

CHARTERERS' COVER

TERMS & CONDITIONS

AS OF 20 FEBRUARY 2016

 **SKULD**



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PART 1 ► INTRODUCTION

1. TERMS AND SCOPE OF COVER

- 1.1 The Assured is insured on the terms set out in these Terms and Conditions T&Cs, the Statutes, the Cover Note and any Certificate of Insurance.
- 1.2 The Assured is only insured for liabilities, losses, expenses and costs which arise;
 - 1.2.1. out of an Event taking place during the period of insurance, and
 - 1.2.2. in direct connection with the operation or trading of the Vessel in the Assured's capacity as Charterer.
- 1.3. The Assured is only covered for such of those risks specified in Part 2, Part 3 and any additional covers as are expressly agreed between the Assured and Skuld.

2. DURATION OF COVER

Unless otherwise agreed, the insurance cover shall commence at 00:00 hours GMT on the date prescribed in the Certificate of Insurance and shall continue annually, unless and until cover ceases or the insurance expires or is terminated in accordance with these T&Cs.

3. DEFINITIONS

Words and phrases which are defined in Appendix 1 shall have the meanings set out in that Appendix.

4. ADDITIONAL COVER

Additional covers, as described in Appendix 4, are available for liabilities, losses, expenses and costs which are not covered in Part 2 or Part 3.

PART 2 ▶ STANDARD INSURANCE

Unless otherwise agreed, the insurance shall cover the following specified liabilities, losses, expenses or costs;

5. DAMAGE TO OR LOSS OF THE VESSEL

5.1. COVER

Liability to Owners for

- 5.1.1. physical damage to or loss of the Vessel or any equipment, fittings, stores and supplies on board,
- 5.1.2. demurrage, loss of use or hire of the Vessel or any similar financial loss arising from the physical damage to or loss of the Vessel, and
- 5.1.3. costs reasonably incurred for the purpose of averting or minimising physical damage or loss to the Vessel.

6. CARGO

6.1. COVER

Liability for cargo loss, shortage, damage, delay or other responsibility arising in relation to the carriage of cargo on the Vessel.

6.2. EXCEPTIONS

However, the insurance shall not cover liabilities, losses, expenses or costs arising out of

- 6.2.1. failure to arrive or late arrival of the Vessel at the port of loading, other than liabilities, costs and expenses arising under a bill of lading already issued,
- 6.2.2. loss, shortage, damage or delay occurring prior to loading, except insofar as loss, shortage or damage occurs in the port of loading within 21 days of the date on which loading of the cargo on the Vessel commences or should commence,
- 6.2.3. loss, shortage, damage or delay occurring whilst the cargo is in the custody of another carrier or during lightering operations, except insofar as lightering is approved by Skuld, or occurs in port and is customary,
- 6.2.4. failure to load or delay in loading any particular cargo in the Vessel, other than any liabilities, costs and expenses arising under a bill of lading already issued,
- 6.2.5. the issue of a bill of lading, waybill or other document containing or evidencing the contract of carriage which,
 - a) is antedated or postdated,
 - b) contains a description of the cargo or its quantity or condition which the Assured or an officer of the Vessel knows is incorrect,or
 - c) should be claused to show that the cargo is carried on deck and is not so claused,
- 6.2.6. carriage of cargo on terms less favourable to the Assured than the Hague or Hague-Visby Rules, except insofar as the contract of carriage is on less favourable terms solely because of the compulsory application of the Hamburg Rules by virtue of the place of loading or discharge,

- 6.2.7. carriage of cargo on terms which are contrary to terms required by Skuld,
- 6.2.8. carriage of cargo under a contract providing for carriage partly in the Vessel and partly by some other means of transport, except insofar as Skuld approves the contract,
- 6.2.9. carriage of Valuables,
- 6.2.10. carriage under an ad valorem bill of lading, waybill or other document containing or evidencing the contract of carriage in which a value in excess of USD2,500 per unit, piece or package is declared or stated, except insofar as liability does not exceed USD2,500 per unit, piece or package,
- 6.2.11. deviation or departure from the contractually agreed voyage or adventure which deprives the Assured of the right to rely on defences or rights of limitation which would otherwise be available,
- 6.2.12. delay, except insofar as liability arises because of the application of the Hague or Hague-Visby Rules or compulsory law,
- 6.2.13. discharge of the cargo at a port or place other than the port or place provided for in the contract of carriage,
- 6.2.14. failure to discharge all the cargo on board, except insofar as the Assured takes all reasonable steps to discharge the cargo,
- 6.2.15. delivery of cargo carried under
 - a) a negotiable bill of lading or similar document of title (including an electronic bill of lading) without production (or equivalent in the case of an electronic bill of lading) of that bill of lading or document by the person to whom delivery is made, except where cargo has been carried on the entered vessel either under the terms of a non-negotiable bill of lading, waybill or other non-negotiable document and has been properly delivered as required by that document, and liability arises under a negotiable bill of lading or other similar document of title issued by or on behalf of a party other than the Assured providing for carriage partly by a means of transport other than the entered ship, or under the terms of an approved electronic trading system and has been properly delivered to the person so entitled in accordance therewith, or
 - b) a non-negotiable bill of lading, waybill or similar document, without production of the original document by the person to whom delivery is to be made where such production is required by the express terms of that document or the law to which that document, or the contract of carriage contained in or evidenced by it, is subject, except where the Assured is required by any other law to deliver or relinquish custody or control of the cargo without production of such document.
- 6.2.16. loss, shortage, damage or delay occurring on land after discharge, except insofar as it occurs in the port of discharge within 21 days of discharge from the Vessel,
- 6.2.17. participation in or use of an Electronic Trading System, unless such system has been approved in writing by Skuld, or
- 6.2.18. loss of or damage to cargo carried on a semi-submersible heavy-lift vessel or any other vessel designed exclusively for the carriage of heavy-lift cargo, unless the cargo is carried under a contract which has been approved by Skuld.

