

FÖRSÄKRINGSAKTIEBOLAGET ALANDIA

P&I INSURANCE TERMS AND CONDITIONS FOR OWNERS

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P&I Insurance Terms and Conditions for Owners

PART I INTRODUCTORY RULES

1. Definitions

The Swedish wording of these Terms and Conditions, of which there are also English and Finnish translations, shall prevail in interpretation.

In these Terms and Conditions the following words and expressions are given the following meanings.

Agree/Agreement

"Agree to in writing"/"written agreement".

Approve/Approval

"Approve in writing"/"written approval".

Assured

Any individual or legal entity whose liability is covered by the insurance policy and who is identified as assured in the insurance policy.

Bunker Convention

International Convention on Civil Liability for Bunker Oil Pollution Damage 2001.

CLC

International Convention on Civil Liability for Oil Pollution Damage 1969.

Protocol to the International Convention on Civil Liability for Oil Pollution Damage 1992.

Co-assured

Any individual or legal entity identified in the insurance policy as co-assured.

Consent

"Consent to in writing"/"written consent".

Crew

Any person, including the Master, contractually obliged to serve on board the insured ship, when on board or proceeding to or from the ship.

Electronic trading system

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

- (a) are documents of title, or
- (b) entitle the holder to delivery or possession of the goods referred to in such documents, or

(c) evidence a contract or carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.

A "document" shall mean anything in which information of any description is recorded including, but not limited to, computer or other electronically generated information.

Hague Rules

The International Convention for the Unification of Certain Rules Relating to Bills of Lading, 1924.

Hague-Visby Rules

Hague Rules as amended by the Brussels Protocol, 1968.

Hull insurance

Insurance effected on the hull and machinery of the insured ship and other insurance against total loss.

Insurer

Alandia Insurance Ltd (Försäkringsaktiebolaget Alandia).

ISM Code

International Safety Management Code.

ISPS Code

International Ship and Port Facility Security Code.

ITOPF

International Tanker Owners Pollution Federation Limited.

Nairobi Convention

The Nairobi International Convention on the Removal of Wrecks 2007.

OPA 90

US Oil Pollution Act of 1990.

Passenger

Any person who is carried onboard a ship under a contract of carriage.

Policyholder

Any individual or legal entity who has entered into an insurance contract with the insurer and who is identified as the policyholder in the insurance policy. The policyholder shall always be assured under the insurance contract unless otherwise agreed.

Ship

A ship or other floating structure used or intended to be used in navigation on water or any part thereof or share therein in respect of which the insurer has granted insurance in accordance with these Terms and Conditions.

2. Nature of cover

The scope of the insurance is set out in these Terms and Conditions unless otherwise agreed between the policyholder and the insurer.

The insurance shall cover legal liability, costs or expenses incurred by the policyholder and arising out of an event during the period of insurance as a direct consequence of the operation or trading of the ship.

The cover afforded by the insurer shall not include the deductible fixed by the insurer or otherwise agreed with the policyholder.

Liability, costs or expenses as per Part II (The scope of insurance) will be covered by the insurer only to the extent that these have first been discharged by the policyholder unless otherwise is decided by the insurer or otherwise is stipulated in these Terms and Conditions ("pay to be paid" principle).

The insurance contract only applies between the insurer and the policyholder and any other assured or co-assured. According to these Terms and Conditions a claimant shall not be entitled to direct his claim directly to the insurer except when it is so stipulated in mandatory rules of law or is expressly set out in these Terms and Conditions.

Where the policyholder is entitled to direct action against the insurer pursuant to mandatory rules of law, the cover afforded by the insurer shall always be limited to what has been agreed between the insurer and the policyholder.

The cover afforded by the insurer shall always be limited in accordance with applicable law or other rules of law on limitation of the shipowner's liability, even if the policyholder for any reason has lost his right to limitation and regardless of whether a limitation fund (global limitation fund) has been established or not.

The cover afforded by the insurer shall always be limited to the limit of liability as agreed between the insurer and the policyholder. The limit of liability shall apply regardless of whether or not the event gives rise to several claims made with reference to one or several provisions in these Terms and Conditions. Should the aggregate of such claims exceed the limit of liability as stated in the insurance policy, the insurer shall pay for each claim that portion of the limit of liability that corresponds to the claim's portion of the total sum of claims made.

The insurer reserves its right to amend these Terms and Conditions during the period of insurance in order to avoid that he or his reinsurer becomes subject to any sanction, prohibition or restriction under resolutions of the United Nations or any other international organisation, or the trade or economic sanctions, laws or regulations of the European Union or any state.

PART II THE SCOPE OF INSURANCE

3. Liability in respect of persons

3.1 Injury, illness, repatriation and death – crew

The insurance shall cover

- (a) Liability under the terms of a contract of employment to pay compensation for personal injury, illness or death of any member of the crew of the insured ship who is on board or proceeding to or from that ship.
- (b) Liability on any other ground than under (a) above to pay compensation for personal injury, illness or death of any member of the crew of the insured ship who is on board or proceeding to or from that ship.
- (c) Hospital, medical, repatriation, funeral and other expenses incurred as a consequence of personal injury, illness or death of any member of the crew of the insured ship who is on board or proceeding to or from that ship where the policyholder is under the obligation to pay or compensate for these.
- (d) Travelling expenses in providing a substitute as a consequence of injury, illness or death of any member of the crew of the insured ship who is on board or proceeding to or from that ship.
- (e) Liability for costs or expenses of repatriating a member of the crew when repatriation is occasioned by a close relative of the crew member having died or become seriously ill after the crew member signed on. Costs and expenses necessarily incurred in sending a substitute to replace that crew member are also compensated.
- (f) Costs for repatriation of a crew member necessarily incurred by the policyholder in consequence of the actual or constructive total loss of the insured ship or a major casualty rendering the ship unseaworthy and necessitating the signing off of the crew.
- (g) Costs for repatriation of a crew member, where these are not otherwise covered by Clause 3 (Liability in respect of persons) and when the policyholder is obliged to pay these costs under the 2006 Maritime Labour Convention or any corresponding national enactment of a state party to the Maritime Labour Convention. The insurer shall pay these costs and compensations as agent only of the policyholder. The policyholder shall be liable to reimburse these amounts in full to the insurer.

3.2 Wages – crew

The insurance shall cover wages payable in connection with the personal injury, illness or death of a member of the insured ship's crew occurring on board or while proceeding to or from that ship.

The insurance shall also cover wages payable to a member of the crew in consequence of the total loss of the insured ship or a major casualty rendering the ship unseaworthy and necessitating the signing off of the crew according to Clause 3.1 (f).

3.3 Damage to or loss of effects – crew

The insurance shall cover liability for damage to or loss of personal effects belonging to a member of the crew of the insured ship as well as liability under collective agreements or contracts of employment as mentioned in Clause 11 (c).

