed but this insurance to terminate upon delivery to Owners if prior to expiry of Provisional Period.

MACHINERY and the like insured hereon from delivery to Builders.

Description	Contract or Yard No.	Provisionally valued at	To be built at/by

The subject-matter of this Section II is covered whilst at Builders' Yard and at Builders' premises elsewhere within the port or place of construction at which the Builders Yard is situated and whilst in transit between such locations. The Insurer' liability in respect of each item of this Section II shall attach from the time of delivery to Builders

**1. INSURED VALUE**

- 1.1 Whereas the value stated herein is provisional, it is agreed that the final contract price, or the total building cost plus as per policy % whichever is the greater, of the subject-matter of (his insurance shall be the insured value.
- 1.2 Should the insured value, determined as above,
  - 1.2.1. exceed the provisional value stated herein, the Insured agree to declare to the Insurer hereon the amount of such excess and to pay premium thereon at the full policy rates, and the Insurer agree to accept their proportionate shares of the increase,
  - 1.2.2. be less than (he provisional value stated herein, the sum insured by this insurance shall be reduced proportionately and the Insurer agree 10 return premium at the full policy rates on the amounts by which their respective lines are reduced.
- 1.3 Nevertheless, should the insured value exceed 125% of the provisional value, then the limits of indemnity under this insurance shall be 125% of the provisional value, any one accident or series of accidents arising out of the same event.
- 1.4 Notwithstanding the above it is understood and agreed that any variation of the value tr insurance on account of a material alteration in the plans or fittings of the vessel or a change in type from that



originally contemplated does not come within the scope of this clause and such a variation requires the specific agreement of the Insurer.

**2. TRANSIT**

Held covered at a premium to be arranged for transit not provided for in Section I or II above.

**3. DELAYED DELIVERY**

Held covered at a premium to be arranged in the event of delivery to Owners being delayed beyond the provisional period(s) mentioned above, but in no case shall any additional period of cover extend beyond 30 days from completion of Builders' Trials.

**4. DEVIATION OR CHANGE OF VOYAGE**

Held covered in case of deviation or change of voyage, provided notice be given to the Insurer immediately after receipt of advices and any amended terms of cover and any additional premium required by them be agreed.

**5. PERILS**

5.1 SUBJECT ALWAYS TO ITS TERMS, CONDITIONS AND EXCLUSIONS this insurance is against all risks of loss' of or damage to the subject-matter insured caused and discovered during the period of this insurance including the cost of repairing replacing or renewing any defective art condemned solely in consequence of the discovery therein during the period of this insurance latent defect. In no case shall this insurance cover the cost of renewing faulty welds.

5.2 In case of failure of launch, the Insurer to bear all subsequent expenses incurred in completing launch.

**6. EARTHQUAKE AND VOLCANIC ERUPTION EXCLUSION**

In no case shall this insurance cover loss damage liability or expense caused by earthquake or volcanic eruption. This exclusion applies to all claims including claims under Clauses 13, 17, 19 and 20.

**7. POLLUTION HAZARD**

This insurance covers loss of or damage to the vessel caused by any governmental authority acting under the powers vested in it to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the vessel for which the Insurer are liable under this insurance, provided such act of governmental authority has not resulted from want of due diligence by the Insured, the Owners, or Managers of the vessel or any of them prevent or mitigate such hazard or threat. Master, Officers, Crew or Pilots not to be considered Owners within the meaning of this Clause 7 should they hold shares in the vessel.

**8. FAULTY DESIGN**

Notwithstanding anything to the contrary which may be contained in the policy or the clauses attached thereto, this insurance includes loss of or damage to the subject-matter insured caused and discovered during the period of this insurance arising from faulty design of any part or parts there of but in no case shall this insurance extend to cover the cost or expense of repairing, modifying, replacing or renewing Such part or pans, nor any cost or expel)se incurred by reason of betterment or alteration in design.

**9. NAVIGATION**



- 9.1 With leave to proceed to and from any wet or dry docks, harbours, ways, cradles and pontoons within the port or place of construction and to proceed under own power, loaded or in ballast, as often as required, for fitting Out, docking, trials or delivery, within a distance by Water of 250 nautical miles of the port or place of construction, or held covered at a Premium to be arranged in the event of such distance being exceeded.
- 9.2 Any movement of the vessel in tow outside the port or place of construction held covered at a premium to be arranged, provided previous notice be given to the Insurer.

## **10. DEDUCTIBLE**

- 10.1 No claim arising from a peril insured against shall be payable under this insurance unless the aggregate of all such claims arising out of each separate accident or occurrence (including claims under Clauses 13, 17, 19 and 20) exceeds as per policy in which case this sum shall be deducted. Nevertheless, the expense of sighting the bottom after stranding, if reasonably incurred for that purpose, shall be paid even if no damage be found, This Clause 10.1 shall not apply to a claim for Total or Constructive Total Loss of the vessel or, in the event of such a claim, to any associated claim under Clause 20 arising from the same accident or occurrence.
- 10.2 Claims for damage by heavy weather occurring during a single sea passage between two successive ports shall be treated as being due to one accident. In the case of such heavy weather extending over a period not wholly covered by this insurance the deductible to be applied to the claim recoverable hereunder shall be the proportion of the above deductible that the number of days of such heavy weather falling within the period of this insurance bears to the number of days of heavy weather during the single sea passage.  
The expression "heavy weather" in this Clause 10.2 Shall be deemed to include contact with floating ice.
- 10.3 Excluding any interest comprised therein, recoveries against any claim which is subject to the above deductible shall be credited to the Insurer in full to the extent of the sum by which the aggregate of the claim unreduced by any recoveries exceeds the above deductible.
- 10.4 Interest comprised in recoveries shall be apportioned between the Insured and the Insurer, taking into account the sums paid by the Insurer and the dates when such payments were made, notwithstanding that by the addition of interest the Insurer may receive a larger Sum than they have paid.

## **11. UNREPAIRED DAMAGE**

- 11.1 The measure of indemnity in respect of claims for unrepaired damage shall be the reasonable depreciation in the market value of the vessel at the time this insurance terminates arising from such unrepaired damage, but not exceeding the reasonable cost of repairs.
- 11.2 In no case shall the Insurer be liable for unrepaired damage in the event of a subsequent Total Loss (whether or not covered under this insurance) sustained during the period covered by this insurance or any extension thereof.
- 11.3 The Insurer shall not be liable in respect of unrepaired damage for more than the insured value at the time this insurance terminates.

## **12. CONSTRUCTIVE TOTAL LOSS**

- 12.1 In ascertaining whether the subject-matter insured is a Constructive Total Loss, the insured value shall be taken as the repaired value and nothing in respect of the damaged or break-up value shall be taken into account,
- 12.2 No claim for Constructive Total Loss based upon the cost of recovery and/or repair shall be recoverable hereunder unless such cost would exceed the insured value. In making this



determination, only the cost relating to a single accident or sequence of damages arising from the same accident shall be taken into account.

### **13. GENERAL AVERAGE AND SALVAGE**

- 13.1 This insurance covers the vessel's proportion- of salvage, salvage charges and/or general average, reduced in respect of any under-insurance, but in case of general average sacrifice of the vessel the Insured may recover in respect of the whole loss without first enforcing their right of contribution from other parties.
- 13.2 Adjustment to be according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject; but where the contract of affreightment so provides the adjustment shall be according to the York-Antwerp Rules.
- 13.3 When the vessel sails in ballast, not under charter, the provisions of the York-Antwerp Rules, 1974 (excluding Rules XX and XXI) shall be applicable, and due voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the vessel at the first port or place thereafter other than a port or place of refuge or a port or place for bunkering only. If at any such intermediate port or place there is an abandonment of the adventure originally contemplated the voyage shall thereupon be deemed to be terminated.
- 13.4 No claim under this Clause 13 shall in any case be allowed where the loss was not incurred to avoid or in connection with the avoidance of a peril insured against.

