

OFFSHORE

TERMS & CONDITIONS

AS OF 20 FEBRUARY 2017



CONTENTS

GENERAL PROVISIONS.....	3
PART 1 Introduction.....	3
PART 2 Conditions.....	3
PART 3 Exclusions.....	5
PART 4 Limitation and Deductible.....	6
PART 5 Termination.....	7
PART 6 Miscellaneous.....	8
INSURANCE COVER.....	11
A. Mobile Offshore Units (MOU).....	11
PART 1 MOU P&I cover.....	11
PART 2 MOU Additional Insurance.....	14
PART 3 Exclusions.....	14
B. Additional insurance.....	16
PART 1 Extended Contractual Liability (ECL).....	16
PART 2 Specialist Operations.....	16
PART 3 Subsea Activities.....	16
PART 4 Towage.....	16
PART 5 Salvage.....	16
PART 6 Property and Personnel.....	17
PART 7 Pollution caused by blow out etc.....	17
PART 8 Clean-up costs.....	17
APPENDICES.....	18
APPENDIX 1 Definitions.....	19
APPENDIX 2 Terms for co-assureds, affiliates and fleet cover.....	22
APPENDIX 3 War risks.....	23

GENERAL PROVISIONS

PART 1 ► INTRODUCTION

TERMS AND SCOPE OF COVER

- 1 The Assured is insured on the terms set out in these Terms and Conditions (T&Cs) and the Certificate of Insurance.
- 2 The Assured is only insured for liabilities, losses, expenses and costs which arise;
 - 2.1 out of an Event taking place during the period of insurance, and
 - 2.2 in direct connection with the operation or performance of the Vessel or Unit.

DURATION OF COVER

- 3 Unless otherwise agreed, the insurance cover shall be effective 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 is terminated in accordance with these T&Cs.

DEFINITIONS

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

APPLICATION

- 5 The General Provisions shall apply to all insurance covers afforded in Sections A and B of these T&Cs.

PART 2 ► CONDITIONS

DISCLOSURE AND ALTERATION OF RISK

- 6 The Assured and the Assured's agent shall;
 - 6.1 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
 - 6.2 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 alters 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.

PREMIUMS AND LAY-UP RETURNS

- 7 The Assured shall pay all premiums and any other sums due 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.
- 8 When the Vessel or Unit is laid up in a safe port or place without crew (other than for maintenance and security) on board for 30 consecutive days or more, the Assured shall be entitled (subject to any special terms which may have been agreed) to a reduction or return of premiums in respect of the laid up period as determined by Skuld, provided that written notice of the lay-up is given to Skuld no later than three months after the end of lay-up, or if the lay-up period continues into after the renewal date, within 14 days prior to the renewal date.
- 9 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.

OBLIGATIONS

- 10 The Assured shall;
 - 10.1 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,
 - 10.2 comply with all requirements (including the inclusion of contractual terms or the exclusion of contractual terms), recommendations or requests for surveys, information or documents made by Skuld,
 - 10.3 refrain from contracting on terms imposing a greater liability on the Assured than;
 - a) what is customary in the area or trade where the Vessel or Unit operates,
 - b) Knock-for-Knock terms, and
 - c) the permitted limitation of liability under the applicable law,
 - 10.4 allow Skuld to handle any claim against the Assured or any recourse claim on behalf of the Assured and authorise Skuld to appoint lawyers, experts, arbitrators, surveyors and other parties on behalf of the Assured. Skuld should also be entitled to require the Assured to settle, compromise or otherwise dispose of any claim or proceedings in such a manner and upon such terms as Skuld considers appropriate and be able to exercise its discretion under these rules without being under an obligation to give reasons for the decision reached pursuant to the exercise of such discretion,
 - 10.5 notify Skuld promptly of any incident which may give rise to liabilities, losses, expenses or costs which may be covered by Skuld,
 - 10.6 preserve any right of recourse against third parties,
 - 10.7 refrain from admitting liability, waiving rights, settling any claim or appointing any lawyers or arbitrators without the prior approval of Skuld, and
 - 10.8 ensure from commencement and throughout the period of cover that the Vessel or Unit;
 - a) is classed with a classification society approved by Skuld and complies with all requirements or recommendations of her classification society and flag state,
 - b) maintain valid statutory certificates issued by or on behalf of the Vessel's or Unit's flag state in relation to the ISM Code and ISPS Code,
 - c) is loading or carrying cargo in compliance with the guidelines and/or requirements of the IMDG Code or any other applicable regulations or conventions,
 - d) is fit or suitable for the intended operation, and
 - e) is only engaged in operations or on a voyage which is legal and safe.