7. EXTRA CARGO HANDLING COSTS

7.1. COVER

Extra costs, and liability for extra costs, in connection with or as a consequence of handling and disposing of cargo, where such costs are necessarily, reasonably and solely incurred, as a direct result of,

- 7.1.1. damage to cargo on board the Vessel,
- 7.1.2. damage to the Vessel which is of a type that would be covered under a standard hull policy,
or
- 7.1.3. the consignee's rejection of cargo carried on board the Vessel.

7.2. EXCEPTIONS

However, the insurance shall not cover costs, or liability for costs, which,

- 7.2.1. are claimable in general average or for which the Assured has a right of recourse against any other party,
- 7.2.2. result from the Vessel being overloaded or improperly stowed,
- 7.2.3. are incurred in order to make the Vessel seaworthy to receive the cargo,
- 7.2.4. are for work which could have been carried out by the crew or by reasonable use of the Vessel and her equipment or are normal costs of operating and trading the vessel
- 7.2.5. are in respect of packing, rebagging, sorting and other measures taken in order to comply with ordinary obligations under the contract of carriage, or
- 7.2.6. result from any of the matters referred to in Clause 6.2 (Cargo Exceptions).

8. EXTRA BUNKER HANDLING COSTS

8.1. COVER

Extra costs, and liability for extra costs, in connection with the removal, storage, processing and disposal of bunkers supplied for the Assured's account where such costs are necessarily, reasonably and solely incurred as a direct result of such bunkers being defective, contaminated or unfit for use.

8.2. EXCEPTIONS

However the insurance shall not cover costs, or liability for costs, which

- 8.2.1. result from a failure to order bunkers of the correct specification, or
- 8.2.2. would have been subject to a right of recourse against the bunker suppliers or other third party but for a waiver or exemption agreed to by the Assured

9. PERSONAL INJURY

COVER

Liability for injury, illness or death of crew or any other person.

10. STOWAWAYS, DIVERSIONS AND RELATED COSTS

COVER

Liability to pay additional port and other costs reasonably and necessarily incurred for landing or dealing with stowaways, refugees or persons saved at sea or for diverting to obtain necessary medical treatment for injured or sick persons or for assisting in the search for or rescue of persons in distress at sea, including the cost of extra fuel consumed as a result.

11. COLLISION AND CONTACT

COVER

Liability for loss of or damage to another vessel or cargo or other property thereon arising out of a collision between the Vessel and the other vessel, or to a fixed or floating object arising out of contact between the Vessel and that object,

12. PROPERTY LIABILITY

COVER

Liability arising out of the physical loss of or damage to any property which is not specified elsewhere in these T&Cs and which is not owned or leased by the Assured.

13. POLLUTION

13.1. COVER

- 13.1.1. Liability arising out of the actual or threatened escape or discharge of oil or other polluting substance,
- 13.1.2. costs of measures reasonably taken, with the prior approval of Skuld, for the purpose of preventing or minimising pollution, and
- 13.1.3. costs incurred in order to comply with an order of any government or authority for the purpose of preventing or minimising actual or threatened pollution.

13.2. EXCEPTIONS

However the insurance shall not cover the Assured's liability or costs in respect of pollution,

- 13.2.1. where the Assured is liable or incurs costs because the Assured owns or has an interest in the cargo,
- 13.2.2. resulting from the presence in or the threatened escape or discharge from any land based dump, site, storage or disposal facility of any substance previously carried on the Vessel as cargo, fuel, stores, waste or otherwise, or
- 13.2.3. which would be recoverable in general average if the Assured had incorporated the York-Antwerp Rules 1994.

14. WRECK REMOVAL

14.1. COVER

Liability for costs arising out of the raising, removal, destruction or marking of the wreck of the Vessel, or any other vessel, or their equipment, bunkers or cargo lost as a result of a casualty, provided that,

- 14.1.1. the raising and other operations are compulsory by law or necessary to avoid or remove a hazard or obstruction, and
- 14.1.2. the Assured has used best efforts to have the wreck removed by the owners or their underwriters.

15. OBSTRUCTION

COVER

Liability to owners arising out of the Vessel causing an obstruction as a result of a casualty.

16. SALVAGE AND GENERAL AVERAGE

16.1. COVER

The insurance shall cover,

- 16.1.1. the Assured's contribution to salvage, salvage charges, general average and expenses for which the Assured is liable in respect of the Assured's interest in bunkers or other property (other than cargo) or hire or freight,
- 16.1.2. the Assured's liability to owners for the Vessel's proportion of salvage, of salvage charges and of general average as stated in the general average adjustment or as determined by a court, competent tribunal or independent adjudicator appointed by Skuld or as otherwise agreed, and
- 16.1.3. general average expenditure and special charges incurred by the Assured which should have been paid by cargo interests or some other party to the maritime adventure but which are not legally recoverable solely by reason of a breach of the contract of carriage.

16.2. EXCEPTION

However the insurance shall not cover expenditure and charges arising out of any of the matters referred to in Clause 6.2 (Cargo Exceptions).

17. FINES

17.1. COVER

Liability for fines for,

- 17.1.1. breach of any immigration law or regulation,
- 17.1.2. short delivery or over-delivery of cargo, or failure to comply with regulations concerning the declaration of goods on board other than cargo, or documentation of cargo, provided that the Assured is covered for cargo liability under Clause 6,
- 17.1.3. in respect of the accidental escape or discharge of oil or other polluting substance or threat thereof, and
- 17.1.4. smuggling or any infringement of any customs law or customs regulation other than in relation to cargo carried on the Vessel.

17.2. EXCEPTION

However, the insurance shall not cover fines arising out of any of the matters referred to in Clause 6.2 (Cargo Exceptions).

18. QUARANTINE AND DISINFECTION REQUIREMENTS

18.1. COVER

Liability for extra costs necessarily, reasonably and solely incurred in order to comply with quarantine and disinfection requirements which could not have been avoided, as a result of infectious disease on board the Vessel.

18.2. EXCEPTION

However, the insurance shall not cover costs which are incurred as a result of the Vessel being ordered to a port or loading a cargo or otherwise being employed when the Assured knows or should know that such costs would be incurred.