### **14. NOTICE OF CLAIM**

In the event of loss damage liability or expense which may result in a claim under this insurance, prompt notice shall be given to the Insurer prior to repair and, if the subject-matter is under construction abroad, to the nearest Lloyd's Agent so that a surveyor may be appointed to represent the Insurer should they so desire.

### **15. CHANGE OF INTEREST**

Any change of interest in the subject-matter insured shall not affect the validity of this insurance.

### **16. ASSIGNMENT**

No assignment of or interest in this insurance or in any moneys which may be or become payable thereunder is to be binding on or recognised by the Insurer unless a dated notice of such assignment or interest signed by the Insured, and by the assignor in the case of subsequent assignment, is endorsed on the policy and the policy with such endorsement is produced before payment of any claim or return of premium thereunder.

### **17. COLLISION LIABILITY**

- 17.1 The Insurer agree to indemnify the Insured for any sum or sums paid by the Insured to any other person or persons by reason of the Insured becoming legally liable by way of damages for
  - 17.1.1 Loss of or damage to any other vessel or property on any other vessel
  - 17.1.2 Delay to or loss of use of any such other vessel or property thereon
  - 17.1.3 General average of, salvage of, or salvage under contract of, any such other vessel or property thereon,  
where such payment by the Insured is in consequence of the vessel hereby insured coming into collision with any other vessel.
- 17.2 The indemnity provided by this Clause 17 shall be in addition to the indemnity provided by the other terms and conditions of this insurance and shall be subject to the following provisions:



- 17.2.1 Where the insured vessel is in collision with another vessel and both vessels are to blame then, unless the liability of one or both vessels becomes limited by law, the indemnity under this Clause 7 shall be calculated on the principle of cross liabilities as if the respective Owners had been compelled to pay to each other such proportion of each other's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Insured in consequence of the collision.
- 17.2.2 In no case shall the Insurer total liability under clause 17.1 and 17.2 exceed their proportionate part of the insured value of the vessel hereby insured in respect of any one such collision.
- 17.3 The Insurer will also pay the reasonable legal costs incurred by the Insured or which the Insured may be compelled to pay in contesting liability or taking proceedings to limit liability, with the prior written consent of the Insurer.

### **EXCLUSIONS**

- 17.4 Provided always that this Clause 17 Shall in no case extend to any sum which the Insured shall pay for or in respect of
- 17.4.1 removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever
- 17.4.2 any real or personal property, or thing whatsoever except other vessels or property on other vessels
- 17.4.3 the cargo or other property on, or the engagements of, the insured vessel
- 17.4.4 Loss of life, personal injury or illness
- 17.4.5 Pollution or contamination of any real or personal property or thing whatsoever (except other vessels with which the insured vessel is in collision or property on such other vessels).

### **18. SISTERSHIP**

Should the vessel hereby insured come into collision with or receive salvage services from another vessel belonging wholly or in part to the same Owners or under the same management, the Insured shall have the same rights under this insurance as they would have were the other vessel entirely the property of Owners not interested in the vessel hereby insured; but in such cases the liability for the collision or the amount payable for the services rendered shall be referred to a sole arbitrator to be agreed upon between the Insurer and the Insured.

### **19. PROTECTION AND INDEMNITY**

- 19.1 The Insurer agree to indemnify the Insured for any sum or sums paid by the 'Insured to any other person or persons by reason of the Insured becoming legally liable, as Owner of the vessel, for any claim, demand, damages and/or expenses, where such liability is in consequence of any of the following matters or things and arises from an accident or occurrence during the period of this insurance:
- 19.1.1 Loss of or damage to any fixed or movable object or property or other thing or interest whatsoever, other than the vessel, arising from any cause whatsoever in so far as such loss or damage is not covered by Clause 17
- 19.1.2 any attempted or actual raising, removal or destruction of any fixed or moveable object or property or other thing, including the wreck of the vessel, or any neglect or failure to raise, destroy the same
- 19.1.3 liability assumed by the Insured under contracts of customary towage for the purpose of entering or leaving port or manoeuvring within the port
- 19.1.4 loss of life, personal injury, illness or payments made for life salvage.





- 19.2 The Insurer agree to indemnify the Insured for any of the following arising from an accident or occurrence during the period of this insurance:
- 19.2.1 the additional cost of fuel, insurance, wages, stores, provisions and port charges reasonably incurred solely for the purpose of landing from the vessel sick or injured persons or stowaways, refugees, or persons saved at sea
  - 19.2.2 additional expenses brought about by the outbreak of infectious disease on board the vessel or ashore
  - 19.2.3 fines imposed on the vessel, on the Insured, or on any Master Officer crew member or agent of the vessel who is reimbursed by the Insured, for any act or neglect or breach of any statute or regulation relating to the operation of the vessel, provided that the Insurer shall not be liable to indemnify the Insured for any fines which result from any act neglect failure or default of the Insured their agents or servants other than Master Officer or crew member
  - 19.2.4 the expenses of the removal of the wreck of the vessel from any place owned, leased or occupied by the Insured
  - 19.2.5 reasonable legal costs incurred by the Insured, or which the Insured may be compelled to pay, in avoiding, minimising or contesting liability with the prior written consent of the Insurer.

#### **EXCLUSIONS**

- 19.3 Notwithstanding the provisions of Clauses 19.1 and 19.2 this Clause 19 does not cover any liability cost or expense arising in respect of:
- 19.3.1 any direct or indirect payment of the Insured under workmen's compensation or employers' liability acts and any other statutory or common law, general maritime law or other liability whatsoever in respect of accidents to or illness of workmen or any other persons employed in any capacity whatsoever by the Insured or others in on or about or in connection with the vessel or her cargo materials or repairs
  - 19.3.2 liability assumed by the Insured under agreement expressed or implied in respect of death or illness of or injury to any person employed under a contract of service or apprenticeship by the other party to such agreement
  - 19.3.3 punitive or exemplary damages, however described
  - 19.3.4 cargo or other property carried, to be carried or which has been carried on board the vessel but this Clause 19.3.4 shall not exclude any claim in respect of the extra cost of removing cargo from the wreck of the vessel
  - 19.3.5 loss of or damage to property, owned by builders or repairers or for which they are responsible, which is on board the vessel
  - 19.3.6 liability arising under a contract or indemnity in respect of containers, equipment, fuel or Other property on board the vessel and which is owned or leased by the Insured
  - 19.3.7 cash, negotiable instruments, precious metals or stones, valuables or objects of a rare or precious nature, belonging to persons on board the vessel, or non-essential personal effects of any Master, Officer or crew member
  - 19.3.8 fuel, insurance, wages, stores, provisions and port charges arising from delay to the vessel while awaiting a substitute for any Master, Officer or crew member
  - 19.3.9 fines or penalties arising from overloading or illegal fishing
  - 19.3.10 Pollution or contamination of any real or persona] property or thing whatsoever.
- 19.4 The indemnity provided by this Clause 19 shall be in addition to the indemnity provided by the other terms and conditions of this insurance.



- 19.5 Where the Insured or the Insurer may or could have limited their liability the indemnity under this Clause 19 in respect such liability shall exceed Insurer) proportionate part of the amount of such limitation.
- 19.6 In no case shall the Insurer' liability under this Clause 19 in respect of each separate accident or occurrence or series of accidents arising out of the same event, exceed their proportionate pan of the insured value of the vessel.

