

# Marine

Navigators Insurance Company

THANK YOU FOR BEING  
OUR POLICYHOLDER



The Buck's Got Your Back®





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## **CLAIMS REPORTING NOTICE**

Our experienced, specialized claims professionals will work closely with you until your claim is resolved, overseeing everything while providing tailored service. When warranted, we engage highly experienced attorneys and other experts to assist in defense. Please refer to your policy for specific information on reporting a claim.

### **HOURS OF OPERATION:**

8 a.m. – 5 p.m. CST

*Please note: We are closed on all major holidays.*

### **TO REPORT A FIRST NOTICE OF LOSS**

EMAIL: [NEWLOSS@NAVIG.COM](mailto:NEWLOSS@NAVIG.COM)

FAX: (847) 285-9003

PHONE: 24 Hours a day / 7 Days a week  
(855) 444-4796

### **BY MAIL**

Navigators Insurance  
Attn: Claims Dept.  
One Hartford Plaza  
Hartford, CT 06155

*Please note: When sending correspondence via mail or email, please include the policy or bond number and/or claim number.*

### **TO OBTAIN INFORMATION REGARDING AN EXISTING CLAIM:**

(855) 444-4796



101 Montgomery Street  
Suite 2700  
San Francisco, CA 94104  
[www.navg.com](http://www.navg.com)

July 26, 2021

## **MARINE POLICY OF INSURANCE** **Renewal Declaration**

**Navigators Reference: SF21CFT00518001**

**BROKER/AGENT:** A J GALLAGHER & CO INS BKRS OF CA  
27061 ALISO CREEK ROAD  
ALISO VIEJO, CA 92656

**NAMED INSURED:** County of San Bernardino and all Board Governed Special Districts, Flood Control Districts  
and County Service Areas

**ADDRESS:** 222 West Hospitality Lane, 3rd Floor, San Bernardino, CA 92415

**INTEREST:**       **Section A:     Hull & Machinery**  
                          **Section B:     Protection & Indemnity**

**POLICY PERIOD:** July 1, 2021 00:01 Noon Pacific Time To  
July 1, 2022 00:01 Noon Pacific Time

### **LIMIT OF LIABILITY:**

SECTION A:   **Hull & Machinery**

See attached Schedule of Vessels, Per Schedule  
All limits inclusive of defense costs and legal fees

SECTION B:   **Protection & Indemnity**

USD 1,000,000.00 Any One Accident or Occurrence  
All limits inclusive of defense costs and legal fees

### **DEDUCTIBLES:**

SECTION A:   **Hull & Machinery**

See attached Schedule of Vessels, Any One Accident or Occurrence  
All deductibles inclusive of defense costs and legal fees

SECTION B:   **Protection & Indemnity**

USD 1,000.00 Any One Accident or Occurrence  
All deductibles inclusive of defense costs and legal fees

### **CONDITIONS:**

AIMU Hull Clauses (June 2, 1977)  
AIMU Protection and Indemnity SP-38 (1955)

**CONDITIONS: (continued)**

AIMU Collision Clauses Including Tow and Extended Tower's Liability  
AIMU Hull War Risk & Strike Clause (Incl Automatic Term and Cancellation Provisions) Dec 1, 1977  
AIMU Hull War Risk & Strike Clauses Addendum (Hull Syndicate 4/1/1984)  
AIMU Pollution Exclusion Clause (P & I) & Buyback Endorsement A 25 (July 4, 1976)  
AIMU S. R. & C. C. (Hull) Endorsement 87B-46 (Revised) (September 8, 1959)  
AIMU S. R. & C. C. (Open Cargo Policies) Endorsement - TRIA Form 12A (January 1, 2008)  
AIMU War Risk Only Open Policy (Cargo) 87B-110 (February 5, 1981)  
American Hull Insurance Syndicate - War Risk Protection and Indemnity Clauses SP-22B (January 18, 1970)  
American Institute Builders Risk Clauses (1979)  
EndorsementHull and Machinery  
EndorsementProtection and Indemnity  
EndorsementCargo Additional Clauses  
Economic Sanctions Limitation and Exclusion Clause  
Employment Practices Liability Exclusion  
AIMU Chemical, Biological, Bio-chemical and Electromagnetic Exclusion Clause  
AIMU Extended Radioactive Exclusion with U.S.A Endorsement  
Absolute Terrorism Exclusion  
Pollution Limitation Endorsement - Sudden and Accidental  
Absolute PCB Exclusion  
Asbestos Exclusion Endorsement  
Institute Cyber Attack Exclusion (10 11 03)  
Nuclear Energy Liability Exclusion (Broad Form)  
Punitive Damages Exclusion  
Refinery Exclusion Clause  
EndorsementAmerican Institute Cargo Clauses 2004 (All Risk) (January 1, 2004)  
EndorsementCancellation  
EndorsementGeneral Conditions  
EndorsementDefinitions  
EndorsementClaims Conditions  
EndorsementBlanket Limit Endorsement  
Endorsement21-22 Watercraft Schedule  
Endorsement21-22 Trailer Schedule

**PARTICIPATION:**

Navigators Insurance Company	100%
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**PREMIUM:**

USD 30,600.00

Annual Flat

Premium Breakdown by Participant

100%

USD 30,600.00

Navigators Insurance Company



Joel Messing

Date of Issue: July 26, 2021

# American Institute Hull Clauses

(June 2, 1977)

7

To be attached to and form a part of Policy No .....  
of the .....

The terms and conditions of the following clauses are to be regarded as substituted for those of the policy form to which they are attached, the latter being hereby waived, except provisions required by law to be inserted in the Policy. All captions are inserted only for purposes of reference and shall not be used to interpret the clauses to which they apply.

## ASSURED

This Policy insures .....  
..... hereinafter referred to as the Assured.

If claim is made under this Policy by anyone other than the Owner of the Vessel, such person shall not be entitled to recover to a greater extent than would the Owner, had claim been made by the Owner as an Assured named in this Policy.

Underwriters waive any right of subrogation against affiliated, subsidiary or interrelated companies of the Assured, provided that such waiver shall not apply in the event of a collision between the Vessel and any vessel owned, demise chartered or otherwise controlled by any of the aforesaid companies, or with respect to any loss, damage or expense against which such companies are insured.

## LOSS PAYEE

Loss, if any, payable to .....  
..... or order.  
Provided, however, Underwriters shall pay claims to others as set forth in the Collision Liability clause and may make direct payment to persons providing security for the release of the Vessel in Salvage cases.

## VESSEL

The Subject Matter of this insurance is the Vessel called the .....  
or by whatsoever name or names the said Vessel is or shall be called, which for purposes of this insurance shall consist of and be limited to her hull, launches, lifeboats, rafts, furniture, bunkers, stores, supplies, tackle, fittings, equipment, apparatus, machinery, boilers, refrigerating machinery, insulation, motor generators and other electrical machinery.

In the event any equipment or apparatus not owned by the Assured is installed for use on board the Vessel and the Assured has assumed responsibility therefore, it shall also be considered part of the Subject Matter and the aggregate value thereof shall be included in the Agreed Value.

Notwithstanding the foregoing, cargo containers, barges and lighters shall not be considered a part of the Subject Matter of this insurance.

## DURATION OF RISK

From the ..... day of ..... 19..... time  
to the ..... day of ..... 19..... time.  
Should the Vessel at the expiration of this Policy be at sea, or in distress, or at a port of refuge or of call, she shall, provided previous notice be given to the Underwriters, be held covered at a pro rata monthly premium to her port of destination.  
In the event of payment by the Underwriters for Total Loss of the Vessel this Policy shall thereupon automatically terminate.

## AGREED VALUE

The Vessel, for so much as concerns the Assured, by agreement between the Assured and the Underwriters in this Policy, is and shall be valued at ..... Dollars.

## AMOUNT INSURED HEREUNDER

..... Dollars.

## DEDUCTIBLE

Notwithstanding anything in this Policy to the contrary, there shall be deducted from the aggregate of all claims (including claims under the Sue and Labor clause and claims under the Collision Liability clause) arising out of each separate accident, the sum of \$ ....., unless the accident results in a Total Loss of the Vessel in which case this clause shall not apply. A recovery from other interests, however, shall not operate to exclude claims under this Policy provided the aggregate of such claims arising out of one separate accident if unreduced by such recovery exceeds that sum. For the purpose of this clause each accident shall be treated separately, but it is agreed that (a) a sequence of damages arising from the same accident shall be treated as due to that accident and (b) all heavy weather damage, or damage caused by contact with floating ice, which occurs during a single sea passage between two successive ports shall be treated as though due to one accident.

## PREMIUM

The Underwriters to be paid in consideration of this insurance .....  
Dollars being at the annual rate of ..... per cent, which premium shall be due on attachment. If the Vessel is insured under this Policy for a period of less than one year at pro rata of the annual rate, full annual premium shall be considered earned and immediately due and payable in the event of Total Loss of the Vessel.

## RETURNS OF PREMIUM

Premium returnable as follows:  
Pro rata daily net in the event of termination under the Change of Ownership clause;  
Pro rata monthly net for each uncommenced month if it be mutually agreed to cancel this Policy;  
For each period of 30 consecutive days the Vessel may be laid up in port for account of the Assured,  
..... cents per cent. net not under repair, or  
..... cents per cent. net under repair;  
provided always that:

(a) a Total Loss of the Vessel has not occurred during the currency of this Policy;	47
(b) in no case shall a return for lay-up be allowed when the Vessel is lying in exposed or unprotected waters or in any location not approved by the Underwriters;	48
(c) in the event of any amendment of the annual rate, the above rates of return shall be adjusted accordingly;	49
(d) in no case shall a return be allowed when the Vessel is used as a storage ship or for lighting purposes.	50
If the Vessel is laid up for a period of 30 consecutive days, a part only of which attaches under this Policy, the Underwriters shall pay such proportion of the return due in respect of a full period of 30 days as the number of days attaching hereto bears to 30. Should the lay-up period exceed 30 consecutive days, the Assured shall have the option to elect the period of 30 consecutive days for which a return is recoverable.	51
<b>NON-PAYMENT OF PREMIUM</b>	52
In event of non-payment of premium 30 days after attachment, or of any additional premium when due, this Policy may be cancelled by the Underwriters upon 10 days written or telegraphic notice sent to the Assured at his last known address or in care of the broker who negotiated this Policy. Such proportion of the premium, however, as shall have been earned up to the time of cancellation shall be payable. In the event of Total Loss of the Vessel occurring prior to any cancellation or termination of this Policy full annual premium shall be considered earned.	53
<b>ADVENTURE</b>	54
Beginning the adventure upon the Vessel, as above, and so shall continue and endure during the period aforesaid, as employment may offer, in port or at sea, in docks and graving docks, and on ways, gridirons and pontoons, at all times, in all places, and on all occasions, services and trades; with leave to sail or navigate with or without pilots, to go on trial trips and to assist and tow vessels or craft in distress, but the Vessel may not be towed, except as is customary or when in need of assistance, nor shall the Vessel render assistance or undertake towage or salvage services under contract previously arranged by the Assured, the Owners, the Managers or the Charterers of the Vessel, nor shall the Vessel, in the course of trading operations, engage in loading or discharging cargo at sea, from or into another vessel other than a barge, lighter or similar craft used principally in harbors or inland waters. The phrase "engage in loading or discharging cargo at sea" shall include while approaching, leaving or alongside, or while another vessel is approaching, leaving or alongside the Vessel.	55
The Vessel is held covered in case of any breach of conditions as to cargo, trade, locality, towage or salvage activities, or date of sailing, or loading or discharging cargo at sea, provided (a) notice is given to the Underwriters immediately following receipt of knowledge thereof by the Assured, and (b) any amended terms of cover and any additional premium required by the Underwriters are agreed to by the Assured.	56
<b>PERILS</b>	57
Touching the Adventures and Perils which the Underwriters are contented to bear and take upon themselves, they are of the Seas, Men-of-War, Fire, Lightning, Earthquake, Enemies, Pirates, Rovers, Assailing Thieves, Jettisons, Letters of Mart and Counter-Mart, Surprisals, Takings at Sea, Arrests, Restrictions and Detainments of all Kings, Princes and Peoples, of what nation, condition or quality soever, Barratry of the Master and Mariners and of all other like Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment or Damage of the Vessel, or any part thereof, excepting, however, such of the foregoing perils as may be excluded by provisions elsewhere in the Policy or by endorsement thereon.	58
<b>ADDITIONAL PERILS (INCHAMAREE)</b>	59
Subject to the conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by the following:	60
Accidents in loading, discharging or handling cargo, or in bunkering;	61
Accidents in going on or off, or while on drydocks, graving docks, ways, gridirons or pontoons;	62
Explosions on shipboard or elsewhere;	63
Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting of boilers, breakage of shafts, or any latent defect in the machinery or hull, (excluding the cost and expense of replacing or repairing the defective part);	64
Breakdown of or accidents to nuclear installations or reactors not on board the insured Vessel;	65
Contact with aircraft, rockets or similar missiles, or with any land conveyance;	66
Negligence of Charterers and/or Repairers, provided such Charterers and/or Repairers are not an Assured hereunder;	67
Negligence of Masters, Officers, Crew or Pilots;	68
provided such loss or damage has not resulted from want of due diligence by the Assured, the Owners or Managers of the Vessel, or any of them. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.	69
<b>DELIBERATE DAMAGE (POLLUTION HAZARD)</b>	70
Subject to the conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the Vessel for which the Underwriters are liable under this Policy, provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.	71
<b>CLAIMS (GENERAL PROVISIONS)</b>	72
In the event of any accident or occurrence which could give rise to a claim under this Policy, prompt notice thereof shall be given to the Underwriters, and:	73
(a) where practicable, the Underwriters shall be advised prior to survey, so that they may appoint their own surveyor, if they so desire;	74
(b) the Underwriters shall be entitled to decide where the Vessel shall proceed for docking and/or repair (allowance to be made to the Assured for the actual additional expense of the voyage arising from compliance with the Underwriters' requirement);	75
(c) the Underwriters shall have the right of veto in connection with any repair firm proposed;	76
(d) the Underwriters may take tenders, or may require in writing that tenders be taken for the repair of the Vessel, in which event, upon acceptance of a tender with the approval of the Underwriters, an allowance shall be made at the rate of 30 per cent. per annum on the amount insured, for each day or pro rata for part of a day, for time lost between the issuance of invitations to tender and the acceptance of a tender, to the extent that such time is lost solely as the result of tenders having been taken and provided the tender is accepted without delay after receipt of the Underwriters' approval.	77
Due credit shall be given against the allowances in (b) and (d) above for any amount recovered:	78
1. in respect of fuel, stores, and wages and maintenance of the Master, Officers or Crew allowed in General or Particular Average;	79
2. from third parties in respect of damages for detention and/or loss of profit and/or running expenses;	80
for the period covered by the allowances or any part thereof.	81
No claim shall be allowed in Particular Average for wages and maintenance of the Master, Officers or Crew, except when incurred solely for the necessary removal of the Vessel from one port to another for average repairs or for trial trips to test average repairs, in which cases wages and maintenance will be allowed only while the Vessel is under way. This exclusion shall not apply to overtime or similar extraordinary payments to the Master, Officers or Crew incurred in shifting the Vessel for tank cleaning or repairs or while specifically engaged in these activities, either in port or at sea.	82
General and Particular Average shall be payable without deduction, new for old.	83



The expense of sighting the bottom after stranding shall be paid, if reasonably incurred especially for that purpose, even if no damage be found.	112
No claim shall in any case be allowed in respect of scraping or painting the Vessel's bottom.	113
In the event of loss or damage to equipment or apparatus not owned by the Assured but installed for use on board the Vessel and for which the Assured has assumed responsibility, claim shall not exceed (1) the amount the Underwriters would pay if the Assured were owner of such equipment or apparatus, or (2) the contractual responsibility assumed by the Assured to the owners or lessors thereof, whichever shall be less.	114
No claim for unrepaired damages shall be allowed, except to the extent that the aggregate damage caused by perils insured against during the period of the Policy and left unrepaired at the expiration of the Policy shall be demonstrated by the Assured to have diminished the actual market value of the Vessel on that date if undamaged by such perils.	115
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<b>GENERAL AVERAGE AND SALVAGE</b>	
General Average and Salvage shall be payable as provided in the contract of affreightment, or failing such provision or there be no contract of affreightment, payable at the Assured's election either in accordance with York-Antwerp Rules 1950 or 1974 or with the Laws and Usages of the Port of New York. Provided always that when an adjustment according to the laws and usages of the port of destination is properly demanded by the owners of the cargo, General Average shall be paid accordingly.	120
In the event of salvage, towage or other assistance being rendered to the Vessel by any vessel belonging in part or in whole to the same Owners or Charterers, the value of such services (without regard to the common ownership or control of the vessels) shall be ascertained by arbitration in the manner provided for under the Collision Liability clause in this Policy, and the amount so awarded so far as applicable to the interest hereby insured shall constitute a charge under this Policy.	121
When the contributory value of the Vessel is greater than the Agreed Value herein, the liability of the Underwriters for General Average contribution (except in respect to amounts made good to the Vessel), or Salvage, shall not exceed that proportion of the total contribution due from the Vessel which the amount insured hereunder bears to the contributory value, and if, because of damage for which the Underwriters are liable as Particular Average, the value of the Vessel has been reduced for the purpose of contribution, the amount of such Particular Average damage recoverable under this Policy shall first be deducted from the amount insured hereunder, and the Underwriters shall then be liable only for the proportion which such net amount bears to the contributory value.	122
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<b>TOTAL LOSS</b>	
In ascertaining whether the Vessel is a constructive Total Loss the Agreed Value shall be taken as the repaired value and nothing in respect of the damaged or break-up value of the Vessel or wreck shall be taken into account.	134
There shall be no recovery for a constructive Total Loss hereunder unless the expense of recovering and repairing the Vessel would exceed the Agreed Value. In making this determination, only expenses incurred or to be incurred by reason of a single accident or a sequence of damages arising from the same accident shall be taken into account, but expenses incurred prior to tender of abandonment shall not be considered if such are to be claimed separately under the Sue and Labor clause.	135
In the event of Total Loss (actual or constructive), no claim to be made by the Underwriters for freight, whether notice of abandonment has been given or not.	136
In no case shall the Underwriters be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period covered by this Policy.	137
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<b>SUE AND LABOR</b>	
And in case of any Loss or Misfortune, it shall be lawful and necessary for the Assured, their Factors, Servants and Assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the Vessel, or any part thereof, without prejudice to this insurance, to the charges whereof the Underwriters will contribute their proportion as provided below. And it is expressly declared and agreed that no acts of the Underwriters or Assured in recovering, saving or preserving the Vessel shall be considered as a waiver or acceptance of abandonment.	144
In the event of expenditure under the Sue and Labor clause, the Underwriters shall pay the proportion of such expenses that the amount insured hereunder bears to the Agreed Value, or that the amount insured hereunder (less loss and/or damage payable under this Policy) bears to the actual value of the salvaged property, whichever proportion shall be less; provided always that their liability for such expenses shall not exceed their proportionate part of the Agreed Value.	145
If claim for Total Loss is admitted under this Policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or value recovered, the amount payable under this Policy will be the proportion of such excess that the amount insured hereunder (without deduction for loss or damage) bears to the Agreed Value or to the sound value of the Vessel at the time of the accident, whichever value was greater; provided always that Underwriters' liability for such expenses shall not exceed their proportionate part of the Agreed Value. The foregoing shall also apply to expenses reasonably incurred in salvaging or attempting to save the Vessel and other property to the extent that such expenses shall be regarded as having been incurred in respect of the Vessel.	146
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<b>COLLISION LIABILITY</b>	
And it is further agreed that:	158
(a) if the Vessel shall come into collision with any other ship or vessel, and the Assured or the Surety in consequence of the Vessel being at fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, the Underwriters will pay the Assured or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as their respective subscriptions hereto bear to the Agreed Value, provided always that their liability in respect to any one such collision shall not exceed their proportionate part of the Agreed Value;	159
(b) in cases where, with the consent in writing of a majority (in amount) of Hull Underwriters, the liability of the Vessel has been contested, or proceedings have been taken to limit liability, the Underwriters will also pay a like proportion of the costs which the Assured shall thereby incur or be compelled to pay.	160
When both vessels are to blame, then, unless the liability of the owners or charterers of one or both such vessels becomes limited by law, claims under the Collision Liability clause shall be settled on the principle of Cross-Liabilities as if the owners or charterers of each vessel had been compelled to pay to the owners or charterers of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured in consequence of such collision.	161
The principles involved in this clause shall apply to the case where both vessels are the property, in part or in whole, of the same owners or charterers, all questions of responsibility and amount of liability as between the two vessels being left to the decision of a single Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Assured and one to be appointed by the majority (in amount) of Hull Underwriters interested; the two Arbitrators chosen to choose a third Arbitrator before entering upon the reference, and the decision of such single Arbitrator, or of any two of such three Arbitrators, appointed as above, to be final and binding.	162
Provided always that this clause shall in no case extend to any sum which the Assured or the Surety may become liable to pay or shall pay in consequence of, or with respect to:	163
(a) removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law;	164
(b) injury to real or personal property of every description;	165
(c) the discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever;	166
(d) cargo or other property on or the engagements of the Vessel;	167
(e) loss of life, personal injury or illness.	168
Provided further that exclusions (b) and (c) above shall not apply to injury to other vessels or property thereon except to the extent that such injury arises out of any action taken to avoid, minimize or remove any discharge, spillage, emission or leakage described in (c) above.	169
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PILOTAGE AND TOWAGE

This insurance shall not be prejudiced by reason of any contract limiting in whole or in part the liability of pilots, tugs, towboats, or their owners when the Assured or the agent of the Assured accepts such contract in accordance with established local practice.

Where in accordance with such practice, pilotage or towage services are provided under contracts requiring the Assured or the agent of the Assured:

- (a) to assume liability for damage resulting from collision of the Vessel insured with any other ship or vessel, including the towing vessel, or
- (b) to indemnify those providing the pilotage or towage services against loss or liability for any such damages,

it is agreed that amounts paid by the Assured or Surety pursuant to such assumed obligations shall be deemed payments "by way of damages to any other person or persons" and to have been paid "in consequence of the Vessel being at fault" within the meaning of the Collision Liability clause in this Policy to the extent that such payments would have been covered if the Vessel had been legally responsible in the absence of any agreement. Provided always that in no event shall the aggregate amount of liability of the Underwriters under the Collision Liability clause, including this clause, be greater than the amount of any statutory limitation of liability to which owners are entitled or would be entitled if liability under any contractual obligation referred to in this clause were included among the liabilities subject to such statutory limitations.

CHANGE OF OWNERSHIP

In the event of any change, voluntary or otherwise, in the ownership or flag of the Vessel, or if the Vessel be placed under new management, or be chartered on a bareboat basis or requisitioned on that basis, or if the Classification Society of the Vessel or her class therein be changed, cancelled or withdrawn, then, unless the Underwriters agree thereto in writing, this Policy shall automatically terminate at the time of such change of ownership, flag, management, charter, requisition or classification; provided, however, that:

- (a) if the Vessel has cargo on board and has already sailed from her loading port, or is at sea in ballast, such automatic termination shall, if required, be deferred until arrival at final port of discharge if with cargo, or at port of destination if in ballast;
- (b) in the event of an involuntary temporary transfer by requisition or otherwise, without the prior execution of a written agreement by the Assured, such automatic termination shall occur fifteen days after such transfer.

This insurance shall not inure to the benefit of any transferee or charterer of the Vessel and, if a loss payable hereunder should occur between the time of change or transfer and any deferred automatic termination, the Underwriters shall be subrogated to all of the rights of the Assured against the transferee or charterer in respect of all or part of such loss as is recoverable from the transferee or charterer, and in the proportion which the amount insured hereunder bears to the Agreed Value.

The term "new management" as used above refers only to the transfer of the management of the Vessel from one firm of corporation to another, and it shall not apply to any internal changes within the offices of the Assured.

ADDITIONAL INSURANCES

It is a condition of this Policy that no additional insurance against the risk of Total Loss of the Vessel shall be effected to operate during the currency of this Policy by or for account of the Assured, Owners, Managers, Operators or Mortgagees except on the interests and up to the amounts enumerated in the following Sections (a) to (g), inclusive, and no such insurance shall be subject to P.P.I., F.I.A. or other like term on any interests whatever excepting those enumerated in Section (a); provided always and notwithstanding the limitation on recovery in the Assured clause a breach of this condition shall not afford the Underwriters any defense to a claim by a Mortgagee who has accepted this Policy without knowledge of such breach:

- (a) DISBURSEMENTS, MANAGERS' COMMISSIONS, PROFITS OR EXCESS OR INCREASED VALUE OF HULL AND MACHINERY, AND/OR SIMILAR INTERESTS HOWEVER DESCRIBED, AND FREIGHT (INCLUDING CHARTERED FREIGHT OR ANTICIPATED FREIGHT) INSURED FOR TIME. An amount not exceeding in the aggregate 25% of the Agreed Value.
- (b) FREIGHT OR HIRE, UNDER CONTRACTS FOR VOYAGE. An amount not exceeding the gross freight or hire for the current cargo passage and next succeeding cargo passage (such insurance to include, if required, a preliminary and an intermediate ballast passage) plus the charges of insurance. In the case of a voyage charter where payment is made on a time basis, the amount shall be calculated on the estimated duration of the voyage, subject to the limitation of two cargo passages as laid down herein. Any amount permitted under this Section shall be reduced, as the freight or hire is earned, by the gross amount so earned. Any freight or hire to be earned under the form of Charters described in (d) below shall not be permitted under this Section (b) if any part thereof is insured as permitted under said Section (d).
- (c) ANTICIPATED FREIGHT IF THE VESSEL SAILS IN BALLAST AND NOT UNDER CHARTER. An amount not exceeding the anticipated gross freight on next cargo passage, such amount to be reasonably estimated on the basis of the current rate of freight at time of insurance, plus the charges of insurance. Provided, however, that no insurance shall be permitted by this Section if any insurance is effected as permitted under Section (b).
- (d) TIME CHARTER HIRE OR CHARTER HIRE FOR SERIES OF VOYAGES. An amount not exceeding 50% of the gross hire which is to be earned under the charter in a period not exceeding 18 months. Any amount permitted under this Section shall be reduced as the hire is earned under the charter by 50% of the gross amount so earned but, where the charter is for a period exceeding 18 months, the amount insured need not be reduced while it does not exceed 50% of the gross hire still to be earned under the charter. An insurance permitted by this Section may begin on the signing of the charter.
- (e) PREMIUMS. An amount not exceeding the actual premiums of all interest insured for a period not exceeding 12 months (excluding premiums insured as permitted under the foregoing Sections but including, if required, the premium or estimated calls on any Protection and Indemnity or War Risks and Strikes insurance) reducing pro rata monthly.
- (f) RETURNS OF PREMIUM. An amount not exceeding the actual returns which are recoverable subject to "and arrival" or equivalent provision under any policy of insurance.
- (g) INSURANCE IRRESPECTIVE OF AMOUNT AGAINST: Risks excluded by War, Strikes and Related Exclusions clause; risks enumerated in the American Institute War Risks and Strikes Clauses; and General Average and Salvage Disbursements.

