

MARINA INSURANCE CLAUSES

MARINE TRADE WORDING / NMT/01

TABLE OF CONTENTS

	Page No.
1 Third Party Liability	9
2 Buildings & Contents	11
3 Travel Hoists & Lifting Equipment	15
4 Piers & Pontoons Etc.....	17
5 Vessels Under Construction	19
6 Business Interruption.....	25
7 Vessels.....	30
8 Goods in Transit.....	36
9 Money.....	38
10 Employers Liability.....	40
11 General Exclusions.....	43
12 General Terms and Conditions	
12.1 Disclosure & Representations.....	48
12.2 Continuation of Insurance	48
12.3 Insured Value	49
12.4 Amount Recoverable	49
12.5 Sistership	50
12.6 Duty to Sue & Labour	50
12.7 Mutual Survey Clause	50
12.8 Unrepaired Damage	51
12.9 Discretion to Settle Third Party Liability Claims.....	51

12.10	Contribution	51
12.11	Change of Ownership	52
12.12	Assignment	52
12.13	Claims Procedure	52
12.14	Abandonment.....	53
12.15	Notices.....	53
12.16	Cancellation	53
12.17	Premium	54
12.18	Proper Law.....	542
12.19	Jurisdiction.....	54
12.20	Complaints Procedure	54
12.21	Nexus Europe SAS.....	55

MARINA INSURANCE CLAUSES

These Clauses together with the *Certificate* and any applicable *Endorsements* set out the terms on which we have agreed to insure *you*.

The use of *italic* text in these Clauses indicates that the word or phrase in italics is defined in these Clauses.

The use of **bold** text in these Clauses indicates an exclusion or limitation of coverage.

DEFINITIONS

The following definitions apply to these Clauses, the *Certificate* and *Endorsements*:-

<u>Word</u>	<u>Meaning</u>
<i>Alternative Construction Premises</i>	Any location specified in Section 5 of your <i>Certificate</i> as an “ <i>Alternative Construction Premises</i> ” where a <i>Vessel under Construction</i> or parts thereof are to be constructed.
<i>Buildings</i>	Means buildings and other structures at the <i>Insured Premises</i> in which <i>you</i> have an insurable interest being buildings of brick, stone, concrete or other non-combustible materials unless otherwise stated in <i>your Certificate</i> , landlord's fixtures and fittings in and on such buildings, walls, gates and fences and services (which shall mean telephone, gas and water mains, electrical instruments, meters, piping, cabling and the like), unless Section 2 of <i>your Certificate</i> specifies to the contrary .
<i>Certificate</i>	Any document issued and signed by <i>us</i> containing the terms and conditions of insurance with <i>us</i> , including any <i>Endorsement</i> evidencing any change in such terms and conditions.
<i>Compound</i>	A secure area within the boundary of the <i>Insured Premises</i> entirely surrounded by secure fencing or walls.
<i>Contents</i>	The property other than <i>buildings</i> specified in Section 2 of the <i>Certificate</i> , being <i>your</i> property or property in which <i>you</i> have an insurable interest which is located at the <i>Insured Premises</i> , including machinery, plant, fixtures, fittings and other trade equipment, all office equipment and other contents, tenants' improvements, alterations and decorations and in

so far as they are not otherwise insured, personal effects of you, *your* directors, partners, *managers* and *employees*.

Deductible

The amount specified in each Section of the *Certificate* for which *you* are responsible and which is the first amount that will be taken into account in respect of each and every claim (including a claim for an actual or constructive total loss) under *this insurance*, except a claim under Clauses 4.2, 5.2.6 and 7.1.3.

Employee

Any individual who is

- (i) a director or partner of the Insured
- (ii) employed by the Insured under a contract of service or apprenticeship
- (iii) an officer member or Employee of the Insured's catering social sports or welfare organisations or first aid fire security or ambulance services
- (iv) a labour master or person supplied by them
- (v) employed by labour only subcontractors
- (vi) a self employed person
- (vii) a driver and/or operator of plant hired to the Insured
- (viii) hired or borrowed by the Insured
- (ix) a voluntary worker
- (x) gaining work experience
- (xi) a prospective employee who is undergoing practical work experience while being assessed by the Insured as to his or her suitability for employment

while working for you in connection with the *Insured Activities*

<i>Endorsement</i>	A document issued and signed by <i>us</i> evidencing an amendment to the terms and conditions of <i>this insurance</i> , which forms part of <i>your Certificate</i> .
<i>Handling Equipment</i>	An item of machinery or apparatus including any part thereof (not being an aircraft, container, ship or trailer) used in the handling, movement or storage of cargo, containers, trailers and vessels and operations incidental to those activities.
<i>Insured Activities</i>	<p>The activities specified in <i>your Certificate</i> and any activities in <i>our</i> opinion directly related therewith, including:-</p> <ul style="list-style-type: none"> (i) the provision and management of catering/canteen, social, sports or welfare organisations for the benefit of <i>your Employees</i>; (ii) <i>your</i> ambulance, first aid, fire and security services; (iii) the maintenance, ownership, repair and decoration of <i>Insured Premises</i>.
<i>Insured Event</i>	An event which causes loss or damage which is recoverable under <i>this insurance</i> .
<i>Insured Premises</i>	The location specified as such in <i>your Certificate</i> , including the <i>Yard</i> and any <i>Alternative Construction Premises</i> .
<i>Insured Value</i>	The value specified in the <i>Certificate</i> for a particular item insured by <i>us</i> .
<i>Managers</i>	Any individual and/or company appointed by <i>you</i> to control, administer, manage or operate <i>your</i> business, a part of <i>your</i> business, any <i>Vessel</i> or <i>Vessel under Construction</i> .
<i>Marine Installation</i>	Any property or structure specified in Section 4 of the <i>Certificate</i> which is used at <i>your Insured Premises</i> in the provision of <i>your Insured Activities</i> for the purpose of protecting harbours or vessels or for berthing or mooring of vessels. It may include, but is not restricted to, breakwaters, piers, quays, jetties, pontoons, docks, piles and dolphins whether floating or fixed. It may also include any equipment which forms part of a <i>marine installation</i> provided that such equipment is specified in Section 4 of the <i>Certificate</i> .

