

INGOSSTRAKH HULL INSURANCE CLAUSES

I • General stipulations

Para 1 • Insurance company Ingosstrakh Ltd in accordance with these rules accepts for insurance vessels with their machinery, equipment and also freight and unforeseen expenses connected with the operation of the vessel.

In accordance with these Rules any judicial or physical person, who has legal interest in the subject matter insured, may become an Insured under this policy. The Rules form an integral part of the Insurance contract, but by an agreement between the parties those Rules may be modified or supplemented at the time of concluding the insurance contract or later.

II • Extent of Liability

Para 2 • Under insurance contracts concluded in accordance with these Rules are indemnified losses arising from fortuitous accidents and perils of the navigation as well as due to others sudden and unforeseen reasons.

The insurance contract may be concluded on the basis of one of the following conditions :

1 - "With Liability for Total Loss and damages" :

Under the insurance contract concluded under this condition are indemnified :

- a) losses due to total loss of the Vessels/actual or constructive or expenses due to removal of damage to vessel's hull , engines, machinery, equipment arising from all perils except those specified in Para 3 of these Rules ;
- b) losses due to missing of the vessel ;
- c) vessel's share in losses, expenses and contributions allowed in general average ;
- d) necessary and properly incurred expenses for the salvage of the vessel ;
- e) necessary and properly incurred expenses for minimizing the loss and ascertaining it's extend, if the loss is indemnified in accordance with the insurance conditions.

2 - "With Liability for damages" :

Under the insurance contract concluded under this condition are indemnified :

- a) losses due to total loss of the Vessels/actual or constructive or expenses due to removal of damage to vessel's hull , engines, machinery, equipment arising from all perils except those specified in Para 3 of these Rules ;
- b) necessary and properly incurred expenses for minimizing the loss and ascertaining it's extend, if the loss is indemnified in accordance with the insurance conditions.

3 - "With Liability for total loss" :

Under the insurance contract concluded under this condition are indemnified :

- a) losses due to total loss of the Vessels/actual or constructive arising from all perils except those specified in Para 3 of these Rules ;
- b) losses due to missing of the vessel ;
- c) vessel's share in losses, expenses and contributions allowed in general average ;
- d) necessary and properly incurred expenses for the salvage of the vessel ;
- e) necessary and properly incurred expenses for minimizing the loss and ascertaining it's extend, if the loss is indemnified in accordance with the insurance conditions.

Para 3 • Losses arising in consequence of the following are not to be indemnified :

- a) malice and gross negligence of the insured, beneficiary or their representatives, however the master and members of the crew of the insured vessel are not considered as the representative of the insured or beneficiary ;

- b) unseaworthiness of the vessel before the voyage known to the insured, beneficiary or their representatives ;
- c) corrosion or wear and tear of the vessel, her parts, machines, equipment and appurtenance ;
- d) operation of the vessel in conditions not stipulated by her ice class ;
- e) direct or indirect effect of radiation or radioactive contamination arising from any use of the atomic energy and utilization of fissible materials ;
- f) maintenance cost of the vessel and the crew except the cases specified in Para 24 of these Rules ;
- g) losses and expenses connected with removing the wreck of the insured vessel, damage to the environment, human health, property of third parties and indirect losses of the insured ;
- h) expenses due to removal of any defect, if this defect did not cause total loss of the vessel or damage to her hull, engines, machinery and equipment.

If nothing was agreed to the contrary in the insurance contract, following losses are not to be indemnified :

- i) losses the insured is obliged to pay to the owner of another vessel due to collision of the vessels with each other ;
- k) losses the insured is obliged to pay to the third parties due to damage caused by the insured vessel to any floating fixed or other object ;
- l) loss of freight ;
- m) losses due to warlike operations or warlike measures and their consequences, civil's wars, people's commotions, labour conflicts ;
- n) losses due to the action of governmental authorities against the insured vessel but excluding losses or damage caused to the insured vessel by the actions taken to prevent or diminish the risk of pollution from the damaged vessel for which Ingosstrakh is responsible in accordance with the insurance contract.