WAR STRIKES AND RELATED EXCLUSIONS

The following conditions shall be paramount and shall supersede and nullify any contrary provisions of the Policy.

This Policy does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence of:

- (a) Capture, seizure, arrest, restraint or detention, or any attempt thereat; or
- (b) Any taking of the Vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; or
- (c) Any mine, bomb or torpedo not carried as cargo on board the Vessel; or
- (d) Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
- (e) Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy; or
- (f) Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power; or
- (g) Malicious acts or vandalism, unless committed by the Master or Mariners and not excluded elsewhere under this War Strikes and Related Exclusions clause; or
- (h) Hostilities or warlike operations (whether there be a declaration of war or not) but this subparagraph (h) not to exclude collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly by a hostile act by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel concerned or, in the case of a collision, any other vessel involved therein, is performing. As used herein, "power" includes any authority maintaining, naval, military or air forces in association with a power.

If war risks or other risks excluded by this clause are hereafter insured by endorsement on this Policy, such endorsement shall supersede the above conditions only to the extent that the terms of such endorsement are inconsistent therewith and only while such endorsement remains in force.

## PROTECTION AND INDEMNITY CLAUSES

1 Assured As per Declarations  
2  
3 Address As per Declarations  
4  
5 Loss, if any, payable to  
6  
7 From the As per Declarations day of As per Declarations 19 Beginning and ending  
8 Until the As per Declarations day of As per Declarations 19 at noon Standard Time  
at place of insurance.  
9 Amount hereby insured \$As per Declarations Rate As per Declarations % Premium \$As per Declarations  
10 In consideration of the premium and subject to the warranties, terms and conditions herein mentioned, this Com-  
11 pany hereby undertakes to pay up the amount hereby insured and in conformity with lines 5 and 6 hereof,  
12 such sums as the assured, as owner of the  
13 shall have become legally liable to pay and shall have paid on account of:  
14 Loss of life of, or injury to, or illness of, any person;  
15 Hospital, medical, or other expenses necessarily and reasonably included in respect of loss of life of, in-  
16 jury to, or illness of any member of the crew of the vessel named herein;  
17 Loss of, or damage to, or expense in connection with any fixed or movable object or property of whatever  
18 nature;  
19 Costs or expenses of, or incidental to, the removal of the wreck of the vessel named herein when such  
20 removal is compulsory by law; provided, however, that there shall be deducted from such claim the value  
21 of any salvage recovered from the wreck by the assured;  
22 Fines and penalties, including expenses reasonably incurred in attempting to obtain the remission or mitiga-  
23 tion of same, for the violation of any of the laws of the United States, or of any state thereof, or of any  
24 foreign country; provided, however, that this Company shall not be liable to indemnify the assured against  
25 any such fines or penalties resulting directly or indirectly from the failure, neglect, or default of the as-  
26 sured or his managing officers or managing agents to exercise the highest degree of diligence to prevent a  
27 violation of any such laws;  
28 Costs and expenses, incurred with this Company's approval, of investigating and/or defending any claim  
29 or suit against the assured arising out of a liability or an alleged liability of the assured covered by this  
30 policy.  
31 Notwithstanding the foregoing this Company will not pay for:  
32 The first \$As per Declarations of claims covered by lines 14, 15, 16, 28, 29 and 30 nor for the first \$As per Declarations  
33 of claims covered by any other parts of this policy, but, in no event shall the deductible exceed \$As per Declarations  
34 each occurrence. (For the purpose of this clause, each occurrence shall be treated separately, but a series  
35 of claims hereunder arising from the same occurrence shall be treated as due to that occurrence.)  
36 Loss of, or damage sustained by the vessel named herein or her tackle, apparel, furniture, boats, fittings,  
37 equipment, stores, fuel, provisions or appurtenances;  
38 Loss resulting from cancellation of charters, non-collectibility of freight, bad debts, insolvency of agents  
39 or others, salvage, general average, detention, loss of use or demurrage of the vessel named herein;  
40 Any loss, damage, expense or claim with respect to any vessel or craft in tow of the vessel named herein  
41 and/or cargo thereon; provided this exclusion shall not apply to salvage services rendered in an emergency  
42 to a ship or vessel in distress, nor to loss of life and/or injury to, or illness of any person;  
43 Any claim for loss of, damage to, or expense in respect of cargo on board the vessel named herein;  
44 Any claim arising directly or indirectly under the Longshoremen's and Harbor Workers' Compensation  
45 Act or any workmen's compensation act of any state or nation;  
46 Any liability assumed by the assured beyond that imposed by law; provided however that if by agree-  
47 ment, or otherwise, the assured's legal liability is lessened, then this Company shall receive the benefit of  
48 such lessened liability.  
49 Any loss, damage or expense sustained by reason of any taking of the vessel by requisition or other-  
50 wise, civil war, revolution, rebellion, or insurrection, or civil strife arising therefrom, capture, seizure,  
51 arrest, restraint or detainment, or the consequences thereof or of any attempt thereat; or sustained in con-  
52 sequence of military, naval or air action by force of arms; or sustained or caused by mines or torpedoes or  
53 other missiles or engines of war, whether of enemy or friendly origin: or sustained or caused by any weapon  
54 of war employing atomic fission or atomic fusion or radioactive material: or sustained in consequence of  
55 placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engage-  
56 ment, including embarking or disembarking troops or material of war in the immediate zone of such engage-  
57 ment: and any such loss, damage and expense shall be excluded from this policy without regard to whether  
58 the assured's liability in respect thereof is based on negligence or otherwise, and whether in time of peace  
59 or war.  
60 Any loss, damage, expense or claim collectible under the  
61 form of policy, whether or not the vessel named herein is actually covered by such insurance and regardless  
62 of the amount thereof.

63 Warranted that in the event of any occurrence which could result in a claim under this policy the assured  
64 promptly will notify this Company upon receiving notice thereof and forward to this Company as soon  
65 as practicable all communications, processes, pleadings or other legal papers or documents relating to such oc-  
66 currence.

67 Whenever required by this Company, the assured shall aid in securing information and evidence and in obtaining  
68 witnesses and shall cooperate with this Company in the defense of any claim or suit or in the appeal from any  
69 judgment.

70 This Company shall have the option of naming the attorneys who shall represent the assured in the prosecution  
71 or defense of any litigation or negotiations between the assured and third parties concerning any claim covered  
72 by this policy, and shall have the direction of such litigation or negotiations. If the assured shall fail or refuse  
73 to settle any claim as authorized by this Company, the liability of this Company shall be limited to the  
74 amount for which settlement could have been made. The assured shall at the option of this Company permit this Company  
75 to conduct, with an attorney of this Company's selection, at this Company's cost and expense  
76 and under its exclusive control, a proceeding in the assured's name to limit the assured's liability to the extent,  
77 and in the manner provided by the present and any future statutes relative to the limitation of a shipowner's  
78 liability.

79 Liability hereunder in respect of loss, damage, costs, fees, expenses or claims arising out of or in consequence of  
80 any one occurrence is limited to the amount hereby insured. (For the purpose of this clause each occurrence  
81 shall be treated separately, but a series of claims hereunder arising from the same occurrence shall be treated  
82 as due to that occurrence.)

83 The assured shall not make any admission of liability, either before or after any occurrence which could  
84 result in a claim for which this Company may be liable. The assured shall not interfere in any negotia-  
85 tions of this Company, for settlement of any legal proceedings in respect of any occurrence for which this  
86 Company may be liable under this policy; provided, however, that in respect of any occurrence likely to give rise  
87 to a claim under this policy, the assured is obligated to and shall take such steps to protect his and/or the  
88 Company's interests as would reasonably be taken in the absence of this or similar insurance.

89 Upon making payment under this policy this Company shall be vested with all of the assured's rights of recovery  
90 against any person, corporation, vessel or interest and the assured shall execute and deliver such instruments  
91 and papers as this Company shall require and do whatever else is necessary to secure such rights.

92 No action shall lie against this Company for the recovery of any loss sustained by the assured unless such  
93 action is brought within one year after the entry of any final judgment or decree in any litigation against the  
94 assured, or in the event of a claim without the entry of such final judgment or decree, unless such action is  
95 brought within one year from the date of the payment of such claim.

96 No claim or demand against this Company under this policy shall be assigned or transferred, and no person  
97 shall acquire any right against this Company by virtue of this insurance without the express consent of this  
98 Company.

99 It is expressly understood and agreed if and when the assured has any interest other than as a shipowner in  
100 the vessel named herein, in no event shall this Company be liable hereunder to any greater extent than if the  
101 assured were the sole owner and entitled to petition for limitation of liability in accordance with, present and  
102 future law.

103 Where the assured is, irrespective of this policy, covered or protected against any loss or claim which would  
104 otherwise have been paid by this Company, under this policy, there shall be no contribution or participation by  
105 this Company on the basis of excess, contributing deficiency, concurrent, or double insurance or otherwise.

106 The navigation limits in the policy covering the hull, machinery, etc. of the vessel named herein are considered  
107 incorporated herein.

108 This insurance shall be void in case the vessel named herein, or any part thereof, shall be sold, transferred or  
109 mortgaged, or if there be any change of management or charter of the vessel, or if this policy be assigned or  
110 pledged, without the previous consent in writing of this Company.

111 Either party may cancel this policy by giving ten days' notice in writing; if at the option of this Company  
112 pro rata rates, if at the request of the assured short rates, will be charged - and arrival.



## COLLISION CLAUSE, INCLUDING TOW AND EXTENDED TOWER'S LIABILITY

Endorsement to be attached to and made part of Policy No. ....of.....

In consideration of an additional premium at the rate of ..... it is understood and agreed that the following clause is substituted for the Collision Clause in this policy, effective from .....

And it is further agreed that if the Vessel hereby insured and/or her tow shall come into collision with any other Ship, Vessel, Craft, Structure or Object, other than water, floating or otherwise; or shall strand, ground or sink such other Vessel, Craft or Object and the Assured or the Charterers in consequence thereof or the Surety for either or both of them in consequence of their undertaking shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such casualty, we, the Underwriters, will pay the Assured or Charterers such proportion of such sum or sums so paid as our respective subscriptions hereto bear to the value of the Vessel hereby insured, provided always that our liability, in respect of any one such casualty shall not exceed our proportionate part of the value of the Vessel hereby insured. And in cases where the liability of the Vessel and/or her tow has been contested, or proceedings have been taken to limit liability, with the consent in writing of a majority (in amount) of the Underwriters on the hull and/or machinery, we will also pay a like proportion of the costs which the Assured or Charterers shall thereby incur, or be compelled to pay; but when both Vessels are to blame, then, unless the liability of the Owners or Charterers of one or both of such Vessels becomes limited by law, claims under the Collision Clause shall be settled on the principle of Cross-Liabilities as if the Owners or Charterers of each Vessel had been compelled to pay to the Owners or Charterers of the other of such Vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured or Charterers in consequence of such collision; and it is further agreed that the principles involved in this clause shall apply to the case where both Vessels are the property, in part or in whole, of the same Owners or Charterers, all questions of responsibility and amount of liability as between the two Vessels being left to the decision of a single arbitrator, if the parties can agree upon a single arbitrator, or failing such agreement, to the decision of arbitrators, one to be appointed by the Managing Owners or Charterers of both Vessels, and one to be appointed by the majority (in amount) of Hull Underwriters interested; the two arbitrators chosen to choose a third arbitrator before entering upon the reference, and the decision of such single, or of any two of such three arbitrators, appointed as above, to be final and binding. And it is further agreed that this policy shall also extend to and cover the legal liability of the Vessel hereby insured arising from any collision, grounding, stranding or sinking which may occur to any Vessel(s) or Craft(s) or their cargo and/or freight while in tow of the said Vessel, subject to all other terms and conditions of this clause. Provided always that this clause shall in no case extend to any sum which the Assured or Charterers may become liable to pay or shall pay for removal of Obstructions under statutory powers, consequent on such casualty or in respect of the cargo or engagements of the Insured Vessel, or a collision of the tow after breaking away, unless such break be the consequence of a casualty as specified herein; or for loss of life, or personal injury. And provided also that in the event of any claim being made by Charterers under this clause they shall not be entitled to recover in respect of any liability to which the Owners of the Vessel, if interested in this Policy at the time of the collision in question, would not be subject, nor to a greater extent than the Shipowners would be entitled in such event to recover.

All other terms and conditions remaining unchanged.

Dated .....19.....

Hull War Risks and Strikes Clauses  
(Including Automatic Termination and Cancellation Provisions)  
For Attachment to American Institute Hull Clauses  
December 1, 1977

To be attached to and form a part of Policy No. .... of..... 1

..... 2  
This insurance, subject to the exclusions set forth herein, covers only those risks which would be covered by the 3  
attached Policy (including collision liability) in the absence of the WAR, STRIKES AND RELATED EXCLUSIONS clause 4  
contained therein but which are excluded thereby and which risks shall be construed as also including: 5

1. Any mine, bomb or torpedo not carried as cargo on board the Vessel: 6
2. Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force 7  
or matter; 8
3. Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom; 9
4. Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power; 10
5. Malicious acts or vandalism to the extent only that such risks are not covered by the attached Policy; 11
6. Hostilities or warlike operations (whether there be a declaration of war or not) but this paragraph (6) shall not 12  
include collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object, or strand- 13  
ing, heavy weather, fire or explosion unless caused directly by a hostile act by or against a belligerent power 14  
which act is independent of the nature of the voyage or service which the Vessel concerned or, in the case of a 15  
collision, any other vessel involved therein, is performing. As used herein, "power" includes any authority 16  
maintaining naval, military or air forces in association with a power. 17

#### EXCLUSIONS 18

This insurance does not cover any loss, damage or expense caused by, resulting from, or incurred as a 19  
consequence of: 20

- a. Any hostile detonation of any weapon of war described above in paragraph (2); 21
- b. Outbreak of war (whether there be a declaration of war or not) between any of the following countries: United 22  
States of America, United Kingdom, France, the Union of Soviet Socialist Republics or the People's Republic of 23  
China; 24
- c. Delay or demurrage; 25
- d. Requisition of preemption; 26
- e. Arrest, restraint or detainment under customs or quarantine regulations and similar arrests, restraints or detain- 27  
ments not arising from actual or impending hostilities; 28
- f. Capture, seizure, arrest, restraint, detainment, or confiscation by the Government of the United States or of the 29  
country in which the Vessel is owned or registered. 30

#### HELD COVERED AND OTHER PROVISIONS 31

The held covered clause appearing under the heading ADVENTURE in the attached Policy is deleted and the follow- 32  
ing clause substituted therefore: - 33

"Subject to the provisions of the Automatic Termination and Cancellation Clauses below, held covered in the 34  
event of any breach of conditions as to loading or discharging of cargo at sea, or towage or salvage activities 35  
provided (a) notice is given to the Underwriters immediately following receipt of knowledge thereof by the 36  
Assured, and (b) any amended terms of cover and any additional premium required by the Underwriters are 37  
agreed to by the Assured."

If at the natural expiry time of this insurance the Vessel is at sea, this insurance will be extended, provided previous 38  
notice be given to the Underwriters, for an additional premium at a rate to be named by the Underwriters, until midnight 39  
Local Time of the day on which the Vessel enters the next port to which she proceeds and for 24 hours thereafter, but in 40  
no event shall such extension affect or postpone the operation of the Automatic Termination and Cancellation Clauses 41  
below. 42

Warranted not to abandon in case of capture, seizure or detention, until after condemnation of the property insured. 43

The provisions of the attached Policy with respect to constructive Total Loss shall apply only to claims arising from 44  
physical damage to the Vessel. 45

## **AUTOMATIC TERMINATION AND CANCELLATION CLAUSES**

46

- A. This insurance and any extension thereof, unless sooner terminated by the provisions of section B or C, shall terminate automatically upon and simultaneously with the occurrence of any hostile detonation of any nuclear weapon of war as defined above, wheresoever or whensoever such detonation may occur and whether or not the Vessel may be involved. 47  
48  
49  
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- B. This insurance and any extension thereof, unless sooner terminated by the provisions of section A or C, shall terminate automatically upon and simultaneously with the outbreak of war, whether there be a declaration of war or not, between any of the following countries: United States of America, United Kingdom, France, the Union of Soviet Socialist Republic or the People's Republic of China. 51  
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- C. This insurance and any extension thereof, unless sooner terminated by section A or B, shall terminate automatically if and when the Vessel is requisitioned, either for title or use. 55  
56
- D. This insurance and any extension thereof may be cancelled at any time at the Assured's request, or by Underwriters upon 14 days' written notice being given to the Assured, but in no event shall such cancellation affect or postpone the operation of the provisions of sections A, B or C. Written or telegraphic notice sent to the Assured at his (its) last known address shall constitute a complete notice of cancellation and such notice mailed or telegraphed to the said Assured, care of the broker who negotiated this insurance, shall have the same effect as if sent to the said Assured direct. The mailing of notice as foresaid shall be sufficient proof of notice and the effective date and hour of cancellation shall be 14 days from midnight Local Time of the day on which such notice was mailed or telegraphed as aforesaid. Underwriters agree, however, to reinstate this insurance subject to agreement between Underwriters and the Assured prior to the effective date and hour of such cancellation as to new rate of premium and/or conditions and/or warranties. 57  
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## **RETURNS OF PREMIUM**

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The RETURNS OF PREMIUM clause of the attached Policy is deleted and the following substituted therefore: - . 68  
"In the event of an automatic termination or cancellation of this insurance under the provisions of sections A, B, 69  
C or D above, or if the Vessel be sold, pro rata net return of premium will be payable to the Assured, provided 70  
always that a Total Loss of the Vessel has not occurred during the currency of this Policy. In no other event shall 71  
there be any return of premium." 72

THIS INSURANCE SHALL NOT BECOME EFFECTIVE IF, PRIOR TO THE INTENDED TIME OF ITS ATTACHMENT, 73  
THERE HAS OCCURRED ANY EVENT WHICH WOULD HAVE AUTOMATICALLY TERMINATED THIS INSURANCE 74  
UNDER THE PROVISIONS OF SECTIONS A, B, OR C HEREOF HAD THIS INSURANCE ATTACHED PRIOR TO SUCH 75  
OCCURRENCE. 76



**AMERICAN HULL INSURANCE SYNDICATE****ADDENDUM TO  
AMERICAN INSTITUTE HULL WAR RISKS  
AND STRIKES CLAUSES - DECEMBER 1, 1977  
(APRIL 1, 1984)**

It is understood and agreed that the American Institute Hull War Risks and Strikes Clauses of December 1, 1977, for attachment to American Institute Hull Clauses (June 2, 1977), and to which this Addendum is attached are amended as follows:

1. For the purpose of this Addendum only, line 241 of the American Institute Hull Clauses (June 2, 1977) - EXCLUSION (a) - shall be deemed amended by adding "confiscation or expropriation."
2. In addition to the risks enumerated in the above described War Risks and Strikes Clauses, the following is added: "7. Confiscation or expropriation."
3. In the event that the Vessel shall have been the subject of capture, seizure, arrest, restraint, detainment, confiscation or expropriation, and the Assured, by reason thereof, has lost the free use and disposal of the Vessel for a continuous period of twelve (12) months (even though condemnation has not occurred), then for the purposes of ascertaining whether the Vessel is a constructive Total Loss, the Assured shall be deemed to have been deprived of the possession of the Vessel without any likelihood of recovery.  
  
"Restraint" as used in this paragraph 3 shall be deemed to include the inability of the Vessel to sail from any port or place to the high seas because of closure of the connecting waterway to all vessels of similar size or draft due to blockage of such waterway caused by hostilities or warlike operations.
4. Clause (f) of the EXCLUSIONS shall be amended to read as follows: "Capture, seizure, arrest, restraint, detainment, confiscation or expropriation by the Government of the United States or of the country in which the Vessel is owned or registered."
5. The Warranty at line 42 shall be amended to read: "Warranted not to abandon in case of capture, seizure, arrest, restraint, detainment, confiscation or expropriation until after condemnation of the property insured or, in circumstances set forth in 3. above, after twelve (12) months, whichever first occurs."
6. The period of fourteen (14) days provided for in subparagraph "D" of the AUTOMATIC TERMINATION AND CANCELLATION Clauses, shall be amended to seven (7) days wherever appearing therein.

ALL OTHER TERMS, LIMITATIONS,  
CONDITIONS AND EXCEPTIONS  
REMAINING UNCHANGED.

**American Institute**  
**POLLUTION EXCLUSION CLAUSE (P & I)**  
**and BUY BACK ENDORSEMENT A**  
**(July 4, 1976)**

25

To be attached to and form a part of Policy No. .... of .....

Insuring .....

This Policy will not indemnify, the Assured against any sum(s) paid, nor insure against any liability, with respect to any loss, damage, cost, liability, expense, fine or penalty of any kind or nature whatsoever, and whether statutory or otherwise, incurred by or imposed on the Assured, directly or indirectly, in consequence of, or with respect to, the actual or potential discharge, emission, spillage or leakage upon or into the seas, waters, land or air, of oil, petroleum products, chemicals or other substances of any kind or nature whatsoever.

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**IN CONSIDERATION OF AN ADDITIONAL PREMIUM OF \$ .....  
THE ABOVE POLLUTION EXCLUSION CLAUSE (P&I) SHALL NOT APPLY TO SUMS PAID, OR  
LIABILITY OF THE ASSURED:**

1. For loss of life of, or bodily injury to, or illness of, any person; or,
2. For loss, damage or expense to any cargo or property carried on board the insured Vessel (s);  
or,
3. For loss, damage or expense to any cargo or property on board any other vessel or contained or stored ashore unless such sums are paid, or liability is imposed, as a result of contact of such cargo or property with oil, petroleum products, chemicals or other substances of any kind or nature whatsoever arising in consequence of their sudden and accidental discharge, emission, spillage or leakage upon or into the seas, waters, land or air; or,
4. For contamination of any cargo or property resulting from the pumping of oil, petroleum products, chemicals or any other substances of any kind or nature whatsoever directly into any other vessel, or between tanks of the insured Vessel (s) or into storage tanks or receptacles ashore or elsewhere.

PROVIDED that such sums, or such liability, are insured elsewhere under the terms and conditions of this Policy. All other terms and conditions, including any deductible provisions, of this Policy shall remain unchanged.

Dated, ....., 19.....

.....

To be attached to and form a part of Policy No. .... of .....  
.....  
Insuring .....  
.....

In consideration of an additional premium, as provided below, this insurance is extended to cover addition- al risks, from and after in accordance with the following clause:

"This insurance also covers damage to or destruction of the property insured directly caused by strikers, locked out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by vandalism, sabotage, or malicious mischief, but excluding civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, and warranted free from any claim for delay, detention or loss of use, and free from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter.

Notwithstanding the exclusions in the F. C. & S. Clause in the within policy `vandalism,' `sabotage,' and `malicious mischief,' as used herein, shall be construed to include wilful or malicious physical in- jury to or destruction of the described property caused by acts committed by an agent of any Government, party or faction engaged in war, hostilities, or other warlike operations, provided such agent is acting secretly and not in connection with any operations of military or naval armed forces in the country where the described property is situated."

Until further notice the Assured shall pay, for the additional protection afforded by the above clause, an additional premium of \_\_\_\_\_ percent. The Underwriters have the right nevertheless to change this rate at any time on 15 days written notice to the Assured; but the Assured shall have the option to cancel this endorsement as of the time when such change of rate would take effect, provided previous notice of such cancellation be given to the Underwriters. The rate may be changed as above notwithstanding strikes, labor troubles or civil commotions, on board the vessel or elsewhere, may be threatened or actually exist either at the time when such notice is given or when it takes effect.

All other terms and conditions remaining unchanged.

Dated ..... Signed .....

# American Institute of Marine Underwriters

Endorsement for Open Policies (Cargo)

Strikes, Riots & Civil Commotions (Form 12A)

(January 1, 2008)

To be attached to and form a part of Policy No. .... of .....  
Insuring .....

## S.R. & C. C. Endorsement (Form No. 12A)

### THIS INSURANCE ALSO COVERS:

- (1) Physical loss of or damage to property insured directly caused by strikers, locked-out workmen, or persons taking part in labor disturbances or riots or civil commotions;
- (2) Physical loss of or damage to the property insured directly caused by vandalism, sabotage or malicious acts; and,
- (3) Physical loss of or damage to the property insured directly caused by the act or acts of one or more persons, whether or not agents of a sovereign power, carried out for political, terroristic or ideological purposes and whether any loss, damage or expense resulting therefrom is accidental or intentional; PROVIDED that any claim to be recoverable under this subsection (3) be not excluded by the Free of Capture & Seizure Warranty, Extended Radioactive Contamination Exclusion Clause (Extended RACE Clause) or Chemical, Biological, Bio-Chemical and Electromagnetic Exclusion Clause (CBE Clause) in the Policy to which this endorsement is attached. Notwithstanding the foregoing, coverage under this subsection (3) is conditional upon the property insured being in the ordinary course of transit and, in any event, **shall terminate:**
  - (a) As per the Warehouse to Warehouse Clause, Marine Extension Clause, 60 Day South American Clause and any other clauses relating to duration of transit contained in or endorsed onto the Policy; or,
  - (b) on delivery to the consignee's or other final warehouse or place of storage at the destination named herein; or,
  - (c) on delivery to any warehouse or place of storage whether prior to or at the destination named herein, which the Assured elects to use either for storage other than in the ordinary course of transit or for allocation or distribution; or,
  - (d) in respect of marine transits, on the expiry of 60 days after completion of discharge overside of the property insured from the vessel at the port of discharge; or,
  - (e) in respect of air transits, on the expiry of 30 days after unloading the property insured from the aircraft at the place of discharge;**whichever shall first occur.**

Notwithstanding the foregoing, nothing in this clause excludes coverage for insured losses, which are otherwise covered by this insurance, caused by certified acts of terrorism, as defined in the Terrorism Risk Insurance Act (P.L. #107-297), or any subsequent amendments or endorsements to the Act.