**19.7 PROVIDED ALWAYS THAT**

- 19.7.1 prompt notice must be given to the Insurer of every casualty event or claim upon the Insured which may give rise to claim under this Clause 19 and of every event or matter which he may cause the Insured to incur liability costs or expense for which he may be insured under this Clause 19
- 19.7.2 the Insured shall not admit liability for or settle any claim for which he may be insured under this Clause 19 without the prior written consent of the Insurer

**20. DUTY OF INSURED (SUE AND LABOUR)**

- 20.1 In case of any loss or misfortune it is the duty of the Ass1red and their servants and agents to take such measures as may be reasonable for the purpose of averting or minimising a loss which would be recoverable under this insurance.
- 20.2 Subject to the provisions below and to Clause 10 the Insurer will contribute to charges properly and reasonably incurred by the Insured their servants or agents for such measures. General average, salvage charges (except as provided for in Clause 20.4) collision defence or attack costs and costs incurred by the Insured in avoiding, minimising or contesting liability covered by Clause 19 are not recoverable under this Clause 20.
- 20.3 Measures taken by the Insured or the Underwrites with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.
- 20.4 When a claim for Total Loss of the subject-matter insured is admitted under this insurance and expenses have been reasonably incurred in saving or attempting to save the subject-matter. insured and other property and there are no proceeds, or the expenses exceed the proceeds. then this insurance shall bear its pro rata share of such proportion of the expenses, or of the expenses in excess of the proceeds, as the case may be, as may reasonably be regarded as having been incurred in respect of the subject-matter insured.
- 20.5 The sum recoverable under this Clause 20 shall be in addition to the loss otherwise recoverable under this insurance but shall in no circumstances exceed the amount insured under this insurance in respect of the vessel.

The following clauses shall be paramount and shall override anything contained in this insurance inconsistent therewith.

**21 WAR EXCLUSION**

- In no case shall this insurance cover loss damage liability or expense caused by
- 21.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 21.2 capture seizure arrest restraint or detainment (barratry and piracy excepted), and the consequences there of or any attempt thereat
- 21.3 derelict mines torpedoes bombs or other derelict weapons of war.

**22. STRIKES EXCLUSION**

In no case shall this insurance cover loss damage liability or expense caused by



- 22.1 strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- 22.2 any terrorist or any person acting from a political motive.

### **23. MALICIOUS ACTS EXCLUSION**

In no case shall this insurance cover loss damage liability or expense from

- 23.1 the detonation of an explosive
- 23.2 any weapon of war  
and caused by any person, acting maliciously or from a political motive.

### **24. NUCLEAR EXCLUSION**

In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from

- 24.1 ionising radiations front or contamination by; radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- 24.2 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof
- 24.3 any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

## **INSTITUTE WAR CLAUSES BUILDERS' RISKS**

### **1. ATTACHMENT**

This insurance shall not attach to the subject-matter insured until the vessel is launched and then shall attach only to such part of the subject-matter as is built into or is in or on the vessel at the time of the launch. The insurance against (he said risks shall attach to the remainder of the subject-matter insured only as it is placed in or on the vessel subsequent to the launch.

### **2. PERILS**

Subject always to the exclusions hereinafter referred to, this insurance covers loss of or damage to the subject-matter insured caused by

- 2.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 2.2 capture seizure arrest restraint or detainment, arising from perils covered under 2.1 above, and the consequences thereof or any attempt thereat
- 2.3 derelict mines torpedoes bombs other derelict weapons of war.

### **3. PROTECTION AND INDEMNITY**

This insurance also covers, subject to the limitation of liability provided for in Clauses 19.5 and 19.6 of the Institute Clauses for Builders' Risks 1/6/88, the liability under Clause 19 of the Institute Clauses for Builders' Risks 1/6/88 which is excluded by Clauses 21, 22.2 and 23. Provided however that such cover shall not attach-until the vessel is launched.



#### 4. INCORPORATION

The Institute Clauses for Builders' Risks 1/6/88 except Clauses 4, 5. (and 5.2, 7, 8, 21, 22, 23 and 24 are deemed to be incorporated in this insurance, in so far as they do not conflict with the provisions of these clauses.

#### 5. DETAINMENT

In the event that the vessel shall have been the subject of capture seizure arrest restraint or detainment and the Insured shall thereby have lost the free use and disposal of the vessel for a continuous period of 12 months then for the purpose of ascertaining whether the vessel is a constructive total loss the Insured shall be deemed to have been deprived of the possession of the vessel without any likelihood of recovery.

#### 6. EXCLUSIONS

This insurance excludes

- 6.1 loss damage liability or expense arising from
  - 6.1.1 any detonation of any weapon of war employing atomic or nuclear fission and/or fusion or Other like reaction or radioactive force or matter, hereinafter called a nuclear weapon of war
  - 6.1.2 the outbreak of war (whether there be a declaration of war or not) between any of the following countries:  
United Kingdom, United States of America, France, Russia, the People's Republic of China
  - 6.1.3 confiscation expropriation requisition or pre-emption
  - 6.1.4 capture seizure arrest restraint or detainment by or under the order of the government or any public or local authority of the country in which the vessel is owned or registered
  - 6.1.5 arrest restraint or detainment under quarantine regulations or by reason of infringement of any customs or trading regulations
  - 6.1.6 the operation of ordinary judicial process, to provide security or to pay any fine or penalty or any financial cause
  - 6.1.7 any claims based upon loss of or frustration of any voyage or contract for sale or other adventure,
- 6.2 loss damage liability or expense covered by the Institute Clauses for Builders' Risks 1/6/88 or which would be recoverable thereunder but for Clause 10 thereof,
- 6.3 any claim for any sum recoverable under any other insurance on the property hereby insured or which would be recoverable under such insurance but for the existence of this insurance,
- 6.4 any claim or expenses arising from delay except such expenses as would be recoverable in principle in English law and practice under the York-Antwerp Rules 1974.

#### 7. TERMINATION

- 7.1 This insurance may be cancelled by either the Insurer or the Insured giving 7 days' notice (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is issued by or to the Insurer). The Insurer agree however to reinstate this insurance subject to agreement between the Insurer and the Insured prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions and/or warranties.
- 7.2 Whether or not such notice of cancellation has been given this insurance shall TERMINATE AUTOMATICALLY
  - 7.2.1 upon the occurrence of any hostile detonation of any nuclear weapon of war as defined in Clause 6.1.1 wheresoever or whensoever such detonation may occur and whether or not the Vessel may be involved
  - 7.2.2 upon the outbreak of war (whether there be a declaration not) between any of the following countries



United Kingdom, United States of America, France, Russia, the People's Republic of China.

**7.2.3** in the event of the vessel being requisitioned, either for title or use.

**7.3** In the event either of cancellation by notice or of automatic termination of this insurance by reason of the operation of this Clause 7 pro rata net return of premium shall be payable to the Insured.

This insurance shall not become effective if, subsequent to its acceptance by the Insurer and prior to the intended time of its attachment, there has occurred any event which would have automatically terminated this insurance under the provisions of Clause 7 Above.

## **INSTITUTE STRIKES CLAUSES BUILDERS' RISKS**

### **1. PERILS**

Subject always to the exclusions hereinafter referred to, this insurance covers loss of or damage to the subject-matter insured caused by

**1.1** strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions

**1.2** any terrorist or any person acting maliciously or from a political motive.

### **2. PROTECTION AND INDEMNITY**

This insurance also covers, subject to the limitation of liability provided for in Clauses 19.5 and 19.6 of the Institute Clauses for Builders' Risks 1/6/88, the liability under Clause 19 of the Institute Clauses for Builders' Risks 1/6/88 which is excluded by Clause 22.1.