<i>Money</i>	<p>Negotiable money and non-negotiable money belonging to you or which you are responsible for whereby:</p> <p>(a) Negotiable money means</p> <p>Bills of exchange, uncrossed promissory notes, cash, bank and currency notes, uncrossed cheques, giro cheques including preauthenticated giro cheques, uncrossed postal orders, uncrossed money orders, uncrossed warrants, current postage stamps, unused units in franking machines, National Savings stamps and certificates, National Insurance stamps, trading stamps, gift tokens, gaming machine tokens, , customer redemption vouchers, authenticated travel tickets, phone cards (excluding phone cards held in stock for resale), , luncheon vouchers, securities for money and travel warrants but excluding electronic cryptographic or virtual currency or currencies.</p> <p>(b) Non-negotiable money means</p> <p>Crossed warrants, credit company sales vouchers, debit card sales vouchers, crossed cheques, crossed giro drafts, crossed postal orders, crossed money orders, crossed national giro bank, crossed promissory notes, crossed bankers drafts, premium bond certificates, VAT purchase receipts, credit card counterfoils, premium bonds, savings bonds, stamped National Insurance cards and National savings certificates but excluding electronic cryptographic or virtual currency or currencies.</p>
<i>Period of Insurance</i>	The period of time for which <i>you</i> are insured as set out in the <i>Certificate</i> , unless <i>this insurance</i> is terminated earlier in accordance with these Clauses.
<i>Provisional Contract Value</i>	The amount set out in Section 5 of the <i>Certificate</i> as such and declared by <i>you</i> to <i>us</i> prior the inception of <i>this insurance</i> as being the provisional final value of the <i>Vessel under Construction</i> as set out in the contract between the Builder and the Owner and, if applicable, the cost of any materials and equipment that the Owner has agreed to supply to the Builder.
<i>Reasonable cost</i>	The cost which would be paid by a prudent uninsured in the ordinary course of business. It does not include any costs incurred in order to have repairs or any other work effected on an accelerated basis.
<i>Seaworthy</i>	Means well maintained, in good repair, adequately manned by competent crew, properly equipped and provisioned and in all respects in a condition to withstand the ordinary perils of the seas.
<i>Storm</i>	Means (for the purposes of Section 4 only) adverse or unusual weather and sea conditions which have been caused by winds measuring Force 10 or more on the Beaufort wind scale.

<i>This insurance</i>	The contract of insurance contained in these Clauses, the <i>Certificate</i> and any <i>Endorsements</i> .
<i>Third Party</i>	A person other than any <i>employee</i> , named Insured, director, partner, <i>managers</i> or officer of any Insured named in the <i>Certificate</i> .
<i>Third Party Liability Limit</i>	The <i>Third Party Liability Limit</i> is the amount specified as such in Sections 1, 5 and/or 7 of the <i>Certificate</i> . It shall be <i>our</i> maximum indemnity under any one such Section of <i>this insurance</i> for any one accident or series of accidents arising from the same event. In the event that <i>you</i> are insured for liabilities to <i>third parties</i> under more than one of these Sections, <i>our</i> maximum indemnity for any one accident or series of accidents arising from the same event shall be limited to the amount of the largest <i>Third Party Liability Limit</i> specified in such Sections of <i>your Certificate</i> .
<i>Trials</i>	Use of the <i>Vessel</i> (or a <i>Vessel under Construction</i>) afloat for the specific and deliberate purpose of testing the <i>Vessel</i> (or a <i>Vessel under Construction</i>) and/or its equipment prior to delivery by <i>you</i> to the Owners (or by the builders to the owners in the case of a <i>Vessel under Construction</i>).
<i>Vessel</i>	Means the vessel(s) specified in Section 8 of the <i>Certificate</i> and the gear and equipment which would ordinarily be sold with her. It may include the additional equipment, accessories, boat(s) and outboard(s) specified in the <i>Certificate</i> . It does not include <i>personal effects</i> , consumable stores, fishing gear or moorings. It also includes any stock-in-trade vessel insured under Section 2 of the <i>Certificate</i> while such vessel is afloat, which shall, while it is afloat, be insured under Section 7 of these Clauses.
<i>Vessel under Construction</i>	Means the <i>Vessel under Construction</i> (as described by its build number or name in Section 5 of the <i>Certificate</i>) which is the subject matter of insurance under Section 5 of <i>this insurance</i> and which comprises and includes (unless the <i>Certificate</i> expressly states to the contrary) hull and machinery, materials, equipment, outfit, fixtures, components and everything connected with or allocated to all or any of the <i>Vessels under Construction</i> by <i>you</i> as part of <i>your Insured Activities</i> , whether or not any such property has been placed on board, forms part of or is incorporated in or attached to the <i>Vessel under Construction</i> , but it excludes <i>your Insured Premises</i> , any owned or leased land or <i>building</i> or any facility, plant, moulds, plans, tools or equipment owned by <i>you</i> .
<i>Yard</i>	The location specified as the <i>Yard</i> in Section 5 of <i>your Certificate</i> where construction of the <i>Vessel under Construction</i> will take place.

We, our, ours, us Refers to the Insurers named in the *Certificate*.

You, your, yours Refers to the Insured(s) named in the *Certificate*.

MARINA INSURANCE CLAUSES

1 THIRD PARTY LIABILITY

- 1.1 We will indemnify *you*, up to the amount of the *Third Party Liability Limit*, for any sums which *you* are legally liable to pay and shall pay to *Third Parties* for any claim for damages or expenses made in consequence of physical loss of or physical damage to property, personal injury or loss of life, **provided that the occurrence giving rise to such legal liability occurs during the *Period of Insurance* and arises from the provision of your *Insured Activities*, subject to the terms, conditions and exclusions of *this insurance*.**
- 1.2 **Subject to the terms, conditions and exclusions of *this insurance*** we will also indemnify *you* for the following arising from an accident or occurrence during the *Period of Insurance*:
- 1.2.1 the reasonable expenses of the removal of the wreck of the *Vessel* from any place owned, leased or occupied by *you*;
- 1.2.2 legal costs incurred by *you* in avoiding, minimising or contesting liability (including proceedings before a fatal accident inquiry held by the authorities) arising out of or in connection with an accident covered by Section 1 of *this insurance* and not excluded by any provision of *this insurance* provided that *our* prior written consent for the incurring of those legal costs has been obtained (the granting of which is in *our* sole discretion).

THIRD PARTY LIABILITY EXTENSIONS

We will extend *your insurance* under Clauses 1.1 and 1.2 above in respect of the following extension(s) provided that Section 1 of the *Certificate* specifies that *you* are so insured:

1.3 Products Liability Extension

We will indemnify *you* up to the *Third Party Liability Limit* for legal liabilities incurred to *Third Parties* as a result of defective goods or products sold or supplied by *you* in the course of providing the *Insured Activities*.

1.4 Marina Operator's Liability Extension

We will indemnify *you* up to the *Third Party Liability Limit* for legal liabilities incurred to *Third Parties* as a result of *your* activities as a marina operator including but not limited to the following: the storage, mooring, berthing, lifting, launching or fuelling of vessels while in *your* care, custody or control at the *Insured Premises*.