While the property insured is at risk under the terms and conditions of this insurance within the United States of America, the Commonwealth of Puerto Rico, the U.S. Virgin Islands and Canada, this insurance is extended to cover physical loss of or damage to the property insured directly caused by acts committed by an agent of any government, party or faction engaged in war, hostilities or other warlike operations, provided such agent is acting secretly and not in connection with any operation of military or naval armed forces in the country where the described property is situated.

Nothing in this endorsement shall be construed to cover any loss, damage or expense directly or indirectly arising from, contributed to or caused by any of the following, whether due to a peril insured against or otherwise:

- (a) change in temperature or humidity;
- (b) the absence, shortage, or withholding of power, fuel, or labor of any description whatsoever during any strike, lockout, labor disturbance, riot or civil commotion;
- (c) loss of market or loss, damage or deterioration arising from delay;
- (d) hostilities, warlike operations, civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, except to the limited extent that the acts of certain agents acting secretly have been expressly covered above; or,
- (e) nuclear reaction, radiation or radioactive contamination, as per Extended RACE Clause;
- (f) chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material, as per CBE Clause.

The Assured agrees to report all shipments attaching under this cover and to pay premiums therefore at the rates established by the Assurer from time to time.

This endorsement may be canceled by either party upon forty-eight hours written, telegraphic, telefaxed, or electronic notice to the other party, but such cancellation shall not affect any risks which have already attached hereunder.

Effective with respect to shipments made on or after .....

All other terms and conditions remain unchanged.

Dated ....., 20 .....

**AIMU**  
**WAR RISK OPEN POLICY (CARGO)**  
**(December 2, 1993)**

THIS POLICY OF INSURANCE WITNESSETH, that in consideration of premiums as agreed to be paid, the Assurer does make insurance and cause ..... to be insured, lost or not lost, for account of whom it may concern, against War Risks only, in accordance with the terms and conditions hereinafter set forth.

To apply to shipments made on or after .....

This Company shall not be liable hereunder for more than \$ ..... by anyone vessel.

In cases where the total value(s) at risk on anyone vessel exceed(s) the limit of liability as set forth in this Policy, the Assured agrees, nevertheless, to report to the Assurer full value(s) at risk and to pay premium thereon at the agreed rates. The Assured further agrees that acceptance of such reports and premium by the Assurer shall not serve to revoke or to overrule the limit of liability set forth in this Policy; however, subject to the limit of liability, the Assurer in accepting these reports does agree to pay partial losses covered by this Policy without reduction by reason of any coinsurance which otherwise may have existed in the absence of this special agreement.

Subject to the provisions of Clause 4 of this Policy, should there be an accumulation of interests exceeding the above limit of liability by reason of any interruption of transit beyond the control of the Assured or by reason of any casualty, and/or after the interests have been discharged from the incoming overseas Vessel at an intermediate port or place for on-carriage from that or any other port or place by another overseas Vessel, and/or on the on-carrying overseas Vessel, this Policy shall attach for the full amount at risk (but in no event for more than twice the Policy limit which would be applicable to anyone Vessel) provided written notice be given to this Assurer as soon as known to the Assured.

This Policy shall cover only those shipments which are insured against marine risks under Policy No ..... of this Company, it being agreed that the description of such shipments, the valuations thereof, the voyage, the designation of the overseas Vessel (which shall be construed to include aircraft if included under the marine policy) on which the goods are to be carried and the ports and/or places of loading and discharge, as reported under the said Policy against marine risks, shall be deemed incorporated herein. Notwithstanding the foregoing, this policy shall not cover purely domestic shipments by air between points in the United States of America (excluding Alaska and Hawaii).

Any loss payable hereunder shall be payable in funds current in the United States, to the order of ..... thirty days after full proofs of loss and proofs of interest have been filed with the Assurer.

1. (a) This insurance is only against the risks of capture, seizure, destruction or damage by men-of-war, piracy, takings at sea, arrests, restraints, detentions and other warlike operations and acts of kings, princes and peoples in prosecution of hostilities or in the application of sanctions under international agreements, whether before or after declaration of war and whether by a belligerent or otherwise, including factions engaged in civil war, revolution, rebellion or insurrection, or civil strife arising therefrom; the imposition of martial law, military or usurped power, and including the risks of aerial bombardment, floating or stationary mines and stray or derelict torpedoes. Warranted not to abandon (on any ground other than physical damage to ship or cargo) until after condemnation of the property insured.

(b) This insurance also covers, but only while the property insured is on board a waterborne conveyance, loss of or damage to said property directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard or threat thereof, provided that the accident or occurrence creating the situation which required such governmental action would have resulted in a recoverable claim under this Policy (subject to all of its terms, conditions and warranties) if the property insured would have sustained physical loss or damage as a direct result of such accident or occurrence.

2. Warranted free from any claim based upon loss of, or frustration of, the insured voyage or adventure caused by arrests, restraints or detentions.

3. This insurance does not cover any loss, damage or expense directly or indirectly arising from, contributed to, or caused by any of the following, whether due to a peril insured against or otherwise:

(a) commandeering, preemption, requisition or nationalization by the government (defacto or otherwise) of the country to or from which the goods are insured.

(b) Seizure or destruction under quarantine, environmental or customs regulations.

(c) Delay, deterioration and/or loss of market.

(d) Nuclear reaction, radiation or radioactive contamination, regardless of how it was caused.

4. (a) The insurance against the risks enumerated in clause 1, except the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged referred to in (b) below, shall not attach to the interest hereby insured or to any part thereof:

(i) prior to being on board an overseas Vessel (For the purpose of this Clause 4 an overseas Vessel shall be deemed to mean a Vessel carrying the interest from one port or place to another where such voyage involves a sea passage by that Vessel);

(ii) after being discharged overside from an overseas Vessel at the intended port or place of discharge,  
or

after the expiry of 15 days from midnight of the day of arrival of the overseas Vessel at the intended port or place of discharge, whichever shall first occur;

(iii) after expiry of 15 days from midnight of the day of arrival of the overseas Vessel at an intermediate port or place to discharge the interest for on-carriage from that or any other port or place by another overseas Vessel, but shall reattach as the interest is loaded on the on-carrying overseas Vessel. During the said period of 15 days the insurance remains in force whether the interest is awaiting transit or in transit between the overseas Vessels.

(iv) For the purpose of this Clause 4 arrival at the intended port or place of discharge shall be deemed to mean that time when the overseas Vessel first berths, anchors, moors or is secured in an area subject to regulation by the authorities of such port or place.

(b) The insurance against the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged, attaches as the interest hereby insured is first loaded on a lighter, craft or vessel after leaving the warehouse at point of shipment in transit for the destination declared hereunder, and ceases to attach as the interest is finally landed from the vessel, craft or lighter prior to delivery to warehouse at such destination.

(c) If the contract of affreightment is terminated at a port or place other than the destination named therein such port or place shall be deemed the intended port or place of discharge for the purpose of this Clause 4.

(d) Shipments by mail, if covered by this Policy are insured continuously from the time of leaving the sender's premises until delivered to the place of address.

(e) Shipments by air (other than by air mail) if covered by this Policy are insured subject to the same terms and conditions as shipments by overseas Vessel.

(f) It is a condition of this insurance that the Assured shall act with reasonable dispatch in all circumstances within their control.

(g) If anything contained in this Policy shall be inconsistent with this Clause 4 it shall to the extent of such inconsistency be null and void.

5. This insurance shall not be vitiated by deviation, overcarriage, change of voyage, or by any error or unintentional omission in the description of interest, vessel or voyage provided the same be communicated to the Assurer as soon as known to the Assured and an additional premium paid if required.

6. And in case of any loss or misfortune, it shall be lawful and necessary to and for the Assured his or their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the said goods, and merchandises, or any part thereof, without prejudice to this insurance; nor shall the acts of the Assured or Assurers, in recovering, saving and preserving the property insured, in case of disaster, be considered a waiver or an acceptance of an abandonment; and to the charges whereof, the said Assurers will contribute according to the rate and quantity of the sum hereby insured.

7. General Average and salvage Charges payable according to United states laws and usage and/or as per Foreign Statement and/or as per York-Antwerp Rules (as prescribed in whole or in part) if in accordance with the Contract of Affreightment.

8. It is agreed that the reports of shipments made under the Policy against marine risks mentioned above shall be deemed to be reports under this Policy also, and the Assured agrees to pay premiums on all shipments insured under this Policy at the war risk rates of the Assurer as fixed from time to time.

9. No claim shall be payable hereunder which arises from collision, contact with any fixed or floating object ( other than a mine or torpedo), stranding, heavy weather or fire unless caused directly (and independently of the nature of the voyage or service which the Vessel concerned or, in the case of a collision, any other Vessel involved therein, is performing) by a hostile act by or against a belligerent power; and for the purpose of this paragraph "power" includes any authority maintaining naval, military or air forces in association with a power.

10. No recovery for a Constructive Total Loss shall be had hereunder unless the property insured is reasonably abandoned on account of its actual total loss appearing to be unavoidable, or because it cannot be preserved from actual total loss without an expenditure which would exceed its value if the expenditure had been incurred.

11. It is agreed that this Policy is a separate and wholly independent contract and is not subject to any terms or conditions of the Policy against marine risks above mentioned (whether physically attached thereto or not) except as such terms or conditions shall have been expressly incorporated herein by reference.

12. This insurance may be canceled by either party upon forty-eight hours written, telegraphic or telefaxed notice to the other party, but such cancellation shall not affect any shipment on which this insurance has attached under the terms of Clause 4 hereof prior to the effective date of such notice. Shipments on which this insurance has not so attached but for which, prior to the effective date of such notice, bills of lading have been issued and (in the case of exports) Certificates or special policies have been issued and negotiated, shall be covered from the time of loading on the overseas Vessel, as provided in Clause 4, at the rates of the Assurer, provided that, prior to said effective date, such shipments were at the risk of the Assured and were covered under the said Policy against marine risks.

In the event of loss which may give rise to a claim under this Policy, prompt notice shall be given to this Company.

Countersigned at .....

This ..... day of ....., 19 ....

.....  
Authorized Representative

AMERICAN HULL INSURANCE SYNDICATE  
WAR RISK PROTECTION & INDEMNITY CLAUSES  
JANUARY 18, 1970

SP-22B

To be attached to and form a part of Policy No. .... of.....  
.....  
Insuring .....  
.....

- A. This insurance is also to cover the liability of the assured for Protection and Indemnity Risks excluded from Marine Protection and Indemnity Policies commonly issued by stock insurance companies in the United States by the following or a substantially similar F.C. & S. Clause:

"Notwithstanding anything to the contrary contained in this policy, no liability attaches to the company, directly or indirectly, for or in respect of any loss, damage or expense sustained by reason of any taking of the vessel by requisition or otherwise, civil war, revolution, rebellion, or insurrection, or civil strife arising therefrom, capture, seizure, arrest, restraint or detainment, or the consequences thereof or of any attempt thereat; or sustained in consequence of military, naval or air action by force of arms, including mines and torpedoes or other missiles or engines of war, whether of enemy or friendly origin; or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement, including embarking or disembarking troops or material of war in the immediate zone of such engagement; and any such loss, damage and expense shall be excluded from this policy without regard to whether the Assured's liability therefor is based on negligence or otherwise, and whether before or after a declaration of war."

- B. This insurance includes liability of the assured arising out of strikes, riots and civil commotions and for contractual repatriation expenses of any member of the crew as a result of perils excluded by the aforesaid F.C. & S. Clause.
- C. The Underwriters agree to accept the same percentage interest under these clauses as accepted under the Hull War Risks and Strikes Clauses.
- D. The liability of the Underwriters under these clauses in respect of any one accident or series of accidents arising out of the same casualty shall be limited to the Amount Insured Hereunder.
- E. Claims for which the Underwriters shall be liable under these clauses shall not be subject to any deduction.
- F. This Protection and Indemnity Insurance shall terminate automatically at the same time as the insurance afforded by the Hull War Risks and Strikes Clauses and upon the terms and conditions contained in the Automatic Termination and Cancellation provisions of said Clauses.
- G. Notwithstanding the provisions of Clause F, in the event of loss or shipwreck of the vessel from any cause prior to the natural expiry time or automatic termination of this policy, this insurance shall continue to cover the liability of the assured to the crew of the insured vessel, subject to its terms and conditions and at an additional premium if so required by Underwriters, until the crew shall be either discharged or landed at a port or place to which the owners or charterers are obliged to bring them.
- H. Notwithstanding any of the foregoing provisions all liabilities covered by the Second Seamen's form of policy are excluded from this insurance.

All other terms and conditions remaining unchanged.

Dated ..... Signed .....



## BUILDER'S RISK CLAUSES

(FEB. 8, 1979)

To be attached to and form a part of Policy No. \_\_\_\_\_ of the \_\_\_\_\_

The terms and conditions of the following clauses are to be regarded as substituted for those of the policy form to which they are attached, the latter being hereby waived, except provisions required by law to be inserted in the Policy. All captions are inserted only for purposes of reference and shall not be used to interpret the clauses to which they apply.

**ASSURED**

This Policy insures \_\_\_\_\_ hereinafter referred to as the Assured.

If claim is made under this Policy by anyone other than the Owner of the Vessel, such person shall not be entitled to recover to a greater extent than would the Owner, had claims been made by the Owner as an Assured named in this Policy.

Underwriters waive any right of subrogation against affiliated, subsidiary or interrelated companies of the Assured, provided that such waiver shall not apply in the event of a collision between the Vessel and any vessel owned, demise chartered or otherwise controlled by an of the aforesaid companies, or with respect to any loss, damage or expense against which such companies are insured.

**LOSS PAYEE**

Loss, if any, payable to \_\_\_\_\_ or order.

Provided, however, Underwriters shall pay claims to others as set forth in the Collision Liability or the Protection and Indemnity clauses and may make direct payment to persons providing security for the release of the Vessel in Salvage cases.

**SUBJECT MATTER**

The Subject Matter of this insurance (herein referred to as the Vessel is the hull, launches, lifeboats, rafts, furniture, bunkers, stores, tackle, fittings, equipment, apparatus, machinery, boilers, refrigeration machinery, insulation, motor generators and other electrical machinery, ordnance, munitions, and appurtenances, including materials, plans, patterns and moulds, staging, scaffolding and similar temporary construction (to the extent only that the cost of any of the foregoing is included in the Agreed Value) incorporated in or allocated to Hull No. \_\_\_\_\_ Type \_\_\_\_\_ building at the yard of the Builder at \_\_\_\_\_

In the event of any material change in the specifications or design of the Vessel from that originally represented to the Underwriters, such as change is held covered provided (a) notice is given to the Underwriters immediately followed such change, and (b) any amended terms of cover and any additional premium required by the Underwriters are agreed to by the Assured.

This Policy insures only while the Vessel (ashore or afloat) is at the building location named above; while in transit within the port of construction to and from such location; and while on trial trips (including proceeding to and returning from the trial course), as often as required, within a distance by water of 250 nautical miles of the port of construction, or held covered at an additional premium to be named by the Underwriters in the event of a deviation of voyage, provided prompt notice thereof is given to the Underwriters.

**DURATION OF RISK**

From the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_ time, 24  
to the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_ time 25  
or until delivery, if delivered at an earlier date. 26

In the event of delivery not being effected by the aforesaid expiration date, this Policy may be extended at \_\_\_\_\_ per month, 27  
provided prompt notice be given to the Underwriters but not for more than \_\_\_\_\_ months from the date of original attachment, but held 28  
covered for an additional period of time provided prompt notice is given to the Underwriters and any amended terms of cover and any additional premium 29  
required by the Underwriters are agreed to by the Assured; provided, however, in no case shall this Policy extend beyond delivery of the Vessel. 30

In event of payment by the Underwriters for Total Loss of the Vessel in this Policy shall thereupon automatically terminate. 31

**PREMIUM**

The Underwriters to be paid in consideration of this insurance \_\_\_\_\_ Dollars being at the rate of \_\_\_\_\_ 32  
per cent., which premium shall be due on attachment. 33  
34

**RETURNS OF PREMIUM**

In event of delivery prior to the expiration date, or any extension thereof, to return pro rata daily of \_\_\_\_\_ cents per cent. 35  
net per month. 36

**AGREED VALUE**

The Vessel, for so much as concerns the Assured, by agreement between the Assured and the Underwriters in this Policy, is and shall be valued at the 37  
completed contract price plus the value of materials and equipment destined for the Vessel but not included in such price. If no amount is stated for such 38  
materials and equipment, Underwriters shall have no liability for any loss, damage or expense thereto or in connection therewith, and such materials and 39  
equipment shall not be deemed a part of the Vessel. 40

The Agreed Value is provisionally declared as \$ \_\_\_\_\_, being the contract price for \$ \_\_\_\_\_ and 41  
\$ \_\_\_\_\_ for materials and equipment destined for the Vessel but not included in the contract price. 42

**ESCALATION**

In the event of any increase or decrease in the cost of labor or materials, or in the event of any change in the specifications or design of the 43  
Vessel (not constituting a material change for purposes of the held covered provisions of the Subject Matter clause), the Agreed Value shall be adjusted 44  
accordingly, but any increase shall be limited to \_\_\_\_\_ per cent. of the Agreed Value as provisionally declared, and the Amount Insured shall 45  
be adjusted proportionately; provided that the Assured shall pay premium at the full Policy rate on the total construction cost of the Vessel of this 46  
insurance, but the Underwriters shall in no event be liable under this Policy for more than the Agreed Value provisionally declared plus said percentage 47  
thereof. 48

**AMOUNT INSURED HEREUNDER**

\_\_\_\_\_ Dollars. 49  
In the event of a claim becoming payable under this Policy, the Underwriters shall not be liable for a greater proportion thereof than the Amount 50  
Insured Hereunder bears to the Agreed Value. 51

**DEDUCTIBLE**

Notwithstanding anything in this Policy to the contrary, there shall be deducted from the aggregate of all claims (including claims under the Sue 52  
and Labor, Collision Liability, and Protection and Indemnity clauses) arising out of each separate accident, the sum of \$ \_\_\_\_\_ 53

unless the accident results in a Total Loss of the Vessel in which case this clause shall not apply. A recovery from other interests, however, shall not operate to exclude claims under this Policy provided the aggregate of such claims arising out of one separate accident, if unreduced by such recovery exceeds that sum. For purpose of this clause each accident shall be treated separately, but it is agreed that (a) a sequence of damages arising from the same accident shall be treated as due to that accident and (b) all heavy weather damage, or damage caused by contact with floating ice, which occurs during a single sea passage between two successive ports shall be treated as though due to one accident.

## PART I - HULL SECTION

### HULL RISKS

This Policy insures against all risks of physical loss of or damage to the Vessel occurring during the currency of this Policy, except as hereinafter provided.

In the event that faulty design of any part or parts should cause physical loss of or damage to the Vessel, this insurance shall not cover the cost or expense of repairing, replacing or renewing such part or parts, nor any expenditure incurred by reason of betterment or alteration in design.

### DELIBERATE DAMAGE (Pollution Hazard)

Subject to the terms and conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the Vessel for which the Underwriters are liable under this Policy, provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.

### FAILURE TO LAUNCH

In case of failure to launch, the Underwriters shall bear, up to the Amount Insured Hereunder, their proportion of all necessary expenses incurred in completing launch.

### GENERAL AVERAGE AND SALVAGE

General Average and Salvage shall be payable as provided in the contract of affreightment, or failing such provision or there be no contract of affreightment, payable at the Assured's election either in accordance with York-Antwerp Rules, 1950 or 1974 or with the laws and Usages of the Port of New York. Provided always that when an adjustment according to the laws and usages of the port of destination is properly demanded by the owners of the cargo, General Average shall be paid accordingly.

In the event of salvage, towage or other assistance being rendered to the Vessel by any vessel belonging in part or in whole to the same Owners or Charterers, the value of such services (without regard to the common ownership or control of the vessels) shall be ascertained by arbitration in the manner provided for under the Collision liability clause in this Policy, and the amount so awarded so far as applicable to the interest hereby insured shall constitute a charge under this Policy.

When the contributory value of the Vessel is greater than the Agreed Value herein, the liability of the Underwriters for General Average contribution (except in respect to amounts made good to the Vessel), or Salvage, shall not exceed that proportion of the total contribution due from the Vessel which the amount insured hereunder bears to the contributory value; and if, because of damage for which the Underwriters are liable as Particular Average, the value of the Vessel has been reduced for the purpose of contribution, the amount of such Particular Average damage recoverable under this Policy shall first be deducted from the Amount Insured Hereunder, and the Underwriters shall then be liable only for the proportion which such net amount bears to the contributory value.

### TOTAL LOSS

There shall be no recovery for a constructive Total loss under this Policy unless the expense of recovering and restoring the Vessel (as insured hereunder) to the stage of her construction at time of loss would exceed her value at such stage of construction (which value shall be taken to be the cost of labor actually expended by the Builder in the construction of the Vessel and material actually incorporated therein at the time of loss, including accrued overhead and profit on such labor and material, not exceeding the Agreed Value). In making this determination only expenses incurred or to be incurred by reason of a single accident or a sequence of damages arising from the same accident shall be taken into account, but expenses incurred prior to tender of abandonment shall not be considered if such are to be claimed separately under the Sue and labor clause.

No claim for Total loss (actual or constructive) shall exceed this Policy's proportion of the value of the Vessel at the stage of her construction at time of loss as computed in the manner set forth in the preceding paragraph. This Policy shall also pay its proportion of any physical loss or damage to material insured hereunder and not yet installed in the Vessel.

In no case shall the Underwriters be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period covered by this Policy, or any extension thereof.

### SUE AND LABOR

And in case of any loss or Misfortune, it shall be lawful and necessary for the Assured, their Factors, Servants and Assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the Vessel, or any part thereof, without prejudice to this insurance, to the charges whereof the Underwriters will contribute their proportion as provided below. And it is expressly declared and agreed that no acts of the Underwriters or Assured in recovering, saving or preserving the Vessel shall be considered as a waiver or acceptance of abandonment.

In the event of expenditure under the Sue and labor clause, the Underwriters shall pay the proportion of such expenses that the Amount Insured Hereunder bears to the Agreed Value, or that the Amount Insured Hereunder (less loss and/ or damage payable under this Policy) bears to the actual value of the salvaged property; whichever proportion shall be less; provided always that their liability for such expenses shall not exceed their proportionate part of the Agreed Value.

If claim for Total loss is admitted under this Policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or value recovered, the amount payable under this Policy will be the proportion of such excess that the Amount Insured Hereunder (without deduction for loss or damage) bears to the Agreed Value or to the sound value of the Vessel at the time of the accident, whichever value was greater; provided always that Underwriters' liability for such expenses shall not exceed their proportionate part of the Agreed Value. The foregoing shall also apply to expenses reasonably incurred in salving or attempting to save the Vessel and other property to the extent that such expenses shall be regarded as having been incurred in respect of the Vessel.

## COLLISION LIABILITY

And it is further agreed that:

- (a) if the Vessel shall come into collision with any other ship or vessel, and the Assured or the Surety in consequence of the Vessel being at fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, the Underwriters will pay the Assured or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as their respective subscriptions hereto bear to the Agreed Value, provided always that their liability in respect to anyone such collision shall not exceed their proportionate part of the Agreed Value;
- (b) in cases where, with the consent in writing of a majority (in amount) of Hull Underwriters, the liability of the Vessel has been contested, or proceedings have been taken to limit liability, the Underwriters will also pay a like proportion of the costs which the Assured shall thereby incur or be compelled to pay.

When both vessels are to blame, then, unless the liability of the owners or charterers of one or both such vessels becomes limited by law, claims under the Collision Liability clause shall be settled on the principle of Cross-Liabilities as if the owners or charterers of each vessel had been compelled to pay to the owners or charterers of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured in consequence of such collision.

The principles involved in this clause shall apply to the case where both vessels are the property, in part or in whole, of the same owners or charterers, all questions of responsibility and amount of liability as between the two vessels being left to the decision of a single Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Assured and one to be appointed by the majority (in amount) of Hull Underwriters interested; the two Arbitrators chosen to choose a third Arbitrator before entering upon the reference, and the decision of such single Arbitrator, or of any two of such three Arbitrators, appointed as above, to be final and binding.

Provided always that this clause shall in no case extend to any sum which the Assured or the Surety may become liable to pay or shall pay in consequence of, or with respect to:

- (a) removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law;
- (b) injury to real or personal property of every description;
- (c) the discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever;
- (d) cargo or other property on or the engagements of the Vessel; .
- (e) loss of life, personal injury or illness.

Provided further that exclusions (b) and (c) above shall not apply to injury to other vessels or property thereon except to the extent that such injury arises out of any action taken to avoid, minimize or remove any discharge, spillage, emission or leakage described in (c), above.