The insurance does not, however, cover valuables, cash, negotiable instruments or objects of a rare or precious nature.

3.4 Conditions for payment directly to a crew member

Notwithstanding the “pay to be paid” principle in Clause 2 (Nature of cover) and the conditions of Clause 28 (Termination), the insurer shall, where a policyholder has failed to fulfil his obligation according to the 2006 Maritime Labour Convention or any corresponding national enactment of a state party to the Maritime Labour Convention to pay

- (a) costs for the repatriation of a crew member, or
- (b) compensation in the event of a the crew member’s death or long-term disability due to occupational injury, illness or hazard,

fulfil the policyholder’s obligation by paying such costs or compensation directly to such crew member or to a person who is legally entitled to compensation in his stead. The following conditions shall, however, always be met:

- (i) The crew member or person who is legally entitled to compensation in his stead does not have any enforceable right of recovery against any other party and would otherwise be uncompensated,
- (ii) The amount payable by the insurer shall under no circumstances exceed the amount which the policyholder would have been entitled to under the Terms and Conditions and the individually agreed conditions.
- (iii) Where the insurer is under no liability to the policyholder in respect of a claim in accordance with Clause 28 by reason of termination due to non-payment of premiums or other sums the insurer shall nonetheless discharge the claim to the extent that the claim arises from an event that occurred prior to the termination. The insurer discharges such claim as agent of the policyholder. The policyholder shall be liable to reimburse these amounts in full to the insurer.
- (iv) The insurer shall discharge the policyholder’s obligations under Clause 3.1 (g) as the agent of the policyholder. The policyholder shall be liable to reimburse these amounts in full to the insurer.

3.5 Passenger liability

The insurance shall cover liability for personal injury, illness or death of any passenger on board the insured ship.

The insurance shall cover liability, costs or expenses for loss, damage or other responsibility relating to luggage or personal belongings carried by any passenger on board the insured ship.

The insurance shall cover liability to pay damages or compensation to passengers on board the insured ship where such liability arises in consequence of a casualty, including liability for costs of forwarding such passengers and their luggage to their port of destination or returning them to their port of embarkation and of their maintenance ashore.

For the purpose of this sub-clause the word “casualty” shall be defined as an incident involving either

- (a) collision, stranding, explosion, fire or any other cause affecting the physical condition of the ship so as to render it incapable of safe navigation to its intended destination, or
- (b) a threat to the life, health or safety of passengers.

The insurance shall also cover liability for injury, illness or death during carriage to or from the insured ship in its own boats, or, whilst in port, also by means of other boats.

Notwithstanding the terms of the preceding paragraph of this Clause the insurer shall not be liable for any liability in respect of personal injury, illness, death, loss of or damage to property, delay or any consequential loss sustained by any passenger by reason of carriage by air or while they are in the care of any other carrier before or after the carriage on the insured ship.

The insurance shall not cover personal injury, illness, death or loss of or damage to property in connection with an excursion from the insured ship, if not otherwise agreed with the insurer.

3.6 Limit of liability with regard to passengers

Where liability in respect of passengers includes liability arising under a non-war certificate issued by the insurer in accordance with either:

- a) Article 4bis of the 1974 Athens Convention relating to Carriage of Passengers and their Luggage by Sea and the protocol of 2002 related to the Convention, or
- b) The European Parliament’s regulation (EC) No. 392/2009 of 23 April 2009 on the liability of carriers in connection with accidents in the carriage of passengers by sea,

and such liability (“certified liability”) exceeds or may exceed the limit of liability as specified in the insurance policy,

- i) the insurer may in its absolute discretion defer payment of claims in respect of any other liability to passengers or a portion thereof until the certified liability, or such portion of the certified liability as the insurer may decide, has been discharged,
- ii) the portion of the certified liability which has been paid by the insurer and which exceeds the limit of insurance cover shall be regarded as a loan to the policyholder. The policyholder shall reimburse such portion of the certified liability to the insurer.

3.7 Injury, illness and death – others

The insurance shall cover liability for personal injury, illness and death of any persons on board or in relation to the insured ship other than crew and passengers.

Insurance cover for persons on board according to this sub-clause shall be limited to

- (a) close relatives of crew members,
- (b) persons whose presence on board is necessary for the normal operation of the ship, and
- (c) persons whose presence on board has been approved by the insurer.

3.8 Stowaways and refugees

The insurance shall cover extra expenses reasonably and necessarily incurred by the policyholder as a direct result of the insured ship having stowaways, persons saved at sea or refugees on board to the extent that the policyholder is responsible for such expenses or they are incurred with the approval of the insurer. Insurance cover according to this sub-clause shall not include loss of profit, depreciation or any other consequential loss.

3.9 Life salvage

The insurance shall cover liability for salvage awards due to third parties by reason of the fact that they have saved or attempted to save the life of any person from the insured ship, but only if, and to the extent that such awards are not recoverable under the hull insurance of the ship or from cargo owners or cargo underwriters.

3.10 Deportation

The insurance shall cover liability for costs incurred in respect of a member of the crew or a passenger from the insured ship for whom an order for deportation or detention on board the ship has been issued and in sending a substitute to replace them.

3.11 Diversion expenses

The insurance shall cover costs for fuel, insurance, wages, stores, provisions and port charges attributable to a diversion, in excess of those which would have been incurred but for the diversion, reasonably undertaken for the purpose of saving persons at sea or securing treatment of any injured or sick person on board the insured ship, or while awaiting a substitute for such persons or for the purpose of landing stowaways, refugees or persons saved at sea, provided that such costs are incurred with the approval of the insurer or provided by law.

4. Liability in respect of cargo

4.1 Liability in respect of cargo

The insurance shall cover liability, costs or expenses for loss, damage or other responsibility relating to the carriage of cargo by the insured ship.

The insurance shall cover a period of time of a maximum of fourteen days before the commencement of loading, when the cargo is in the port of loading, and a maximum of fourteen days after the commencement of discharging, even if the cargo would still be on board the insured ship or in the port of discharge.

Cargo which is the property of the policyholder shall be covered by the insurance to the same extent as if the cargo had been the property of a third party.

Deck cargo shall be covered by the insurance provided that the ship, cargo and containers or similar articles of transport are suitable for deck carriage in all circumstances and that the bill of lading, waybill or other transport document permits carriage of such cargo on deck and either

- (a) states that the cargo is being carried on deck and excludes all liability for loss of or damage to such cargo, or,
- (b) makes the carriage subject to the Hague Rules or the Hague-Visby Rules.

Where the value of any cargo is declared in the bill of lading, waybill or other transport document, the insurance cover shall be limited to the amount to which the policyholder would have been able to limit his liability in accordance with applicable law or other rules of law, unless otherwise agreed between the insurer and the policyholder.