1.5 Boat Repairer's Liability Extension

We will indemnify *you* up to the *Third Party Liability Limit* for legal liabilities incurred to *Third Parties* as a result of *your* activities as a boat repairer which includes physical loss of or damage to any vessel belonging to a *Third Party*:-

1.5.1 which is in *your* care, custody or control at the *Insured Premises* for the purpose of being worked upon by *you* or *your* subcontractors. This cover will also apply to such vessels being shifted or moved by *you* or *your* competent *Employee* within the limits of the port at which the work is being carried out, including *trials* **but not exceeding 100 miles from such port**; or

1.5.2 upon which *you* or *your* subcontractors are working, **except vessels which are both afloat and underway unless while on trials.**

1.6 Pollution Liability Extension

1.6.1 We will indemnify *you* for legal liabilities incurred to *Third Parties* by reason of pollution or contamination **but only where all of the following conditions are shown by *you* to have been met:**

1.6.1.1 **the pollution or contamination was caused by an event;**

1.6.1.2 **the event first commenced on an identified specific date during the *Period of Insurance*;**

1.6.1.3 **the event was first discovered by *you* within 72 hours of such first commencement;**

1.6.1.4 **written notification of the event was first received from *you* by *us* within 90 days of *your* first discovery of the event;**

1.6.1.5 **the event was neither expected nor intended by *you*; and**

1.6.1.6 **the event did not result from *your* intentional violation or disregard of any statute, rule, ordinance or regulation.**

1.6.2 But in no case shall *this insurance* cover any actual or alleged legal liability:

1.6.2.1 for the failure to evaluate, monitor, control, remove, nullify and/or clean-up seeping, polluting or contaminating substances to the extent that such liability arises solely from any obligations imposed by any statute, rule, ordinance, regulation or imposed by contract;

1.6.2.2 for the failure to abate or investigate any threat of seepage onto or pollution or contamination of the property of a *Third Party*;

1.6.2.3 for seepage pollution or contamination of property which is or was, at any time, owned, rented or occupied by *you*, or which is or was, at any time, in *your* care, custody or control (including the soil, minerals, water or any other substance on, in or under such owned, leased, rented or occupied property or property in such care, custody or control);

1.6.2.4 arising out of the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances, or arising out of such waste materials during transportation;

1.7 **Exclusions relating to Section 1**

Section 1 does not cover *you* for any legal liability, cost, expense or claim:

1.7.1 that is excluded under Section 11 (General Exclusions) of *this insurance*;

1.7.2 arising from the dumping of spoil;

1.7.3 in respect of *your* management or operation of any aircraft, hovercraft, helicopter, seaplane or any other airborne craft or any air strip, area or building upon which such craft land or manoeuvre or in which they are housed, maintained or repaired;

- 1.7.4 in respect of the use of any power operated lifting equipment, cranes, travel hoists and similar equipment unless it is specified in Section 1 of the *Certificate*;
- 1.7.5 in respect of the management, navigation or operation of any vessel or craft on the water in which *you* have an interest as owner, charterer or managers or in respect of any act, omission, event or accident which might otherwise be the subject of insurance under Section 5 (*Vessels under Construction*) or Section 7 (*Vessels*), but this Clause 1.7.5 shall not prevent *you* claiming under these Sections 5 and 7 where *you* have such insurance cover;
- 1.7.6 in connection with any salvage operation;
- 1.7.7 in respect of the ownership or operation of any vehicle which is required by law to be licensed for use on any road;
- 1.7.8 for any costs of replacing, recalling, making good, repairing or reinstating goods or products sold or supplied or repairs or workmanship undertaken by *you* or *your* subcontractors;
- 1.7.9 arising under a penalty clause or contractual clause of any agreement entered into by *you* relating to payments under penalty clauses, detention, demurrage, loss of time, loss of freight, loss of charter, loss of market or any other consequential loss;
- 1.7.10 which *you* incur which falls within the scope of the insurance provided for under Section 1.3 (Products Liability Extension), Section 1.4 (Marina Operator's Liability Extension) or Section 1.5 (Boat Repairer's Liability Extension), unless Section 1 of the *Certificate* specifies that *you* are insured under such Section;
- 1.7.11 which *you* incur which results from pollution or contamination, unless Section 1 of the *Certificate* specifies that *you* are insured under Section 1.6 (Pollution Liability Extension) in which case you will be insured in accordance with the provisions of Section 1.6.

2 BUILDINGS & CONTENTS

2.1 You are insured against physical loss of or physical damage to the *buildings* and *contents* specified in Section 2 of the *Certificate* if they are accidentally lost, stolen, destroyed or damaged during the *Period of Insurance* other than by an excluded cause.

2.2 Excluded Property under Section 2

You are not insured under this Section 2 against loss of or damage to any of the following EXCLUDED PROPERTY:-

- 2.2.1 property in transit, vessels afloat, goods held in trust or on commission, documents, business books, computer systems, records, patterns, models, moulds, plans, designs or explosives, rent payable and rent receivable, unless Section 2 of the *Certificate* specifies that such item of property is insured by us under this section 2;
- 2.2.2 vehicles required by law to be licensed for road use (including accessories thereon), caravans, trailers, railway locomotives, rolling stock, aircraft or airborne craft of any description;
- 2.2.3 property or structures in the course of construction or erection and materials or supplies in connection with such property;
- 2.2.4 land, roads, pavements, piers, quays, jetties, pontoons, bridges, culverts or excavations;
- 2.2.5 livestock, growing crops or trees;
- 2.2.6 the costs of reinstating computer data, unless daily backup data has been safely stored at a separate location at least 15 kilometres away.

2.3 Excluded Causes Under Section 2

You are not insured under this Section 2 against loss or damage caused by any of the following EXCLUDED CAUSES:-

- 2.3.1 any cause excluded under Section 11 (General Exclusions) of these Clauses;

- 2.3.2 faulty or defective design, materials or workmanship, inherent vice, latent defect or frost;
- 2.3.3 theft, malicious damage or any attempted theft of or attempted malicious damage to property unless such property is contained in a securely locked *building or compound* and there are visible signs of forcible and violent entry to or exit from such *building or compound*;
- 2.3.4 disappearance, unexplained or inventory shortage, misfiling or misplacing of information;
- 2.3.5 explosion occasioned by the bursting of a boiler (not being a boiler used for domestic purposes only), economiser or other vessel, machine or apparatus in which internal pressure is due to steam only and which belongs to *you* or is under *your* control;
- 2.3.6 cracking, fracturing, collapse or overheating of boilers, economisers, vessels, tubes or pipes, nipple leakage and/or the failure of welds of boilers;
- 2.3.7 bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes in *buildings* which are empty or disused;
- 2.3.8 the collapse or cracking of *buildings*, normal settlement or bedding down of new structures;
- 2.3.9 wind, rain, sleet, snow, flood or dust causing loss or damage to moveable property in the open or to fences or gates.

