



COASTAL POLICY WORDING

PROTECTION AND INDEMNITY

AND

HULL AND MACHINERY MARINE RISKS

TERMS AND CONDITIONS

General information

All Insurances bound shall be subject to the Terms, Conditions, and Conditions Precedent to Cover, as stated in the Policy Schedule.

Coastal Marine Services Ltd

Is a Limited Company registered in England under company number 5978224.

The operational address is:

Coastal Marine Services Ltd
Suite 3, 1st Floor, Summit House
Chelmsford Essex
CM1 1NT
Tel: +44 (0) 1245 294111

Email: marine@coastalms.com

admin@coastalms.com

Emergency After Hours Contact

Mobile: +44 (0) 7710 411049 (David Tiney) or +44 (0) 7557 970545 (John Hearn)

Coastal Marine Services Ltd is authorised and regulated by the Financial Conduct Authority (the 'FCA') registered number 524949 and may be found on the FCA Register at www.fca.org.uk

Our Security

We act as Agent for the underwriters in performing our duties under our Binding Authority agreement.

Our Security for Non EEA domiciled Policies is provided by Certain Underwriters at Lloyd's, London, HCC International Insurance Co. PLC and American International Group UK Ltd. Lloyd's of London are regulated by the Financial Conduct Authority (the 'FCA')

Our Security for EEA domiciled Policies is provided by B-MAR Insurance Services VOF and on behalf of Lloyd's Insurance Company S.A., Tokio Marine Europe S.A and AIG Europe S.A.

Please refer to the Policy Schedule issued in respect of the individual detailed security for Hull and Machinery and Protection and Indemnity Policies.

All Policies are subject to English Law and Jurisdiction unless otherwise stated in the Policy Schedule.

For EEA domiciled Policies underwritten by the UK branch of Tokio Marine Europe S.A they are authorised and regulated by the Commissariat aux Assurances (CAA). Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Customer Complaints Procedure

In the event of a complaint, in the first instance please contact your broker.

We will send you and/or your broker written acknowledgement of your complaint by close of business the following business day of its receipt, giving the name or job title of the individual handling the complaint for us

If we are able to provide a final response by close of business the following business day of receipt of a complaint, we may combine our acknowledgement of the complaint with the final response.

We will, within four weeks of receiving your complaint, send you and/or your broker either:

- A final response or
- A holding response, which explains why we have not been able to respond as yet

We will by the end of eight weeks after its receipt, send you and/or your broker either;

- A final response or
- A holding response, which explains why we have not been able to respond as yet

In respect of Non-EEA domiciled Policies:

If you remain dissatisfied with our response, you may refer your complaint to the Financial Ombudsman Service (FOS) and must do so within six months to be eligible. You can contact the FOS by telephone on 0845 080 1800 and further information is available at <http://www.financial-ombudsman.org.uk/>

Financial Ombudsman Service

South Quay Plaza
183 Marsh Wall
London
E14 9SR
Tel: +44 (0) 207 964 1000
Fax: +44 (0) 207 964 1001

Financial Conduct Authority

25 The North Colonnade
Canary Wharf
London
E14 5HS
Tel: +44 (0) 207 066 1000
Fax: +44 (0) 207 066 1099

Complaints Dept.

Lloyd's
Fidentia House
Walter Burke Way
Chatham Maritime
Chatham
Kent
ME4 4RN
Tel: +44 (0) 207 327 5693
Fax: +44 (0) 207 327 5693
Email: lloyds.com/market-resources/complaints

In respect of EEA domiciled Policies:

If you remain dissatisfied with our response, you may refer your complaint to the Ombudsman Service (FOS) Belgium – Ombudsman van de Verzekeringen, Brussel – Belgium and must do so within six months to be eligible.

You can contact the FOS Belgium by telephone on +32 (0)2 547 58 71
or e-mail : info@ombudsman.as

Financial Ombudsman Service Belgium

Ombudsman van de Verzekeringen
Square de Meeûs 35
1000 Brussel
Belgium
Tel: +32 (0) 2 547 58 71
Email: info@ombudsman.as
Company Registration Number: 884.072.054

Financial Conduct Authority Belgium**Service Manager – Complaints**

Lloyd's Insurance Co. S.A.

Lloyd's Europe

Bastion Tower – Floor 14

Marsveldplein 5

1050 Brussels

Belgium

Tel: +32 (0)2 227 39 40

Email: lloydsbrussels.complaints@lloyds.com

Email: LloydsEurope.Complaints@lloyds.com

Company Registration Number: 682.594.839

FSMA Reference Number: 3094

B-MAR Insurance Services VOF**Schoolstraat 20**

2970 Schilde - Antwerpen

Belgium

Tel: +32 (0) 3 866 25 20 –

Tel: +32 (0) 475 24 73 65

Email: support@bmarinsuranceservices.eu

Email: info@bmarinsuranceservices.eu

Company Registration Number: 0746.514.968

FSMA Reference Number: TI_TPC/0746.514.968

FCA Reference Number: 933196

Compensation Scheme

In respect of Non-EEA domiciled Policies:

Lloyd's Underwriters are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if a Lloyd's Underwriter is unable to meet its obligations to you under this contract. If you were entitled to compensation under the Scheme, the level and extent of the compensation would depend on the nature of this contract. Further information that the scheme is available from the Financial Services Compensation Scheme, 7th floor, Lloyd's Chambers, Portsoaken Street, London E1 2BN (and on their website www.fscs.org.uk).

Claims and Enquiries

In the event of a claim, in the first instance please contact your broker or notify Coastal Marine Services Ltd at the above address as soon as you become aware of any circumstance that may give rise to a claim being made against you, or the vessel and for which there may be liability under this insurance. Enquiries of any nature should be addressed to Coastal Marine Services Ltd. Several liability Clause: The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

LSW 1001

or

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate, rather than the syndicate itself, is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA5096 (Combined Certificate)

Payment for our Services

Our remuneration is by way of a commission paid to us by our panel of underwriters. In addition, we may also charge a Policy fee. The amount due will be clearly shown in our documentation issued in advance of inception/renewal. In the event of the Policy cover being cancelled or reduced, we reserve our right not to offer a refund of our fees or commission in lieu of the services provided and administration costs.

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70. Terms and Conditions

SECTION I: SCOPE OF COVER

These Terms and Conditions set out the terms on which the insurer provides this insurance. The standard risks covered are set out in Section 2. and Section 9. Section 3. sets out additional risks or extensions to the cover provided in Section 2 which may be agreed by the insurer with the Assured.

The insurer provides insurance to the Assured subject to these Terms and Conditions and to the conditions, exceptions, limitations or other terms set out in the Policy.

This insurance only covers claims arising out of events occurring during the Policy period in respect of the Assured's interest in the insured ship and in connection with the operation of the insured ship.

This insurance does not cover any such claims arising solely because of the terms of a contract or indemnity, unless those terms comply with any relevant requirements set out in Section 2, or special cover for the contract or indemnity has been agreed by the insurer.

