

These clauses are for illustrative purposes only and different terms and conditions may be agreed in particular where any clause excludes losses or makes cover subject to certain conditions.

# **ALL RISKS MARINE HULL AND MACHINERY INSURANCE POLICY**

(French Form dated July 1<sup>st</sup>, 2010)



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# SECTION I – SCOPE OF THE POLICY

## 1.1 Risks covered

This policy covers all risks of accidental physical loss of or damage to the Insured Vessel occurring within the policy period, together with third party liabilities, costs and expenses, on the terms, conditions, restrictions and exclusions set out below.

### 1.1.1 Physical loss of or damage cover

Subject to the provisions and exclusions of this policy, this policy covers all risks of accidental physical loss of or damage to:

#### A/ The Insured Vessel

The Insured Vessel includes the hull, the propulsion and power generation machinery, equipment, navigation instruments, apparatus, fixture and fittings, installations and annexes.

The Insured Vessel also includes all stores, provisions, bunkers owned by the Assured in so far as not separately insured.

#### B/ Leased equipment

This insurance covers all parts, equipment, navigation instruments, apparatus, installations and annexes, fixture and fittings of the Insured Vessel not owned by the Assured, but which are both installed on the Insured Vessel and for which the Insured has contractual liability under a leasing contract or a hire contract.

#### C/ Parts taken off the vessel

This policy covers parts temporarily taken off the Insured Vessel for a maximum period of sixty (60) days from the time they have been taken off unless prior notice is given by the Assured and subject to amended terms and conditions and/or additional premium as may be required by Insurers.

**Pollution Hazard Clause** — Subject to the provisions and exclusions of this policy, this policy covers accidental physical loss of or damage to the Insured Vessel and leased equipment, even if caused by the decision of a governmental authority, to prevent or mitigate either a pollution hazard or damage to the environment arising from a risk insured against.

The indemnity payable by the Insurers per accident under this Article 1.1.1 shall not exceed the Agreed Value of the Insured Vessel.

### 1.1.2 4/4 THS collision liability or contact with fixed or floating objects

Subject to the provisions and exclusions of this policy, this policy covers third party liabilities incurred:

- a) By the Insured Vessel as a consequence of her collision with a seagoing vessel or inland craft, or contact with a fixed or floating object or structure;
- b) In respect of damage caused by the hawsers, anchors, chains or annexes of the Insured Vessel while attached to the Insured Vessel or being handled or used in connection with the operation of the Insured Vessel.

The indemnity payable by the Insurers per accident under this Article 1.1.2 shall not exceed the Agreed Value of the Insured Vessel.

### 1.1.3 Cover for salvage, general average, sue and labour, legal costs

Subject to the provisions and exclusions of this policy, this policy covers the Insured Vessel's contribution to:

- a) General Average;
- b) Salvage and salvage charges;
- c) Sue and labour expenses reasonably incurred to prevent loss of or damage to the Insured Vessel caused by an insured risk peril or to minimize a loss which would be recoverable under this policy;
- d) Legal costs incurred in respect of above items a), b), c) and in respect of insured third party liability.

In the paragraph above, legal costs shall mean only such costs as are incurred with Insurers' prior agreement. The indemnity including the legal costs payable by the Insurers per accident under this Article 1.1.3 shall not exceed the Agreed Value of the Insured Vessel.

## **1.2 Risks excluded**

### **1.2.1 General exclusions**

#### **A/ This policy excludes loss, damage, third party liabilities or expenses in respect of or caused by:**

- 1°) The failure of the Assured to comply at the inception of and throughout the period of this insurance with all statutory requirements of the Insured Vessel's Flag State relating to construction, adaptation, condition, fitment, equipment, operation and manning of the Insured Vessel;
- 2°) Any personal act or omission of the Assured or his onshore senior officers to whom he has delegated decision-making authority in connection with the Insured Vessel, committed with the intent to cause such damage, or recklessly and with knowledge that such damage would probably result;
- 3°) Inherent vice or wear and tear;
- 4°) Removal, destruction, marking or lighting of the wreck of the Insured Vessel and leased equipment and of any cargo or other property on board of the Insured Vessel;
- 5°) Any seizure or arrest of the Insured Vessel, including but not limited to any seizure or arrest related to any security or other financial guarantee;
- 6°) Blockade running, smuggling, unlawful, prohibited or clandestine trade;
- 7°) Confiscation, sequestration and requisition.

#### **B/ This policy excludes any liability, costs and expenses:**

- 1°) In respect of loss of or damage or loss of use, delay to any other vessel, inland craft, fixed or floating object or structure or to any other property caused otherwise than by collision or contact with the Insured Vessel.
- 2°) For any pollution or contamination or threat thereof arising from the escape or release of pollutant substances from the Insured Vessel. This exclusion shall not extend to the liability of the Insured Vessel for the pollution or contamination sustained by other vessel, craft, object (or any cargoes thereon) with which the Insured Vessel is in collision or contact.  
Consequently, in no case shall this insurance cover "Special compensation" payable to a Salvor under article 14 of the International Convention on Salvage 1989, to the extent specified in paragraph 4 of that article or under a SCOPIC clause or under any other provision similar in substance or in effect;

This exclusion shall not extend to any sum the Assured shall pay in respect of salvage remuneration where the skill and efforts of the salvors in preventing or minimising damage to the environment have been taken into account (as referred to in article 13 paragraph 1 (b) of the International Convention on Salvage 1989);

- 3°) For damage to the environment or Wildlife;
- 4°) In respect of cargo carried on board the Insured Vessel;
- 5°) For any contractual obligations of the Assured including but not limited to crew liability and passenger liability;
- 6°) In respect of loss of life or personal injury.