- 11 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 clause 10, to the extent that the failure has contributed towards the claim against Skuld or has otherwise materially prejudiced Skuld's interests.

PAY TO BE PAID

- 12 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, Joint-assured, Co-assured or Affiliate and that, in the event of a liability, the liability has been discharged pursuant to:
- a) court order or judgment, other than a default judgment,
 - b) 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
 - c) a settlement approved by Skuld.

SURVEY AND AUDIT

- 13 Skuld may, for its sole benefit, conduct a survey of the condition, operation or trading of the Vessel or Unit, or audit of the Assured's management systems, at any time. If the survey or audit demonstrates that the risks covered by Skuld are altered, the Assured shall indemnify Skuld against the cost of the survey or audit, and Skuld shall be entitled to restrict cover from the time when the risk was altered until the alteration of risk has been rectified.

PART 3 ► EXCLUSIONS

- 14 The insurance shall not cover the Assured for any liabilities, losses, expenses or costs which arise out of or in respect of;
- 14.1 the Assured's deliberate breach of any contract, fraudulent act or Wilful Misconduct,
 - 14.2 the Assured knowingly sending to sea or operating the Vessel or Unit in an unseaworthy condition,
 - 14.3 the terms of an indemnity or contract (including crew contracts) which has not been accepted or approved by Skuld, or except insofar as the Assured would have been liable in any event in the absence of the indemnity or contract,
 - 14.4 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 Unit or in respect of hire due to the Assured,
 - 14.5 failure to arrive or late arrival of the Vessel or Unit in accordance with, or cancellation or termination of, any charterparty or other engagement,
 - 14.6 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,
 - 14.7 any claim for liquidated damages,
 - 14.8 any claim for damage to Contract Works,

- 14.9 any claim for failure to perform services under a contract,
- 14.10 irrecoverable debts or insolvency of the Assured or any other party, other than liabilities arising out of clause 41.1.8,
- 14.11 the Assured's internal administrative costs or expenses, or the daily running costs or expenses of the Vessel or Unit,
- 14.12 any claim recoverable by the Assured under another insurance policy (including but not limited to any Hull or employment insurance policy) or which would have been recoverable under another insurance policy had the Vessel or Unit been properly insured for the uncommitted market value on standard terms without deductible,
- 14.13 repairs and damage to or loss of the Vessel or the Unit, her equipment, outfit or supplies or any other property owned or leased by the Assured or any party associated with or under the same management as the Assured,
- 14.14 carriage of Valuables,
- 14.15 War Risks,
- 14.16 Nuclear Risks,
- 14.17 Chemical, Bio-Chemical, Electromagnetical Weapons and Computer Virus Risks, or
- 14.18 any default judgement or default award,
- 14.19 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.

PART 4 ► LIMITATION AND DEDUCTIBLE

LIMITATION

- 15 Where the 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.
- 16 Where more than one limit applies, Skuld's liability shall not exceed the lowest applicable limit.
- 17.1 There shall be no recovery under these T&Cs in excess of the limitation amount set out in the Certificate of Insurance for any one Vessel or any one Unit in respect of liabilities, losses, expenses and costs arising out of any one Event.
 - 17.2 There shall be no recovery under clauses 51 and 52 (Fines) of these T&Cs in excess of USD 50 million arising out of any one Event.
 - 17.3 Where liabilities arise under a CLC Certificate, Bunkers Convention Certificate or Wreck Removal Convention Certificate, MLC Certificates issued by Skuld and such liabilities ("Certified Liabilities") exceed or may exceed in the aggregate the limit of cover,
 - 17.3.1. Skuld may in its absolute discretion defer payment of a claim in respect of those liabilities or any part thereof until the Certified Liabilities, or such part of the Certified Liabilities as Skuld may decide, have been discharged, and
 - 17.3.2. if and to the extent any Certified Liabilities discharged by Skuld exceed the said limit any payment by Skuld shall be by way of loan and the Assured shall indemnify Skuld in respect of such payment

- 18.1 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.
- 18.2 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.