This insurance shall be governed by and construed in accordance with English law and in particular in accordance with the Marine Insurance Act 1906, the Insurance Act 2015, or any statutory modification.

Unless otherwise specified, this insurance does not confer any right or benefit on any third party under the Contracts (Rights of Third Parties) Act 1999.

SECTION 2: COVERED RISKS

1. Crew

1.1. Payment by the insurer of maintenance and repatriation expenses for and/or outstanding wages due to a crewman pursuant to any enactment or provision implementing Regulation 2.5., Standard A2.5.2. of MLC 2006.

1.2. Payment by the insurer to a crewman or his representative of contractual claims for compensation for death or long term disability pursuant to any enactment or provision implementing Regulation 4.2., Standard A4.2. paragraph 1(b) of MLC 2006.

1.3. Liability for compensation or damages for the injury, illness or death of a crewman.

1.4. Liability for the repatriation of a crewman on board an insured ship consequent upon injury or illness.

1.5. Hospital, medical and ancillary expenses necessarily incurred in relation to the injury, illness or death of a crewman, including funeral arrangements and the repatriation of remains.

1.6. Expenses necessarily incurred in sending aboard a substitute crewman by reason of the injury, illness, death or absence without leave of a crewman.

1.7. Liability to any crewman for wages or compensation for the loss of his employment following the actual, constructive or compromised total loss of the insured ship.

1A Exceptions

(a) Sub clauses 1.1. and 1.2. take effect only as financial security in favour of a crewman and are not an extension of the cover available to the Assured under the other provisions of this clause.

(b) The insurer shall not make any payment under sub-clauses 1.1. and/or 1.2.:

(i) if any such payment would be recoverable by the crewman under a social security scheme, fund, separate insurance or similar arrangement;

(ii) where the exclusions from cover in clauses 34.,35. and 36. (war risks, nuclear and cyber risks, sanctions) apply.

(c) There is no cover for any liability or expense incurred only because of the terms of a crewman contract unless the insurer has previously approved those terms in writing.

(d) There is no cover under sub-clause 1.4. for liability or expense which arises because of:

(i) The sale or laying up of the insured ship; or

(ii) The termination of a crewman contract in accordance with its terms, or by mutual consent; or

(iii) Breach of a crewman contract by, or other default of the Assured.

(e) Cover under sub-clause 1.7. is limited to a maximum period of 30 days.

(f) Insurers reserve their right not to make any payment under sub-clause 1.3 if the crewman was under the influence of alcohol and/or drugs in accordance with the limits prescribed within the Merchant Shipping Regulations (2015) and the STCW Regulations VIII/1.

2. Liability to persons other than crewmen

2.1. Liability for compensation or damages for loss of life or injury or illness;

2.2. Liability for maintenance and repatriation of any person because of injury or illness;

2.3. Liability for hospital, medical and ancillary expenses necessarily incurred in relation to any injury or illness, including funeral arrangements and the repatriation of remains.

2A Exceptions

(a) There is no cover in respect of liability arising when a passenger is on an excursion from the insured ship if:

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

(ii) The Assured has waived any rights of recourse against any sub-contractor or other third party in respect of the excursion.

(b) There is no cover for any liability incurred only because of the terms of a passenger contract unless the insurer has previously approved those terms in writing.

(c) There is no cover for any liability arising out of the carriage of a passenger by air unless it occurs during repatriation of an injured or sick passenger.

3. Personal Effects

3.1. Liability for compensation or damages for loss of or damage to personal effects belonging to any person on board the insured ship.

3A Exception

Unless otherwise agreed in writing by the insurer, there is no cover for valuables or any item with a value in excess of US\$ 1,500.

4. Pollution

4.1. Liability for the actual or threatened release or escape of oil or any other substance from the insured ship or other ship or property.

4.2. Liability for measures reasonably taken after the release or escape of oil or other substance from the insured ship or other ship or property for the purpose of avoiding or minimising loss, damage or contamination or for the purpose of cleaning up pollution together with any liability for loss of or damage to property caused by the measures taken.

4.3. Liability for measures reasonably and primarily taken to avert or minimise the release or escape of oil or any other substance from the insured ship or other ship or property together with any liability incurred for loss or damage to property caused by the measures taken.

4.4. Liability under the terms of a contract or agreement with any party for the provision of services in connection with clauses 4.2., 4.3. and 4.5. but only if the insurer has approved the terms in advance in writing.

4.5. Liability or extraordinary expense necessarily incurred by reason of complying with any order by any governmental agency or authority or because of measures taken by any governmental agency or authority to avert or minimise the threat of pollution, unless recoverable under the insured ship's hull Policy.

4A Exceptions

(a) There is no cover for liability or expense arising as a result of actual or threatened pollution or contamination by reason of the land based disposal, dumping or incineration of any substance.

5. Wreck

Liability for the removal, raising, lighting or marking of the wreck:

5.1. Of the insured ship, cargo or other property on board or which was carried on board the insured ship;

5.2. Of any other ship, cargo or other property on board or which was carried on board the other ship.

5A Exceptions

(a) Cover is only available if:

(i) The removal, raising, lighting or marking is compulsory by law or the expense of so doing is legally recoverable from the Assured; and

(ii) The Assured is unable to recover such costs or expenses from the owner or insurer of the wreck, cargo or property, or any other party.

(b) There is no cover if the Assured has divested itself of its interest in the wreck, cargo, property or goods other than by way of abandonment before the wreck removal operations.

(c) There is no cover under this clause for liability for the removal of oil or any other substance falling within the scope of the cover provided by clause 4. or within the scope of any restrictions of the cover provided by that clause.

(d) The salvaged value of the wreck, cargo or other property shall be deducted from any claim made under this clause.

6. Cargo

Liability in respect of cargo intended to be or being or having been carried in, on or by the insured ship as follows:

6.1. Loss, shortage or damage or other responsibility in respect of the cargo caused by the unfitness or unseaworthiness of the insured ship or a breach by the Assured, or by any person for whose act, neglect or default it is legally liable, of its obligation or duty as a carrier by sea;

6.2. Additional expense over and above the Assured's ordinary expenses under the contract of carriage (and only if that additional expense is not recoverable from any other party or is not recovered through the proceeds of sale):

6.2.1. Incurred discharging, or disposing of damaged or worthless cargo; or 6.2.2. Incurred as a direct consequence of a failure or refusal of cargo interests to take delivery of or collect cargo which has been carried on board the insured ship.

6.3. Where the cargo belongs to the Assured, cover is available under this clause as if the cargo belonged to a third party.

6A Exceptions

(A) There is no cover for the following liabilities:

(i) Liability for finished steel products carried as cargo unless the Assured has arranged and paid for a steel pre-loading survey by a surveyor approved by the insurer at the port of shipment and the insured ship has been approved for carriage of the cargo and any bills of lading or documents of title have been claused with the surveyor's findings;

(ii) Liability for livestock or other live animals carried as cargo;

(iii) Additional liability incurred or additional sums payable because the cargo was carried on terms which were less favourable to the Assured than the Hague Rules, Hague-Visby Rules or the Hamburg Rules where compulsorily applicable;

(iv) Liability for cargo carried on deck unless:

(a) the insurer has previously agreed in writing to provide special cover; or

(b) the liability is incurred under a bill of lading or contract of carriage permitting carriage on deck and either the cargo is customarily carried on deck or the bill of lading or contract of carriage states that it is carried on deck and excludes the carrier's liability in respect of such cargo.

