

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.

MARINE INSURANCE CONDITIONS COVERING LOSS OF INCOME OF SEA-GOING VESSELS

(French Form dated July 1st, 2010)

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Cover under these Loss of Income Conditions is subject to the terms, conditions and exclusions of the "All Risks Marine Hull and Machinery Insurance Policy, French form dated July 1st, 2010", (the "Marine Conditions") and to the Particular Conditions of the loss of income contract.

1 Scope of the cover

This policy covers total or partial loss of income caused by physical damage to the Insured Vessel provided:

- Such damage is caused by an accident occurring within the policy period, and
- Such accident is covered under the Marine Conditions.

2 Calculation of the indemnity

The indemnity payable per accident shall be calculated on the basis of the daily sum and the period of loss of income insured, in excess of the deductible, as defined below.

2.1 The daily sum of loss of income

The loss of income payable per day under this policy shall be the fixed and agreed sum set out in the Particular Conditions, whether or not the Insured Vessel is employed at the time of the occurrence of the accident under a charter party, contract of affreightment or other similar contract.

2.2 The insured period of loss of income

This is the period, calculated in number of days, hours, minutes, during which the Insured Vessel has been prevented from earning income after an accident covered under the Marine Conditions.

The period of loss of income covered, as defined in Article 1, shall not exceed any of the following:

1. The maximum number of days for the Insured Vessel per accident, per year and in the aggregate, set out in the Particular Conditions.
2. The off-hire period caused by the insured accident as defined in the charter party, contract of affreightment or similar contract in force on the Insured Vessel (the "relevant contract"), where such contract at the time of accident remains in force upon completion of repairs.

This period will cease when the vessel can resume its operations under the relevant contract.

3. The time necessary to effect temporary repairs, tenders, proceed to the repair yard, be surveyed, repaired and until the Insured Vessel is ready to resume navigation upon completion of repairs where:
 - (a) there is no relevant contract at the time of accident ; or
 - (b) the relevant contract has been cancelled following an insured accident.

This period will also include any delay necessary for the procurement of replacement items or parts as required by the insured works.

Furthermore, if the Insured Vessel at the time of the accident was operating in a liner trade, plying a regular route or employed in a geographically limited area, the time necessary to sail in ballast from the repair yard to the first and nearest port of service or of loading within the vessel's usual trading area at the time of accident shall be included in the period of loss of income.

The time taken to reach the first port of loading from the repair yard shall also be included in the period of loss of income for an Insured Vessel which, prior to the accident, had been fixed on a relevant contract where hire is due to start and such contract is to be performed upon completion of repairs.

The additional covered period after repairs, as above, shall not exceed the time taken initially to proceed to the repair yard.

Should this insurance attach or expire during the course of a voyage where the Insured Vessel has sustained several periods of heavy weather or ice contacts resulting, as per Article 2.3, in a single insured accident then the insured period of loss of income net of deductible will be reduced in the same proportion as the insured period of the voyage bears to the total duration of the voyage.

2.2.1 Loss of income period with simultaneous repair works

Repairs in a yard can be done simultaneously for insured accidents and for works not covered under this policy.

In the case of simultaneous repairs the Underwriters will only indemnify half of the time common to those two classes of repairs in excess of the deductible period provided works not covered require to immobilise the vessel. If not, time to carry out such works not covered will not be included into the common repair time.

This rule of equal apportionment will be applied by taking into account the time that each class of works would have taken if they had been performed separately and by assuming that both classes of works start at the same time upon arrival of the Insured Vessel at the yard.

The rule of equal apportionment will also be applicable to:

- Simultaneous repairs of two accidents covered under this policy. In such case, the deductible period of one accident, which is part of common repair time, but not within the deductible period of another insured accident will be apportioned;
- Repairs works which are simultaneously performed for accidents covered under different loss of income policies. In such case, the deductible period of one accident, which is part of common repair time, but not within the deductible period of another insured accident will be apportioned.

In the case of simultaneous repairs, the times lost to effect tenders, surveys and proceed to the repair yard after the deductible period shall be apportioned on basis of the time that each class of works would have taken if they had been performed separately.

Such apportionment will also be applicable to the period of loss of income after completion of repairs.

2.2.2 Partial loss of income

This insurance will cover a partial loss of income following physical damage to the Insured Vessel which causes a reduction in the cargo carrying or transport capacity or a reduction in the speed of the Insured Vessel.

Such partial loss of income payable under this policy shall be assessed by surveyors following a survey of the damage made in accordance with Article 4 below.

