

1 1. Touching the Adventures and Perils which we, the Underwriters, are contented to  
2 bear and take upon us, they are of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers,  
3 Thieves, Jettisons, Letters of Mart and Counter-Mart, Surprisals, Takings at Sea, Arrests,  
4 Restraints and Detainments of all Kings, Princes and Peoples, of what nation, condition  
5 or quality soever, Barratry of the Master and Mariners and of all other like Perils,  
6 Losses and Misfortunes that have or shall come to the Hurt, Detriment or Damage of the  
7 subject matter insured (hereafter the "Vessel") or any part thereof; excepting, however,  
8 such of the foregoing Perils as may be excluded by provisions elsewhere in these  
9 clauses or by endorsement.

10 2. It is the duty of the Assured, their servants, agents or assigns, in case of loss or  
11 misfortune to take such measures as may be reasonable for the purpose of averting or  
12 minimising a loss which would be recoverable under this insurance. For the purpose of  
13 this insurance, such measures shall be designated as Sue and Labour.

14 The reasonable charges therefor will be reimbursed by Underwriters in accordance  
15 with their rateable proportion as provided for herein.

16 It is expressly agreed that no acts of Underwriters or the Assured in recovering,  
17 saving or preserving the Vessel shall be considered as either a waiver or acceptance of  
18 abandonment or otherwise prejudice the rights of either party.

19 3. THIS INSURANCE COVERS ONLY ACTUAL OR CONSTRUCTIVE TOTAL  
20 LOSS OF THE VESSEL:

- 21 (a) Caused by the perils enumerated in clause 1 hereof.  
22 (b) Directly caused by:  
23 (i) Accidents in loading, discharging or shifting cargo or fuel  
24 Explosions on shipboard or elsewhere  
25 Breakdown of or accident to nuclear installations or reactors on  
26 shipboard or elsewhere  
27 Bursting of boilers, breakage of shafts or any latent defect in the  
28 machinery or hull  
29 Negligence of Master, Charterers other than an Assured, Officers,  
30 Crew or Pilots  
31 Negligence of repairers provided such repairers are not Assured(s)  
32 hereunder, but this exclusion shall not apply to loss or damage resulting  
33 from the operation by the Assured of a commercial repair division or  
34 facility  
35 (ii) Contact with aircraft or similar objects, or objects falling therefrom  
36 Contact with any land conveyance, dock or harbour equipment or  
37 installation  
38 Earthquake, volcanic eruption or lightning  
39 Provided such loss or damage has not resulted from want of due diligence by  
40 the Assured, Owners or Managers.  
41 Masters, Officers, Crew or Pilots not to be considered as part Owners  
42 within the meaning of this Clause 3(b) should they hold shares in the  
43 Vessel.  
44 (c) Directly caused by any governmental authority acting under the powers  
45 vested in them to prevent or mitigate a pollution hazard, or threat thereof,  
46 resulting directly from the damage to the Vessel for which the Underwriters  
47 are liable under this insurance, provided such act of governmental authority  
48 has not resulted from want of due diligence by the Assured, the Owners or  
49 Managers of the Vessel or any of them to prevent or mitigate such hazard or  
50 threat. Masters, Officers, Crew or Pilots not to be considered Owners  
51 within the meaning of this clause 3(c) should they hold shares in the Vessel.  
52 (d) Caused by strikers, locked-out workmen or persons taking part in labour  
53 disturbances, riots or civil commotions; also destruction of or damage to the  
54 Vessel caused by persons acting maliciously.

55 In ascertaining whether the Vessel is a constructive total loss the insured value in  
56 the insurances on hull and machinery shall be taken as the repaired value and nothing in  
57 respect of the damaged or break-up value of the Vessel or wreck shall be taken into  
58 account.

59 No claim for constructive total loss based upon the cost of recovery and/or  
60 repair of the Vessel shall be recoverable hereunder unless such cost would exceed the  
61 insured value in the insurances on hull and machinery. In making this determination, only  
62 the costs relating to a single accident or sequence of damages arising from the same  
63 accident shall be taken into account.

64 Should the Vessel be a constructive total loss but the claim on the insurances on  
65 hull and machinery be settled as a claim for partial loss, no payment shall be due under  
66 this clause.

67 Provided that the Valuation Clause, lines 55/58 above, or a clause having a  
68 similar effect, is contained in the insurances on hull and machinery, the settlement of a  
69 claim for constructive total loss thereunder shall be accepted as proof of the constructive  
70 total loss of the Vessel and in the event of a claim for total loss or constructive total loss  
71 being settled on the insurances on hull and machinery as a compromised total loss the  
72 amount payable hereunder shall be the same percentage of the sum insured as is paid on  
73 the said insurances.