(v) Liability for delay which arises solely because of an express term of the contract of carriage requiring delivery of the cargo on or before a specified date or time or at a minimum discharge rate;

(vi) Liability arising as a result of a deviation, meaning a departure from the contractually agreed voyage which deprives the Assured of the right to rely on defences or rights of limitation which would otherwise have been available, unless cover has been agreed in writing by the insurer prior to the deviation;

(vii) Liability for discharge of cargo at a port or place other than the port or place named in the contract of carriage;

(viii) Liability for delivery of cargo carried under a non-negotiable waybill or other similar non-negotiable document to any party other than that named by the shipper as the party to whom delivery should be made;

(ix) Liability for delivery of cargo under a bill of lading or similar document of title without production of that bill of lading or document of title by the person to whom delivery is made;

(x) Liability for the issue of a bill of lading, waybill or other document containing or evidencing the contract of carriage, with the knowledge of the Assured or the owner or the master of the insured ship which:

(a) Misstates its date of issue or the date or place of shipment or receipt for shipment of the cargo; or

(b) Contains an incorrect description of the cargo or its quantity or its condition.

(xi) Liability for the failure to arrive or late arrival of the insured ship at a port or place of loading or the failure to load any particular cargo or cargoes;

(xii) Where the insured ship is a fishing vessel, liability for catch or any cargo of seafood or fish products.

(B) The following liabilities are excluded unless the insurer has previously agreed in writing to provide special cover:

(i) Liability for cargo or other property carried by means of transport other than the insured ship where the liability arises under the terms of a contract of carriage which provides for part of the carriage of the cargo or other property in the insured ship;

(ii) Liability for the carriage of valuables;

(iii) Liability for cargo carried under a contract of carriage which identifies the value of the cargo and thereby deprives the Assured of the right to rely on defences or limits of liability which would otherwise have been available.

7. Unrecoverable General Average

7.1. The proportion of general average, salvage or special charges which the Assured would be entitled to claim from cargo interests or any other party but which is not recoverable solely because of a breach of the contract of carriage.

7A. Exception

Cover under this clause is subject to the Exceptions at clauses 6A. (a) and (b).

8. Insured Ship's Proportion of General Average

8.1. The insured ship's proportion of general average, salvage or special charges which cannot be recovered under the insured ship's Hull Policy solely because the insured ship is assessed for contribution at a value in excess of the insured value under the Hull Policy.

8A. Exception

Cover under this clause is subject to the terms of clause 50.

9. Collision

Liability arising out of a collision between the insured ship and any other ship:

9.1. Liability for loss of or damage to any other ship, cargo or other property on board the other ship as follows:

9.1.1. One fourth or such other proportion of the liability as may have been agreed by the insurer in writing;

9.1.2. Liability in excess of the amount recoverable under the insured ship's Hull Policy solely because that Liability exceeds the insured ship's insured value under the Hull Policy;

9.1.3. Where the other ship, cargo or other property on board the other ship belongs to the Assured, cover shall be available under this clause as if that ship, cargo or other property on board the other ship belonged to a third party.

9.2. Liability for pollution as may be covered by clause 4.

9.3. Liability for wreck removal as may be covered by clause 5.

9.4. Liability in respect of cargo or other property on board the insured ship as may be covered by clauses 3. and 6.

9.5. Liability for the illness, injury and death of any person on board the other ship.

9.6. Liability for damage done by the other ship to other property not being another ship, cargo or property on board another ship.

9A. Exceptions

(a) There is no cover for any liability which is recoverable under the insured ship's Hull Policy or which would be recoverable if no excess or deductible were applicable to the Hull Policy.

(b) The cover under clause 9.1.2. is subject to the terms of clauses 32.1. and 50.

(c) Claims shall be settled upon the principle of cross liability except that where both ships are to blame and if the liability of either or both of them is limited by law, claims shall be settled on the principle of single liability.

10. Non-Contact damage to other ships

10.1. Liability for loss of or damage to or the infringement of rights in respect of any other ship, cargo or other property on board the other ship caused by the insured ship other than by a collision.

10.2. Where the other ship, cargo or other property on board the other ship belongs to the Assured, cover shall be available under this clause as if that other ship, cargo or other property on board the other ship belonged to a third party.

10A. Exception

There is no cover under this clause in respect of Liabilities falling within the scope of the cover provided by clauses 4., 5., 9., 12. and 13. or within the scope of any restrictions of the cover provided by those clauses.

11. Loss of or Damage to Property

11.1. Liability which the Assured incurs for loss of or damage (including infringement of rights) caused by the Assured to any harbour or anything whatsoever except another ship or cargo, or other property or cargo carried in the insured ship;

11A. Exception

(a) There is no recovery under this clause regarding any expenses involving the Assured's liability under a contract of indemnity between the Assured and a third party;

(b) If the expense relates to any property belonging to the Assured, the Assured will be entitled to recover from the insurer, and the insurer will have the same rights as if the property belonged to a third party, but only if that expense is not payable under any other insurance.

12. Towing of the insured ship

Liability arising out of a contract for the towing of the insured ship as follows:

12.1. Where the insured ship is habitually towed in the ordinary course of trading from port to port or from place to place and has been declared as such to the insurer in writing;

12.2. Where the towing of the insured ship is for the purpose of entering or leaving a port or manoeuvring within the port during the ordinary course of trading;

12.3. In respect of any other towing, only if and to the extent that the contract is on the un-amended Towcon or Towhire standard forms or if cover has been agreed in writing by the insurer prior to the inception of such towing.

12A. Exceptions

(a) Cover is only available to the extent that the insured ship's Hull Policy does not cover the liability.

(b) There is no cover for the cost of the contracted towing.

13. Towage by the Insured Ship

13.1. Liability arising out of the towage of another ship or object by the insured ship.

13A Exceptions

Cover is only available if:

(a) the towage or attempt to tow is made for the purposes of saving or attempting to save life at sea; or

(b) the towage or attempt to tow is made on the basis of the un-amended Towcon or Towhire standard forms or any other standard form towage contract approved by the insurer; or

(c) cover has been extended under clause 23. in advance by the insurer.

14. Fines

Fines on the insured ship or for which the Assured is liable or for which the Assured has, with the prior agreement of the insurer in writing, assumed responsibility in respect of the following:

14.1. The actual or threatened accidental release or escape of oil or any other substance;

14.2. Short or over delivery of cargo or failure to comply with regulations relating to the declaration of goods or the administration of cargo documentation;

14.3. Breach of any immigration law or regulations;

14.4. The inadvertent act or neglect of a crewman in the course of his employment.

14A Exceptions

(a) Cover is only available under clause 14.1. if the Assured is covered under clause 4.