### **3. INCORPORATION**

The Institute Clauses for Builders' Risks 1/6/88 are deemed to be incorporated in this insurance, in so far as they do not conflict, with the provisions of these clauses, but this insurance excludes any claim which would be recoverable under the said clauses.

### **4. RETURNS OF PREMIUM**

No return of premium hereunder unless specially agreed.

### **5. EXCLUSIONS**

This insurance excludes

**5.1** any loss of or damage to the subject-matter insured covered by the Institute War Clauses Builders' Risks 1/6/88

**5.2** any claim for expenses arising from delay except such expenses as would be recoverable in principle in English law and practice under the York-Antwerp Rules 1974

**5.3** piracy (but this exclusion shall not affect cover under Clause 1.1)

**5.4** any claim based upon loss of or frustration of any voyage or contract for sale or other adventure. The following clauses shall be paramount and shall override anything contained in this insurance inconsistent therewith.

### **6. WAR EXCLUSION**

In no case shall this insurance cover loss damage or expense caused by war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power.

### **7. NUCLEAR EXCLUSION**



In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from

7.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel

7.2 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof

7.3 any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

## **INSTITUTE CARGO CLAUSES (A)**

### **RISKS COVERED**

#### Risks

1. This insurance covers all risks of loss of or damage to the subject-matter insured except as excluded by the provisions of Clauses 4, 5, 6 and 7 below.

#### General Average

2. This insurance covers general average and salvage charges, adjusted or determined according to the contract of carriage and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in Clauses 4, 5, 6 and 7 below.

#### "Both to Blame Collision Clause"

3. This insurance indemnifies the Insured, in respect of any risk insured herein, against liability incurred under any Both to Blame Collision Clause in the contract of carriage. In the event of any claim by carriers under the said Clause, the Insured agree to notify the Insurers who shall have the right, at their own cost and expense, to defend the Insured against such claim.

### **EXCLUSIONS**

4. In no case shall this insurance cover

4.1 loss damage or expense attributable to willful misconduct of the Insured

4.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured

4.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject matter insured to withstand the ordinary incidents of the insured transit where such packing or preparation is carried out by the Insured or their employees or prior to the attachment of this insurance (for the purpose of these Clauses "packing" shall be deemed to include stowage in a container and "employees" shall not include independent contractors)

4.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured



4.5 loss damage or expense caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)

4.6 loss damage or expense caused by insolvency or financial default of the owners managers charterers or operators of the vessel where, at the time of loading of the subject-matter insured on board the vessel, the Insured are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the voyage

This exclusion shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract

4.7 loss damage or expense directly or indirectly caused by or arising from the use of any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

5. 5.1 In no case shall this insurance cover loss damage or expense arising from

5.1.1 unseaworthiness of vessel or craft or unfitness of vessel or craft for the safe carriage of the subject-matter insured, where the Insured are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein

5.1.2 unfitness of container or conveyance for the safe carriage of the subject-matter insured, where loading therein or thereon is carried out prior to attachment of this insurance or by the Insured or their employees and they are privy to such unfitness at the time of loading.

5.2 Exclusion 5.1.1 above shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract.

5.3 The Insurers waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination.

6. In no case shall this insurance cover loss damage or expense caused by

6.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power

6.2 capture seizure arrest restraint or detainment (piracy excepted), and the consequences thereof or any attempt thereat

6.3 derelict mines torpedoes bombs or other derelict weapons of war.

7. In no case shall this insurance cover loss damage or expense

7.1 caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions

7.2 resulting from strikes, lock-outs, labour disturbances, riots or civil commotions



7.3 caused by any act of terrorism being an act of any person acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted

7.4 caused by any person acting from a political, ideological or religious motive.

## **DURATION**

### Transit Clause

8. 8.1 Subject to Clause 11 below, this insurance attaches from the time the subject-matter insured is first moved in the warehouse or at the place of storage (at the place named in the contract of insurance) for the purpose of the immediate loading into or onto the carrying vehicle or other conveyance for the commencement of transit, continues during the ordinary course of transit and terminates either

8.1.1 on completion of unloading from the carrying vehicle or other conveyance in or at the final warehouse or place of storage at the destination named in the contract of insurance,

8.1.2 on completion of unloading from the carrying vehicle or other conveyance in or at any other warehouse or place of storage, whether prior to or at the destination named in the contract of insurance, which the Insured or their employees elect to use either for storage other than in the ordinary course of transit or for allocation or distribution, or

8.1.3 when the Insured or their employees elect to use any carrying vehicle or other conveyance or any container for storage other than in the ordinary course of transit or

8.1.4 on the expiry of 60 days after completion of discharge oversea of the subject-matter insured from the oversea vessel at the final port of discharge, whichever shall first occur.

8.2 If, after discharge oversea from the oversea vessel at the final port of discharge, but prior to termination of this insurance, the subject-matter insured is to be forwarded to a destination other than that to which it is insured, this insurance, whilst remaining subject to termination as provided in Clauses

8.1.1 to 8.1.4, shall not extend beyond the time the subject-matter insured is first moved for the purpose of the commencement of transit to such other destination.

8.3 This insurance shall remain in force (subject to termination as provided for in Clauses 8.1.1 to 8.1.4 above and to the provisions of Clause 9 below) during delay beyond the control of the Insured, any deviation, forced discharge, reshipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to carriers under the contract of carriage.

### Termination of Contract of Carriage

9. If owing to circumstances beyond the control of the Insured either the contract of carriage is terminated at a port or place other than the destination named therein or the transit is otherwise terminated before unloading of the subject-matter insured as provided for in Clause 8 above, then this insurance shall also terminate *unless prompt notice is given to the Insurers and continuation of cover is requested when this insurance shall remain in force, subject to an additional premium if required by the Insurers, either*





9.1 until the subject-matter insured is sold and delivered at such port or place, or, unless otherwise specially agreed, until the expiry of 60 days after arrival of the subject-matter insured at such port or place, whichever shall first occur,  
or

9.2 if the subject-matter insured is forwarded within the said period of 60 days (or any agreed extension thereof) to the destination named in the contract of insurance or to any other destination, until terminated in accordance with the provisions of Clause 8 above.

#### Change of Voyage

#### **10.**

10.1 Where, after attachment of this insurance, the destination is changed by the Insured, *this must be notified promptly to Insurers for rates and terms to be agreed. Should a loss occur prior to such agreement being obtained cover may be provided but only if cover would have been available at a reasonable commercial market rate on reasonable market terms.*

10.2 Where the subject-matter insured commences the transit contemplated by this insurance (in accordance with Clause 8.1), but, without the knowledge of the Insured or their employees the ship sails for another destination, this insurance will nevertheless be deemed to have attached at commencement of such transit.

### **CLAIMS**

#### Insurable Interest

#### **11.**

11.1 In order to recover under this insurance the Insured must have an insurable interest in the subject matter insured at the time of the loss.

11.2 Subject to Clause 11.1 above, the Insured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Insured were aware of the loss and the Insurers were not.

#### Forwarding Charges

12. Where, as a result of the operation of a risk covered by this insurance, the insured transit is terminated at a port or place other than that to which the subject-matter insured is covered under this insurance, the Insurers will reimburse the Insured for any extra charges properly and reasonably incurred in unloading storing and forwarding the subject-matter insured to the destination to which it is insured.

This Clause 12, which does not apply to general average or salvage charges, shall be subject to the exclusions contained in Clauses 4, 5, 6 and 7 above, and shall not include charges arising from the fault negligence insolvency or financial default of the Insured or their employees.

#### **Constructive Total Loss**

13. No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual total loss appearing to be unavoidable or because the



cost of recovering, reconditioning and forwarding the subject-matter insured to the destination to which it is insured would exceed its value on arrival.