DEDUCTIBLE

- 19 The Assured's cover shall be subject to the deductible as set out in the Certificate of Insurance for any one Vessel or any one Unit in respect of liabilities, losses, expenses and costs arising under any one Event.

PART 5 ► TERMINATION

CESSATION

- 20 Unless Skuld agrees otherwise, the insurance cover shall cease immediately where;
- 20.1 there is a change of management or ownership of the Vessel or Unit as disclosed to Skuld,
- 20.2 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,
- 20.3 the Vessel or the Unit becomes a total loss, or accepted by hull underwriters or deemed by Skuld as being a constructive, compromised or arranged total loss, except in respect of liability arising out of the casualty which gives rise to the total loss,
- 20.4 the Vessel or the Unit is missing for ten days from the date it was last heard of,
- 20.5 the Vessel or the Unit is posted at Lloyd's as missing, or
- 20.6 the Vessel or the Unit is requisitioned by a State or Government Authority.

TERMINATION BY THE ASSURED

- 21 The Assured may terminate the cover of any Vessel or Unit with effect from 00:00 hours GMT on the annual renewal date by giving 30 days written notice prior to that date.

TERMINATION BY SKULD

- 22 Skuld may terminate the insurance cover;
- 22.1 by notice with immediate effect, where the Assured is in breach of his obligations under clause 6 (in respect of disclosure and alteration of the risk), clause 14.1 (in respect of the Assureds fraudulent acts or Wilful Misconduct) or clause 10.8 (in respect of the classification and ISM certification of the Vessel or Unit),

- 22.2 on three days' notice, where the Assured is in breach of his obligations under clause 7 (in respect of the payment of premiums and other sums due to Skuld),
- 22.3 on seven days' notice, where the Vessel or the Unit 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 10.2, or where the Assured has notified Skuld of any change of circumstance which materially alters the risk covered by Skuld, or
- 22.4 on thirty day's notice, without giving any reason,
- 22.5 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.

EFFECT OF CESSATION AND TERMINATION

- 23 Skuld shall be under no liability whatsoever in respect of any Event occurring after cessation or termination of cover.
- 24 Where cover ceases under clause 20 (cessation of cover) or where the cover is terminated under clauses 22.3 and 22.4 (termination by Skuld on seven or thirty days' notice), the Assured shall be entitled to a pro rata reduction of premiums.
- 25 Where cover ceases or is terminated, or cover is otherwise restricted or lost under these T&Cs, the Assured shall (subject to the reduction provided in clause 24) remain liable for all premiums due.

PART 6 ▶ MISCELLANEOUS

TIME LIMITS

- 26 Any claim against Skuld shall be waived and time barred unless,
 - 26.1 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
 - 26.2 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 the 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.

PROVISION OF SECURITY

- 27 Skuld shall be under no obligation to provide security in respect of any liability of the Assured or any claim against the Assured or the Vessel or Unit.

WAIVER

- 28 In the absence of an express written confirmation of cover given by Skuld, no act (including the provision of security, payment of any sum or handling of any claim) and no 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 provide such counter-security as Skuld requires or indemnify Skuld within 7 days of Skuld's written demand.

SUBROGATION

- 29 Where Skuld makes any payment in respect of any liability or costs, it shall be subrogated to the rights of the Assured, Co-assured or Affiliate 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.

EXCLUSION OF LIABILITY

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

BURDEN OF PROOF

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

SAVINGS OF THE ASSURED

- 32 Where the Assured, as a consequence of an Event which is covered by Skuld, obtains extra revenue, saves expense or avoids liability or loss which would otherwise have been incurred and which would not have been covered by Skuld, Skuld may deduct and retain from the sum otherwise payable to the Assured, an amount which Skuld considers, in its absolute discretion, equivalent to the benefit obtained by the Assured.