Para 4 • By agreement of the parties in the insurance contract may be also included liability for losses specified in items "i", "k", "l", "m", "n" of Para 3 of the Rules.

1 - When including in the insurance contract liability for loss specified in item "l" and/or "k" of Para 3 of these Rules, insured's expenses are not to be indemnified as well as losses due to :

- a) damage or loss of the cargo or other property on the insured vessel ;
- b) death, body injury or damage to human health ;
- c) removing the wreck of vessels, cargoes and other objects ;
- d) pollution or contamination of the sea or any property or object / including expenses for preventing such pollution or contamination / but excluding other vessels collided with the insured one and properties on such vessels ;
- e) any contractual liabilities of the vessel ;
- f) total or temporary loss of possibility to use the vessel or any object not damaged in the collision.

If in case of collision of the insured vessel with any other vessel both vessel are liable for collision and at least for one of them such liability is not limited by law, the indemnity is calculated on the principle of separate liability i.e. losses caused to the other vessel are paid by Ingosstrakh subject to the extend of liability of the insured vessel irrespective of the amount to be paid in anyone's favour as a result of adjustment of counter claims.

In all other cases the insurance indemnity is calculated on the principle of common liability, basing on actual expenses of the insured which are subject to indemnification under the terms of the insurance contract.

2 - When including in the insurance contract Liability for losses specified in item "l" of Para 3 of these Rules, indemnified is loss of freight for the period of demurrage due to average caused by perils specified in point 1 of Para 2 of these Rules.

The insurance indemnity is calculated by multiplication of the agreed freight amount / per day / on the number of days of demurrage minus 3 days but not more than 180 days of demurrage, if nothing was agreed to the contrary.

The period of demurrage due to average begins from the moment of insurance accident and includes salvage operations and repairs works on damages caused by the insurance accident.

The trip to the place of repairs is included in to the period of demurrage provided that due to the insurance accident it was necessary to interrupt the voyage and immediately proceed to the place of repairs.

Loss of freight due to demurrage for repair work on account of damages received as a result of insurance accident is indemnified if such repairs work is done within 24 months after termination of the insurance.

Loss of freight is not indemnified in case of total loss /actual or constructive/ of the vessel.

3 - When including in the insurance contract liability for losses specified in items "m", "n" of Para 3 of the Rules on Ingosstrakh's demand the insured is obliged to communicate information necessary for judging the extend of risk.

Para 5 • If nothing was agreed to the contrary in the insurance contract, the liability of the Insurer for all losses arising from one insurance accident is limited by the insured sum.

Para 6 • If nothing was agreed to the contrary in the insurance contract, losses arising in consequence of the following are not to be indemnified :

- a) 10 % of the expenses for removing of damage to machinery and vessels' equipment ;
- b) 25 % of expenses for removing of damages due to contact with ice for which Ingosstrakh is responsible under the contract of insurance.

In all other cases the deductible is agreed when concluding the insurance contract.

Para 7 • By agreement between the parties the insurance conditions may be modified, supplemented or replaced by other conditions.

III - Conclusion of Insurance Contract

Para 8 • The insurance contract is concluded on the basis of a declaration in writing by the insured in which the insured is obliged to give exact information regarding the vessel/type of vessel, name, year of building, class, tonnage/ and also state :

- a) insured amount ;
- b) insurance conditions ;
- c) in case of insurance for one voyage - the point of commencement and termination of the voyage, its duration and places of calls, and in case of insurance for time - the zone of navigation and the period of insurance.

The insured is moreover obliged to communicate also any further particulars known to him regarding circumstances of essential importance to judging the extend of the risks.

When insuring the vessel Ingosstrakh has the right to demand her survey in the dock with participation of its representative.

Para 9 • The insurance contract is deemed concluded from the time when the acceptance of the insurance is confirmed in writing by Ingosstrakh.