3 TRAVEL HOISTS, LIFTING AND HANDLING EQUIPMENT

3.1 *You* are insured up to the limit of indemnity specified in *Certificate* against physical loss of or damage to the travel hoists, lifting and *handling equipment* as specified in Section 3 of the *Certificate* and used in the provision of *your Insured Activities* caused during the *Period of Insurance* and which arises from any accidental cause, theft, or the negligent or malicious act of any person **provided that such negligent or malicious act and the loss or damage resulting therefrom shall both occur during the *Period of Insurance*, subject to the terms, conditions and exclusions of *this insurance*.**

3.2 **Subject to the terms, conditions and exclusions of *this insurance*** *you* are also insured against *your* liability for daily lease charges in respect of a travel hoist or an item of lifting or *handling equipment* leased to *you* where such charges are incurred by *you* in consequence of an *Insured Event* which:

3.2.1 by rendering the item an actual or constructive total loss, prevents its redelivery to the lessor by the original intended redelivery date; or

3.2.2 by reason of *your* obligation to effect repairs, delays such redelivery,

provided that *our* limit of liability for claims under Clause 3.2 is the amount of daily lease charges incurred by *you* in respect of the lost or damaged leased item for a maximum of 30 days from and including the original intended redelivery date.

3.3 Exclusions relating to Section 3

***You* are not insured under this Section 3 against loss, damage, expenditure or claim;**

3.3.1 **that is excluded under Section 11 (General Exclusions) of these Clauses;**

3.3.2 **for the cost of remedying or repairing defects in design or manufacture;**

3.3.3 **in respect of an expendable, consumable or replaceable part unless the cause of such loss or damage was independent of such part**

- 3.3.4 arising from experiments or overload or similar tests requiring the imposition of abnormal conditions unless carried out to comply with statutory regulations;
- 3.3.5 arising from the execution of any modification, unless previously approved of in writing by the manufacturer;
- 3.3.6 arising from erection, dismantling or re-erection of the travel hoist or item of lifting or *handling equipment* other than in the course of inspection, maintenance or repair;
- 3.3.7 arising from mysterious disappearance, unexplained loss or loss upon taking inventory of spare parts, accessories or plant, tools or materials for maintenance or repair of a travel hoist, an item of lifting or *handling equipment*;
- 3.3.8 arising from destruction or damage by or under the order of any governmental or local authority.

4 PIERS AND PONTOONS ETC

4.1 You are insured against physical loss of or damage to the *Marine Installations* up to the specified limits of their *Insured Value* as set out in Section 4 of the *Certificate* caused by any of the following perils during the *Period of Insurance*, **subject to the terms, conditions and exclusions of *this insurance***:-

4.1.1 storm;

4.1.2 flood;

4.1.3 fire or lightning;

4.1.4 collision with or impact by any vessel, vehicle, railway locomotive, aircraft or anything dropped therefrom;

4.1.5 explosion;

4.1.6 earthquake or volcanic eruption;

4.1.7 accidents in loading, discharging or moving stores, gear, equipment, machinery or fuel at the *Insured Premises*;

4.1.8 malicious acts;

provided such loss or damage has not resulted from the want of due diligence by you or your managers.

4.2 **Subject to the terms, conditions and exclusions of *this insurance* and** in addition to the insurance under Clause 4.1 above, you are also insured up to a limit of £5,000 (five thousand Pounds Sterling) (or the equivalent amount in another currency) against the fair and *reasonable costs* and expenses, incurred in cleaning the *Marine Installations* specified in Section 4 of the *Certificate*, which have been affected by the accidental spillage of, or contamination or pollution by oil and fuel arising from any one accident or a series of accidents arising from the same event, without application of the *deductible* specified in Section 4 of the

Certificate, provided that such a spillage, contamination or pollution has not resulted from the want of due diligence by you or your managers.

The exclusions pertaining to contamination, change in colour, flavour, texture or finish in Clause 11.2.1 shall not apply to this Clause 4.2.

4.3 **Exclusions relating to Section 4**

You are not insured under this Section 4 for any loss, damage, expenditure or claim:

- 4.3.1 **that is excluded under Section 11 (General Exclusions) of these Clauses;**
- 4.3.2 **arising from inherent vice or latent defect;**
- 4.3.3 **arising from ice damage, frost, freezing or thawing;**
- 4.3.4 **in respect of any insured *Marine Installation* in the course of construction, erection, dismantling or re-erection other than in the course of inspection, maintenance, repair or removal to another working position in the port, marina, terminal or depot where the *Marine Installation* is located;**
- 4.3.5 **in respect of remedying a fault in design, materials, manufacture or construction or any cost or expense incurred by reason of betterment or alteration in design or construction.**

5 VESSELS UNDER CONSTRUCTION

- 5.1 You are insured against all risks of physical loss of or damage to the *Vessel under Construction* caused and discovered during the *Period of Insurance*, arising from any accidental cause, theft or the negligent or malicious act of any person **provided that such negligent or malicious act and the loss or damage resulting therefrom both occur during the *Period of Insurance*, subject always to the terms, conditions and exclusions of *this insurance*.**
- 5.2 **Subject to those terms, conditions and exclusions *this insurance* also covers:**
- 5.2.1 the cost of repairing, replacing or renewing any defective part condemned solely in consequence of discovery therein during the *Period of Insurance* of a latent defect. **In no case shall *this insurance* cover the cost of renewing faulty welds.**
- 5.2.2 physical loss of or damage to the *Vessel under Construction* caused and discovered during the *Period of Insurance* arising from faulty design of any part or parts of the *Vessel under Construction*, **but in no case shall *this insurance* extend to cover the cost of repairing, replacing or renewing such part or parts nor any cost or expense incurred by reason of betterment or alteration in design;**
- 5.2.3 physical loss of or damage to the *Vessel under Construction* caused by any governmental authority acting under the powers vested in it to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the *Vessel under Construction* which is recoverable under *this insurance*, **provided that such governmental action or such hazard or threat does not result from *your or your managers'* want of due diligence;**
- 5.2.4 in the case of the failure of a launching operation of the *Vessel under Construction*, all subsequent costs of completing the launching operation;
- 5.2.5 the *reasonable cost* of salvage of the *Vessel under Construction* properly and reasonably incurred by you in preventing a loss which may be recoverable under *this insurance*;

5.2.6 the cost of inspecting the bottom of the *Vessel under Construction* after a grounding, if reasonably incurred specially for that purpose, even if no damage is found.

5.3 **Third Party Liability**

5.3.1 We will indemnify *you* for any sums which *you* are legally liable, as owner of the *Vessel under Construction*, to pay and shall pay to a *third party* for any claim for damages or expenses where such liability is in consequence of physical loss of or damage to property or personal injury or loss of life **provided that the accident giving rise to such legal liability and the physical loss of or damage to property or personal injury or loss of life both occur during the *Period of Insurance*, subject always to the terms, conditions and exclusions of *this insurance*.**

5.3.2 **Subject to the terms, conditions and exclusions of *this insurance*** we will also indemnify *you* for the following arising from an accident during the *Period of Insurance*:

5.3.2.1 the reasonable expenses of the removal of the wreck of the *Vessel under Construction* from any place owned, leased or occupied by *you*;

5.3.2.2 reasonable legal costs incurred by *you* in avoiding, minimising or reasonably contesting liability (including proceedings before a fatal accident inquiry held by the authorities) arising out of or in connection with an accident covered by Section 5.3 of *this insurance* and not excluded by any provision of *this insurance* provided that *our* prior written consent has been obtained (the granting of which is in *our* sole discretion).

