

AlfaStrakhovanie PLC

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**by General Director of
AlfaStrakhovanie PLC**

Vladimir Skvortsov

SHIOWNERS' LIABILITY INSURANCE RULES

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Part 1. GENERAL TERMS AND DEFINITIONS

Ship implies self-propelled or non-self-propelled floating construction used for the carriage of cargo, passengers, luggage, post and also for fishing or other merchant shipping activity, extract of minerals, salvage, towage of other floating objects, performance of hydrotechnical works, ensuring of safety, scientific, educational, cultural, sport or other purposes.

Insured ship implies a ship in which respect the contract of liability insurance has been entered into.

Shipowner implies a person operating the ship on its own behalf irrespective of whether it is the owner of the ship or operates her on any other legal ground.

Third parties imply legal entities or individuals to whose health, life or property interests harm or damage has been caused as a result of operation of the insured ship as provided by the contract of insurance entered into under these Rules.

Crew member (seaman) implies any person (including the master) employed on the ship and holding a position in accordance with list of members of staff or under the terms and conditions of a collective crew agreement or other contract of service or employment, whether or not onboard that ship, and entered in the crew list in prescribed manner.

Passenger implies any person carried on board the ship under a contract of carriage by seagoing or river transport.

Cargo implies any issues and goods including those used to pack or secure goods, in respect of which the shipowner enters into a contract of carriage but excluding containers and other equipment owned or leased by the shipowner as well as live animals.

Claim implies a demand raised against the Insured by third parties to whose property interests the damage has been caused in the process of operation of the insured ship by the Insured.

Policy implies a brief form of the contract of insurance.

Deductible implies a part of the Insured's losses not to be reimbursed by the Insurer.

Scope of risks covered implies risks and additional terms and conditions determined by the parties when entering into the contract of insurance and provided by these Rules.

Part 2. GENERAL PROVISIONS

- 2.1. In accordance with these Rules the Insurer shall accept for insurance (enters into contracts of insurance of shipowners' liability) the risk of civil liability of the Insured under the Insured's obligations arising as a consequence of harm to life or health or damage to property interests of third parties and environment resulting from operation of ships in respect of which the Insured's liability is insured.
- 2.2. These Rules are an integral part of a contract of insurance of shipowners' liability entered into between the Insurer and the Insured.
- 2.3. When entering into the contract of insurance the parties may agree to amend or supplement certain conditions and terms of these Rules with other terms and conditions which shall not contradict to Russian laws.
- 2.4. The contract of insurance of shipowners' liability, hereinafter "the contract of insurance" entered into between the Insured and the Insurer shall not be considered as evidence of guarantee, financial or any other obligations of the Insurer to the other parties.
If the Insured produces the contract of insurance as evidence of insurance which under respective laws will be related to financial liability or otherwise produces or proposes the contract of insurance to any other party as evidence of insurance then such submission of the policy by the Insured may not be evidence to the effect that the Insurer agrees to act as the guarantor or defendant in any court.

Part 3. INSURANCE PARTIES

- 3.1. **The Insurer** implies an open joint stock company "AlfaStrakhovanie".
- 3.2. **The Insured** implies a legal entity or individual that has property interest in the subject matter of insurance, is operating the ship on its own behalf and is named in the contract of insurance.
- 3.3. **The Co-insured** implies a legal entity or individual that has property interests in the subject matter of insurance and is specified in the policy at the Insured's request.

Hereinafter the Insured and the Co-insured are together and individually referred to as "the Insured".

- 3.3.1. The Insured and the Co-insureds shall be jointly and severally liable for payment of any premium owed to the Insurer.
- 3.3.2. Each Co-insured has the same obligations under the policy as the Insured including an obligation to disclose all significant information and notify about the change of the risk's degree as if it were the Insured.
- 3.3.3. Any information communicated by the Insurer to the Insured or any of the Co-insureds is considered to be communicated to the Insured and all the Co-insureds.

- 3.3.4. Each Co-insured may recover any costs or expenses in which respect it is liable based on the law as the shipowner and if such costs and expenses may be recovered under the contract of insurance.
- 3.3.5. Costs caused by the disputes among the Insured and the Co-insureds or among the Co-insureds are not recovered.
- 3.3.6. An act or omission of the Insured or any of the Co-insureds shall be deemed to be the act or omission of the Insured and all the Co-insureds.
- 3.3.7. Any payment by the Insurer in satisfaction of any liability insured under the contract of insurance shall be deemed to have been made in favor of the Insured and all Co-insureds.
- 3.4. **The Insured parties** imply parties specified in the contract of insurance at the parties' consent solely based on the fact that such parties may be found liable for the damage actually caused by the Insured.
 - 3.4.1. If under a judgment or award the Insured party is liable to reimburse the damage actually caused to the third party by the Insured, the insurance cover provided by the contract of insurance will extend to such a party despite the fact that the Insured party entered into the insurance policy at the Insured's request and is not the Insured or the Co-insured.
 - 3.4.2. After the insurance reimbursement is paid to the Insured party the Insurer is not liable to pay any further insurance reimbursements in respect of such claim to the Insured, Co-insured and the Insured party entered into the insurance policy at the Insured's request.

3.5. Beneficiary

- 3.5.1. When insuring the risks of the Insured's liability, the contract of insurance is deemed to be entered into in favor of persons which may be damaged (the Beneficiaries). The contract of insurance entered into in favor of Beneficiaries implies that the Insurer shall reimburse to the Insured its costs and expenses in accordance with these Rules incurred due to liability before the Beneficiaries.
- 3.5.2. The contract of insurance is deemed to be entered into in favor of the Insured itself when the Insured's additional expenses are insured.

Part 4. SUBJECT MATTER OF INSURANCE

- 4.1. Lawful property interests of the Insured connected with its liability under the civil law of the Russian Federation and/or international law to reimburse damage caused to third parties or the environment in the course of the insured ship's (ships') operation or its liability to bear additional expenses incurred in the course of operation of the insured ship (ships) specified by these Rules and the contract of insurance.

Part 5. ACCIDENT/INSURED EVENT?

- 5.1. **The Insured risk** implies possible liability of the Insured to the third parties and /or obligation of the Insured to bear additional expenses connected with operation of the insured ship (ships) in which respect the insurance is effected.
- 5.2. **The Insured event** implies occurrence, incident or average which takes place within the contract of insurance's term and which occurrence will cause liability of the Insured to the third parties caused by harm to the life, health and property interests and/or the Insured's obligation to bear additional expenses which occurred in the course of the insured ship's (ships') operation.
- 5.3. **The Insured event** implies the Insured's liability arising under these Rules and the contract of insurance to the third parties caused by the damage to their property interests in the course of the insured ship's (ships') operation and/or the Insured's obligation to incur additional expenses which occurred in the course of the insured ship's (ships') operation and the consequent obligation of the Insurer to effect insurance reimbursement provided that the Insured observed all the conditions of the contract of insurance.
- 5.4. The obligation of the Insurer to effect insurance reimbursement comes into effect as soon as the liability is imposed on the Insured with regard to compensation of harm inflicted to the life, health, property interests of third parties, environment based on the enforceable court judgment, decision of the competent state body or settlement agreement entered into between the Insured and injured party and at the Insurer's approval with regard to compensation to the injured party of the damage and/or the liability of the Insured based on the law to incur additional expenses provided by the contract of insurance and which occurred in the course of the insured ship's (ships') operation.

Part 6. RISKS COVERED

- 6.1. The contract of insurance entered into in accordance with these Rules does not extend to the Insured's liability for the harm inflicted thereby to the third parties to the extent that the Insured is covered against such liability under the hull policy of the insured ship.
- 6.2. The contract of insurance does not cover the amount of deductible provided by the hull policy.
- 6.3. Insurance cover is limited by the sum insured (the Insurer's limit of liability) specified in the contract of insurance.
- 6.4. The contract of insurance may cover the following risks:

Section 6.5.1. Liability to persons other than crew members of the insured ship

The contract of insurance entered into under this Section 6.5.1. shall cover at the Insured's option:

- A) The Insured's liability to pay damages or compensation to any person which is not a passenger of the insured ship.

The Insured's liability to compensate shall include:

- hospital, medical or funeral expenses incurred as a result of injury, illness or the death of the person;
- cost of loss of or damage to the property of the person.

Provided that:

-unless otherwise provided by the contract of insurance there shall be no recovery in respect of claims relating to the Insured's liability and expenses incurred in connection with loss of or damage to cash, cheques, bank documents and other securities, objects d'art and antiques, precious and rare metals, precious stones, valuables or objects of a rare or precious nature;

- liability in respect of persons engaged in the handling of cargo is covered only if caused by the negligent act or omissions of the master and/or the crew of the ship which took place on the board of the insured ship or during cargo handling after the receipt of the cargo from the shipper at the port of loading until delivery of the cargo to consignee at the port of discharge.

- B)** The Insured's liability to pay damages or compensation to passengers on the board of the insured ship.

The Insured's liability to compensate shall include:

- hospital, medical or funeral expenses incurred as a result of injury, illness or the death of the passengers;
- expenses related to liability before the passengers on the board of the insured ship as a result of a casualty to the ship, including the cost of forwarding passengers to destination or return to port of embarkation and of maintenance of passengers ashore;
- loss of or damage to the property and/or luggage of passengers.

