

1/4/90

GENERAL CLAUSES OF HULL INSURANCE**Chapter 1 LIABILITY FOR INDEMNIFICATION***PERILS INSURED AGAINST*

Article 1

1. Subject to the provisions herein contained and in the Special Clauses as specified in the Policy, the Company shall be liable to indemnify the Assured for any loss caused to the insured interest as a result of sinking, capsizing, stranding, grounding, fire, collision or any other maritime perils (hereinafter referred to as "the Accidents") encountered by the vessel specified in the Policy (hereinafter referred to as "the Vessel").

The Company shall also be liable to indemnify the Assured for any loss caused by land perils when these perils are specially agreed to be covered.

2. Losses caused to the insured interest as referred to in the preceding paragraph include a total loss, cost of repairs, general average contribution, collision damages, sue and labour expenses, and other losses, expenses and damages.

SCOPE OF THE SUBJECT -MATTER INSURED

Article 2

1. Where a vessel is the subject-matter insured, in addition to the hull and machinery, it shall include, unless otherwise specifically agreed, the following articles which the Assured either owns or hires, and which are on board the Vessel. Those which the Person effecting the insurance either owns or hires shall also be treated in the same manner:

(1) appurtenances and fittings;

(2) all articles for use and/or consumption in connection with the Vessel's employment, such as fuel, provisions and stores.

2. Notwithstanding the provisions of the preceding paragraph, a launch, among the appurtenances, shall be deemed to be included in the subject-matter insured even while it is separated and away from the Vessel, as long as it is being used for its proper purpose.

TOTAL LOSS

Article 3

1. When the Vessel has been lost or so seriously damaged as to be beyond repair, it shall be deemed a total loss.

2. The Assured may also make a claim for a total loss in the following cases:

(1) where any of the estimated amounts of cost of repairs, general average contribution or sue and labour expenses (limited only to these expenses as provided for in Article 7-1-(1), Or the aggregate amount of these above, exceeds the insured value of the Vessel.

(2) where the Vessel has been missing for 60 days counting from the day on which news of her was last received.

(3) where the Assured has been deprived of the possession and use of the Vessel for a continuous period of 180 days.

3. In the cases provided for in items (2) and (3) of the preceding paragraph, the Assured may make a claim for a total loss even when the Policy terminates before the expiry of the respective periods specified therein.

4. Under this contract of insurance, the Assured may not make a claim for indemnity by way of abandonment of the Vessel to the Company.

COST OF REPAIRS

Article 4

1. Cost of repairs means the reasonable cost and expenses for such repairs to damage sustained by the Vessel as are necessary to reinstate the Vessel in the condition she was in immediately before the damage occurred.

2. The cost of repairs as provided for in the preceding paragraph shall include the following costs and expenses which are necessary to repair the damage sustained by the Vessel excluding, however, such costs and expenses as falling under general average contribution, sue and labour expenses or as those which are necessary to be incurred regardless of the occurrence of any accident:

(1) costs and expenses reasonably incurred by the Vessel in proceeding, immediately after she sustained damage, to the nearest place for repairs; provided that where, in order to save on the cost of repairs, the Vessel proceeds to a place other than the nearest place for repairs with the consent of the Company, any extra costs and expenses reasonably incurred in so doing shall be limited to the amount of any saving in the cost of repairs.

(2) costs and expenses reasonably incurred by the Vessel in resuming the voyage originally contemplated immediately after completion of the damage repairs.

(3) costs and expenses reasonably incurred by the Vessel in undertaking sea trials after completion of the damage repairs.

3. The cost of repairs as provided for in paragraph 1 of this Article shall include the cost of temporary repairs in the following cases excluding, however, such costs and expenses as falling under general average contribution:

- (1) when the necessary materials or parts for permanent repairs are unavailable for such a period of time as to cause substantial delay in effecting the permanent repairs.
- (2) when the temporary repairs are effected in order to save on the cost of permanent repairs; provided that the cost of such temporary repairs shall be allowed only up to the saving in the cost of permanent repairs thereby achieved.
4. In the following cases where temporary repairs are effected to the Vessel, the cost of such temporary repairs other than costs and expenses falling under general average contribution or sue and labour expenses shall be included in the cost of repairs as provided for in paragraph 1 of this Article:
- (1) where the Assured does not make a claim either for the cost of permanent repairs or for the cost of repairs as provided for in paragraph 3 of Article 27.
- (2) where the Vessel becomes a total loss before effecting permanent repairs.
5. Where repairs to the damage caused by any of the Accidents (hereinafter referred to as "Damage Repairs") require the Vessel to be put in a dry dock or on a slipway, the cost and painting expenses of anti-fouling paint (inclusive of the cost of scraping the Vessel's bottom) shall, subject to the provisions in the Special Clauses, be included in the expenses as provided for in paragraph 1 of this Article. Only that part of the cost and painting expenses of boot-topping and anti-corrosive paints which relates to the damaged area shall be included in the expenses as provided for in paragraph 1 of this Article.
6. Where Damage Repairs and other repairs and/or inspection (hereinafter referred to as "Owners Works") of the Vessel are effected concurrently, and both of them require following expenses to be incurred, those expenses as calculated below shall be included in the expenses as provided for in paragraph 1 of this Article:
- (1) one-half of the cost for putting on and off a slipway or entering and leaving a dry dock;
- (2) one-half of the slipway dues or the dry dock dues for the days during which both Damage Repairs and owners' Works are effected concurrently.
7. When the Person effecting the insurance or the Assured employs divers or puts the Vessel on a slipway or in a dry dock for the sole purpose of sighting the bottom of the Vessel, with the consent of the Company, immediately after the Vessel has stranded, grounded or has been in collision or contact with any external object other than water, expenses reasonably incurred for employing divers, putting the Vessel on and off a slipway or in and out of a dry dock shall be deemed the cost of repairs as provided for in paragraph 1 of this Article, even if no damage be found.

GENERAL AVERAGE CONTRIBUTION

1. General Average Contribution means the Vessel's proportion of General Average based on the General average Statement prepared by an adjuster appointed by the person effecting the insurance or the Assured, and general average shall be adjusted according to the laws or regulations as provided for in the contract of affreightment or, in case of no such provision in the contract of affreightment, the Japanese laws or regulations or the York-Antwerp Rules, 1974. In a case where any amount allowable in general average is included in the cost of repairs as provided for in Article 4 and has been indemnified by the Company, such amount shall be deducted from the general average contribution. Should the Person effecting the insurance or the Assured fail to appoint an adjuster without delay, the Company shall be entitled to make such appointment.
2. When the Vessel sails in ballast, and the Person effecting the insurance or the Assured suffers any loss due to an act which would be construed as a general average act if there were any contributing interest other than the Vessel, the provisions of the York-Antwerp Rules, 1974 (excluding Rules XX and XXI) shall be applicable correspondingly. The voyage in this context shall be deemed to continue from the port or departure until arrival of the Vessel at the first port thereafter other than a port of refuge or port of call for bunkering only; provided that if there is an abandonment of voyage originally contemplated at any such intermediate port, the voyage shall be deemed to be terminated thereat.

COLLISION DAMAGES

Article 6

1. Collision damages means damages with regard to the following losses, which the Assured becomes legally liable to pay by way of damages in consequence of the Vessel coming into collision with any other vessel (including cases where, as a direct consequence of which collision, the other vessel further collides with a third vessel or vessels), and the amount of which has become definite by the final and conclusive judgment of a court or with the written consent of the Company:
- (1) Losses caused to the other vessel (including loss of use of the other vessel arising from the damage caused to her)
- (2) Losses caused to the cargo and/or other property on board the other vessel (hereinafter referred to as "the cargo and/or other property on board the other vessel")
2. Collision damages as provided for in the preceding paragraph shall be indemnified as follows:
- (1) When the Vessel is solely to blame; the damages to be paid by the Assured for losses as referred to in the preceding paragraph.
- (2) When the Vessel and the other vessel are both to blame; the damages to be paid by the Assured in proportion to the degree of fault of each vessel (should it be impossible to decide the degree of fault of each vessel, they shall be deemed equally to blame; hereinafter to be so interpreted) and on the basis of each party severally paying in full the amount due to the other without effecting a setoff against each other.

(3) Notwithstanding the provisions in the preceding two Items of this paragraph, when the liability of the Assured is limited by the laws or regulations of Japan or any other country or by international conventions; such part of the definite amount of the limitation fund or of the current value of any property tendered by the Assured according to the above laws, regulations or international conventions as apportioned as the damages for losses referred to in the preceding paragraph.