ASSIGNMENTS AND TRANSFERS

- 33 The Assured shall not, without the written consent of Skuld, assign or transfer any rights under these T&Cs or under any contract with Skuld, 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.

SET-OFF

- 34 Skuld shall be entitled to set off any amount due from the Assured against any amount due to the Assured or any Co-assured or Affiliate.

INTEREST

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

CO-ASSURED, AFFILIATES AND FLEET COVER

- 36 The cover in respect of Co-assureds, Affiliates and Fleet cover shall be subject to the terms set out in Appendix 2.

AMENDMENTS

- 37 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 30 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.

ARBITRATION AND LAW

- 38 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 a 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 cannot 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.
- 39 The arbitration is deemed to be commenced when a request for arbitration is 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 These T&Cs and any arbitration proceedings shall be governed by Norwegian Law, except that the Insurance Contracts Act of 1989 shall not apply.

INSURANCE COVER

A. MOBILE OFFSHORE UNITS (MOU)

PART 1 ► MOU P&I COVER

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

CREW AND OTHER PERSONS

41.1 CREW

The Assured's liability arising in respect of crew for;

- 41.1.1 injury, illness or death,
- 41.1.2 costs of repatriation and maintenance ashore;
 - a) due to illness, injury or death,
 - b) under a statutory obligation other than under Maritime Labour Convention 2006 (as amended), or
 - c) due to a major casualty to the Unit which renders the Unit unseaworthy and necessitates the signing off of the crew,
- 41.1.3 costs of providing a substitute to replace a crew member repatriated under 41.1.2 (a) or (b) above,
- 41.1.4 wages to serving crew members or, if deceased, their dependants as a result of injury, illness or death,
- 41.1.5 wages and compensation payable to a crew member signed off due to a major casualty to the Unit which renders the Unit unseaworthy and necessitates the signing off of the crew,
- 41.1.6 the costs of the funeral and sending home of the coffin or ashes, and personal effects of a deceased crew member,
- 41.1.7 loss of or damage to personal effects other than Valuables, and
- 41.1.8 liabilities arising under MLC Certificates, save that the Assured shall reimburse the Association in full any claim paid under Certificates issued under Regulation 2.5., Standard A2.5.2.

41.2 EXCEPTION

However the insurance shall not cover liabilities, costs and expenses which arise under the terms of a crew contract or other agreement, unless those terms have been approved by Skuld.

41.3 OTHER PERSONS

Liability for injury, illness or death of persons other than crew.

41.4 EXCEPTIONS

However the insurance shall not cover liabilities, costs and expenses which arise in respect of such persons carried on board the Unit unless their presence on board;

- a) is required in connection with the routine operations of the Unit, or
- b) has been approved by Skuld.

COLLISION AND CONTACT

- 42 Liability arising out of collision between the Unit and another Unit or vessel, or contact between the Unit and a fixed or floating object, to the extent that liability exceeds the amount recoverable under the Hull policy.
- 43 If a collision or contact occurs involving two or more Units belonging to the same Assured, the Sister Unit Rule shall apply.

PROPERTY

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

POLLUTION

- 45 Liability arising out of oil or other pollution emanating from the Unit, or the threat thereof, or costs of measures reasonably taken, with the prior approval of Skuld, for the purpose of preventing or minimising pollution, but only if and to the extent that liability, costs and expenses does not arise;
 - a) from a Unit engaged in the production operations, out of seepage or an uncontrolled flow from any flow line, riser or umbilical connected to the producing well prior to the product entering the Unit, and out of measures taken to avert or minimise such liability, losses, costs or expenses, or
 - b) out of pollution from the well which is being drilled or worked over or serviced by the Unit and measures taken to avert or minimise such liabilities, costs or expenses.

WRECK REMOVAL

- 46 Liability for or arising out of raising, removing, destruction, lighting or marking the wreck of the Unit or any other property on board, or parts thereof, or any other Unit or vessel, or their equipment or bunkers lost as a result of a casualty, insofar as the raising and other operations are compulsory by law, or necessary to avoid or remove a hazard or obstruction to navigation or the costs or expenses thereof are legally recoverable from the Assured under a contract approved by Skuld but only if and to the extent that the Assured has not transferred his interest in the wreck or other property saved otherwise than by abandonment.