Provided that:

- contract liabilities of the Insured are covered beyond its non contract liabilities only in the event and to the extent when the provisions of the contract for carriage entered into between the passenger and the Insured were approved in writing by the Insurer;

- unless otherwise provided by the contract of insurance there shall be no cover in respect of liability of the Insured for death of or injury to a passenger on the board of the insured vessel whilst on an excursion where a separate contract for the excursion has been entered into by the passenger and the other party;

-unless otherwise provided by the contract of insurance there shall be no recovery in respect of claims relating to the Insured's expenses incurred in connection with loss of or damage to cash, cheques, bank documents and other securities, objects d'art and antiques, precious or rare metals or stones, valuables or objects of a rare or precious nature;

-there shall be no cover for liability caused by harm inflicted to the life or health of persons on the board of the other ship as a result of collision of the latter and the insured ship and which may be insured under Section 6.5.8 "Collision with other ships" of these Rules;

-there shall be no cover under this Section of any liability caused by pollution of oil products or other contaminating substances which may be insured under Section 6.5.10 of these Rules.

Section 6.5.2. Liability to the crew members of the insured ship

At the Insured's option the contract of insurance entered into under this Section 6.5.2 covers:

- A)** Liability in respect of harm or injury or death of the crew member caused by the injury of the crew member of the insured ship including reasonable hospital, medical, funeral expenses, expenses for repatriation, expenses for sending a substitute to replace a repatriated crew member as well as other expenses reasonably incurred as a result of injury or death of the injured crew member of the insured ship;
- B)** Liability to pay damages or compensation for illness and death resulting from illness of any crew member of the insured ship, including necessarily and reasonably incurred hospital, medical, funeral expenses, expenses for repatriating the crew member and sending abroad a substitute to replace the repatriated crew member, other expenses necessarily and reasonably incurred in relation to injury of the crew member of the insured ship.
- C)** Liability to pay damages or compensation for the loss of or damage to the effects of the insured ship's crew member.

Provided that:

- contract liabilities of the Insured shall be covered beyond its non contract liabilities only in the event and to the extent as it was provided in the collective crew agreement or employment agreement entered into between the Insured and crew members of the insured ship and approved in writing by the Insurer;

-unless otherwise provided by the contract of insurance there shall be no recovery in respect of claims relating to the Insured's expenses incurred in connection with loss of or damage to cash, cheques, bank documents and other securities, objects d'art and antiques, precious or rare metals or stones, products made thereof, valuables or objects of a rare or precious nature.

Section 6.5.3. Repatriation and substitute expenses

The contract of insurance entered into under this Section 6.5.3. shall cover the Insured's expenses not covered under Section 6.5.2 of these Rules with respect to:

- A)** Sending a substitute to replace a crew member of the insured ship who has been left ashore for reasons not connected with medical treatment;
- B)** Repatriating a crew member due to the total or constructive total loss of the insured ship.

General provisions for Section 6.5.3:

There shall be no cover under this Section in respect of expenses related to the repatriation and/or sending a substitute to replace crew members incurred as the result of:

- expiry of a crew member's period of service on the insured ship either in accordance with the terms of a collective crew agreement (contract of service or employment) or by mutual consent of the parties thereto;
- breach by the Insured of its obligations in respect of crew members of the insured ship provided for by the rules of law or contracts of service or employment agreements;
- bankruptcy, sale or any other act of the shipowner in respect of the insured ship;
- the insured ship being off hire.

Section 6.5.4. Shipwreck unemployment indemnity

The contract of insurance entered into under this Section 6.5.4. shall cover the Insured's liability before the crew members to compensate for the loss of their employment caused in consequence of the actual or constructive total loss of the insured ship.

This cover shall be provided to the Insured where the Insured's liability to compensate crew members arises under the law or under the terms of a collective crew agreement or contract of service or employment agreement entered into between the Insured and crew members of the insured ship and approved by the Insurer.

Section 6.5.5. Life salvage expences

The contract of insurance entered into under this Section 6.5.5. shall cover the Insured's additional expenses in respect of its obligation to pay sums legally due by the Insured to the third party by reason of the fact that it has saved life of any person on or from the insured ship but only if and to the extent that such payments are not recoverable under the hull policies of the insured ship or from the cargo owners or underwriters of the cargo carried by the insured ship.

Section 6.5.6. Deviation expenses

The contract of insurance entered into under this Section 6.5.6. shall cover additional expenses of the Insured in connection with deviation of the insured ship or delay of the insured ship.

The insurance cover shall be effective if such expenses were necessarily and reasonably incurred solely for the purpose of:

- A)** delivering an injured or sick crew member to the nearest port for securing medical treatment; substituting an injured or sick crew member; repatriating a deceased crew member;
- B)** landing stowaways or refugees and saving life at sea.

General terms of Section 6.5.6:

The insurance reimbursement is calculated on the basis of expenses for fuel, insurance of the ship, wages of crew members, stores, provisions and port charges as the net loss to the Insured which expenses are calculated as those actually incurred as a result of the diversion with the deduction of expenses as would have been incurred during normal operation of the ship.

There shall be no recovery for the expenses and costs related to the loss of hire, loss of profit or any other income.

Section 6.5.7. Stowaways and refugees

The contract of insurance entered into under this Section 6.5.7. of these Rules shall cover additional expenses of the Insured (other than those covered under paragraph (B) of Section 6.5.6. of these Rules) in respect of stowaways and refugees.

The mentioned expenses shall be covered by the Insurer if such were incurred under the effective laws applied to the Insured's obligations in respect of stowaways and refugees and if such expenses were incurred at the approval and consent of the Insurer.

There shall be no cover for the expenses and the costs related to the loss of hire, loss of profit or any other income.

Section 6.5.8. Collision with other ships

The contract of insurance entered into under this Section 6.5.8. of these Rules shall cover liability of the Insured for the damage inflicted to third parties as a consequence of a collision between the insured ship and any other ship or ships. At the option of the Insured the recovery shall be provided for:

- A)** the one-fourth of the expenses of the Insured (or any other part as agreed with the Insurer in writing) in connection with its liability for the collision of the insured ship with another ship in respect of :
- damage caused by a collision of the insured ship to another ship as well as to property and cargo onboard another ship;
 - expenses connected with another ship being off hire as a result of a collision with the insured ship;
 - expenses connected with general average and salvage of another ship resulting from a collision with the insured ship.
- B)** four-fourths of the expenses of the Insured in connection with its liability for the collision of the insured ship with another ship in respect of :
- expenses connected with removal or disposal of obstructions or wrecks of another ship, cargoes or any other thing whatsoever relating to another ship;
 - expenses connected with indemnifying third parties for loss of or damage to any fixed or movable property except another ship or property on another ship, provided that the loss of or damage to the said property or things resulted from a collision with the insured ship;
 - expenses connected with indemnifying third parties for loss of or damage to the cargo or other property on the insured ship or general average contributions or salvage paid by the owners of that cargo or property on the insured ship;
 - expenses connected with compensation for loss of life or personal injury of persons onboard another ship caused by collision of that ship with the insured ship including repatriation or substitute expenses for that other ship;

- expenses connected with indemnifying third parties for an escape or discharge from another ship of oil or any other contaminating substance, as a result of collision of that ship with the insured ship, but excluding damage caused by pollution to other ship and property on such other ship.

C) damage to another ship caused by collision of that ship with the insured ship (other than the liabilities listed in paragraphs (A) and (B) of this Section) in the part which exceeds the sum recoverable under the hull policy of the insured ship solely by reason of the fact that the sum of the liabilities to that other ship arising out of the collision exceeds the hull value of the insured ship, corresponding to the market value of the insured ship stipulated in the relevant hull policy.

General terms of Section 6.5.8 of these Rules:

The contract of insurance entered into under the terms and conditions contained in paragraphs A) and B) of Section 6.5.8 of these Rules shall not extend to that part of the Insured's liabilities arising out of collision, which is covered under the hull policy of the insured ship

If both ships are to blame and where the liability of either or both of the ships in collision becomes subject to limitation by law, claims shall be settled upon the principle of "single liability", which provides for recovery of the balance being a result of set-off of mutual claims after application of limitation of liability by law. In all other cases claims shall be settled upon the principle of "cross-liabilities", whereunder the owner of each ship shall pay the owner of the other ship such proportion of the latter's damages as may have been properly allowed in ascertaining the extent of blame of each ship in the collision, without applying a set-off of amounts claimed.

If a claim arises in respect of a collision involving ships belonging to the same Insured, the latter shall be entitled to recover from the Insurer, and the Insurer, in its turn, shall have the same rights, as if the ships had belonged to different Insureds.

Section 6.5.9. Liability for loss of or damage of the property including loss of or damage to the floating and fixed property

The contract of insurance entered into under the terms and conditions of this Section 6.5.9. of these Rules shall cover liability for damage inflicted by the insured ship to third parties as a consequence of loss of or damage to any property (fixed, floating, etc.) including infringement of rights to use such property.

The contract of insurance entered into under the terms and conditions of this Section 6.5.9. shall not cover liability of the Insured to the extent such liability is covered under the hull policy in respect of liability for collision.

The contract of insurance entered into under the terms and conditions of this Section 6.5.9. of these Rules shall not cover expenses in connection with liability which is covered under other Sections of these Rules:

Section 6.5.1. Liability to persons other than crew members of the insured ship;

Section 6.5.2. Liability to the crew members of the insured ship;

Section 6.5.10. Liability arising out of pollution;

Section 6.5.11. Liability arising out of towage contract;

Section 6.5.12. Liability arising out of the wreck removal of the insured ship;

Section 6.5.13. Cargo liability;

Section 6.5.14. Liability for property on the insured ship.

If the insured ship inflicts damage to the property owned solely or in part by the Insured, the Insured shall have the right of recovery from the Insurer and the Insurer in its turn will have the same rights if the property belonged to third parties.