## PROTECTION AND IDEMNITY

It is further agreed that if the Assured shall by reason of his interest in the Vessel, or the Surety in consequence of its undertaking, become liable to pay and shall pay any sum or sums in respect of any responsibility, claim, demand, damages, and! or expenses arising from or occasioned by any of the following matters or things during the currency of this Policy, that is to say:

- (a) Loss of or damage to any other vessel or goods, merchandise, freight, or other things or interests whatsoever on board such other vessel, caused proximately or otherwise by the Vessel, insofar as the same is not covered by the Collision Liability clause in this Policy; but the foregoing shall not be construed to cover liability in excess of the amount recoverable under the Collision liability clause;
- (b) Loss of or damage to any goods, merchandise, freight or other things or interests whatsoever, other than as aforesaid, whether on board the Vessel or not, which may arise from any cause whatsoever; provided that this subparagraph (b) shall not include Builder's gear, material or cargo on the Vessel;
- (c) Loss of or damage to any harbor, dock (graving or otherwise), slipway, way, gridiron, pontoon, pier, quay, *jetty*, stage, buoy, telegraphic cable or other fixed or movable thing whatsoever, or to any goods or property in or on the same, howsoever caused;
- (d) Loss of life of, or bodily injury to, or illness of any person (other than an employee of an Assured under this Policy);
- (e) Payments made on account of life salvage;
- (f) Any attempted or actual raising, removal or destruction of the wreck of the Vessel or the cargo thereof or any neglect or failure to raise, remove or destroy the same; however, for the purpose of this paragraph only, the Assured shall be deemed liable for expenses, after deducting any proceeds of the salvage, actually incurred by the Assured in removing the wreck of the Vessel from any place owned, leased or occupied by the Assured;
- (g) Any sum or sums for which the Assured may become liable or incur from causes not hereinbefore specified, but which are recoverable under the Protection and Indemnity policy form known as Lazard No. SP 23;

the Underwriters will pay the Assured or the Surety such proportion of such sum or sums so paid, or which may be required to indemnify the Assured or the Surety for such loss, as their respective subscriptions bear to the Agreed Value. Where the liability of the Assured has been contested with the consent in writing of a majority (in amount) of the Underwriters, the Underwriters shall have the option of naming the attorneys who will defend the Vessel and the Assured and will also pay a like proportion of the costs which the Assured shall thereby incur or be compelled to pay; provided that the total liability of the Underwriters under all sections of these Protection and Indemnity clauses in respect of anyone accident or series of accidents arising out of the same event is limited to the Amount Insured Hereunder, plus costs as hereinabove provided.

Notwithstanding anything to the contrary contained in these Protection and Indemnity clauses, the Underwriters shall not be liable for nor indemnify the Assured against any sum(s) paid with respect to any loss, damage, cost, liability, expense, fine, or penalty of any kind or nature whatsoever, and whether statutory or otherwise, imposed on the Assured directly or indirectly in consequence of, or with respect to, the actual or potential discharge, emission, spillage, or leakage upon or into the seas, waters, land or air, of oil, fuel, cargo, petroleum products, chemicals or ,other substances of any kind or nature whatsoever. This exclusion, however, shall not apply to sums paid or payable, or liability of the Assured, for the physical loss of the property discharged, emitted, spilled, or leaked, provided that such sums are covered elsewhere under the terms and conditions of this Policy.

In the event that Sections 182 to 189, both inclusive, of U.S. Code, Title 46, or any existing law or laws determining or limiting liability of shipowners and carriers, or any of them, shall, while this Policy is in force, be modified, amended or repealed, or the liabilities of shipowners or carriers be increased in any respect by legislative enactment, the Underwriters shall have the right to cancel the insurances afforded by these Protection and Indemnity clauses upon giving thirty (30) days' written notice in the manner prescribed in the Non-Payment of Premium clause; in the event of such cancellation, Underwriters shall make an appropriate return of premium.

Underwriters' liability under these Protection and Indemnity clauses shall in no event exceed that which would be imposed on the Assured by law in the absence of contract.

### PART III - GENERAL PROVISIONS

A. In the event of any accident or occurrence which could give rise to a claim under PART I of this Policy, prompt notice thereof shall be given to the Underwriters, and:

- (a) where practicable, the Underwriters shall be advised prior to survey, so that they may appoint their own surveyor, if they so desire;
- (b) the Underwriters shall be entitled to decide where the Vessel shall proceed for docking and/ or repair (allowance to be made to the Assured for the actual additional expense of the voyage arising from compliance with the Underwriters' requirement);
- (c) the Underwriters shall have the right of veto in connection with any repair firm proposed;
- (d) the Underwriters may take tenders or may require in writing that tenders be taken for the repair of the Vessel, in which event, upon acceptance of a tender with the approval of the Underwriters, an allowance shall be made at the rate of 30 per cent. per annum on the amount insured, for each day or pro rata for part of a day, for time lost between the issuance of invitations to tender and the acceptance of a tender, to the extent that such time is lost solely as the result of tenders having been taken and provided the tender is accepted without delay after receipt of the Underwriters' approval;
- (e) due credit shall be given against the allowances in (b) and (d) above for any amount recovered:
  - (1) in respect of fuel, stores, and wages and maintenance of the Master, Officers or Crew allowed in General or Particular Average;
  - (2) from third parties in respect of damages for detention and/ or loss of profit and/ or running expenses;for the period covered by the allowances or any part thereof.

No claim shall be allowed in Particular Average for wages and maintenance of the Master, Officers or Crew, except when incurred solely for the necessary removal of the Vessel from one port to another for average repairs or for trial trips made only to test average repairs, in which cases wages and maintenance will be allowed only while the Vessel is under way. This exclusion shall not apply to overtime or similar extraordinary payments to Officers or Crew members incurred in shifting the Vessel for tank cleaning or repairs or while specifically engaged in these activities, either in port or at sea.

General and Particular Average shall be payable without deduction, new for old.

The expense of sighting the bottom after stranding shall be paid, if reasonably incurred especially for that purpose, even if no damage be found.

No claim shall in any case be allowed in respect of scraping or painting the Vessel's bottom.

No claim for unrepaired damages shall be allowed, except to the extent that the aggregate damage insured against under the Policy and left unrepaired at the expiration thereof shall be demonstrated by the Assured to have diminished the actual market value of the Vessel on that date if undamaged.

B. In the event of any occurrence which may result in a loss, damage or expense for which the Underwriters are or may become liable under PART II of this Policy the Assured will give prompt notice thereof and forward to the Underwriters as soon as practicable after receipt thereof all communications, processes, pleadings and other legal papers or documents relating to such occurrence.

No action shall lie against the Underwriters under PART II of this Policy for the recovery of any loss sustained by the Assured unless such action is brought against the Underwriters within one year after the final judgment or decree is entered in the litigation against the Assured, or in case the claim against the Underwriters accrues without the entry of such final judgment or decree, unless such action is brought within one year from the date of the payment of such claim by the Assured.

#### NON-PAYMENT OF PREMIUM

In event of non-payment of premium 30 days after attachment, or of any additional premium when due, this Policy may be cancelled by the Underwriters upon 10 days written or telegraphic notice sent to the Assured at his last known address or in care of the broker who negotiated this Policy. Such proportion of the premium, however, as shall have been earned up to the time of cancellation shall be payable. In the event of Total loss of the Vessel occurring prior to any cancellation or termination of this Policy full premium shall be considered earned.

#### WAR, STIKES AND OTHER EXCLUSIONS

The following conditions shall be paramount and shall supersede and nullify any contrary provisions of the Policy.

This Policy does not cover any loss, damage, liability or expense caused by, resulting from, or incurred as a consequence of:

- (a) Capture, seizure, arrest, restraint or detainment, or any attempt thereat; or
- (b) Any taking of the Vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; or
- (c) Any mine, bomb or torpedo not carried as cargo on board the Vessel; or
- (d) Any weapon of war employing atomic or nuclear fission and/ or fusion or other like reaction or radioactive force or matter; or
- (e) Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy; or
- (f) Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power; or
- (g) Malicious acts or vandalism, unless committed by the Master or Mariners and not excluded elsewhere under this War Strikes and Related Exclusions clause; or
- (h) Hostilities or warlike operations (whether there be a declaration of war or not) but this subparagraph (h) not to exclude collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly by a hostile act by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel concerned or, in the case of a collision, any other vessel involved therein, is performing. As used herein, "power" includes any authority maintaining naval, military or air force in association with a power; or
- (i) Delay or disruption of any type whatsoever, including, but not limited to, loss of earnings or use of the Vessel, howsoever caused, except to the extent, if any, covered by the Collision liability or the Protection and Indemnity clauses of this Policy; or
- (j) The firing or testing of any weapon of war from, by or on the Vessel. This exclusion is in addition to and is not to be considered in whole or part as a substitution for or modification of any other exclusion herein set forth; or
- (k) Damage to docks, slipways, tools or any other property of the shipyard not intended to be incorporated in the Vessel, except as covered in Lines 12 through 16, and any damage to slipways occurring during a successful launch; or
- (l) Any nuclear incident, reaction, radiation or any radioactive contamination, whether controlled or uncontrolled, and whether the loss, damage, liability or expense be proximately or remotely caused thereby, or be in whole or in part caused by, contributed to, or aggravated by the risks and liabilities insured under this Policy, and whether based on the Assured's negligence or otherwise; or
- (m) Placing the Vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement, including embarking or disembarking troops or material of war in the immediate zone of such engagement; and any such loss, damage, liability or expense shall be excluded from this Policy without regard to whether the Assured's liability in respect thereof is based on negligence or otherwise, and whether in time of peace or war.

## **SECTION 1 – HULL AND MACHINERY**

### **1. INSURING CONDITIONS**

Subject to all terms and conditions of the following, as amended, which are attached hereto and made a part of this Policy:

- American Institute Hull Clauses (June 2, 1977) 7  
Lines 158 through 184 (Collision Liability) of the American Institute Hull Clauses are deleted. See Collision And Tower's Liability under Protection And Indemnity.
- American Institute S.R.&C.C. Endorsement (Hulls) September 8, 1959 87 B-46 Revised
- American Institute Hull War Risks And Strikes Clauses (Including Automatic Termination And Cancellation Provisions) For Attachment To American Institute Hull Clauses December 1, 1977 87B-108
- American Hull Insurance Syndicate Addendum To American Institute Hull War Risks And Strikes Clauses – December 1, 1977 (April 1, 1984) SP-108C
- American Institute Builder's Risk Clauses (February 8, 1979) 13-L

The American Institute Hull Clauses (June 2, 1977) are subject to the following exceptions:

- A. The Collision Liability Clause as shown on lines 158 through 184 of the American Institute Hull Clauses (June 2, 1977) 7 are deleted in its entirety. See Section 2 - Protection And Indemnity.
- B. Lines 245 through 248 of the American Institute Hull Clauses (June 2, 1977) 7 are deleted, the intent being to cover strikes, riots civil commotion, piracy, vandalism and malicious mischief.

In regard to vessels under Builder's Risk or as otherwise provided for in this Policy, subject to all terms and conditions of the following, as amended, which are attached hereto and made a part of this Policy:

- American Institute Builder's Risk Clauses (Feb. 8, 1979) 13-L  
Lines 109 through 135 (Collision Liability) and lines 136 through 173 (Protection And Indemnity) of the American Institute Builder's Risk Clauses (Feb. 8, 1979) 13-L are deleted (See Collision And Tower's Liability and Protection And Indemnity under Protection And Indemnity).
- American Institute S.R.&C.C. Endorsement (Hulls) September 8, 1959 87 B-46 Revised

1. **INSURING CONDITIONS Continued**

- American Institute Hull War Risks And Strikes Clauses (Including Automatic Termination And Cancellation Provisions) For Attachment To American Institute Hull Clauses December 1, 1977 87B-108
- American Hull Insurance Syndicate Addendum To American Institute Hull War Risks And Strikes Clauses – December 1, 1977 (April 1, 1984) SP-108C

It is understood and agreed that any “blanks” in the appended form(s) are to be treated as having had the following wording inserted: “AS ATTACHED”.

In regard to vessels or related equipment shipped as Cargo or as otherwise provided for in this Policy, subject to all terms and conditions of the following which are attached hereto and made a part of this Policy:

- American Institute (AIMU) Cargo Clauses (A/R) January 1, 2004 AMERICAN INSTITUTE CARGO CLAUSES 2004 ALL RISKS
- American Institute of Marine Underwriters Endorsement for Open Policies (Cargo) Strikes, Riots & Civil Commotions (Form 12A) (January 1, 2008)
- AIMU WAR RISK OPEN POLICY (CARGO) (December 2, 1993)
- Cargo Additional Clauses

It is understood and agreed that any “blanks” in the appended form(s) are to be treated as having had the following wording inserted: “AS ATTACHED”.

2. **VESSELS INSURED, AMOUNTS INSURED, DEDUCTIBLES**

Vessels Insured, Amounts Insured, Deductibles as shown on the Declarations pages of this Policy, or as more specifically shown elsewhere in the Policy or as subsequently endorsed.

3. **EACH VESSEL SEPARATELY INSURED**

This clause applies to the all sections of this policy. If more than one vessel is insured hereunder, each vessel is separately insured, each accident or occurrence.

4. **NON OWNED SCIENTIFIC, RESEARCH, LAW ENFORCEMENT, MILITARY AND/OR OTHER EQUIPMENT**

Coverage provided by this Section is extended to cover Scientific, Research, Law Enforcement, Military and/or Other Equipment not owned by the Insured but for which the Insured is responsible while on board the vessels insured herein, for a blanket amount of **\$100,000**. maximum, any one vessel combined, any one loss or occurrence subject to

**4. NON OWNED SCIENTIFIC, RESEARCH, LAW ENFORCEMENT, MILITARY AND/OR OTHER EQUIPMENT continued**

deductible of **\$5,000**. each loss or occurrence including total loss. This extension is intended to cover Scientific, Research, Law Enforcement, Military and/or Other Equipment

not permanently attached to the vessel(s) which is not part of and subject to the vessel limit of insurance and deductible as scheduled under the Declarations of this Policy.

This Policy does not cover any underwater or "free floating" equipment while it is being used under, on or over water, including while being launched or retrieved.

**5. PERMISSION TO PLACE ADDITIONAL AND/OR EXCESS AND/OR DIFFERENCE IN CONDITIONS INSURANCES**

It is understood and agreed that the Insured may place additional and/or excess and/or Difference In Conditions Insurance without restriction. This Policy shall remain primary as respects this Policy's Limit of Liability/Amount Insured and Coverage, and such other insurances placed will apply as placed by the Insured. The Disbursements Warranty and any other provision contained in the Policy or the printed forms attached is hereby waived.

**6. DEDUCTIBLE**

All claims for loss or damage arising out of any one accident or occurrence shall be adjusted as one claim and from the amount of such claim, the sum shown on the Declaration Page of this Policy shall first be deducted from the amount of such claim.

Nevertheless, the expense of sighting the bottom after stranding, if reasonably incurred specially for that purpose, shall be paid in full even if no damage be found. No Deductible shall apply to Sue and Labor, Salvage, Expenses, General Average nor to a claim for Total and/or Constructive Total Loss.

**7. TRADING WARRANTY**

Warranted vessels confined to coastal, inland and tributary waters of the United States no more than 100 nautical miles offshore, except to save life or property, or for the purposes of repairs, maintenance and/or alteration to the vessel(s).

**8. HELD COVERED**

Lines 67 through 69, inclusive, of American Institute Hull Clauses (June 2, 1977) as herein are deleted and replaced by the following:

Held Covered in case of breach of warranty as to cargo, trade locality or date of sailing provided:

A. Such event occurs without the actual privity or prior knowledge of the Insured.

8. **HELD COVERED continued**

- B. Immediately upon becoming aware of such event the Insured shall give notice thereof to the Insurer and agree to pay additional premium as required.

9. **SURVEY RECOMMENDATIONS**

This clause applies to the all sections of this policy. Warranted by the Insured that the vessels will be in compliance with all required survey recommendations unless otherwise agreed in writing by the Company.

10. **TOTAL LOSS PREMIUM PROVISIONS**

This clause applies to the all sections of this policy. It is hereby mutually understood and agreed that in the event of a Total Loss, Constructive Total Loss, or a 100% Particular Average of any Vessel(s) scheduled herein during the currency of this policy, irrespective of whether or not coverage exists under this policy for such Total Loss, Constructive Total Loss, or a 100% Particular Average, the full annual premium on said vessel(s) shall be deemed to be earned by this Company.

11. **AUTOMATIC ATTACHMENT**

Subject to the terms and conditions of this Policy, it is understood and agreed that this Policy covers automatically Hulls, Machinery, Equipment, Trailers and Appurtenances that are purchased, repaired or altered, chartered, leased, hired, operated, placed back in service by, donated to or otherwise acquired by the Insured for ownership, operation, charter, use or in the care, custody or control of the Insured.

Reporting of vessel additions or deletions is not required and no Additional Premium or Return Premium shall be due.

As respects chartered, leased, hired, or operated vessels, it is understood that the provisions of this extension of coverage shall apply only when it is the obligation of the Named Insured to provide insurance under their agreement with vessel owners and/or charterers.

Prior to any other agreement on valuation with Underwriters, the agreed valuation under this clause shall be as follows:

- A. With respect to chartered, leased, hired, or operated vessels:
1. The value agreed upon between owners and/or charterers and the Insured and specified in a written contract, or
  2. In the absence of an agreed value and written contract, the insured value shall be the sound market value at time of attachment.
- B. With respect to purchased vessels, the purchase price.
- C. With respect to vessels repaired, altered, or placed back in service by, or donated to the Insured, the insured value shall be the sound market value at time of attachment.



**11. AUTOMATIC ATTACHMENT continued**

**Not exceeding \$ 250,000. any one vessel**

This insurance shall not be prejudiced by any unintentional delay or omission in making reports as required above, or any unintentional error in the value or description of vessels to be reported if prompt notice be given these Insurers as soon as said delay or omission or error becomes known to the Insured.

**12. STRIKES**

It is hereby understood and agreed that this insurance is extended to cover loss or damage caused by strikers, locked-out workmen or persons acting maliciously or taking part in labor disturbances or riots or civil commotions or arising from incendiarism, use of explosives, bombs or other engines of destruction or from any other malicious act whatsoever and/or vandalism, including extra expense in respect of vessel and/or crew which owners may incur in taking precautionary measures in circumstances where they have reason to believe that an explosive device has been placed in or about the vessel, notwithstanding that the information leading to such measure proves to be falsely or maliciously given.

**13. CIVIL AUTHORITY**

Notwithstanding anything contained in this Policy to the contrary, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil authority during a conflagration or other catastrophe.

**14. LEASED EQUIPMENT**

This insurance is extended to cover equipment and apparatus not owned by the Insured but installed for use on the insured vessel, and for which the Insured has assumed liability, whether such equipment or apparatus be in the nature of aids to navigation or communication or otherwise, subject to all other terms and conditions of this policy, but in no event shall the liability of the Company exceed the contractual liability of the Insured for such equipment or apparatus. All such equipment or apparatus installed on the vessel but not owned by the Insured shall be included in the agreed valuation of the Hull, etc., unless its function is directly related to the propulsion of the vessel in which event such equipment apparatus shall be included in the agreed valuation of Machinery.

**15. TRAILER COVERAGE**

This insurance is extended to cover against All Risks of physical loss of or damage from any external cause except as hereinafter excluded to the boat trailer(s) scheduled herein.

Trailers to be valued at Replacement Cost Value as scheduled herein but not to exceed \$10,000. any one trailer.

This policy does not insure against loss, damage or expense caused by:

## **15. TRAILER COVERAGE continued**

- A. Wear and tear, gradual deterioration, inherent vice, latent defect, mechanical breakdown or derangement, corrosion, rust, dampness of atmosphere, freezing or extremes of temperature;
- B. Any process of refinishing, renovating, servicing or repairing unless fire ensues and then only for loss or damage resulting from such ensuing fire;
- C. Perils excluded by the War, Strikes and Related Exclusions Clause of the American Institute Hull Clauses (June 2, 1977) as attached.

The Insured warrants that the trailer scheduled herein is designed and constructed for the exclusive purpose of transporting the insured vessel.

## **16. EQUIPMENT ON SHORE**

This insurance is extended to cover against all risks of direct physical loss or damage to the vessel or its related equipment insured while the vessel or related equipment is on land or while in storage on land and/or while under repair on land.

Coverage under this Clause shall exclude and be free of any claim for any direct, indirect and/or consequential loss, damage or expense consisting of, caused by, arising out of, or resulting from:

- A. Wear and tear, inherent vice, or gradual deterioration;
- B. Loss of market or for loss, damage or deterioration arising from delay whether caused by a peril insured against or otherwise;
- C. Enforcement of any ordinance, law or building code regulating the use, construction, or design of property or the prohibition of the use of or access to property;
- D. Personal property, contents, furnishings of the Insured or of others, other than the vessel and its related equipment insured under this Policy;
- E. Losses due to infidelity, conversion and/or misappropriation by the Insured,
- F. Shortages or loss discovered upon taking inventory or unexplained or mysterious disappearance;

Except as otherwise covered elsewhere in this Policy.

This extension of coverage shall not be subject to additional premium.

**17. VESSEL AND/OR EQUIPMENT SHIPPED AS CARGO TRANSPORTATION COVERAGE**

This insurance is extended to cover vessels and/or gear and/or equipment insured hereunder to be shipped as cargo aboard vessels, scows, barges, rail, truck, trailer or other commercial and appropriate means of transportation, including during assembly, disassembly, loading or unloading, to and/or from ports and/or places worldwide including shipment over land.

In addition to the Hull And Machinery conditions in force hereunder, during transit as above the insurance is also subject to the terms and conditions of the following which are attached hereto and made a part of this Policy:

- American Institute (AIMU) Cargo Clauses (A/R) January 1, 2004 AMERICAN INSTITUTE CARGO CLAUSES 2004 ALL RISKS
- American Institute of Marine Underwriters Endorsement for Open Policies (Cargo) Strikes, Riots & Civil Commotions (Form 12A) (January 1, 2008)
- AIMU WAR RISK OPEN POLICY (CARGO) (December 2, 1993)
- Cargo Additional Clauses

It is understood and agreed that any “blanks” in the appended form(s) are to be treated as having had the following wording inserted: “AS ATTACHED”.

It is hereby understood and agreed that whilst any vessel insured hereunder is being transported on board another vessel or land conveyance, and in consideration of an Additional Premium as may be required, this Policy continues to cover the insured vessel(s) subject to policy terms and conditions and this Policy is extended to cover the insured vessel(s) against loss or damage directly caused by

- A. Accident(s) during loading and unloading of the insured vessel(s);
- B. Collision, upset or overturning of the carrying land conveyance.

Subject always, however, to the Deductible stipulated in the policy applicable to the vessel or item insured.

Notice to be given promptly to the Company of any such transit risks. This extension of coverage is subject to declaration to the Company and payment of Additional Premium.

**18. LOAD AND UNLOAD**

While any vessel insured hereunder is carried on board another vessel or conveyance during loading and/or unloading onto or off such vessels or conveyances, this Policy is extended to insure against all risks of direct physical loss or damage to the vessel insured hereunder, but nevertheless subject to the Deductible Clause of this Section of the Policy as herein.

## 19. VESSEL IN BALLAST (G.A.)

When the vessel sails in ballast, not under charter, the provisions of the York/Antwerp Rules 1974 (excluding Rules XX and XXI) shall be applicable, and the voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the vessel at the first port or place thereafter other than a port or place of refuge or a port or place of call for bunkering only. If at any such intermediate port or place there is an abandonment of the adventure originally contemplated the voyage shall thereupon be deemed to be terminated.

## 20. PERSONAL EFFECTS

In addition to the Sum Insured appearing on the Schedule Of Vessels herein, each vessel insured will also include coverage for personal effects of the owners, crew, employees, passengers and guests, including but not limited to wearing apparel, sports equipment and all other personal effects, and insured per the following terms and conditions:

Personal effects are insured against all risks of actual physical loss or damage to such property while such property is aboard the vessel(s) insured by this policy or while being carried on or off the vessel(s) insured by this policy, or while being shipped as cargo under this policy, or while in the care, custody or control of the Insured during the policy period.

The following conditions and exclusions shall apply:

- A. Excluding loss of or damage to money, traveler's checks, securities and/or other valuable papers or documents;
- B. Excluding loss or damage caused by or attributable to wear and tear, deterioration, latent defect in design or manufacture, inherent vice, rust, oxidation, discoloration, wet or dry rot, dampness or dryness of atmosphere, electrolysis or deliberate or intentional act(s) of the owner or claimant of the personal effects;
- C. Excluding loss by robbery, theft or mysterious disappearance unless occurring in conjunction with fire on board the vessels insured or theft of the entire vessel or unless there be visible evidence of forced entry or proof satisfactory to the Company.

The liability of this Company under this section shall be limited to the lesser amount of:

- A. The **actual cash value** of such equipment or personal property at the time of the loss, but not exceeding the cost to repair or replace such material with like kind and quality; or
- B. **\$10,000. per person subject to \$10,000. per occurrence, per vessel** shown on the Schedule Of Vessels or as subsequently added to the policy per the Automatic Acquisition Clause contained elsewhere in this policy.

For the purpose of insurance, each accident shall be treated separately, but it is agreed that a sequence of damages arising from the same accident shall be treated as one loss.

Documentation of ownership is to be provided in a form required by the Company.

## **20. PERSONAL EFFECTS *Continued***

Coverage provided by this Supplementary Coverage shall be subject to the terms and conditions of the Policy to which this clause is attached, including application of the deductible amount appearing in the policy.

This extension of coverage shall not be subject to additional premium.

This extension shall be subject to **Deductible \$100.** each accident or occurrence.

## **21. BUILDERS RISKS CONDITIONS OF INSURANCE**

In respect to vessels under construction, except where otherwise stated, this Policy only to insure the vessel(s) declared hereunder whilst actually under construction on land including launching, fitting out afloat, including trials and until accepted by the Insured from the shipbuilders, the conditions of insurance on the vessel shall be the following:

- American Institute Builder's Risk Clauses (Feb. 8, 1979) 13-L  
Lines 109 through 135 (Collision Liability) and lines 136 through 173 (Protection And Indemnity) of the American Institute Builder's Risk Clauses (Feb. 8, 1979) 13-L are deleted (See Collision And Tower's Liability and Protection And Indemnity under Protection And Indemnity).
- American Institute S.R.&C.C. Endorsement (Hulls) September 8, 1959 87 B-46 Revised
- American Institute Hull War Risks And Strikes Clauses (Including Automatic Termination And Cancellation Provisions) For Attachment To American Institute Hull Clauses December 1, 1977 87B-108
- American Hull Insurance Syndicate Addendum To American Institute Hull War Risks And Strikes Clauses – December 1, 1977 (April 1, 1984) SP-108C

It is understood and agreed that any "blanks" in the appended form(s) are to be treated as having had the following wording inserted: "AS ATTACHED".

It is understood and agreed that the insurance afforded under this clause shall not inure to the benefit of the shipbuilder and/or shiprepairer unless the shipbuilder and/or ship repairer are the Named Insured on this Policy.

Subject to prior advice to the Company and Additional Premium due from the Insured, it is understood and agreed that in the event that a vessel is undergoing a refit, structural alterations, repairs, etc. at the expiration of this Policy, then the cover under this clause shall continue until the vessel is accepted by the Insured from the shipbuilder and/or shiprepairer.

## 21. BUILDERS RISKS CONDITIONS OF INSURANCE *Continued*

Maximum Insured Value to be accepted under this Policy is **Per Schedule of Vessels As Attached** per vessel unless otherwise agreed in writing by the Company.

