

GERMAN MORTGAGEE'S INTEREST CLAUSES

CONDITIONS OF INSURANCE

The Assured are mortgagees of the Vessel and warrant that:

- (A) Hull and Machinery Policies on the standard form or English marine policy and on conditions not less wide than I.T.C. Hulls or American Hull Form or Norwegian Hull Policy or German ADS/DTV or Standard Dutch Hull Form or Standard conditions of Dutch, German, Swedish, Norwegian or UK Hull Mutuals or other Standard Hull and Machinery conditions or other terms agreed by the insurers hereof, and War and Strikes Policies on the standard form of English marine policy on conditions not less wide than Institute War and Strike Clauses (hereafter called the "Owner's policies"), and P&I Insurance are taken out and maintained (except as the result of the occurrence of any of the events provided for in clause 1 (B) (i) (ii) (iii) (iv) (v) and clause 3 hereof which would otherwise cause the Owners' Policies or the Entry not to be so maintained) at all times on values or limits of liability of at least the lesser of the Insured Amount and the Total Indebtedness, as defined in Clause 1(C) hereof.
- (B) The Owner's Policies are endorsed to the extend of the Assured's interest:
- (C) Owner's Policies will terminate during the currency of this Policy (hereinafter called "the policy Period") due to non-payment of premium or calls provided always that the Assured shall be given 10 days notice prior to such termination becoming effective and during that period the opportunity to pay any unpaid premiums or calls.

It is understood and agreed that failure to effect War Risk Insurance shall not be deemed to be a breach of warranty under this policy – unless the claim would otherwise have been recoverable under the said War Risk insurance.

**GERMAN DIRECT MORTGAGE CLAUSE (G. 89)
(For use for placing with London Market Lead only)**

Supplement to policy n°

I • The insurers have taken note that claims arising from the previously mentioned insurance have been legally assigned to [enter name of mortgage] all of them represented by the first named bank, as joint creditors, because the banks have hypothecated the ship.

The assignment relates to all and any happening of risks i.e. in the amount due to the banks from time to time for payment of capital, interest and incidental costs. The assignment relates to the date on which the damage has been adjusted.

II • In this connection the insurers and the banks have agreed as follows ;

- 1) - All payments are to be made to the banks or according to their directions. As far as the amount of a part damage does not exceed 5 % of the 100 % insured amount the adjustment can be made without the bank's consent when the vessel is restored to her former state and condition.
- 2) - Notice of termination, rescission or any other fact involving a premature termination of the insurance relation, as well as an amendment of the contract, by which the amount insured or extend of the risk for which the insurers are liable is reduced, shall be deemed not to have effect on the above named banks before the expiration of two weeks from the date on which the banks have received notice from the insurers of the termination or amendment of the insurance contract. The same applies in the event of a rescission of the insurance contract prior to the happening of a risk. The sale of the ship shall be deemed a fact causing the premature termination of the insurance relation. Subject to the provision of the Institute Notice of Cancellation and War Automatic Termination of Cover Clauses - Hulls - etc. (1.10.83) as a paramount clause.
- 3) - Should the insurers become released from their liability of performance against the insurant or the insured party because of a premium not having been paid in due time, the insurers' liability against the banks shall remain in force notwithstanding until two weeks after the date on which the banks are in receipt of a notice from the insurers of the overdue premium or of the thus already occurred or imminent release from the liability of performance on the part of the insurers, or of the premature termination of the insurance relation.

4) - The insurers give the statutory undertaking to the above named banks not to raise any objection in respect of any claim under the ship's mortgage entered in the ship's register on behalf of the banks plus contractual interest and incidental costs in the event of the ship having started on her voyage in an inappropriate (not seaworthy) condition, or insufficiently equipped or manned.

The insurers confirm that it has been agreed in the above enumerated policies between the insurers, the insurant or the insured party that the insured vessel shall be at liberty to sail beyond the specified limit of her voyage or to depart from the indicated or normal route. Subject always to the provisions of the current War Trading Warranties.

5) - The insurers obligate themselves to pay the insurance amount to the banks, even though

a) they are released from liability on account of acts committed by the insurant or the insured party.

b) the policies enumerated in the heading or one of them are invalid or void immaterial as to the reason e.g. over insurance, double insurance, objection or declaration of rescission prior to or after the happening of the risk, or suchlike cases.

III • Risks of mines and torpedoes as per German Mines-Clauses are also included in the insurer's liability subject to section II.

IV • The insurers assume liabilities under Section II in any event, irrespective whether they are entitled under German Law or under the law valid for the borrowing party or for the ship, or under the law valid for the policies enumerated in the heading to raise objections against the liability of performance or whether they are released from the liability of performance.