(b) No other fines are payable other than those referred to above.

15. Diversion Expenses

Fuel, insurance, stores, wages and port costs necessarily incurred in diverting the insured ship solely for the following reasons:

15.1. Securing medical treatment for an injured or sick person on board the insured ship;

15.2. Awaiting a substitute for a crewman who has died or is injured or sick;

15.3. Landing refugees or persons rescued at sea or attempting to save or saving life at sea.

15A Exception

Cover is only available for the Assured's extra expenses over and above the expense which would have been incurred but for the diversion and provided that such expenses have in the opinion of the insurer been reasonably incurred.

16. Refugees and Persons Rescued at Sea

16.1. Expenses, other than those covered under clause 15, necessarily incurred by the Assured:

16.1.1. In complying with the Assured's legal obligations in respect of refugees or persons rescued at sea;

16.1.2. With the agreement of the insurer, in making necessary arrangements for dealing with refugees or persons rescued at sea.

16A Exception

Cover is only available to the extent that the expenses are not otherwise recoverable from any other party.

17. Life Salvage

17.1. Liability to a third party because he has saved or attempted to save the life of any person on or from the insured ship.

17A Exception

There is no cover for any liability which is recoverable under the insured ship's Hull Policy or from cargo interests or underwriters.

18. Quarantine

18.1. Expenses necessarily incurred in respect of measures taken specifically to eliminate or control an outbreak of infectious disease on the insured ship, including quarantine and disinfection expenses.

18.2. Fuel, insurance, stores, wages and port costs necessarily incurred in dealing with the outbreak.

18A Exception

Cover is only available for the Assured's extra expense over and above the expense which would have been incurred but for the outbreak.

19. Legal and Other Expenses

19.1. Expenses necessarily incurred by the Assured, and with the prior approval of the insurer in writing, in defending itself or protecting its interests or the interests of the crewman of the insured ship at a formal enquiry in respect of the loss of or a casualty involving the insured ship.

19.2. Legal and investigatory expenses necessarily incurred by the Assured, and with the prior approval of the insurer in writing, in respect of any liability or expense covered by this insurance.

19.3. Expenses incurred by the Assured wholly at the direction of the insurer and in the interests of the insurer.

20. Sue and Labour

20.1. Extraordinary expense over and above that which would be incurred in the course of the ordinary operation of the insured ship, necessarily incurred by the Assured upon or after any incident which is likely to give rise to a claim covered by this insurance and solely for the purpose of avoiding or minimising any liability covered by this insurance.

20A Exceptions

(a) There is no cover for any expense unless:

(i) It has been previously approved in writing by the insurer; or

(ii) The insurer has decided that the Assured may recover the whole or part of the expense.

(b) There is no cover in respect of the payment of or expenses associated with ransom, bribes or any other illegal payments or extortion.

(c) Cover is limited to the reasonably estimated value of the liability which is avoided or minimised.

SECTION 3: OPTIONAL COVER

The following optional extensions or additions to cover are available on such terms as the insurer may agree in writing.

21. Contracts or Indemnities

21.1. Cover under clauses 2, 4, 5, 10 and 15 is extended in respect of liability arising solely because of the terms of a contract or indemnity.

21A Exception

The terms of the contract or indemnity must be approved in advance by the insurer.

22. Special Operations

22.1. Cover under Section 2 is extended in respect of liability arising from the use of the insured ship for such of the special operations set out and otherwise excluded in clause 31 as may be agreed in writing by the insurer.

23. Extended Towing Cover

23.1. Cover is extended in respect of liability arising from a towing by the insured ship not otherwise covered under clause 13.

23A Exceptions

(a) There is no cover for liability arising in respect of towed ships within the same ownership or management as the insured ship.

(b) There is no cover for liability arising from the towing of rigs or platforms.

24. War Risks

Cover under Section II is extended to include liability or expense arising from the war risks otherwise excluded in clause 34 always subject to the following terms:

24.1. The insurer may on giving seven days' notice cancel this cover or vary or restrict the terms on which this cover is provided;

24.2. Whether or not notice of cancellation has been given, cover shall terminate automatically:

24.2.1. On the outbreak of war, whether or not declared, between any of the following: the United Kingdom, the United States of America, France, the Russian Federation or the People's Republic of China;

24.2.2. On the requisitioning of the insured ship for any purpose.

24A Exceptions

(a) There is no cover for liability or expense directly or indirectly caused by or arising from:

(i) The risks excluded by clause 35 of this insurance; (ii) The events referred to in sub clauses 24.2.1. and 24.2.2.

(b) Cover is only available for liability:

(i) Which is not covered under the terms of any other insurance in respect of the insured ship or Assured whether for hull and machinery, crewman, war risks or otherwise; and

(ii) In excess of any amount recoverable under any other such Policy of insurance.

25. Charterers' Liability

Cover for an Assured who is a time, voyage or slot charterer of the insured ship, as follows:

25.1. Liability to an owner, demise charterer or disponent owner for loss of or damage to the insured ship;

25.2. The risks covered in Section 2.

26. Charterers' Bunkers

Cover for an Assured who is a time, voyage or slot charterer of the insured ship, as follows:

26.1. Loss of or damage to the Assured's bunkers and/or other property (other than cargo) on board the insured ship;

26.2. Salvage and/or general average contributions payable by the Assured.

27. Legal Expenses Insurance

Cover in respect of legal expenses incurred by the Assured, including costs which the Assured is legally liable to pay to any third party, in the pursuit or defence of claims or the resolution of disputes relating to the following:

27.1. A contract for the building, modification, conversion, repair or maintenance of the insured ship;

27.2. A contract for the purchase or sale of the insured ship;

27.3. A mortgage or any contract of marine insurance in respect of the insured ship other than this insurance;

27.4. The employment of the crewman;

27.5. Claims by or against any person on or about the insured ship;

27.6. Cargo operations;

27.7. Goods supplied to the insured ship;

27.8. Services provided to or in respect of the insured ship;

27.9. Damage, detention, loss of use or the impairment of the rights of the Assured in respect of the insured ship;

27.10. General average contributions;

27.11. A charterparty, contract of carriage or contract of affreightment in relation to the insured ship.

27A Exceptions

(a) There is no cover unless the legal expenses have been incurred with the approval of the insurer.

(b) Cover is only available if the insurer is satisfied that the Assured has reasonable prospects of success. In assessing the prospects of success, the insurer may take into account the following matters:

(i) The financial amount at stake or the significance of the dispute;

(ii) The merits;

(iii) The enforceability of any claim;

(iv) The costs, actual or anticipated.

28. Confiscation

28.1. Cover in respect of the loss of the insured ship following its confiscation by order of any legally empowered authority in respect of the infringement of any customs or tax law or regulation.