Section 6.5.10. Liability arising out of pollution

The contract of insurance entered into under the terms and conditions of this Section 6.5.10. shall cover liability of the Insured arising out of pollution caused by the discharge or escape from the insured ship of oil or oil products or any other contaminating substances. At the option of the Insured the recovery shall be provided for:

- A) expenses of the Insured in connection with liability for the damage inflicted to the life or health of the third parties as a consequence of the pollution;
- B) expenses of the Insured in connection with liability for the damage inflicted as a consequence of the pollution if such expenses are other than expenses covered under paragraph A) of this Section;
- C) expenses reasonably and necessarily incurred by the Insured exclusively for the purpose of preventing or minimizing pollution or any damage caused by the pollution and expenses in connection with liability for loss or damage to the property, caused by measures taken for the purpose of avoiding or minimizing pollution;
- D) expenses reasonably and necessarily incurred by the Insured exclusively for the purpose of preventing the risk of discharge or escape of oil or other substances which may cause pollution from the insured ship;
- E) the expenses or liability incurred by the Insured as a result of compliance with national or international laws and rules, conventions or treaties and also any orders or directions issued by any government or authority for the purpose of preventing or minimizing the scope of pollution or the risk of pollution caused by sudden or accidental event, if such compliance with the laws and rules is required by normal operation, salvage or repair of the insured ship and if such expenses are not recovered under the hull policy of the insured ship.

Section 6.5.11. Liability arising out of towage contract

At the Insured's option the contract of insurance entered into under the terms and conditions of this Section 6.5.11. shall cover:

- A) the Insured's liability under the terms of a contract for the customary towage of the insured ship in the following events:

- towage of the insured ship for the purpose of entering or leaving a port or maneuvering within the port during the ordinary course of trading;

- towage of such insured ship as is habitually towed in the ordinary course of trading from port to port or from place to place, to the extent that the Insured is not covered against such liability under the hull policy of the insured ship.

- B)** the Insured's liability arising out of the towage of the insured ship other than customary towage and under the contract of towage providing for conditions other than specified in paragraph A) of this Section 6.5.11. provided that such contract of towage and the scope of cover were agreed in writing with the Insurer;
- C)** the Insured's liability arising out of the towage by the insured ship of another ship or object provided that the contract of such towage and the scope of cover were agreed in writing with the Insurer.

Section 6.5.12. Liability arising out of the wreck removal of the insured ship

At the Insured's option the contract of insurance entered into under the terms and conditions of this Section 6.5.12. shall cover:

- A)** additional expenses of the Insured in connection with its obligation based on the law:

- to raise, remove, destruct, light and/or mark the wreck of the insured ship which sank provided that the insured ship became a wreck as the result of a casualty or event occurring during the validity of the contract of insurance. The value of all property, stores and materials saved, as well as the wreck itself shall be deducted from the amount of the insurance reimbursement claimed by the Insured under the contract of insurance.

The mentioned expenses shall not be recovered if the Insured, without the consent of the Insurer in writing, has transferred its interest in the wreck prior to the raising, removal, destruction, lighting or marking of the wreck or prior to the accident giving rise to the liability and expenses;

- to raise, remove and/or destruct any property or the cargo which is not oil or other substance falling under Section 6.5.10 (Liability arising out of pollution) and which is carried or has been carried by the insured ship.

The mentioned expenses shall not be recovered if the cargo is owned by the Insured and the property forms part of the insured ship and/or is owned and/or leased by the Insured or by any company associated with or under the same management as the insured ship or the Insured may recover the mentioned expenses from the owner or the Insurer of such property or from other parties;

- B)** liability incurred by the Insured as the result of the presence or involuntary shifting of the wreck of the insured ship, remnants of the cargo or the property or as a result of the Insured's failure to remove, destroy, light or mark otherwise such wreck, excluding liability arising from the discharge or escape from such wreck of oil, oil products or any other contaminants which are covered under Section 6.5.10 (Liability arising out of pollution);

- C) liability incurred by the Insured due to damage inflicted to third parties by raising, removal or destruction of the wreck of the insured ship, cargo or any property or any attempt to perform such actions.

General terms of Section 6.5.12. of these Rules

If the additional expenses or liability of the Insured under this Section 6.5.12 arise based on the contract for services rendered to the insured ship and otherwise would not have arisen, the expenses incurred by the Insured shall be covered by the Insurer only if such contract for services was preliminarily agreed with the Insurer.

Section 6.5.13. Cargo Liability

At the Insured's option the contract of insurance entered into under the terms and conditions of this Section 6.5.13. shall cover:

- A) the Insured's liability to third parties having property interest in the cargo which is to be carried, being carried or has been carried by the insured ship for loss or shortage of the cargo in whole or in part or damage to the cargo or other liability arising out of any breach by the Insured, or by any person for whose acts, neglect or default the Insured may be liable, of the obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the cargo or as a result of unseaworthiness or inadequacy of the insured ship to be exploited provided that such breach could not be discovered before the voyage started.
- B) additional expenses (over and above the expenses which would have been incurred by the Insured if the cargo had not been damaged) incurred by the Insured in connection with discharge, storage, sale or destruction of the damaged cargo which is to be carried, is being carried or has been carried by the insured ship if such expenses may not be recovered by the Insured from any other party;
- C) additional expenses (over and above the expenses which would have been incurred by the Insured if the cargo had been collected or removed) incurred by the Insured solely by reason of the total failure of a consignee to collect or remove cargo carried by the insured ship at the port of discharge or place of delivery, but only if and to the extent that such expenses exceed the proceeds of sale of the cargo and the Insured has no recourse to recover those liabilities or costs from any other party;
- D) liability of the Insured for loss, shortage or damage in respect of cargo carried by means of transport other than the insured ship, when the liability arises under a through or transshipment bill of lading, or other form of contract, providing for carriage partly to be performed on the insured ship.

General terms of Section 6.5.13:

- 1) Unless otherwise is preliminarily agreed with the Insurer in writing, there shall be no cover in respect of:
- expenses and costs of the Insured that arise out of carriage of the cargo (including deck cargo) on terms less favorable to the carrier than standard conditions of the carriage of cargo provided by the Hague

Visby Rules¹ and also expenses incurred as a consequence of a departure from the contractually agreed route or a change of terms of carriage, which deprive the Insured of the rights to refer to clauses which limit or exclude its liability and which would otherwise have been available to the Insured;

- expenses incurred as a consequence of unsafe carriage of specie, bullion, precious or rare metals or stone, plate or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other financial instruments and other precious and rare cargoes;

- any expenses exceeding SDR 666,67 per unit or SDR 2 per kilo whichever is the higher.

2) There shall be no cover in respect of the Insured's expenses which were incurred in the result of:

- discharge of cargo at a port or place other than that provided in the contract of carriage;

- delivery of cargo without production of the original bill of lading, waybill or any other document of title by the person to whom delivery is made;

- shortage of cargo, difference in weighing or in volume of bulk cargoes;

- shortage of cargo in intact package or in containers with intact seals;

- shortage of timber in intact packages;

- delivery of cargo to a person other than the party named in a not negotiable bill of lading or other transport documents as the person to whom the delivery should be made;

- the issue of an antedated or post-dated bill of lading containing or evidencing the contract of carriage;

- issue of the bill of lading, way bill or any similar document signed at the Insured's approval or at the insured ship's master and specifying the wrong name, quantity and state of the cargo;

- issue of a bill of lading, waybill or other document containing or evidencing the contract of carriage issued with the knowledge of the Insured or the master of the insured ship with an incorrect description of the cargo or its quantity or its condition;

- the failure to arrive or late arrival of the insured ship at a port of loading, or any failure to load any particular cargo or cargoes in the insured ship;

- carriage of steel and other ferrous metals if no pre-loading survey was carried out by the independent surveyor for determination of the actual condition of the cargo and respective clauses were not entered into the bill of lading. The Insured shall bear the expenses for such survey.

3) If the cargo lost or damaged when being on the insured ship belongs to the Insured, the latter has the same rights as if the cargo belonged to the third party who entered into the contract of carriage for the ship under the standard conditions of carriage.

Section 6.5.14. Liability for property on the insured ship

The contract of insurance entered into under the terms and conditions of this Section 6.5.14 shall cover the liability of the Insured for the loss of and damage of containers, equipment, fuel and other property on the board of the insured ship provided that such property:

- is not effects of passengers, crew members and other individuals which are covered by liability insurance provided under Section 6.5.1. and Section 6.5.2. of these Rules;

- is not cargo the liability for which loss of and damage is covered by Section 6.5.13 of these Rules;

¹ Rules contained in International Convention for the Unification of Certain Rules of Law Relating to Bills of Lading adopted on 28 August 1924 in Brussels as amended by the Protocol to the Convention signed on 23 February 1968 in Brussels.

- is not a part of the insured ship, is not owned or leased by the Insured or by any company associated with or under the same management as the Insured.

Section 6.5.15. Liability in respect of contracts for services rendered to the insured ship

The contract of insurance entered into under the terms and conditions of this Section 6.5.15 shall cover the Insured's liability caused by damage inflicted to health and life or the property of third parties and based exclusively on the contract entered into by the Insured or on its behalf in respect of services which are rendered to the insured ship in connection with its operation provided that:

- the liability would not have occurred if no such contract has been entered into;
- the respective contract for services was agreed with the Insurer.

Section 6.5.16. Special compensation to salvors

The contract of insurance entered into under the terms and conditions of this Section 6.5.16 shall cover the Insured's additional expenses relating to its liability to pay special compensation to salvors of the insured ship connected with the measures taken or the works done by the salvors to prevent or minimize damage to the environment provided that:

- the Insured's liability to pay special compensation to salvors is imposed on the Insured pursuant to Article 14 of the International Convention on Salvage, 1989, or is assumed by the Insured under the terms of the salvage agreement approved by the Insurer; and
- the Insured's liability to pay special compensation is not imposed or is not payable by the party or parties interested in the salvaged property.