19. MITIGATION COSTS (SUE AND LABOUR)

19.1. COVER

Extraordinary costs which are necessarily, reasonably and solely incurred by the Assured, on or after a casualty or Event liable to give rise to a claim against Skuld, in avoiding or minimising any liability, loss, expense or cost covered under these T&Cs.

19.2. EXCEPTIONS

However, the insurance shall not cover,

- 19.2.1. costs which are claimable in general average,
- 19.2.2. costs which result from the Vessel being overloaded or improperly stowed,
- 19.2.3. costs which are incurred in order to make the Vessel seaworthy to receive the cargo,
- 19.2.4. costs which form part of the daily running costs of the Vessel,
- 19.2.5. costs for work which could have been carried out by the crew or by reasonable use of the Vessel and her equipment, or
- 19.2.6. costs which are not approved in advance by Skuld where it is practicable to obtain such approval.

20. LEGAL AND ASSOCIATED COSTS

COVER

Legal and associated costs reasonably incurred with the consent of Skuld, in relation to any liability, loss, expense or costs for which the Assured is covered under these T&Cs.

21. DIRECTIONS OF SKULD

COVER

Liability and costs which the Assured incurs at the direction of Skuld, given in writing and referring to this Clause.

PART 3 ► DEFENCE

22. DEFENCE COVER

22.1. COVER

Skuld shall cover the Assured's reasonable costs for necessary legal assistance in relation to disputes which are directly connected with the operation of the Vessel and which are in respect of any of the following:-

- 22.1.1. the carriage of cargo,
- 22.1.2. contracts with port agents,
- 22.1.3. contracts with brokers,
- 22.1.4. charter parties, and, provided agreed at the time the relevant contract is entered into, contracts of affreightment,
- 22.1.5. The use of port facilities,
- 22.1.6. loss, damage or delay to the vessel,
- 22.1.7. general average,
- 22.1.8. damage to property,
- 22.1.9. supplies to the vessel,

22.2 EXCEPTIONS

However, Skuld shall be under no liability to reimburse Assured for costs:

- 22.2.1. which are incurred before the Assured notifies Skuld of the dispute or in relation to a claim which is or can be covered under Part 2 of these T&Cs,
- 22.2.2. where the Assured fails to carry out any of his obligations under the T&C,
- 22.2.3. where the dispute is with Skuld or Skuld's servants, agents or representatives, or is between Co-assureds or parties with joint interests in the vessel,
- 22.2.4. where the dispute is in respect of a class action or other legal proceedings in which one or more persons sue or are sued as representatives of a group of persons with a common interest,
- 22.2.5. where the dispute arises under a management agreement,
- 22.2.6. where the Assured appoints a lawyer without the approval of Skuld, or
- 22.2.7. which, in the opinion of Skuld, should not be covered on any of the following grounds:
 - 22.2.7.1. there is no reasonable relationship between the amount in dispute and the costs which are likely to be incurred,
 - 22.2.7.2. there is no reasonable relationship between the prospects of successfully obtaining an award or judgment and the costs which are likely to be incurred,

- 22.2.7.3. there is no reasonable relationship between the prospects of successfully obtaining payment (due to the financial position of the other party or otherwise) and the costs which are likely to be incurred,
- 22.2.7.4. there is no reasonable relationship between the prospects of successfully defending a claim and the costs which are likely to be incurred,
- 22.2.7.5. the Assured has failed to take reasonable care in the chartering, control or management of the vessel, or the position adopted by the Assured is unreasonable or the Assured conduct has been imprudent, improper or tainted with illegality,
- 22.2.7.6. the Assured fails to provide information or documentation which is necessary for the dispute to be properly evaluated or handled,
- 22.2.7.7. the Assured refuses to handle or settle the case in accordance with recommendations of Skuld,
- 22.2.7.8. the Assured makes concessions or enters into a settlement without the approval of Skuld,
- 22.2.7.9. the Assured takes steps to initiate legal action or arbitration, or makes an application to any court or arbitration tribunal, or takes any other material step in a dispute, without seeking the prior approval of Skuld, or
- 22.2.7.10. any other reason which Skuld decides, in its absolute discretion, is sufficient reason for cover not to apply

22.3. MISCELLANEOUS

- 22.3.1. Skuld may at any stage of a dispute withdraw or limit the extent of cover for any of the reasons set out in Clause 22.2.7 or in any of the circumstances referred to in Clause 26.1.2.
- 22.3.2. In the event that cover is withdrawn, the Assured is liable to reimburse the Skuld for any costs which Skuld has previously incurred.
- 22.3.3. Where the costs of a dispute are only partly covered, Skuld shall decide in its absolute discretion, on the applicable apportionment of costs.
- 22.3.4. Insofar as the Assured costs are covered, Skuld shall be entitled to any sum which the Assured recovers in respect of costs pursuant to any award, judgment or settlement agreement, and in the event that a settlement agreement does not provide, or does not provide adequately for recoverable costs, Skuld shall be entitled to such sum as it considers should have been attributable to costs pursuant to such an agreement.
- 22.3.5. Where a dispute involves two or more members of Skuld, Skuld shall be entitled at any stage of the dispute to recommend the members to submit to mediation with a recognised international shipping mediator to be appointed by agreement among those members. Failing agreement among those members on the appointment of a mediator, Skuld shall be entitled to recommend appointment of such a mediator on their behalf.
- 22.3.6. Skuld shall decide in its absolute discretion whether a case involves one or more disputes to which a deductible applies.

22.4. LIMITATION

Cover under this Clause is limited to USD 5 million per dispute,

PART 4 ► GENERAL PROVISIONS

Unless otherwise agreed, all insurance provided to the Assured, including additional covers, shall be subject to the provisions in Part 4.