4.2 Cargo liability during through transports and lighterage

The insurance shall cover liability, costs or expenses for loss, damage or other responsibility in respect of cargo during through transports while the cargo is in the care of another carrier provided that the transport is performed under a through or transshipment bill of lading or other transport document approved by the insurer providing for carriage partly to be performed by the insured ship.

The insurance shall cover liability, costs or expenses in respect of cargo during contractual and customary lighterage.

4.3 Liability for bill of lading particulars

The insurance shall cover liability for incorrect or incomplete description of the cargo or other incorrect statements in a bill of lading, waybill or other transport document, except in respect of liability, costs or expenses arising out of

- (a) the issuance of an ante dated or post-dated transport document, meaning that the transport document is dated before or after the date when the cargo was in fact loaded on board or received for carriage,
- (b) the issuance of such transport document containing a description of cargo, its quantity or condition, or of its port of loading or discharge which the policyholder or an officer of the ship knew is incorrect.

4.4 Liability for delivery of cargo

The insurance shall cover liability for misdelivery of cargo, except

- (a) as regards a negotiable bill of lading or similar document of title when delivery has been made without the production of that document by the person to whom delivery is made,
- (b) as regards a non-negotiable bill of lading, waybill or similar transport document when delivery has been made to a person who is neither named in the document as the person to whom delivery should be made nor, as regards a waybill, is lawfully nominated by the shipper as the person to whom delivery should be made,
- (c) as regards a non-negotiable bill of lading, waybill or similar transport document when delivery has been made without production of such document by the person to whom delivery is made, where such production is required by the express terms of such document or by operation of law or custom.

4.5 Liability in respect of paperless trading

Unless the insurer otherwise decides there shall be no recovery from the insurer in respect of liability, losses, costs and expenses arising from the use of any electronic trading system, other than a system approved by the insurer, to the extent that such liability, losses, costs and expenses would not (save insofar as the insurer in its absolute discretion otherwise determines) have arisen under a paper trading system.

4.6 Extraordinary cargo handling costs

The insurance shall cover reasonable and necessary costs in excess of those which would normally be expected to be incurred in respect of

- (a) discharging or disposing of damaged, rejected or worthless cargo,
- (b) discharging, handling, storing and reloading cargo where the ship has sustained damage recoverable under the hull insurance of the insured ship.

Extraordinary costs under a–b above are recoverable only if and to the policyholder is legally obliged to pay these and to extent that compensation is not afforded in general average or recoverable from any other party and provided such costs are not caused by the nature of the cargo which was known or should have been known by the policyholder.

The insurance shall not cover costs as a consequence of work carried out, or could have been carried out, by the crew of the insured ship or by reasonable use of the ship or her equipment.

4.7 General average

4.7.1 Unrecoverable general average contributions

The insurance shall cover the proportion of general average expenditure, special charges or salvage which the policyholder is or would be entitled to claim from cargo or from some other party to the marine adventure and which is not recoverable by reason of a breach of the contract of carriage.

Should the policyholder have failed to obtain a general average bond, compensation from the insurer will only be made if the policyholder can demonstrate that he, at the time of delivery of the cargo, neither knew nor ought to have known that an event had occurred during the voyage that may be subject to recovery in general average. Where contributing cargo or any other contributing asset belongs to the policyholder, the policyholder's right to compensation from the insurer shall be the same as it would have been if the contributing asset had belonged to another party.

4.7.2 Ship's proportion of general average

The insurance shall cover the insured ship's proportion of general average, special charges or salvage not recoverable under the hull insurance by reason of the value of the ship being assessed for contribution to general average at a value in excess of the insured value under the hull insurance. Insurance compensation according to this paragraph shall in each individual case be determined by the insurer in its absolute discretion.

4.8 Deviation

The insurance shall not cover the policyholder's liability, costs or expenses for cargo due to deviation, whether geographical deviation or other forms of deviation, which deprives the policyholder of the right to rely on defences or rights of limitation.

The policyholder shall report the deviation to the insurer as soon as he becomes aware of it. The insurer may in its absolute discretion grant cover fully, partly or against special conditions or an additional premium.

5. Liability in respect of delay

The insurance shall cover liability pursuant to mandatory rules of law for loss caused by delay in the carriage by the insured ship of passengers, luggage and cargo.

6. Liability in respect of pollution

The insurance shall cover liability, costs or expenses incurred as a result of the discharge or escape from the insured ship of oil or any other substance or the threat of such discharge or escape unless such liability, costs or expenses form part or could form part of general average under the York/Antwerp Rules 1994. The insurance shall also cover costs reasonably incurred due to actions taken to prevent the damage or minimise the extent of the damage.

Unless otherwise decided by the insurer, the insurance shall not cover liability, costs or expenses incurred due to the discharge or escape of hazardous waste previously carried on board the insured ship, from a land-based dump, storage or disposal facility.

The insurance shall not cover liability, costs and expenses, including fines, attributable to an event where OPA 90 is applicable.

7. Other liability

7.1 Liability for other property

The insurance shall cover liability, costs or expenses for loss of or damage to property on board or outside the insured ship to the extent such risks are not specified elsewhere in these Terms and Conditions.

The insurance does not, however, cover the loss of or damage to property which the policyholder owns or has borrowed, leased or bought under reservation of title.

7.2 Collision liability

The insurance shall cover liability, costs or expenses incurred as a result of a collision with another ship or with fixed or floating objects, if and to the extent such liability, costs and expenses are not covered under the insured ship's hull insurance by reason of the fact that the liability exceeds the hull insurance value.

The limitation above do not apply should the liability, cost or expense relate to the raising, removal, destruction or marking of the wreck from another ship, or the removal or destruction of the cargo on board another ship.

7.3 Special compensation to salvors

The insurance shall cover the policyholder's liability to pay special compensation to a salvor of the insured ship in respect of measures taken to prevent or limit damage to the environment provided that

- (a) such liability is imposed on the policyholder pursuant to Article 14 of the International Convention on Salvage (1989) or is assumed by the policyholder under the terms of a salvage agreement approved by the insurer, and
- (b) such liability is not payable by those interested in the salvaged property.

7.4 Obstruction to navigation and wreck liability

The insurance shall cover liability, costs or expenses incurred where the insured ship as a result of a casualty has caused an obstruction to navigation.

The insurance shall cover liability, costs or expenses relating to the raising, removal, destruction or marking of the wreck of the insured ship, or of equipment or cargo which relates to the insured ship or wreck, when such acts are compulsory by law or the costs thereof are legally recoverable from the policyholder except to the extent they are covered by the insured ship's hull insurance.

The insurance shall cover liability, costs or expenses incurred as a result of the presence of the wreck of the insured ship or its cargo.

The value of the wreck and other property saved shall be credited to the insurer. Where the hull underwriters have not acquired title to the wreck, the insurance cover is limited to a period of three years from the day the insurance ceased.

