

SHIPREPAIRERS' LIABILITY CLAUSES

1. Premium:

The minimum and deposit premium shall be as shown on the Declaration Page subject to adjustment at expiry of the period of this insurance at the rate shown on the Declaration Page on gross charges of the Assured, such adjustment to be paid within 90-days.

2. Gross Charges

Gross charges shall be defined as total charges (collected or uncollected) made by the Assured as shiprepairers during the period of this insurance. No deduction shall be made from the gross charges in respect of any sub-contracted work.

3. Coverage

Underwriters hereby agree, subject to the limitations, terms and conditions hereinafter mentioned, to indemnify the Assured for the sums which the Assured shall become liable to pay by reason of the legal liability of the Assured as shiprepairers for: -

- (i) Loss of or damage to any vessel or craft which is in the care, custody or control of the Assured for the purpose of being worked upon including shifting and moving within the limits of the port at which the work is being carried out and including trial trips but not exceeding 100 miles from such port.
- (ii) Loss of or damage to any other vessel or craft upon which the Assured is working except vessels or craft at sea other than whilst on trial trips.
- (iii) Loss of or damage to cargo or other things on or discharged from any of the vessels or craft referred to in (i) or (ii) above.
- (iv) Loss of or damage to machinery or equipment of any vessel or craft, whilst such machinery or equipment is removed from such vessel or craft and is in the care, custody or control of the Assured for the purpose of being worked upon, including whilst in transit between such vessel or craft and the premises of the Assured or whilst in transit to or from specialist repairers' or manufacturers' premises.
- (v) Removal of Wreck.
- (vi) Bodily Injury or Death to persons occurring in the course of and arising from the shiprepairing operations of the Insured.

Where such liability results from negligence of the Assured, his servants, agents or sub-contractors occurring during the period of this insurance.

4. Limit of Liability

The limit of liability under this insurance, in respect of any one accident or series of accidents arising out of one occurrence, shall be as shown on the Declaration Page, including liability for costs and expenses which are either: -

- (a) incurred with the written consent of the underwriters hereon, or
- (b) awarded against the Assured.

5. Deductible

This insurance shall only pay the excess of the Deductible shown on the Declaration Page in respect of the Assured's ultimate net loss resulting from any one accident or series of accidents arising out of one occurrence.

EXCLUSIONS

Notwithstanding anything contained herein to the contrary, this insurance shall not cover any liability:-

- (i) for Death or Personal Injury or any claim arising directly or indirectly under Worker's Compensation or Employers' Liability Acts or any other statutory or Common Law Liability in respect of loss of life, bodily injury to or illness of any workman or other person employed in any capacity whatsoever by the Assured, his agents or sub-contractors when such loss of life, bodily injury or illness arises out of or in the course of the employment of such workman or other person;
- (ii) in respect of property
 - (a) owned by, used by or leased to the Assured;
 - (b) in the care, custody or control of the Assured (other than property referred to in Clause 3(i) (iii) or (iv) above);
- (iii) being collision liability, towers liability or liability arising out of the navigation of any vessel or craft owned or operated by the Assured or any affiliated or subsidiary concern or party;
- (iv) in respect of or arising in connection with any vessel or craft accepted by the Assured solely to be stored;
- (v) in respect of or arising in connection with an oil tank vessel or craft, or any vessel or craft previously engaged in carrying explosives or inflammable liquids or gases or arising in connection with work
 - (a) on or near any fuel tank or pipeline or any oil burning vessel or craft
 - (b) on or near any bunker space of any coal burning vessel or craft unless the rules, regulations and requirements of the port or governmental authorities at the place where the work is being carried out have been complied with. Should a gas free certificate not be required by the port or governmental authorities then such a certificate must be obtained from a chemist approved by Lloyd's Agent prior to the commencement of work;
- (vi) in respect of or arising in connection with any new vessel or craft being built by the Assured.
- (vii) for payments under penalty clauses, detention, demurrage, loss of time, loss of freight, loss of charter, loss of market or any other consequential loss whatsoever, in respect of property referred to in Clause 3 above;
- (viii) arising from the existence, maintenance, or use of:
 - (a) any licensed truck, automobile or other mechanically propelled vehicle;
 - (b) any unlicensed truck, automobile or other mechanically propelled vehicle outside the premises or yard of the Assured;
- (ix) in respect of loss or damage specified in Clause 3 above unless discovered and reported in writing to Underwriters within 12 months of the delivery of the vessel to Owners or within 12 months after the work is completed by the Assured, whichever may first occur;