#### **C/ This policy excludes:**

- 1 °) The cost of replacing or repairing any latent defect. This exclusion shall not extend to the cost of repairing physical loss of or damage to the Insured Vessel caused by such latent defect;
- 2°) Physical loss of or damage to the Insured Vessel as a result of cargo being carried, with the knowledge of the Assured, in breach of either current regulations or recognised trade practices;

- 3°) Costs, expenses or any commercial losses whatsoever arising from the normal trading activity or operation of the Insured Vessel;
- 4°) Loss of income including revenue, earnings, freight, charter or hire, loss arising from immobilisation of or delay to the Insured Vessel;
- 5°) Loss, costs, expenses and/or delay in any way arising from or related to health measures, disinfection or quarantine;
- 6°) Fines, penalties, punitive or exemplary damages.

### **1.2.2 Radioactive contamination, chemical, biological and electromagnetic weapons exclusion**

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

- Ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- 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;
- Any chemical, biological, bio-chemical, or electromagnetic weapons or device used in any act of war, civil war, revolution, rebellion, insurrection or civil strife arising there from or any hostile act by or against a belligerent power or any act of terrorism.

### **1.2.3 War Exclusions**

Unless otherwise agreed in writing by Insurers, in no case shall this policy cover loss, damage, liability, costs or expenses caused by:

- 1°) War, civil war, revolution, rebellion, insurrection and civil strife resulting there from;
- 2°) Torpedoes, mines and all weapons of war whether derelict or not;
- 3°) Capture, taking at sea, arrest, seizure, restraint or detainment by any government or other authority;
- 4°) Confiscation or expropriation by any government or other authority;
- 5°) Riots, civil commotions, strikes, lockouts and other similar labour disturbances;
- 6°) Piracy;
- 7°) Malicious acts or vandalism in each case of a political motive or related to war;
- 8°) Acts of sabotage or terrorism in each case of a political motive or related to war.

## **1.3 Limits of Insurers' liability**

### **1.3.1 Definition of the Agreed Value**

The Agreed Value is the value of the Insured Vessel agreed between the Assured and Insurers at the time of inception of the contract for the amount specified in the particular conditions.

The Agreed Value of the Insured Vessel shall be conclusive as between the Assured and the Insurers, save in the case of fraud.

This Agreed Value includes jointly the Insured Vessel and leased equipment, if any, in accordance with Article 1.1.1 B above.

If increased value insurance or hull interest and freight interest insurance is taken out by the Assured, without agreement of the Insurers on this policy, for an amount in excess of 25% of the Agreed Value then the sum insured under this policy will be reduced in the same proportion in case of actual total loss or constructive total loss.

### **1.3.2 Insurers total limit of liability**

The total limit of liability of the Insurers for all covers granted under this policy is limited per accident to an aggregate total of three times the Agreed Value.

## **1.4 Time and place of the insurance**

### **1.4.1 Period of insurance**

This policy provides cover for a period of twelve months from the date and time of inception specified in the Particular Conditions or for any other period which may be agreed by Insurers.

### **1.4.2 Continuation of insurance**

If, at the expiry of this policy the Insured Vessel is either:

- on a voyage and suffers physical damage caused by an insured risk; or
- under repair for physical damage caused by an insured risk

then, provided prior notice has been given to Insurers, the Insured Vessel shall remain held covered at a pro rata premium until either the voyage or the repair is completed, whichever ever shall first occur.

In case of actual total loss or constructive total loss of the Insured Vessel during such extension, the Insurers shall be entitled to an additional premium for a further period of six months.

### **1.4.3 Navigation and mooring**

The Insured Vessel is covered under this policy whether in use, moored, laid up, under repair, whether floating, onshore or in dry dock.

### **1.4.4 Towing, salvage and transhipment**

Subject to prior agreement of the Insurers, who are entitled to require appropriate precautionary measures to be taken and/or amended terms and conditions and/or additional premium as a condition of coverage, the Insured Vessel remains covered under this policy when she is in tow or when effecting towing or transhipment outside her normal commercial operations.

Prior agreement of the Insurers is not required when the vessel is in need of assistance or is rendering salvage services to any vessel requesting such services or is in tow in any port, in the roads, in rivers or canals.

Insurers are liable for physical loss of or damage to the Insured Vessel arising during salvage operations but may claim from the Assured any sums the Assured has recovered for such loss or damage from salvors or any other third party.