7.5 Liability in respect of fines

The insurance shall cover fines or other charges as set out under a–d below which are judicially imposed upon the policyholder, his representative or a member of the crew of the insured ship that the policyholder may be liable to reimburse or reimburses with the approval of the insurer.

- (a) Fines imposed for shortage or overdelivery of cargo, or failure to comply with regulations concerning the declaration of goods, or documentation of cargo provided that the policyholder is insured for liability in respect of such cargo under Clause 4 (Liability in respect of cargo),
- (b) Fines imposed for breach of any immigration law or regulation,
- (c) Fines imposed in respect of the accidental discharge or escape of oil or any other polluting substance, or threat thereof, provided that the policyholder is insured for such discharge or escape by the insurer,
- (d) Fines imposed for smuggling or breach of customs regulations by the master or a member of the crew provided that such activity was unknown to the policyholder.

7.6 Quarantine expenses

The insurance shall cover additional costs or expenses reasonably and necessarily incurred by the policyholder in connection with quarantine and disinfection of the insured ship, its crew or passengers as a consequence of an infectious disease, except for the ship's running expenses during the delay or indirect consequences thereof.

7.7 Towage liability

Where the insured ship is towed, the insurance shall cover

- (a) liability arising from customary towage for the purpose of entering or leaving port or of manoeuvring within the port or from towage of such ships which are habitually towed from place to place,
- (b) liability arising from other towage, provided that the contract for such towage has been approved by the insurer.

Where the insured ship is towing, the insurance shall cover

- (a) liability arising from towage during a voyage with the purpose of saving life,
- (b) liability arising from other towage but only when the insurer has agreed in advance to afford cover for such towage.

7.8 Confiscation

The insurer shall have the discretion to compensate, in whole or in part, the policyholder's claim for loss of the insured ship following confiscation of the ship by any legally empowered authority by reason of the infringement of any customs law or customs regulation.

The compensation shall not exceed the market value of the ship without commitment at the time of confiscation.

The claim will be considered by the insurer only

- (a) if the policyholder has been deprived of his interest in the insured ship for a time of not less than six months,
- (b) if the policyholder has demonstrated that he took such steps which in the opinion of the insurer were reasonable to prevent the infringement of the customs law or customs regulation giving rise to the confiscation.

The insurer shall be under no obligation to give reasons for its decision.

8. Liability for costs

8.1 Sue and labour clause

The insurance shall cover legal costs and other expenses reasonably incurred by the policyholder to avoid or reduce liability which is falling or is likely to fall under these Terms and Conditions and for which insurance has been effected, provided that the insurer has approved the costs or expenses in advance or in its absolute discretion considers the costs or expenses to have been reasonably incurred.

The insurance shall cover costs incurred after instructions from the insurer.

8.2 Preventive costs and amounts saved

The insurance shall cover costs reasonably incurred by the policyholder in order to prevent or limit liability covered under these Terms and Conditions and the individually agreed conditions, provided that the insurer has approved the costs or expenses in advance or in its absolute discretion considers the costs or expenses to have been reasonably incurred. If such costs have been incurred jointly for the interest insured and for other interests, only such portion is compensated that falls on the interest insured.

Where the policyholder, as a result of a casualty or other event for which he is covered under these Terms and Conditions, has obtained extra revenue, saved expenses or avoided liability, which would otherwise have been incurred and which would not have been covered by the insurance, the insurer may deduct from the compensation an amount corresponding to the benefit obtained.

PART III GENERAL CONDITIONS FOR COVER

9. Obligations of the policyholder

9.1 Duty of disclosure

Prior to conclusion of the insurance contract, the policyholder shall in detail give the insurer any information requested by the insurer regarding the ship, as well as any other information that is material for the insurer for the assessment of the insurance risk. If the policyholder subsequently discovers that the information given by him is incomplete, incorrect or misleading, he shall notify the insurer thereof without delay.

If the policyholder has failed to fulfil his duty of disclosure according to the first paragraph with fraudulent intent, the insurer shall not be bound by the insurance contract.

If the policyholder has given any information that he knew or ought to have known to be incomplete, incorrect or misleading and there is reason to assume that the insurer would not have granted the insurance had he been aware of the true circumstances, the insurer is exempt from liability. If it can be assumed that the insurer would have granted the insurance had he been aware of the true circumstances, but only against a higher insurance premium or on conditions other than those contained in the contract entered, the insurer shall be liable for the occurrence of a recoverable casualty only to the extent it is proven that the circumstance, that such incomplete, incorrect or misleading information concerns, had no effect on the occurrence or on the extent of the loss or damage sustained.

If the policyholder has through negligence failed to notify the insurer of such circumstance which is known or which, in the ordinary course of business, ought to be known by the policyholder to be of importance for the insurer, the third paragraph shall apply. The same shall apply to cases of failure to give the information referred to in the second sentence of the first paragraph.

If it can be assumed that the policyholder neither understood nor, in the ordinary course of business, ought to have understood that the information given by him was incorrect, delivery of such incorrect information shall not have any effect on the insurer's liability.

9.2 Increase in risk

An increase in risk arises when the insured risk increases as a result of changes in the circumstances prevailing at the time the insurance contract was concluded and constituting the basis of the contract. The policyholder is under the obligation to inform the insurer of any increase in risk promptly after gaining knowledge of the increase in risk.

If after the conclusion of the insurance contract the policyholder causes an increase in risk or consents thereto and if the increase in risk is not of a nature that the insurer is to be deemed to have taken into account, the insurer is exempted from liability, providing that the insurance had not been granted had the insurer

been aware of the increase in risk. If it can be assumed that the insurer would have granted the insurance despite the increase in risk but only against a higher insurance premium or otherwise on conditions other than those agreed in the insurance contract, the insurer shall be liable for the loss or damage sustained only to the extent it is proven that the increase in risk did not contribute either to the occurrence of the recoverable casualty or to the extent of the loss or damage sustained.

If the risk has increased without contribution by or consent from the policyholder, and the policyholder has failed to notify the insurer thereof without any acceptable reason, the consequences referred to in the second paragraph shall apply.

If the action that increased the risk was taken with an intention to prevent injury to person or damage to property under circumstances where such action is to be deemed justifiable, the action shall not affect the insurer's liability.

9.3 The ship's classification

Unless otherwise agreed between the policyholder and the insurer, the following conditions shall apply.