Section 6.5.17. General average contributions

At the Insured's option the contract of insurance entered into under the terms and conditions of this Section 6.5.17 shall cover:

- A)** the Insured's expenses which may occur if the Insured fails to obtain general average contributions (general average contributions, special charges or salvage expenses) when the Insured may be entitled to claim from cargo owners or from some other party to the marine adventure and which are not legally recoverable solely by reason of a breach by the Insured of terms and conditions of the contract of carriage. If the cargo or other property participates in the general average and belongs to the Insured, the Insured may recover the expenses as if the cargo or the property belonged to the third party.

The insurance reimbursement shall be effected provided that:

- all conditions of Section 6.5.13 (Cargo liability) extend to the claims made under this Section 6.5.17;
- the settlement of the general average will be carried out under the York-Antwerp Rules 1994. Otherwise the Insurers' liability shall be limited by reimbursement which is due to be paid at settlement of the general average under the rules and practice which govern at the place where the marine adventure completed; such reimbursement must be specified and agreed in writing with the Insurer.

- B)** the Insured's expenses (the insured ship's proportion of general average or salvage) which shall not be recoverable under the hull policy for the reason that the contributory value of the ship estimated when calculating the general average or the salvage exceeds the sum insured as specified in the contract of insurance.

Insurance reimbursement shall be limited to the amount of the ship's proportion of the general average or salvage which shall not be recoverable under the hull policy for the reason that the hull and machinery of the ship being insured for a proper amount (at the market value) which amount, however, increased at the time of the general average or salvage.

Section 6.5.18. Quarantine expenses

The contract of insurance entered into under the terms and conditions of this Section 6.5.18 shall cover additional expenses incurred by the Insured as a direct consequence of an outbreak of infectious disease on the insured ship, including quarantine and disinfection expenses and the net loss to the shipowner (over and above such expenses as would have been incurred but for the outbreak) in respect of fuel, wages, stores, provisions and port charges but excluding loss of hire, lost profit or any other income.

Section 6.5.19. Liability in connection with fines imposed on the insured ship

The contract of insurance entered into under the terms and conditions of this Section 6.5.19 shall cover additional expenses incurred by the Insured in connection with its obligation to pay fines and compensations imposed by any court, judicial or arbitral institution or the body of appropriate competence on the Insured or other person for whom the Insured is obligated to pay the fine due to the following events which took place during the effective term of the contract of insurance:

- short delivery or over delivery of cargo against declared in the bill of lading or for failure to comply with regulations relating to the declaration of goods or to documentation of the cargo;
- pollution of the environment as a result of escape of oil or any other substance or threat thereof;
- smuggling or for any infringement of customs laws or regulations in respect of cargo on the insured ship provided that the Insured proves to the Insurer that it has undertaken all necessary measures which the Insured considered reasonable to avoid the event giving rise to the claim;
- infringement of immigration laws or regulations;
- any acts, negligent acts or non performance of the Insured's obligations in respect of the insured ship by any servant or agent of the Insured save for the cases mentioned above.

There shall be no cover in respect of compensations and fines under this Section 6.5.19 which were imposed on the Insured in connection with:

- loading on the insured ship of more cargo than allowed by her technical characteristics;
- infringement and non compliance with rules for building, refitting and fitting of ships subject to International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (MARPOL) as amended by any subsequent protocol or provisions of any country's law which is a party to this Convention or any subsequent protocol;
- calling of the insured ship at areas prohibited for navigation;
- non compliance with the rules for proceeding through the determined route;
- illegal trading;
- criminal activity of which the Insured was aware or which the Insured has negligently ignored or has not undertaken reasonable measures to avoid it.

Section 6.5.20. Expenses in respect of prevention and reduction of damage and investigation of the accident's circumstances

The contract of insurance entered into under the terms and conditions of this Section 6.5.20 shall cover additional expenses connected with risks insured under the contract of insurance and reasonably incurred by the Insured and at the Insurer's approval for the purpose of:

- preventing a threat of occurrence of the accident;
- determining the extent of damage caused to third parties as a result of occurrence of the accident;
- investigating the circumstances and causes of the accident;
- reduction or avoiding the claim resulting from the accident, inter alia, in courts.

PART 7. ADDITIONAL INSURANCE COVER

Section 7.1. War risks

7.1.1. The contract of insurance entered into under the terms and conditions of this Section 7.1 shall cover liability under the contract of liability insurance or additional expenses of the Insured resulting from harm to life or health or damage to third parties' property interests in consequence of operation of the ship, provided that the Insured's liability and/or expenses were incurred as a consequence of:

- war, civil war, revolution, rebellion, insurrection or civil strife;
- capture, seizure, arrest, restraint or detainment of both the ship and crew members of the insured ship as a result of hostilities and the consequences thereof or any attempt thereat;
- mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, save for the Insured's expenses incurred as a result of the transport of any such weapons on board the insured ship as cargo;
- strikes, lockout and sabotage;
- acts of terrorists or those acting for political reasons;
- piracy.

7.1.2. There shall be no recovery in respect of the Insured's losses arising out of the events that occurred in the areas included in the list of exclusions of Joint War Committee (JWC) of London Underwriters effective as of the date when the accident took place.

7.1.3. This Section shall not cover the Insured's liability and expenses based on the following:

7.1.3.1. detonation or explosion of weapon with the use of nuclear or thermonuclear dissipation and/or synthesis or any other similar reaction or radioactive energy or radioactive substance;

7.1.3.2. outbreak of war (either declared or not) among any of the following states: Great Britain, the United States of America, France, China, the Russian Federation;

7.1.3.3. requisition or preemption (the right of the belligerent party's government to purchase at the market price the property or the cargo owned by the citizens of another neutral state to prevent such property being acquired by the opposite party);

7.1.4. Insurance under this Section will unconditionally terminate when the events specified in subsections 7.1.3.1.-7.1.3.3. take place.

Section 7.2. Expenses arising due to confiscation of the insured ship

The contract of insurance entered into under the terms and conditions of this Section 7.2 shall cover the Insured's expenses caused due to confiscation of the insured ship by the judgment/award of a state court, arbitration or other competent body, if such confiscation resulted from infringement by the Insured or a person for whose acts the Insured is legally liable of any customs law or customs regulations, provided that the Insured provides evidence to the Insurer to the effect that it has undertaken all the necessary measures which the Insured considered reasonable to avoid event causing confiscation of the insured ship. The amount recoverable from the Insurer under this Section 7.2. shall not exceed the market value of the ship at the date of the confiscation.

Section 7.3. Expenses arising due to defence of property rights and interests of the Insured

The contract of insurance entered into under the terms and conditions of this Section 7.3 shall cover additional expenses of the Insured connected with legal defence of the Insured's property rights and interests (settlement of disputes, claims or demands) arising out of operation of the insured ship and also out of management and possession of the insured ship:

- charter parties, relationships under charter parties, bills of lading and other contracts of carriage;
- loss of, damage to or detention of the insured ship;
- supplies to the insured ship of equipment, bunker, lubricants and provision;
- repair or reconstruction of the insured ship;
- contributions and expenses on general and particular average;
- loading, stowage or discharge of cargo;
- salvage and towage services rendered by or to the insured ship;
- payment for services of ship's agents, brokers, stevedores, port authorities or other persons connected with the operation of the insured ship;
- payments under contracts of insurance concluded in respect of the insured ship with the insurance companies other than the Insurer;
- carriage of passengers;
- disputes with the master or crew members of the insured ship;
- construction, purchase, mortgage or sale of the insured ship.

The cover shall be provided in respect of:

-expenses relating to consideration of any dispute, suit or claim before commencement of court proceedings including fees of the lawyers acting on behalf of the Insured and appointed by the Insurer or those approved by the Insurer;

-expenses relating to proceedings in respect of any dispute, suit or claim in competent courts or arbitration, including court and arbitration fee as well as fees of the lawyers acting on behalf of the Insured;

-opponents' legal expenses (including court fees and arbitration) in case a judgment/award on the dispute has been delivered not in the Insured's favor and the said expenses have been adjudged by a judicial body as payable by the Insured.

Under this Section 7.3. there shall be no cover in respect of:

- expenses covered under the hull policy and the contract of insurance of shipowners' liability;
- the claim itself which is the subject matter of the dispute.

The Insurer may in full or in part refuse to reimburse the Insured's expenses incurred for settlement of disputes, suits or claims in the events when:

- at the Insurer's estimate the settlement of the dispute, suit or claim in the Insured's favor is unlikely or such settlement in favor of the Insured would be inconsistent with the expenses payable in respect thereof;
- at the Insurer's estimate, the dispute, suit or claim of the Insured are groundless, contain elements of unlawfulness, improper or illegal handling on the part of the Insured.

Section 7.4. Liability in connection with performance of special works

The contract of insurance entered into under the terms and conditions of this Section 7.4 shall cover the liability and additional expenses of the Insured with regard to damage inflicted to third parties when the performed special works (drilling, salvage, dredging, pipe laying, subsea-engineering works and other works agreed when entering into the contract of insurance).

The recovery under this Section 7.4. shall be provided if the works are performed with ships which are specially fitted and destined for such works. Special works which are covered by the insurance must be specified in the contract of insurance (policy).

Section 7.5. Liability in respect of breach of the contract of cargo carriage (deviation)

The contract of insurance entered into under the terms and conditions of this Section 7.5 shall cover the Insured's civil liability arising out of breach of the contract of cargo carriage by the Insured if in result thereof the Insured shall be deprived of the right of limitation of liability.

The insurance reimbursement shall be provided in respect of the Insured's liability and expenses caused by:

- A)** carriage of on-deck cargo under the hold (under-deck) bill of lading;
- B)** cargo liability arising out of a deviation of the insured ship connected with departure from the contractually agreed voyage, only subject to the previous written agreement obtained from the Insurer for each deviation.