OBSTRUCTION

- 47 Liability arising out of the Unit causing an obstruction as a result of a casualty.

TOWAGE AND SALVAGE

- 48 Liability arising out of towage of the Unit when;
 - 48.1 this occurs as an ordinary and normal part of the operation of the Unit, or

- 48.2 the Unit is being towed to the nearest safe port of refuge (with adequate repair facilities) as a result of a casualty, or
- 48.3 otherwise approved by Skuld.
- 49 Liability arising out of towage by the Unit, but only when prior approval has been obtained by Skuld.
- 50 Special compensation payable to a salvor under Article 14 of the 1989 Salvage Convention, including when applicable by virtue of incorporation in Lloyd's Open Form of Salvage Agreement or in any other standard form salvage contract approved by Skuld, or under the Special Compensation P&I Clubs Clause (SCOPIC).

FINES

- 51 Liability for fines for;
 - 51.1 breach of any immigration law or regulations; or
 - 51.2 smuggling or breach of any customs law or regulations, other than in relation to cargo carried on the Unit,
 - 51.3 accidental escape or discharge of oil or other polluting substance or threat thereof, provided the Assured is insured for pollution liability under clause 45.
- 52 Skuld may in its absolute discretion cover, in whole or in part, the Assured's liability for fines other than those set out in clause 51, provided that Skuld is satisfied that the Assured took all reasonable steps to prevent the infringement of the law or regulations giving rise to the fine.

MITIGATION (SUE AND LABOUR)

- 53 Extraordinary costs necessarily, reasonably and solely incurred, after an Event, in order to avoid or minimise any liability, loss, expense or cost covered under these T&Cs, except for;
 - a) costs required to make the Unit seaworthy; or
 - b) costs for work which could have been carried out by the crew or by reasonable use of the Unit and her equipment, or
 - c) liability or loss arising out of any delay in completing or failing to complete a contract to sell the Unit, or
 - d) loss, costs or expenses relating to the regaining of control of the well which is being drilled or worked over or serviced by the Unit, or
 - e) costs which are not approved, in advance, by Skuld, where it is practicable for the Assured to obtain such approval.

QUARANTINE AND DISINFECTION

- 54 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 Unit.

STOWAWAYS AND DIVERSION

- 55 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.

LEGAL AND ASSOCIATED COSTS

- 56 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.

DIRECTIONS OF SKULD

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

PART 2 ► MOU ADDITIONAL INSURANCE

If separately agreed, the insurance shall cover the following additional liabilities, losses, expenses or costs;

COLLISION (RDC)

- 58 Liability for loss of or damage to another Vessel or Unit, her cargo, equipment, stores and supplies, arising out of a collision between that Vessel or Unit and a Vessel or Unit covered under these T&Cs, if and to the extent that such liability is not covered under any Hull policy.

CONTACT (FFO)

- 59 Liability for loss of and damage to a fixed or floating object, arising out of contact between that object and the Vessel or Unit covered under these T&Cs, provided that such liability is not covered under any Hull policy.

WAR RISKS

- 60 War Risks as set out in Appendix 3.

PART 3 ► EXCLUSIONS

LOSS OF OR DAMAGE TO HOLE, WELL OR RESERVOIR

- 61 The insurance shall not cover liability for loss or damage to the hole, well or reservoir, where that loss or damage arises in connection with the hole or well which is being drilled or worked over or serviced by the Unit.

LOSS OF OR DAMAGE TO PROPERTY CAUSED BY BLOW-OUT ETC.

- 62 The insurance shall not cover liability for loss of or damage to property belonging to any person chartering

the Unit by way of a charterparty or other contract for the employment of the Unit and any other party having an owning interest in the field being serviced by the Unit, caused by blow-out, crating, seepage or any other uncontrolled flow of oil, gas or water from the well or reservoir, provided that the liability arises in connection with the well which is being drilled or worked over or serviced by the Unit.