28A Exceptions

(a) The insurer must be satisfied:

(i) That the Assured took all reasonable steps to prevent the infringement giving rise to the confiscation;

(ii) That the infringement was not caused or contributed to by the recklessness or complicity of the Assured or the insured ship's master; and

(iii) That the Assured has been irrevocably deprived of its interest in the insured ship.

(b) Cover is limited to the market value of the insured ship at the time of the confiscation.

29. Through or Transshipment Bills of Lading

29.1. Cover under clause 6 is extended in respect of liability for cargo carried by means of transport other than the insured ship where the liability arises under the terms of a contract of carriage approved by the insurer which provides for part of the carriage of the cargo or other property in the insured ship.

30. Passenger Risks

30.1. In addition to cover under clauses 2 and 3, cover is extended to include liability arising under the terms of a passenger Contract as a consequence of an accident or casualty to the insured ship, including expense incurred in disembarking, forwarding or returning passengers to their port of embarkation or destination, or in maintenance of passengers ashore.

30 A Exceptions

(a) There is no cover under this insurance in respect of liability incurred as a result of the carriage of any passenger by air except where such liability occurs during repatriation by air of injured or ill passengers, or of passengers following an accident or casualty to the insured ship.

(b) The terms of the passenger Contract between the passenger and the Assured must be approved in advance by the insurer.

SECTION 4: EXCLUDED RISKS

31. Special Operations

31.1. Unless and to the extent that an extension of cover is agreed under clause 22, there is no cover under any of clauses 3, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17 and 18 inclusive for liability or expense arising from or in respect of the use of the insured ship for the following:

31.1.1. Dredging and/or depositing of spoil;

31.1.2. Construction including but not limited to installation and maintenance work, pile driving, blasting or core sampling, cable or pipeline laying, maintenance or recovery;

31.1.3. Exploration, survey, drilling or other production operations in connection with oil, gas or mineral production;

31.1.4. Professional oil spill or other pollution response or training or tank cleaning (other than on the insured ship);

31.1.5 Professional salvage or fire fighting services;

31.1.6. Commercial diving, underwater surveying and underwater operations by a submarine or other underwater vessel or equipment;

31.1.7. Waste disposal or incineration;

31.1.8. Oil Storage;

31.1.9. Hotel, catering or leisure services on board a permanently moored ship.

31.2. Where clause 30.1. applies:

31.2.1. the cover available under clauses 1 (Seamen) and 2 (Liability to persons other than Seamen) is restricted to liability and expense only in respect of seamen and persons on board the insured ship;

31.2.2. the cover available under clause 4 (Pollution) is restricted to liability and expense only in respect of pollution from the insured ship;

31.2.3. the cover available under clause 5 (Wreck) is restricted to liability under clause 5.1 only.

32. Hull Cover

32.1. There is no cover under this insurance for liability which would be recoverable under the insured ship's Hull Policy if the insured ship had, at the time of the incident giving rise to the liability, been fully insured for a Proper Value on the terms of a Lloyd's Marine Policy MAR Form 1.1.82 edition with the Institute Time Clauses 1.10.83 (or in the case of fishing vessels, Institute Fishing Vessel Clauses 20.7.87) attached, or on at least equivalent terms.

32.2. There is no cover under this insurance for any excess or deductible applicable to the Hull Policy.

33. Damage to the Ship, Property and Liability thereof.

33.1. There is no right of recovery under this insurance for the following:

33.1.1. Loss of or damage to or the cost of repairs to any equipment (including in the case of a fishing vessel, nets and gear), containers, lashings, stores, fuel, or any other property which is not being carried on board the insured ship under a contract of carriage by sea.

33.1.2. Loss of or damage to or the cost of repairs to the insured ship or any part of it, except where the insured ship is lost through confiscation and cover under clause 28 has been agreed under this insurance;

33.1.3. Loss of or damage to a chartered ship or its equipment unless the Assured is a charterer and is covered under clause 25.

33.1.4. Loss of or damage to, or liability when caused by the insured ships nets or gear.

33.1.5. Loss of or damage to catch whether on board or not.

33A Exception

The exclusions in clause 33.1 do not apply where the loss, damage or cost of repairs form part of a claim recoverable under clauses 7 or 8.

34. War Risks

Unless otherwise agreed in writing by the insurer, there is no cover under this insurance for liability or expense directly or indirectly caused by, contributed to, or arising from the following:

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

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

34.3. Mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war (except for liability or expenses which arise solely by reason of the transport of any such weapons whether on board the insured ship or not).

34A Exception

The exclusion in clause 34.3. does not apply to the use of such weapons as the result of government order or with the prior agreement of the insurer in writing or where the reason for such use is the avoidance or mitigation of liability or expenses which would otherwise be covered by this insurance.

35. Nuclear Risks and Cyber Attack

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 the following:

35.1. Ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

35.2. The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component;

35.3. Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

35.4. The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;

35.5. Any chemical, biological, biochemical, or electromagnetic weapon;

35.6. This insurance is subject to Clauses 35, 35.1, 35.2, 35.3, 35.4 and 35.5. The inclusion of Clauses 35, 35.1, 35.2, 35.3, 35.4 and 35.5 in this insurance is material to insurers' willingness to provide coverage at the quoted terms, conditions and rates. It is the intent of the parties to give maximum effect to Clauses 35, 35.1, 35.2, 35.3, 35.4 and 35.5 as permitted by law. In the event that any portion of Clauses 35, 35.1, 35.2, 35.3, 35.4 and 35.5 may be found to be unenforceable in whole or in part under the law of any state, territory, district, commonwealth or possession of the U.S.A., or any province or territory of Canada, the remainder shall remain in full force and effect under the laws of that state, territory, district, commonwealth or possession, province or territory. Any such finding shall not alter the enforceability of Clauses 35, 35.1, 35.2, 35.3, 35.4 and 35.5 under the laws of any other state, territory, district, commonwealth or possession of the U.S.A., or any province or territory of Canada, to the fullest extent permitted by applicable law;

35.7. Subject only to clause 35.8. below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by, or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system;

35.8. Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive; Clause 35.7 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

36. Sanctions

36.1. There is no cover under this insurance, and the insurer shall not be liable to pay any claim or provide any benefit under this insurance, if the provision of such cover, payment of such claim or provision of such benefit would expose the insurer to the effect of 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.

37. Hazardous or Unlawful Trading

37.1. There is no cover under this insurance for liability arising out of fishing in waters that are deemed prohibited, imprudent, unsafe, unduly hazardous, improper to fish, engaging in unlawful fishing or in an unlawful trade and/or blockade running by the insured ship, the carriage of contraband, or any voyage or trade which in the opinion of the insurer exposes the insured ship or the Assured to unnecessary or unreasonable risk.

38. Double Insurance

38.1. There is no right of recovery under this insurance in respect of any liability or expense recoverable under any other insurance as a result of any terms in that other insurance which seek to exclude or limit liability on the basis of double insurance.

38.2. There is no right of recovery under this insurance in respect of any liability or expense recoverable under any other insurance, including in respect of any excess or deductible applicable to the recovery under that other insurance.