Any declaration attaching prior to the expiry of this Policy will attach under this Policy until their natural expiry date including extensions as may be declared in respect of individual vessels.

Excluding any loss or damage unless discovered and reported in writing to the Company within three hundred and sixty-five (365) days of the delivery to Insured or within three hundred and sixty-five (365) days after the work is completed by the Builder.

Escalation in value subject to Additional Premium earned at pro rata of Annual Rate 3.75% on Final Completed Value for each from the commencement of construction of the vessel or as covered by this section, Premium payable as earned subject to Monthly Declaration and payment of premium thereon with Final Adjustment upon completion of the vessel or at the expiration of this Policy as required by the Company.

## 22. REFIT

It is understood and agreed that if a vessel insured hereunder undergoes a refit, structural alterations, repairs, etc., then during the period of the refit etc., including trials and until accepted by the Insured from the shipbuilders and/or shiprepairers, the conditions of insurance on the vessel shall be changed to the following:

- American Institute Builder's Risk Clauses (Feb. 8, 1979) 13-L  
Lines 109 through 135 (Collision Liability) and lines 136 through 173 (Protection And Indemnity) of the American Institute Builder's Risk Clauses (Feb. 8, 1979) 13-L are deleted (See Collision And Tower's Liability and Protection And Indemnity under Protection And Indemnity).
- American Institute S.R.&C.C. Endorsement (Hulls) September 8, 1959 87 B-46 Revised
- American Institute Hull War Risks And Strikes Clauses (Including Automatic Termination And Cancellation Provisions) For Attachment To American Institute Hull Clauses December 1, 1977 87B-108
- American Hull Insurance Syndicate Addendum To American Institute Hull War Risks And Strikes Clauses – December 1, 1977 (April 1, 1984) SP-108C

## **22. REFIT *Continued***

It is understood and agreed that the insurance afforded under this clause shall not inure to the benefit of the shipbuilder and/or shiprepairer unless the shipbuilder and/or ship repairer are the Named Insured on this Policy.

Escalation in value subject to Additional Premium earned at pro rata of Annual Rate 3.75% on Final Completed Value for each from the commencement of construction of the vessel or as covered by this section, Premium payable as earned subject to Monthly Declaration and payment of premium thereon with Final Adjustment upon completion of the vessel or at the expiration of this Policy as required by the Company.

Subject to prior advice to the Company and Additional Premium due from the Insured, it is understood and agreed that in the event that a vessel is undergoing a refit, structural alterations, repairs, etc. at the expiration of this Policy, then the cover under this clause shall continue until the vessel is accepted by the Insured from the shipbuilder and/or shiprepairer.

## **23. BOTTOM PAINTING**

From the cost of cleaning and painting the bottom of the vessel (exclusive of dry dock charges) recoverable hereunder, there shall be deducted one thirty-sixth for every month since the bottom was last painted, subject always to the manufacturer's recommended recoating interval, but not exceeding one thirty-sixth, but no allowance shall be made for cleaning and painting on account of exposure to air unless the vessel has been more than twenty-four hours out of the water.

## **24. PERMISSION TO TOW OR BE TOWED**

It is agreed that the vessels insured hereunder may tow or be towed under emergency circumstances to save life or property without the requirement of Additional Premium or notice to the Company. And should the insured vessel(s) be disabled or in distress, a towing vessel may be engaged with release of Towing Liability, under which conditions the Company waives subrogation against such towing vessel(s).

## **25. SALVAGE SERVICE**

It is hereby understood and agreed that this insurance is extended to automatically hold covered the insured vessels during any Salvage Services undertaken under prearranged contract; an additional premium to be agreed on receipt of advises.

## **26. SPECIAL REPAIR PROVISION**

In the event of loss or damage the Company agrees that the Insured may determine and designate the repairer, including permission for the Insured to make their own repairs and supply parts. If the Insured makes their own repairs and supplies parts, the Insured is to be paid at their full commercial billable rates and charges applicable to the job without discount or deduction, subject to approval of all costs and charges by the Company's surveyor and in accordance with all other customary average adjustment practices. Profit, overtime and holiday rates are to be paid by the Company in full provided the costs are reasonably incurred.

26. **SPECIAL REPAIR PROVISION *Continued***

Cost of repairs to be limited to reasonable cost of time, labor, material and parts, and Insured agrees to mitigate and reduce expense where feasible. The Insured is to advise the Company as soon as practicable all information relevant to the loss or damage and repairs and consult with the Company while making repairs and agrees to have the Company or their representative present when required by the Company.

Except for the provisions provided in the preceding paragraph, all costs and charges are subject to approval by the Company and its surveyors and adjusters in accordance with all other customary average adjustment practices.

In the event that the Company and the Insured are not in agreement as to the amount of claim recoverable under this Special Repair Provision, the matter shall be referred for arbitration to a committee of three, one member of which shall be selected by the Company, one by the Insured and the third by those two members. The decision of this committee shall be final based on the decision of any two of this committee.

27. **DEPRECIATION**

This clause applies to the Hull And Machinery section of this policy. In the event of loss or damage from a peril insured hereunder, the cost of repairs or replacement shall be paid "new for old" without deduction for depreciation EXCEPT the amount of claim before application of the Policy Deductible shall be reduced as follows:

- A. Repairs or replacement of sails, flags, covers or curtains, canvas, vinyls, cloth or other similar material(s); inflatable tenders or dinghies; outboard motors and/or outdrives; trailers; paint, finishes or gelcoat, shall be limited to the actual cost of such repairs or replacement less 1.25% for each month or part thereof that has past since the date of purchase of such sails, flags, covers, curtains, canvas, vinyls, cloth or other similar material(s), inflatable tenders or dinghies, outboard motors and/or outdrives, trailers, paint, finishes or gelcoat.
- B. The cost of scraping, sanding, and repainting the vessel's bottom shall be reduced by 4% for each month or part thereof that has passed since the date of completion of when vessel's bottom was fully last painted.

28. **OVER-THE-SIDE EQUIPMENT EXCLUSION**

This Policy does not cover any underwater or "free floating" equipment while it is being used under, on or over water, including while being launched or retrieved.



29. **EXCLUDING COLLISION LIABILITY**

In consideration of premium charged, it is understood and agreed that lines 158 through 184 of the American Institute Hull Clauses (June 2, 1977) 7 are deleted. See Section 2 - Protection And Indemnity.

30. **PROTECTION AND INDEMNITY AND COLLISION AND TOWERS' LIABILITY NOT INSURED**

This section of the Policy is warranted free from claim for and excludes Protection and Indemnity and Collision and Towers' Liability. See Section 2 - Protection And Indemnity.

## SECTION 2 – PROTECTION AND INDEMNITY

### 1. INSURING CONDITIONS

Subject to all terms and conditions of the following as amended, which are attached hereto and made a part of this Policy:

- P&I SP-38 1955 Protection And Indemnity Clauses
- Collision Clause, Including Tow And Extended Tower's Liability 143-D
- American Hull Insurance Syndicate War Risk Protection & Indemnity Clauses January 18, 1970 SP-22B
- American Institute Pollution Exclusion Clause (P&I) And Buy Back Endorsement A (July 4, 1976) 25

Protection And Indemnity Including Collision and Tower's Liability **excludes** coverage for Crew Liability and "Jones Act".

Protection And Indemnity Including Collision and Tower's Liability **includes** coverage for Beverage and Liquor Liability.

It is understood and agreed that any "blanks" in the appended form(s) are to be treated as having had the following wording inserted: "AS ATTACHED".

### 2. COLLISION AND TOWER'S LIABILITY

And it is agreed that:

- A. If the vessel hereby insured shall come into collision with any other vessel, craft or structure, floating or otherwise (including her tow); or shall strand her tow or shall cause her tow to come into collision with any other vessel, craft or structure, floating or otherwise, or shall cause any other loss or damage to her tow or to the freight thereof or to the property on board, and the Insured, or the Surety, in consequence of the insured vessel being at fault, shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums, the Company will pay the Insured or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as our subscription hereto bear to the value of the vessel hereby insured, provided always that our liability in respect of any one such casualty shall not exceed our proportionate part of the value of the vessel hereby insured;
- B. In cases where the liability of the vessel has been contested of proceedings have been taken to limit liability with the consent in writing of the Company, the Company will pay a like proportion of the costs which the Insured shall thereby incur or be compelled to pay.

When both vessels are to blame, then, unless the liability of the owners of one or both of such vessels becomes limited by law, claim under the Collision And Tower's Liability Clause shall be settled on the principle of Cross Liabilities, as if the owners of each vessel had been compelled to pay to the owners of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Insured in consequence of such casualty.

## **2. COLLISION AND TOWER'S LIABILITY *Continued***

It is hereby further agreed that the principles involved in this clause shall apply to the case where two or more of the vessels involved are the property, in part or in whole, of the same Insured, all questions of responsibility and amount of liability as between such vessels being left to the decision of a single Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Insured and one to be appointed by the Company; the two Arbitrators so chosen to choose a third Arbitrator before entering upon the reference, and the decision of such single Arbitrator, or of any two of such three Arbitrators, appointed as above, to be final and binding.

Provided always that this Collision and Tower's Liability Clause shall in no case extend to any sum which the Insured or the Surety may become liable to pay, or shall pay:

- A. For loss, damage or expense to vessel(s) in tow owned (other than vessel(s) bareboat chartered to others), bareboat chartered, managed or operated by the Insured and/or corporations, on board vessel(s) in tow of the vessel hereby insured; or
- B. In consequence of, with respect to, or arising out of
  - 1. Removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law;
  - 2. Cargo, baggage or engagements of the insured vessel;
  - 3. The discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever.

Provided, further that Exclusion B. 3. shall not apply to actual physical loss of or damage to such substances (if liability therefore is otherwise covered under the attached Policy) except to the extent that such loss or damage arises out of any action taken to avoid, minimize or remove any discharge, spillage, emission or leakage described in Exclusion B. 3.

## **3. VESSELS INSURED, LIMITS OF LIABILITY, DEDUCTIBLES**

Vessels Insured, Limits Of Liability, Deductibles as shown on the Declarations pages of this Policy, or as more specifically shown elsewhere in the Policy or as subsequently endorsed.

## **4. EACH VESSEL SEPARATELY INSURED**

This clause applies to the all sections of this policy. If more than one vessel is insured hereunder, each vessel is separately insured, each accident or occurrence.

## **5. DEDUCTIBLE**

All claims for loss or damage arising out of any one accident or occurrence shall be adjusted as one claim and from the amount of such claim, the sum shown on the Declaration Page of this Policy shall first be deducted from the amount of such claim.

## **6. AUTOMATIC ATTACHMENT**

Subject to the terms and conditions of this Policy, it is understood and agreed that this Policy covers automatically up to a maximum of **\$1,000,000. Combined Single Limit, Limit of Liability under Section 2 – Protection And Indemnity on** Hulls, that are purchased, repaired or altered, chartered, leased, hired, operated, placed back in service by, donated to or otherwise acquired by the Insured for ownership, operation, charter, use or in the care, custody or control of the Insured.

Reporting of vessel additions or deletions is not required and no Additional Premium or Return Premium shall be due.

As respects chartered, leased, hired, or operated vessels, it is understood that the provisions of this extension of coverage shall apply only when it is the obligation of the Named Insured to provide insurance under their agreement with vessel owners and/or charterers.

This insurance shall not be prejudiced by any unintentional delay or omission in making reports as required above, or any unintentional error in the value or description of vessels to be reported if prompt notice be given these Insurers as soon as said delay or omission or error becomes known to the Insured.

## **7. COST OF DEFENSE**

Protection And Indemnity Including Collision And Tower's Liability also includes coverage for expenses of investigation incurred with this Company's approval in defending any lawsuit or claim brought against the Insured for such Bodily Injury or Property Damage as is covered under this policy.

## **8. ALL EXPENSES INCURRED BY THE COMPANY**

Protection And Indemnity Including Collision And Tower's Liability also includes coverage for all expenses incurred by the Company, or by the Insured at the written request of the Company, and all costs taxed against the Insured in any suit defended by the Company and all interest on any judgment which accrues before the Company has paid that part of the judgment.

## **9. PREMIUMS**

Protection And Indemnity Including Collision And Tower's Liability also includes coverage for Premium on any appeal bonds, bonds to release attachments, but this Company shall not have any obligation to apply for, qualify for or furnish any such bonds.

## **10. SAFEGUARD OF PROPERTY**

Protection And Indemnity Including Collision and Tower's Liability also includes coverage for up to **\$10,000.** incurred by the Insured to minimize, attempt to minimize, safeguard or protect property of others that has been lost or damaged from further damage from an accident or occurrence insured hereunder, and shall not be subject to Deductible and shall not apply to the Aggregate Deductible.

## **11. PASSENGER RELEASES**

Passengers will not be required to execute signed releases.

## **12. COAST GUARD LICENSE**

This clause applies to the all sections of this policy. Warranted by the Insured all vessels will be operated by the holder of a valid and proper United States Coast Guard license for such vessel(s) while the vessel(s) are carrying passengers for hire. There shall be no coverage hereunder for and in no event shall vessel(s) be navigated beyond the limits permitted by the United States Coast Guard license.

## **13. CERTIFICATE OF INSPECTION**

Warranted all vessel(s) to carry a valid Certificate of Inspection issued by the United States Coast Guard, if carrying passengers-for-hire.

## **14. SUPPLEMENTARY CLAUSE - MEDICAL PAYMENTS**

Protection And Indemnity Including Collision and Tower's Liability also includes coverage for **up to \$10,000. per person subject to \$25,000. each accident or occurrence** incurred by the Insured at time of an accident for necessary first aid, medical, surgical, ambulance, hospital and/or professional nursing services of a person and, in the event of death resulting from such injury, reasonable funeral expenses, resulting from a location or operation insured hereunder.

Subject to the following conditions:

- A. As soon as practical, the injured person or someone on his behalf shall give this Company a written proof of claim, under oath if required, and shall execute authorization(s) to enable this Company to obtain pertinent medical records or reports.
- B. The injured person shall submit to physical examination by physician(s) selected by this Company when and as often as this Company may reasonably require.
- C. The accident or occurrence giving rise to this injury must have occurred during the Policy Period of this policy and medical expenses payable hereunder are limited to those incurred within one (1) year from the date of such accident or occurrence.

14. **SUPPLEMENTARY CLAUSE - MEDICAL PAYMENTS** *Continued*

**EXCLUSIONS: No such PAYMENTS shall be made to any person:**

- A. who is an employee of the Insured or to whom benefits are payable under any Worker's Compensation Act of any State or Nation, Maritime Employer's Liability or Federal Longshoremen's and Harbor Worker's Compensation Act or similar act.
- B. for whom liability was assumed by the Insured under any contract or agreement.

Payment hereunder shall not constitute an admission of liability of the Insured or this Company.

Claims under this Medical Payments coverage shall not be subject to Deductible and shall not apply to the Aggregate Deductible.

15. **SUPPLEMENTARY CLAUSE - VOLUNTARY REMOVAL OF WRECK**

Protection And Indemnity Including Collision and Tower's Liability also includes coverage for **up to \$25,000.** in the aggregate during the policy period for the reasonable costs and expenses **ADDITIONALLY INCURRED BY THE INSURED** for the extraordinary expense of voluntary removal of wrecks and/or debris considered by the Insured to be either a threat to navigation or other liability covered by this policy. This coverage shall not apply to ordinary expenses regularly incurred and/or budgeted by the Insured for their customary operations.

16. **POLLUTION EXCLUSION CLAUSE PARAMOUNT**

The following exclusions shall apply to this section of this policy and shall override and supersede any provision of the policy, unless otherwise agreed by this Company and specifically endorsed hereon in writing.

**THIS POLICY SHALL EXCLUDE** and be free of any claim including but not limited to any direct, indirect and/or consequential loss, damage, liability, expense and/or duty to defend caused by, arising out of, or resulting from or attributed to:

- A. Actual or potential **pollution**, release, emission, spillage, escape or leakage seepage, contamination, discharge, dispersal, disposal or dumping of smoke, vapors, soot, spoils, fumes, acids, alkalis, oil or other petroleum products or derivatives, refuse, liquids or gases, waste materials or substances, sewerage, dredging spoils, asbestos, or other toxic or noxious chemicals, irritants, contaminants or pollutants **INTO OR UPON:** land, atmosphere, environment, oceans, seas, rivers, lakes or any other watercourse or body of water.
- B. The cost of evaluating, monitoring, controlling, removing, nullifying, mitigating or **cleaning-up** any such substances listed in paragraph 1 above.
- C. Consequential loss of, damage to or loss of use of property directly or indirectly resulting from subsidence caused by sub-surface operations of the Insured;

16. **POLLUTION EXCLUSION CLAUSE PARAMOUNT *Continued***

D. Removal of, loss of or damage to sub-surface oil, gas or any other substance;

E. **Fines, penalties**, punitive damages, exemplary damages, treble damages and/or any damages resulting from the multiplication of compensatory damages;

F. Any site or location used in whole or in part for the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances or the transportation of any waste materials or substances.

Notwithstanding the above, this exclusion shall not apply to any claim or liability for heat, smoke or fumes from a "hostile fire." Hostile fire means a fire which becomes uncontrollable or breaks out or spreads from where it was intended to be.

Notwithstanding the above, this exclusion shall not apply to any claim or liability recoverable under the American Institute Pollution Exclusion Clause (P&I) And Buy Back Endorsement A (July 4, 1976) 25 which is attached.

These clauses shall be paramount and shall override anything contained in this insurance inconsistent therewith.

17. **CREW AND/OR EMPLOYEE EXCLUSION CLAUSE PARAMOUNT**

The following exclusions shall apply to this section of this policy and shall override and supersede any provision of the policy, unless otherwise agreed by this Company and specifically endorsed hereon in writing.

THIS POLICY SHALL EXCLUDE and be free of any claim including but not limited to any direct, indirect and/or consequential loss, damage, liability, expense and/or duty to defend caused by, arising out of, or resulting from or attributed to claims for loss of life, injury or illness of any member of the crew of the vessel(s) or employees of the Insured or for any Hospital or Medical expenses in connection therewith.

## **CARGO ADDITIONAL CLAUSES**

### **1. INSURING CONDITIONS**

Subject to all terms and conditions of the following as amended, which are attached hereto and made a part of this Policy:

- American Institute (AIMU) Cargo Clauses (A/R) January 1, 2004 AMERICAN INSTITUTE CARGO CLAUSES 2004 ALL RISKS
- American Institute of Marine Underwriters Endorsement for Open Policies (Cargo) Strikes, Riots & Civil Commotions (Form 12A) (January 1, 2008)
- AIMU WAR RISK OPEN POLICY (CARGO) (December 2, 1993)
- Additional Cargo Clause

It is understood and agreed that any “blanks” in the appended form(s) are to be treated as having had the following wording inserted: “AS ATTACHED”.

### **2. COVERING ON**

To cover all shipments of lawful goods and/or merchandise, hereinafter called goods, of every kind and description incidental to the business of the Insured, properly prepared and packaged, and if containerized, properly stowed within the container or liftvan, so as to withstand normal and expectable risks of transit, and including prepaid and/or advanced and/or guaranteed ocean freight under and/or on deck shipped by or consigned to the Insured and/or their agents and/or others, their own or that of others in which they may have an interest. For the purposes of this clause, preparation and packaging in a container or liftvan shall be deemed to include packing/preparation of individual units and of stowage in a container or liftvan but only when such stowage is carried out prior to attachment of this insurance, or when carried out by the Insured or their servants.

Also, to cover all shipments made for the account of others which the Insured may agree or receive instructions to insure, provided such instructions are given prior to shipment or prior to any known or reported loss or damage; but excluding shipments sold or bought on terms whereby the Insured is not required to furnish insurance; provided that nothing in this clause shall be construed to prevent the Insured from effecting insurance hereunder on any shipments in which they have an insurable interest, including shipments to any subsidiaries of the Insured irrespective of the terms of sale.

### **3. GEOGRAPHICAL LIMITS**

To cover, lost or not lost, at and from ports and/or places in the world to ports and/or places in the world, via any route, direct or via ports and/or places in any order, including risks of shipment and/or transshipment, by land, air or water conveyances, whether customary or otherwise.



#### **4. CONVEYANCE**

Per streamer and/or streamers and/or motor vessels and/or barges and/or land conveyances and/or aircraft and all connecting conveyances including mail and/or parcel post.

#### **5. VALUATION**

The goods insured hereunder shall be valued at time of shipment on the following basis:

- A. Unsold finished goods for sale by the Insured to be valued at Insured's listed selling price excluding unincurred freight, commissions, discounts, shipping expense and all other unincurred expenses;
- B. Sold finished goods to be valued at Insured's invoice amount including all charges therein, including prepaid and/or advanced and/or guaranteed freight;
- C. Unfinished goods to be valued at normal replacement cost less unincurred expenses;
- D. New goods purchased by the Insured to be valued at the amount of seller's invoice including all charges therein, including any prepaid and/or advanced and/or guaranteed freight, less unincurred expenses, and all plus 10%;
- E. Used and/or damaged goods to be valued at Actual Cash Value at date of loss;
- F. Service repair kits, display booths, portable telephones to be valued at repair or replacement cost, whichever is less, including all charges therein;
- G. Vessels and/or equipment shipped as cargo to be value in accordance with the Agreed Value and Amount Insured under the Schedule of Vessels on the Declarations of this Policy.

Foreign currency to be converted into United States currency at banker's sight rate of exchange applicable to each invoice and/or credit and/or draft.

#### **6. DEDUCTIBLE**

All claims for loss or damage arising out of any one accident or occurrence shall be adjusted as one claim and from the amount of such claim, the sum shown on the Declaration Page of this Policy shall first be deducted from the amount of such claim.

No Deductible shall not apply to Sue and Labor, Salvage, Expenses, General Average nor to a claim for Total and/or Constructive Total Loss.

**7. CHANGE OF DESTINATION**

In case of change of destination, as set forth in the original report of insurance, the goods are held covered at a premium, if any, to be agreed upon, the Insured agreeing to report all such changes to the Company.

**8. DAMAGE IN THE COURSE OF INSPECTION**

With respect to goods covered hereunder "all risk," this insurance is extended to cover physical damage caused by the actions of Customs and/or other government agents in the course of their inspection duties.

**9. DAMAGE TO GOODS DELAYED IN TRANSIT**

It is agreed that goods removed from the course of ordinary transit upon the instruction of the Company or surveyors or other representatives appointed on behalf of the Company, for the purpose of establishing cause and/or quantum of loss or damage, shall be held covered by this Policy subject to the original terms and conditions applying to the shipment, without additional premium or prior advice to the Company, for the duration of the period such interruption or suspension of transit until delivery to the intended destination and acceptance by the receiver of the goods, or if to be disposed of, the disposal site, or if to be returned to original shipper, then for the return voyage to the original shipper, provided that during the period of interruption or suspension of transit the Insured complies with the instructions of the Company or surveyors or other representatives appointed on behalf of the Company.

**10. FREIGHT PAYABLE ON DELIVERY (COLLECT FREIGHT)**

This insurance also covers the risk of loss, by reason of perils insured against, of freight which is payable only upon delivery the goods insured hereunder, but warranted free from any claim for General Average or Salvage Charges on freight and free from any claim in respect of freight which has not become due to the Carrier upon arrival of the goods at destination, it being understood and agreed, however, that when the risk upon the goods continues beyond the time of landing from the overseas vessel, the increased value, consequent upon the payment of such freight, shall attach as an additional insurance upon the goods from the time such freight is paid or becomes due, to the extent of the amounts thereof actually paid or payable. The Insured warrants that on all risks insured hereunder a separate amount shall be reported sufficient to cover the said freight, upon which the rate of premium shall be an agreed percentage of the rate named for the subject goods.

**11. DELIBERATE DAMAGE POLLUTION HAZARD**

This Policy covers, but only while the goods insured are on board a waterborne conveyance, loss of or damage to said goods directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard or threat thereof, provided that the accident or occurrence creating the situation which required such governmental action would have resulted in a recoverable claim under the Policy (subject to all of its terms, conditions and warranties) if the goods insured would have sustained physical loss or damage as a direct result of such accident or occurrence.

## **12. FUMIGATION**

In the event of a conveyance or location, being fumigated and loss or damage to the Insured's goods results therefrom, the Company agrees to indemnify the Insured for such loss or damage and the Insured agrees to subrogate to the Company any recourse that the Insured may have for recovery of such loss or damage from others.

## **13. DUTY**

This insurance also covers the risk of loss, by reason of perils insured against, on duties imposed on goods covered hereunder, it being understood and agreed, however, that when the risk upon the goods continues beyond the time of landing from the overseas vessel, the increased value, consequent upon the payment of such duties, shall attach as an additional insurance upon the goods from the time such duty is paid or becomes due, to the extent of the amounts thereof actually paid or payable.

The Insured warrants that on all risks insured hereunder a separate amount shall be reported sufficient to cover the said duty, upon which the rate of premium shall be an agreed percentage of the rate named for the subject goods.

The Insured will, in all cases, use reasonable efforts to obtain abatement or refund of duties paid or claimed in respect of goods lost, damaged or destroyed. It is further agreed that the Insured shall, when the Company so elects, surrender the goods to the Customs authorities and recover duties thereon as provided by law, in which event the claim under this Policy shall be only for a total loss of the goods so surrendered and expenses which shall include the expense of surrendering the merchandise to the Customs authorities.

## **14. LOADING OF GRAIN**

Warranted by the Insured that any vessel to be loaded at any United States Port with grain in bulk is to be loaded in accordance with the regulations of the United States Coast Guard and under the inspection of a surveyor appointed by National Cargo Bureau, Inc. or a surveyor appointed by the Company and such surveyor(s) shall issue a certificate of compliance with the regulations, or the insurance under this policy shall not attach.

## **15. RELEASED BILL OF LADING (WAIVER AND/OR RELEASE)**

Privilege is hereby granted the Insured to ship goods covered by this policy under released or limited Bills of Lading, shipping receipts or other contracts of affreightment without prejudice to this insurance; subject to payment of additional premium, if required.

## **16. FRAUDULENT BILLS OF LADING**

This policy also covers physical loss or damage through the acceptance by the Insured and/or their Agents and/or Shippers of fraudulent Bills of Lading and/or Shipping Receipts and/or Messenger Receipts.