3. If the Vessel comes into collision with another vessel owned or demise-chartered by the Assured (excluding a launch belonging to the Vessel), the preceding two paragraphs of this Article shall be applicable as if the other vessel were owned or demise-chartered by a third party. In such case the degree and proportion of fault and the amount of losses on each vessel shall be determined by agreement between the Assured and the Company.

4. If no such agreement as provided for in the preceding paragraph can be reached, the matter shall be referred to a sole arbitrator to be appointed by agreement between the Assured and the Company, if no such agreement can be reached, the Assured and the Company shall each appoint an arbitrator and then the two arbitrators thus appointed shall appoint a third arbitrator, and the award shall be decided by the majority vote of such three arbitrators.

SUE AND LABOUR EXPENSES

Article 7

I. Sue and labour expenses means the following expenses:

(1) Necessary or useful expenses which the Person effecting the insurance or the assured has incurred in fulfilling the duty of preventing or minimizing losses as provided for in paragraph 1 of Article 24 (including remuneration due from the Person effecting the insurance or the Assured to a salvor who has salvaged the Vessel independently of a salvage contract when the vessel has encountered any of the Accidents);

(2) Necessary or useful expenses which the Person effecting the insurance or the Assured has incurred in fulfilling the duty of exercising or preserving a right of claim against third parties as provided for in paragraph 3 of Article 24, provided that when both the losses recoverable under this contract of insurance and other losses are filed or preserved in such a claim against third parties, only such proportion of the se expenses as apportioned, according to the respective amounts of losses, to the former losses shall be indemnified;

(3) Necessary or useful expenses incurred by the Assured in connection with a lawsuit or an arbitration when a lawsuit for damages in respect of losses which are recoverable under this contract of insurance has been instituted against the Assured, and the Assured has contested the lawsuit with the written consent of the Company or has submitted the dispute to arbitration after deliberations with the Company; provided that when the above-mentioned claim for damages includes both the losses recoverable under this contract of insurance and other losses, only such proportion of these expenses for lawsuit or arbitration as apportioned, according to the respective amounts claimed, to the former losses shall be indemnified.

When the Person effecting the insurance or the Assured has incurred the expenses referred to in the preceding paragraph in preventing or minimizing losses of the Vessel together with those of her cargo or other property on board, only the proportion of expenses which should be borne by the Vessel shall be treated as sue and labour expenses; provided that those expenses which fall under general average contribution shall be excluded.

Cost of repairs for damage sustained by the Vessel in preventing or minimizing the loss shall not be treated as sue and labour expenses. Losses pertaining to cargo, freight, passengers, the Master, Crew and any other person shall not be treated as such either.

LOSSES CAUSED BY MEASURES FOR PREVENTION OF FIRE OR POLLUTION DAMAGE

Article 8

Losses caused to the insured interest by any of the under-mentioned emergency measures taken by the Japanese or foreign authorities acting under the powers vested in them in consequence of the occurrence of any of the Accidents shall be deemed to have been caused by the Accident in consequence of which the emergency measures have been taken and those losses shall be indemnified by the Company subject to these Clauses and in the Special Clauses as specified in the Policy; provided that in no case shall the Company be liable for the expenses incurred for the emergency measures:

(1) Emergency measures taken for the purpose of extinguishing fire, preventing occurrence or spread thereof or saving human life when such fire has occurred on board the Vessel or when there has been a threat of such fire thereon

(2) Emergency measures taken to prevent or mitigate pollution, or threat thereof, of the seas, rivers, etc. resulting from oil etc. spilled or discharged from the Vessel.

LIMIT OF INDEMNITY

Article 9

1. The indemnity to be paid by the Company shall always be limited to the insured amount per Accident.

2. Notwithstanding the provision of the preceding paragraph, the under-mentioned damages or expenses shall be paid by the Company independently of other claims recoverable under this insurance, but the sum recoverable under each item shall in no circumstances exceed the insured amount:

(1) Collision damages as provided for in Article 6.

(2) Sue and labour expenses incurred by the Person effecting the insurance or the Assured as provided for in Articles 7-1-(1) and 7-1-(2); provided that in respect of those expenses stipulated in Article 7-1-(1), only such expenses as are incurred by the Person effecting the insurance or the Assured with the prior written consent of the Company when the Vessel is in danger of becoming a total loss shall be recoverable.