### **1.4.5 Lay up**

Unless otherwise specifically agreed by Insurers with the additional clause "Lay up" there shall be no return of premium for lay up.

### **1.4.6 Navigating limits**

Except with the prior agreement of the Insurers who are entitled to require appropriate precautionary measures to be taken, and/or amended terms and conditions, and/or additional premium as a condition of coverage, there is no cover under this policy whilst the Insured Vessel is sailing, moored or laid up within the areas defined below, except when the Insured Vessel is obliged to enter by force majeure or to render salvage services to another vessel in distress:

### **Arctic**

- North of 70°N. Lat.
- Barents Sea, except for calls at Kola Bay, Murmansk or any port or place in Norway, provided that the vessel does not enter, navigate or remain north of 72°30'N. Lat. or east of 35°E. Long.

### **Northern Seas**

- White Sea.
- Chukchi Sea.

### **Baltic**

- Gulf of Bothnia north of a line between Umea (63°50'N. Lat.) and Vasa (63°06'N. Lat.) between 10<sup>th</sup> December and 25<sup>th</sup> May.
- Where the vessel is equal to or less than 90,000 DWT, Gulf of Finland east of 28°45'E. Long. Between 15<sup>th</sup> December and 15<sup>th</sup> May.
- Vessels greater than 90,000 DWT may not enter, navigate or remain in the Gulf of Finland east of 28°45'E. Long. at any time.
- Gulf of Bothnia, Gulf of Finland and adjacent waters north of 59°24'N. Lat. between 8<sup>th</sup> January and 5<sup>th</sup> May, except for calls at Stockholm, Tallinn or Helsinki.
- Gulf of Riga and adjacent waters east of 22°E. Long. and south of 59°N. Lat. between 28<sup>th</sup> December and 5<sup>th</sup> May.

### **Greenland**

- Greenland territorial waters.

### **North America (east)**

- North of 52°10'N. Lat. and between 50°W. Long. and 100°W. Long.
- Gulf of St. Lawrence, St. Lawrence River and its tributaries (east of Les Escoumins), Strait of Belle Isle (west of Belle Isle), Cabot Strait (west of a line between Cape Ray and Cape North) and Strait of Canso (north of the Canso Causeway), between 21<sup>st</sup> December and 30<sup>th</sup> April.
- St. Lawrence River and its tributaries (west of Les Escoumins) between 1<sup>st</sup> December and 30<sup>th</sup> April.
- St. Lawrence Seaway.
- Great Lakes.

### **North America (west)**

- North of 54°30'N. Lat. and between 100°W. Long. and 170°W. Long.
- Any port or place in the Queen Charlotte Islands or the Aleutian Islands.

### **Southern Ocean**

South of 50°S. Lat. except within the triangular area formed by rhumb lines drawn between the following points

- 50°S. Lat.; 50°W. Long.
- 57°S. Lat.; 67°30'W. Long.
- 50°S. Lat.; 160°W. Long.

### **Kerguelen/Crozet**

- Territorial waters of Kerguelen Islands and Crozet Islands.

### **East Asia**

- Sea of Okhotsk north of 55°N. Lat. and east of 140°E. Long. between 1<sup>st</sup> November and 1<sup>st</sup> June.
- Sea of Okhotsk north of 53°N. Lat. and west of 140°E. Long. between 1<sup>st</sup> November and 1<sup>st</sup> June.



- East Asian waters north of 46°N. Lat. and west of the Kurile Islands and west of the Kamchatka Peninsula between 1<sup>st</sup> December and 1<sup>st</sup> May.

### **Bering Sea**

Bering Sea except on through voyages and provided that:

- the vessel does not enter, navigate or remain north of 54°30'N. Lat; and
- the vessel enters and exits west of Buldir Island or through the Amchitka, Amukta or Unimak Passes; and
- the vessel is equipped and properly fitted with two independent marine radar sets, a global positioning system receiver (or Loran-C radio positioning receiver), a radio transceiver and GMDSS, a weather facsimile recorder (or alternative equipment for the receipt of weather and routing information) and a gyrocompass, in each case to be fully operational and manned by qualified personnel; and
- the vessel is in possession of appropriate navigational charts corrected up to date, sailing directions and pilot books.

## **SECTION II – GENERAL PROVISIONS**

### **2.1 Duties of the Assured**

The Assured undertakes to comply with the following duties when applicable. Any failure to comply with any of these duties shall entitle the Insurers to cancel this policy by fourteen (14) days notice in writing.

#### **2.1.1 Classification of the vessel**

A/ The Assured undertakes:

- a) That the Insured Vessel shall be classed with a Classification Society agreed by the Insurers at inception and shall be maintained in class throughout the entire duration of this policy and any extension thereof  
Any change of Classification Society is subject to prior written agreement of the Insurers.
- b) To comply with any recommendations, requirements or restrictions imposed by the Classification Society which relate to the seaworthiness of the Insured Vessel by the dates required by that Society.

B/ After setting out his reasons, the Leading Insurer on this policy shall be entitled to obtain a written authorization from the Assured or from his duly authorized representative and, with that authorization, shall be entitled to request from the Vessel's Classification Society to consult the vessel's classification file.