Section 7.6. Time-charterer's liability

At the Insurer's option the contract of insurance entered into under the terms and conditions of this Section 7.6 shall cover:

- A)** time-charterer's liability towards a shipowner or a disponent owner in respect of risks listed in Part 6 of these Rules provided that such liability shall be imposed under the terms and conditions of the charter party.
- B)** time-charterer's liability in respect of loss of or damage to the insured ship provided that such liability shall be imposed under the charter party.

C) expenses incurred by the charterer as the result of loss of or damage to bunker, fuel and other property on the board of the insured ship and owned by the charterer.

PART 8. Exclusions

8.1. The contract of insurance entered into under these Rules shall not cover damages, expenses, liability and the Insured's liability to the third parties caused by:

8.1.1. willful misconduct or recklessness of the Insured;

8.1.2. unseaworthiness of the insured ship that the Insured knew about or should have known about prior to commencement of the voyage;

8.1.3. the insured ship's participation in smuggling or other unlawful operations or attempts of thereat;

8.1.4. a waiver by the Insured of its right to claim a recovery from the person liable for the losses incurred by the Insured or the Insurer's impossibility to exercise such a right through the Insured's fault;

8.1.5. direct or indirect affect of ionizing radiation, toxic, explosive or other hazardous properties of nuclear fuel or nuclear products or waste;

8.1.6. loss of, damage or repairs to the insured ship or cleaning of the insured ship or any part thereof from oil or oil products pollution;

8.1.7. loss of or damage to the insured ship or equipment or containers, lashings, stores or fuel being onboard the insured ship and owned or leased by the Insured or by any company under the same management as the Insured;

8.1.8. claims filed by or against the Insured relating to loss of hire or demurrage, detention of the insured ship unless such an amount forms part of a claim recoverable from the Insured for loss of or damage to the cargo;

8.1.9. claims against the Insured arising out of breach or cancellation of a charter party or any other contract;

8.1.10. claims against the Insured arising out of irrecoverable debts or out of the insolvency or a fraud of any person;

8.1.11. claims against the Insured arising out of exercising by the Insured of lien or sale of cargo;

8.1.12. claims against the Insured arising out of properties (including shrinkage, spillage, etc.) or inherent defects and vice of cargo;

8.1.13. any costs and expenses arising out of salvage of the insured ship;

8.1.14. use of a non-specialized ship for special activity for which performance the insured ship is not fitted or is not equipped and/or manned properly;

8.1.15. the following actions or omissions of the Insured:

- presentation of incorrect or false information in respect of the degree of the risk;
- failure to notify the Insurer about the change of the risk's degree;
- failure to undertake measures to prevent and/or reduce the liability and expenses;
- failure to notify within specified time about the accident which may cause liability and expenses covered by the contract of insurance;
- production of deliberately false documents or failure to provide the documents required for the Insurer to take decision whether the accident shall be covered or not by the insurance;
- assignment or transfer to the third parties of the Insured's rights under the contract of insurance without prior agreement with the Insurer;
- other breach by the Insured of these Rules and the contract of insurance.

8.2. The expenses, liability and the Insured's obligations to the third parties shall not be covered if the conditions of insurance have not been preliminarily agreed with and approved by the Insurer in writing and which were caused by:

8.2.1. war risks specified in Section 7.1 of these Rules;

8.2.2. confiscation of the insured ship (Section 7.2. of these Rules);

8.2.3. additional expenses connected with legal defence of the rights and property interests of the Insured (Section 7.3. of these Rules);

8.2.4. operation of special ships for special operations including but not limited to salvage, core (soil) taking, drilling, oil and gas production or its storage, carriage of heavy cargo, dredging, blasting works, palification, well stimulation, cable and pipe laying, construction works, installment and technical maintenance, soil laying, professional removal of oil escapes and cleaning of reservoir (other than on the board of the ship) (Section 7.4. of these Rules);

8.2.5. claims addressed to the Insured caused by the late delivery of cargo due to deviation of the insured ship which was not preliminarily agreed with the Insurer under Section 7.5. of these Rules;

8.2.6. time-charterers' liability (Section 7.6. of these Rules).

PART 9. ENTERING INTO THE CONTRACT OF INSURANCE

9.1. Application for insurance

9.1.1. The contract of insurance is entered into on the basis of the Insured's written application made on the approved form and in which the Insured must provide complete and accurate information in

respect of the insured ship and any circumstances which are material for determining of the risk's degree (probability of the accident, possible risks and amount of the damages).

9.1.2. The Insurer may verify the accuracy of the information provided by the Insured and the Insured must assist to the Insurer.

9.1.3. The Insured is responsible for provision of accurate information in accordance with the applicable laws and provisions of these Rules.

9.1.4. The Insurer may reject to insure without providing the reasons.

9.2. The contract of insurance

9.2.1. The contract of insurance (policy) shall be entered into in writing. The application and these Rules are the integral part of the contract of insurance.

9.2.2. The Insurer shall be entitled to include into the contract of insurance additional provisions and clauses which limit the Insurer's liability under the contract of insurance in the event the Insured has failed to fulfill the requirements of international seamanship and safe carriage of cargo as well as other clauses specifying the relationship between the Insurer and the Insured and other persons included in the policy at the Insured's application.

9.2.3. In the event of contradictions or discrepancies between the contract of insurance and these Rules, the contract of insurance shall prevail.

9.2.4. When insuring the Insured's liability the contract of insurance is deemed to be entered into in favor of the persons who may incur damage (Beneficiaries). It is also agreed that the Insurer shall compensate the Insured its expenses in connection with the liability before the Beneficiaries.

9.2.5. When insuring the risks in connection with additional expenses of the Insured, the contract of insurance (in respect of such additional expenses) is deemed to be entered into in favor of the Insured itself.

9.2.6. Insurance of the fleet

9.2.6.1 If the contract of insurance provides insurance in respect of more than one ship (fleet) then at the Insured's request the certificate may be produced for each ship and will confirm the contract of insurance between the Insured and the Insurer under the terms and conditions provided by the contract of insurance. Such certificate may not be deemed as a separate contract of insurance (policy).

9.2.6.2. If the parties have not agreed otherwise when entering into the contract of insurance, the following provisions shall apply:

- the fleet has the joint statistics of losses;

- any amount of the insurance premium paid under the contract of fleet insurance is deemed to have been paid in respect of each ship;
- the outstanding amount in respect of insurance premium for any fleet ship is deemed to be an amount owed in respect of the fleet in the whole and the contract of insurance.

9.3. Amendments

- 9.3.1. All amendments to the contract of insurance including those made due to variation of the risk's degree shall be made by the Insurer in writing in the form of an additional agreement and notification.
- 9.3.2. Any such additional agreement or notification comes into force as from the date agreed by the parties.

9.4. Surveys

- 9.4.1. The Insurer may inspect ships applying for insurance in terms of their technical condition at the expense of the Insured, or at any time within the period of validity of the contract of insurance at the expense of the Insurer. The Insured shall be obligated to render any assistance and afford such facilities as may be required for such inspection/survey and comply with such recommendations as the Insurer may make following such inspection/survey.
- 9.4.2. If by the results of the inspection/survey performed within the effective term of the contract of insurance any defects in the ship's condition or her machinery are found which may threaten either the safe carriage of cargo or may cause the Insured's liability to third parties the Insurer shall not be liable for claims connected with such defects until such have been eliminated and a new inspection has been carried out.

9.5. Seaworthiness of the ship

- 9.5.1. At the commencement of each voyage the shipowner/the Insured shall exercise due diligence and undertake all necessary measures to make the ship seaworthy.
- 9.5.2. The Insurer shall not be liable and bear any expenses caused by the shipowner/the Insured's failure to comply with subparagraph 9.5.1.

9.6. The ship's class

- 9.6.1. It is the duty of the Insured, shipowner and manager of the insured ship at the inception of and throughout the period of this insurance to ensure that:
- 9.6.1.1. The ship is classed with a Classification Society agreed by the Insurer and that her class within that society is maintained.

9.6.1.2. Any recommendations, requirements or restrictions imposed by the ship's Classification Society which relate to the vessel's seaworthiness or to her maintenance in a seaworthy condition are complied with by the dates required by the Classification Society.

9.6.2. In the event of any breach of provisions stated in subparagraph 9.6.1. unless otherwise is agreed with the Insurer in writing, the contract of insurance shall automatically terminate as from the date of such breach (without additional notification).

If such breach was found while the ship was at sea (in the course of the ship's participation in the marine venture) then the contract of insurance shall remain effective until the ship calls at the next port.

9.6.3. The Classification Society must be notified immediately about the accidents or the damages in which respect the Classification Society may recommend the Insured, the shipowner, the manager or the operator of the insured ship to carry out the repair and other works.

9.6.4. The Insurer may apply directly to the Classification Society for the necessary information and documents in respect of the insured ship.

9.7. The ISM Code

The Insured shall ensure that both the ship and the company shall comply with the requirements of the ISM Code if such requirements are provided for by chapter IX of the International Convention for the Safety of Life At Sea, 1974 with amendments of 1994. Unless and to the extent that the Insurer decides otherwise, the Insured shall not be entitled to any recovery from the Insurer in respect of any claim arising during a period when the Insured is not fulfilling or has not fulfilled this condition.

9.8. The territory of insurance

9.8.1. The contract of insurance is valid within the territory (trading area) specified by the contract of insurance.

9.8.2. Unless otherwise is preliminarily agreed with the Insurer the contract of insurance shall terminate if the insured ship breaches the trading area agreed by the parties.

9.9. The currency of insurance

9.9.1. The currency of the contract of insurance may be Russian rouble, currency equivalent to Russian rouble or any currency in accordance with the applicable currency laws of the Russian Federation.