38A Exception

Where clause 38.1. applies, this insurance shall be deemed to provide cover only in excess of the cover which would otherwise be provided by the other insurance.

39. Cumulative Injury

39.1. There is no cover under this insurance for liability for injury, or death caused by or contributed to by that injury, which arose or resulted from any person's repetitive occupational activity and which is not traceable to an accident or one event which occurred during that person's occupation.

40. Wilful Misconduct and Prudent Uninsured

40.1. There is no cover under this insurance for liability which has been incurred by reason of the wilful misconduct of the Assured. Further, the Assured shall take such prudent steps to protect its interests as it would have done if not covered by this insurance.

41. Commercial Losses

There is no right of recovery under this insurance in respect of commercial losses of the Assured in connection with the insured ship including but not limited to the following:

41.1. Loss of freight or hire;

41.2. Delay, detention or demurrage in connection with the insured ship;

41.3. Loss arising out of the cancellation or termination of any contract for the insured ship;

41.4. The insolvency or financial default of any person and debts which are irrecoverable for that reason.

42. Punitive or Exemplary Damages

42.1. There is no right of recovery under this insurance for any amount payable under any order, judgment or award of a court or tribunal which is punitive or exemplary in nature rather than compensatory of any third party unless covered under clause 14.

SECTION 5: GENERAL CONDITIONS

43. Provision of Information by the Assured

43.1. The Assured shall always notify the insurer of any change of material circumstance and in particular of the following:

43.1.1. Loss of contact with the insured ship;

43.1.2. Total loss of the insured ship;

43.1.3. Any change of operator or commercial, technical or crewman management;

43.1.4. Any sale, transfer or assignment, mortgage or hypothecation of the insured ship;

43.1.5. Any change of classification society or flag state;

43.1.6. Any foreclosure by a bank or giving up of possession or control of the insured ship by the Assured;

43.1.7. In the event of any lay-up of the insured ship for 180 or more consecutive days, any intended resumption of trading at least seven days prior to the actual resumption of trading.

43.2. Prior to inception and throughout the Policy period of this insurance the Assured shall disclose to the insurer all material circumstances which the Assured knows or ought to know, and shall provide any information required by the insurer.

44. Premium

44.1. Section 53(1) of the Marine Insurance Act 1906 shall not apply and premium shall be payable by the Assured on such terms as the insurer shall agree in writing.

44.2. The Assured shall not set off any sum payable by the insurer against any premium or any other sum due from the Assured.

44.3. If the insured ship is laid up in a safe port without any cargo on board for a period of 30 or more consecutive days after finally mooring there, the Assured may be entitled to a return of premium at such rate and after deduction of such administrative or other expenses as may be determined by the insurer for the period of lay-up of the insured ship. The Assured will not be entitled to any return of premium:

44.3.1. Unless it has notified the insurer in writing of the lay-up period within 6 months of the end of either the lay-up period or Policy period, whichever is the earlier; and/or

44.3.2. If clause 44.4. applies.

44.4. If the insured ship becomes a total loss as set out in clause 46.1, the full premium for the Policy period shall be deemed due and immediately payable to the insurer.

44.5. If the Assured fails to pay premium or any instalment by its due date the insurer may:

44.5.1. Withhold payment of any recovery in respect of a claim otherwise due to the Assured;

44.5.2. Serve a notice on the Assured stating that sums are due and requiring payment by a specific date;

44.5.3. Vary or restrict the terms of this insurance.

45. Termination of Insurance

45.1. This insurance shall terminate on the happening of any of the following events:

45.1.1. The Assured, being a corporation or unincorporated entity:

45.1.1.1. Is dissolved;

- 45.1.1.2. Has a receiver, administrator or manager appointed in respect of all or part of its business;
- 45.1.1.3. Is the subject of a compulsory winding up order or resolution for its voluntary winding up;
- 45.1.1.4. Commences proceedings under any bankruptcy or insolvency laws seeking legal protection from its creditors or a reorganisation.

45.1.2. The Assured, being an individual:

- 45.1.2.1. Is unable to manage his business by reason of mental illness or incapacity;
- 45.1.2.2. Becomes bankrupt or is the subject of any scheme of arrangement or composition with his creditors;
- 45.1.2.3. Dies.

45.2. This insurance or, as may be, the insurance in respect of an insured ship shall terminate:

- 45.2.1. On the date specified by the insurer if this insurance or the insurance in respect of an insured ship is terminated under clauses 60.1. or 61.3.2.
- 45.2.2. If the Assured fails to pay all sums due in respect of this insurance or in respect of an insured ship on or before the date specified in any notice served under clause 44.5.2, on the later of the date in that notice or any date which may have been notified subsequently by the insurer to the Assured.
- 45.3. The insurer may at any time without giving reasons, terminate this insurance or the insurance in respect of an insured ship by giving not less than 14 days written notice to the Assured.

46. Termination of Cover

Unless otherwise agreed in writing by the insurer, the insurance in respect of an insured ship shall terminate on the happening of any of the following events:

46.1. Total loss of the insured ship as follows:

- 46.1.1. Actual or constructive total loss;
- 46.1.2. Acceptance by the hull and machinery insurers of a compromised or arranged total loss of the insured ship;
- 46.1.3. If the insured ship cannot be located or contacted for a consecutive period of 10 days;
- 46.1.4. In circumstances where the insurer concludes that the insured ship is a total loss and notifies the Assured in writing accordingly.

46.2. Sale, mortgage, hypothecation or other transfer or assignment by the Assured of all or part of its interest, possession or control of the insured ship;

46.3. Change of flag state of the insured ship;

46.4. Foreclosure by a bank or the giving up of possession or control in respect of the insured ship by the Assured;

46.5. Change of manager or operator of the insured ship;

47. Effect of Termination

47.1. Unless clause 47.2. or 47.3. applies, where this insurance or the insurance in respect of an insured ship is terminated:

47.1.1. The insurer shall remain liable for all claims under this insurance arising up to the date of termination;

47.1.2. The Assured shall remain liable for all premium due for the period up to the date of termination;

47.1.3. The Assured shall be entitled to the return of any premium paid for the terminated insurance and which is attributable to the period after the date of termination on a pro rata per day basis.

47.2. Unless clause 47.3. applies, where insurance in respect of an insured ship is terminated pursuant to clause 46.1:

47.2.1. The insurer shall remain liable for all claims under this insurance arising up to the date of the termination and including claims arising out of the event causing the total loss of the insured ship;

47.2.2. The Assured shall not be entitled to any return of premium.

47.3. Where this insurance or the insurance in respect of an insured ship is terminated pursuant to clause 45.2.2:

47.3.1. The insurer shall not be liable for any claims whatsoever whether arising before or after the date of termination;

47.3.2. The Assured shall remain liable for premium due for the period up to the date of termination.

48. Disputes and Differences

Disputes and differences between the insurer and the Assured shall be resolved as follows:

48.1. In respect of any sum owed by the Assured, the Assured agrees and submits to the jurisdiction of the High Court of Justice in London in respect of any action brought by the insurer to recover that sum. The insurer shall be entitled to commence and maintain any action in any jurisdiction to recover sums due from the Assured;

48.2. All other disputes and differences shall be referred in the first instance to mediation in London in accordance with the CEDR model mediation procedure and with a mediator nominated by CEDR;

48.3. If the dispute or difference is not settled by mediation it shall finally be referred to arbitration in London. One arbitrator shall be appointed by the Assured and a second arbitrator shall be appointed by the insurer, with a third arbitrator to be appointed by the two arbitrators. The submission to arbitration and the arbitration proceedings shall be subject to the Arbitration Act 1996 or any re-enactment or modification of that Act then current.