#### **2.1.2 ISM Certification**

The Assured undertakes at the inception and throughout the entire duration of this policy and any extension thereof:

- A/ That the Insured Vessel holds a valid Safety Management Certificate as required by the International Convention for the Safety of Life at Sea (SOLAS) 1974 as amended and any modification thereof, establishing the International Safety Management Code (ISM Code); and
- B/ That the owner of the Insured Vessel or any other organisation or person assuming responsibility for the operation of the Insured Vessel on behalf of the owner holds a valid Document of Compliance, as required by the International Convention for the Safety of Life at Sea (SOLAS) 1974 as amended and any modification thereof, establishing the International Safety Management Code (ISM Code).

#### **2.1.3 ISPS Certification**

The Assured undertakes at the inception and throughout the entire duration of this policy and any extension thereof that he or the party assuming responsibility for operation of the Insured Vessel shall hold a valid International Ship Security Certificate in respect of the Insured Vessel as required by the International Convention for the Safety of Life at Sea (SOLAS) 1974 as amended and any modification thereof.

### 2.1.4 Sanctions

In addition to the right of cancellation set out at Article 2.1 above, in the event of breach by the Assured of any of the duties set out in Article 2.1, the Insurers shall not be liable for any loss, damage, liability or expense as from the date of the breach whether such loss, damage, liability or expense is attributable to the breach or not.

Notwithstanding the above:

- If the vessel is on voyage at the time of such breach, cover under this policy will continue until the Insured Vessel has reached the nearest suitable port;
- In case of loss of class resulting from an accident, this policy shall remain in full force and effect provided the vessel stays in port.

## 2.2 Disclosure

### 2.1.1 Disclosure of risks on concluding the contract of insurance

The Assured must disclose, on concluding this policy:

- a) All circumstances of which he is aware that would influence the Insurers in assessing the risks to be covered; and
- b) Any marine mortgage on the Insured Vessel.

Every representation made by the Assured on concluding this policy that would influence the Insurers in assessing the risks to be covered must be provided.

Where the Assured proves that misrepresentation or non disclosure at the time of concluding this policy was made in good faith, the Insurers shall be liable to pay a proportionately reduced indemnity, calculated in proportion to the premium that was paid as compared to the premium that should have been paid had the correct information been disclosed, unless the Insurers can prove that if they had known of the true facts not disclosed or misrepresented they would not, in any event, have agreed to underwrite this policy. In the latter case the Insurers shall be entitled to declare this policy shall be null and void from inception, as if the policy had never existed.

Any fraudulent misrepresentation or non-disclosure by the Assured which adversely affects the Insurers' assessment of the risk shall entitle the Insurers to declare this policy null and void from inception, as if the policy had never existed.

The premium shall not be refunded in case of fraud by the Assured.

### 2.2.2 Disclosure during the period of cover

The Assured must disclose to the Insurers within fourteen (14) days from the date on which the Assured became aware of it any change in the facts and circumstances disclosed or represented on concluding this policy or in the subject-matter insured that leads to a substantial alteration of the risk.

- a) When such declaration is made the following shall apply:

Where the alteration in the risk has not been caused by the Assured, this policy shall remain in full force and effect, provided the Assured pays an additional premium corresponding to the alteration in risk, as agreed by the Insurers.

Where the alteration in the risk has been caused by the Assured, the Insurers shall be entitled to either:

- Terminate this policy by notice in writing within fourteen (14) days from the date on which they became aware of the change (in which case the premium shall not be refunded), or
- Require the payment of an additional premium corresponding to the alteration in risk, as fixed by the Insurers.

- b) When such declaration of the Assured is not made within 14 days the following shall apply:

Where the Assured proves his good faith, the Insurers shall be liable to pay a proportionately reduced indemnity, calculated in proportion to the premium that was paid as compared to the premium that should have been paid had the correct information been disclosed, unless the Insurers can prove that if they

had known of the true facts not disclosed or misrepresented they would not, in any event, have agreed to underwrite this policy. In the latter case the Insurers shall be entitled to terminate the contract at time of the alteration of the risk.

Where the Assured does not prove his good faith, the contract is automatically terminated at time of the alteration of the risk.

- c) The Assured must disclose to the Insurers any new marine mortgage registered in respect of the Insured Vessel during the currency of this policy. Any failure to comply with this obligation shall entitle the Insurers to declare the insurance contract null and void from inception as if the policy had never existed.

## 2.3 Premiums

The Assured must pay the premium to the Insurers on the terms and at the time and place agreed in the Particular Conditions.

### 2.3.1 Premium payment provisions

- A/ Unless otherwise agreed, premium is payable thirty (30) days after the date of inception of this policy. If this policy is taken out for twelve months, the Assured may – if agreed by the Insurers before inception – pay the premium in four quarterly instalments, as follows:
- 30 days after inception;
  - 3 months after inception;
  - 6 months after inception;
  - 9 months after inception.
- B/ Premium for the whole period of cover is due in case of actual total loss or constructive total loss recoverable under this policy. If actual total loss or constructive total loss is not so recoverable, premium is due in proportion to the period on risk until total loss or notice of abandonment has been declared to Insurers, but subject always to a minimum payment of a three-month premium.
- C/ Any taxes, fees and duties on premium shall be payable by the Assured. Such amounts are payable in full in all cases, when due, and without any deduction.