### **Increased Value**

#### **14.**

14.1 If any Increased Value insurance is effected by the Insured on the subject-matter insured under this insurance the agreed value of the subject-matter insured shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured.

In the event of claim the Insured shall provide the Insurers with evidence of the amounts insured under all other insurances.

#### **14.2 Where this insurance is on Increased Value the following clause shall apply:**

The agreed value of the subject-matter insured shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the subject-matter insured by the Insured, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured.

In the event of claim the Insured shall provide the Insurers with evidence of the amounts insured under all other insurances.

### **BENEFIT OF INSURANCE**

#### **15. This insurance**

15.1 covers the Insured which includes the person claiming indemnity either as the person by or on whose behalf the contract of insurance was effected or as an assignee,

15.2 shall not extend to or otherwise benefit the carrier or other bailee.

### **MINIMISING LOSSES**

#### Duty of Insured

**16.** It is the duty of the Insured and their employees and agents in respect of loss recoverable hereunder

16.1 to take such measures as may be reasonable for the purpose of averting or minimizing such loss, and

16.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Insurers will, in addition to any loss recoverable hereunder, reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.

#### Waiver

**17.** Measures taken by the Insured or the Insurers with the object of saving, protecting or recovering the subject matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.



## **AVOIDANCE OF DELAY**

18. It is a condition of this insurance that the Insured shall act with reasonable despatch in all circumstances within their control.

## **INSTITUTE CLASSIFICATION CLAUSE 01/01/2001**

### **QUALIFYING VESSELS**

1. This insurance and the marine transit rates as agreed in the policy or open cover apply only to cargoes and/or interests carried by mechanically self-propelled vessels of steel construction classed with a Classification Society which is:
  - 1.1 a Member or Associate Member of the International Association of Classification Societies (IACS),
  - 1.2 a National Flag Society as defined in Clause 4 below, but only where the vessel is engaged exclusively in the coastal trading of that nation (including trading on an inter-island route within an archipelago of which that nation forms part),

Cargoes and/or interests carried by vessels not classed as above must be notified promptly to for rates and conditions to be agreed. Should a loss occur prior to such agreement being 0Mained cover may be provided but only if cover would have been available at a reasonable commercial market rate on reasonable commercial market terms.

### **AGE LIMITATION**

2. Cargoes and/or interests carried by Qualifying Vessels (as defined above) which exceed the following age limits will be insured on the policy or open cover conditions subject to an additional premium to be agreed.  
Bulk or combination carriers over 10 years of age or  
other vessels over years of age unless they:
  - 2.1 have been used for the carriage of general cargo on an established and regular pattern of trading between a range of specified ports, and do not exceed 25 years of age, or
  - 2.2 were constructed as containerships, vehicle carriers or double-skin open-hatch gantry crane vessels (OHGCs) and have been continuously used as such on an established and regular pattern of trading between a range of specified ports, and do not exceed 30 years of age.

### **CRAFT CLAUSE**

3. The requirements of this Clause do not apply to any craft used to load or unload the vessel within the port area.

### **NATIONAL FLAG SOCIETY**

4. A National Flag Society is a Classification Society which is domiciled in the same country as the owner of the vessel in question which must also operate under the flag of that country.

### **PROMPT NOTICE**

5. Where this insurance requires the Insured to give prompt notice to the Insurer, the right to cover is dependent upon compliance with that obligation.

## **INSTITUTE WAR CLAUSES (CARGO)**

### **RISKS COVERED**



### Risks

1. This insurance covers, except as excluded by the provisions of Clauses 3 and 4 below, loss of or damage to the subject-matter insured caused by

1.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power

1.2 capture seizure arrest restraint or detainment, arising from risks covered under 1.1 above, and the consequences thereof or any attempt thereat

1.3 derelict mines torpedoes bombs or other derelict weapons of war.

### General Average

2. This insurance covers general average and salvage charges, adjusted or determined according to the contract of carriage and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from a risk covered under these Clauses.

### **EXCLUSIONS**

3. In no case shall this insurance cover

3.1 loss damage or expense attributable to wilful misconduct of the Insured

3.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured

3.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured to withstand the ordinary incidents of the insured transit where such packing or preparation is carried out by the Insured or their employees or prior to the attachment of this insurance (for the purpose of these Clauses "packing" shall be deemed to include stowage in a container and "employees" shall not include independent contractors)

3.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured

3.5 loss damage or expense caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)

3.6 loss damage or expense caused by insolvency or financial default of the owners managers charterers or operators of the vessel where, at the time of loading of the subject-matter insured on board the vessel, the Insured are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the voyage

This exclusion shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract

3.7 any claim based upon loss of or frustration of the voyage or adventure

3.8 loss damage or expense directly or indirectly caused by or arising from any hostile use of any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

4. 4.1 In no case shall this insurance cover loss damage or expense arising from



4.1.1 unseaworthiness of vessel or craft or unfitness of vessel or craft for the safe carriage of the subject-matter insured, where the Insured are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein.

4.1.2 unfitness of container or conveyance for the safe carriage of the subject-matter insured, where loading therein or thereon is carried out prior to attachment of this insurance or by the Insured or their employees and they are privy to such unfitness at the time of loading.

4.2 Exclusion 4.1.1 above shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract.

4.3 The Insurers waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination.

## DURATION

### Transit Clause

#### 5. 5.1 This insurance

5.1.1 attaches only as the subject-matter insured and as to any part as that part is loaded on an overseas vessel and

5.1.2 terminates, subject to 5.2 and 5.3 below, either as the subject-matter insured and as to any part as that part is discharged from an overseas vessel at the final port or place of discharge,

or

on expiry of 15 days counting from midnight of the day of arrival of the vessel at the final port or place of discharge,

whichever shall first occur; nevertheless, *subject to prompt notice to the Insurers and to an additional premium*, such insurance

5.1.3 reattaches when, without having discharged the subject-matter insured at the final port or place of discharge, the vessel sails therefrom, and

5.1.4 terminates, subject to 5.2 and 5.3 below, either as the subject-matter insured and as to any part as that part is thereafter discharged from the vessel at the final (or substituted) port or place of discharge,

or

on expiry of 15 days counting from midnight of the day of re-arrival of the vessel at the final port or place of discharge or arrival of the vessel at a substituted port or place of discharge, whichever shall first occur.

5.2 If during the insured voyage the overseas vessel arrives at an intermediate port or place to discharge the subject-matter insured for on-carriage by overseas vessel or by aircraft, or the subject-matter insured is discharged from the vessel at a port or place of refuge, then, subject to 5.3 below and to an additional premium if required, this insurance continues until the expiry of 15 days counting from midnight of the day of arrival of the vessel at such port or place, but thereafter reattaches as the subject-matter

insured and as to any part as that part is loaded on an on-carrying overseas vessel or aircraft. During the period of 15 days the insurance remains in force after discharge only whilst the subject-matter insured and as to any



part as that part is at such port or place. If the subject-matter insured is on carried within the said period of 15 days or if the insurance reattaches as provided in this Clause 5.2

5.2.1 where the on-carriage is by oversea vessel this insurance continues subject to the terms of these Clauses,

or

5.2.2 where the on-carriage is by aircraft, the current Institute War Clauses (Air Cargo) (excluding sendings by Post) shall be deemed to form part of the contract of insurance and shall apply to the on-carriage by air.