9.9.2. If so agreed between the parties and complies with the laws of the Russian Federation the currency of payment may be other than the currency of the contract of insurance.

9.10. Sum insured (limit of liability)

9.10.1. Sum insured (limit of liability of the Insurer) implies the amount determined in the contract of insurance within which the Insurer undertakes to reimburse to the Insured the losses suffered thereby as a consequence of the accident or the number of accidents caused by a single insured event. Unless

otherwise is provided by the contract of insurance all the claims caused by each and every accident or emergency shall be subject to a unified combined limit.

9.10.2. Sum insured (limit of liability of the Insurer) is defined by the contract of insurance at the parties' agreement.

9.11. The contract of insurance may provide for the Insurer's limit of liability in respect of the whole contract (aggregate limit) and/or in respect of each insured event and/or the accident and/or in respect of each insured ship (if the contract of insurance is entered into in respect of several ships).

9.12. Deductible

9.12.1. The Insured's losses shall be recovered if such exceed the deductible.

9.12.2. The Insurer and the Insured shall agree the deductible's amount when entering into the contract of insurance, the risks or the claims in which respect the deductible shall apply.

9.13 The insurance premium. The payment of the insurance premium

9.13.1. The insurance premium (the insurance installment) implies the cost for the insurance which the Insured shall pay to the Insurer under the contract of insurance.

9.13.2. The Insured shall pay to the Insurer the insurance premium (insurance installments) in full within terms provided by the contract of insurance.

9.13.3. After the first installment or the insurance premium in full accrues on the current bank account (or is paid to cash office) of the Insurer, the Insurer shall send to the Insured's address the original of the contract of insurance (policy).

9.13.4. The insurance premium (insurance installment) is deemed to be paid as of:

- the date when the monetary sum is received at the cash office of the Insurer if paid in cash;
- the date when the insurance premium (the next insurance installment) is transferred from the Insured's current bank account (provided that the amount is actually accrued on the Insurer's current bank account) if paid by the bank transfer.

9.13.5. If the contract of insurance is extended for the next period then the Insurer may change the insurance premium depending on the change of the risk's degree, the insurance conditions and loss statistics for the previous period.

9.13.6. Unless otherwise is agreed with Insurer and in the event of the actual or constructive total loss, the insurance premium must be paid immediately (not later than 10 working days after the accident) for the whole insurance period provided by the contract of insurance even if the date of the following installment has not yet taken place.

9.14. Consequences of the failure to pay the insurance installment in full or in part

9.14.1. Unless otherwise is provided by the contract of insurance and if the Insured fails to pay the insurance premium (insurance installment) in full or delays the payment of the next insurance

installment within time agreed by the parties then the contract of insurance shall terminate automatically without further notification on the date specified in the contract of insurance as the date for the payment of the insurance premium or the next insurance installment irrespective of the fact if the Insurer nominated the surveyors, lawyers or correspondents to settle the claim in respect of the Insured.

9.14.2. If the contract of insurance has not come into force as of the date when the Insurer acquired the right to terminate the contract of insurance in the way provided by these Rules then the contract of insurance is deemed to be as invalid and does not lead to any legal consequences for its parties.

9.14.3. The Insurer is relieved of any liability and obligations under the contract of insurance in respect of the accidents which took place later than the date determined under this paragraph 9.14 as the date of termination of the contract of insurance.

9.15. The effective period of the contract of insurance

9.15.1. The contract of insurance shall be effective for the period of one (1) year or the less period if agreed by the parties.

9.15.2. The contract of insurance shall come into force at 00 hours 00 minutes (Moscow time) of the date determined in the policy and agreed by the parties as the date when the contract of insurance comes into force.

9.15.3. The contract of insurance shall terminate after the expiration of the effective period: at 00 hours 00 minutes (Moscow time) of the date determined in the policy and agreed by the parties as the date when the contract of insurance terminates.

9.16. Variation of the risk's degree within the effective period of the contract of insurance

9.16.1. As soon as it becomes known to the Insured about any material variation concerning any covered risk or the insured ship that took place within the effective period of the contract of insurance the Insured shall immediately notify the Insurer of such variation.

9.16.2. Variations increasing the degree of risk shall entitle the Insurer to revise the terms and conditions of insurance or to charge an additional insurance premium. If the Insured does not agree to change the terms and conditions of the contract of insurance or to pay additional premium the contract of insurance may terminate from the time of occurrence of such variation concerning the increase of the risk's degree.

9.16.3. If the Insured failed to perform obligations provided in subparagraph 9.16.1, the Insurer may in full or in part reject the Insured's claim in respect of the insurance reimbursement's payment unless the Insured proves that the insured event was not caused (directly or indirectly) by the variations.

9.16.4. Unless otherwise is agreed, the Insured is entitled to:

- return of 70% of the insurance premium less the Insurer's expenses per each 30 days of the ship's being laid up in a safe port without cargo and the crew on the board (save for the minimum crew required for provision of safety and technical maintenance of the ship);

- return of 60% of the insurance premium less the Insurer's expenses per each 30 days of repair (refitting or modernization) without cargo and the crew on the board (save for the minimum crew required for provision of safety, technical maintenance and repair of the ship).

To substantiate the return of the part of the insurance premium the Insured must:

- notify the Insurer about laying the ship up (repair) not later than the date following such laying up (repair) and also notify about the date when the laying up (repair) expires not later than the date following the date when the laying up (repair) expires.

- provide the documents confirming the ship's laying up (repair) within 60 days after the laying up, repair or the insurance (whichever is earlier) expires.

The return shall not be carried out if:

- the laying up/repair's term is less than 30 consecutive days;

- the Insured has not provided the substantiating documents within the term mentioned above;

- total loss of the ship within the insurance period took place;

- there were losses due to be paid under the contract of insurance within the insurance period;

- early termination of the contract of insurance took place.

The insurance premium shall be returned after the contract of insurance expires provided that all the above mentioned requirements and conditions of the contract of insurance are met.

9.17. Early termination of the contract of insurance

9.17.1 The contract of insurance shall be early terminated if:

9.17.1.1. the Insurer performs its obligations in full within the aggregate limit if such is provided by the contract of insurance;

9.17.1.2. the insurance premium or any insurance installment was not paid in full within the terms provided by the contract of insurance;

9.17.1.3. the Insured is liquidated as a legal entity in the order provided by the law;

9.17.1.4. the Insured is reorganized as a legal entity unless otherwise is agreed by the parties;

9.17.1.5. the contract of insurance is terminated by the court judgment;

9.17.1.6. the ship is assigned in the event of her sale or expiration of the rights based on which the ship was possessed (operated) by the Insured;

9.17.1.7. the ship is deprived of her class due to the breach by the shipowner of the respective Classification Society's requirements;

9.17.1.8. the insured ship is missed or totally (actually or constructively) lost;

9.17.1.9. the Insured provided deliberately false documents and information when entering into the contract of insurance;

9.17.1.10. in other events provided by these Rules, the contract of insurance and the laws of the Russian Federation.

9.17.2. The contract of insurance may be early terminated by the request of one of the parties or by the mutual agreement of the parties. Whereas:

9.17.2.1. the parties shall notify each other in writing about its intent to early terminate the contract of insurance (save for cases provided by paragraphs 9.17.1.2 and 9.17.1.7 of these Rules) not later than in 15 days before the intended date of termination unless otherwise is provided by the contract of insurance;

9.17.2.2. If the contract of insurance is early terminated by the Insured the insurance premium paid to the Insurer shall not be returned unless otherwise is provided by the contract of insurance. The Insurer shall return in full the insurance premium to the Insured if the termination of the contract of insurance requested by the Insured is based on the breach by the Insurer of these Rules or the contract of insurance;

9.17.2.3. If the contract of insurance is terminated at the request of the Insurer due to the failure of the Insured to comply with these Rules and the contract of insurance, the Insurer shall return to the Insured the part of the net insurance premium for the not covered period of the contract of insurance.

9.17.2.4. If the contract of insurance is early terminated due to causes other than the breach of the contract of insurance by the Insurer and if there is an outstanding amount in respect of the insurance premium to be paid by the Insured for the covered period of insurance then the Insured shall pay the insurance premium for the covered period of insurance based on the invoice presented by the Insurer within 10 calendar days after the receipt of such invoice.

9.17.3. Irrespective of termination of the contract of insurance the parties remain to be liable for any events which took place before the contract of insurance was terminated including liability for the event which caused the termination of the contract of insurance.

Part 10. DOUBLE INSURANCE

10.1 When entering into the contract of insurance the Insured shall notify the Insurer of all the effective contracts of insurance of the shipowner's liability as well as of liability insurance under hull policies.

10.2. If any double insurance exists the Insured shall be only indemnified in the part, which is not recoverable under contracts of insurance with other insurance companies.

Part 11. RELATIONSHIPS BETWEEN THE PARTIES IN HANDLING AND SETTLEMENT OF CLAIMS

11.1. Notification of the Insurer of the insured event and measures for prevention and reduction of losses

On receipt of the initial information about any event, incident or accident which may cause the liability or the expenses provided by the contract of insurance (insured event), the Insured shall:

- 11.1.1. immediately notify the Insurer in any form (with obligatory subsequent notification in writing) about the event and provide it with all the available information on the reasons, circumstances and possible consequences of such event;
 - 11.1.1.1. If the Insured fails to notify or notifies the Insurer with delay about the occurrence of such event and such omission will prevent the Insurer from undertaking of necessary measures in time to prevent and reduce the loss then the Insurer may reject the Insured to effect the insurance reimbursement in full or in part.
 - 11.1.1.2. If the Insurer is not notified about the insured event within 6 months after the Insured learnt of such event then the Insurer may reject to effect the insurance reimbursement.
- 11.1.2. undertake all the reasonable measures to prevent or reduce to the maximum extent the losses and the liability against which it is insured. When undertaking such measures the Insured shall follow the Insurer's instructions if such are provided to the Insured.