### 2.3.2 Sanctions for non-payment of premium

- A/ If the Assured fails to pay the premium or any of the instalments of premium by the due date the Insurers shall be entitled to choose either to suspend the cover under this policy or to require its cancellation.

Such suspension or cancellation will only take effect upon the Insurers giving fourteen (14) days notice in writing sent to the Assured's latest address known to the Insurers as endorsed on this policy.

In case of suspension, the policy shall be automatically reinstated at 00.00 hours GMT on the day after the payment of the overdue premium.

**Insurers shall have no liability whatsoever under this policy during the period when cover is suspended, but shall retain during that period their full rights against the Assured as to performance of the Assured's duties set out in this policy. In particular, Insurers shall retain their right to receive payment of premium in full.**

- B/ The suspension or cancellation of this policy for non-payment of the premium (in full or in part) shall have no effect as against any third parties acting in good faith and who are beneficiaries under this policy by virtue of any transfer or assignment of rights which has taken place prior to issuance by the Insurers of such notice of suspension or cancellation, but only where such transfer or assignment of rights has been endorsed on this policy.

### 2.3.3 Set off of premium and indemnities for claims

Any outstanding premium or instalment of premium due under this policy shall be set off against any claim to be paid due to an accident covered under this policy.

## 2.4 Preservation of recovery rights

The Assured undertakes to:

- Preserve all rights of recovery against third parties;
- Notify the Insurers as soon as he is aware of any terms and conditions which either exclude or limit the Assured's rights against shipyards.

In the latter case Insurers shall be entitled to require an additional premium and/or deductible.

Notwithstanding the above, the Insurers shall agree to be bound by any partial or total waivers of rights of recovery by the Assured against third parties, when such waivers arise from the standard general contractual conditions of the said third parties.

If the Assured fails to comply with the duties set out above the Insurers shall be entitled to pay a proportionately reduced indemnity, unless the Insurers agree to the contrary.

## 2.5 Preventive and mitigation measures

The Assured must take all reasonable care to ensure the safety of the Insured Vessel and must take all reasonable measures to safeguard the Insured Vessel from an insured risk or to minimise the consequences of such a risk.

In case of failure to comply with these duties, Insurers may intervene and take such measures as they deem necessary. Any such intervention shall be entirely without prejudice to, and without admission of, Insurer's liability for both the consequence of such intervention and liability under this policy.

Where the Assured has failed to comply with his duties under this Article 2.5 the Insurers shall be entitled to proportionately reduce the indemnity otherwise payable under this policy.

## 2.6 Avoidance, cancellation or termination of the policy

In addition to other terms and conditions set out in this policy:

- A/ Any insurance taken out after an accident involving the Insured Vessel shall be void from inception if it is proved that news of the accident had in any way reached the head office or operational offices of the Assured or of the Insurers, even unbeknown to them, unless the Assured can prove his good faith.
- B/ Where any Insurer's authorization to underwrite insurance risks is revoked by the authorities, the liability of such Insurer under this policy will cease in accordance with articles L 326-12 and R 326-1 of the Code des Assurances.
- C/ The policy may be cancelled by mutual agreement before expiry of the period of insurance. In these circumstances the Assured shall be entitled to a proportionate return of premium. However the minimum premium payable in such circumstances shall never be less than half the premium due for the full period of insurance.
- D/ If the Insured Vessel is sold or chartered on a bareboat basis, or if more than 50% of the shares in the Insured Vessel or in the registered owning company are sold, this policy will terminate automatically on the date of the delivery of the vessel under sale or bareboat charter, or on the transfer date of the shares, unless the Insurers agree in writing to the contrary. However, if the vessel is chartered other than on a bareboat basis, this policy will continue in full force and effect.
- E/ Except with prior agreement of the Insurers, this policy will terminate automatically where there is any change:
  - Of technical managing company as from the date of transfer of the Insured Vessel to the new management company;
  - In flag as from the date of such change in flag.

In case of cancellation or termination of this policy under clauses D and E above the Assured shall be entitled to a proportionate return of premium.

## 2.7 Insurance of more than one vessel under the same policy

This insurance shall be deemed to be a separate policy on each vessel.

The percentage of the risk underwritten by each Insurer subscribing to this policy and expressed in relation to the total sum insured on each Vessel, will be the same percentage in respect of each Vessel insured on this policy.

# SECTION III – CLAIMS

## 3.1 Notification of claims

The Assured must notify the Insurers of any accident which could lead to a claim under this policy as soon as he is aware of it and in no event later than ninety (90) days from the date the Assured becomes aware of it.