(3) among the expenses as provided for in Article 7-1-(3), necessary or useful expenses for lawsuit or arbitration incurred by the Assured when a lawsuit for damages for losses as enumerated in paragraph 1 of Article 6 has been instituted against the Assured.

The Company shall be liable to indemnify the Assured for losses in such proportion as the insured amount bears to the insured value.

PERIOD OF INSURANCE

Article 10

1. Where the contract of insurance is for a definite period of time (hereinafter referred to as a "Time Policy"), the Company's liability shall commence, unless otherwise specified in the Policy, from noon of the day specified in the Policy and shall terminate at noon of the day specified in the Policy.

2. Where the contract of insurance is for a single voyage (hereinafter referred to as a "Voyage Policy"), the Company's liability shall commence, unless otherwise specially agreed, at the time when the Vessel has commenced either casting off moorings or weighing anchor, whichever shall first occur, at the port of departure specified in the Policy and shall terminate upon expiry of 24 hours after either she has dropped her anchor or she has been moored, whichever shall first occur, at the port of destination specified in the Policy. If, however, the Vessel has either commenced loading of cargo or other preparations for the departure for another voyage or she has commenced casting off moorings or weighing anchor, the Company's liability shall terminate at the first in time of any such occurrence even if it is within the said 24 hours.

3. Should the period of insurance expire whilst the Vessel is at sea or in distress due to any of the Accidents and the liability of the Company is undecided, the Person effecting the insurance or the Assured may extend the period of insurance for a period of 30 days by giving notice in writing to the Company prior to the expiration of the original period of insurance and by paying a pro rata additional premium for a minimum period of 30 days. Further extensions can be made under the same rule of the minimum period of 30 days. Even when the period of insurance is extended, however, it shall expire at the time when any of the following situations arises:

- (1) When the Vessel, which was at sea, has either completed dropping her anchor or completed mooring, whichever shall first occur, at any port of safety.
- (2) When the liability of the Company in respect of the Accident has been decided or when the repair of the damage has been completed whichever shall first occur.
4. This contract of insurance shall terminate when the Vessel has become a total loss during the period of insurance.

Chapter 2 EXCLUSIONS

EXCLUDED LOSSES – 1

Article 11

The Company shall not be liable to indemnify any loss caused by the following:

- (1) war, civil war or any other hostile operations
- (2) detonation of or contact with mines, torpedoes, bombs or any other weapons of war used as explosives
- (3) seizure, capture, detainment, confiscation or expropriation whether by public authorities or otherwise
- (4) piracy
- (5) strikes, lock-outs or other labor disturbances or related actions by persons taking part therein
- (6) actions by terrorists or any other persons acting maliciously or from a political motive
- (7) riots, political or social commotions or other similar disturbances
- (8) radioactive or detonative or any other detrimental effects of nuclear fission, fusion or any other similar reaction
- (9) attachment, provisional attachment, implementation of security rights or any other disposal in legal proceedings.

EXCLUDED LOSSES – 2

Article 12

The Company shall not be liable to indemnify any loss caused by the following; provided that in the case of any one of the persons referred to in items (1) and (2) below being the Master or Crew, these items shall not be applicable to a loss caused by gross negligence of the Master or Crew acting in their capacity as such:

- (1) Wilful misconduct or gross negligence of the Person effecting the insurance, the Assured or the Agent thereof (directors or any other executive organs in case any of the persons being a corporation)

- (2) Wilful misconduct or gross negligence of the beneficiaries or their Agents other than those referred to in item (1) above; provided that this exclusion shall be applicable only to the amount of indemnity due to such person
- (3) Wilful misconduct of the Master or Crew acting with the intention of causing any of the persons referred to in items (1) and (2) above to obtain the indemnity.