5.4 **Section 5.3 does not cover *you* for any liability, cost, expense or claim:**

5.4.1 **that is excluded under Clause 5.8 and/or Section 11 of *this insurance*;**

5.4.2 **for cash, negotiable instruments, precious metals or stones, jewellery, valuables, objects of a rare or precious nature or personal effects on board the *Vessel under Construction*;**

5.4.3 **for property which is onboard the *Vessel under Construction*, owned or leased by *you* or *your* subcontractors, or for which *you* or they are responsible;**

5.4.4 **arising in respect of pollution or contamination of any real or personal property or thing whatsoever.**

5.5 Where *you* or *we* may or could have limited liability, the indemnity under Section 5.3 in respect of such liability shall not exceed *our* proportionate part of the amount of such limitation.

5.6 *Our* maximum indemnity under Section 5.3 of *this insurance* for any one accident or a series of accidents arising from the same event shall be the *Third Party Liability Limit*.

5.7 In the event that more than one company and/or individual is specified as an Insured in the *Certificate*, *our* maximum liability under Section 5.3 of *this insurance* for *Third Party Liability* for each accident or series of accidents arising from the same event that may be recovered under *this insurance* shall not exceed the *Third Party Liability Limit*.

5.8 **Exclusions relating to Section 5**

You are not insured under Section 5 for any loss, damage, liability, expense or claim:

5.8.1 **excluded under Section 11 (General Exclusions) of these Clauses;**

5.8.2 **arising from an earthquake or volcanic eruption.**

5.9 **Termination of cover provided by Section 5 of *this insurance***

the cover provided by Section 5 of this insurance shall terminate upon earliest of the following:-

5.9.1 the expiry of or termination of the *Period of Insurance*;

5.9.2 upon delivery by the Builder of the *Vessel under Construction* to the Owner and acceptance thereof by the Owner; or

5.9.3 cancellation of *this insurance* by *us* under Clause 12.16.

5.10 **Geographical Limits And Use**

5.10.1 The *Vessel under Construction* is only covered while ashore at the *Yard*, the *Alternative Construction Premises*, in transit between such locations or at the port where the *Vessel under Construction* is launched. Any other transit will only be covered if *you* have obtained *our prior written approval* and *you* have agreed to pay any additional premium *we* may require for that cover.

5.10.2 The *Vessel under Construction* is only covered while afloat at the *Yard*, the *Alternative Construction Premises* or at the port where the *Vessel under Construction* is launched with leave to navigate under her own power within a distance by water of 250 nautical miles of such locations for the purpose of fitting out, mooring, *Trials* or delivery.

5.10.3 Any movement of the *Vessel under Construction* in tow outside of the *Yard*, the *Alternative Construction Premises* or the port where the *Vessel under Construction* is launched will only be covered if *you* have obtained *our prior written approval* and *you* have agreed to pay any additional premium *we* may require.

5.10.4 The *Vessel under Construction* shall not be used afloat for any purposes other than fitting out, mooring, *Trials* or delivery within a distance by water of 250 nautical miles of the port where the *Vessel under Construction* is launched unless *you* have obtained *our prior written approval*.

5.10.5 The *Vessel under Construction* is only covered while she is underway when she is properly manned and under the control of a competent skipper, having due regard to all circumstances.

5.11 **Declaration of Building Cost**

5.11.1 Unless Section 5 of *your Certificate* specifies to the contrary, at the end of every month during the *Period of Insurance* you must send *us* a written Declaration of Building Cost signed and dated by *you*.

5.11.2 The Declaration of Building Cost must specify, as at the date of signature thereof, the total amount of the cost of labour and materials charged by the Builder to the Owner as well as the cost of any equipment allocated to *the Vessel under Construction* by *you*.

5.11.3 If *we* also require, *you* must provide *us* with records detailing the charges and expenditure in support of any Declaration of Building Cost submitted to *us* by *you*.

5.11.4 In the event that the total amount specified in a Declaration of Building Cost exceeds the *Provisional Contract Value*, *we* will hold *you* covered on the amount specified in such Declaration of Building Cost, provided that *you* pay *us* any additional premium *we* may require.

5.12 **Amount Recoverable**

5.12.1 The maximum amount of *our* total liability under Sections 5.1 and/or 5.2 of *this insurance* for any one accident or series of accidents arising from the same event, shall be the *reasonable cost* of repairs necessary to re-instate the *Vessel under Construction* to its pre-accident condition, but not exceeding under any circumstances the lesser of the following:-

5.12.1.1 the actual re-building cost of the *Vessel under Construction* at the date of the accident;

5.12.1.2 the total of the amount of the building costs stated in the last Declaration of Building Costs submitted to *us* by *you* prior to the incident giving rise to

the loss or damage to the *Vessel under Construction*, plus 10% of such declared value of building costs; or

- 5.12.1.3 the replacement cost of the *Vessel under Construction* at the date of the accident,

provided that if the *Provisional Contract Value* specified on the *Certificate* is less than what the final value would have been upon completion, then the amount *we* will pay *you* will be reduced proportionately.

- 5.12.2 *Our* maximum indemnity under Section 5.3 of *this insurance* for any one accident or a series of accidents arising from the same event shall be the *Third Party Liability Limit* stated in Section 5 of the *Certificate*.

- 5.12.3 In the event that more than one company and/or individual is specified as the Insured in the *Certificate*, *our* maximum liability under Section 5 of *this insurance* for *Third Party Liability* for each accident or series of accidents arising from the same event that may be recovered under *this insurance* shall not exceed the *Third Party Liability Limit* stated in Section 5 of the *Certificate*.

6.1 **Subject to the terms, conditions and exclusions of *this insurance*** you are insured up to the Limit of Liability specified in Section 6 of the *Certificate* against loss of Gross Profit incurred by you as a result of the interruption of or interference to your *Insured Activities*, due to :-

6.1.1 Reduction in Turnover; and

6.1.2 Increase in Cost of Working

Provided that :-

- i) **such interruption or interference arises as a result of physical loss or physical damage to property (hereinafter referred to as Damage) at your *Insured Premises*;**
- ii) **at the time of the Damage, we insure your property at the *Insured Premises* and such Damage is recoverable under a Section number specified in Section 6 of the *Certificate*;**
- iii) **payment for such Damage shall have been made by us or admitted in writing by us to be due and payable;**

6.2 The amount payable as indemnity shall be:-

6.2.1 in respect of Reduction in Turnover: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall fall short of the Standard Turnover in consequence of the Damage,

6.2.2 in respect of Increase in Cost of Working: the additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover, which but for that expenditure would have occurred during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided,

less, in each case, any sum saved during the Indemnity Period in respect of such of the charges and expenses of *your* business payable out of Gross Profit as may cease or be reduced in consequence of the Damage,

6.3 **Underinsurance**

If the sum insured under Section 6 be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

6.4 **Definitions Solely for the Purposes of this Section 6**

6.4.1 **Indemnity Period**

The period beginning with the occurrence of the Damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the Business are affected in consequence of the Damage.