**If the Assured fails to comply with this duty of notification he will forfeit the right to an indemnity under this policy, unless the Insurers agree to the contrary.**

## 3.2 Claims handling provisions

A/ If the Policy has been underwritten by several Insurers:

- The claims shall be handled by the Leading Insurer under this policy;
- Each Insurer shall, nonetheless, be liable for his own respective proportion of the sum insured. The liability of Insurers shall be several not joint.

B/ The Leading Insurer is entitled to receive on behalf of all Insurers on this policy all evidence and documentation relating to this policy, but the Leading Insurer does not have thereby any authority to represent or to bind the co-Insurers at law.

C/ The Assured, before the issuance of a final adjustment in respect of any claim, may be entitled to a payment on account.

The Insurers are entitled to decline to pay any requested payment on account if they have reasonable doubts as to liability under this policy.

Any payment on account made by Insurers shall be without prejudice to liability to the Assured. If it shall subsequently be determined that the Insurers have no liability under this policy, the payment on account shall be refunded in full, unless Insurers otherwise agree in writing.

D/ In consideration of the services performed the Leading Insurer shall be entitled to charge a reasonable adjustment fee.

The Following Insurers will pay directly to the Leading Insurer their proportionate share of such fees, including when the claim is denied or below deductible.

## 3.3 Sue and labour

The Assured must take and the Insurer may require all necessary measures to preserve or safeguard:

- a) The subject matter insured; and
- b) Any rights against third parties who may be liable.

**If the Assured fails to comply with the duties set out above, the Insurers shall be entitled to pay a proportionately reduced indemnity, unless the Insurers agree to the contrary.**

### 3.4 Surveys and repairs

The Assured must proceed with a survey of damage for the joint account of himself and the Insurers within sixty (60) days from the date on which the accident is notified by the Assured to the Insurers.

Surveyors shall be either appointed according to the Particular Conditions or by mutual agreement between the Assured and the Insurers. Such surveyors shall investigate the cause of the accident, ascertain its nature and the extent of repairs required.

Survey fees and expenses reasonably incurred in compliance with this Article shall be recoverable from the Insurers of this policy without deductible, even if the accident giving rise to the claim is not covered under this policy or if the survey fees and expenses incurred are of an amount that is below the applicable deductible.

**The Assured must arrange for the repairs to be carried out without delay. If for any reason, including force majeure, repairs are not carried out within six months from the date on which the accident is notified by the Assured, Insurers liability shall not exceed the amount that would have been payable if repairs as estimated by surveyors had been carried out within this period, unless otherwise agreed in writing by Insurers.**

### 3.5 Provision of security

If the Assured is obliged to provide security or counter security to a third party in order either to prevent the arrest or to obtain the release of the Insured Vessel, due to an accident giving rise to a claim recoverable under this policy, the Insurers, at their absolute discretion and under no obligation, shall give due consideration to assisting the Assured by providing such security or such counter security on behalf of the Assured up to the limit of the Agreed Value in a form and upon terms as may be agreed by the Insurers.

## SECTION IV – MEASURE OF INDEMNITY

### 4.1 Calculation of the indemnity

#### 4.1.1 Settlement per accident

A separate settlement shall be made for each accident covered by this policy.

In case of several accidents during a single voyage, a separate settlement shall be made for each accident.

Nevertheless the following are deemed to be due to a single accident:

- a) Loss of or damage to the Insured Vessel arising from one single cause;
- b) Loss of or damage to the Insured Vessel during a voyage between two ports when loss or damage arises from ice or from heavy weather, even if the vessel has encountered several periods of heavy weather or ice during the voyage.

#### 4.1.2 New for old

Settlements under this policy shall be made without deduction on the basis of new for old.

#### 4.1.3 Deductibles

Indemnities due in respect of any one accident shall be:

**A/** Settled after deduction of the deductible(s) amount(s) stated in the Particular Conditions.

When a claim is submitted under several provisions of Article 1.1 of this policy, only one deductible will be applied.

**B/** Payable without deductible in case of:

- Actual total loss or where there is any abandonment by the Assured;
- Claims covered under Article 1.1.3 above, including Salvage, General Average and Sue and Labour.

#### 4.1.4 Particular average

A/ Insurers are liable only for the cost of replacement and repairs necessary to restore the Insured Vessel to her condition prior to the relevant accident, as assessed by surveyors based upon supporting documentation. The Assured is not entitled to any other indemnity whether arising in respect of depreciation or for any other reason whatsoever.

Insurers will pay the relevant indemnity to the Assured upon presentation of invoices paid by the Assured. Insurers may pay, within the limit of the indemnity, the submitted invoices directly to those third parties who have issued the invoices, rather than paying the Assured, where the Assured so requests in writing.

**B/ Before taking any action relating to repairs, the Assured must inform the Insurers, who have the right to demand that replacements or repairs shall only be carried out after tenders. If the Assured fails to comply with this obligation, 10% of the total replacement or repair cost will be deducted from the settlement, in addition to any other deductible or deduction provided by the policy.**

C/ Crew wages, maintenance and any bunkers used are not for Insurers' account except as specified below:

- During the time between the drawing up of repair specifications and final acceptance of any tender, crew wages, maintenance and bunkers are for Insurers' account.
- When the vessel stays at a port of refuge waiting for spare parts necessary to enable the voyage to continue, crew wages and maintenance and bunkers shall, while such spare parts are in transit, be for Insurers' account. Additional expenses incurred to expedite delivery of spare parts in transit shall also be for Insurers' account.