23. CONDITIONS

23.1. DISCLOSURE AND ALTERATION OF RISK

The Assured and the Assured's agent shall;

- 23.1.1. make full and correct disclosure to Skuld of all circumstances which the Assured or the Assured's agent knows or should know would influence Skuld in deciding whether and on what terms to provide cover, and
- 23.1.2. make full, correct and prompt disclosure to Skuld of every change in circumstance which the Assured or the Assured's agent knows or should know alter the risks covered by Skuld, failing which the Assured shall not be entitled to any recovery from Skuld in respect of any Event occurring after the time of the failure.

23.2. PREMIUMS AND OTHER SUMS DUE

- 23.2.1. The Assured shall pay without set off all premiums, deductibles and other sums to Skuld as they fall due, failing which Skuld shall be entitled to interest at such rates as Skuld may decide from time to time. The Assured shall not be covered for any liabilities, losses, expenses or costs which arise out of an Event which occurs at a time when the Assured owes premiums and Skuld shall be entitled to cease handling all or any cases Skuld is for the time being handling for the Assured.
- 23.2.2. The Assured shall not pay supplementary, overspill or release calls and shall not be entitled to any surplus.
- 23.2.3. The Assured shall pay Skuld on demand the amount of any tax or duty relating to premiums or other sums paid or payable by the Assured and for which Skuld is or may become liable.

23.3. CLASSIFICATION AND INSURANCE

The Assured shall

- 23.3.1 ensure that the vessel is on the date of the commencement of cover
 - a) fully classed with a classification society which is a member of the International Association of Classification Societies or approved by Skuld, and
 - b) is entered for owners' account in a P&I club which is a member of the International Group of P&I Associations or other liability insurer approved by Skuld, and
- 23.3.2 use best endeavours to ensure that the requirements in 23.3.1 (a) and (b) are complied with throughout the period of cover,

failing which the Assured shall not be entitled to any recovery from Skuld during the period of non-compliance.

23.4. SURVEY AND AUDIT

Skuld may, for its sole benefit, conduct a survey of the condition, operation or trading of the Vessel, or audit of the Assured's management systems, at any time. If the survey or audit demonstrates that the condition, operation or trading of the Vessel, or the Assured's management systems are not satisfactory, the Assured shall indemnify Skuld against the cost of the survey or audit, and Skuld shall be entitled to restrict cover until the condition, operation and trading of the Vessel, and the Assured's management systems are satisfactory

23.5. PAY TO BE PAID

The Assured is only entitled to claim against Skuld for liabilities, losses, expenses or costs (which are the subject of the claim) that have actually been paid or discharged by the Assured, or any Co-assured and that, in the event of a liability, the liability has been discharged pursuant to;

- 23.5.1. court order or judgment, other than a default judgment,
- 23.5.2. an award, other than a default award, of an arbitration tribunal appointed with the consent of Skuld or in accordance with an arbitration agreement entered into before the Event giving rise to the claim arose, or
- 23.5.3. a settlement approved by Skuld.

23.6. OBLIGATIONS

The Assured shall,

- 23.6.1. refrain from chartering or trading a Vessel which the Assured knows or should know,
 - a) does not maintain valid statutory certificates issued by or on behalf of the Vessel's flag state in relation to the ISM Code and ISPS Code,
 - b) is not complying with all requirements or recommendations of her classification society or flag state,
 - c) is loading or carrying cargo in breach of the guidelines and/or requirements of the IMDG Code or any other applicable regulations or conventions,
 - d) is unfit or unsuitable for the intended trade, or
 - e) is engaged in trade or on a voyage which is imprudent, illegal or unsafe,
- 23.6.2. exercise reasonable care in chartering in and chartering out the Vessel, including taking reasonable steps to check the solvency and reputation of the other party to any charterparty,
- 23.6.3. upon the occurrence of any Event, take all reasonable steps to avert or minimise any liabilities, losses, expenses and costs which may be covered by Skuld,
- 23.6.4. preserve any right of recourse against third parties,
- 23.6.5. refrain from admitting liability, waiving rights, settling any claim or appointing any lawyers or arbitrators without the prior approval of Skuld,
- 23.6.6. allow Skuld to handle or take over the handling of any claim or legal or other proceedings in respect of any liability, loss, cost or expense for which the Assured is or may be wholly or partly covered under these T&Cs and to conduct such proceedings in the name of the Assured and authorise Skuld to appoint lawyers, experts, arbitrators, surveyors and other parties on behalf of the Assured,

- 23.6.7. comply with all requirements (including the inclusion or exclusion of contractual terms), recommendations or requests for surveys, information or documents made by Skuld,
- 23.6.8. notify Skuld promptly of any incident which may give rise to liabilities, losses, expenses or costs which may be covered by Skuld.

The insurance shall not cover the Assured for any liabilities, losses, expenses or costs resulting from the Assured's failure to comply with any of the obligations set out in this Clause 23.6, to the extent that the failure has contributed towards the claim against Skuld or has otherwise materially prejudiced Skuld's interests.

24. EXCLUSIONS

24.1. The insurance shall not cover the Assured for any liabilities, losses, expenses or costs which arise out of or in respect of,

- 24.1.1. the Assured's deliberate breach of any contract, fraudulent act or Wilful Misconduct,
- 24.1.2. the Assured knowingly sending to sea or operating the Vessel in an unseaworthy condition,
- 24.1.3. the terms of an indemnity or contract which has not been accepted or approved by Skuld, except insofar as the Assured would have been liable in any event in the absence of the indemnity or contract,
- 24.1.4. any claim in respect of the detention, delay (except for delay incurred in order to avert or minimise any liabilities, losses, expenses and costs which is covered by Skuld), loss of use of the Vessel or in respect of hire, freight or demurrage, except insofar as this is covered under Clause 5 (damage to or loss of the Vessel), Clause 6 (cargo) or Clause 22 (Defence),
- 24.1.5. failure to arrive or late arrival of the Vessel at the port of loading, or cancellation or termination of, any charterparty or other engagement, except insofar as this is covered under Clause 22 (Defence),
- 24.1.6. consequential loss, general monetary loss, or loss of time, loss through price, market or currency fluctuations, loss of market or similar loss, loss of production, depreciation, loss of opportunity, loss of profit, or similar loss, except where the Assured is legally liable to a third party for such loss and such liability is covered under these T&Cs.
- 24.1.7. any claim for liquidated damages except insofar as this is covered under Clause 5 (damage to or loss of the Vessel) or Clause 22 (Defence),
- 24.1.8. any claim for loss of reputation or for punitive or exemplary damages,
- 24.1.9. irrecoverable debts or the insolvency of the Assured or any other party, or fraud of agents or an associated company or of employees of the Assured acting as agent,
- 24.1.10. the Assured's internal administrative costs or expenses, the daily running costs or expenses of the Vessel, and normal costs of operating and trading the vessel, except insofar as this is covered under Clause 5 (damage to or loss of the Vessel)
- 24.1.11. any claim recoverable by the Assured under another insurance policy,
- 24.1.12. the loss of or damage to any property owned or leased by the Assured or by any party associated with or under the same management as the Assured,
- 24.1.13. the carriage of Valuables,