6.4.2 **Maximum Indemnity Period**

As specified in Section 6 of the *Certificate*.

6.4.3 **Turnover**

The money paid or payable to *you* for goods sold and delivered and for services rendered in course of the provision of the *Insured Activities* at the *Insured Premises*.

6.4.4 **Gross Profit**

the amount by which:-

- (i) the sum of the amount of the Turnover and the amounts of the closing stock and work in progress shall exceed

- (ii) the sum of the amounts of the opening stock and work in progress and the amount of the uninsured working expenses.

6.4.5 Estimated Gross Profit

The amount specified in Section 6 of the *Certificate*, which is the amount declared by *you* to *us* as representing not less than the Gross Profit which it is anticipated will be earned by *you* in providing the *Insured Activities* during the financial year most nearly concurrent with the *Period of Insurance* or a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months.

Note: The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with *your* normal accountancy methods, due provision being made for depreciation.

Note: The words and expression used in this definition shall have the meaning usually attached to them in *your* books and accounts.

6.4.6 (i) Rate of Gross Profit

The Rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage.

(ii) Standard Turnover

The turnover during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.

Adjustments shall be made by *us* to the Rate of Gross Profit and Standard Turnover as may be necessary to provide for the trend of the *Insured Activities* and for variations in or other circumstances affecting the *Insured Activities* either before or after the Damage or which would have affected the *Insured Activities* had the Damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

Note 1: To the extent that *you* are accountable to the tax authorities for the Value Added Tax (or the equivalent tax) all terms in this Section 6 shall be exclusive of such tax.

Note 2: For the purpose of these definitions any adjustment implemented in current cost accounting shall be disregarded.

6.5 **Alternative Trading**

If during the Indemnity Period, the *Insured Activities* shall be rendered elsewhere than at the *Insured Premises* for *your* benefit either by *you* or by others on *your* behalf, the money paid or payable in respect of such services shall be brought into account in arriving at the Turnover during the Indemnity Period.

6.6 **Limit of Liability**

Our liability under this Section 6 shall not exceed the Estimated Gross Profit as specified in Section 6 of the *Certificate* at the time of the Damage.

6.7 **Professional Accountants**

Any particulars or details contained in *your* books of account or other business books or documents which may be required by *us* for the purpose of investigating or verifying any claim under this Section 6 may be produced by professional accountants if at the time they are regularly acting as such for *you* and their report shall be a prima facie evidence of the particulars and details to which such report relates.

We will pay the reasonable charges payable by *you* to *your* professional accountants for producing such particulars or details provided that the sum of the amount payable under this Section 6.7 and the amount otherwise payable under this Section 6 shall in no case exceed the Limit of Liability specified on the *Certificate*.

6.8 **Payments On Account**

The decision to make payments on account to *you* during the Indemnity Period rests solely with *us*.

6.9 **Exclusions relating to Section 6**

This Section 6 does not insure *you* against business interruption :-

- 6.9.1 that is excluded under Section 11 (General Exclusions) of these Clauses;
- 6.9.2 if *you* are subject to any provisional or final order relating to bankruptcy, receivership, liquidation or *you* enter a composition with *your* creditors or *your* business providing the *Insured Activities* is discontinued at any time after the commencement of *this insurance*, unless specified to the contrary in Section 6 of the *Certificate*;
- 6.9.3 from loss due to theft of property.

7.1 Physical Damage

- 7.1.1. You are insured against all risks of physical loss of or damage to the *Vessel* caused during the *Period of Insurance* by any accidental cause, theft, latent defect in the *Vessel* (but excluding the costs and expense of repairing or replacing the defective part) or the negligent or malicious act of any person **provided that such negligent or malicious act and the loss or damage arising therefrom both occur during the *Period of Insurance*, subject always to the terms, conditions and exclusions of *this insurance*.**

Subject to those terms, conditions and exclusions *this insurance* also covers:

7.1.2 Pollution Hazard

Physical loss of or damage to the *Vessel* caused by any governmental authority acting under the powers vested in it to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the *Vessel* which is recoverable under *this insurance*, **provided that such governmental action or such hazard or threat does not result from *your or your managers'* want of due diligence.**

7.1.3 Inspection after Grounding

The *reasonable cost* of inspecting the bottom of the *Vessel* after a grounding, if reasonably incurred specifically for that purpose, even if no damage is found.

7.1.4 Salvage

The *reasonable cost* of salvage of the *Vessel* which is properly and reasonably incurred by *you* in preventing or minimising a loss which may be recoverable under *this insurance*.

7.1.5 Transit Extension

We will extend *your* insurance in respect of this extension where Section 7 of the *Certificate* specifies that *you* are so insured:

7.1.5.1 *You* are insured for physical loss of or damage to the *Vessel* caused by an *insured event* in terms of Clause 7.1.1 and 7.1.2 above while the *Vessel* is in transit by road, rail, car ferry or air on journeys which start and finish on land immediately next to the Navigation Limits set out in Section 7 of the *Certificate* and during loading and unloading of the *Vessel* from the conveyance.

7.1.5.2 **We will not pay claims in respect of scratching, bruising and/or denting arising during transit covered by this Clause 7.1.5 or for any liability to any *third party*, howsoever arising.**

7.1.5.3 If the *Vessel's* length overall is 10 metres or more, *this insurance* is restricted to inland transits by road not exceeding 20 kilometres and every transit (including loading or unloading) shall be conducted by a professional haulier failing which no claim will be payable for loss or damage in transit.

7.2 **Third Party Liability**

7.2.1 *We* will indemnify *you* for any sums which *you* are legally liable, by reason of ownership of the *Vessel*, to pay and shall pay to *third parties* for any claim for damages or expenses where such liability is in consequence of physical loss of or damage to property or personal injury or loss of life **provided that the accident giving rise to such legal liability occurs during the *Period of Insurance*, subject always to the terms, conditions and exclusions of *this insurance*.**

7.2.2 **Subject to those terms, conditions and exclusions** we will also indemnify *you* for the following:

7.2.2.1 **Wreck Removal and Disposal**

The reasonable expenses of the removal of the wreck of the *Vessel* from any place from which *you* become legally obliged to remove her and the *reasonable cost* of disposing of the wreck;

7.2.2.2 **Legal Costs**

Legal costs incurred by *you* in avoiding, minimising or reasonably contesting liability (including proceedings before a fatal accident inquiry held by the authorities) arising out of or in connection with an accident covered by Section 7.2 of *this insurance* and not excluded by any provision of *this insurance* provided that *our* prior written consent to the incurring of those legal costs has been obtained (the granting of which is in *our* sole discretion).