EXCLUDED LOSSES- 3

Article 13

The Company shall not be liable to indemnify any loss caused by the following (in the case of losses due to the causes enumerated in items (1) and (2) below, the loss caused to the part containing any of these causes shall also be included); provided that in no case shall this exclusion be applicable to the cases where the cause mentioned in item (2) could not be discovered, or the cause mentioned in item (3) occurred in spite of due diligence exercised by the Person effecting the insurance or the Assured:

- (1) Abrasion, corrosion, rust, deterioration or any other wear and tear of the Vessel
- (2) Defect existing in the Vessel
- (3) Unseaworthy condition of the Vessel at the time of sailing (including sailing from a port of call) for safe prosecution of the voyage or unsuitable condition of the Vessel for safe mooring or anchoring in case of the Vessel being moored or anchored.

EXCLUDED LOSSES -4

Article 14

1. The Company shall not be liable to indemnify any loss occurring subsequent to the happening of the following circumstances, unless the Company's agreement in writing to reinstate the cover is obtained after such circumstances have ceased to exist:

- (1) When the Vessel has failed to undergo a necessary inspection by the authorities or the classification society of the Vessel or an inspection designated by the Company for the safe prosecution of voyage.
- (2) When the Vessel's classification society has been changed or its class registration has been deleted, except when the Company's agreement in writing has been obtained.
- (3) When, in case of a Time Policy, the Vessel has deviated from the trading limits specified in the Policy or has navigated by an unusual route, or when, in case of a Voyage Policy, the Vessel has not sailed within the period specified in the Policy or has navigated by an unusual route or has deviated from the route specified in the Policy or has changed its destination, except when any of such deviation or navigation has been made for the purpose of avoiding imminent danger, saving human life or medical treatment for army person on board the Vessel or with the written consent of the Company.
- (4) when the Vessel has been employed for any purpose in violation of the laws or regulations of Japan or any other country or international conventions
- (5) when the Vessel has entered an area of war or warlike disturbances or when she has been employed for any purpose connected with war or warlike disturbances, except when the Company's written consent has been obtained.
- (6) when there has been a change of the owner or the charterer-by-demise of the Vessel, except when the Company's written consent has been obtained.
- (7) when the structure of the Vessel or the purpose for which she was employed has been substantially changed, except when the Company's written consent has been obtained.
- (8) when the risks covered by the Company have substantially changed or increased due to any circumstance other than those enumerated in the preceding items, for which the Person effecting the insurance or the Assured is responsible, except when the Company's written consent has been obtained.

2. If, in the cases of items (1) and (2) below, the Person effecting the insurance or the Assured makes a request in writing to the Company for its agreement to continue the coverage, the Company may decline such request and may cancel the contract of insurance at the time of such request; such cancellation shall take effect there from only for the future:

- (1) When any of these circumstances enumerated in items (1) or (4) of the preceding paragraph has ceased to exist.
- (2) When any of these circumstances enumerated in items (6) through (8) has occurred.

3. When the risks covered by the Company have substantially changed or increased for any circumstance, other than those enumerated in items (1) through (7) of paragraph 1 of this Article for which the Person effecting the insurance or the Assured is not responsible, he must give notice thereof to the Company as soon as he has become aware of the fact. If he fails to give such notice by his wilful misconduct or gross negligence, the Company shall not be liable to indemnify any loss occurring subsequent to the happening of the circumstance of which notice should have been given.

4. In case of the preceding paragraph, the Company may cancel this contract of insurance by giving 30 days' previous notice when the Company has become aware of such fact irrespective of a notice having been given or not by the Person effecting the insurance or the Assured; such cancellation shall take effect there from only for the future.

5. The Company's right, to cancel the contract of insurance as provided for in the preceding paragraph shall cease to exist, unless the Company exercises such right within 30 days from the date on which the Company became aware of the circumstances giving rise to its right of cancellation.

EXCLUDED LOSSES -5

Article 15

The Company shall not be liable to indemnify collision damages as provided for in Article 6 for the following liabilities as well as liabilities arising from the causes enumerated in Articles 11 through 13:

- (1) aggravated liability under any contract
- (2) liability for losses on any property other than the other vessel and the cargo and/or other property thereon
- (3) Liability for losses on any interest other than the interest of use of the other vessel
- (4) Liability for loss of life, personal injury or illness
- (5) Liability for expenses incurred to comply with the order of the authorities to refloat or remove the other vessel and the cargo or other property thereon or any other things
- (6) Liability for expenses incurred to prevent or mitigate pollution of the seas, rivers, etc.
- (7) When the Vessel is being towed or pushed by another vessel or vessels or is towing or pushing mother vessel or vessels, liability for losses arising from collision between my other vessel belonging to such flotilla of vessels and another vessel not belonging thereto, unless such collision has occurred in direct consequence of a collision between the Vessel and my other vessel belonging to the flotilla.