At the insured's demand Ingosstrakh is obliged to issue an insurance policy to him, thus making void the documents, issued earlier in confirmation of this insurance.

The insured is obliged to pay to Ingosstrakh the agreed premium due for the insurance / insurance payment / within the period stipulated in the insurance contract. If the premium is not paid in due time by the insured Ingosstrakh has the right to reject it's obligation under the contract of insurance.

Para 10 • The vessel is deemed to be insured for the sum declared by the insured.

If the insured sum is more than the insurable value, the limit of Ingosstrakh's liability is the insurable value of the vessel.

If the insured sum is less than the insurable value, the loss is paid in proportion to the relation of the insured sum to the insurable value of the vessel.

Para 11 • If the insurable value is not mentioned in the insurance policy the insurable value of the vessel is deemed to be the average world market price of similar vessel at the time of conclusion of insurance contract.

Para 12 • The contract of insurance is concluded for time or for voyage. Under insurance for time the liability of Ingosstrakh commences at 0 o'clock and finishes at 24 o'clock/time of the place issuing the policy / on the dates indicated in the insurance contract.

Under insurance for voyage the liability of Ingosstrakh /unless otherwise stipulated in the insurance contract / commences from the time of casting off the mooring or weighting the anchor at the port of sailing and finishes at the time of making fast or coming to anchor at the port of destination.

Para 13 • Ingosstrakh is liable for losses incurred only in that zone of navigation or on that voyage which has been stipulated in the insurance contract.

In case of the vessel going outside the zone of navigation or in case of deviation from the route stipulated in the insurance contract the insurance ceases.

However in both cases Ingosstrakh may leave the insurance contract in force provided notice be given in due time of the intended change of the zone of navigation or of the voyage and the insured agrees to pay additional premium required by Ingosstrakh.

Deviation from the stipulated route or departure from the zone of navigation for the purpose of saving human lives, other vessels and cargoes and also deviation caused by actual necessity to secure the safety of the voyage is not considered as a breach of the insurance contract. however the insured is obliged to inform Ingosstrakh of any such deviation as soon as he becomes aware thereof.

Para 14 • The insured is obliged immediately he becomes aware thereof to inform Ingosstrakh of all essential modifications in the risk, for instance : sale of the vessel or chartering on bare-boat basis, change, termination or suspension of her class, change of flag, transfer to new management, delay of the voyage, deviation from vessel's route stipulated in the insurance contract, leaving the zone of navigation, navigation in ice, wintering of the vessel not provided for at the conclusion of the insurance contract, towage by the insured vessel of other vessels, etc.

Changes which takes place in the risks after the conclusion of the insurance contract and which increase the extend of the risk entitle Ingosstrakh to change the insurance conditions and to demand payment of additional premium.

If the insured does not agree to the change of the insurance conditions or refuses to pay the additional premium the insurance contract ceases from the time the changes of the risk take place.

The cases when the insured vessel is carrying out trial trips, render assistance or tows a vessel in distress or when the insured vessel is proceeding in tow of another vessel being in need of assistance or when sailing in tow is in accordance with local usage are not deemed essential changes in the risk.

Para 15 • Ingosstrakh has the right to cancel the insurance contract before the appointed time in case of changing, termination or suspension of the vessel's class which she had at the conclusion of the insurance contract.

At Ingosstrakh's demand the insured is obliged to give an opportunity to Ingosstrakh's representative to survey the insured vessel.

Ingosstrakh has the right to cancel the insurance contract basing on the results of the survey.

In case of actual or constructive Total loss of the vessel, the insurance contract ceases.

Para 16 • Insurance contract terminates in the following cases :

- expiration of the insurance period ;
- when Ingosstrakh has fulfilled it's contractual, obligations to full extend ;
- if the insurance premium is not paid by the insured in due time ;
- in other cases stipulated by the Law of the Russian Federation.

The insurance contract can be terminated before the appointed time on demand of the Insured or Ingosstrakh.