49. Notices

49.1. Any notice by the Assured to the insurer shall be sent in writing to: Coastal Marine Services Ltd, Suite 3, 1st Floor, Summit House, Chelmsford, Essex, CM1 1NT or to such other address or other means of communications as the insurer may notify to the Assured.

49.2. Any notice to the Assured may be served as follows:

49.2.1. sent to any postal, facsimile or electronic mail address or place of business of the Assured set out in the Policy or otherwise held in CMS records; or

49.2.2. sent to the postal, facsimile or electronic mail address or place of business of a broker or agent of the Assured;

49.2.3. in a letter sent in the post or by courier, or in a message sent by facsimile or electronic mail;

49.3. Service of any notice sent in accordance with sub clause 49.2. shall be deemed effective service on the Assured as follows:

49.3.1. on the day of sending if sent by electronic mail or facsimile.

49.3.2. on the seventh day after posting or sending by courier;

49.4. Proof of posting or delivery, or the insurer's or CMS record of any electronic communication or transmission are sufficient proof of service by post, courier, facsimile or electronic mail as may be.

50. Insured Value of Insured Ship

50.1. The Assured shall be deemed to keep the insured ship insured throughout the Policy period either on the terms of a Lloyd's Marine Policy MAR Form 1.1.82 edition with the Institute Time Clauses 1.10.83 (or in the case of fishing vessels, the Institute Fishing Vessel Clauses 20.7.87) attached, or on at least equivalent terms, at a Proper Value.

50.2. In connection with any claim under this insurance, the insurer may determine the minimum proper value for which the insured ship should have been insured at the time of the incident giving rise to the claim.

51. Joint Assureds and Co-Assureds

51.1. The insurer may agree to include in respect of this insurance as joint Assured(s) one or more persons with joint or separate interests in respect of the insured ship, and who shall be jointly and severally liable to pay premium or any sums due to the insurer.

51.2. The insurer may agree with the Assured to include in respect of this insurance as co-Assured(s) one or more persons in which case the cover provided to a co-Assured will only extend insofar as it may be found liable to pay in the first instance Liabilities which are properly the responsibility of the Assured. Cover does not extend to any amount which would not have been recoverable had the claim giving rise to such liability been made or enforced against the Assured.

51.3. Any notice given or any communication between the insurer and the Assured and/or any Joint Assured and/or Co-Assured shall be deemed to be within the knowledge of all Assureds.

51.4. All Assureds shall be bound by:

51.4.1. Any failure by one of them to disclose or any misrepresentation of material information; or

51.4.2. The provision by one of them of untrue or incomplete material information; or

51.4.3. Any conduct which would give rise to the termination of this insurance or the variation or restriction of any of the terms of this insurance.

51.5. There is no cover under this insurance in respect of any liability arising directly or indirectly from any disputes between Assureds.

51.6. The deductibles and limits on the cover provided by this insurance shall apply to any claim by any one Assured as if all the Assureds were a single Assured.

51.7. Receipt by any Assured of any sum paid by the insurer shall be deemed to be received on behalf of all Assureds and a sufficient discharge by the insurer for the claim.

52. No Waiver

52.1. No act, omission, or conduct by the insurer or by CMS or any acquiescence in conduct by the Assured shall amount to a waiver of the insurer's rights under this insurance.

53. No Assignment

53.1. The Assured shall not assign this insurance or any interest in this insurance without the agreement in writing of the insurer and that agreement may be provided subject to any terms the insurer requires.

54. Obligation to Sue and Labour

54.1. In the event of any occurrence which may give rise to a claim under this insurance, the Assured shall take all reasonable steps to avert or minimize any liability which might be covered under this insurance.

SECTION 6: SCOPE, LIMITS AND RECOVERIES

55. Sums Due from the Assured

Any recovery by the Assured under this insurance shall be subject to:

55.1. Payment by the Assured of any applicable deductible;

55.2. Set-off by the insurer or any sums due from the Assured.

56. Payment First

56.1. Unless the insurer decides otherwise, it is a condition precedent to any recovery by the Assured under any other clause of this insurance that the Assured shall have discharged the liability or paid the costs or expense claimed out of funds belonging to the Assured unconditionally and not by way of loan or otherwise.

56.2. The Assured shall be liable to reimburse the insurer in full for any payment made to a crewman or his representative under sub-clauses 1.1 or 1.2 unless and to the extent that cover would have been available to the Assured under the other provisions of Clause 1.

57. Limit of Recovery

57.1. There shall be no recovery under this insurance for any sum in excess of the liability of the Assured in respect of the insured ship as determined by any relevant law including any law relating to limitation of liability.

58. Policy Limit and Deductibles

58.1. The Policy limit applies to all Assureds and any affiliate or associate of the Assureds collectively. Deductibles apply to any one event or as agreed by the insurer. The amount recoverable under this insurance up to the Policy limit shall be reduced by the amount of the deductible.

59. Net Loss

59.1. The Assured shall not recover under this insurance any sum in excess of its net loss, after deducting any expense which would have been incurred in any event and any savings accruing or recoveries made. Where an Assured makes or becomes entitled to make a recovery from any third party there shall be credited and paid to the insurer an amount equal to the expenses incurred in connection with the matter by the insurer, or other amount as the insurer may agree.

SECTION 7: CONDITIONS – QUALITY AND SAFETY

60. Conditions Precedent to Cover

Clauses 61.2. and 62. to 64. set out the conditions must be strictly complied with by the Assured in relation to the quality and safety standards of the insured ship and its management. In the event of a breach by the Assured of one or more of these conditions, the insurer may:

60.1. Terminate this insurance;

60.2. Vary or restrict the terms of this insurance;

60.3. Exercise its rights under the Insurance Act 2015.

61. Survey and Appraisal

61.1. The insurer may appoint a surveyor or surveyors to inspect, survey and appraise the insured ship and/or the Assured's management of the insured ship:

61.1.1. As a condition precedent to inception of this insurance;

61.1.2. At any time and as often as required by the insurer during the Policy period.

61.2. The Assured shall:

61.2.1. Co-operate fully in the arrangements for and performance of any survey, appraisal or inspection;

61.2.2. Comply with all recommendations or requirements made by the insurer or by its surveyor or surveyors within any period set for compliance.