- 24.1.14. War Risks insofar as
 - 24.1.14.1. the Vessel trades in a Listed Area for Charterers,
 - 24.1.14.2. there is an outbreak of war (whether there be a declaration of war or not) between any of the following countries: United Kingdom, United States of America, France, The Russian Federation or The People's Republic of China,
- 24.1.15. Nuclear Risks,
- 24.1.16. Chemical, Bio-Chemical, Electromagnetical Weapons and Computer Virus Risks,
- 24.1.17. any default judgement or default award, or
- 24.1.18. where payment by Skuld or the provision of cover in respect thereof may expose Skuld to the risk of being subject to a sanction, prohibition or any adverse action by a state or international organisation or competent authority.

24.2 EXCLUDED OPERATIONS

The insurance shall not cover liabilities, losses, expenses or costs which arise out of or in respect of Drilling or Production Operations, Waste Disposal, Subsea Activities or Specialist Operations.

25. LIMITATION AND DEDUCTIBLES

25.1. LIMITATION

- 25.1.1. Where an Assured or Co-assured is entitled to limit any liability covered by Skuld, there shall be no recovery in respect of such liability for more than the amount to which liability could have been limited.
- 25.1.2. There shall be no recovery under these T&Cs in excess of the agreed insurance amount for any one Vessel arising out of any one Event.
- 25.1.3. Where more than one limit applies, Skuld's liability shall not exceed the lowest applicable limit.
- 25.1.4. Any occurrence or occurrences arising out of an Event shall be treated as part of that Event.
- 25.1.5. Where Skuld has reinsured the risks insured under these T&Cs, Skuld shall only be obliged to pay, in respect of any claim arising out of any one Event, any amount in excess of USD 100 million per Event as and when such funds are received by Skuld from the reinsurers, at which time the balance of the claim will be paid to the Assured.
- 25.1.6. The Assured shall in no circumstances be entitled to recover from Skuld that part of any liabilities, costs and expenses which is not recovered by Skuld under any reinsurance(s) arranged by Skuld because of a shortfall in recovery from reinsurers thereunder by reason of a sanction, prohibition or adverse action against them by a state, international organisation or other competent authority or the risk thereof if payment were to be made by such reinsurers. For the purposes of this provision, "shortfall" includes any failure or delay in recovery by Skuld by reason of the parties or reinsurers making payment into a designated account in compliance with the requirements of any state, international organisation or other competent authority.

25.2. DEDUCTIBLES

The Assured's cover shall be subject to the deductibles set out in Appendix 3 or in the Cover Note or any Certificate of Insurance, in respect of liabilities, losses, expenses and costs arising under any one Event and one vessel. Any policy limits shall apply to the total amount of any claim, inclusive of deductibles

26. TERMINATION

26.1. CESSATION

Unless Skuld agrees otherwise, the insurance cover shall cease immediately where,

- 26.1.1. the Assured is no longer charterer of the Vessel,
- 26.1.2. the Assured becomes insolvent, bankrupt, is dissolved or wound up, has a receiver or liquidator appointed or commences proceedings under any bankruptcy or insolvency laws to seek protection from creditors, or
- 26.1.3. the Vessel is requisitioned by a State or Government Authority.

26.2. TERMINATION BY THE ASSURED

The Assured may terminate the insurance cover with effect from 00:00 hours GMT on the annual renewal date by giving written 30 days' notice prior to that date.

26.3. TERMINATION BY SKULD

Skuld may terminate the insurance cover;

- 26.3.1. on immediate notice, where the Assured is in breach of his obligations under Clause 23.1 (in respect of disclosure and alteration of the risk), or Clause 24.1.1 (in respect of the Assureds fraudulent acts or Wilful Misconduct)
- 26.3.2. on three days' notice, where the Assured is in breach of his obligations under Clause 23.2 (in respect of the payment of premiums and other sums due to Skuld),
- 26.3.3. on seven days' notice, where the Vessel is unseaworthy and the Assured has not made it seaworthy without undue delay, or where the Assured has not allowed Skuld to carry out a survey in accordance with Clause 23.4, or has not complied with Clause 23.3 (in respect of the classification and insurance of the Vessel), or has notified Skuld of any change of circumstance which materially alters the risk covered by Skuld,
- 26.3.4. on thirty days' notice, without giving any reason, or
- 26.3.5. on such notice in writing as Skuld may decide, where, in the opinion of Skuld, the Assured has exposed or may expose Skuld to the risk of being or becoming subject to a sanction, prohibition, restriction or other adverse action by a state or international organisation or competent authority.

26.4. WAR RISKS

Cover in respect of War Risks

- 26.4.1. shall terminate automatically on the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United Kingdom, United States of America, France, The Russian Federation or The People's Republic of China, and
- 26.4.2. may be cancelled by Skuld or the Assured on giving seven days' written notice. The cancellation shall become effective on expiry of seven days from 24:00 hours GMT on the day on which notice is given.