- (a) The ship must throughout the period of insurance be and remain classed with a classification society approved by the insurer.
- (b) The policyholder must promptly call to the attention of the classification society or its surveyors any event or circumstance which has given or might have given rise to damage in respect of which the classification society might make recommendations as to repairs or other action to be taken by the policyholder.
- (c) The policyholder must comply with all the rules, recommendations and requirements of the classification society relating to the insured ship within the time specified by the classification society.
- (d) The policyholder must authorise the insurer, when the insurer considers it necessary, to receive information and to inspect and obtain documents relating to the class of the insured ship from a classification society with which the ship is or has been classed.
- (e) Where the policyholder is in breach of Clause 9.3 (a) above, the policyholder shall cease to be insured in accordance with Clause 29 (g). If the policyholder is in breach of Clause 9.3 (b)–(d) above, the insurer may reject any claim or reduce any sum claimed under these Terms and Conditions.

9.4 Statutory requirements

The policyholder must comply with obligations and requirements imposed by the flag State or other competent authorities, such as requirements relating to the insured ship's construction, design, fitment, condition, equipment, manning, safe operation, management and maritime security and safety. Valid certificates covering such requirements, including ISM and ISPS certificates, must at all times be maintained. If the policyholder fails to fulfil

his obligations under this paragraph, the insurer may reject claims for compensation of liability, costs or expenses caused by such failure.

9.5 Seaworthiness

The vessel shall be seaworthy in respect of construction, fixtures, maintenance, manning, loading and ballast and otherwise, and it shall meet the seaworthiness requirements imposed by authorities and classification society. The ship's holds, refrigerated and cold-storage storerooms and other parts of the ship where goods are stored shall be in a condition for receiving, carrying and preserving goods safely.

The insurer shall not be liable for any loss or damage sustained on account of the vessel having been in an unseaworthy condition, if the policyholder was or should have been aware of such unseaworthiness at such a time that it would have been possible for him to intervene.

9.6 Obligations with regard to casualties and claims

In connection with a casualty the policyholder shall:

- (a) take all reasonable steps, including maintaining the right of recourse towards third parties or the right of limitation of liability, to avert or minimise liability, costs or expenses in respect of any event which may give rise to a claim upon the insurer,
- (b) promptly notify the insurer of any such event and of any related formal enquiry or legal proceedings involving the insured ship. The policyholder must also promptly notify the insurer when a claim has been made against the policyholder which may give rise to a claim upon the insurer, and
- (c) promptly and at his own expense provide the insurer with all documents and evidence which may be relevant to the case and must produce any person for interview or to give evidence. Furthermore the insurer must at any time be allowed to conduct any surveys and investigations which the insurer considers necessary.

The policyholder shall not settle or admit liability for any claim that may lead to a claim against the insurer without the consent of the insurer. Neither shall the policyholder waive any rights without the prior approval of the insurer.

Where the policyholder commits any breach of these obligations, the insurer may reject any claim by the policyholder against the insurer or reduce any sum payable by the insurer arising out of the casualty.

Where the policyholder does not accept a settlement of a claim recommended by the insurer, the insurer shall be entitled to limit his liability to the amount so recommended.

9.7 Proof of loss in claims for compensation

When the policyholder claims compensation for any loss or damage, the policyholder shall prove that the loss or damage is recoverable in accordance with the Terms and Conditions

and provide evidence of the extent of the loss or damage. The policyholder shall as soon as possible provide the insurer with all documents and information which may be of importance for the insurer when assessing whether the claim is recoverable under the insurance.

If the loss or damage, in the opinion of the insurer, has been caused by an event that is not covered by the insurance, it is the responsibility of the insurer to prove this unless otherwise indicated in these Terms and Conditions.

10. Regulations issued by the insurer

The insurer may issue general or particular regulations in writing.

The insurer may reject any claim or reduce any sum payable in respect of claims arising as a consequence of the policyholder not complying with such regulations.

11. Terms of contracts

The following applies to contracts or agreements entered into by or on behalf of the policyholder.

(a) Contracts for carriage of goods

Such contracts shall not impose upon the policyholder a more extensive liability than would follow from the Hague Rules or the Hague-Visby Rules except where such contracts impose upon the policyholder a more extensive liability solely due to any mandatory provisions under applicable law.

(b) Contracts for through transport of goods

Such contracts shall not impose upon the policyholder a more extensive liability than would follow from any mandatory provisions applicable to any separate part of such through transport.

(c) Collective agreements and contracts of employment

Such contracts and amendments thereto must be approved by the insurer in advance.

(d) Contracts for carriage of passengers

Such contracts must be approved by the insurer in advance.

(e) Contracts for towage

Such contracts as are referred to in Clause 7.7 paragraphs 1 (b) and 2 (b) must be approved by the insurer in advance.

(f) Other contracts

Such contracts must be approved by the insurer in advance.

The insurance shall not cover liability, costs or expenses which would have been avoided had the policyholder complied with the conditions set out above.

The insurer may reject claims for compensation for liability, costs or expenses arising from the policyholder having entered into contracts or agreements on unusually burdensome terms without the approval of the insurer.

PART IV GENERAL EXCLUSIONS FROM COVER

12. Exclusions

12.1 Policyholder's intent, gross negligence or fraudulent acts

The insurance shall not cover liability, costs or expenses caused by

- (a) the intentional or grossly negligent acts or omissions of the policyholder,
- (b) such acts or omissions which the policyholder knew or ought to have known would cause liability, costs or expenses, or
- (c) the policyholder's fraudulent acts.

12.2 Excluded risks

The insurance shall not cover

- (a) costs or expenses incurred for the normal fulfilment of the policyholder's transport obligation,
- (b) costs or expenses incurred to make the ship fit to receive cargo,
- (c) costs or expenses incurred to discharge, reload, restow, store or tranship cargo or other similar measures caused by overloading, bad trim or incorrect stowage of the ship,
- (d) liability in relation to precious metals, precious stones, jewellery or other objects of a rare or precious nature, cash and negotiable instruments, regardless of whether these are carried as cargo or are the personal effects of a member of the crew or are part of a passenger's luggage, unless the carriage thereof has been approved by the insurer,
- (e) liability, costs or expenses in relation to carriage of poisonous, inflammable, explosive or corrosive substances or other dangerous cargo unless approved by the insurer,
- (f) liability, costs or expenses arising out of the insured ship carrying contraband or being employed in blockade running or in an unlawful trade or in a trade which under the circumstances is considered imprudent, unsafe, unduly hazardous or improper,
- (g) loss of or damage to containers or similar articles of transportation owned, borrowed, leased or bought under reservation of title by the policyholder,
- (h) liability, costs or expenses arising out of the failure to arrive or late arrival of the insured ship at the port of loading or out of the failure to load any contracted cargo in the insured ship, or arising out of cancellation or termination of any charterparty or other engagement of the insured ship,
- (i) liability, costs or expenses arising out of intentional discharge of cargo at a place other than that stipulated in the contract of carriage,
- (j) liability arising out of failure to discharge all cargo from the insured ship, except insofar as the policyholder takes all reasonable steps to discharge the cargo,

- (k) loss of freight or other revenue and liability towards a charterer or other contractual party for such loss, extra fuel consumption, port charges or other similar expenses which would have been the policyholder's own operational costs save for the charter,
- (l) any consequential loss, general monetary loss, loss of time, loss through price, market or currency fluctuations, loss of market, loss of production, depreciation, loss of opportunity, loss of profit or similar loss, except where the policyholder is legally liable to a third party for such loss and such liability is covered under these Terms and Conditions,
- (m) loss of or damage to the insured ship or any part thereof, its equipment, accessories, spare parts, stores or supplies whether owned by the policyholder or not, save for liability in respect of bunkers belonging to a charterer, and
- (n) loss or liability arising out of the insolvency or inability to pay.