The proportion of such reduced capacity or speed and the period during which such reduction has taken place will be used to calculate a corresponding whole period of loss of income to establish the indemnity payable under this policy. Such period will be added to the loss of income period calculated in accordance with the Articles above.

Nothing in this Article shall be construed so as to relieve the Assured from the duties to avert or minimise loss of income recoverable under this policy or to effect the insured repairs with due diligence and dispatch.

2.3 Deductible

The indemnity due in respect of a single accident shall be payable after deducting from the insured period of loss of income the number of days set out as the deductible per accident in the Particular Conditions.

For any one accident the deductible shall be applicable as from the first day of the period of loss of income.

Physical damage to the Insured Vessel during a single sea passage between two consecutive ports and arising from several periods of heavy weather or contact with floating ice shall be deemed due to a single accident.

3 Extra costs or expenses to reduce the period of loss of income

It is the duty of the Assured to take such measures, including temporary repairs, as may be reasonable for the purpose of averting or minimising a loss of income recoverable under this policy.

The Underwriters will contribute to any extra costs reasonably incurred by the Assured for such measures, provided such costs are not recoverable from any other Underwriters and such measures have contributed to the reduction in the period of loss of income or have been previously approved by Underwriters of this policy.

The total indemnity payable per accident, including those extra costs, will not exceed the indemnity that would have been payable if no such measures had been taken, unless such measures have been previously approved by Underwriters of this policy.

4 Survey of damage

The Assured shall, as soon as practicable and in any case not later than 60 (sixty) days from the date of the accident, participate with Underwriters' representatives in a joint survey of the damage giving rise to any claim under this policy.

In circumstances where there may be a claim for partial loss of income, such joint survey must take place not later than 14 (fourteen) days from the date of the accident.

5 Tender and choice of the repair yard

The Underwriters may decide that several yards should be invited to tender for the repair to the Insured Vessel. Those yards will be chosen in agreement with the Assured.

In this case, although the Assured shall decide the yard which is to do the insured repairs, the indemnity will be calculated on the basis of the shortest period of loss of income including the repair time quoted by the yards which submitted tenders for the repair works without prejudice to Article 2.2.

If the Assured elects to have the repairs done by the yard which has quoted the repair time resulting in the shortest period of loss of income, Insurers will pay an indemnity for the period of loss of income calculated on the basis of the actual repair time, even if it exceeds the time quoted in the tender.

6 Deferred repairs

Loss of income shall only be recoverable on this policy on the condition that repairs to physical damage are completed within six months from the date the insured accident has been notified by the Assured, unless an extension has been agreed by the Underwriters in writing.

7 Repairs and change of ownership

No indemnity shall be payable under this policy for any period of loss of income after transfer of ownership of the vessel to a third party. No right or entitlement whatsoever under this policy shall be transferred to the new owner.

8 Exclusions

In addition to the exclusions listed in Article 1.2 of the Marine Conditions, there shall be no liability under this policy for loss of income following or caused by:

- An actual or constructive total loss of the Insured Vessel.
- An unrepaired damage claim as per clause 4.1.5 of the Marine Conditions.
- Slow steaming unless resulting from an accident covered under Articles 1 and 2.2.2 above.
- Any loss of income arising from physical damage occurring when the vessel is laid up, unless the Assured has entered into a binding charter party, contract of affreightment or similar contract for the Insured Vessel, prior to the accident, which was to be performed before the completion of repairs.

9 Claims information

In addition to the matters listed in Article 2.2 of the Marine Conditions the Assured must disclose promptly to Underwriters:

- The off-hire clause under the relevant contract in force at the time of accident and upon completion of repairs, and any other document that may be required by Underwriters to support the claim.

- Whether the Insured Vessel was laid up at the time of accident.
- Any accident which is likely to give rise to a claim under this policy so that decisions in respect of repairs, temporary or permanent, can be taken with due diligence and dispatch to minimise the period of loss of income.

In case of breach of the above duties, the Assured may forfeit any right to an indemnity under this policy.

10 Cancellation and return of premium

In addition to Article 2.6 of the Marine Conditions, the Assured will be entitled to cancel this loss of income insurance and to a return of premium if the Insured Vessel is laid up not under insured repairs, but subject always to there being no known or outstanding accident which might give rise to a claim under this policy.

11 Reinstatement

The limit of liability on this policy, as agreed in the Particular Conditions, shall from the date of physical damage to the Insured Vessel be reduced by any indemnity for which Underwriters may be liable. However, this policy shall, after such damage, be automatically reinstated back to the original limit of liability on such terms and conditions as may be agreed with the Underwriters.