26.5. EFFECT OF CESSATION AND TERMINATION

- 26.5.1. Skuld shall be under no liability whatsoever in respect of any event occurring after cessation or termination.
- 26.5.2. Where cover ceases under Clause 26.1.(cessation of cover) or where the entry is terminated under Clause 26.3 or Clause 26.4 (termination by Skuld on seven or thirty days' notice), the Assured shall be entitled to a pro rata reduction of premiums.
- 26.5.3. Where cover ceases or the entry is terminated or cover is otherwise restricted or lost under these T&Cs, the Assured shall remain liable for all premiums due.

MISCELLANEOUS

27. TIME LIMITS

Any claim against Skuld shall be waived and time barred unless,

- 27.1. the Assured gives notice to Skuld of any Event which may give rise to a claim on Skuld within six months of the Assured becoming aware of that Event, and
- 27.2. the Assured commences proceedings against Skuld in respect of that claim,
 - a) within six months of receiving written notice from Skuld stating that the claim has been rejected,
 - b) within three years of the end of the calendar year during which the Assured first received sufficient information to enable Assured to submit a claim to Skuld, or
 - c) in the absence of such information, within ten years of the date of the Event giving rise to the claim unless the claim is dependent upon litigation or a general average adjustment still in progress at the expiry of the ten-year period, in which case that period will be extended until one year after the issue of the final judgment or adjustment, whichever first occurs.

28. PROVISION OF SECURITY

Skuld shall be under no obligation to provide security on behalf of the Assured. If Skuld provides security, the applicable deductible shall be paid by the Assured, irrespective of whether any payment has been made or not.

29. WAIVER

In the absence of an express written confirmation of cover by Skuld, no act (including the provision of security, payment of any sum or handling of any claim) or omission or delay by Skuld shall be treated as a waiver of Skuld's rights or acceptance of cover. If Skuld provides security, incurs costs, or makes any payment in respect of a claim or dispute which turns out not to be covered, the Assured shall indemnify Skuld.

30. SUBROGATION

Where Skuld makes any payment in respect of any liability or costs, it shall be subrogated to the rights of the Assured or Co-assured and any recovery shall be passed to Skuld which shall be entitled to deduct a sum up to the amount paid by Skuld before any balance is credited to the Assured.

31. EXEMPTION OF LIABILITY

Skuld, its officers and employees shall not be liable in respect of any act or omission of Skuld, its officers, employees, correspondents, agents, representatives, lawyers, experts, surveyors or other party employed or appointed by Skuld, whether or not negligence is involved.

32. BURDEN OF PROOF

The Assured shall have the burden of proving that any claim against Skuld results from a risk covered under the insurance.

33. SAVINGS BY THE ASSURED

Where the Assured as a consequence of an Event which is covered by Skuld obtains extra revenue, saves expenses or avoids liability or loss which otherwise would have been incurred and which would not have been covered by Skuld, Skuld shall be entitled to recover from the Assured or retain from any sum which would otherwise be payable to the Assured, an amount equivalent to the benefit obtained by the Assured.

34. ASSIGNMENT AND TRANSFERS

The Assured shall not, without the written consent of Skuld, assign or transfer any rights under these T&Cs, but in no circumstances, shall any assignee or transferee have a greater right than the Assured. Any assignment or transfer without Skuld's written consent shall not bind Skuld.

35. SET OFF

Skuld shall be entitled to set off any amount due from the Assured against any amount due to the Assured.

36. INTEREST

In no case whatsoever shall interest be paid on any amount due from Skuld.

37. CO-ASSUREDS

The cover in respect of Co-assureds shall be subject to the terms set out in Appendix 2.

38. AMENDMENTS

Skuld may amend these T&Cs as the situation may require with effect from 00:00 hours GMT on any date by giving at least 60 days' notice prior to that date. Amendments which do not materially change existing cover, may be done without giving prior notice. Amendment notices may be posted generically on Skuld's website only.

39. OMNIBUS

Skuld may cover, in its absolute discretion, the Assured's liability, loss, expense or costs which would not otherwise be covered under these T&Cs, to the extent that the Skuld considers that such cover would be appropriate and consistent with the purpose of the Association.

Skuld, in exercising its discretion under this Clause may, in exceptional circumstances, cover liability, loss, expense or costs, which are otherwise expressly excluded.

The exercise of discretion under these T&Cs shall be exercised by the Board of Directors, who shall delegate to the President and Chief Executive Officer and other employees of Skuld or Managers insofar as the Board considers it appropriate to do so.

40. ARBITRATION AND LAW

- 40.1 Any dispute arising under or in connection with these T&Cs shall be referred to arbitration in Oslo pursuant to the Norwegian Arbitration Act. Each party shall appoint one arbitrator, and the two arbitrators shall appoint the third arbitrator who shall be the chairman of the arbitration tribunal. If one party fails to appoint an arbitrator within one month from being requested to do so or if the two arbitrators can not within one month from the last appointment agree on who shall be appointed chairman, the Chief Justice of Oslo District Court shall be the appointer. The arbitrators shall be experienced in Norwegian insurance law.
- 40.2 The arbitration is deemed to be commenced when request for arbitration is being sent from the party requesting arbitration. Both the arbitral proceedings and the arbitration award shall be subject to confidentiality. The parties shall conclude a separate agreement to confirm the confidentiality upon commencement of the arbitration.
- 40.3 These T&Cs and any arbitration proceedings shall be governed by Norwegian Law, except that the Insurance Contracts Act of 1989 shall not apply.

APPENDIX 1

DEFINITIONS

ANTE DATED OR POST DATED BILL OF LADING

A bill of lading, waybill or other document containing or evidencing the contract of carriage which records the loading or shipment or receipt for shipment on a date prior or subsequent to the date on which the cargo was in fact loaded, shipped or received.

ASSURED

A Charterer member of Skuld.

CHARTERER

A charterer of a vessel, or part of a vessel, other than a bareboat or demise insured by Skuld under the T&Cs and named in any Certificate of Insurance as the Assured..