## **17. SUE AND LABOR**

In case of any imminent or actual peril, loss or misfortune, it shall be lawful and necessary to and for the Insured, his or their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the said goods, or any part thereof, without prejudice to this insurance; nor shall the acts of the Insured or the Company, in recovering, saving and preserving the goods covered, in case of disaster, be considered a waiver or an acceptance of an abandonment.

## **18. DEBRIS REMOVAL**

This insurance also covers expenses incurred in removal of all debris of the goods covered hereunder which may be occasioned by loss caused by any of the perils insured against except that the Company shall not be liable under this Policy and this Clause for more than the insured value of the goods. Nothing contained herein shall be construed to cover any clean up expenses for which the Insured may be liable under any pollution statute.

## **19. TRADEMARKED CARTONS**

This Policy covers damage to trade marked cartons, but claims payable hereunder shall be limited to an amount sufficient to pay the cost of new cartons, including forwarding charges of the new cartons and charges of repacking.

## **20. LABELS**

In case of damage affecting labels, capsules or wrappers, the Company shall be liable for no more than an amount sufficient to pay the cost of new labels, capsules or wrappers, and the cost of reconditioning the goods, but in no event shall the Company be liable for more than the insured value of the damaged goods.

## **21. BRANDS**

In case of damage to goods bearing a Brand or Trade Mark, or the sale of which carries or implies a guarantee of the supplier or Insured, the salvage of such damaged property shall be determined after the removal of all Brands or Trade Marks. On containers where the Brand or Trade Mark cannot be removed, the contents shall be transferred to plain bulk containers. With respect to goods and/or containers from which it is impractical to destroy all evidence of the Insured's connection therewith, the Company agrees to consult with the Insured with respect to the disposition of said goods and/or containers.

## **22. PARTIAL LOSS**

In all cases of damage caused by perils insured against, the loss shall, as far as practicable, be ascertained by a separation and a sale or appraisement of the damaged portion only of the contents of the packages so damaged and not otherwise. The cost and expense of sorting sound and damaged goods to be initially borne by the Insured and form part of the claim on the Company in accordance Clause 23. NOTICE OF LOSS AND COMPANYS' RIGHTS ON PAYMENT herein.

23. **NOTICE OF LOSS AND COMPANYS' RIGHTS ON PAYMENT**

In case of loss of damage to the goods covered hereunder, the Insured or any assignee shall immediately notify and report to the Company, or their insurance broker for transmission to the Company, or to an agent of the Company, if there be one at or near the place where the loss occurs, or expenses are incurred, or, if there be none in the vicinity, to a correspondent of the American Institute of Marine Underwriters, or to a Lloyd's Agent, every loss or damage which may become a claim under this insurance as soon as practicable after it becomes known to the Insured.

It is a condition upon the right of the Insured or any assignee to recover in respect of loss that they not release, waive or otherwise impair any right to which the Company would succeed upon payment or advance.

24. **PAYMENT OF LOSS**

In case of loss, such loss to be paid not later than (30) thirty days after proof of loss and proof of interest in the goods hereby covered are presented and received by the Company. Proofs of loss to be authenticated by the agents of the Company, if there be one at the place such proofs are taken.

In the event of claim under this policy the Company, at their election may either:

- A. Make payment; or
- B. Make an advance, or loan, upon the terms of their usual loan receipt. Any advance or loan made pursuant thereto shall be without interest and repayable only out of net recoveries from third parties. Upon receipt of a payment, loan or advance the Insured shall use all reasonable means, at the direction and at the expense of the Company, to effect recovery from third parties, and shall cooperate fully in any litigation with such third parties.

25. **CONTROL OF DAMAGED GOODS**

Notwithstanding anything contained herein to the contrary, in case of damage to goods covered under this Policy, the Insured is to retain control of all damaged goods. The Insured, however, agrees wherever practicable to recondition and sell such goods after removal of all brands and trademarks.

Where the disposal or sale of such damaged goods is, in the opinion of the Insured, detrimental to their interest (or which they are unable to sell or dispose of under their agreement with any trade association), such damage shall be treated as a constructive total loss and the Insured shall dispose of the damaged goods to the best advantage, the Company being entitled to such proceeds, or they shall be destroyed in the presence of a representative of the Company and the Insured. Where the Insured has retained control of damaged goods, the estimated fair market value of the damaged goods shall be deducted from the total claim amount.

## **26. REPORTING**

It is warranted by the Insured to report to the Company or to the Broker named in the Declarations of this Policy for transmission to the Company, all risks, coming within the terms and conditions of this Policy, on the date of receiving advice thereof, or as soon thereafter as may be practicable, unless otherwise agreed.

## **27. PAYMENTS OF PREMIUMS**

The Company is entitled to Additional Premium at rates to be agreed on all shipments declared under this Section. All premiums are to be paid monthly unless otherwise agreed. Willful failure to declare or to pay premiums when due shall (at the option of the Company) render this Policy null and void as and from the date of such failure.

## **28. AUTHORITY**

Authority is hereby given the Insured or duly authorized representative of the Insured to issue the Company's Special Cargo Policies (certificates) (including endorsements thereto) on any and or all shipments insured hereunder, but only subject to the terms and conditions of this policy, it being understood and agreed that all Special Cargo Policies (certificates) and/or endorsements shall be countersigned by a duly authorized representative of the Insured.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

## **ECONOMIC SANCTIONS LIMITATION AND EXCLUSION CLAUSE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

The United States of America trade or economic sanctions, laws or regulations shall include, but not be limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) and sanctions that may be imposed by the U.S. Department of State under the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 (CISADA).

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is understood and agreed that this insurance shall not cover:

**“Bodily Injury”** arising out of any refusal to employ, termination of employment, coercion, demotion, evaluation, re-assignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions or Consequential **“bodily injury”** as a result of the above.

**“Personal Injury”** arising out of any refusal to employ, termination of employment, coercion, demotion, evaluation, re-assignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions or Consequential **“personal injury”** as a result of the above.

This exclusion applies whether the insured may be held liable as an employer or in any other capacity and to any obligation to share damages with or to repay someone else who must pay damages because of injury.

All other terms and conditions remain unchanged.



**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**AIMU Chemical, Biological, Bio-Chemical & Electromagnetic Exclusion Clause**

**AIMU**

**CHEMICAL, BIOLOGICAL, BIO-CHEMICAL, AND ELECTROMAGNETIC EXCLUSION  
CLAUSE  
(March 1, 2003)**

**This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.**

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from an actual or threatened act involving a chemical, biological, biochemical or electromagnetic weapon, device, agent or material when used in an intentionally hostile manner.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**AIMU**

**EXTENDED RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE  
WITH U.S.A. ENDORSEMENT  
(March 1, 2003)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This clause shall be paramount and shall override anything contained in this insurance Inconsistent therewith.

1. In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from
  - 1.1 ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
  - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
  - 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
  - 1.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

**RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE  
(U.S.A. ENDORSEMENT)**

This insurance is subject to the Extended Radioactive Contamination Exclusion Clause (March 1, 2003) provided that if fire is an insured peril

and

where the subject matter insured or, in the case of a reinsurance, the subject matter insured by the original insurance, is within the U.S.A., its islands, onshore territories or possessions

and

a fire arises directly or indirectly from one or more of the causes detailed in Sub-Clauses 1.1, 1.2, and 1.4 of the Extended Radioactive Contamination Exclusion Clause March 1, 2003 any loss or damage arising directly from that fire shall, subject to the provisions of this insurance, be covered, EXCLUDING however any loss damage liability or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**ABSOLUTE TERRORISM EXCLUSION CLAUSE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Policy excludes any loss, damage, liability or expense arising from:

- A. Terrorism; and or
- B. Steps taken to prevent, suppress, control or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism.

For the purpose of this clause, "terrorism" means any act(s) of any person(s) or organization(s) involving:

- 1. The causing, occasioning or threatening of harm of whatever nature and by whatever means;
- 2. Putting the public or any section of the public in fear,

in circumstances in which it is reasonable to conclude that the purpose(s) of the person(s) or organization(s) concerned are wholly or partly of a political, religious, ideological or similar nature.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**POLLUTION LIMITATION ENDORSEMENT  
(DEFINED SUDDEN & ACCIDENTAL BUYBACK)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**I. ABSOLUTE POLLUTION EXCLUSION:**

- (A) In consideration of the premium charged, it is hereby agreed that this policy shall not apply to any liability for "bodily injury", "property damage" "or personal injury" arising out of the actual, alleged or threatened "release" of "pollutants" into or upon land, the atmosphere or any watercourse, water supply, reservoir or body of water.

It is further agreed that the intent and effect of this exclusion is to delete from any and all coverages afforded by this policy any "occurrence", claim, suit, cause of action, liability, settlement, judgement, defense costs or expenses in any way arising out of such "release" whether or not such "release" arises out of the activities of the insured or the activities of others and whether or not such "release" is sudden or gradual and whether or not such "release" is expected, intended, foreseeable, fortuitous, accidental or inevitable, and wherever such "release" occurs.

- (B) Definitions:

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Release" means discharge, dispersal, seepage, release or escape of "pollutants".

- (C) Without intent to limit the scope of the above Absolute Pollution Exclusion, but rather for the purpose of illustration, it is hereby agreed that this policy shall not apply to:

1. "Bodily injury", "property damage" or "personal injury" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of "pollutants":

- (a) At or from premises you own, rent or occupy;

- (b) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
  - (c) Which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible; or
  - (d) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:
    - i. The "pollutants" are brought on or to the site or location in connection with such operations; or
    - ii. If the operation are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the "pollutants".
  - (e) Arising from products manufactured, sold, handled or distributed by or on
  - (f) Arising from operations completed by or on behalf of the named insured.
2. Any loss, cost or expense incurred to monitor, clean-up, remove, contain, treat, detoxify or neutralize "pollutants" for the purpose of preventing, abating or mitigating any actual or threatened "bodily injury", "property damage" or "personal injury".
  3. Any loss, cost or expense arising out of any governmental direction or request that the named insured test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize "pollutants".

## **II. SUDDEN AND ACCIDENTAL BUYBACK:**

- (A) It is hereby agreed that the above Absolute Exclusion shall not apply provided that the Named Insured establishes that all of the following conditions have been met:
1. The occurrence was accidental and was neither expected nor intended by the insured. An occurrence shall not be considered unintended or unexpected unless caused by some intervening event neither foreseeable nor intended by the insured.
  2. The occurrence can be identified as commencing at a specific time and date during the term of this policy.
  3. The occurrence became know to the insured within 72 hours after its commencement.
  4. The occurrence was reported in writing to these underwriters within 30 days after having become known to the insured.

5. The occurrence did not result from the insured's intentional or willful violation of any government statute, rule or regulations.
- (B) Notwithstanding Clause II (A), nothing contained in this endorsement shall operate to provide any coverage with respect to:
1. Loss of, damage to or loss of use of property directly or indirectly resulting from subsidence caused by sub-surface operations of the Insured unless caused by some intervening event neither foreseeable nor intended by the insured.
  2. Removal of, loss of or damage to sub-surface oil, gas or any other substance;
  3. Fines, penalties, punitive damages, exemplary damages, treble damages or any other damages resulting from the multiplication of compensatory damages;
  4. Any site or location used in whole or in part for the handling, processing treatment, storage, disposal or dumping of any waste materials or substances, or the transportation of any waste materials or substances.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

## **ABSOLUTE PCB EXCLUSION**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Effective from inception, it is hereby agreed that this policy shall not apply to any claim with respect to any actual, alleged, threatened or potential discharge, dispersal, release or escape of PCB or any material or substance containing or alleged to contain PCB into or upon any person, any structure, the land, the air or any watercourse or body of water, regardless of whether or not such discharge, dispersal, release or escape is cumulative, gradual, sudden or accidental.

The term PCB as used in this endorsement means polychlorinated biphenyl or any derivative thereof.

All other terms and conditions remain unchanged.



**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**ASBESTOS EXCLUSION ENDORSEMENT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the premium charged and notwithstanding anything to the contrary contained in this policy, it is hereby agreed that the coverage afforded by this policy does not apply to "bodily injury", "personal injury" or "property damage" arising out of:

1. inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or
2. the use of asbestos in constructing or manufacturing any good, product or structure; or
3. the removal of asbestos from any good, product or structure; or
4. the manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**INSTITUTE CYBER ATTACK EXCLUSION CLAUSE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

- 1.1 Subject only to clause 1.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
- 1.2 Where this clause is endorsed on policies covering risks of war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 1.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

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All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001****NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that:

I. This policy does not apply:

A. Under any Liability Coverage, to bodily injury or property damage

1. With respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Associations of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
2. Resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

C. Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if

1. The nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of an insured or (b) has been discharged or dispersed therefrom;
2. The nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
3. The bodily injury or property damage arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion applies only to property damage to such nuclear facility and any property thereat

II. As used in this endorsement:

"Hazardous properties" include radioactive, toxic or explosive properties;

"Nuclear material" means source material, special nuclear material or by-product material;

"Source material", "Special nuclear material" and "Byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

"Waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

"Nuclear facility" means

- (a) Any nuclear reactor,
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property damage" includes all forms of radioactive contamination of property.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

## **PUNITIVE DAMAGES EXCLUSION**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that effective from inception, the following exclusion shall apply to all sections under this Policy of insurance.

Fines, penalties, assessments, or any type of punitive, exemplary or treble damages and/or or any damages resulting from the multiplication of compensatory damages.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**REFINERY EXCLUSION CLAUSE 1993**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

Notwithstanding anything contained in this policy to the contrary, all claims which arise out of onshore refineries, petrochemical, or chemical plants and any installations within their boundaries, even while under repair, maintenance, extension or modification, after the initial handing over to the operators, are excluded. This exclusion shall not apply to any insurance or reinsurance in respect of the construction, erection or installation of buildings, plant or other property (including contractors' plant and equipment used in connection therewith) prior to the initial handing over of such refineries, petrochemical or chemical plants to the operators.

For the purposes of this clause, jetties, wharves, berths, piers and docks shall be deemed to be outside the boundaries mentioned above. However, no cover for liabilities arising out of the operations of jetties, wharves, berths, piers and docks in respect of onshore refineries, petrochemical, or chemical plants and any installations within their boundaries shall be afforded hereunder.

Nevertheless claims (other than those liabilities in respect of onshore refineries, petrochemical or chemical plants and any installation within their boundaries even while under repair, maintenance, extension or modification after the initial handing over to the operators) in respect of the following shall not be excluded by this clause:

- 1) Facilities for the processing, treatment or separation of gas provided that they are outside the boundaries of the onshore refineries, petrochemical or chemical plants;
- 2) Any field processing.

All other terms and conditions remain unchanged.

**AMERICAN INSTITUTE CARGO CLAUSES 2004**  
**ALL RISKS**

**1. AVERAGE TERMS**

The following average terms shall apply:

*“All Risks”*

A. Unless otherwise specified below, this policy insures against “All Risks” of physical loss or damage from any external cause irrespective of percentage, but excluding nevertheless the risks of War, Strikes, Riots, Seizure, Detention and other risks excluded by the Nuclear/ Radioactive Contamination Exclusions Clause, the F.C & S. (Free of Capture and Seizure) Warranty and the S.R. & C.C. (Strikes, Riots and Civil Commotions) Warranty of this policy, excepting to the extent that such risks are specifically covered by endorsement.

*“On Deck” Bill of  
Lading  
FPA Terms*

B. Insured property while shipped on deck of an ocean vessel subject to an “On Deck” bill of lading is warranted free from Particular Average unless caused by the vessel being stranded, sunk or burnt, but notwithstanding this Warranty the Company is to pay any physical loss of or damage to the insured property which may reasonably be attributed to fire, collision or contact of the vessel and/or craft and/or conveyance with any external substance (ice included) other than water, or to discharge of cargo at a port of distress.

**2. ADDITIONAL  
COVERAGES**

This policy shall also cover the following contributions and/or expenses:

*General Average  
& Salvage Charges*

A. General Average contribution and Salvage Charges determined to be due from or in respect to insured property.

*Landing, Warehouse  
& Forwarding Charges*

B. Landing, warehousing, forwarding and special charges incurred by reason of perils insured against.

*Brands & Trademarks*

C. Expenses to remove Brands and Trademarks pursuant to the Brands and Trademarks provisions of the Loss Adjustment Clauses.

*“Both to Blame”*

D. Where insured property is shipped under a Bill of Lading containing the so- called “Both to Blame Collision” Clause the Company agrees as to all losses covered by this insurance, to indemnify the Assured for this policy’s proportion of any amount (not exceeding the amount insured) which the Assured may be legally bound to pay to the shipowners under such clause. In the event that such liability is asserted the Assured agrees to notify the Company as promptly as possible and the Company shall have the right, at its own cost and expense, to defend the Assured against such claim.

*Sue & Labor Charges*

E. Charges reasonably incurred pursuant to the duty set forth below, whether said efforts are successful or not:  
In the event of loss or misfortune, it is the duty of the Assured and any assignee of the Assured’s rights hereunder to take all reasonable measures to avert or minimize loss insured against by this policy and to ensure that all rights against third parties are preserved and exercised.  
The Company shall be liable in full for the charges incurred under this Clause whether the combined amount of physical loss or damage and Sue and Labor Charges exceeded the applicable policy limit or not.

*Craft/Lighter Charges*

F. Including transit by craft, raft or lighter to or from the vessel. Each craft, raft or lighter to be deemed a separate insurance. The Assured are not to be prejudiced by any agreement exempting lightermen from liability.

### 3. EXCLUSIONS

The following exclusions shall apply unless modified or superseded elsewhere herein or endorsed hereon:

#### *Basic Exclusions*

A. This policy does not cover:

- (1) Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear.
- (2) Loss, damage, or expense:
  - (a) Attributable to willful misconduct of the Assured;
  - (b) caused by inherent vice or nature of the insured property;
  - (c) arising from insolvency or financial default of the owners, managers, charterers, or operators of the vessel;
  - (d) resulting from insufficiency or unsuitability of packing or preparation of the insured property for the intended voyage. For the purposes of this clause, "packing" shall be deemed to include stowage into an overseas container but only when such stowage is carried out prior to the commencement of the insured voyage or when performed by the Assured or his representative.

### 4. PARAMOUNT WARRANTIES

Subject to the following Paramount Warranties which shall not be modified or superseded by any other provisions included herein or stamped or endorsed hereon unless such other provision refers specifically to the risks excluded by these Warranties and expressly assumes the said risks:

#### *F.C. & S. Warranty*

A. Notwithstanding anything herein contained to the contrary, this insurance is warranted free from:

- (1) all consequences of capture, seizure, arrest, restraint, detainment, confiscation, preemption, requisition, nationalization, and the consequences thereof or any attempt thereat, whether in time of peace or war and whether lawful or otherwise;
- (2) all loss or damage or expense, whether in time of peace or war, caused by:
  - (a) any weapon of war employing atomic or nuclear fission and/or fusion and/or reaction or radioactive force or matter or
  - (b) any mine or torpedo;
- (3) all consequences of hostilities or warlike operations (whether there be a declaration of war or not), but this Warranty shall not exclude collision or contact with rockets or similar missiles (other than weapons of war) or with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather, fire or explosion unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power, and for the purposes of this Warranty "power" includes any authority maintaining naval, military, or air forces in association with a power;
- (4) all consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or from the consequences of the imposition of martial law, military or usurped power, or piracy.

#### *S.R. & C.C. Warranty*

B. Warranted free from loss, damage, or expense caused by or resulting from:

- (1) strikes, lockouts, labor disturbances, riots, civil commotions, or the acts of any person or persons, taking part in any such occurrences or disorders;
- (2) vandalism, sabotage, or malicious act, which shall be deemed also to encompass the act or acts of one or more persons, whether or not agents of a sovereign power, carried out for political, terroristic or ideological purposes and whether any loss, damage or expense resulting therefrom is accidental or intentional.

#### *Delay Warranty*

C. Warranted free of claim for loss of market or for loss, damage, expense or deterioration arising from delay, whether caused by a peril insured against or otherwise.



*Nuclear/Radioactive  
Contamination  
Exclusion Warranty*

D. Warranted that this policy shall not apply to any loss, damage or expenses due to or arising out of, whether directly or indirectly, nuclear reaction, radiation or radioactive contamination, regardless of how it was caused. However, subject to all provisions of this policy, if this policy insures against fire, then direct physical damage to the insured property located within the United States or any territory of the United States or Puerto Rico by fire directly caused by the above excluded perils, is insured, provided that the nuclear reaction, radiation, or radioactive contamination was not caused, whether directly or indirectly, by any of the perils excluded by the F.C. & S. Warranty of this policy. Nothing in this clause shall be construed to cover any loss, damage or expense caused by nuclear reaction, radiation or radioactive contamination arising directly or indirectly from the fire mentioned above.

**5. ADDITIONAL  
CONDITIONS**  
*Seaworthiness*

The following additional clauses shall also apply:

A. The seaworthiness of the vessel operating as a common carrier is hereby admitted as between the Assured and the Company and the wrongful act or misconduct of the shipowner or his servants causing a loss is not to defeat the recovery by an innocent Assured if the loss in the absence of such wrongful act or misconduct would have been a loss recoverable on this policy. With leave to sail with or without pilots, and to tow and assist vessels or craft in all situations, and to be towed. The Assured is not to be prejudiced by the presence of the negligence clause and/or latent defect clause in the Bill(s) of Lading and/or Charter Party.

*Carrier Clause*

B. Warranted that this insurance shall not inure, directly or indirectly, to the benefit of any carrier or bailee.

*Economic & Trade  
Sanctions*

C. Whenever coverage provided by this policy would be in violation of any U.S. economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.

Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void.

**6. DURATION OF RISK**

The following conditions apply regarding the duration of risk:

*Transit Clause*

A. (1) This insurance attaches from the time the insured property leaves the warehouse, or is delivered alongside or on board the overseas conveyance in accordance with the obligation of the Assured under the terms of sale, for the commencement of transit and continues until:

- (a) insured property is delivered to the Consignee's or other final warehouse or place of storage at the intended destination; or
- (b) the insured property is delivered to any other warehouse or place of storage, whether prior to or at the intended destination, which the Assured (including any shipper, assignee, consignee or claimant that has control of the insured property at the relevant time) elects to use either:
  - i. for storage other than in the ordinary course of transit; or
  - ii. for allocation or distribution; or
- (c) the expiring of 60 days (30 days on air shipments) after completion of discharge from the overseas vessel (or aircraft), whichever shall first occur. In the event of delay in excess of the limits specified in (c) above arising from circumstances beyond the control of the Assured, held covered at a premium to be named for an additional 30 days provided the Assured gives notice thereof to the Company as promptly as possible but in any event prior to the expiry of the original 60 days (30 days on air shipments) period.

- (2) (a) This insurance specially to cover the insured property during deviation, delay, forced discharge, re-shipment, transshipment and any other variation of the adventure arising from the exercise of a liberty granted to the shipowner or charterer under the contract of affreightment.
- (b) In the event of the exercise of any liberty granted to the shipowner or charterer under the contract of affreightment whereby such contract is terminated at a port or place other than the original insured destination, this insurance continues until the insured property is sold and delivered at such port or place; or, if the insured property be not sold but is forwarded to the original insured destination or to any other destination this insurance continues until the insured property has been sold and delivered to the warehouse or place of storage as provided in section 1.
- (3) If while this insurance is still in force and before the expiry of 15 days from midnight on the day on which the discharge overseas of the insured property from the overseas vessel at the final port of discharge is completed, the insured property is re-sold (not being a sale within the terms of Section 2(b)) and is to be forwarded to a destination other than that covered by this insurance, the insured property is covered hereunder while deposited at such port of discharge until again in transit or until expiry of the aforementioned 15 days whichever shall first occur. If a sale is effected after the expiry of the aforementioned 15 days while this insurance is still in force the protection afforded hereunder shall cease as from the time of the sale.
- (4) Held covered at a premium to be named in case of change of voyage or of any omission or error in the description of the interest, vessel or voyage.
- (5) It is a condition of this insurance that there shall be no interruption or suspension of transit unless due to circumstances beyond the control of the Assured, Assignee, Consignee or Claimant and the Assured, Assignee, Consignee or Claimant shall act with reasonable dispatch in all circumstances within their control.
- (6) It is agreed that insured property taken out of transit upon instructions of surveyors appointed by or on behalf of the Company for the purpose of establishment of loss or damage, shall be held covered, subject to the original terms and conditions applying to such shipment, without payment of additional premium or advice to the Company, during such interruption or suspension of transit until disposed of by delivery to and acceptance by the original Consignee or by sale to others or otherwise, provided that during such interruption or suspension of transit the Assured complies with the surveyors' instructions.

*Shipments  
Returned or Refused*

- B. In the event of refusal or inability of the Assured, or Consignee, to accept delivery of insured property, this policy is extended to cover such insured property, subject to the original insuring terms, during delay and/or return or until otherwise disposed of, provided the Assured reports the facts of such situations to the Company as soon as they have knowledge of such an occurrence and pays additional premium if required.

*Consolidation/  
Deconsolidation*

- C. This policy is extended to cover the insured property temporarily stopped in transit for the purpose of consolidation or deconsolidation in or from overseas containers for not exceeding 30 days whether the said stoppage in transit is within the control of the Assured or not. Held covered at an additional premium to be named for an additional 30 days provided the Assured gives notice thereof to the Company as promptly as possible but in any event prior to the expiry of the original 30 day period.

**7. LOSS ADJUSTMENT  
CLAUSES**

*Constructive Total Loss*

The following loss adjustment clauses shall apply:

- A. No recovery for a Constructive Total Loss shall be paid hereunder unless the insured property is reasonably abandoned on account of its actual total loss appearing to be unavoidable, or because it cannot be preserved from actual total loss without an expenditure which would exceed its value if the expenditure had been incurred.

*Partial Loss*

- B. In case of partial loss or damage insured against by this policy, a separation of sound and damaged insured property shall be made and the amount of loss determined by:

- (1) an agreed percentage of depreciation, in which event the Assured shall receive such percentage of the insured value of the damaged insured property, or, if there is no agreement;
- (2) sale of the damaged insured property, in which event the Assured shall receive the difference between the insured value of the damaged insured property sold and the proceeds of sale.

*General Average & Salvage Charges*

C. General Average contributions and Salvage Charges shall be payable according to United States laws and usage and/or as per foreign statement and/or as per York Antwerp Rules (as prescribed in whole or in part) if in accordance with the Contract of Affreightment.