CLEAN-UP COSTS

- 63 This insurance shall not cover any costs relating to clean-up of debris lost or deposited on the seabed during operations, except insofar as such costs are recoverable under clauses 46 and 47 (wreck removal and obstruction), provided that in no circumstances shall cover extend to any costs relating to clean-up of drilling equipment being used in the sea below the rotary table or in the well. U.S. owned, flagged, operated or managed Units
- 64 Where the Unit is U.S. owned, flagged, operated or managed, the insurance shall not cover liability, loss, cost or expense of any description howsoever arising out of or relating to;
- 64.1 any liability resulting from personal injury or bodily injury or occupational disease in respect of any employee (including without limitation "borrowed employees" of the Assured) that may arise under any worker's compensation law, unemployment compensation or disability benefit laws, United States Longshoremen and Harborworkers Compensation Act, and any other form of maritime employers' liability (other than Jones Act, general maritime law remedies of the United States and any claims under the Death on the High Seas Act) or any similar laws, and/or by reason of the relationship of master and servant, nor to any employee of the Assured in respect of injury to or the death of another employee of the Assured injured in the course of such employment,
- 64.2 any liability to the spouse, child, parent, brother or sister, or dependent of any employee as referred to in clause 64.1, or
- 64.3 any liability which any director, officer, partner, principal, employee or stockholder of the Assured may have to any employee of the Assured (other than liability that may arise under Jones Act, general maritime law remedies of the United States and any claims under the Death on the High Seas Act).
- 64.4 The exclusions from cover under clauses 64.2 and 64.3 apply;
- a) whether the Assured may be liable as an employer or in any other capacity, and
 - b) to any obligation of the Assured to share damages with or repay any party who is required to pay damages because of the injury.

B. ADDITIONAL INSURANCE

If separately agreed, the Assured may be covered for risks set out in this section. The insurance cover shall be subject to the general provisions set out above and shall apply in addition to the P&I insurance otherwise afforded to the Assured by Skuld.

PART 1 ► EXTENDED CONTRACTUAL LIABILITY (ECL)

Liability assumed under contract or indemnity which has been approved by Skuld, in so far as and to the extent that such liabilities are not otherwise covered by Skuld.

PART 2 ► SPECIALIST OPERATIONS

Liability arising out of Specialist Operations as a consequence of claims brought by any party, for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operation.

PART 3 ► SUBSEA ACTIVITIES

Liability arising out of Subsea Activities when;

- a) underwater equipment is operated directly or indirectly by the Assured, and/or
- b) diving operations are carried out from the Vessel or Unit.

However, the insurance shall not cover any liability for injury, illness or disability to or death of divers.

PART 4 ► TOWAGE

Liability assumed under a towage contract, in so far as and to the extent that such liabilities are not otherwise covered by Skuld.

PART 5 ► SALVAGE

Liability, costs and expense arising out of professional salvage operations performed by the Assured;

- a) in connection with the operation of and in respect of the Assured's interest in the Vessel, or
- b) otherwise in respect of oil pollution risks and risks other than oil pollution.

PART 6 ► PROPERTY AND PERSONNEL

Liabilities, losses, expenses and costs arising out of or in respect of;

- a) loss of or damage to property other than property owned, leased, chartered or rented by the Assured or by any company associated with or controlled by the Assured, or
- b) injury, illness or death of crew or any other person,

which does not arise in direct connection with the operation of the Vessel or Unit.

The insurance shall cover mitigation costs and legal and associated costs as set out in clauses 53 and 56, arising out of or in respect of the cover afforded under this part.

PART 7 ► POLLUTION CAUSED BY BLOW OUT ETC.

Liability under the terms of any contract or any oil, gas or thermal energy lease or license for costs of remedial measures, injury or death of any person, or, loss of or damage to or loss of use of property, caused directly by seepage, pollution or contamination from the well.

Liability, losses, expenses or costs in respect of removing, nullifying or cleaning up seeping, polluting or contaminating substances emanating from the well, including the cost of containing or diverting the substances or preventing the substances reaching the shore, provided always that such seepage, pollution or contamination results from an accident or occurrence taking place during the period of cover.