Chapter 3 INVALIDATION OF THE CONTRACT OF INSURANCE, ETC.

INVALIDATION OF THE CONTRACT OF INSURANCE

Article 16

This contract of insurance shall be null and void if, at the time of effecting the same, any of the following circumstances exists .

- (1) The Person effecting the insurance or the Assured has committed any fraud.
- (2) The Person effecting the insurance or the Assured knew that the perils insured against had already occurred.

CANCELLATION OF THE CONTRACT OF INSURANCE FOR BREACH OF DUTY TO DISCLOSURE

Article 17

1. If, at the time of effecting this contract of insurance, the Person effecting the insurance or the Assured failed to disclose what he knew or made untrue disclosure, by his wilful misconduct or gross negligence, in respect of the following matters, the Company may cancel this contract of insurance, unless the Company was aware of the facts disclosed or was aware of the untruth of the facts disclosed or was unaware of them through its own negligence:

- (1) the fact that any other contract or contracts of insurance are effected concurrently with this contract on the same insured interest, insured perils and period of insurance or any part thereof
- (2) the fact that this contract of insurance is for the benefit of another person
- (3) the items mentioned in the application form of insurance
- (4) any material facts, other than those enumerated in the preceding items, which may affect the decision of the Company as to the acceptance or non-acceptance of the contract or the contents thereof.

2. When the Company has cancelled this contract of insurance according to the preceding paragraph, such cancellation shall take effect retroactively from the time of effecting the contract.

3. The right to cancel the contract as provided for in paragraph 1 of this Article shall cease to exist, unless the Company exercises it within 30 days from the date on which it became aware of the circumstances giving rise to its right of cancellation.

AGREEMENT AS TO THE AMOUNT OF INSURED VALUE AND ITS SUBSTANTIAL INCREASE OR DECREASE

Article 18

1. The Company and the Person effecting the insurance shall agree as to the amount of insured value when the contract of insurance is effected.

2. If the value of the insured interest has substantially increased or decreased during the period of insurance, either the Company or the Person effecting the insurance may request in writing to the other to change the amount of insured value and/or the insured amount specified in the Policy.

3. When such agreement is reached on the change as referred to in the preceding paragraph, the Company shall claim or return a pro rata daily insurance premium for the increased or decreased portion of the amount of insured value or the insured amount.

INSPECTION OF THE VESSEL

Article 19

1. The Company may inspect, whenever it deems it necessary to do so at any time during the period of insurance, the Vessel or loaded condition of the cargo or ballast thereon, and may also demand the Person effecting the insurance, the Assured or the Master to produce his report on whatever subjects the Company may designate.
2. If the Person effecting the insurance, the Assured or the Master refuses to allow an inspection or to produce report as referred to in the preceding paragraph without any justifiable reason, the Company may cancel this contract of insurance; such cancellation shall take effect there from only for the future.

Chapter 4 PAYMENT AND RETURN OF PREMIUM

PAYMENT OF PREMIUM

Article 20

1. The Person effecting the insurance shall pay the premium as specified in the Policy on the date(s) specified also therein (hereinafter referred to as "the Due Date").
2. If the Person effecting the insurance shall have failed to pay the premium on the Due Date, the Company shall not be liable to indemnify any loss occurring during the period from the Due Date to the time when payment is made.
3. In the event of non-payment of premium within 30 days after the Due Date, the Company may cancel this contract of insurance at such time; such cancellation shall take effect there from only for the future.

CLAIM FOR WHOLE AMOUNT OF PREMIUM

Article 21

Even when this contract of insurance has become null and void or has been cancelled, the Company may claim the whole amount of premium and shall not return the premium already received.

RETURN OF PREMIUM -1

Article 22

Notwithstanding the provision of the preceding Article, when the Company cancels this contract of insurance in accordance with the provision of paragraph 4 of Article 14, the Company shall return the proportion of the premium for the unexpired period of the insurance calculated on a pro rata daily basis from the day following that on which the contract is cancelled.