7.2.3 The protection of this Section 7.2 shall, **subject to the terms, conditions, warranties and exclusions of *this insurance***, extend to anyone in control of the *Vessel* with *your* prior permission other than a

person operating or employed by the operator of any boat yard, repair facility, marina, yacht club, slipway, sales agency, delivery business or similar organisation.

7.2.4 Section 7.2 does not cover *you* for:-

7.2.4.1 any liability or claim excluded under Clause 7.3 or Section 11 of *this insurance*;

7.2.4.2 any liability to *you* or any person afforded the protection of this Section 7.2;

7.2.4.3 for legal liability incurred to any *third party* while the *Vessel* is being towed or transported on land;

7.2.4.4 any legal liability incurred to any person engaged in water-skiing, bare-foot skiing, aqua-planing, parascending, hydro-planing or any similar activity while they are under tow of the *Vessel* or preparing or intended to be, nor for legal liability incurred by any person engaged outside the *Vessel* in any of these activities;

7.2.4.5 legal liability incurred to or by any person engaged in scuba diving from the *Vessel*.

7.2.5 Our maximum indemnity under Section 7.2 of *this insurance* for any one accident or a series of accidents arising from the same event shall be the *Third Party Liability Limit* specified in Section 7 of the *Certificate*.

7.2.6 In the event that more than one individual and/or company is specified as the Insured in the *Certificate*, our maximum liability under Section 7.2 of *this insurance* for *Third Party Liability* for each accident or series of accidents arising from the same event that may be recovered under *this insurance* shall not exceed the *Third Party Liability Limit* specified in Section 7 of the *Certificate*.

7.3 Exclusions relating to Section 7

***You* are not insured in respect of any claim in respect of:-**

7.3.1 that is excluded under Section 11 (General Exclusions) of these Clauses;

- 7.3.2 loss or damage resulting from frost, unless all reasonable precautions have been taken;
- 7.3.3 the cost of remedying a fault or error in design or construction or any cost incurred by reason of betterment or alteration in design or construction;
- 7.3.4 the cost of making good any defect resulting from any repair, alteration or maintenance work carried out on the *Vessel*;
- 7.3.5 loss or damage caused by the failure of or degradation to the gelcoat, barrier coating or hull sheathing;
- 7.3.6 loss of or damage to protective covers or to sails split by the wind or blown away;
- 7.3.7 loss of or damage to sails, masts, spars or standing and running rigging or anything attached thereto while the *Vessel* is racing;
- 7.3.8 loss of or damage to engines, gear boxes, machinery and electrical equipment and installations caused by:-
 - 7.3.8.1 latent defects in the *Vessel* or breakage of shafts;
 - 7.3.8.2 the negligence of any person whatsoever;
 - 7.3.8.3 heavy weather unless the loss or damage is caused by the *Vessel* being immersed. (This Clause 7.3.8.3 shall not exclude loss or damage caused by the *Vessel* being stranded or in collision or in contact with another vessel, pier or jetty.)
- 7.3.9 theft or unauthorised removal or appropriation of the *Vessel* by anyone who has control of the *Vessel* with *your* permission other than *your* permanent professional skipper or crew;
- 7.3.10 theft of any outboard unless it is secured to the *Vessel* by an appropriate anti-theft device in addition to its normal operating mounting and there are visible signs of violent forcible removal, or it is stolen from a locked cabin or locked storage compartment following violent forcible entry into the *Vessel* or place of storage;

- 7.3.11 theft of any of the *Vessel's* gear or equipment unless following violent forcible entry into a locked cabin or locked storage compartment, on board or ashore;
- 7.3.12 theft or loss of any boat or tender to the *Vessel* unless permanently marked with the *Vessel's* name or registration number;

IN ADDITION WHERE THE MAXIMUM DESIGNED OR ACTUAL MAXIMUM SPEED OF THE *VESSEL* OR ITS BOAT(S) UNDER ENGINE POWER EXCEEDS 17 KNOTS (20 M.P.H.) no claims shall be allowed in respect of :

- 7.3.13 loss, damage, liability or expense arising from the *Vessel* or boat(s) being stranded, sunk, swamped, immersed or breaking adrift while left moored or anchored unattended off a beach or shore;
- 7.3.14 loss, damage, liability or expense while the *Vessel* or boat(s) is, with *your* or *your managers'* knowledge, under the control of anyone under the influence of drink or drugs;
- 7.3.15 loss, damage, liability or expense arising while the *Vessel* or boat(s) is taking part in racing, speed tests or any *trials* in connection therewith;
- 7.3.16 loss or damage to any rudder, strut, outdrive, shaft or propeller unless caused by contact with another vessel, a pier or jetty or unless the *Vessel* or boat(s) is sunk or immersed in circumstances not excluded under Clause 7.3.13;
- 7.3.17 loss, damage or liability or expense caused by or arising through fire or explosion on board the *Vessel* or boat(s) if it has an engine room or engine space, unless the engine room or engine space is fitted with a fire extinguishing system which operates automatically or has controls at the steering position or outside and adjacent to the engine room or engine space and the galley is equipped with adequate fire extinguishing apparatus and such fire extinguishing system(s) and apparatus are properly installed and maintained in efficient working order and regularly serviced in accordance with the manufacturer's recommendations.

7.4 Navigation and Use

- 7.4.1 The *Vessel* is covered while within the Navigation Limits specified in Section 7 of the *Certificate* while anchored, moored or navigating, including while aground at her customary berth, at a place of storage ashore, including lifting out and launching, while being moved within a shipyard or marina, while being dismantled, fitted out, refitted, overhauled, undergoing normal maintenance or survey, **but not while being used as a houseboat or undergoing major repair or alteration.** Subject to the

exclusions in Clause 7.3, the *Vessel's* gear and equipment are covered whether on board the *Vessel* or not, while in transit to and from place of storage ashore and while in storage ashore.

- 7.4.2 The *Vessel* is only covered while she is underway when she is properly manned and under the control of a competent skipper, having due regard to all circumstances.