5.3 If the voyage in the contract of carriage is terminated at a port or place other than the destination agreed therein, such port or place shall be deemed the final port of discharge and this insurance terminates in accordance with 5.1.2. If the subject-matter insured is subsequently reshipped to the original or any other destination, then *provided notice is given to the Insurers before the*

*commencement of such further transit and subject to an additional premium*, this insurance reattaches

5.3.1 in the case of the subject-matter insured having been discharged, as the subject-matter insured and as to any part as that part is loaded on the on-carrying vessel for the voyage;

5.3.2 in the case of the subject-matter not having been discharged, when the vessel sails from such deemed final port of discharge; thereafter this insurance terminates in accordance with 5.1.4.

5.4 The insurance against the risks of mines and derelict torpedoes, floating or submerged, is extended whilst the subject-matter insured or any part thereof is on craft whilst in transit to or from the oversea vessel, but in no case beyond the expiry of 60 days after discharge from the oversea vessel unless otherwise specially agreed by the Insurers.

5.5 *Subject to prompt notice to Insurers, and to an additional premium if required*, this insurance shall remain in force within the provisions of these Clauses during any deviation, or any variation of the adventure arising from the exercise of a liberty granted to carriers under the contract of carriage.

(For the purpose of Clause 5

"arrival" shall be deemed to mean that the vessel is anchored, moored or otherwise secured at a berth or place within the Harbour Authority area. If such a berth or place is not available, arrival is deemed to have occurred when the vessel first anchors, moors or otherwise secures either at or off the intended port or place of discharge "overseas vessel" shall be deemed to mean a vessel carrying the subject-matter from one port or place to another where such voyage involves a sea passage by that vessel)

#### Change of Voyage

### 6.

6.1 Where, after attachment of this insurance, the destination is changed by the Insured, *this must be notified promptly to Insurers for rates and terms to be agreed. Should a loss occur prior to such agreement being obtained cover may be provided but only if cover would have been available at a reasonable commercial market rate on reasonable market terms.*

6.2 Where the subject-matter insured commences the transit contemplated by this insurance (in accordance with Clause 5.1), but, without the knowledge of the Insured or their employees the ship sails for another destination, this insurance will nevertheless be deemed to have attached at commencement of such transit.



**7. Anything contained in this contract which is inconsistent with Clauses 3.7, 3.8 or 5 shall, to the extent of such inconsistency, be null and void.**

## **CLAIMS**

### Insurable Interest

**8. 8.1** In order to recover under this insurance the Insured must have an insurable interest in the subject matter insured at the time of the loss.

**8.2** Subject to Clause 8.1 above, the Insured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Insured were aware of the loss and the Insurers were not.

### Increased Value

**9. 9.1** If any Increased Value insurance is effected by the Insured on the subject-matter insured under this insurance the agreed value of the subject-matter insured shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured.

In the event of claim the Insured shall provide the Insurers with evidence of the amounts insured under all other insurances.

### **9.2 Where this insurance is on Increased Value the following clause shall apply:**

The agreed value of the subject-matter insured shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the subject-matter insured by the Insured, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured. In the event of claim the Insured shall provide the Insurers with evidence of the amounts insured under all other insurances.

## **BENEFIT OF INSURANCE**

### **10. This insurance**

**10.1** covers the Insured which includes the person claiming indemnity either as the person by or on whose behalf the contract of insurance was effected or as an assignee,

**10.2** shall not extend to or otherwise benefit the carrier or other bailee.

## **MINIMISING LOSSES**

### Duty of Insured

**11.** It is the duty of the Insured and their employees and agents in respect of loss recoverable hereunder

**11.1** to take such measures as may be reasonable for the purpose of averting or minimising such loss, and

**11.2** to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Insurers will, in addition to any loss recoverable hereunder, reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.



### Waiver

12. Measures taken by the Insured or the Insurers with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

### **AVOIDANCE OF DELAY**

13. It is a condition of this insurance that the Insured shall act with reasonable despatch in all circumstances within their control.

## **INSTITUTE WAR CLAUSES (AIR CARGO) (excluding sending's by Post)**

### **RISKS COVERED**

#### Risks

1. This insurance covers, except as excluded by the provisions of Clause 3 below, loss of or damage to the subject matter insured caused by

1.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power

1.2 capture seizure arrest restraint or detainment, arising from risks covered under 1.1 above, and the consequences thereof or any attempt thereat

1.3 derelict mines torpedoes bombs or other derelict weapons of war

#### Salvage Charges

2. This insurance covers salvage charges, incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in Clause 3 below.

### **EXCLUSIONS**

3. In no case shall this insurance cover

3.1 loss damage or expense attributable to wilful misconduct of the Insured

3.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject matter insured

3.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured to withstand the ordinary incidents of the insured transit where such packing or preparation is carried out by the Insured or their employees or prior to the attachment of this insurance (for the purpose of these Clauses "packing" shall be deemed to include stowage in a container and "employees" shall not include independent contractors)





3.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured

3.5 loss damage or expense arising from unfitness of aircraft conveyance or container for the safe carriage of the subject-matter insured, where loading therein or thereon is carried out prior to attachment of this insurance or by the Insured or their employees and they are privy to such unfitness at the time of loading.

This exclusion shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract.

3.6 loss damage or expense caused by delay, even though the delay be caused by a risk insured against

3.7 loss damage or expense caused by insolvency or financial default of the owners managers charterers or operators of the aircraft where, at the time of loading of the subject-matter insured on board the aircraft, the Insured are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the transit

This exclusion shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract

3.8 any claim based upon loss of or frustration of the transit or adventure

3.9 loss damage or expense directly or indirectly caused by or arising from any hostile use of any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

## DURATION

### Transit Clause

#### 4. 4.1 This insurance

4.1.1 attaches only as the subject-matter insured and as to any part as that part is loaded on the aircraft for the commencement of the air transit insured and

4.1.2 terminates, subject to 4.2 and 4.3 below, either as the subject-matter insured and as to any part as that part is discharged from the aircraft at the final place of discharge

or

on expiry of 15 days counting from midnight of the day of arrival of the aircraft at the final place of discharge, whichever shall first occur; nevertheless, *subject to prompt notice to the Insurers and to an additional premium*, such insurance

4.1.3 reattaches when, without having discharged the subject-matter insured at the final place of discharge, the aircraft departs therefrom, and

4.1.4 terminates, subject to 4.2 and 4.3 below, either as the subject-matter insured and as to any part as that part is thereafter discharged from the aircraft at the final (or substituted) place of discharge,

or

on expiry of 15 days counting from midnight of the day of re-arrival of the aircraft at the final place of discharge or arrival of the aircraft at a substituted place of discharge, whichever shall first occur.

4.2 If during the insured transit the aircraft arrives at an intermediate place to discharge the subject matter



insured for on-carriage by aircraft or oversea vessel, then, subject to 4.3 below and to an additional premium if required, this insurance continues until the expiry of 15 days counting from midnight of the day of arrival of the aircraft at such place, but thereafter reattaches as the subject-matter insured and as to any part as that part is loaded on an on-carrying aircraft or overseas vessel. During the period of 15 days the insurance remains in force after discharge only whilst the subject-matter insured and as to any part as that part is at such intermediate place. If the subject-matter insured is on-carried within the said period of 15 days or if the insurance reattaches as provided in this Clause 4.2

4.2.1 where the on-carriage is by aircraft this insurance continues subject to the terms of these Clauses,

or

4.2.2 where the on-carriage is by oversea vessel, the current Institute War Clauses (Cargo) shall be deemed to form part of the contract of insurance and shall apply to the on carriage by sea.

4.3 If the air transit in the contract of carriage is terminated at a place other than the destination agreed therein, that place shall be deemed to be the final place of discharge and this insurance terminates in accordance with 4.1.2. If the subject-matter insured is subsequently consigned to the original or any other destination, then, *provided notice is given to the Insurers before the commencement of such further transit and subject to an additional premium*, this insurance reattaches

4.3.1 in the case of the subject-matter insured having been discharged, as the subject-matter insured and as to any part as that part is loaded on the on-carrying aircraft for the transit;

4.3.2 in the case of the subject-matter insured not having been discharged, when the aircraft departs from such deemed final place of discharge; thereafter this insurance terminates in accordance with 4.1.4.

