

LSW 980

LONDON CHARTERER'S LIABILITY WORDING 1996

(Not applicable to vessels on demise or bareboat charters)

1. COVERAGE

Subject to the conditions, exclusions, warranties, definitions and limitations of this insurance underwriters shall indemnify the Assured up to a limit of Any one loss or series of losses arising out of an Accident all coverages combined in respect of :

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

Notwithstanding the above insurance shall only indemnify the Assured for amounts in excess of :

- In respect of (a) above : any one loss or series of losses arising out of an Accident.
- In respect of (b) above : each single voyage
- In respect of (c) and (d) above : any one loss or series of losses arising out of an Accident.

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

2. CONDITIONS

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

This insurance may be cancelled by the Assured or by the Underwriters hereon or their representatives by sending by registered mail notice to the other party stating when, not less than 30 days thereafter, cancellation shall become effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the coverage under this insurance shall end on the effective date and hour of cancellation stated in the notice.

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

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

(b) Costs

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

However, Underwriters hereon shall not be liable for any costs in addition to the limit of liability as stated herein; any such additional costs shall be borne by the Assured.

(c) Assistance and Co-operation

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

(d) Subrogation

In the event of a claim being paid under this insurance, Underwriters shall be subrogated to all rights and remedies of the Assured.

(e) Other Insurance

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

(f) Jurisdiction

This insurance shall be subject to the exclusive jurisdiction of the High Court of Justice in England.

(g) Law and Practice

This insurance shall be subject to English law and practice.

(h) Trading

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

3. EXCLUSIONS

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

- (a) Contractual or assumed liabilities other than those of the Assured's liabilities as charterer which are established by the specimen charter party and rider clauses or under any bill of lading issued pursuant to the said charter party as seen and approved by the Underwriters hereon.

Any enhancement of, or addition to these liabilities which may fall upon the Assured through employment of alternative/additional charter parties or rider clause will not be covered hereunder unless and until specifically accepted by Underwriters hereon.

- (b) Any liability arising out of the carriage or cargo on deck with under-deck bills of lading unless the bills are claused accordingly to allow such carriage.
- (c) The insolvency, bankruptcy, receivership, financial default or any refusal or inability to pay of the Assured and/or any insurer and/or any Underwriter shall not operate to increase Underwriters' liability under this Insurance or to increase any Underwriters' share of liability under this insurance. In no event shall any Underwriter of this insurance assume the responsibilities and/or obligations of the Assured and/or any insurer and/or any Underwriter.
- (d) Punitive, exemplary and/or any additional damages resulting from the multiplication of compensatory damages.
- (e) Any liability for physical loss, physical damage or liability directly or indirectly occasioned by, happening through or in consequence of war, acts of foreign enemies, hostilities (whether war to be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority, except with the agreement of Underwriters at an additional premium, if required.

4. WARRANTIES

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

- (a) The charter party requires that the Chartered Vessel is fully classed with an International Association of Classification Society member.
- (b) In respect of the Assured's liability to cargo, as provided in coverage 1. (b) above, the charter party requires the shipowner or his agent to sign all bills of lading. However, this warranty shall not apply where, with the prior agreement of the leading Underwriter hereon, the charter party and/or bill of lading contains a demise (identity of carrier) clause as agreed by the said Leading Underwriter.

- (c) All cargoes are carried and/or stowed in accordance with the International Maritime Organisation regulations, codes and practices in force at the commencement of this Insurance.

5. DEFINITIONS

(a) Chartered Vessel

The Chartered Vessel includes the hull, machinery, equipment, lashings, stores and fuel to the extent that the same are not owned or leased by the Assured.

(b) Accident

The word Accident shall mean an event which first commences on an identifiable date during the period of this Insurance which the Assured neither intended or expected.

LSW 981

TIME CHARTERER'S LEGAL LIABILITY FOR LOSS OF HIRE PAID/DAMAGE FOR DETENTION ENDORSEMENT

Notwithstanding the provisions of the London Charterers Liability wording 1996 (LSW 980) this insurance shall be extended to indemnify the Assured for their liability as time charterers to owners for damages for detention or hire paid arising out of delay, detention or loss of use of the Chartered Vessel as specified in the Charter party and which arise as a direct consequence of physical loss of or physical damage to the Chartered Vessel where such loss or damage is insured under LSW980.