D/ When repairs cannot be carried out or are too expensive at the port where the vessel is located, then the Insurers shall be liable for the cost of temporary repairs necessary to permit the vessel to reach a port where repairs can be carried out at a lower price together with any incidental costs which may be incurred for reaching this port, crew wages, maintenance and bunkers consumed during the voyage.

E/ Bank charges, interest and all other expenses associated with repairs such as dry-docking expenses and port dues shall be adjusted and paid by the Insurers in proportion to the various repairs carried out at the same time.

F/ Special expenses in respect of the ship's bottom shall only be payable by the Insurers, as proved by receipted invoices, when such repairs are allowed as particular average. Such expenses shall include the cost of supplying and applying anticorrosion layer(s), first coats of primer, top anti-fouling paints and self-polishing coats to the underwater surfaces of the vessel.

Should the above mentioned layers or coatings lose their efficiency due to the duration of the dry docking, such special expenses incurred in respect of the vessel's bottom are allowable in particular average for half their amount.

G/ Superintendent's fees and expenses, when such superintendent is an employee of the Assured, shall be for the Insurers' account provided they are directly linked to loss or damage covered under this policy. However Insurers' liability for such fees and expenses shall be limited to travelling and accommodation costs and shall exclude any salary, wages, allowances, taxes and charges. Where additional works (not covered by this policy) are carried out at the same time as insured repairs, the superintendent's fees and expenses shall be payable by the Insurers only in proportion to the cost of works required to repair and directly linked to the insured damage.

#### 4.1.5 Unrepaired damage

Notwithstanding anything to the contrary in this policy, including Articles 3.4 and 4.1.4.A above, the Assured shall only be entitled to claim unrepaired damage at the time this policy terminates. The measure of indemnity in respect of claims for unrepaired damage shall be the reasonable depreciation in the market value of the Insured Vessel at termination of the policy caused by such unrepaired damage, but shall not in any event exceed the reasonable costs of repairs.

In no case shall the Insurers be liable for unrepaired damage in the event of a subsequent total loss of the vessel (whether covered or not) occurring during the period of this insurance or any extension to this policy.

The Insurers shall not be liable in respect of unrepaired damage for more than the insured value of the vessel at the time this insurance terminates.

#### 4.1.6 Abandonment

Abandonment of the vessel may take place in the following circumstances:

- Actual total loss;
- Where the total cost of repair for Insurers' account amounts to or exceeds the Agreed Value, provided that the total sum is calculated in accordance with the provisions governing settlement of partial loss and includes if necessary, the costs of refloating the vessel;
- Where no news of the vessel has been received for more than three months, total loss is then deemed to have occurred at the date when the last news of the vessel was received;
- When the vessel cannot be repaired. Nevertheless, the cover shall not extend to the case where the loss of the vessel results solely from insufficient funds to pay for the repairs or other costs.

Abandonment must be notified to the Insurers within three months of the accident giving rise to such abandonment or within three months of the end of the period permitting such abandonment.

At the time of tendering notice of abandonment the Assured must disclose all insurances which he has taken out or of which he is aware in respect of the subject matter insured.

In all cases giving rise to abandonment, the Insurers to whom the Insured Vessel has been abandoned are entitled to accept abandonment or to settle the claim as a total loss without transfer of ownership.

Insurers are bound to inform the Assured of their decision within thirty (30) days of the date by which the Assured has submitted all relevant evidence asserting a right to abandon.

Cover under this policy shall terminate as from the time the Insurers give written notice either:

- Accepting the abandonment
- or
- Admitting liability for the claim as total loss without transfer of ownership.

#### 4.1.7 General Average

The vessel's contribution to general average is recoverable under this policy as per Article 1.1.3.

However, the Insurers will only pay such proportion of general average as the Agreed Value bears in proportion to the full contributory value, their payment being subject to reduction for any partial loss recoverable under this insurance.

With regard to settlement between the Insurers and the Assured, no derogation from this insurance is permitted, any general average adjustment being readjusted if necessary in accordance with the provisions of this policy.

The Master and the Assured have authority not to declare general average in respect of loss or expenses involving the Insured Vessel or cargo where the amount in question is not expected to exceed 1% of the Agreed Value for hull and machinery and provided such loss or expenses do not exceed the sum of €100,000 or any other amount specified in the Particular Conditions. Claims under this Article 4.1.7 shall be adjusted in accordance with the terms of the Particular Conditions.

#### 4.1.8 Sailing in ballast

When the vessel sails in ballast so that there is no other contributory interest, the provisions of Article 4.1.7 above shall apply to expenses and sacrifice which would have had the nature of general average as if the vessel had been carrying cargo.

#### 4.1.9 Third party claims

If the Assured does not rely on any limitation of liability to which he may be entitled under any applicable law, the total indemnity payable by the Insurers shall not exceed the amount which would have been payable had such limitation been invoked.

