



Circular

January 2022

CIRCULAR TO ALL MEMBERS

Skuld Offshore Terms and Conditions – Amendments for 2022/23 policy year

The following changes to Offshore Terms and Conditions for 2022/23 policy year were approved by the Board of Directors of Assuranceforeningen Skuld (Gjensidig) at its Meeting in November 2021.

Skuld 2022 Offshore Terms and Conditions are published on our website.

New text appears in red and deletions are struck through.

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.

If, in the opinion of Skuld, there is a substantial change of risk, as a result of new legislation or for any other reason, Skuld may make such amendments to these T&Cs as the situation may require, giving at least two months' notice in writing of the amendment.

Comments: This change will allow Skuld to introduce amendments to Terms & Conditions in the middle of the policy year in case of a special need. All amendments will be approved by the Board and published with 2 months' notice on Skuld's website.

OBLIGATIONS 10

The Assured shall;

10.3 be obliged to provide the Association as soon as possible with all available information and documentation relating to any claim or to any event which might give rise to a claim,

10.43 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

10.54 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,

10.65 notify Skuld promptly of any incident which may give rise to liabilities, losses, expenses or costs which may be covered by Skuld,

10.76 preserve any right of recourse against third parties,

10.87 refrain from admitting liability, waiving rights, settling any claim or appointing any lawyers or arbitrators without the prior approval of Skuld, and

10.98 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.

Comments: This change introduces a clear obligation to the Assured to provide Skuld with all documentation related to a claim.

PART 3 EXCLUSIONS

14.23 any event falling within the ~~Communicable Disease~~ ~~Coronavirus~~ Exclusion Clause

Comments: Please see comments to Appendix 1 definition.

CESSATION

20 Unless Skuld agrees otherwise, the insurance cover shall cease **without notice** immediately where;

20.7 the Vessel having been engaged or engaging in any activity whatsoever that may expose Skuld to the risk of being or becoming subject to any applicable sanction, prohibition, or adverse action in any form whatsoever by any State, international organisation or competent authority. The cessation of cover will take effect from the date of the commencement of the aforementioned activity.

Notwithstanding the provisions of 20.7 above, where cover ceases or the entry is terminated, Skuld may nevertheless, in its absolute discretion, reinstate the cover with effect from such time as it considers appropriate.

Comments: This change will allow Skuld to terminate the policy immediately where the vessel's activity may expose Skuld to sanctions. This amendment also aligns this clause with that in our Rules.



TERMINATION BY SKULD

22 Skuld may terminate the insurance cover;

22.5 **notwithstanding provisions and without prejudice to provisions of in 20.7**, 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.

Comments: We refer to change in Clause 20.7 above. This amendment will protect the right of termination and cessation as alternatives to each other where Skuld may be exposed to sanctions.

46 WRECK REMOVAL

The standard insurance shall cover liability and costs arising out of the raising, removal, destruction or marking of the wreck of the entered vessel or Unit or any other property on board, or parts thereof or its equipment, bunkers or cargo 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 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.~~ **For the purpose of this rule, 'casualty' means collision, stranding, explosion, fire or similar fortuitous event, but excludes any wreck caused by dereliction.**

The standard insurance shall also cover the Assured's liability and costs of the raising, removal, destruction or marking of the wreck of any other vessel or Unit as far as the raising and other operations are compulsory by law.

46.1 Exceptions

However the standard insurance shall not cover liability, costs, or expenses

46.1.1 which are covered under the vessel's or Unit's hull policies, or

46.1.2 where the Assured transfers his interest in the wreck or other property saved otherwise than by abandonment, or

46.1.3 arising out of removal of 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.

46.2 Miscellaneous

The realised value of the wreck and other property saved shall be credited to Skuld.

Comments: This amendment aligns Wreck Removal clause with that in our Rules.

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,~~



51.23 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.

Comments: This amendment aligns Fines clause with that in our Rules.

Appendix 1 Definitions

~~Communicable Disease~~ ~~Coronavirus~~ Exclusion Clause

1. Any and all liabilities, losses, damages, costs and expenses in excess of USD10,000,000 for one event directly arising from any transmission or alleged transmission of the Declared Communicable Disease in the event that the World Health Organization ('WHO') has determined an outbreak of a Communicable Disease to be a Public Health Emergency of International Concern (a 'Declared Communicable Disease') are excluded.

This exclusion in paragraph 1 above will not apply to any liability otherwise covered, where the liability directly arises from an identified instance of a transmission of a Declared Communicable Disease and where the Assured proves that identified instance of a transmission took place before the date of determination by the WHO of the Declared Communicable Disease.

2. However even if the requirements of paragraph 1 of this exclusion are met, no cover will be provided for any:

A. liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for the Declared Communicable Disease whether the measures are preventative or remedial;

B. liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of the Declared Communicable Disease;

C. loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the Declared Communicable Disease.

3. For the purpose of this exclusion, Communicable Disease means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism to another organism where:

A. the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not, and

B. the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, transmission to or from or via any solid object or surface or liquid or gas, and

C. the disease, substance or agent may, acting alone or in conjunction with other co-morbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind.



4. This exclusion shall not extend to cover any liability which would not have been covered hereunder had this exclusion not been included.

~~1) directly arising from the transmission or alleged transmission of:~~

~~a) Coronavirus disease (COVID-19);~~

~~b) Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or~~

~~c) any mutation or variation of SARS-CoV-2; or from any fear or threat of a), b) or c) above;~~

~~2) any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a), b) or c) above;~~

~~3) any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a), b) or c) above or the fear or the threat thereof.~~

Comment: *This change reflects the updated wording adopted in the wider insurance market in respect of liabilities arising out of Communicable Disease and excludes cover in excess USD10,000,000.00 (ten million US Dollars) for all losses and liabilities arising from Declared Communicable Diseases as defined above. This change is implemented across all non-mutual products.*