12.3 Special risks excluded for certain ships

The insurance shall not cover

- (a) in respect of salvage ships or other ships intended to be used for salvage operations, liability arising as a result of any salvage service or attempted salvage service,
- (b) in respect of drilling ships or other ships used for drilling operations, coresampling, oil production or gas production including any accommodation unit moored or positioned on site as an integral part of any such operations, liability arising as a result of such operations. The insurer shall, however, be liable for storage of oil or gas in ships provided that the insurer has given its advance approval of all circumstances and safety precautions which may be of importance for the assessment of the risk,
- (c) in respect of dredgers, liability arising as a result of dredging operations,
- (d) in respect of ships used in the operation of pile-driving, pipe or cable laying or blasting, liability arising as a result of such operations,
- (e) in respect of semi-submersible heavy lift vessels or any other vessels designed exclusively for the carriage of heavy lift cargo, liability arising from loss of, damage to, or wreck removal of, or destruction of cargo carried on board. Insurance cover is afforded provided the cargo is transported under a transport contract approved in advance by the insurer, and
- (f) in respect of other ships used for special operations, liability arising from such operations unless approved by the insurer.

12.4 Sanctions

The insurance shall not cover liability, costs or expenses where the reimbursement or payment in respect of such liability, costs or expenses or any provision of other benefits would expose the insurer or his reinsurer to the risk of being or becoming subject to sanctions, prohibitions or restrictions under the resolutions of the United Nations or any other international organisation, or the

trade or economic sanctions, laws or regulations of the European Union or any state.

12.5 War risks

The insurance shall not cover liability, costs or expenses arising from loss, damage, injury, illness, death or other events caused by

- (a) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism (provided that, in the event of any dispute between the policyholder and the insurer as to whether or not an act constitutes an act of terrorism, the insurer shall in its absolute discretion determine that dispute and the insurer's decision shall be final),
- (b) capture, seizure, arrest, mutiny, piracy, restraint or detainment and the consequences thereof or any attempt thereat,
- (c) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war save for those liability, costs or expenses which arise solely by reason of the transport of any such weapons. This exclusion shall not apply to the use of such weapons as a result either of government order or with the agreement of the insurer where the reason for such use is avoidance or mitigation of liability, costs or expenses which would otherwise fall within the insurance cover.

The above conditions shall apply irrespective of whether a contributory cause of the liability arising or the costs or expenses being incurred is any negligence on the part of the policyholder or of any person for whom he is responsible.

12.6 Nuclear risks

The insurance shall not cover liability, costs or expenses directly or indirectly caused by or contributed to by

- (a) radioactive radiation or radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
- (b) the radioactive, toxic, explosive or otherwise hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,
- (c) any weapon or device employing atomic or nuclear fission and/or fusion or other similar reaction or radioactivity,
- (d) the radioactive, toxic, explosive or otherwise hazardous or contaminating properties of any radioactive matter.

However, the insurer may extend the insurance to cover liability, costs or expenses arising out of the carriage of such "excepted matter" as defined in the Nuclear Installations Act 1965 of the United Kingdom, provided that it is carried as cargo and that the carriage has been approved by the insurer.

"Excepted matter" consists of radioisotopes which are used or intended to be used for industrial, commercial, agricultural, medical or scientific purpose, natural uranium and depleted uranium.

This provision shall override any other provisions in these Terms and Conditions.

12.7 Subsidiarity

The insurance shall not cover liability, costs or expenses that would be covered under a standard hull insurance on full conditions and for a sum that at any time corresponds to the ship's market value without commitment.

The insurance shall not cover liability, costs or expenses in respect of the insured ship, its cargo, passengers, members of the crew or other persons performing work in the service of the ship which are recoverable under any social insurance, public or private insurance required by law or contract or any other insurance.

The insurance shall not cover deductibles or other similar deductions which the policyholder himself is to bear under the above types of insurances.

PART V OTHER PROVISIONS

13. Survey

The insurer may at any time during the period of insurance appoint a surveyor to inspect the ship on behalf of the insurer.

Where the ship has been laid-up for a period exceeding six months, the policyholder shall give the insurer not less than seven days' notice prior to the ship leaving the place of lay-up for recommissioning, to afford the insurer an opportunity to inspect the ship pursuant to the first paragraph.

Should the policyholder refuse to co-operate in an inspection or fail to give notice in accordance with the second paragraph, the insurer will thereafter be liable only to the extent that the policyholder can prove that any liability, cost or expense is not attributable to defects in the ship that would have been detected in the course of an inspection under the first paragraph.

Where an inspection reveals matters which, in the determination of the insurer, represent a deficiency in the ship, the insurer may exclude specified liability, losses, costs and expenses from the cover until the deficiency has been remedied.

14. Identification

14.1 Persons identified with the policyholder

The insurer may invoke against the policyholder acts by persons in a leading position within the company or in a company in the same group as the policyholder or by an individual or organisation to whom the policyholder has delegated decision-making powers in matters which are of material importance for the insurance cover.

A person in a leading position shall mean the board of directors, managing director, deputy managing director, responsible partner, principal owner of a shipping partnership or similar persons that has been delegated equivalent managing functions.

The insurer may not invoke against the policyholder acts by the master of the ship, any member of the crew, or any other person working for the ship in connection with their service as seamen. If the policyholder works onboard the ship, the insurer may not invoke acts by the policyholder, if such actions are connected with the policyholder's service as seaman.

14.2 Breach of a safety regulation

If any safety regulation or other regulation as stipulated pursuant to these Terms and Conditions has not been complied with, the acts by any person, who is responsible on behalf of the policyholder to comply with the regulation or to supervise compliance therewith, shall be identified with the acts by the policyholder as provided in Clause 14.1. The same shall apply to cases where such person is performing a service as seaman as referred to in the third paragraph of Clause 14.1.

15. Certificates and provision of security

The insurer shall under no circumstances be obliged to provide security to obtain the release of or to prevent the arrest or attachment of the insured ship or of any property or assets of the policyholder. The insurer is not to be liable for security that the policyholder has issued himself.

The policyholder shall upon demand reimburse the insurer for such sums as the insurer has paid on behalf of the policyholder under any certificate or security provided by the insurer to the extent that such payment is not recoverable under these Terms and Conditions.