RETURN OF PREMIUM -2

Article 23

Notwithstanding the provision of Article 21, when the Company cancels this contract of insurance in accordance with the provisions of paragraph 2 of Article 14 or paragraph 3 of Article 20, the Company shall return the proportion of the premium for the unexpired period of the insurance calculated on a pro rata daily basis as from the following day on which the contract has been cancelled; provided that no claim for indemnity under this insurance has been made during the period already expired.

Chapter 5 OCCURRENCE OF THE ACCIDENT

DUTY TO PREVENT LOSS

Article 24

1. In case of any of the Accidents having occurred, it is the duty of the Person effecting the insurance or the Assured to endeavour to prevent or minimize a loss and to cause the Master to do so;
2. If the Person effecting the insurance or the Assured has failed to prevent or minimize the loss by wilful misconduct or gross negligence, the Company shall determine the amount of indemnity on the basis of the balance arrived at by deducting from the amount of loss such proportion thereof as could otherwise have been prevented or minimized.
3. Where the Person effecting the insurance or the Assured has a right of claim for compensation of the loss against a third person (including the Person effecting the insurance, his agents and employees in case of the insurance for the benefit of another person; hereinafter to be so interpreted), it is his duty to exercise or preserve such right of claim.
4. If the Person effecting the insurance or the Assured has failed to take necessary measures to exercise or preserve his right of claim for compensation of the loss against a third party by wilful misconduct or gross negligence, the Company shall determine the amount of indemnity on the basis of the balance arrived at by deducting from the amount of loss such proportion thereof as could otherwise have been recovered from the third party.

DUTY TO NOTIFY THE ACCIDENT

Article 25

I. When the Person effecting the insurance or the Assured becomes aware of the Vessel having encountered any of the Accidents or has a doubt that the Vessel may have encountered such Accident, he shall, without delay, give notice

thereof to the Company and produce the Master's report duly certified by the maritime authorities having jurisdiction over the waters where such Accident occurred and any other documents that may be required by the Company.

2. If the Person effecting the insurance or the Assured has failed to comply with such duty as provided for in the preceding paragraph without any justifiable reason, the Company shall not be liable to indemnify any loss resulting from such Accident.

3. If the person effecting the insurance, the Assured, or the Master has made, in giving notice of the Accident or producing any documents stipulated in paragraph 1 of this Article, any false statement or wilful concealment of the facts, the Company shall not be liable to indemnify any loss resulting from such Accident.

If the Person effecting the insurance or the Assured has given such false notice to the effect that the Accident has occurred, when it has not in fact occurred, the Company shall not be liable to indemnify any loss subsequent to such false notice.

INVESTIGATION WHEN THE ACCIDENT OCCURRED

Article 26

1. On receiving the notice of the Accident stipulated in paragraph 1 of the preceding Article, the Company may make necessary investigation in respect of the Vessel and may also demand the Person effecting the insurance, the Assured or the Master to produce his report on whatever subjects the Company may designate.

2. If the Person effecting the insurance, the Assured or the Master refuses such investigation or to produce the report stipulated in the preceding paragraph without any justifiable reason, the Company shall not be liable to indemnify any loss resulting from such Accident

REPAIRS

Article 27

1. When the Vessel sustains damage by any of the Accidents, the Person effecting the insurance or the Assured shall repair the damage without delay, after the completion of which the Company shall indemnify the Assured for the cost of such repairs. Where the Person effecting the insurance or the Assured has failed to repair the damage without delay and has repaired it later, the Company's liability shall be limited to the estimated cost of those repairs which would have been required and incurred had the repairs been effected without delay.

2. In obtaining the quotation for the cost of repairs before effecting the repairs as mentioned in the preceding paragraph, the Person effecting the insurance or the Assured shall consult with the Company beforehand and, if the Company so requests, he should let any person named by the Company participate in the quotation for the cost of repairs.

3. Notwithstanding the provision of paragraph 1 of this Article, where the Vessel is sold or broken up without effecting repairs to the damage sustained by the Accident, the Company shall indemnify the Assured for the estimated cost of repairs had the repairs of the said damage been made, but in no case for a higher amount than the depreciation in value of the Vessel due to such damage (and in any event limited only to the amount for which the Company would have been liable to indemnify as the cost of repairs).