The parties are obliged to give notice of such termination in written form not later than 30 days prior to the date of the intended termination unless otherwise stipulated by the insurance contract.

In case of such termination on demand of the Insured Ingosstrakh returns to the Insured pro rata of the premium for unexpired period less the expenses incurred.

If such demand of the Insured is caused by violation of the Hull Insurance Rules by Ingosstrakh, the latter returns to the Insured the full amount of the premium paid.

In case of termination of the insurance contract before the appointed time on demand of Ingosstrakh the latter returns to the Insured the full amount of premium paid.

If such demand of Ingosstrakh is caused by violation of the Hull Insurance Rules by the Insured, Ingosstrakh returns to the latter pro rata part of premium for unexpired period less the expenses incurred.

Para 17 • If the vessel within the insurance period was lying in safe port for 30 or more days / the day of arrival and the day of leaving the port is considered as one day /, the insured has the right to refund of a part of insurance premium. In this case the amount to be returned is :

- a) 90 % of the insurance premium for each period of 30 consecutive days the vessel was lying in safe port provided that the vessel was not repaired and there was no cargo on board during that period. ;
- b) 50 % of the insurance premium for each period of 30 consecutive days when the vessel was under repair works.

The insured for proving the right for refund of a part of insurance premium must inform Ingosstrakh within 6 months form date of termination of the insurance about the place, reason and period of lying of the vessel in safe port and provide the necessary confirming documents.

Para 18 • Insurance premium is not returned :

- a) if the insured informed Ingosstrahk of vessel's lying in safe port after expiry of the time period stipulated by these rules ;
- b) if the period of vessel's lying in safe port is less than 30 consecutive days.
- c) in case of total loss of the vessel within the period of insurance, but excluding the case when the contract of insurance was concluded on condition of Par 2 • Point 2 of these rules.
- d) if within the period of insurance losses took place which are subject to indemnification in accordance with the present Rules.

IV • Mutual Relations between the Parties when an Insured Accidents Occurs

Para 19 • When an insured accident occurs the insured or his representative is obliged to take all possible measures for salvage and minimizing the loss and also for securing the right of recourse against the party responsible i.e. to act as if the vessel is not insured.

Para 20 • Ingosstrahk or its representative should be informed of the accident immediately in the most expedient manner so that Ingosstrahk has the possibility to appoint its representatives for clarifying the circumstances of the insured accident and take part in the salvage and preservation of the insured vessel.

However any action of Ingosstrahk and its representatives with regards to the salvage and preservation of the vessel shall not be deemed an admission of the right of the insured to receive insurance compensation.

Para 21 • Should the repairs of the vessel be necessary following an accident the insured is obliged before repairs are carried out to inform Ingosstrahk and secure for latter facilities to take part in the survey of the damages sustained by the vessel.

Para 22 • The choice of the dry-dock and the shipyard for carrying out the survey and repairs must be agreed with Ingosstrahk.

If the time and place of repairs are not agreed with Ingosstrahk, the amount to be indemnified is determined by Ingosstrahk basing on fair and reasonable costs of repairs.

Para 23 • The refunded amount for repairs is considered as the sum of expenses necessary for bringing the vessel to the state in which she was at the time of concluding the insurance contract ; the costs for removing damages of separate parts of the vessel are indemnified without discount for wear and tear.

Para 24 • In case that due to insured accident the vessel has to interrupt her voyage and immediately proceed to the place of repairs, fair and reasonable expenses for the trip of the vessel to the place of repairs and back are indemnified.

In all other cases the expenses for the trip of the vessel from the last port of call to the place of repairs of damages due to insured accident are indemnified in the amount exceeding usual operational costs for such trip.

Para 25 • Repairs works which are to be indemnified include only expenses for cleaning and painting of damaged parts of the hull provided that the repairs works are done within 12 months from the last painting of the hull.