Notwithstanding the exclusions in Clause 12.5 (War risks) and 12.6 (Nuclear risks), the insurer will discharge liability, costs or expenses arising under a demand made pursuant to a certificate mentioned below which the insurer has issued on behalf of the policyholder.

- (a) A certificate in compliance with Article VII of the International Convention on Civil Liability for Oil Pollution Damage 1969 and the supplementary protocol of 1992 thereof or any amendments thereof (CLC),
- (b) A certificate issued in compliance with Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (Bunker Convention), or
- (c) A certificate issued in compliance with Article 12 of the Nairobi International Convention on the Removal of Wrecks, 2007 (Nairobi Convention).

Provided always that:

- (i) the policyholder shall indemnify the insurer to the extent that any payment under any such guarantee, undertaking or certificate is or would have been recoverable in whole or in part under a standard P&I war risk policy had the policyholder complied with the terms and conditions thereof, and
- (ii) the policyholder agrees:

- (a) that any payment by the insurer in discharge of the said liability, costs and expenses under any such guarantee, undertaking or certificate shall, to the extent of any amount recovered under any other insurance policy or extension to the cover provided by the insurer, be by way of loan to the policyholder; and
- (b) to assign to the insurer, to the extent and on the terms that the insurer determines in its absolute discretion, all the rights of the policyholder under any other insurance and against any third party.

16. Set-off

The insurer shall be entitled to set off any amount due from the policyholder to the insurer against any amount due to the policyholder or any other assured under these Terms and Conditions or any other insurance policy.

17. Right of recourse

For any amount paid by the insurer to the policyholder or other assured or to a claimant, the policyholder's right of recovery from third parties is transferred to the insurer. The insurer is entitled to any amount recovered by way of such recourse action. In the event of a recourse action, the insurer is entitled to obtain a signed letter of subrogation from the policyholder or other assured.

The insurer has a right of recourse against the policyholder for any cost which the insurer has paid on behalf of the policyholder and for which the policyholder is not entitled to compensation under these Terms and Conditions.

18. Time bar

The policyholder's claim against the insurer shall be extinguished if the policyholder

- (a) fails to notify the insurer of any casualty or event or claim against the policyholder in accordance with Clause 9.6 (b) or at the latest within six month after he has got knowledge thereof,
- (b) fails to claim compensation from the insurer within a year after having discharged liability or having paid costs or expenses.

Where the policyholder's claim against the insurer has not been extinguished earlier, his right to claim compensation from the insurer shall be extinguished after ten years from the time of the casualty or other event. Where the policyholder cannot produce a claim for compensation from the insurer until a final judgement or average adjustment exists, the policyholder's right to compensation is not extinguished until one year after such judgement or adjustment having acquired legal force.

Where the insurer in connection with the issuance of his decision regarding insurance compensation has requested the policyholder in writing to submit his claim for decision by an Average Adjuster or court in accordance with Clause 21 (Governing law, jurisdiction and average adjustment) within a specific time, which shall not be shorter than six months from the time such request was received, the policyholder's rights to compensation shall be extinguished if he fails to comply with the request.

19. Payment

Payment to the policyholder, any other assured or a claimant shall fully discharge the insurer of further liability under these Terms and Conditions unless otherwise agreed.

20. Conduct of the insurer

No act, omission, course of dealing or delay by the insurer, nor advice or opinions from lawyers, surveyors and other experts appointed by the insurer shall constitute a waiver of the insurer's rights under these Terms and Conditions and entail no liability for the insurer.

21. Governing law, jurisdiction and average adjustment

Finnish law shall apply to the insurance contract with the exception of the insurer's right according to Clause 27 to enforce its right of lien. The Finnish Insurance Contracts Acts (543/1994) shall apply only to the extent nothing else follows from these Terms and Conditions or otherwise from the insurance contract.

The insurer may at any time during the handling of a claim refer the claim to the Finnish Average Adjuster for adjustment.

Disputes in respect of claims for compensation shall be decided by the Finnish Average Adjuster as first instance.

The insurer shall be liable for the expenses incurred by the Average Adjuster and for the Adjuster's fees. This also applies in cases where the policyholder has requested the adjustment, unless the policyholder's claim is manifestly unfounded.

Either of the parties may present a claim to the effect that the other party be ordered to reimburse the costs incurred by the claiming party in respect of the average adjustment. The Average Adjuster may then order the other party to reimburse the costs of the claiming party in full or in part, taking into consideration applicable parts of the provisions on compensation of legal costs in the Code of Judicial Procedure. This shall not apply to expenses incurred by the Average Adjuster or to the Adjuster's fees.

22. Omnibus clause

The insurer may in its absolute discretion decide to compensate liability, loss, costs or expenses that are not otherwise covered under these Terms and Conditions. The insurer shall not be obliged to justify its decision and shall not be bound by the decision in similar matters in the future.

23. Period of insurance

The insurance shall cover liability arising out of an event during the period of insurance.

The insurance shall take effect at 00.00 UTC on the agreed day of commencement and terminate at 24.00 UTC on the agreed last day, unless otherwise follows from the below.

24. Insurance premium tax

The policyholder shall pay any tax or other demand relating to premiums or other sums relating to the insurance. In the event that the insurer has paid or has become liable for any such amounts, the policyholder shall reimburse the insurer for these.

25. Interest

The insurer shall under no circumstances be liable to pay interest on sums that he shall compensate the policyholder for in accordance with these Terms and Conditions.

26. Premiums and deductibles

Premiums and deductibles for the period of insurance to come are agreed between the insurer and the policyholder.

It shall be a condition precedent of the policyholder's right to recover from the insurer in respect of any liability, costs or expenses that all premiums and other sums due from the policyholder to the insurer shall have been paid in full and timeously. Where the premium or other sum has not been paid timeously, the insurer shall not be liable.

27. Right of lien in respect of amounts due

The insurer shall be entitled to a lien on the insured ship, and on any other insured ships which form part of a fleet in accordance with Clause 33 (Fleet insurance), for all premiums and any other amounts due to the insurer under these Terms and Conditions. Such lien shall be in addition to and in no way be construed as a waiver of any other maritime or contractual lien which the insurer may possess. In order to exercise this right and notwithstanding Clause 21 (Governing law, jurisdiction and average adjustment) the insurer may take action and/or commence legal proceedings to enforce its right of lien in any jurisdiction in accordance with applicable law in such jurisdiction.

28. Termination

The insurer may terminate the period of insurance with immediate effect in case of an event to which Clause 12.1 (Policyholder's intent, gross negligence and fraudulent acts) may be applied.