The insurance shall cover mitigation costs and legal and associated costs as set out in clauses 53 and 56, arising out of or in respect of the cover afforded under this part.

PART 8 ► CLEAN-UP COSTS

Liability for clean up of debris lost or deposited on the seabed as a result of a casualty, provided always that in no circumstances shall cover extend to any costs relating to clean up of equipment being used in the hole or well.

The insurance shall cover mitigation costs and legal and associated costs as set out in clauses 53 and 56, arising out of or in respect of the cover afforded under this part.

APPENDICES

APPENDIX 1

DEFINITIONS

The following words as they appear in the T&Cs shall have the following meaning:

AFFILIATE

A person other than a Co-assured who is affiliated to or associated with the Assured and to whom Skuld has agreed (subject to restrictions) to extend the Cover afforded to the Assured, pursuant to Appendix 2 and any special terms in the Certificate of Insurance.

ASSURED

A person or company afforded insurance cover by Skuld as evidenced in the Certificate of Insurance.

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;

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

BUNKERS CONVENTION CERTIFICATE

A certificate issued by the Association in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001.

CERTIFICATE OF INSURANCE

A document issued by Skuld to the Assured evidencing the terms and conditions of cover, including any endorsement whereby the terms and conditions are varied.

CLC CERTIFICATE

A certificate issued by the Association in compliance with Article VII of the International Conventions on Civil Liability for Oil Pollution Damage 1969 or 1992 or any amendments thereof.

CO-ASSURED

A party, other than the Assured, who is named on the Certificate of Insurance, to whom Skuld has agreed (subject to restrictions) to extend the cover afforded to the Assured, pursuant to Appendix 2 and any special terms in the Certificate of Insurance.

CONTRACT WORKS

The contract object, including but not limited to materials, components, parts, machinery and fixtures, equipment and any other property which is destined to become a part of the completed project, in respect of which the operations are performed by, or from, the Vessel or Unit.

CREW

Persons, including the master, contractually obliged to serve on a Vessel or Unit (except persons engaged only for nominal pay), including substitutes for such persons and including such persons while proceeding to or from the Vessel or Unit.

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.

EXCLUDED AREA

An area which is declared by Skuld. An updated list of excluded areas is available on Skuld's website.

FLEET COVER

The entry of more than one Vessel or Unit by one or more Assureds on the basis that those Vessels or Units shall be treated together as a fleet for underwriting purposes.

HULL POLICIES

Policies effected on the hull and machinery of a Vessel or Unit, including any excess liability policy.

ISM CODE

International Safety Management Code.

ISPS CODE

The International Ship and Port Facility Security Code.

KNOCK FOR KNOCK

A provision or provisions stipulating that;

- a) each party to a contract shall be similarly responsible for loss of or damage to its own property, or death of or injury to any of its own personnel, or to property or personnel of its contractors or of its and their sub-contractors, and that
- b) such responsibility shall be without recourse to the other party and arise notwithstanding any fault or neglect of any party, and that
- c) each party shall, in respect of those losses, damages or other liabilities for which it has assumed responsibility, correspondingly indemnify the other against any liability that that party shall incur in relation thereto.

MLC CERTIFICATES

Certificates issued by Skuld in compliance with The Maritime Labour Convention 2006 (as amended) Regulation 2.5., Standard A2.5.2. and Regulation 4.2., Standard A4.2.1. paragraph 1(b).

MOBILE OFFSHORE UNIT (MOU)

Unit which is not permanently fixed to the sea bed and which is used for;

- a) drilling and production operations (e.g. jack-up rigs, semi submersibles, drill or construction ships), or
- b) Floating Production and Storage Offloading (FPSO), or
- c) accommodation in support of any unit mentioned above, or
- d) any other service which Skuld considers the unit to be a mobile offshore unit.

NUCLEAR RISKS

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.

SISTER UNIT RULE

In the event of claims arising in connection with two or more Units in the Assured's ownership, the Assured shall be entitled to recover from Skuld and Skuld shall have the same rights as if the Units had belonged to different owners. Unless otherwise agreed between the Assured and Skuld, if both Units involved in a collision are to blame, then where the liability of either or both of the Units in a collision becomes limited by law, claims under this item shall be settled upon the principle of single liability, but in all other cases claims under this item shall be settled upon the principle of cross-liabilities, as if the owner of each Unit had been compelled to pay the owner of the other vessel such proportion of that owner's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured in consequence of the collision.