Para 26 • Expenses for docking and undocking or hoisting and launching with covered slip, as well as expenses for using the dry-dock or covered slip are included into the refunded costs of repairs in full amount under conditions that only damages caused by the insured accident have been removed during repairs works.

Para 27 • In case some other works not connected with insured accident are made together with repairs of insurance damages, the refunded amount includes 50 % of expenses for docking and undocking or hoisting and launching the vessel with covered slip.

Calculation of the indemnified charges for using the dry-dock or covered slip is based on the time necessary for removing damages caused by the insured accident as if such repairs works have been done separately.

Para 28 • When selling the vessel the insured has the right to recover losses due to insured accident if repairs of vessels damages are not made.

The refunded amount then is based on the reasonable costs for repairs works which could be done before the expiry of insurance cover, but not higher than the amount of depreciation of the vessel's values due to damages payable under terms of insurance.

Para 29 • The full insured sum but not in excess of the insurable value of the vessel is paid in the following cases :

- a) by actual total loss of the vessel / the vessel is completely destroyed and/or completely lost for the insured / ;
- b) by missing of the vessel / no information received about the vessel for 3 months, while the last information thereof was received before the expiry of the insurance cover / ;
- c) by constructive total loss of the vessel / when vessel's restoration or repairs are economically inexpedient /.

The constructive total loss of the vessel is admitted when the total amount of expenses for removing damages caused by the insured accident is not less than 100 % of the insurable value of the vessel.

The amount of expenses for removing damages caused by the insured accident includes the costs necessary for bringing the vessel to the state in which she was at the time of concluding the insurance contract, and also expenses for the salvage and towing to the place of repairs and vessel's share in general average.

Upon the payment of the insurance indemnity in case of total loss or missing of the vessel Ingosstrakh acquire the ownership for the insured vessel to the extend of the amount paid.

In case Ingosstrakh rejects to acquire the ownership for the insured vessel, insurance indemnification is paid without deduction of the salvage value of the insured property.

Para 30 • Unless otherwise stipulated, all expenses, connected with the insured accident, are to be paid by the insured and then indemnified by Ingosstrakh.

Para 31 • When claiming insurance indemnity the insured is obliged to prove with documents the occurrence of an insured accident and to deliver the claims documents necessary for Ingosstrakh calculation of the insurance indemnity.

Para 32 • The right of presenting a claim against Ingosstrakh for payment of the insurance indemnity expires in accordance with the law of the Russian Federation.

Para 33 • Ingosstrakh has the right no refuse payment of the insurance indemnity if the insured :

- a) communicated incorrect particulars regarding circumstances of essential importance for judging the insured risk /Para 8/ ;
- b) did not inform Ingosstrakh of essential changes in the risk / Para 14/ ;
- c) did not comply with the obligations stipulated in Para 19-22 of the present rules.

Para 34 • When considering the question of payment of the insurance indemnity Ingosstrakh has the right to demand the policy or other document issued in confirmation of the insurance with Ingosstrakh.

Para 35 • If the insured or the beneficiary receives and indemnity for loss from third parties, Ingosstrakh pays only the difference between the sum due for payment according to the insurance conditions and the sum received from the third parties.

Para 36 • Upon the payment of the insurance indemnity all the claims and rights which the insured or the beneficiary has against third parties are subrogated to Ingosstrakh to the extent of the amount paid.

The insured or the beneficiary is obliged on receipt of the insurance indemnity to transfer to Ingosstrakh all the documents and proofs which they possess and to comply with all the formalities required for realizing the right of recourse.

If the insured or beneficiary renounces such rights or if to realize the recourse would become impossible through their fault / lapse of term for presenting the claims against persons liable for the loss etc. / Ingosstrakh is released to the appropriate extent from the obligation to pay the insurance indemnity and should the payment already has been made, the insured or beneficiary is obliged to refund to Ingosstrakh the indemnity received with legal interest from the day of receipt thereof.

Para 37 • Any disputes in connection with insurance contract concluded in accordance with the present Rules are subject to the law of the Russian Federation.