#### 4.1.10 Salvage

In case of salvage of the Insured Vessel, the proportion of salvage and salvage charges incurred by the Insured Vessel shall be for Insurers' account on this policy.

However, the Insurers will only pay such proportion of salvage and salvage charges as the Agreed Value bears in proportion to the full contributory value.



#### **4.1.11 Collision or salvage services between vessels belonging to the same Assured**

If the Insured Vessel collides with a vessel owned by the Assured or receives salvage services from such vessel, the indemnity payable by the Insurers shall be adjusted as if the vessels belonged to different ship owners.

The same applies if the Insured Vessel comes into collision with any inland craft or into contact with a fixed or floating object or structure belonging to the Assured.

## **4.2 Payment of indemnity**

### **4.2.1 Payment for loss or damage**

All loss or damage for Insurers' account shall be paid within thirty (30) days after presentation of all relevant documentation enabling the Insurers to proceed with the payment to the Assured or to the beneficiary under any assignment or transfer of rights under this policy.

If the Insurers fail to pay the claim within the above mentioned period, the Assured may claim interest on the indemnity payable by the Insurers. The applicable rate of interest shall be determined by French law.

When loss or damage is indemnified, all outstanding premiums payable by the Assured up to the time of settlement shall be set off against the indemnity even in case of bankruptcy or insolvency of the Assured. Further at the same time any bond containing a promise to pay by Insurers shall be redeemable immediately.

### **4.2.2 Settlement of claims giving rise to right of abandonment**

Settlement in cases giving rise to the right of abandonment as stated in Article 4.1.6 shall be made within thirty (30) days after presentation by the Assured of, inter alia, the following documents:

- Survey report(s);
- Documents evidencing the estimated cost of repair and any tenders agreed and accepted by the Leading Insurer;
- Sea protest and/or logbook if available;
- Copy of Class certificate of the vessel at the time of the loss;
- Copy of ISM certificates at the time of the loss;
- Copy of ISPS certificates at the time of the loss;
- Registration documents of the Insured Vessel issued by the Flag State authority;
- Mortgagee's payment authority or clear evidence that the vessel is not mortgaged;
- Declaration of the owner that no other hull and machinery insurance cover exists on the Insured Vessel;
- List of crew members and certificates of competence of Officers and Crew.

Insurers may at their option require the Assured to produce additional documents, not listed above, if reasonably necessary and available prior to payment of the insurance indemnity.

### **4.2.3 Reinstatement of the sum insured**

After the occurrence of any accident giving rise to payment of indemnity under this policy, the sum insured is automatically reinstated.

# SECTION V – APPLICABLE LAW AND PROCEDURAL MATTERS

## 5.1 Applicable law

This policy is subject to French Law and in particular to the provisions of the “Code des Assurances” relating to Marine Insurance (Book I, Title VII).

## 5.2 Subrogation

Insurers shall be vested with the rights of the Assured to the extent of any indemnity paid on this policy, but only when such payment has been effected.

The Assured undertakes, when required by Insurers, to confirm such transfer of rights in the adjustment, in any receipt for settlement or any other document.

## 5.3 Time bar

Any claim under this policy shall be subject to a time bar of two years.

The two year time-limit starts to run:

- a) Concerning an action in respect of payment of the premium, from the date the premium is due;
- b) Concerning actions for loss of or damage, from the date of the accident giving the right of action;
- c) Concerning actions for abandonment, from the date of the accident giving right to abandonment;
- d) Concerning actions for general average contribution, salvage remuneration or any third party claim, from the date of the payment or the date of the legal proceedings against the Assured;
- e) Concerning actions for any sum incorrectly paid by virtue of this policy, from the date the incorrect payment was made.

## 5.4 Mediation clause

The Assured and the Leading Insurer, on behalf of all co-Insurers, may, in case of any dispute under this policy, (apart from any dispute relating to preservation of rights of any party or the recovery of the premium) refer the dispute to a single mediator before starting any proceedings.

### A/ Commencement of mediation:

- The mediator shall be appointed by both parties following an invitation to mediate issued by the party initiating mediation.
- The appointed mediator shall be free to accept or refuse the appointment without indicating any reasons.
- The mediator’s appointment interrupts the time-bar period.

### B/ Mediation procedure:

- The mediator shall conduct his mission independently.
- His mission is to investigate all disputes based on the insurance contract between the Assured and the Insurers represented by the Leading Insurer.
- The mediator may set out a timetable for the parties to disclose their factual documents and to set out their arguments.

– He is entitled to hear the parties separately or together in order to obtain their explanations.

Unless the parties agree to the contrary, the mediator's views and advice do not bind the parties and shall remain private and confidential. The parties undertake not to disclose the views and advice of the mediator in any legal or arbitration proceedings.

The costs of the mediation are for the Insurers' account.

### **5.5 Arbitration clause**

All disputes arising in connection with this policy shall be settled by the Chambre Arbitrale Maritime de Paris under its Rules of Arbitration or by any other agreed Arbitration Tribunal.

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