SKULD

Assuranceforeningen Skuld (Gjensidig), the company affording insurance as evidenced in the Certificate of Insurance.

SPECIALIST OPERATIONS

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

SUBSEA ACTIVITIES

Operation by the Assured of submarines, Remotely Operated Vehicles (ROVs), untethered underwater vehicles, Autonomous Underwater Vehicles (AUVs), diving bells or the activities of professional or commercial divers.

UNIT

See Mobile Offshore Unit.

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

Any 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 or any part of such ship, boat, hydrofoil, hovercraft or other description of vessel or any proportion of the tonnage thereof or any share therein.

WAR RISKS

Liability, losses, expenses or costs, (irrespective of being incurred or contributed to by any neglect on the part of the Assured or its servants or agents consequent on;

- 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 and the consequences thereof or any attempt thereat;
- c) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war,
- 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.

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.

WRECK REMOVAL CONVENTION CERTIFICATE

A certificate issued by the Association in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007.

APPENDIX 2

CO-ASSURED, AFFILIATES AND FLEET COVER

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 or Unit,
 - b) the holding company of the beneficial owner of the Assured or any other co-assured,
or
 - c) the mortgagee of the Vessel or Unit.
2. The cover afforded to a Co-assured shall extend only to risks, liabilities and expenses arising out of operations and/or activities customarily carried on by or at the risk and responsibility of vessel Owners and which are within the scope of cover afforded by these T&Cs and any special terms set out in the Certificate of Insurance.
3. Contractor's co-assurance (Protective Co-assureds)
Skuld may agree to extend the cover afforded to the Assured to a contractor (Protective Co-assured) who has entered into a Knock for Knock contract (as customarily used in the offshore industry) with the Assured for the provision of services to or by the Vessel or Unit, and any of the contractor's affiliates, other contractors and co-licensees and its and their sub-contractors and any of their personnel.
4. Co-assureds mentioned in items 1. and 2. above shall be jointly and severally liable in respect of all premiums and other sums due to Skuld.
5. 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.
6. 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.
7. Any failure by the Assured or any Co-assured to comply with any of the obligations under these T&Cs, shall be deemed to be a failure of the Assured and all Co-assureds.
8. 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.
9. Skuld shall not cover any liability, loss, expense or costs in respect of any dispute between the Assured and any Co-assured.
10. 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.
11. 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

WAR RISKS

COVER

The insurance shall cover liability, losses, expenses or costs (irrespective of being incurred by any neglect on the part of the Assured or agents) in respect of;

- 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 (in the event of any dispute as to whether or not any act constitutes an act of terrorism, the decision of Skuld shall be final),
- b) capture, seizure, arrest, restraint or detainment (barratry or piracy excepted) and the consequences thereof or any attempt thereat,
- c) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war,
- 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.

EXCLUSIONS

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

- a) 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,
- b) an Event taking place in the listed areas of perceived enhanced risk, as declared by Skuld (an updated list of "listed areas" is available on Skuld's web-site),
- c) Nuclear Risks,
- d) Computer Virus Risks.

CONDITIONS

There shall be a condition precedent that the Assured has arranged a maritime war risk insurance for the Vessel or Unit.

LIMIT

The insurance shall only apply for claims in excess of the USD equivalent to the proper value of the Vessel or Unit (where the proper value exceeds USD 100 million per Vessel or USD 150 million per Unit, the proper value shall be deemed to be USD 100 or 150 million respectively), or the amount recoverable from the Vessel's or Unit's War Risks Underwriters, whichever is greater.

TERMINATION

Unless cover has otherwise ceased or terminated in accordance with these T&Cs, the insurance cover may be terminated by either the Assured or Skuld by giving seven days' notice. The termination shall become effective on expiry of seven days from 24:00 hours GMT on the day on which notice of termination is issued.

However, the cover shall terminate automatically and with immediate effect in the event of 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.