The Insurer is relieved of any liability under the contract of insurance and obligations to reimburse the losses of the Insured if such were caused by the Insured's failure to undertake reasonable and available measures in the circumstances in order to reduce possible losses due to the accident;
- 11.1.3. The Insured shall not expressly or by implication, inter alia, by its representatives admit its liability, provide its consent, assume obligations under the settlement agreement as well as to actually pay claims of third parties without the prior written consent of the Insurer.

Failure by the Insured to comply with this requirement shall entitle the Insurer to reject the Insured's claim for full or partial insurance reimbursement.

11.2. The Insurer's rights in handling and settlement of claims

- 11.2.1. In all matters connected with handling and settlement of claims the Insurer shall have the right:
 - 11.2.1.1. to require any information and documents relating to the insured event from the Insured;
 - 11.2.1.2. to appoint at its discretion on behalf and at the expense of the Insured any lawyer, surveyor, expert or another person for investigation of the circumstances of any insured event, handling, considering and settlement of claims;

- 11.2.1.3. to participate in court and arbitration proceedings on behalf of the Insured. For this purpose the Insured shall be obligated to provide the Insurer with the power of attorney providing appropriate powers and authorities;
- 11.2.1.4. to control handling and settlement of third parties' claims by the Insured including handling and settlement thereof in court and arbitration instances, to give instructions to the Insured on handling and settlement of claims under conditions, in the amounts and within the terms which the Insurer shall deem fit and reasonable.
- 11.2.2. Any actions of the Insurer aimed to prevent an accident, ascertainment of the causes of the event or casualty which may result in the Insured' liability, as well as at reducing of the amount of claim raised against the Insured by third parties or at rejection of such a claim, shall not lead to unconditional acknowledgement of the Insurer's liability by the Insurer and obligations to reimburse the Insured's expenses in respect of the particular insured event.
- 11.2.3. If the Insured fails to assist to the Insurer in exercising its rights or fails to comply with the Insurer's instructions, the Insurer shall be entitled to reject the Insured's claims for insurance reimbursement or to reduce the sum of the insurance reimbursement which would have been paid if the Insured had followed the instructions.

11.3. Conditions for effecting the insurance reimbursement

The insurance reimbursement shall be paid provided that:

- 11.3.1. At the time of the accident the insured ship was classed with the Classification Society approved by the Insurer and was operated in accordance with the class unless otherwise agreed with the Insurer (this provision shall not apply to the events when the ship is waiting for the repair or being under repairs);
- 11.3.2. At the time of the accident the Insured was following the requirements of the law of the ship's flag state in respect of construction, condition, equipment, fitting-out and crew manning of the insured ship and possessed all the documents issued by the flag state confirming observance of the said requirements by the shipowner.
- 11.3.3. The Insured's liability to compensate for the damage caused to third parties occurred by virtue of the judgment or award of the court, arbitration court or arbitration tribunal, the decision of the competent state body or under the settlement agreement approved by the Insurer and concluded between the Insured and the claimant for compensating the latter for the damage caused.

11.4. Request (application) for the insurance reimbursement

- 11.4.1 The request (application) for the insurance reimbursement shall be sent to the Insurer no later than two years after the claim was settled by the Insured.
Failure to comply with this provision shall entitle the Insurer to reject the Insured's request for the insurance reimbursement.

11.4.2. The request (application) for the insurance reimbursement shall be accompanied by the originals or the certified copies of the documents confirming the accident in accordance with the applicable law and the amount of expenses incurred by the Insured, inter alia:

- the contract of insurance (policy) with the seal and signature of the Insured;
- documents confirming the circumstances of the accident, its causes and amount of the expenses;
- claim from the person which incurred the expenses;
- the effective judgment (if the request for the insurance reimbursement was considered by the court) or the decision of the competent state body which obligated the Insured (the Insured party) to reimburse the incurred damage;
- settlement agreement approved by the Insurer;
- documents confirming the amount of the additional expenses incurred by the Insured in connection with the accident;
- other documents which would assist to ascertain the causes and character of the accident and the amount of the insurance reimbursement to be paid.

11.4.3. The Insurer may shorten the list of documents or request additional documents from the Insured (the Insured party) if due to particular circumstances and rules of applicable law the absence of such documents makes it impossible to ascertain the occurrence of the accident and/or define the amount of the inflicted damage/incurred expenses.

11.4.4. The Insurer may also request the documents on its own.

11.4.5. In the event of failure to provide the documents substantiating the expenses to be paid, the Insurer may reject to reimburse the losses in the part not confirmed by such documents.

11.5. The amount of the insurance reimbursement

11.5.1. The amount of the insurance reimbursement is defined on the basis of these Rules, conditions of the respective contract of insurance, documents provided by the Insured and the rules of law applied to relationships in connection with the accident.

11.5.2. If the Insured due to some reason failed to comply with the Insurer's instructions as provided in paragraph 11.2.1.4. in respect of the amount and terms of the claim payment which caused the increase of the claim's amount then the amount of the insurance reimbursement shall be limited by the amount which was duly recommended by the Insurer for the payment or settlement.

11.6. Procedure of effecting of the insurance reimbursement

11.6.1. The Insurer shall reimburse the Insured's expenses after the claim is actually paid by the Insured or its representative/agent.

11.6.2. The Insurer shall effect insurance reimbursement within 30 working days after the receipt of all the documents listed in paragraph 11.4 of these Rules.

- 11.6.3. The insurance reimbursement shall be effected directly to the Insured's account specified thereby in the request (application) for the insurance reimbursement.
- 11.6.4. The insurance reimbursement may be also effected to other persons' accounts specified by the Insured in the request for the insurance reimbursement, inter alia:
- to correspondents, ship agents, surveyors, lawyers nominated by the Insurer or the Insured as approved by the Insurer to defend the Insured's interests (the Insurer and the Insured) and the reduction of losses;
 - to shipyards and other companies rendering services connected with the repair, salvage, removal of the ship wrecks, liquidation and prevention of the environmental pollution, salvage of life at sea;
 - to medical institutions;
 - to specialized companies, brokers, lawyers who participate in settlement of claims with the creditors;
 - to state bodies and/or companies representing thereof.
- 11.6.5. If agreed by the parties the claims connected with damage inflicted to the property interests of the third parties may be paid by the Insurer to the address of:
- the person which incurred the damage (the Beneficiary);
 - the Beneficiary's representative which has proper authority (lawyer, broker, ship agent);
 - persons which received the right to claim the damages (by way of cession/subrogation/recourse);
 - the Beneficiary's contracting parties which perform works and/or render services due to the accident;
 - the pledge holder (which has the right of pledge in respect of the property owned by the Insured) if the Insurer is provided with respective claim documents.
- 11.6.6. If the insurance reimbursement is effected under subparagraph 11.6.5. the Insurer shall immediately transfer the Insurer the amount of the deductible provided by the contract of insurance.

11.7. The currency of the insurance reimbursement

- 11.7.1. If the parties agree and if it does not contradict to the laws of the Russian Federation, the currency of the insurance reimbursement may differ from the currency provided by the contract of insurance.
- 11.7.2. If the currency of the contract of insurance differs from the currency used by the Insured to pay the claim/expenses, the conversion of one currency into another shall be carried out at the rate of the Russian ruble as approved by the Bank of the Russian Federation in respect of each currency applied as of the date when the claim/expenses were paid by the Insured.
- 11.7.3. The insurance reimbursement shall be effected in the currency stated in the contract of insurance or the currency stated in the claim in respect of the Beneficiaries (the Insureds) being the non-residents of the Russian Federation and in Russian roubles in respect of the Beneficiaries (the Insureds) being the residents of the Russian Federation. The insurance reimbursement calculated in the foreign currency shall be converted into the Russian roubles at the rate of the Bank of the Russian Federation as of the date the insurance premium is effected.

11.8. Refusal to pay the insurance reimbursement

11.8.1. The Insurer shall notify the Insured about its refusal to pay the insurance reimbursement and substantiate such a refusal in writing within 30 working days after the receipt of all the documents specified in paragraph 11.4. of these Rules.

11.8.2. Grounds for refusing to pay the insurance reimbursement.

11.8.2.1. liability and/or additional expenses of the Insured were caused by reasons stated in Part 8 of these Rules;

11.8.2.2. providing the Insurer with the deliberately false information or false documents when entering into the contract of insurance or during the effective period of the contract of insurance or providing false documents or information in respect of the accident;

11.8.2.3. the failure by the Insured to pay the insurance premium (installment) under paragraph 9.14;

11.8.2.4. the failure to notify or the failure by the Insured to notify in due times the Insurer about the change of the risk's degree in accordance with paragraph 9.16;

11.8.2.5. the breach or the nonperformance by the Insurer of the contract of insurance and these Rules in respect of, inter alia, discovered defects and inadequacies;

11.8.2.6. the event which caused the liability or additional expenses of the Insured took place before the contract of insurance came into force or after its termination;

11.8.2.7. the event which caused the liability or additional expenses of the Insured took place beyond the territory defined by the contract of insurance (the agreed trading area);

11.8.2.8. the failure by the Insured to notify the Insurer about the occurrence of the accident in due time and in the order provided by paragraph 11.1. of these Rules;

11.8.2.9. the failure by the Insured to provide the request (application) for the insurance reimbursement and/or the documents substantiating the expenses in time and/or the order provided by paragraph 11.4. of these Rules;

11.8.2.10. the waiver by the Insured of its rights to claim against the parties responsible for the accident or impossibility to effect subrogation due to the Insured's fault (delay in lodging a claim against the parties responsible for the losses, etc.);

11.8.2.11. obtaining by the Insured of the appropriate compensation or reimbursement from the party which is responsible for the accident.