4.4 *Subject to prompt notice to Insurers, and to an additional premium if required*, this insurance shall remain in force within the provisions of these Clauses during any deviation, or any variation of the adventure arising from the exercise of a liberty granted to the air carriers under the contract of carriage.

(For the purpose of Clause 4 "oversea vessel" shall be deemed to mean a vessel carrying the subject-matter from one port or place to another where such voyage involves a sea passage by that vessel)

#### Change of Transit

5. 5.1 Where, after attachment of this insurance, the destination is changed by the Insured, *this must Be* notified promptly to Insurers for rates and terms to be agreed. Should a loss occur prior to such agreement being obtained cover may be provided but only if cover would have been available at a reasonable commercial market rate on reasonable market terms.

5.2 Where the subject-matter insured commences the transit contemplated by this insurance (in accordance with Clause 4.1), but, without the knowledge of the Insured or their employees the aircraft leaves for another destination, this insurance will nevertheless be deemed to have attached at commencement of such transit.

**6. Anything contained in this contract which is inconsistent with Clauses 3.8, 3.9 or 4 shall, to the extent of such inconsistency, be null and void.**

#### **CLAIMS**



### Insurable Interest

7. 7.1 In order to recover under this insurance the Insured must have an insurable interest in the subject-matter insured at the time of the loss.

7.2 Subject to Clause 7.1 above, the Insured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Insured were aware of the loss and the Insurers were not.

### Increased Value

8. 8.1 If any Increased Value insurance is effected by the Insured on the subject-matter insured under this insurance the agreed value of the subject-matter insured shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured. In the event of claim the Insured shall provide the Insurers with evidence of the amounts insured under all other insurances.

#### **8.2 Where this insurance is on Increased Value the following clause shall apply:**

The agreed value of the subject-matter insured shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the subject-matter insured by the Insured, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured. In the event of claim the Insured shall provide the Insurers with evidence of the amounts insured under all other insurances.

## **BENEFIT OF INSURANCE**

### **9. This insurance**

9.1 covers the Insured which includes the person claiming indemnity either as the person by or on whose behalf the contract of insurance was effected or as an assignee,

9.2 shall not extend to or otherwise benefit the carrier or other bailee.

## **MINIMISING LOSSES**

### Duty of Insured

10. It is the duty of the Insured and their employees and agents in respect of loss recoverable hereunder

10.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss, and

10.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and Exercised and the Insurers will, in addition to any loss recoverable hereunder, reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.

### Waiver



11. Measures taken by the Insured or the Insurers with the object of saving, protecting or recovering the subject matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

#### **AVOIDANCE OF DELAY**

12. It is a condition of this insurance that the Insured shall act with reasonable despatch in all circumstances within their control.

### **INSTITUTE WAR CLAUSES (Sendings by Post)**

#### **RISKS COVERED**

- |   |                        |
|---|------------------------|
| 1. This insurance covers, except as provided in Clause 3 below, loss of or damage to the subject-matter insured caused by   | Risks Clause           |
| 1.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power  |                        |
| 1.2 capture seizure arrest restraint or detainment, arising from risks covered under 1.1 above, and the consequences thereof or any attempt thereat   |                        |
| 1.3 derelict mines torpedoes bombs or other derelict weapons of war.  |                        |
| 2. This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from a risk covered under these clauses. | General Average Clause |

#### **EXCLUSIONS**

- |  |                           |
|--|---------------------------|
| 3. In no case shall this insurance cover   | General Exclusions Clause |
| 3.1 loss damage or expense attributable to wilful misconduct of the Insured                                      |                           |
| 3.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured |                           |



- 3.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this Clause 3.3 "packing" shall be deemed to include stowage in a container or lift van but only when such stowage is carried out prior to attachment of this insurance or by the Insured or their servants)
- 3.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 3.5 loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)
- 3.6 any claim based upon loss of or frustration of the voyage or adventure
- 3.7 loss damage or expense arising from any hostile use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

#### DURATION

- 4. This insurance attaches only as the subject-matter insured and as to any part as that part leaves the premises of the senders at the place named in the insurance for the commencement of the transit and continues, but with the exclusion of any period during which the subject-matter is in packers' premises, until the subject-matter insured and as to any part as that part is delivered to the address on the postal package(s) when this insurance shall terminate. Transit Clause
- 5. **Anything contained in this contract which is inconsistent with Clauses 3.6, 3.7 or 4 shall, to the extent of such inconsistency, be null and void.**

#### CLAIMS

- 6. 6.1 In order to recover under this insurance the Insured must have an insurable interest in the subject-matter insured at the time of the loss. Insurable Interest Clause
- 6.2 Subject to 6.1 above, the Insured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Insured were aware of the loss and the Insurer were not.

#### MINIMISING LOSSES

- 7. It is the duty of the Insured and their servants and agents in respect of loss recoverable hereunder Duty of Insured Clause



7.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss,

and

7.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised

and the Insurer will, in addition to any loss recoverable hereunder, reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.

8. Measures taken by the Insured or the Insurer with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party. Waiver Clause

#### **AVOIDANCE OF DELAY**

9. It is a condition of this insurance that the Insured shall act with reasonable despatch in all circumstances within their control. Reasonable Despatch Clause

#### **INSTITUTE STRIKES CLAUSES (CARGO)**

##### **RISKS COVERED**

1. This insurance covers, except as provided in Clauses 3 and 4 below, loss of or damage to the subject-matter insured caused by Risks Clause
- 1.1 strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- 1.2 any terrorist or any person acting from a political motive.
2. This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from a risk covered under these clauses. General Average Clause

##### **EXCLUSIONS**

3. In no case shall this insurance cover General Exclusions Clause
- 3.1 loss damage or expense attributable to wilful misconduct of the Insured
- 3.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured



- 3.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this Clause 3.3 "packing" shall be deemed to include stowage in a container or lift van but only when such stowage is carried out prior to attachment of this insurance or by the Insured or their servants)
- 3.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 3.5 loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)
- 3.6 loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the vessel
- 3.7 loss damage or expense arising from the absence shortage or withholding of labour of any description whatsoever resulting from any strike, lockout, labour disturbance, riot and civil commotion
- 3.8 any claim based upon loss of or frustration of the voyage or adventure
- 3.9 loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
- 3.10 loss damage or expense caused by war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power.
4. 4.1 In no case shall this insurance cover loss damage or expense arising from  
unseaworthiness of vessel or craft,  
unfitness of vessel craft conveyance container or liftvan for the safe carriage of the subject-matter insured,  
where the Insured or their servants are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein.  
Unseaworthiness and Unfitness Exclusion Clause
- 4.2 The Insurer waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination, unless the Insured or their servants are privy to such unseaworthiness or unfitness.

## DURATION

5. 5.1 This insurance attaches from the time the goods leave the warehouse or place  
Transit Clause



of storage at the place named herein for the commencement of the transit, continues during the ordinary course of transit and terminates either

- 5.1.1 on delivery to the Consignees' or other final warehouse or place of storage at the destination named herein,
- 5.1.2 on delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which the Insured elect to use either
  - 5.1.2.1 for storage other than in the ordinary course of transit or
  - 5.1.2.2 for allocation or distribution,
- or
- 5.1.3 on the expiry of 60 days after completion of discharge overseas of the goods hereby insured from the overseas vessel at the final port of discharge,

whichever shall first occur.