CHEMICAL, BIO-CHEMICAL ELECTROMAGNETICAL WEAPONS AND COMPUTER VIRUS RISKS

Loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from

- (i) any chemical, biological, bio-chemical or electromagnetic weapon
- (ii) the use or operation, as a means of inflicting harm, of any computer virus.

CO-ASSURED

A party, other than the Assured, who is named on the Certificate of Insurance, to whom the Skuld has agreed (subject to restrictions) to extend the cover afforded to the Assured.

DRILLING OR PRODUCTION OPERATIONS

Drilling or production operations in connection with oil or gas exploration or production, including any accommodation unit moored or positioned on site as an integral part of any such operations.

A vessel shall be deemed to be carrying out production operations if (inter alia) it is a storage tanker or other vessel engaged in the storage of oil, and either:

- (a) the oil is transferred directly from a producing well to the storage vessel; or
- (b) the storage vessel has oil and gas separation equipment on board and gas is being separated from oil whilst on board the storage vessel other than by natural venting.

ELECTRONIC TRADING SYSTEM

Any system which replaces or is intended to replace paper documents used for the sale of goods and/or their carriage by sea or partly by sea and other means of transport and which

- (a) are documents of title, or
- (b) entitle the holder to delivery or possession of the goods referred to in such documents, or
- (c) evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.

For the purpose of this definition, a "document" shall mean anything in which information of any description is recorded, including, but not limited to, computer or other electronically generated information.

EVENT

Any event, including any occurrence or occurrences arising out of any such event unless Skuld elects to treat each occurrence as a separate event. An event shall be deemed to have taken place at the time of the first occurrence which results in a claim or claims.

HAGUE RULES

The International Convention for the Unification of Certain Rules Relating to Bills of Lading signed at Brussels on 25 August 1924.

HAGUE-VISBY RULES

Hague Rules as amended by the Protocol signed at Brussels on 23 February 1968.

HAMBURG RULES

The United Nations Convention on the Carriage of Goods by Sea done at Hamburg on 31 March 1978.

ISM CODE

International Safety Management Code.

ISPS CODE

The International Ship and Port Facility Security Code.

LISTED AREA FOR CHARTERERS

Any area declared by Skuld to be an area of perceived enhanced risk for the purposes of the insurance provided under Parts 2 and 3 of these T&Cs. [NOTE: There were no Listed Areas for Charterers' Insurance provided under Parts 2 and 3 of these T&Cs as at 20 January 2016. Any declarations of Listed Areas for Charterers will be notified to all Assureds and appear on www.skuld.com]

NUCLEAR RISKS LIABILITIES, COSTS AND EXPENSES

Liabilities, costs and expenses directly or indirectly caused by or contributed to by or arising from

- (a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
- (b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,
- (c) any weapon or device employing nuclear fission and/or fusion or other like reaction or radioactive force or matter, or
- (d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter

other than liabilities, costs and expenses arising out of carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in an entered vessel.

SKULD

Assuranceforeningen Skuld (Gjensidig)

SPECIALIST OPERATIONS

Operations including and not limited to dredging, blasting, pile-driving, well-stimulation, cable or pipelaying, construction, installation, removal or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil spill response training and tank cleaning (otherwise than on the entered vessel) but excluding fire fighting.

SUB-SEA ACTIVITIES

The operation by the Assured of submarines, mini-submarines or diving bells, or the activities of professional or commercial divers where the Assured is responsible for such activities (other than activities arising out of salvage operations being conducted by an entered vessel where the divers form part of the crew of that entered vessel (or of diving bells or other similar equipment or craft operating from the entered vessel) and where the Assured is responsible for the activities of such divers).

VALUABLES

Cash, banknotes or other forms of currency, bullion, works of art, precious or rare metals or stones, plate or other objects of a rare or precious nature, specie, bonds or other negotiable instruments

VESSEL

A ship, boat, hydrofoil, hovercraft or other description of vessel (including a lighter, barge or similar vessel howsoever propelled but excluding a fixed platform or fixed rig) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water which has been declared by the Assured and accepted by Skuld and is named in any Certificate of Insurance.

WAR RISKS' LIABILITIES, COSTS OR EXPENSES

Liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Assured or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or cost or expense is incurred, was caused by:

- (a) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism (provided that, in the event of any dispute as to whether or not, for the purposes of this paragraph (a), an act constitutes an act of terrorism, the decision of the directors of Skuld shall be final);
- (b) capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat;
- (c) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, provided that this exclusion shall not apply to liabilities, costs and expenses which arise solely by reason of
 - (i) the transport of any such weapons whether on board or not, or
 - (ii) the use of any such weapons, either as a result of government order or with the agreement in writing of Skuld where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise give rise to a claim covered under these T&Cs.
- (d) strikers, locked-out workmen, persons taking part in labour disturbances, riots or civil commotions
- (e) any person acting maliciously or from a political motive; or
- (f) confiscation or expropriation.

WASTE DISPOSAL

Waste incineration or disposal operations carried out by the entered vessel (other than any such operations carried out as an incidental part of other commercial activities not being specialist operations).

WILFUL MISCONDUCT

An act intentionally done, or a deliberate omission by the Assured, with knowledge that the performance or omission will probably result in injury, loss or damage, or an act done or omitted in such a way as to allow an inference of a reckless disregard of the probable consequences.