11.9. The insurance reimbursement obtained by the Insured from the third parties

If the Insured obtains the compensation or the reimbursement from the third parties as well as the insurance reimbursement from the Insurer in respect of one and the same accident, the Insured is obligated to return to the Insurer the insurance reimbursement in the amount equal to the compensation obtained from the third parties but not exceeding the amount obtained by the Insured from the Insurer as the insurance reimbursement.

Part 12. THE TRANSFER OF THE RIGHT TO CLAIM (SUBROGATION)

- 12.1. The Insured's right to claim against the persons liable for the losses reimbursed by the Insurer under the contract of insurance shall be transferred to the Insurer up to the amount of the insurance reimbursement paid by the latter.
- 12.2. The Insured shall be obligated to pass all documents and evidence over to the Insurer and provide the Insurer with all information necessary for exercising the Insurer's right of subrogation.
- 12.3. If the Insured waives the right to claim against the party liable for losses covered by the Insurer under the contract of insurance or if the exercise of such a right becomes impossible due to the Insured's fault the Insurer shall be entitled to reject the insurance reimbursement in full or in part.

Part 13. DISPUTE RESOLUTION

Any dispute or discrepancy which occurs in respect of the contract of insurance entered into under these Rules the parties shall seek to settle by means of negotiations. If the parties fail to settle the dispute by negotiations then any dispute which may arise out of or in connection with this contract of insurance shall be settled by the Maritime Arbitration Commission at the Chamber of Commerce and Industry of the Russian Federation under the laws of the Russian Federation unless the parties agree otherwise.

Part 14. GOVERNING LAW

Unless the parties agree otherwise any contract of insurance entered into under these Rules shall be governed and construed in accordance with the laws of the Russian Federation.

Annex 1
To Shipowners' Liability Insurance Rules

Additional conditions and clauses

01 Disclaimer Clause

The contract of insurance (policy) is evidence only of the contract of indemnity insurance between the Insured and the Insurer and shall not be construed as evidence of any undertaking, financial or otherwise, on the part of the Insurer to any other party.

In the event that the Insured tenders the contract of insurance as evidence of insurance under any applicable law relating to financial responsibility, or otherwise shows or offers it to any other party as evidence of insurance, such use of the contract of insurance (the policy) by the Insured is not to be taken as any indication that the Insurer thereby consents to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Insurer does not so consent.

02 Terrorism Exclusion Clause

The contract of insurance 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:

- i. the causing, occasioning or threatening of harm of whatever nature and by whatever means;
- ii. 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.

03 Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (the Institute of London Underwriters CL 370 dated 10.11.2003)

This clause shall be paramount and shall override anything contained in the contract of 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 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;

1.5 any chemical, biological, bio-chemical, or electromagnetic weapon.

04 Institute Cyber Attack Exclusion Clause (the Institute of London Underwriters CL 380 dated 10.11.2003)

1.1 Subject only to clause 1.2 below, in no case shall the contract of insurance cover loss, damage, liability or expenses 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 programmer, malicious code, computer virus or process or any other electronic system.

1.2 Where this clause is endorsed on policies covering risks of war, civil 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.

05 Electronic Date Recognition Endorsement C (XLEDRC) Clause

This endorsement shall prevail notwithstanding any provision whether written typed or printed in the contract of insurance inconsistent herewith.

1. The contract of insurance does not cover loss, damage, liability or expense arising from or in anyway connected, whether directly or indirectly, with:

a) the actual or anticipated failure or inability of any computer or electronic device or component or system or software or embedded programming, whether or not belonging to or in the possession of the direct Insured:

- correctly and unambiguously to assign any date to the correct day, week, year or century;
- correctly to recognize sequence or compute any date which is or is intended to be beyond 31 December 1998;
- to continue to operate as it would have done had its current date, the true date and any other date relevant to any function being carried out by it been prior to 1 January 1999.

b) the use of any arbitrary, ambiguous or incompletely defined date or date-like code in any data, software or embedded programming;

c) any measures taken whether preventative, remedial or otherwise with the intention of averting or minimizing any of the above.

2. Notwithstanding 1.a) and 1.b) above, the contract of insurance shall be extended to include:

a) loss or damage arising from physical loss of or physical damage to tangible property;

b) liability for actual or alleged bodily injury;

c) liability for physical loss of or physical damage to tangible property owned by another person and resulting loss of use of such physically lost or physically damaged property, provided that such loss, damage or liability above is within the terms, conditions and exclusions of the original contract of insurance.

3. For the purposes of 2 above, tangible property shall not include:

a) any data or embedded programming however stored or conveyed;

b) any computer or electronic device or component or system or software, other than where such property forms part of an insured cargo or ship's machinery, which is in any way connected whether directly or indirectly with loss or damage claimed or from which such loss or damage arises.

4. This endorsement shall not include loss, damage, liability or expense arising from any contract of insurance solely designed to cover losses arising from any matter referred to in 1 above.

06 Paperless Trading Endorsement (BOLERO) Clause

1. There shall be no recovery from the Insurer in respect of any liability, cost or expense whatsoever or howsoever arising, whether directly or indirectly, out of or in consequence of:

a) the Insured's participation in or use of any system or contractual arrangement the predominant purpose of which is to replace paper-based documentation in shipping and/or international trade with electronic messages, including, without limitation, the Bolero system (any such system or arrangement being referred to in this endorsement as a «paperless system»), or

b) document which is created or transmitted under a paperless system which document contains or evidences a contract of carriage, or

c) the carriage of goods pursuant to such a contract of carriage as mentioned in b) above, save to the extent that the Insurer in its sole discretion may determine that such liability, cost or expense would have arisen and would have been covered by the Insurer if the Insured had not participated in or used a paperless system and any contract of carriage had been contained in or evidenced by a paper document.

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

07 Wet Damage Clause

Excluding any and all claims for wet damage to cargo caused by:

(a) ingress of water/bunker/oil from the ship's pipelines or tanks for bunkers or ballast waters, etc. due to their tear and wear or rust, and by

(b) ingress of water through hatch covers and other openings in outer plating of hull and upper deck. This exclusion does not apply when a wetting is caused by a latent defect or mechanical damage to hull or ship's systems.

Unless the Insurer otherwise decides, this exclusion in respect of (b) can be waived on submission of water tightness certificate of the above mentioned systems/equipment of the ship provided by an independent surveyor approved by the Insurer.

08 Steel Cargo Clause

It is the duty of the Insured to carry out a pre-loading survey of steel cargo at the Insured's expense by a surveyor approved by the Insurer and to clause the bills of lading in accordance with the surveyor's findings/recommendations. In the event of any breach of above duty the Insurer will be discharged from any liability for cargo damage of whatsoever nature unless the Insurer otherwise decides.

09 Reefer Clause

Excluding any and all claims for damage to cargoes which require special temperature and/or ventilation regime of carriage caused by failure to comply with such regime unless refrigerating and/ or ventilation system goes out of order due to an accident.

10 Liquid Cargoes Clause

Excluding any and all claims in respect of contamination and water damage of liquid cargo.

11 Fishing Vessels Clause

Excluding any and all claims in respect of:

- a) illegal fishing;
- b) any damage to or by nets and gear;
- c) catch and cargo.

12 Timber Carriers Clause

Excluding any and all claims for shortage of pieces in intact bundles of timber.

13 Container Clause

Excluding any and all claims for shortage of cargo in intact package or in containers with intact seals.

14 Security Clause

Whereas the Insurer is under no obligation to provide bail or other security on behalf of the Insured, the Insurer shall be entitled to provide same solely at the Insurer's discretion. In case such bail or security is provided, it shall be on the terms as the Insurer may consider appropriate and shall not constitute any admission of liability by the Insurer for the claim in respect of which the bail or other security is given.

15 Survey Inspection Clause

1. Unless the report of the independent surveyor (approved by the Insurer) is presented, the Insurer reserves the right to reject in full or in part any claim for the insurance reimbursement where in the opinion of the Insurer any defect which would have been discovered by the independent surveyor, had the condition survey already taken place, caused or contributed to the loss in respect of which the claim is made.
2. If upon receipt of the surveyor's report the Insurer is of the opinion that the ship is not in a fit or proper condition, the Insurer reserves the right to terminate or amend the contract of insurance.

16 Automatic Termination of Cover and War and Nuclear Exclusions Clause (the Institute of London Underwriters CL 359)

This clause shall be paramount and shall override anything contained in the contract of insurance inconsistent therewith.

1. Cancellation

Cover hereunder in respect of the risks of war, etc. may be cancelled by either the Insurer or the Insured giving 7 days notice (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is issued by or to the Insurer). The Insurer agrees however to reinstate cover subject to agreement between the Insurer and the Insured prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions and/or warranties.

2. Automatic Termination of Cover

Whether or not such notice of cancellation has been given cover hereunder in respect of the risks of war, etc, shall TERMINATE AUTOMATICALLY:

- 2.1. upon the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation, the Peoples Republic of China;
- 2.2. in respect of any vessel, in connection with which cover is granted hereunder, in the event of such vessel being requisitioned either for title or use.

3. Five Powers War and Nuclear Exclusions

This insurance excludes:

3.1. loss damage liability or expense arising from:

3.1.1. the outbreak of war, whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation, the Peoples Republic of China;

3.1.2. requisition either for title or use.

3. 2. loss damage liability or expense directly or indirectly caused by or arising from:

3.2.1. ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

3.2.2. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof

3.2.3. any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

4. Cover in respect of the risks of war shall not become effective if, subsequent to acceptance by the Insurer and prior to the intended time of attachment of risk, there occurred any event which would have automatically terminated cover under the provisions of this clause.