The insurer may further terminate the period of insurance in writing on fourteen days' notice

- (a) where the policyholder has failed to timeously pay premiums or other sums due,
- (b) where the insured ship cannot be considered seaworthy any longer,
- (c) where the policyholder has failed to fulfil his obligations according to Clauses 9.1 (Duty of disclosure), 9.2 (Increase in risk), 9.4 (Statutory requirements), 10 (Regulations issued by the insurer) or where the policyholder does not give the insurer permission to inspect the ship in accordance with Clause 13 (Survey), or,
- (d) where the policyholder has been declared bankrupt or is otherwise insolvent.

The insurer may also terminate the period of insurance on thirty days' notice without giving any reason.

The policyholder may terminate the insurance in writing without giving any reason no later than 30 days before the expiry of the period of insurance.

29. Cesser

The insurance shall cease with immediate effect without termination:

- (a) when the insured ship is posted at Lloyd's as missing or is missing for at least thirty days since last heard of, whichever is the earlier,
- (b) when the insured ship becomes an actual or constructive total loss or is condemned, in which case the insurance shall cease at the time when the policyholder is entitled to total loss or condemnation compensation from the hull insurance,
- (c) when the insured ship is transferred to a new owner by sale or otherwise, in which case the insurance shall cease at the time of such transfer. Should a considerable part of the operation of the insured ship be transferred to another company or manager, the insurer is entitled to decide that the insurance shall cease,
- (d) when the insured ship is requisitioned, in which case the insurance shall cease at the time of such requisition,
- (e) when the insured ship, with the knowledge of the policyholder, has been used to carry illegal goods or contraband or been employed in blockade running or been used in an unlawful, imprudent, unsafe, unduly hazardous or improper trade,

- (f) when the policyholder uses the insured ship in carriage, trade or voyage which will in any way expose the insurer or his reinsurer to the risk of being or becoming subject to any sanction, prohibition or restriction under the resolutions of the United Nations or any other international organisation, or the trade or economic sanctions, laws or regulations of the European Union or any state, or
- (g) when the policyholder is in breach of Clause 9.3 (a) (The ship's classification).

30. Effect of termination and cesser

Termination or cesser of the insurance shall have the following effect.

The policyholder shall remain liable for all premiums due for the current or previous insurance period(s) up to the date of termination or cessation of the insurance. The policyholder is entitled to reimbursement of paid premiums in respect of the subsequent period.

The insurer shall remain liable for all claims under these Terms and Conditions arising out of events which occurred prior to the date of termination or cessation of the insurance provided that premiums due shall have been paid.

31. Return of premiums for lay-up

The policyholder shall be entitled to a return of premiums if the insured ship has been laid up in a safe port in compliance with applicable requirements or regulations for a consecutive period of not less than thirty full days provided the ship has no cargo and has no more crew members on board than necessary for maintenance or security.

No claim for return of premiums for lay-up shall be recoverable from the insurer unless written notice thereof has been given within six months after the expiry of the insurance period concerned.

32. Several assureds and co-assureds

32.1 Several assureds

The insurer may allow several assureds to be covered jointly with the policyholder under the same insurance policy. The assureds shall have the same obligations and rights as the policyholder has under these Terms and Conditions and according to what has been individually agreed between the insurer and the policyholder.

All assureds shall be jointly and severally liable for premiums and other sums due to the insurer under the insurance contract.

The insurer may fully discharge its obligations with regard to payment under the insurance contract by payment to any one of the assureds.

Any communication by the insurer to any one of the assureds shall be deemed to be communicated to all. Failure by any one of the assureds to disclose information to the insurer in accordance with these Terms and Conditions shall be deemed to be the failure of all.

Any acts or omissions on the part of any of the assureds that cause the insurance to cease or that give the insurer the right to terminate the insurance or to reject or reduce claims, shall be considered an act or omission by all of the assureds.

Where there are several assureds, the insurance cover is limited to the sum that would follow from the seventh paragraph of Clause 2 (Nature of cover) if the owner of the insured ship would be the sole assured.

If one of the assureds is

- (a) any person interested in the operation, management or manning of the insured ship, or
- (b) the holding company or the beneficial owner of the policyholder or of any assured falling within category (a) above

the insurance cover is limited for such assured to cover only liability arising in connection with operations and/or activities customarily carried on by or at the risk and responsibility of shipowners or on their account and which are within the scope of these Terms and Conditions or any special conditions set out in the insurance contract.

The insurer shall not cover any liability, costs or expenses in respect of any dispute between assureds or between an assured and a co-assured.

32.2 Co-assureds

The insurer may allow other parties to become co-assured under the policyholder's insurance policy on the following conditions unless otherwise agreed.

The co-assured's cover under the insurance shall be limited to liability, costs or expenses which the policyholder would have incurred if the claim had been pursued against him and which would have been reimbursed by the insurer under these Terms and Conditions.

The co-assured's cover under the insurance shall not exceed the limitation that would follow from the seventh paragraph of Clause 2 (Nature of cover) had the claim been pursued against the owner of the insured ship.

The insurer may fully discharge its obligations with regard to payment under the insurance contract by payment to any one of the co-assureds.

Any communication by the insurer to any one of the co-assureds shall be deemed to be communicated to all of the co-assureds. Failure by any one of the co-assureds to disclose information to the insurer in accordance with these Terms and Conditions shall be deemed to be the failure of all of the co-assureds.

Any acts or omissions on the part of any of the co-assureds that cause the insurance to cease or that give the insurer the right to terminate the insurance or to reject or reduce claims shall be considered an act or omission by all of the co-assureds.

The insurer shall not cover any liability, costs or expenses in respect of any dispute between co-assureds and between an assured and a co-assured.

33. Fleet insurance

When the insured ship forms part of a fleet of ships insured by the insurer, all policyholders shall be jointly and severally liable for premiums and any other sums due to the insurer in respect of any ship in the fleet.

Failure of any policyholder to pay premiums or other sums due shall be deemed to be a failure of all the policyholders for ships in the fleet and the insurer shall be entitled to termination under Clause 28 (Termination) and to set-off under Clause 16 (Set-off).

34. Affiliated companies

The insurer may agree to extend the insurance cover to affiliated companies of the policyholder on such terms as may be agreed.

The cover provided to the affiliated company shall be limited to liability, costs or expenses which the policyholder would have incurred if the claim had been pursued against him and which would have been reimbursed by the insurer under these Terms and Conditions.

The insurance cover shall not exceed the limitation that would follow from the seventh paragraph of Clause 2 (Nature of cover) had the owner of the insured ship been the sole assured.

35. Mortgaged ships

Where the insured ship is mortgaged to a third party, the insurer may agree to extend the insurance cover to the mortgagee but the insurance cover shall not provide better rights than those of the policyholder.

36. Membership in ITOPF

The policyholder shall be a member of ITOPF in the case that the insured ship is defined as a tanker in the membership rules of ITOPF. The insurer shall arrange and pay for this membership.

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