4. Where the Vessel has become a total loss (irrespective of whether resulting from any of the Accident or not) before completion of the repairs to damage caused by the Accident, the Company shall not be liable for the unrepaired damage existing at the time.

Chapter 6 CLAIMS FOR AND PAYMENT OF INDEMNITY

CLAIMS FOR AND PAYMENT OF INDEMNITY

Article 28

1. In making a claim for indemnity, the Person effecting the insurance or the Assured must prove the occurrence of the loss and the amount thereof.

2. When a claim for indemnity has been made in accordance with the provision of the preceding paragraph, the Company shall pay it within 30 days from the day on which the claim was made; provided that where the Company cannot complete the necessary investigation within the above period, the Company shall pay it without delay upon completion of the investigation.

DEDUCTION OF UNPAID PREMIUM FROM INDEMNITY

Article 29

If there is any unpaid premium out of the premium specified in the Policy, the same shall be deducted from the amount to be indemnified in the following manners:

1. When an indemnity for a total loss is to be made, the unpaid premium shall be deducted therefrom whether it is due or not.

2. When an indemnity is to be made for losses other than a total loss, the unpaid premium which is already due shall be deducted therefrom.

MEASURE OF INDEMNITY IN CASE OF DOUBLE INSURANCE

Article 30

1. Where one or more other policies are effected with the Policy on the same insured interest, insured perils and period of insurance or any part thereof, and the aggregate sum of the respective amounts of indemnities in each policy calculated independently of the other policies (hereinafter referred to as "the Independent Sum of Indemnity") exceeds the amount of loss, the Company shall pay as its indemnity such proportion of the amount of loss as the Independent Sum of Indemnity under the Policy bears to the aggregate Sum of each independent Sum of Indemnities.
2. Where the amounts of insured value of these policies differ, the amount of loss as provided for in the preceding paragraph shall be that applicable under the policy incorporating the highest amount of insured value.

PROPRIETARY RIGHT IN THE VESSEL IN CASE OF A TOTAL LOSS

Article 31

1. Where the Vessel becomes a total loss and the Company indemnifies therefor, the Company shall be entitled to choose whether or not to acquire the proprietary right in the Vessel.
2. Where the Company does not acquire the proprietary right in the Vessel in accordance with the preceding paragraph, the Company shall so inform the Assured before making the payment of indemnity .
3. Where the Company acquires the proprietary right in the Vessel in accordance with paragraph 1 of this Article, the Company shall, by the payment of total loss, acquire the proprietary right in the Vessel in such proportion as the insured amount bears to the insured value.

ENCUMBRANCES EXISTING ON THE VESSEL IN CASE OF A TOTAL LOSS

Article 32

1. Where the Vessel becomes a total loss, the Assured or the Beneficiary must inform the Company of the following facts before they make a claim for the indemnity of total loss:
 - (1) Existence or non-existence of any preferential right, pledge, mortgage, right of charter-by-demise, lien and any other rights existing on the Vessel which may restrict the proprietary right therein and, if any such exists, the contents thereof.
 - (2) Existence or non-existence of any legal liabilities attaching to the Vessel either under the public or private law or any fact that may give rise to such liabilities.
2. The Company may withhold the payment of indemnity until the information is provided by the Assured or the Beneficiary in accordance with the preceding paragraph.
3. Even after the Company has acquired the proprietary right in the Vessel in accordance with the preceding Article, any Sum of money necessary to satisfy or extinguish the rights enumerated in item (1) of paragraph 1 of this Article, or to discharge the liabilities stipulated in item (2) of paragraph 1 of this Article, shall be borne by the Assured or the Beneficiary .

SUBROGATION TO RIGHTS OF CLAIM AGAINST THIRD PARTIES

Article 33

If in a case where loss has been caused by any of the Accidents, the Assured has acquired a right of claim for compensation against a third party and the Company has indemnified the Assured for the loss, the Company shall acquire such right, to the extent of the amount paid and in so far as the right of the Assured is not prejudiced.

Chapter 7 MISCELLANEOUS

JURISDICTION

Article 34

Any lawsuit arising out of this contract of insurance shall be filed to the court having the jurisdiction over the district where the Company's Head Office is located.

GOVERNING LAW

Article 35

The matters which are not provided for either in these Clauses or in the Special Clauses as specified in the Policy shall be governed and construed in accordance with Japanese laws and regulations.