5.2 If, after discharge overseas from the overseas vessel at the final port of discharge, but prior to termination of this insurance, the goods are to be forwarded to a destination other than that to which they are insured hereunder, this insurance, whilst remaining subject to termination as provided for above, shall not extend beyond the commencement of transit to such other destination.

5.3 This insurance shall remain in force (subject to termination as provided for above and to the provisions of Clause 6 below) during delay beyond the control of the Insured, any deviation, forced discharge, reshipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to shipowners or charterers under the contract of affreightment.

6. If owing to circumstances beyond the control of the Insured either the contract of carriage is terminated at a port or place other than the destination named therein or the transit is otherwise terminated before delivery of the goods as provided for in Clause 5 above, then this insurance shall also terminate *unless prompt notice is given to the Insurer and continuation of cover is requested when the insurance shall remain in force, subject to an additional premium if required by the Insurer*, either

Termination of  
Contract of  
Carriage Clause

6.1 until the goods are sold and delivered at such port or place, or, unless otherwise specially agreed, until the expiry of 60 days after arrival of the goods hereby insured at such port or place, whichever shall first occur,

or





6.2 if the goods are forwarded within the said period of 60 days (or any agreed extension thereof) to the destination named herein or to any other destination, until terminated in accordance with the provisions of Clause 5 above.

7. Where, after attachment of this insurance, the destination is changed by the Insured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Insurer.* Change of Voyage Clause

## CLAIMS

8. 8.1 In order to recover under this insurance the Insured must have an insurable interest in the subject-matter insured at the time of the loss. Insurable Interest Clause

8.2 Subject to 8.1 above, the Insured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Insured were aware of the loss and the Insurer were not.

9. 9.1 If any Increased Value insurance is effected by the Insured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured. Increased Value Clause

In the event of claim the Insured shall provide the Insurer with evidence of the amounts insured under all other insurances.

- 9.2 **Where this insurance is on Increased Value the following clause shall apply:**

The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Insured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Insured shall provide the Insurer with evidence of the amounts insured under all other insurances.

## BENEFIT OF INSURANCE

10. This insurance shall not inure to the benefit of the carrier or other bailee. Not to Inure Clause



## MINIMISING LOSSES

11. It is the duty of the Insured and their servants and agents in respect of loss recoverable hereunder Duty of Insured Clause

11.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss,

and

11.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised

and the Insurer will, in addition to any loss recoverable hereunder, reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.

12. Measures taken by the Insured or the Insurer with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party. Waiver Clause

## AVOIDANCE OF DELAY

13. It is a condition of this insurance that the Insured shall act with reasonable despatch in all circumstances within their control. Reasonable Despatch Clause



## INSTITUTE STRIKES CLAUSES (AIR CARGO)

### RISKS COVERED

1. This insurance covers, except as provided in Clause 2 below, loss of or damage to the subject-matter insured caused by Risks Clause
  - 1.1 strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
  - 1.2 any terrorist or any person acting from a political motive.

### EXCLUSIONS

2. In no case shall this insurance cover General Exclusions Clause
  - 2.1 loss damage or expense attributable to wilful misconduct of the Insured
  - 2.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
  - 2.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this Clause 2.3 "packing" shall be deemed to include stowage in a container or lift van but only when such stowage is carried out prior to attachment of this insurance or by the Insured or their servants)
  - 2.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured
  - 2.5 loss damage or expense arising from unfitness of aircraft conveyance container or lift van for the safe carriage of the subject-matter insured, where the Insured or their servants are privy to such unfitness at the time the subject-matter insured is loaded therein
  - 2.6 loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against
  - 2.7 loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the aircraft
  - 2.8 loss damage or expense arising from the absence shortage or withholding of labour of any description whatsoever resulting from any strike, lockout, labour disturbance, riot or civil commotion
  - 2.9 any claim based upon loss of or frustration of the voyage or adventure



- 2.10 loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
- 2.11 loss damage or expense caused by war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power.

### DURATION

- 3. 3.1 This insurance attaches from the time the subject-matter insured leaves the warehouse, premises or place of storage at the place named herein for the commencement of the transit, continues during the ordinary course of transit and terminates either
  - 3.1.1 on delivery to the Consignees' or other final warehouse, premises or place of storage at the destination named herein
  - 3.1.2 on delivery to any other warehouse, premises or place of storage, whether prior to or at the destination named herein, which the Insured elect to use either
    - 3.1.2.1 for storage other than in the ordinary course of transit or
    - 3.1.2.2 for allocation or distribution
  - or
  - 3.1.3 on the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge, whichever shall first occur.
- 3.2 If, after unloading from the aircraft at the final place of discharge, but prior to termination of this insurance, the subject-matter insured is forwarded to a destination other than that to which it is insured hereunder, this insurance, whilst remaining subject to termination as provided for above, shall not extend beyond the commencement of transit to such other destination.
- 3.3 This insurance shall remain in force (subject to termination as provided for above and to the provisions of Clause 4 below) during delay beyond the control of the Insured, any deviation, forced discharge, reshipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to the air carriers under the contract of carriage.



4. If owing to circumstances beyond the control of the Insured either the contract of carriage is terminated at a place other than the destination named therein or the transit is otherwise terminated before delivery of the subject-matter insured as provided for in Clause 3 above, then this insurance shall also terminate *unless prompt notice is given to the Insurer and continuation of cover is requested when the insurance shall remain in force, subject to an additional premium if required by the Insurer, either*
- 4.1 until the subject-matter is sold and delivered at such place or, unless otherwise specially agreed, until the expiry of 30 days after arrival of the subject-matter hereby insured at such place, whichever shall first occur,  
or
- 4.2 if the subject-matter is forwarded within the said period of 30 days (or any agreed extension thereof) to the destination named herein or to any other destination, until terminated in accordance with the provisions of Clause 3 above.
5. Where, after attachment of this insurance, the destination is changed by the Insured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Insurer.*
- Termination of Contract of Carriage Clause  
Change of Transit Clause

#### CLAIMS

6. 6.1 In order to recover under this insurance the Insured must have an insurable interest in the subject-matter insured at the time of the loss.
- 6.2 Subject to 6.1 above, the Insured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Insured were aware of the loss and the Insurer were not.
7. 7.1 If any Increased Value insurance is effected by the Insured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.
- In the event of claim the Insured shall provide the Insurer with evidence of the amounts insured under all other insurances.
- 7.2 **Where this insurance is on Increased Value the following clause shall apply:**  
The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Insured,
- Insurable Interest Clause  
Increased Value Clause



and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Insured shall provide the Insurer with evidence of the amounts insured under all other insurances.

### **BENEFIT OF INSURANCE**

8. This insurance shall not inure to the benefit of the carrier or other bailee. Not to Inure Clause

### **MINIMISING LOSSES**

9. It is the duty of the Insured and their servants and agents in respect of loss recoverable hereunder Duty of Insured Clause

9.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss,

and

9.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised

and the Insurer will, in addition to any loss recoverable hereunder, reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.

10. Measures taken by the Insured or the Insurer with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party. Waiver Clause

### **AVOIDANCE OF DELAY**

11. It is a condition of this insurance that the Insured shall act with reasonable despatch in all circumstances within their control. Reasonable Despatch Clause

### **INSTITUTE WAR CANCELLATION CLAUSE (CARGO)**

The cover against war risks (as defined in the relevant Institute War Clauses) may be cancelled by either the Insurer or the Insured except in respect of any insurance which shall have attached in accordance with the conditions of the Institute War Clauses before the cancellation becomes effective. Such cancellation shall however only become effective on the expiry of 7 days from midnight of the day on which notice of the cancellation is issued by or to the Insurer.