74 4. This insurance also covers:

- 75 (a) General Average, Salvage and Salvage Charges not recoverable in full  
76 under the insurances on hull and machinery by reason of the difference  
77 between the insured value of the Vessel as stated therein (or any reduced  
78 value arising from the deduction therefrom in process of adjustment of  
79 any claim which law or practice or the terms of the insurances covering hull  
80 and machinery may have required) and the value of the Vessel adopted for  
81 the purpose of contribution to general average, salvage or salvage charges,  
82 the liability under this insurance being for such proportion of the amount not  
83 recoverable as the amount insured hereunder bears to the said difference or  
84 to the total sum insured against excess liabilities if it exceeds such difference.  
85 (b) Sue and Labour Charges not recoverable in full under the insurances on hull

and machinery by reason of the difference between the insured value of the 86  
Vessel as stated therein and the value of the Vessel adopted for the purpose 87  
of ascertaining the amount recoverable under the insurances on hull and 88  
machinery, the liability under this insurance being for such proportion of the 89  
amount not recoverable as the amount insured hereunder bears to the said 90  
difference or to the total sum insured against excess liabilities if it exceeds 91  
such difference. 92

- (c) Collision Liability not recoverable in full under the Running Down and Sister 93  
Ship Clauses in the insurances on hull and machinery by reason of such 94  
liability exceeding the insured value of the Vessel as stated therein, in 95  
which case the amount recoverable under this insurance shall be such 96  
proportion of the difference so arising as the amount insured hereunder bears 97  
to the total sum insured against excess liabilities. 98  
Underwriters' liability under clauses 3 and 4 (a), (b) and (c), separately, in 99  
respect of any one claim, shall not exceed the amount insured hereunder. 100

5. This insurance excludes claims due to or resulting from ice and/or freezing 101  
howsoever caused on inland waters above ocean tidal influence. 102

6. The Vessel is covered subject to the provisions of this insurance at all times and 103  
has leave to sail or navigate with or without pilots, to go on trial trips and to assist and tow 104  
vessels or craft in distress, but it is warranted that the Vessel shall not otherwise tow or be 105  
towed, except as is customary or to the first safe port or place when in need of assistance. 106

7. The Vessel is covered in case of any breach of warranty as to cargo, employment, 107  
towage, salvage services or date of sailing, provided notice be given to the Underwriters 108  
immediately after receipt of advices and any amended terms of cover and any additional 109  
premium required by them be agreed. 110

8. Should the Vessel at the expiration of this insurance be at sea, or in distress, or at 111  
a port of refuge or of call, she shall, provided previous notice be given to the Underwriters, 112  
be held covered at a pro rata monthly premium, to her port of destination. 113

9. Unless the Underwriters agree to the contrary in writing, this insurance shall be 114  
cancelled automatically at the time of the Vessel being sold or transferred voluntarily 115  
or otherwise to new management or chartered on a bareboat basis. 116

However, if the Vessel has cargo on board and has already sailed from her 117  
loading port or is at sea in ballast then such cancellation shall, if required, be suspended 118  
until arrival at final port of discharge if with cargo, or at port of destination if in ballast. 119  
A pro rata daily return of premium shall be made. 120

For the purposes of this clause, arrest shall not be considered a transfer to new 121  
management. 122

This clause shall prevail notwithstanding any provision whether written, typed or 123  
printed in this insurance inconsistent therewith. 124

10. If payment of premium is not made by the Assured within thirty (30) days after 125  
attachment of this insurance or, in the event Underwriters shall have agreed to accept 126  
deferred payments, if any payment of any premium is not made on the day agreed, this 127  
insurance may be cancelled at any time thereafter by Underwriters giving to the Assured 128  
named herein, and to third party payee or payees (if any) named in this insurance five (5) 129  
days' notice of such cancellation. 130

Such notice may be given by Underwriters or on their behalf by an authorized 131  
Agent or by the Agent or Broker effecting this insurance. 132

Such cancellation shall be without prejudice to the premiums earned and due for 133  
the period the insurance was in force. 134

In the event of total loss sustained from any cause occurring prior to cancellation 135  
full annual premium shall be deemed earned. 136

11. Underwriters will return \_\_\_\_\_ percent (net) for every thirty days of unexpired 137  
time if it be mutually agreed to cancel this insurance, but there shall be no cancellation or 138  
return of premium if the Vessel is lost from any cause. 139

At expiration, Underwriters will return \_\_\_\_\_ percent (net) for every thirty 140  
consecutive days the Vessel was laid up in port out of commission with no cargo on board 141  
and not under repair for Underwriters account. 142

In the event of the Vessel being laid up in port for a period of thirty consecutive 143  
days, a part only of which attaches to this insurance, it is hereby agreed that the laying up 144  
period in which either the commencing or ending date of this insurance falls shall be 145  
deemed to run from the first day on which the Vessel is laid up and that on this basis 146  
Underwriters shall pay such proportion of the return due in respect of a full period of thirty 147  
days as the number of days attaching thereto bear to thirty. 148

12. **THIS CLAUSE SHALL BE PARAMOUNT AND SHALL OVERRIDE**  
**ANYTHING CONTAINED IN THIS INSURANCE INCONSISTENT THEREWITH:** 149

- (a) In no case shall this insurance cover loss, damage, liability or expense 151  
directly caused by 152  
(i) war, civil war, revolution, rebellion, insurrection, or civil strife arising 153  
therefrom, or any hostile act by or against a belligerent power 154  
(ii) capture, seizure, arrest, restraint or detention (barratry and piracy 155  
excepted) and the consequences thereof or any attempt thereat 156  
(iii) derelict mines, torpedoes, bombs or other derelict weapons of war. 157  
(b) In no case shall this insurance cover loss, damage, liability or expense 158  
arising from 159  
(i) the detonation of an explosive 160  
(ii) any weapon of war 161  
and caused by any terrorist or any person acting from a political motive. 162  
(c) In no case shall this insurance cover loss damage liability or expense 163  
arising from any weapon of war employing atomic or nuclear fission and/or 164  
fusion or other like reaction or radioactive force or matter. 165

13. This Insurance is subject to Canadian law and usage as to liability for and 166  
settlement of any and all claims. 167