- (x) in respect of or arising in connection with:
 - (a) condemnation or rejection of any part by reason of faulty design.
 - (b) any loss or expense arising from such condemnation or rejection;
 - (c) the cost or expense of repairing, modifying or replacing any part (or for any loss or expense arising therefrom) by reason of faulty design.
- (xi) arising from any strike, lock-out, labour disturbance, riot, civil commotion or act of any person taking part in any such occurrence, or from any act of any person acting maliciously;
- (xii) directly or indirectly occasioned by, happening through or in consequence of:-
 - (a) war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom or any hostile act by or against a belligerent power.
 - (b) capture, seizure, arrest, restraint, or detention (barratry and piracy excepted) and the consequences thereof or any attempt thereat.
 - (c) derelict mines, torpedoes, bombs or other derelict weapons of war.
 - (d) destruction of or damage to property by or under the order of any government or public or local authority.
- (xiii) directly or indirectly caused by or contributed to by or arising from ionizing radiations or contamination by radioactivity from any fuel or from any nuclear waste from the combustion of nuclear fuel.
- (xiv) assumed under contract or otherwise in extension of the liability imposed upon the Assured by law in the absence of contract.
- (xv) for punitive and exemplary damages however described.
- (xvi) for seepage, pollution, or contamination unless caused by an event which is identified as occurring at an instantaneous moment in time during the period of this policy, is accidental and neither expected or intended by the Insured, and became known to the Insured within 72 hours after its commencing and is reported to underwriters within 90 days thereafter. Nothing in this exclusion shall operate to provide coverage for:
 - 1) Fines, penalties, punitive damages, exemplary damage, treble damages or any other damages resulting from the multiplication of compensatory damages;
 - 2) Any site or location used in whole or in part for the handling, processing, treatment, storage, disposal, or dumping of any waste materials or substances;
 - 3) The cost of evaluating and/or monitoring and/or controlling seepage and/or contaminating substances;
The cost of removing and/or nullifying and/or cleaning up seepage and/or pollution and/or contaminating substances on property at any time owned and/or leased and/ or rented by the Insured and/or under the control of the Insured.

GENERAL CONDITIONS

Inspection of Books

The Assured shall keep a complete and accurate record of all gross charges for operations covered hereunder and shall make these records available to Underwriters upon request.

Notice of Claim

In the event of any occurrence which may result in a claim under this insurance the Assured shall give prompt written notice to the underwriters hereon, shall forward every summons or process (or copies thereof) served upon the Assured and shall keep Underwriters fully advised.

Claim Control

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

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

Subrogation

In the event of any claim or loss being paid under this insurance, Underwriters shall be subrogated to all rights and remedies of the Assured. The Assured shall not admit liability nor give any waiver of subrogation without the express permission of Underwriters.

Reconstruction or Conversion

It is a condition of this insurance that before work commences involving the reconstruction or conversion of any vessel or craft which entails a change in dimension, tonnage or type, the Assured must advise Underwriters and the coverage hereon in respect of such vessel or crafts shall depend on the payment by the Assured of such additional premium as may be required by Underwriters.

Due Diligence

It is the duty of the Assured and his agents at all times to take such measures as may be reasonable for the purposes of averting or minimizing a loss.

Assignment

It is agreed that no assignment of or interest in this insurance or in any monies which may be or may become payable hereunder is to be binding on or recognized by Underwriters unless a dated notice of such assignment or interest signed by the Assured, and by the assignor in the case of subsequent assignment, is endorsed on this insurance and the insurance with such endorsement is produced before payment of any claim or return of premium hereunder; but nothing in this condition is to have effect as an agreement by Underwriters to a sale or transfer to a new management.

Other Insurances

In the event of an occurrence giving rise to a claim which is or but for the existence of this insurance would be covered under any other indemnity or insurance inuring to the benefit of the Assured, the insurance afforded by this policy shall be in excess of the amount which would be recoverable under such other indemnity or insurance had this insurance not been effected, but only to the extent that the excess amount is covered by this insurance.

Law & Practice

This policy is subject to English Law and Practice.

Cancellation

This insurance may be cancelled by either party on giving the other 30 days notice in writing. In the event of Underwriters giving notice then the words 'minimum and' in Clause 1 above shall be deemed to be deleted.

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