*Machinery Clause*

D. When the insured property includes a machine consisting when complete for sale or use of several parts, then, in case of loss or damage covered by this insurance to any part of such machine, the Company shall be liable only for the proportion of the insured value of the part lost or damaged, or at the Assured's option, for the cost and expense, including labor and forwarding charges, of replacing or repairing the lost or damaged part, excluding loss, if any, sustained by payment of additional duty unless the full duty is included in the amount insured; but in no event shall the Company be liable for more than the insured value of the complete machine.

*Labels Clause*

E. In case of damage affecting labels, capsules, or wrappers, the Company, if liable therefor under the terms of this policy, shall not be liable for more than an amount sufficient to pay the cost of replacing the labels, capsules or wrappers and the cost of reconditioning the insured property, but in no event shall the Company be liable for more than the insured value of the damaged insured property.

*Brands & Trademarks*

F. In case of damage by a peril insured against to insured property bearing a brand or trademark associated with the Assured, the damage value shall be ascertained after removal of such markings. Where removal is impracticable, the Company and the Assured shall consult as to how the loss may best be minimized; however, the Assured shall have the option of destroying the damaged insured property upon payment to the Company of the value which could have been realized by the sale of the insured property in its damaged condition.

*Subrogation*

G. It is a condition of this insurance that upon payment of any loss the Company shall be subrogated to all rights of the Assured against third parties with respect to such loss. It is a further condition of this insurance that if the Assured or any Claimant impairs or diminishes the rights to which the Company would be subrogated upon payment, the Company may deduct from such payment a sum equal to the estimated recovery lost by reason of the Assured's or Claimant's action or inaction.

*Notice of Loss*

H. It is a condition of the Company's liability that the Assured, Assignee, Consignee or Claimant promptly report any loss or damage which may give rise to a claim hereunder. Notice may be given to any office of the Company or to the Company's claim or survey representative near the place where the insured property is or was destined. If no claim or survey representative of the Company is at or near such place, notice may be given to the nearest representative of the American Institute of Marine Underwriters, or if no such representative is available, to the nearest Lloyd's agent.

*Payment of Loss*

I. In case of loss, such loss to be paid no later than thirty days after satisfactory proof of loss and satisfactory proof of interest in the insured property has been established by the Company (the amount of the premium, if unpaid, being first deducted). Proofs of loss to be submitted to the representative of the Company, if there be one at the place such proofs are taken. If there be no such representative the correspondent of the American Institute of Marine Underwriters may authenticate said proofs or in the absence of such correspondent, the nearest Lloyd's agent. Where such proofs have been established by the Company and the final amount of loss cannot be determined within said 30 days, the Company may advance an amount, to be agreed upon, pending final adjustment of the claim. Any amount advanced in excess of the final claim amount to be refunded to the Company by the Assured.

*Notice of Suit*

- J. No suit or action on this policy shall be sustainable in any Court of Law or Equity unless the Assured shall have complied in full with all the terms and conditions of this insurance, nor unless same shall be commenced within twelve (12) months after the loss, provided that where such limitation of time is prohibited by the laws of the State wherein this policy is issued, then no such suit or action shall be sustainable unless commenced within the shortest limitation of time permitted by the laws of such State.

*Choice of Law*

- K. It is agreed that this policy and its endorsement(s) is a contract of marine insurance protecting against marine risks and has been applied for, priced and underwritten as such, and the law applicable to any interpretation of this policy and the rights and obligations of the Company and the Assured hereunder shall be US federal maritime common law or, in the absence of US federal maritime common law, the law of the state of New York, irrespective of any principles of choice of law.

**8. OPERATING  
CLAUSES**

The following operating clauses shall apply:

*Reports of Shipments*

- A. It is a condition of this insurance that the Assured report to the Company all shipments of insured property or other insured interests coming within the terms hereof within thirty days after the end of the month in which all details of insured shipments or other insured interests become known to the Assured, unless otherwise agreed. Premium for all reported shipments or other insured interests shall be paid by the Assured at rates as agreed. The Company, however, being entitled to all premium as agreed whether interests have been reported or not. Willful failure to make such reports shall render this policy voidable at the Company's option as of the date it would have attached to the unreported shipment or other insured interest. However, unintentional error or omission or delay in making any such report shall not void this insurance provided the same be reported to the Company as soon as known to the Assured.

*Inspections of Records*

- B. The Company or a person appointed by the Company may examine the books and records of the Assured as far as they relate to the subject matter of this insurance at any time while this insurance is in force and for twelve months after termination.

*Special Cargo Policies*

- C. When the Company supplies Special Cargo Policies or Certificates to the Assured, such action authorizes the Assured to utilize such Special Cargo Policies or Certificates to provide evidence of insurance to third parties, subject to the following restrictions:
- (1) Special Cargo Policies or Certificates may be used only in connection with shipments to which this Open Policy attaches.
  - (2) Terms, conditions, and values entered upon a Special Cargo Policy or Certificate by the Assured must conform to Open Policy terms applicable to the shipment for which the Special Cargo Policy or Certificate is utilized unless the Company's written agreement to other terms is obtained.
  - (3) Copies of all Special Cargo Policies or Certificates utilized by the Assured must be sent to the Company promptly upon issuance.
  - (4) In the event a Special Cargo Policy or Certificate is spoiled or voided, the original and any duplicate are to be returned to the Company.
- By utilizing a Special Cargo Policy or Certificate, the Assured agrees to reimburse the Company, if by reason of any omission or insertions made by the Assured or their authorized representative upon such Special Cargo Policy or Certificate, the Company is obligated to pay a claim not covered by this policy or an amount in excess of what this policy undertakes to pay.

*Other Insurance*

- D. As respects each shipment or other insured interest:
- (1) This insurance shall be deemed void to the extent of any insurance procured by any carrier or other bailee which is available to the beneficiary hereof or will be so available if this insurance is voided.
  - (2) If the Assured or others (excepting any carrier or other bailee) shall have procured

other ocean marine insurance attaching earlier than the attachment hereunder, then this insurance shall be liable only to the extent of any deficiency in such prior insurance as compared to the insured value hereunder.

- (3) If the Assured or others (excepting any carrier or other bailee) shall have procured other ocean marine insurance attaching later than the attachment hereunder, then this insurance shall be liable up to the insured value hereunder without any claim to contribution.
- (4) If the Assured or others (excepting any carrier or other bailee) shall have procured other ocean marine insurance attaching simultaneous with insurance hereunder, then this insurance shall be liable, only for the pro rata share of any claim that the insured value hereunder bears to the total amount available from all insurance.
- (5) If the Company is relieved of any liability by the operation of this clause it shall, nevertheless, retain all premium. In consideration of such premium the Company guarantees prompt payment of claims covered by this insurance. The Company further insures against any difference in conditions which make the other insurance less favorable to the Assured than insurance hereunder.

## CANCELLATION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Policy may be canceled by either the Named Insured or the Company giving 90 days advance written notice to the other (except the Company may give 30 days notice for non-payment of premium). The mailing or delivering of such notice to the last known address of the Insured or Company shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall become the end of the Policy Period.

If cancellation is at the Insured's option, the Company will retain earned premium hereunder as per the Company's customary *short rate* table. Upon surrender of the original Policy or execution of a Lost Policy Release by the Insured, the Company will return the unearned portion of the premium, subject to any *Minimum Retained Premium* stated in the Policy. If this Policy is on an "audit" or "reporting" basis, the Insured shall still be obligated to report the premium basis (e.g. payroll or gross revenues) for the period of time the Company was at risk and the earned premium shall be calculated at the Policy rate, subject to any minimum earned premium stated in the Policy.

If cancellation is at the Company's option, *pro rata* unearned premium will be returned for the period of time the Company was no longer at risk.

All other terms and conditions remain unchanged.

## GENERAL CONDITIONS – APPLYING TO ALL COVERAGE SECTIONS

### 1. NAMED INSURED

This Policy insures the Named Insured as appearing on the Declarations and includes all corporations, partnerships, joint ventures, organizations, and other entities, as have existed or as now or may hereafter exist, be acquired, merged, or constituted and in which the Named Insured did or does have effective or managerial control, or for which it is required to or has agreed to maintain insurance, including any affiliated, associated, allied and subsidiary entities, hereinafter referred to as the Insured.

A. If you are designated in the Declarations as:

1. An individual, you and your spouse are Insureds, but only with respect to the conduct of a business of which you are the sole owner.
2. A partnership or joint venture, you are an Insured. Your members, your partners, and their spouses are also Insureds, but only with respect to the conduct of your business.
3. An organization other than a partnership or joint venture, you are an Insured. Your executive officers, directors, boards and commissioners are Insureds, but only with respect to their duties as your officers, directors, boards and commissioners. Your stockholders are also Insureds, but only with respect to their liability as stockholders.

B. Each of the following is also an Insured:

1. Your employees, masters, crew members and volunteer workers, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an Insured for:
  - a. "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment; or
  - b. "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or
  - c. "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members if you are a partnership or joint venture.
2. Any person (other than your employee), or any organization while acting as your real estate manager.

1. **NAMED INSURED *Continued***

3. Any person or organization having proper temporary custody of your property if you die, but only:
    - a. With respect to liability arising out of the maintenance or use of that property; and
    - b. Until your legal representative has been appointed.
  4. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
  5. Vessels insured hereunder "in rem".
- C. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an Insured while driving such Equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an Insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an Insured with respect to:
1. "Bodily injury" to a co-employee of the person driving the equipment; or
  2. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an Insured under this provision.
- D. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named Insured if there is no other similar insurance available to that organization. However:
1. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  2. Coverage under this provision does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  3. Coverage under this provision does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an Insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

The Term "Assured" and "Insured" can be used interchangeably.

The inclusion of more than one Assured or Insured shall not operate to increase the Limit of Liability of this policy.



## 2. **ADDITIONAL INSURED**

This Company agrees to name as Additional Insureds those individuals, corporations or organizations which the Insured is requested or obligated to have named as such, by contract or otherwise, as their interest may appear, providing such request or agreement is made prior to any known or reported loss.

Additional Insureds are insured only as respects liabilities to third parties arising out of the operations, maintenance or use of property and/or vessels by the Named Insured, to the extent insured by this Policy. 30 days notice shall be provided to Additional Insureds in respect to cancellation, notice of non renewal by the Company or changes in coverage that result in reduction of coverage.

It is also expressly understood that this provision shall apply only in proportion to and to the extent of the negligent acts or omissions of the Named Insured.

## 3. **LOSS PAYEE**

Loss, if any, payable to Insured or order, or as shown elsewhere in this Policy, by endorsement or otherwise.

## 4. **TERM OF INSURANCE**

This Policy attaches and is effective from **Per Declaration to Per Declaration** beginning and ending at **12:01 am Pacific Time**.

## 5. **COVERAGES**

Coverage afforded under this Policy is as shown in the respective

Section 1 – Hull And Machinery

Section 2 – Protection And Indemnity

which follow, and which are subject to these General Conditions.

## 6. **PREMIUMS**

The consideration for the coverage provided herein shall be premium as shown on the Declarations. Premium shall be due and payable at inception. Changes to any rates, terms or conditions during the term of this Policy, if any, to be agreed.

The first Named Insured shown in the Declarations:

- A. Is responsible for the payment of all premiums; and
- B. Will be the payee for any return premiums we pay.

## 7. PREMIUM AUDIT

The Insured, by the acceptance of this policy, warrants and agrees to pay us the premium shown on the Declaration Pages of this policy and to keep a complete and accurate record of all operations covered by this policy, which record shall be open to examination by our representatives at all times during business hours during the term of this policy or thereafter.

The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

We will compute all premiums in accordance with our rules and rates.

If a rate is shown on the Declaration Pages of this policy, the Insured agrees to make a report in accordance with the premium rating basis shown on the Declaration Pages of this policy to us within 90 days after policy expiration. The earned premium hereunder to be computed at the rate shown on the Declaration Pages of this Policy. At the close of each policy period we will compute the earned premium. If an Additional Premium is due, we will send you an audit notice. Audit additional premiums are due and payable upon notice to the first Named Insured

Earned premium, as computed above shall be applied against the Deposit Premium.

Premium earned in excess of the Deposit Premium is immediately due and payable to us upon the Insured filing the report. **Premium is not adjustable up to plus 10% of the Deposit Premium.**

If the sum of the Deposit Premium is greater than the Earned Premium paid for the policy term, we will return the excess amount paid to the first Named Insured, subject to any minimum earned premium agreed upon.

If the Premium is shown as a Minimum Premium on the Declaration Pages of this Policy, the Minimum Premium is the lowest amount of premium for which coverage is provided for the policy period.

This Company shall have the right of setoff against the claims payable under this policy of any premiums due hereunder.

## 8. PREMIUM PAYMENT

The Insured undertakes that premium will be paid in full to the Company within 30 days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to the Company by the day 60th from the inception of this policy (and, in respect of installment premiums, by the date they are due) the Company shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to the Company on a pro rata basis for the period that the Company is on risk but the full policy premium shall be payable to the Company in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

8. **PREMIUM PAYMENT *Continued***

It is agreed that the Company shall give not less than 30 days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to the Company before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

9. **PREMIUMS FINANCED**

In the event of premiums hereunder being financed, it is understood and agreed that the Financing Agency/Company is a Loss Payee as respects Section 1 – Hull And Machinery coverage in the event of a Total or Constructive Total Loss but only in respect to said premiums.

10. **DEDUCTIBLE**

No claim shall be payable under this policy unless the aggregate liability for any one “occurrence”, including all legal, investigative and loss adjustment expenses and fees exceeds the deductible amount appearing on the Declaration Pages of this policy, and this sum shall be deducted from the amount payable hereunder for each “occurrence”.

- A. The terms of the policy, including those with respect to (a) our rights and duties with respect to the defense of suits and (b) the Insured’s duties in the event of an “occurrence” apply irrespective of the application of the deductible amount.
- B. We may pay part or all of the deductible amount to effect settlement of any claim or suit and, upon notification of the action taken, the Named Insured shall promptly reimburse us for such part of the deductible amount as has been paid by us.
- C. Our obligation under this Policy to pay damages on your behalf applies only to the amount of damages in excess of any deductible amount(s) stated in this Policy.
- D. The deductible amount applies to all claims and expenses, including all legal, investigative and loss adjustment expenses, irrespective of your liability.
- E. The deductible amounts stated in the schedule applies under the Bodily Injury Liability or Property Damage Liability Coverage, respectively, to all damages because Bodily Injury sustained by one person, or to all Property Damage sustained by one person or organization, as the result of any one claim.

11. **DEDUCTIBLE LIMITATION**

This clause applies to the all sections of this policy. The Insured shall bear the deductible appearing in each section of the Policy herein, provided in the event of a casualty involving two or more interests insured or involving two or more different coverages insured herein, it is agreed that only one deductible shall be applied, whichever is the higher deductible amount.

## **12. CURRENCY CLAUSE**

It is understood and agreed that all policy amounts, including premiums, deductibles and sums insured, are expressed in United States currency, designated herein as \$, unless otherwise designated.

Any form herein that states currency as other than United States currency is deemed to be stated as United States currency.

Premiums and losses are payable in United States dollars unless otherwise agreed by the Company.

## **13. BROKER**

It is a condition of this Policy, and it is hereby agreed that the intermediary named in this Policy, or any substituted Intermediary, shall be deemed to be exclusively the agents of the Insured and not of the Company in any and all matters relating to, connected with or affecting this insurance. Any notice given or mailed by or on behalf of the Company to the said broker in connection with or affecting this insurance, or its cancellation, shall be deemed to have been delivered to the Insured.

All premiums, notices and communications in connection with this Policy shall be transmitted between the Insured and the Company through:

**Arthur J. Gallagher & Co.  
Insurance Brokers of California, Inc.  
18201 Von Karman Avenue - Suite  
200 Irvine, CA 92612**

who shall be recognized as the Broker of Record negotiating this Policy.

## **14. ILLEGAL TRADE EXCLUSION CLAUSE PARAMOUNT**

The following exclusions shall apply to all sections of this policy and shall override and supersede any provision of the policy, unless otherwise agreed by this Company and specifically endorsed hereon in writing.

The Company shall not be liable for charges, damages, or loss in consequence of seizure or detention for or on account of illicit or prohibited trade nor for entering nor for the consequence of entering prohibited waters nor for violation of any port regulations nor for claims from wages or provisions furnished to officers or crew while the property insured hereunder may be detained as the result of any such violation, seizure, detention, loss or disaster or during any subsequent salvage and/or repairs.

15. **SEVERABILITY**

This clause applies to the all sections of this policy. The terms or provisions of these clauses shall be deemed separable, and if any clause or part thereof is found invalid or unenforceable, such circumstance shall not effect the validity and enforceability of any other clause or part thereof.

16. **CLAIM CONTROL**

The Company shall at any time be entitled (but not obliged) to control or take over the conduct of the investigation, defense and settlement of any claim suit or proceeding against the Insured which is or is likely to be the subject of indemnity under this insurance.

In the event of this insurance being one layer of a series of layers of insurance and more than one layer being likely to be involved in particular occurrence, the Insured shall endeavor to obtain the agreement of the Insurers of each affected layer as to the manner in which such control or taken over shall be effected and the costs, charges and expenses incurred borne.

17. **INDEBTEDNESS**

This clause applies to the all sections of this policy. It is agreed that from any claim payable under this policy, there shall first be deducted any indebtedness of the Insured to the broker and/or agent, and/or underwriters.

18. **LIMITS OF INSURANCE**

A. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

1. Insureds;
2. Claims made or "suits" brought; or
3. Persons or organizations making claims or bringing "suits."

The limits of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last proceeding period for purposes of determining the Limits of Insurance.

19. **"BLANKS" IN APPENDED FORMS**

This clause applies to the all sections of this policy. It is understood and agreed that any "blanks" in the appended form(s) are to be treated as having had the following wording inserted: "AS ATTACHED".

## **20. COMPLIANCE WITH WARRANTIES**

It is a condition of coverage of this insurance that the Insured shall comply strictly with the warranties set forth in this policy. Breach of any of said warranties shall render this policy null and void for such period of non-compliance with any warranty herein.

## **21. MISREPRESENTATION AND FRAUD**

This entire policy shall be void if, either before or after a loss, the Insured has concealed or misrepresented any material fact or circumstance concerning the subject matter of this insurance, or the interest of the Insured therein.

## **22. TITLES AND HEADINGS**

Titles And Headings of clauses are for ease of reference only and do not carry any meaning beyond that contained in the wording of the clause.

## **23. CONFORMITY TO STATUTE**

Any term, provision, exclusion, or condition of this policy which is in conflict with or is unenforceable under the laws or statutes of any State, Province, Nation or other governmental or legal jurisdiction, then said provision shall be automatically amended to conform with such laws or statutes from the time that they become operational.

## **24. CHANGES AND REPRESENTATIONS**

Notice to any agent, knowledge possessed by or representations made by any agent or any other person on the Insured's behalf shall not effect a waiver or change any part of this policy or estop the Company from asserting any right under the terms of this policy.

## **25. BANKRUPTCY**

Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve us of our obligations under this Coverage Part.

## **26. ERRORS AND OMISSIONS**

This insurance shall not be prejudiced by any unintentional delay or omission in reporting hereunder or any unintentional error in the amount or the description of the interest, vessel or voyage, or if the subject matter of the insurance be shipped by another vessel, if prompt notice be given to the Company as soon as said facts become known to the Insured and additional premium paid if required.

## **27. EXAMINATION OF YOUR BOOKS AND RECORDS**

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

**28. INSPECTIONS AND SURVEYS**

We have the right but are not obligated to:

- A. Make inspections and surveys at any time;
- B. Give you reports on the conditions we find; and
- C. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- A. Are safe or healthful; or
- B. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

**29. REPRESENTATIONS**

By accepting this policy, you agree:

- A. The statements in the Declarations are accurate and complete;
- B. Those statements are based upon representations you made to us; and
- C. We have issued this policy in reliance upon your representations.

**30. SEPARATION OF INSURED**

Except with respect to the Limits of insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- A. As if each Named Insured were the only Named Insured; and
- B. Separately to each Insured against whom claim is made or "suit" is brought.

**31. DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR SUIT**

- A. You must see to it that we are notified promptly of an "occurrence" which is likely to result in a claim under this policy. Notice should include:
  - 1. How, when and where the "occurrence" took place; and
  - 2. The names and addresses of any injured persons and witnesses.

31. **DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR SUIT *Continued***

B. If a claim is made or "suit" is brought against any Insured in excess of the policy deductible or is likely to exceed the deductible, you must see to it that we receive prompt written notice of the claim or "suit."

1. You and any other involved Insured must:

(i) Immediately send us copies of any demand, notices, summonses or legal papers received in connection with the claim or "suit;"

(ii) Authorize us to obtain records and other information;

(iii) Cooperate with us in the investigation, settlement or defense of this claim or "suit;" and

(iv) Assist us, upon our request, in the enforcement of any right against any person or organization, which may be liable to the Insured because of injury or damage to which this insurance may also apply.

C. No Insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than first aid, without our consent. If the claim is in excess of policy deductible.

32. **LEGAL ACTION AGAINST US**

No person or organization has a right under this Coverage Part:

A. To join us as a party or otherwise bring us into a "suit" asking for damages from an Insured; or

B. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant's legal representative.

33. **OTHER INSURANCE**

If other valid and collectible insurance is available to the Insured for a loss we cover under Section 1 – Hull And Machinery and/or Section 2 – Protection and Indemnity, our obligations are limited as follows:

A. **Primary Insurance**

This insurance is primary except when B. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also



33. **OTHER INSURANCE *Continued***

primary. Then, we will share with all that other insurance by the method described in C. below.

**B. Excess Insurance**

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis.

When this insurance is excess, we will have no duty to defend any claim or “suit” that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the Insured’s rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss if any that exceeds the sum of:

1. The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
2. The total of all deductible and self-insured amounts under all other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

**C. Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer’s share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

34. **TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If the Insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring “suit” or transfer those rights to us and help us enforce them.

35. **CHANGES**

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy’s terms can be amended or waived only by endorsement issued by us and made a part of this policy.

**36. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**37. SERVICE OF SUIT**

In the event of the failure of this Company to pay any amount claimed to be due hereunder, this Company, at the request of the Insured, will submit to the jurisdiction of any Court of Competent jurisdiction within the United States and will comply with all requirements necessary to give such Court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such Court.

Service of process in such suit may be made upon the highest one in authority bearing the title "Commissioner", "Director", or "Superintendent" of Insurance of the State or Commonwealth wherein the interests covered by this policy is located, and that in any suit instituted against it upon this contract this Company will abide by the final decision of such Court or highest Appellate Court in the event of an appeal. The one in authority bearing the title "Commissioner", "Director", or "Superintendent" of Insurance of the State or Commonwealth wherein the Named Insured covered by this policy is located is hereby authorized and directed to accept service of process on behalf of this Company in any such suit and/or upon the Insured's request to give a written undertaking to the Insured that they will enter a general appearance on this Company's behalf in the event such a suit shall be instituted.

**39. NOTICE OF LOSS**

The Insured shall, as soon as practicable, report in writing to the Company or its agent any loss, damage, injury, occurrence, and/or expense which may give rise to a claim under this policy. Upon receipt, the Insured shall forward all subsequent notices, demands, lawsuits, processes, pleadings and other communications, legal papers, or documents relating thereto to the Company.

In the event the Insured is involved in an accident, the Insured is obligated and required to take such steps as are necessary and appropriate to protect their (and/or the Company's) property and/or render first aid assistance to anyone injured. The Insured shall take all steps (such as informing police or Coast Guard) that would reasonably be taken in the absence of this or similar insurance, but the Insured shall NOT make any admission of liability or volunteer any settlement either before or after any such accident or occurrence.

**40. CO-OPERATION**

The Insured shall cooperate with the Company in providing information and documentation of the claim, securing evidence, obtaining witnesses or repair estimates, and all other matters pertaining to the defense, negotiation, and settlement of any claim or legal proceedings made under this policy and in any subsequent appeal from any judgment thereon.

**41. ASSISTANCE AND CO-OPERATION**

This Company shall not be called upon to assume charge of the settlement or the defense of any claim made or suit brought or legal proceeding instituted against the Insured, but this Company shall have the right and shall be given the opportunity to associate with the Insured or the Insured's Underlying Insurers, or both, in the defense and control of any claim, suit or proceeding relative to an accident or occurrence where the claim or suit involves or appears reasonably likely to involve this Company in which event the Insured or the Underlying Insurers shall co-operate in all things in the defense and appeal of such claim, suit or proceeding.

**42. DEFENSE AND SETTLEMENT OF THIRD PARTY CLAIMS AND LAWSUITS**

The Company may, at its discretion, settle or compromise any claim or lawsuit that may result, and the Insured is liable for payment of any applicable deductible as part of such settlement. The Company's right and duty to defend ends when the applicable limit of insurance has been expended in the payment of judgments, settlements, and/or expenses for each Accident or Occurrence. If any and/or all such expenditures exhaust the policy limit, the Company will have no further duty to continue such defense, but shall retain the right to do so at its election. The Company shall have the option to appeal any judgment. If the Insured fails or refuses to settle any claims as authorized by the Company, the liability of the Company to the Insured shall be limited to the amount for which settlement could have been made.

**43. NO BENEFIT TO BAILEE**

This insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

**44. SUBROGATION**

The Company shall be subrogated to all rights which the Insured may have against any other person or entity, in respect of any payment made under this policy to the extent of such payment. The Insured shall, upon the request of the Company, execute all documents necessary to secure the Company's right to proceed in subrogation and shall do nothing after loss to prejudice such rights. The Company shall be entitled to:

- A. Take credit up to the measure of the loss, for any profit accruing to the Insured by reason of any negligence or wrongful act of the Insured's servants or agents, or
- B. Recover for their own account from third parties any damage that may be provable by reason of such negligence or wrongful act.

**45. SUBROGATION PROCEEDS**

In event of subrogation recovery on a loss recovered by the Insured under this Policy where the Insured bore a deductible, the net subrogation proceeds shall be apportioned between the Insured and the Company on a pro rata basis. Such apportionment to be made by the Company after receipt of such subrogation proceeds.