APPENDIX 2

CO-ASSUREDS

1. Skuld may agree to extend the cover afforded to the Assured to a co-assured named in the Certificate of Insurance who is:
 - (a) a party interested in the operation of the Vessel,
 - (b) the holding company of the beneficial owner of the Assured or any other co-assured,
or
 - (c) the mortgagee of the Vessel
2. The cover afforded to a Co-assured shall extend only to risks, liabilities and expense arising out of operations and/or activities customarily carried on by or at the risk and responsibility of charterers and which are within the scope of cover afforded by the T&Cs and any special terms set out in the Certificate of Insurance.
3. Co-assureds shall be jointly and severally liable in respect of all premiums and other sums due to Skuld.
4. Any payment by Skuld to the Assured or any Co-assured shall be deemed to be payment to the Assured and to all Co-assureds jointly and shall fully discharge the obligations of Skuld in respect of that payment.
5. The contents of any communication between Skuld and the Assured or any Co-assured shall be deemed to be within the knowledge of the Assured and all Co-assureds.
6. Any failure by the Assured or any Co-assured to comply with any of the obligations under these T&C's, shall be deemed to be a failure of the Assured and all Co-assureds.
7. Any conduct or omission by the Assured or any Co-assured which would have entitled Skuld to reject or reduce any claims shall be deemed to have been the failure of the Assured and all Co-assureds.
8. Skuld shall not cover any liability, loss, expense or costs in respect of any dispute between the Assured and any Co-assured.
9. The total liability of Skuld in respect of any one event, to the Assured and to any Co-assured shall not, in any circumstances, exceed such sum as would have been recoverable from Skuld only by the Assured
10. In the event that the total liability of Skuld is less than the total sum claimed by the Assured and by the Co-assured, Skuld shall be entitled to apportion payment in proportion to the respective amounts claimed.

APPENDIX 3

DEDUCTIBLES

1. DEDUCTIBLES – STANDARD INSURANCE

Unless otherwise agreed, compensation shall be subject to the following deductibles per category:

- 1.1. For insurances other than those referred to in paragraphs 1.2 to 1. 9:
- USD 10,000 any one event any one vessel any one category
- 1.2. Clause 6 (cargo liability), 7 (extra cargo handling costs), 16 (salvage & general average) and 7.1.2 (cargo fines) applicable per cargo voyage
- USD 15,000 per cargo voyage
- USD 10,000 per cargo voyage under 2,500 GT

The deductibles applicable to cargo claims under the Clauses referred to in this paragraph (whether for standard or separately agreed amounts) shall be doubled when the loss or liability is due to water damage resulting from leaky cargo hatches or tank hatches on account of inadequate maintenance.

- 1.3. Claims under Clause 9 (personal injury):
- USD 10,000 any one event any one vessel any one category
- 1.4. Clauses 13 (pollution) and 17.1.3 (pollution fines)
- USD 10,000 any one event any one vessel any one category
- 1.5. Clause 11 (collision and contact liability)
- USD 45,000
- 1.6. Clause 12 (property liability):
- USD 15,000 any one event any one vessel any one category
- 1.7. Clauses 20 (legal and associated costs such as correspondents' fees) and 19 (mitigation costs) shall be subject to the deductible applicable to the claim in respect of which the costs have been incurred.
- 1.8. Clause 5 (damage to or loss of Vessel)
- USD 22,500 any one event any one vessel any one category
- 1.9. Clause 8 (extra bunker handling costs)
- USD 22,500 any one event any one vessel any one category

2. DEDUCTIBLES – DEFENCE COVER

Unless otherwise agreed, cover under Clause 22 (Defence cover) shall be subject to the following deductible per dispute: 25 % of the total costs with a minimum of USD 10,000 per dispute.

3. MISCELLANEOUS

- 3.1. Unless otherwise agreed or stipulated otherwise in these T&Cs, the applicable deductibles shall apply to any one event (as defined in Appendix 1) any one vessel any one category listed under paragraph 1 of this Appendix.
- 3.2. Where deductibles apply per port of call and the vessel is staying for an unbroken period in the same port, the deductibles shall apply for a two-month period and for coasters and vessels engaged in local trade, for a one-month period.
- 3.3. The deductibles may be paid in any currency at the USD rate at the date of payment.

APPENDIX 4

ADDITIONAL COVERS

If separately agreed, Skuld can arrange insurances for additional risks. The following is a brief description of some of the covers available. Full details of these additional insurances (including applicable limits) can be obtained from Skuld on request. These insurances shall be subject to these T&Cs, unless otherwise agreed.

CHARTERERS' BUNKERS

Insurance of charterers' bunkers carried on board the entered vessel.

CHARTERER'S LIABILITY FOR POLLUTION INSURANCE

Cover for liability for pollution in capacity of owner of the cargo, as opposed to, or in addition to, the Assured's capacity as charterer.

DEVIATION

Insurance to cover Assured's liability arising out of:-

- geographical deviation or other departure from the contractually agreed voyage (such as transshipment, dry-docking with cargo on board, or lightering) which deprives the Assured of the right to rely on defences or rights of limitation which would otherwise be available, and
- carriage of cargo on deck on under deck bills of lading or similar documents which should have been, but were not, claused to show that the cargo was carried on deck.

The insurance is subject to conditions, including the following:

- (a) the Assured must notify Skuld before the deviation takes place or as soon as he becomes (or should become) aware of it,
- (b) Skuld must approve the deviation, and
- (c) the Assured must pay any additional premium required.

CHARTERERS' COMPREHENSIVE COVER (CCC)

Cover for through transport liabilities including warehousing and storage onboard of vessel and/or barge and for the Assured in his capacity as non-vessel operating common carrier NVOCC.

STORAGE OF CARGO

Insurance to cover Assured's liability for cargo loss, damage or shortage occurring more than 21 days before loading or after discharge while the cargo is stored on a wharf or in a warehouse or lighter. The Assured must notify Skuld as soon as he becomes (or should become) aware that cargo is likely to be stored in the circumstances described above, and pay any additional premium required.

THROUGH TRANSPORT

Insurance to cover the Assured liability for loss, shortage, damage or delay to cargo whilst in the custody of another carrier. Cover is limited to liabilities which arise under a contract which provides for carriage to be performed partly by the entered vessel, and has been approved by Skuld.

SUPPLY AND DIVING SUPPORT VESSELS

Insurance to cover liabilities for supply, diving support and similar vessels.

CONTAINER RISKS

Insurance for

- loss of or damage to containers owned or leased by the Assured, and
- the Assured's liability to third parties arising from an accident during use of the container.

FREIGHT AND LOSS OF PROFIT INSURANCE

Cover for loss of freight or loss of profit following total loss of the vessel.

KIDNAP & RANSOM

Kidnap and ransom insurance – including a loss of hire extension.