

For Information Only

Pour Information Uniquement

American Institute
SINGLE INTEREST MORTGAGE FORM
July 1, 1963

ASSURED

To be attached to and form part of Policy n° of the
.....
.....
..... insuring
..... as Mortgagee, for account of themselves, for the
interest described below, said Mortgagee being herein referred to as "the Assured".

INTEREST

Upon the interest of the Assured, as mortgagee of the vessel
(hereinafter referred to as "the Vessel").

LOSS PAYABLE

Loss, if any, payable to Assured or order.

SUM INSURED

.....
Dollars
Part of Dollars insured this interest, being the
unpaid principal amount of a valid mortgage held by the Assured on the Vessel, reducing pro rata to
the extend of payments made on account of the mortgage indebtedness. This Policy also insures
interest earned and unpaid to date of loss, which, however, with the unpaid balances, shall not exceed
the sum insured hereunder.

TERM

At and from the day of 19...,
.....time, to the day of 19...,
.....time.

PREMIUM

Underwriters to be paid in consideration of this insurance \$
..... being at the rate of% per annum of the sum insured initially at risk
hereunder.

CANCELLATION

This Policy (other than non-payment of premium) may be cancelled by either party on 30 days' notice
in writing. Such notice , when given by these Underwriters, shall be deemed to have been given at
such time as written notice shall have been mailed to the Assured at its last known address or
telegraphic notice sent thereto. A written or telegraphic notice sent through the brokers who negotiated
this Policy or by them, at the request of these Underwriters, shall operate to effect cancellation of this
Policy in the same manner as if sent directly by these Underwriters. Net unearned premium to be
returned in the event of cancellation by either party as aforesaid.

In the event of non-payment of premium 30 days after attachment, this policy may be cancelled by
these Underwriters upon five (5) days' written notice being given the Assured in the form provided for
above. Such proportion of the premium, however, as shall have been earned up to the time of such
cancellation shall be due and payable ; but in the event of payment by these Underwriters of the sum
insured hereunder by reason of non-payment by underwriters of the Hull Policy of a claim asserted
thereunder for any liability, loss, damage or expense of, to or in respect of the Vessel occurring or
arising prior to cancellation, the full annual premium shall be deemed earned.

TERMINATION

Unless otherwise agreed to in writing by these Underwriters, the insurance afforded by this Policy shall terminate in the event that there has been a change, voluntary or otherwise, in the ownership of the Vessel or it has been placed under new management or chartered on a bareboat basis or requisitioned on that basis.

CONDITIONS OF ATTACHMENT AND DURATION OF RISK

1. It is a condition of this insurance that during the term of this Policy :

- (a) the Vessel is covered by policies of insurance on the form and in the amount specified below :
- (b) the Assured is named as a loss payee in the policies above described, which are herein referred to collectively and separately and defined as "the Hull Policy".

RISKS INSURED AGAINST

2. This Policy insures only against the non-payment by underwriters of the Hull Policy, of a claim asserted thereunder for any liability, loss, damage or expense occurring or arising during the term of this Policy, which non-payment results from any act of, or omission by, the assured(s) named in the Hull Policy, or breach of any warranty, express or implied, in the Hull Policy other than breach of the warranty contained in the F. C. & S; Clause thereof ;

PROVIDED that such act or omission or breach of warranty occurred without the consent or privity of the Assured.

EXCLUSIONS

3. This insurance afforded by this Policy does not cover :

- (a) the non-payment of claim for any liability, loss, damage or expense, or any part thereof, of, to or in respect to the Vessel :
 - (i) collectible under the Hull Policy or which would be collectible thereunder except for the insolvency of the underwriters thereon ; or
 - (ii) not recoverable under the Hull Policy by reason of any deductible or franchise included therein; or
 - (iii) which has been satisfied, repaired or discharged prior to payment of a claim hereunder ; or
- (b) any claim of the Assureds arising solely out of the insolvency of the Mortgagor.

In no event shall these Underwriters indemnify or contribute to, pro rata or otherwise, underwriters on the Owner's Policies.

CONDITIONS PRECEDENT TO CLAIM

4. As a condition precedent to any claim hereunder, unless waived by these Underwriters, the Assured must have

- a) received from the underwriters on the Hull Policy, as the case may be, denial of claim for any liability, loss, damage or expense which is the subject of a claim hereunder, and
- b) the Assured shall must have instituted suit against such underwriters to collect such claim.

5. SUBROGATION OF UNDERWRITERS

(a) These Underwriters, upon payment of a loss under this Policy, shall, to the extent of such payment, be subrogated to all of the rights of the Assured under the Hull Policy, the Mortgage on the Vessel and any note or bond secured thereby and under any other instrument taken by the Assured as security for the repayment of the Mortgage indebtedness. On the request of the Underwriters, the Assured shall execute and deliver all documents necessary to effect a valid assignment of the said policy, mortgage, note or bond, and any other instrument taken by way of security as aforesaid, and all the rights, title and interest of the Assured therein. Any net sum recovered by these Underwriters in excess of the amount due to them by reason of their rights of subrogation as aforesaid shall be held for the account of the Assured.

(b) If any event occurs which does or could give rise to a claim under this Policy, the Assured shall not in any way, whether by act or failure to act, impair these Underwriters' rights of subrogation as aforesaid. Any claim under this Policy shall be reduced to the extent that such rights of subrogation have been impaired.

6. NOTICE OF POSSIBLE CLAIM AND SURVEY

- (a) The Assured shall, as soon as practicable, report to these Underwriters any denial of liability by the underwriters of the policies described in Clause "1" hereof for a claim thereunder which denial could result in a claim under this Policy.
- (b) Whenever requested, the Assured shall arrange for attendance at any hull survey of a surveyor appointed by these Underwriters.

The terms and conditions of this form are to be regarded as substituted for those of the Policy to which it is attached, the latter being hereby waived, except provisions required by law to be inserted in the Policy.

Marginal captions are inserted for purposes of convenient reference only and are not to be deemed part of this Policy.