61.3. In light of any inspection, survey or appraisal, the insurer may:

61.3.1. Vary or restrict the terms of this insurance;

61.3.2. Terminate this insurance.

62. Classification

62.1. The insured ship is and shall remain throughout the Policy period classed with a Classification Society approved by the insurer.

62.2. The Assured complies and shall throughout the Policy period comply with the rules of that Classification Society and with any recommendation or requirement issued by it in accordance with those rules within the time or times specified by that Classification Society.

62.3. The Assured shall at all times provide the insurer with all information and documents that the insurer may require relating to the classification of the insured ship and the Assured authorises the insurer to inspect any information or documents held by any Classification Society with which the insured ship is or has at any time been classed and shall where necessary authorise such Classification Society to make the information available to the insurer.

Clause 62. also applies to any cargo refrigerating equipment on the insured ship.

63. Flag State

63.1. The insured ship complies throughout the Policy period with all requirements of the insured ship's flag state including those relating to the construction, condition, manning and equipment of the insured ship.

63.2. The Assured holds and shall throughout the Policy period maintain all and any valid statutory certificates required and issued by or on behalf of the insured ship's flag state, including those in respect of the ISM and ISPS codes.

64. International Safety Management Code

Where the insured ship is legally required to comply with the ISM Code:

64.1. The insured ship has and shall throughout the Policy period have a valid Safety Management Certificate;

64.2. The Assured has implemented and shall throughout the Policy period maintain and operate a Safety Management System in accordance with the ISM Code;

64.3. The Assured, owner or manager of the insured ship has and shall throughout the Policy period have a valid Document of Compliance.

SECTION 8: CLAIMS PROCEDURES

65. Condition Precedent

It is a condition precedent to any recovery by the Assured under this insurance that clauses 43.1., 66., 67. and 69. are complied with by the Assured to the satisfaction of the insurer.

66. Notification by the Assured

The Assured is required to notify the insurer in writing of the following:

66.1. Every claim or circumstance which may give rise to a claim shall be notified to the insurer immediately. If the insurer is not notified in writing within one year after the date of the incident, the insurer will not be liable for the claim under this Policy.

67. Indemnity Time Limit

67.1. Any claim for reimbursement under this insurance of any liability or expense must be made by the Assured within twelve months of discharging or paying it.

68. Claims Control

The insurer is entitled to control any matter or proceedings which may give rise to a claim under this insurance in any way appropriate, and may proceed as follows:

68.1. Decide or agree to provide security in respect of a claim on such terms as it considers appropriate and only if no sums are owed to the insurer;

68.2. Delegate to CMS the management of any claim or matter or proceedings which may give rise to a claim;

68.3. Appoint any person, including surveyors, experts or lawyers to deal with any matter on behalf of the Assured, or approve the appointment of any person appointed by the Assured for that purpose. It is agreed between the insurer and the Assured that any such person will be appointed on terms requiring that person to disclose material, documents or information relating to the matter and to advise and report, to the insurer and/or CMS as required and without reference to the Assured;

68.4. Direct or require the Assured to settle, compromise or otherwise dispose of any matter or legal proceedings as it sees fit;

68.5. Require the Assured to attend or take any step in connection with the conduct of any proceedings, investigation or enquiry.

69. Assistance by the Assured

The Assured shall provide every assistance to the insurer in respect of any claim or potential claim under this insurance and in particular as follows:

69.1. The Assured shall:

69.1.1. At all times notify the insurer of any information or documents in the possession or control of the Assured or its employees or agents and provide the information or documents on demand;

69.1.2. At all times co-operate with the insurer and/or any experts and/or lawyers or other appointed persons in securing and preserving information and evidence and in securing the attendance of witnesses at any legal hearing or investigation;

69.2. The Assured shall not admit liability or settle or compromise any claim without the prior approval of the insurer.

SECTION 9: HULL AND MACHINERY TERMS AND CONDITIONS

70. Terms and Conditions

The Assured is covered regarding the risks set out in the Standard Clauses of Hull and Machinery Risks as will be included in the Policy in relation to Section 1, which is to be read together with the Terms and Conditions and all other terms in the Policy.

70.1. Incorporation of Hull and Machinery Clauses.

The Assured is covered in accordance with the Policy issued including the standard clauses regarding Hull and Machinery Risks.

70.2. Laid Up Returns.

Unless otherwise agreed, laid up returns (if any) will be made in accordance with Clause 23. of the Institute Time Clauses – Hulls (1/11/95 Edition).

DEFINITIONS

References to the singular shall include the plural and vice versa.

References to the masculine gender shall include the feminine gender.

Assured(s) The person or persons insured under this insurance and named as the Assured(s) in the Policy. In these terms, the word Assureds shall include joint Assureds and co-Assureds where the context requires.

Cargo Goods, other than a container supplied by or on behalf of the Assured, carried under a contract of carriage.

Co-Assured A person named as co-Assured in the Policy.

CMS Coastal Marine Services Ltd

Crewman Any person employed as part of the insured ship's complement under the terms of a crewman contract whether or not on board the insured ship

Crewman Contract Any articles of agreement or contract of employment or collective agreement for service on board the insured ship.

Fines Monetary penalties imposed by any court, tribunal or authority of competent jurisdiction.

Finished Steel Products Steel products which are not billets, blooms, scrap, swarf, plain parallel sided pipes or pig iron.

Hague Rules The international convention for the unification of certain rules relating to bills of lading signed at Brussels on 25th August 1924.

Hague Visby Rules The Hague Rules as amended by the protocol signed at Brussels on 23rd February 1968.

Hamburg Rules The United Nations Convention on the carriage of goods by sea signed at Hamburg on 31st March 1978.

Hull Policy The policies of insurance in respect of the insured ship's hull and machinery, including increased value and excess liability.

Insured Ship A ship or ships named in the Policy.

Insurer The insurer or insurers named in the Policy.

Joint Assured A person covered jointly with the Assured under this insurance and named in the Policy.

liability A legal obligation or legal responsibility imposed on the Assured or to which the Assured becomes subject.

MLC 2006 The Maritime Labour Convention 2006 as amended on 12 June 2014.

Passenger A person on board the insured ship by reason of a passenger contract.

Passenger Contract A ticket or other contract of carriage for passage on board the insured ship.

Person An individual, a corporation or unincorporated entity or a combination of both.

Policy Limit The maximum amount payable by the insurer in respect of any claim or claims under this insurance arising out of any event, accident or occurrence, or any series of accidents or occurrences arising out of one event.

Policy Period the period of insurance set out in the Policy.

Proper Value A value equivalent to or higher than the market value of the insured ship without any charter or other commitment.

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

Towcon International Ocean Towage Agreement (lump sum) published by the Baltic and International Maritime Council.

Towhire International Ocean Towage Agreement (daily hire) published by the Baltic and International Maritime Council.

Valuables Money, negotiable instruments or securities, jewellery, bullion, precious or rare metals or stones, fine art or other items of a rare or precious nature.

Writing Text in the English language, unless the use of another language has been agreed by the insurer or CMS, communicated by letter, notice, email, facsimile or telex transmission.