**46. ACTIONS AGAINST COMPANY**

No suit, action, or proceeding against the Company for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless:

- A. Such suit or legal action shall have been commenced within twelve (12) months immediately after discovery by the Insured of the occurrence which gives rise to the claim, provided however, that if by laws of the State within which this policy is issued such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the law of such State.
- B. The Insured is in full compliance with all of the terms, conditions, warranties of this Policy,
- C. The amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial, by written agreement of the Insured, the claimant and the Company, and/or by appeal undertaken by the Company.

**47. SETTLEMENT OF LOSS**

All adjusted claims shall be paid or made good to the Insured after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company or its agent.

No loss shall be paid or made good if the Insured has collected the same from others.

**48. TIME FOR SUIT**

No suit, action, or proceeding against the Company for recovery of any claim shall be sustained unless commenced within one year from the date of the happening of the Accident out of which the Claim arises, provided that, if such limitation is invalid by the laws of the state within which this Policy is issued, then such suit, action, or proceeding shall be barred unless commenced within the shortest limit of time permitted by the laws of such state.

**49. SUE AND LABOR CLAUSES**

In case of any imminent or actual peril, loss or misfortune, it shall be lawful and necessary to and for the Insured, his or their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the said goods, or any part thereof, without prejudice to this insurance; nor shall the acts of the Insured or the Company, in recovering, saving and preserving the goods covered, in case of disaster, be considered a waiver or an acceptance of an abandonment.

**50. WAIVER OF SUBROGATION**

The right of subrogation against the Insured and any of the Insured's subsidiary and/or affiliated and/or associated companies and/or parties authorized to act for the Insured or its subsidiaries and/or affiliated and/or associated companies is hereby waived.

51. **EXPERIENCE CREDIT**

The Company agrees to the following annual "Experience Credit": The Company agrees to return to the Named Insured a credit for good loss experience with the renewal of these insurances with Navigators Insurance Company through Arthur J. Gallagher & Co. Insurance Brokers of California, Inc. calculated as follows:

10% of each annual premium, net of all additional and return premium, as long as the loss ratio for each annual period in question does not exceed 50% for the year.

In the event that the Policy is cancelled, discontinued or non-renewed for a subsequent annual period, no such return credit shall be earned for either:

- A. The year or term in which the cancellation becomes effective, or
- B. The immediately preceding term if cancelled at an anniversary.

## DEFINITIONS

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT THE FOLLOWING TERMS SHALL BE CONSTRUED TO MEAN:

1. **ACCIDENT**

Accident means a fortuitous or unexpected physical mishap, event, or happening during the term of this policy neither expected nor intended by the Insured.

2. **ADVERTISING INJURY**

“Advertising injury” means injury arising out of one or more of the following offenses:

- a. Oral or written publication of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services;
- b. Oral or written publication of material that violates a person’s right of privacy;
- c. Misappropriation of advertising ideas or style of doing business; or
- d. Infringement of copyright, title or slogan.

3. **AGREED SETTLEMENT**

Agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant’s legal representative.

4. **AGGREGATE LIMIT OR GENERAL AGGREGATE LIMIT**

Aggregate Limit or General Aggregate Limit means the total or maximum amount payable within the Limit of Liability of the policy regardless of the number of coverages, claims, accidents or occurrences during the policy period.

5. **AIRCRAFT**

Aircraft means any heavier or lighter than air device capable of flight in the air by means of buoyancy or aerodynamic forces.

6. **AUTO OR AUTOMOBILE**

“Auto” or Automobile means a land motor vehicle, truck, chassis, trailer or semitrailer licensed for travel on public road, including any attached machinery or equipment. But “auto” does not include “mobile equipment.”

7. **BODILY INJURY**

“Bodily injury” means bodily injury, sickness or disease, including mental anguish, sustained by a person including death resulting from any of these at any time and including Personal Injury of any person, which results from an accident or occurrence during the term of this policy.

## **DEFINITIONS *Continued***

### **8. COMPLETED OPERATIONS**

Completed Operations means work, operations, and/or services performed by the Named Assured (including materials, parts or equipment furnished in connection therewith), but only after such operations have been completed, abandoned, or are no longer in the care, custody or control of the Insured.

Operations shall be deemed completed at the earliest of the following:

- A. When all operations to be performed by or on behalf of the Named Insured under the contract have been completed and turned over to the owner;
- B. When all operations to be performed by or on behalf of the Named Insured at the site of the operations have been completed and turned over to the owner;
- C. When the portion of the work out of which the bodily injury or property damage arises has been put to its intended use by any persons or organizations (other than another contractor or sub-contractor engaged in performing operations for a principal as a part of the same project);
- D. Operations which may require ongoing service or maintenance work; or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete; shall be deemed "completed".

### **9. CONTRACTUAL LIABILITY**

Contractual Liability means liability assumed under a written or oral contract or agreement.

### **10. COVERAGE TERRITORY**

"Coverage territory" means:

- A. Worldwide except as restricted, excluded or prohibited elsewhere in this Policy or by endorsement;
- B. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
- C. All parts of the world if:
  - 1. The injury or damage arises out of:
    - a. Goods or products made or sold by you in the territory described in a. above;  
or

## **DEFINITIONS *Continued***

### **10. COVERAGE TERRITORY *Continued***

- b. The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
- 2. The Insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

### **11. EMPLOYEE**

"Employee" includes a "leased or temporary worker".

### **12. EXECUTIVE OFFICER**

Executive officer means a person holding any of the officer positions created by your charter, constitution or by-laws.

### **13. HAZARDOUS PROPERTIES**

Hazardous properties includes radioactive, toxic or explosive properties.

### **14. HOSTILE FIRE**

Hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

### **15. IMPAIRED PROPERTY**

"Impaired property" means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:

- A. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- B. You have failed to fulfill the terms of a contract or agreement; if such property can be restored to use by:
- C. The repair, replacement, adjustment or removal of "your product" or "your work;" or
- D. Your fulfilling the terms of the contract or agreement.

### **16. INSURED**

Insured means any person or organization qualifying as an Insured under the Who Is Insured provision and against whom claim is made or suit is brought.



## **DEFINITIONS *Continued***

### **17. INSURED CONTRACT**

“Insured contract” means:

- A. A lease of premises;
- B. A sidetrack agreement;
- C. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- D. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- E. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
- F. An elevator maintenance agreement; or
- G. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of “bodily injury” or “property damage” to a third person or organization, if the contract or agreement is made prior to the “bodily injury” or property damage.” Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An “Insured contract” does not include that part of any contract or agreement:

- A. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - 1. Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
  - 2. Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- B. Under which the Insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the Insured’s rendering or failing to render professional services, including those listed in a above and supervisory, inspection or engineering services; or
- C. That indemnifies any person or organization for damage by fire to premises rented or loaned to you.

## **DEFINITIONS *Continued***

### **18. LEASED WORKER**

Leased worker means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. Leased worker does not include a temporary worker.

### **19. LOADING OR UNLOADING**

“Loading or unloading” means the handling of property:

- A. After it is moved from the place where it is accepted for movement into an aircraft, watercraft or “auto;”
- B. While it is in or on an aircraft, watercraft or “auto;” or
- C. While it is being moved from an aircraft, watercraft or “auto” to the place where it is finally delivered;

but “loading or unloading” does not include the movement of property by means of a mechanical device other than a hand truck, that is not attached to the aircraft, watercraft or “auto.”

### **20. MEDICAL EXPENSE**

Medical expenses means reasonable expenses for:

- A. First aid administered at the time of an accident;
- B. Necessary medical, surgical, x-ray, and dental services, including prosthetic devices; and
- C. Necessary ambulance, hospital, professional nursing and funeral services.

### **21. MOBILE EQUIPMENT**

“Mobile equipment” means any of the following types of land vehicles, including any attached machinery or equipment:

- A. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- B. Vehicles maintained for use solely on or next to premises you own or rent;
- C. Vehicles that travel on crawler treads;

## **DEFINITIONS *Continued***

### **21. MOBILE EQUIPMENT *Continued***

- D. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - 1. Power cranes, shovels, loaders, diggers or drills; or
  - 2. Road construction or resurfacing equipment such as graders, scrapers or rollers;
- E. Vehicles not described in A., B., C. or D. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - 1. Power cranes, shovels, loaders, diggers or drills; or
  - 2. Road construction or resurfacing equipment such as graders, scrapers or rollers;
- F. Vehicles not described in A., B., C. or D. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- 1. Equipment designed primarily for:
  - a. Snow removal;
  - b. Road maintenance, but not construction or resurfacing; or
  - c. Street cleaning;
- 2. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- 3. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

## **DEFINITIONS *Continued***

### **22. NUCLEAR FACILITY**

Nuclear facility means:

- A. Any nuclear reactor;
- B. Any equipment or device designed or used for:
  - 1. separating the isotopes of uranium or plutonium;
  - 2. processing or utilizing spent fuel; or
  - 3. handling, processing or packaging nuclear waste;
- C. Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- D. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of nuclear waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

### **23. NUCLEAR MATERIAL**

Nuclear material means source material, special nuclear material or by-product material.

### **24. NUCLEAR PROPERTY DAMAGE**

Nuclear property damage means property damage including all forms of radioactive contamination of property.

### **25. NUCLEAR REACTOR**

Nuclear reactor means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

### **26. NUCLEAR WASTE**

Nuclear waste means any waste material:

- A. Containing by-product material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content; and

## **DEFINITIONS *Continued***

### **26. NUCLEAR WASTE *Continued***

- B. Resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph A. or B.

### **27. OCCURRENCE**

“Occurrence” means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which causes an accident resulting in bodily injury; or in loss, damage or destruction of property during the term of this policy, which is neither expected nor intended by the Insured.

### **28. PERSONAL INJURY**

“Personal injury” means injury, other than “bodily injury,” arising out of one or more of the following offenses:

- A. False arrest, detention or imprisonment;
- B. Malicious prosecution;
- C. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
- D. Invasion of privacy;
- E. Oral or written publication of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services; or
- F. Oral or written publication of material that violates a person’s right of privacy;
- G. Assault or battery.

### **29. POLICY PERIOD**

Policy Period means the date and time during which coverage is in effect under this Policy of Insurance.

### **30. PRODUCTS-COMPLETED OPERATIONS HAZARD**

- A. “Products-completed operations hazard” includes all “bodily injury” and “property damage” occurring away from premises you own or rent and arising out of “your product” or “your work” except:
  - 1. Products that are still in your physical possession; or
  - 2. Work that has not yet been completed or abandoned.

## **DEFINITIONS *Continued***

### **30. PRODUCTS-COMPLETED OPERATIONS HAZARD *Continued***

B. “Your work” will be deemed completed at the earliest of the following times:

1. When all of the work called for in your contract has been completed; or
2. When all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
3. When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

C. This hazard does not include “bodily injury” or “property damage” arising out of:

1. The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the “loading or unloading” of it; or
2. The existence of tools, uninstalled equipment or abandoned or unused materials; or
3. Products or operations for which the classification in this Coverage Part or in our manual of rules includes products or completed operations.

### **31. PROFESSIONAL INDEMNITY**

Professional Indemnity means a guarantee or warranty of skill or workmanlike service.

### **32. PROPERTY DAMAGE**

“Property damage” means:

- A. Physical injury to tangible property, including all resulting loss of use of that property; or
- B. Loss of use of tangible property that is not physically injured; or
- C. Liability for cost or expense of or incidental to, the removal of the wreck of any vessel covered hereunder when such removal is compulsory by law, provided, however, that there shall be deducted from such claim the value of any salvage from the wreck inuring to or which might have inured to the benefit of the Named Insured.

## **DEFINITIONS *Continued***

### **33. PUNITIVE AND/OR EXEMPLARY DAMAGES**

Punitive And/Or Exemplary Damages means fines, penalties, assessments, or any type of punitive, exemplary or treble damages and/or any damages resulting from the multiplication of compensatory damages; to punish or make an example of the Insured.

### **34. SOURCE MATERIAL SPECIAL NUCLEAR MATERIAL, AND BY-PRODUCT MATERIAL**

Source material, special nuclear material, and by-product material have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

### **35. SPENT FUEL**

Spent fuel means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor.

### **36. SUIT**

"Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

### **37. TEMPORARY WORKER**

Temporary worker means a person who is furnished to you for a finite time period to support or supplement your work force in special work situations such as employee absences, temporary skill shortages and seasonal workloads.

### **38. YOUR PRODUCT**

"Your product" means:

- A. Any goods or products, other than real property, manufactured, produced, sold, assembled, refined, handled, distributed or disposed of by:
  - 1. You; or
  - 2. Others trading under your name; or
  - 3. A person or organization whose business or assets you have acquired; and
- B. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in A. and B. above.

## **DEFINITIONS *Continued***

### **38. YOUR PRODUCT *Continued***

“Your product” does not include vending machines or other property rented to or located for the use of others but not sold.

### **39. UNDERLYING LIMITS**

Underlying Limits means the Limit of Liability of a Policy of Insurance shown in the Schedule of Underlying Insurance which is the MINIMUM over which this policy is to be excess.

### **40. YOUR WORK**

“Your work” means:

- A. Work or operations performed by you or on your behalf; and
- B. Materials, parts or equipment furnished in connection with such work or operations.

“Your work” includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in A. or B. above.

### **41. POLLUTANTS**

“Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

### **42. RELEASE**

“Release” means discharge, dispersal, seepage, release or escape of “pollutants”.

### **43. TERRORISM**

“Terrorism” means activities against persons, organizations or property of any nature:

- A. That involve the following or preparation for the following:
  - 1. Use or threat of force or violence; or
  - 2. Commission or threat of a dangerous act; or
  - 3. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and



## **DEFINITIONS *Continued***

### **43. TERRORISM *Continued***

B. When one or both of the following applies:

1. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
2. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to a philosophy or ideology.

### **44. WARRANTY**

Warranty means commitments that the Insured promises to keep in order to have the insurances provided by this policy and in order to keep this policy in effect. These promises are known as WARRANTIES. If any of these WARRANTIES are violated, coverage will be terminated from the time of such violation even if the violation did not cause the loss. Subsequent correction of the violation will not reinstate the coverage unless written permission is received from the Insurers.

It is a condition of coverage of this insurance that the Insured shall comply strictly with the warranties set forth in this policy. Breach of any of said warranties shall render this policy null and void for such period of non-compliance with any warranty herein.

THIS POLICY SHALL EXCLUDE and be free of any claim for any direct, indirect and/or consequential liability, loss, damage or expense and/or duty to defend caused by, arising out of, or resulting from or occurring during the period of the failure to comply with any warranty.

## Claims Conditions

In the event of a claim being made under this Policy, the following conditions shall apply to the processing and payment:

**NOTICE OF LOSS:** The Insured shall, as soon as practicable, report in writing to the Company or its agent any loss, damage, injury, occurrence, and/or expense which may give rise to a claim under this Policy. Upon receipt, the Insured shall forward all subsequent notices, demands, lawsuits, processes, pleadings and other communications, legal papers, or documents relating thereto to the Company.

In the event the Insured is involved in an accident, the Insured is obligated and required to take such steps as are necessary and appropriate to protect their (and/or the Company's) property and/or render first aid assistance to anyone injured. The Insured shall take all steps (such as informing police or Coast Guard) that would reasonably be taken in the absence of this or similar insurance, but the Insured shall NOT make any admission of liability or volunteer any settlement either before or after any such accident or occurrence.

**DEFENSE AND SETTLEMENT OF THIRD PARTY CLAIMS AND LAWSUITS:** The Company may, at its discretion, settle or compromise any claim or lawsuit that may result, and the Insured is liable for payment of any applicable deductible as part of such settlement. The Company's right and duty to defend ends when the applicable limit of insurance has been expended in the payment of judgments, settlements, and/or expenses for each Accident or Occurrence. If any and/or all such expenditures exhaust the Policy limit, the Company will have no further duty to continue such defense, but shall retain the right to do so at its election. The Company shall have the option to appeal any judgment. If the Insured fails or refuses to settle any claims as authorized by the Company, the liability of the Company to the Insured shall be limited to the amount for which settlement could have been made.

**CO-OPERATION:** The Insured shall cooperate with the Company in providing information and documentation of the claim, securing evidence, obtaining witnesses or repair estimates, and all other matters pertaining to the defense, negotiation, and settlement of any claim or legal proceedings made under this Policy and in any subsequent appeal from any judgment thereon.

**SUBROGATION:** The Company shall be subrogated to all rights which the Insured may have against any other person or entity, in respect of any payment made under this Policy to the extent of such payment. The Insured shall, upon the request of the Company, execute all documents necessary to secure the Company's right to proceed in subrogation and shall do nothing after loss to prejudice such rights. The Company shall be entitled to:

- (a) take credit up to the measure of the loss, for any profit accruing to the Insured by reason of any negligence or wrongful act of the Insured's servants or agents, or

- (b) recover for their own account from third parties any damage that may be provable by reason of such negligence or wrongful act.

**ACTIONS AGAINST COMPANY:** No suit, action, or proceeding against the Company for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless:

- (a) such suit or legal action shall have been commenced with twelve (12) months immediately after discovery by the Insured of the occurrence which gives rise to the claim, provided however, that if by laws of the State within which this Policy is issued such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the law of such State.
- (b) the Insured is in full compliance with ALL of the terms, conditions, warranties of this Policy,
- (c) the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial, by written agreement of the Insured, the claimant and the Company, and/or by appeal undertaken by the Company.

**SETTLEMENT OF LOSS:** All adjusted claims shall be paid or made good to the Insured after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company or its agent. No loss shall be paid or made good if the Insured has collected the same from others.

**NO BENEFIT TO BAILEE:** This insurance shall in not inure directly or indirectly to the benefit of any carrier or other bailee.

**COVER ELSEWHERE:** Where the Insured is covered or protected against any loss or claim which would otherwise have been paid by the Company under this Policy, there shall be **no contribution**, on the basis of double insurance or otherwise by this Company if other insurance applies.

**ASSIGNMENTS:** No claims or demand against the Company under this Policy shall be assigned or transferred to any other party. No person, excepting a legally appointed receiver of the property of the Insured, shall acquire any right against the Company by virtue of this insurance without the expressed consent of the Company.

All other terms and conditions remain unchanged.

**Attaching to and forming part of POLICY NUMBER SF21CFT00518001**

**Blanket Limit Endorsement**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The Blanket Limit: provided below, for Hulls, Machinery, Equipment, Trailers and Appurtenances that are purchased, repaired or altered, chartered, leased, hired, operated, placed back in service by, donated to or otherwise acquired by the Insured for ownership, operation, charter, use or in the care, custody or control of the Insured.

Blanket Limit - Combined Values of the Hull and Trailer schedules attached to this policy.

All other terms and conditions remain unchanged.



Date of Issue: July 26, 2021

## 21-22 Watercraft Schedule

Num.	Equip. #	Make	Type	Year	Hull Value	Deductible	Purpose	Department
1	003001	24' BOSTON WHALER	Boat	2017	166,897.00	1,000.00	Patrol	Sheriff - Trailer #35221
2	003011	22' ROGUE JET FASTWATER	Boat	2011	69,056.00	1,000.00	Patrol	Sheriff - Trailer #034008
3	003012	PLAY CRAFT	Boat	2007	84,662.00	1,000.00	Patrol	Zone HL Havasu Lake Fire Station 18 -- trailer 035300
4	003013	21' BOSTON WHALER	Boat	2013	91,543.00	1,000.00	Patrol	Sheriff - Trailer #35186 New Vessel added on 01/22/13
5	003019	21' BOSTON WHALER OB	Boat	2010	102,168.00	1,000.00	Patrol	Sheriff - Trailer #038102
6	003020	LOWE 18' 1852MT BOAT	Boat	2009	7,548.00	1,000.00	Patrol	Prado Regional Park w/trailer 035600
7	003030	CONQUEST	Boat	2007	123,000.00	1,000.00	Patrol	Sheriff - Trailer #035002
8	003041	MUNSON 28FT BOAT	Boat	2013	163,681.00	1,000.00	Patrol	Sheriff - Trailer # 034131 Added on 09/10/2013
9	003043	ROGUE 22FT BOAT	Boat	2013	79,510.00	1,000.00	Patrol	Sheriff - Trailer # 035702 Added on 12/12/2013
10	003044	24' BOSTON WHALER OBx2	Boat	2015	135,736.00	1,000.00	Patrol	Sheriff - Trailer #035192 Added on 11/19/15
11	003050	19' BOSTON WHALER GUARDIAN	Boat	2008	52,933.00	1,000.00	Patrol	Sheriff- Trailer #035201
12	003052	27' BOSTON WHALER	Boat	2010	177,994.00	1,000.00	Patrol	Sheriff - Trailer #035028
13	003060	21' BOSTON WHALER	Boat	2003	35,426.04	1,000.00	S&R	Sheriff- Trailer #035173
14	003075	ZODIAC BOAT INFLATABLE	Boat	2013	7,686.00	1,000.00	Patrol	Sheriff -- No Trailer. Added 11-06-2013
15	003076	16' TRACKER BOAT	Boat	2002	2,473.00	1,000.00	Patrol	Glen Helen Regional Park w/trailer 034879
16	003079	24' BOSTON WHALER	Boat	2005	121,977.71	1,000.00	Patrol	Sheriff - Trailer #035174
17	003080	BOSTON WHALER	Boat	2008	79,883.00	1,000.00	Patrol	Sheriff- Trailer # 035498
18	003092	CRESTLINER CR1448T	Boat	2003	2,086.00	1,000.00	Patrol	Flood Control - w/trailer 035154
19	003100	28' LAKE ASSAULT	Boat	2017	280,574.50	1,000.00	PATROL	FIRE STATION 32, NEEDLES - TRAILER 035222
20	003101	26' LAKE ASSAULT	Boat	2017	280,574.50	1,000.00	PATROL	FIRE STATION 92, LAKE ARROWHEAD - TRAILER 035223
21	003102	24' 750 IMPACT	Boat	2018	177,219.66	1,000.00	Patrol	Sheriff - Trailer #035506
22	Z52203	ZODIAK COMMANDO C5	Boat	2005	3,895.00	1,000.00	Dam Inspection	Flood Control -- 7 Oaks Dam Inspection of wet side of dam- NO TRAILER
23	003103	28' LAKE ASSAULT	Boat	2019	390,527.00	1,000.00	PATROL	FIRE STATION 96, FAWNSKIN - TRAILER 035256
					<b>2,637,050.41</b>			

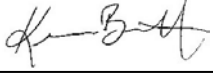
## 21-22 Trailer Schedule

Num.	Equip. #	Make	Type	Year	Value	Deductible	Purpose	Department
1	034008	GUARDIAN TRAILER BOAT	Trailer	2011	7,504.00	1,000.00	Transport boat	Sheriff w/boat # 003011
2	034131	EZ LOADER TRAILER BOAT	Trailer	2014	5,000.00	1,000.00	Transport boat	Sherriff- w/boat # 003041 Added on 09/10/2013
3	034879	TRAILER BOAT TRALIER	Trailer	2008	8,000.00	1,000.00	Transport boat	Glen Helen Regional Park w/boat 003076
4	035002	ZIEMAN TRAILER	Trailer	2007	15,000.00	1,000.00	Transport boat	Sheriff- w/Boat #003030
5	035154	YACHT CLUB TRAILER BOAT	Trailer	2003	932.04	1,000.00	Transport boat	Flood Control - w/boat 003092
6	035173	UD BOATMASTER TRAILER	Trailer	2006	5,518.96	1,000.00	Transport boat	Sheriff- w/boat # 003060
7	035174	UD BOAT MASTER TRAILER	Trailer	2005	6,838.89	1,000.00	Transport boat	Sheriff- w/boat # 003079
8	035186	BOATMASTER TRAILER	Trailer	2012	8,160.00	1,000.00	Transport boat	Sheriff w/boat # 003013 New Trailer added on 01/22/13
9	035192	BOATMASTER TRAILER	Trailer	2015	12,000.00	1,000.00	Transport boat	Sheriff w/boat # 003044 Added on 11/19/15
10	035201	19' BOATMASTER TRAILER	Trailer	2008	4,000.00	1,000.00	Transport boat	Sheriff-CRS w/boat #003050
11	035208	BOATMASTER TRAILER	Trailer	2010	3,500.00	1,000.00	Transport boat	Sheriff Needles with boat #003052
12	035221	BOATMASTER TRAILER	Trailer	2017	10,000.00	1,000.00	Transport boat	Sheriff Needles with boat #003001
13	035222	BOAT MASTER	Trailer	2017	7,000.00	1,000.00	Transport boat	FIRE STATION 32, NEEDLES - W/BOAT 003100
14	035223	BOAT MASTER	Trailer	2017	7,000.00	1,000.00	Transport boat	FIRE STATION 92, LAKE ARROWHEAD - W/BOAT 003101
15	035300	BEAR MANUFACTURING	Trailer	2008	5,000.00	1,000.00	Transport boat	Zone HL Havasu Lake Fire Station 18 - w/boat 003012
16	035498	BOATMASTER	Trailer	2008	3,000.00	1,000.00	Transport boat	Sheriff-CRS w/boat 003080
17	035600	KARAVAN TRAILER	Trailer	2008	981.36	1,000.00	Transport boat	Prado Regional Park w/boat 003020
18	035702	GUARDIAN TRAILER BOAT	Trailer	2013	5,000.00	1,000.00	Transport boat	Sherriff- w/boat # 003043 Added on 12/12/2013
19	038102	BOATMASTER	Trailer	2010	3,000.00	1,000.00	Transport boat	Sheriff- w/boat # 003019
20	035506	BOATMASTER BC750IMW-120	Trailer	2018	3,000.00	1,000.00	Transport boat	Sheriff- w/boat # 003102
21	035256	BOAT MASTER	Trailer	2019	7,000.00	1,000.00	Transport boat	FIRE STATION 96, FAWN SKIN - W/BOAT 003103
					<b>127,435.25</b>			

By Acceptance of this policy the Insured agrees that the statements in the Declarations and the Application and any attachments hereto are the Insured's agreements and representations and that this policy embodies all agreements existing between the Insured and the Company or any of its representatives relating to this insurance.


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**IN WITNESS WHEREOF, we have caused this policy to be signed by our President and Secretary.**



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[Kevin Barnett]  
Secretary



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[Douglas Elliot]  
President

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Navigators Insurance Company



## PRODUCER COMPENSATION NOTICE

You can review and obtain information on The Hartford's producer compensation practices at [www.TheHartford.com](http://www.TheHartford.com) or at 1-800-592-5717.



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