
Name of the Clause : Lessors Interest Clauses
Subject of the Clause :
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LESSORS INTEREST CLAUSES

HULLS

This contract is subject to English law and practice

1. SUBJECT-MATTER INSURED

1.1 This contract commences on {Response} and is to insure, subject to the conditions stated herein the interest of {Response} as owner, in vessels to be declared for periods not in excess of 12 months each declaration.

1.2 This contract does not cover the interest of any other party and is not assignable or otherwise transferable.

2. DECLARATIONS

Subject to the provisions of Clause 3 it is a condition of this contract that the Assured must declare, without exception, and the Underwriters must accept any vessel or vessels on which the Assured grants a lease on terms that the lessee is responsible for the insurance of the vessel, giving provisional notice of the name(s) of the vessel(s) and their lessee(s) and the amount(s) insured.

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3. SUM INSURED

This contract is for an open amount not to exceed {Response} in respect of any one vessel unless specially agreed. In the event of loss after provisional but before final declaration the basis of valuation shall be the sound market value of the vessel at the time of the granting of the lease.

4. WARRANTIES

It is warranted in respect of each vessel that:-

4.1 Hull and Machinery Policies on terms equivalent to Institute Time Clauses Hulls or American Institute Hull Clauses and where applicable Increased Value Policies equivalent to Institute Time Clauses - Hulls Disbursements and Increased Value (Total Loss Only including Excess Liabilities) or American Institute Increased Value and Excess Liabilities Clauses, also War Risks Policies equivalent to Institute War and Strikes Clauses Hulls - Time and full Protection and Indemnity Risks (hereafter referred to as "the Insurance Policies and Club Entries") have been taken out and shall be maintained throughout the currency of this contract.

4.2 the Insurance Policies and Club Entries, warranted in 4.1 above, shall be taken out and maintained in respect of each vessel at all times for an insured value and limit of liability not less than the amount insured hereunder.

4.3 each of the Insurance Policies and Club Entries is endorsed to the extent of the Assured's interest.

5. CHANGE OF OWNERSHIP OR CONTROL

This insurance will terminate automatically at the time of any change of:-

5.1 ownership

5.2 management or control of which the Assured hereunder has knowledge or privity unless the Assured gives prompt notice of such change in writing to the Underwriters hereon and agrees to pay an additional premium, if required.

6. INDEMNITY

6.1 This contract is to indemnify the Assured for loss resulting from loss of or damage to or liability of each vessel which is prima facie covered by the Insurance Policies or Club Entries but in respect of which there is subsequent non-payment (or reduced payment which is approved in advance by the Underwriters hereon):

6.1.1 by reason of any act or omission of any one or more of the lessees, operators, charterers or managers of the vessel or their servants or agents including breach or alleged breach of warranty or condition whether expressed or implied or non-disclosure or alleged non-disclosure of any fact or circumstances of any kind whatsoever,

6.1.2 by virtue of any alleged deliberate, negligent or accidental act or omission or any knowledge or privity of any one or more of the lessees, operators, charterers or managers of the vessel or their servants or agents, including the deliberate or negligent casting away or damaging of the vessel or the vessel being unseaworthy.

6.2 The cover provided under Clause 6.1 above shall only apply while any such act, omission, non-disclosure, breach of warranty or conditions, knowledge or privity occurs or exists without the privity of the Assured.

6.3 The indemnity payable hereunder shall be an amount equal to whatever shall be the lesser of

6.3.1 the unrecoverable claim or part thereof under Insurance Policies and/or Club Entries,

6.3.2 the sum insured,

provided that if the subject-matter insured is not fully insured hereunder by reason of Clause 3 or otherwise the indemnity shall be reduced in proportion to the under-insurance.

7. EXCLUSIONS

7.1 Excluding the Assured's legal costs and expenses incurred in relation to any claim under Hull Policies and/or Club Entries.

7.2 In no case shall this insurance cover loss damage liability or expense arising from:

7.2.1 the relevant Insurance Policies or Club Entries having been lawfully terminated by the Underwriters thereof due to non-payment of premium or call

7.2.2 insolvency or financial default of any of the Underwriters of the Insurance Policies or Club Entries

7.2.3 inability of any party to transmit funds

7.2.4 any fluctuation in exchange rate

7.2.5 the operation of any franchise deductible or provision for self-insurance.

8. TIME FOR PAYMENT

8.1 There shall be deemed to be a non-payment by the Underwriters of the Insurance Policies and/or Club Entries

8.1.1 when a final court judgment is delivered in favour of those Underwriters, or

8.1.2 at such earlier time as the Assured can demonstrate to the satisfaction of the Underwriters hereon that there is no reasonable prospect of the lessees and/or Assured succeeding in the

claim against the Underwriters of the Insurance Policies and/or Club Entries. In the event of disagreement between the Assured and the Underwriters hereon this issue shall be referred to a sole arbitrator to be agreed upon between the Underwriters hereon and the Assured.

8.2 Thereafter the Assured shall formally present their claim hereunder and any amount recoverable hereunder shall be payable within three calendar months of the date on which the Assured shall have presented their properly documented claim to the Underwriters of this contract.

9. SUBROGATION

Upon payment to the Assured of a claim hereunder the Underwriters shall be subrogated to all the rights and remedies of the Assured in respect of such payment.

10. DUTY OF ASSURED (SUE & LABOUR)

10.1 It is a condition of this insurance that the Assured shall give notice in writing to the Underwriters hereon of any circumstances which may give rise to a claim under this contract and shall thereafter keep the Underwriters fully informed of all developments.

10.2 It is the duty of the Assured and their servants and agents to take such measures as may be reasonable for the purpose of averting or minimising a loss which would be recoverable under this contract.

10.3 Except as provided in Clause 7.1 the Underwriters will reimburse charges properly and reasonably incurred by the Assured their servants or agents for such measures provided that if the subject-matter insured is not fully insured by reason of Clause 3 or otherwise, the indemnity shall be reduced in proportion to the under-insurance.

10.4 Measures taken by the Assured or the Underwriters with the object of averting or minimising a loss which would be recoverable under this contract shall not be considered as a waiver or acceptance of a claim or otherwise prejudice the rights of either party.

10.5 The sum recoverable under this Clause 10 shall be in addition to the loss otherwise recoverable under this contract.

11. CANCELLATION

This contract may be cancelled by either the Underwriters or the Assured giving thirty days notice in writing. Notice to commence from midnight of the day when it is issued but such cancellation shall not apply to any risks which have attached in accordance with the cover granted hereunder before the cancellation becomes effective.

12. AUTOMATIC TERMINATION AND NOTICE OF CANCELLATION - WAR AND STRIKES RISKS

Cover hereunder in respect of the risks which are covered by the Institute War and Strikes Clauses Hulls - Time 1/10/83 shall terminate

12.1 automatically upon the occurrence of any of the events mentioned in Clauses 5.2.1 and 5.2.2 of the Termination Clause in the Institute War and Strikes Clauses Hulls - Time 1/10/83

12.2 in respect of any vessel

12.2.1 automatically in the event of the vessel being requisitioned either for title or use

12.2.2 7 days after the Underwriters of insurances covering war etc risks or any of them have given notice of cancellation or

12.2.3 7 days after the Underwriters hereon have given notice of cancellation in respect of the said risks.

12.3 Cancellation in accordance with Clauses 12.2.2 or 12.2.3 shall become effective on the expiry of 7 days from midnight of the day on which the notice of cancellation is given. The Underwriters agree however to reinstate this insurance subject to agreement between the Underwriters and the Assured prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions and/or warranties.

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