7.5 **Amount Recoverable**

- 7.5.1 The *Insured Value* of the *Vessel* specified in Section 7.1 the *Certificate* will be the maximum amount of *our* liability under Section 7.1 of *this insurance*.
- 7.5.2 If as a result of an *insured event* the *Vessel* is totally lost (an Actual Total Loss) or is so badly damaged that the *reasonable cost* of repairing the *Vessel* would exceed its *Insured Value* (a Constructive Total Loss), *we* will, after taking into account the *deductible*, either pay *you* the *Insured Value* or, at *our* option, replace her with a vessel of similar type and in equivalent condition.
- 7.5.3 In any other case where the *Vessel* is damaged as a result of an *insured event* *we* will pay the *reasonable cost* of repairing the *Vessel*, or at *our* option, replace any individual item lost or damaged with an item similar type and in equivalent condition.
- 7.5.4 *We* may, at *our* discretion, make a deduction (in addition to applying the *deductible*) for all claims for loss or damage to sails, protective covers, standing or running rigging or outboard motors not exceeding one third of the cost of repair or replacement.
- 7.5.5 *Our* maximum indemnity under Section 7.2 of *this insurance* for any one accident or a series of accidents arising from the same event shall be the *Third Party Liability Limit* specified in Section 7 of the *Certificate*.
- 7.5.6 In the event that more than one company and/or individual is specified as an Insured in the *Certificate*, *our* maximum liability under Section 7.2 of *this insurance* for *Third Party Liability* for each accident or series of accidents arising from the same event that may be recovered under *this insurance* shall not exceed the *Third Party Liability Limit* specified in Section 7 of the *Certificate*.

8. GOODS IN TRANSIT

8.1 We will by payment or at our option by reinstatement or repair indemnify *you* against loss or damage to the *Property* in transit by the means specified in the *Certificate* (including loading and unloading and temporary housing in the course of transit) anywhere within agreed limits excluding whilst at the *Insured Premises* when such *Insured Premises* are closed for business unless specifically mentioned by this cover.

8.2 Exclusions to Section 8

This cover excludes

8.2.1 loss or damage due to vermin, insects, mildew, rust, depreciation, deterioration or changes brought about by natural causes.

8.2.2. consequential loss, delay, loss or market or other consequential loss of any kind.

8.2.3 Special Property

a) cash bank and currency notes cheques coins stamps securities for money or other negotiable instruments

b) jewellery watches precious metals precious stones or articles composed of any of them furs or livestock unless specifically mentioned as insured by this cover

c) any *Property* carried by the Insured for hire or reward.

8.2.4 Packing loss or damage caused by or attributable to default in packing or incorrect or insufficient addressing.

8.2.5 the amount stated in the *Certificate* as the *your Deductible* under Section 8.

8.2.6 loss or damage caused by scratching, denting or bruising during the normal course of transit.

Limits of Liability

The liability of this cover shall not exceed the limits of liability stated in Section 8 of the *Certificate*.

Clauses

This cover includes

8.3.1 Packing Materials Sheets Ropes and Chains - loss or damage to packing materials protective sheeting ropes and chains which are your property and whilst in transit on your vehicles within specified geographical limits up to an amount not exceed £2,000 (or the equivalent sum in another currency) for any one event. This clause shall not apply in respect of wear or tear or gradual deterioration.

8.3.2 Additional Costs additional costs necessarily incurred in

8.3.2.1 transferring the Property to any other vehicle and carrying to original destination or to place of collection consequent upon fire or collision or overturning of any of your vehicle within specified geographical limits

8.3.2.2 re-loading on to any of your vehicles within specified any of the Property fallen from such vehicle removing debris consequent upon damage to any of the Property up to an amount not exceeding £2,000 (or the equivalent sum in another currency) for each.

8.3.2.3 Personal Effects - loss or damage to personal effects belonging to the driver excluding property described in the exceptions whilst carried in any of your vehicles within specified geographical limits conveying the property in the course of their employment up to an amount not exceeding £500 (or the equivalent sum in another currency) for any one person.

8.4 Definition applicable to this section 8 only Property - goods incidental to your business and which are owned by you or for which you are responsible in transit for the purposes of your business including sheets, ropes , chains and packing materials

9. MONEY

9.1 Under Section 9 of *this insurance* you are insured up to the limits as set out in Section 9 of the *Certificate* against loss of *money* belonging to *you* or for which are responsible in relation to the *Insured Activities* occurring during the *Period of Insurance* at any of the following:-

9.1.1 the *Insured Premises* during standard working hours, in transit to or in a bank night safe and thereafter within bank premises until at the bank's risk;

9.1.2 the *Insured Premises* out of standard working hours in locked safes or strong rooms as set out in the *Certificate of Insurance*;

9.1.3 in *your* private residence or that of any your directors, partners or responsible *Employees*, while in a locked safe or while you or an adult authorised by you is in the residence;

9.1.4 *You* are also insured up to the limits as set out in Section 9 of the *Certificate* against physical loss of or damage to any postal franking machine, safe, strong room, or any container used for the carriage of *money* belonging to *you* or for which *you* are responsible and relating to the *Insured Activities* occurring during the *Period of Insurance* caused by theft or attempted theft of *money* therefrom.

9.2 EXCLUSIONS RELATING SPECIFICALLY TO THE SECTION 9

***You* are not insured under this Section 9 against:-**

9.2.1 Loss by theft, fraud or dishonesty by any director, partner or *Employee* not discovered within seven working days of the occurrence;

9.2.2 Shortages due to error or omission;

9.2.3 Loss from an unattended vehicle or vessel;

9.2.4 Loss during transit by post (other than by registered post);

9.2.5 Loss due to the use of counterfeit *money*;

9.2.6 Loss of *money* from any coin or token operated gaming, amusement or vending machine unless following visible signs of forcible and violent entry to or exit from the *Insured Premises*.

9.3 WARRANTIES RELATING SPECIFICALLY TO THE MONEY SECTION

The due observance and fulfilment of the warranties of *this insurance* shall be conditions precedent to *our* liability to make any payment under Section 9 of *this insurance*.

9.3.1 *You* warrant that *money* in transit in excess of GBP 5,000 (or the equivalent sum in another currency) is accompanied by and split equally between two (2) able-bodied persons.

9.3.2 *You* warrant that outside of standard working hours any till or cash register drawer at the *Insured Premises* will be left empty and in a fully open position

9.3.3. *You* warrant that outside of standard working hours all keys and records of combination numbers of the safe(s) and or strong room(s) be removed from the *Insured Premises* except while *you* or *your* authorised responsible *Employee* is within the *Insured Premises*. *You* further warrant that if the person(s) holding the keys and records of combination numbers resides in a residence adjoining and communicating with the *Insured Premises*, the keys and combination numbers be removed from that residence when no adult authorised by *you* is present in the *Insured Premises*

10. EMPLOYERS LIABILITY

10.1 Under this Section 10 you are insured as follows:

10.1.1 Claims against you

If any *Employee* who is normally resident in *The United Kingdom* brings a claim against *you* for *Bodily Injury* caused to them during the *Period Of Insurance* arising out of their work for *you* in connection with the *Insured Activities within*

10.1.1.1 the Geographical Limits

10.1.1.2 anywhere else in the world in respect of in respect of temporary visits by Employees normally resident in and travelling from the Geographical Limits

we will indemnify you in respect of your legal liability for the sums you have to pay as compensation.

The amount we pay will include defence costs incurred with *our* prior written consent, but we will not pay costs for any part of a claim not covered by this Section.

Under this clause 10.1.1 we will pay up to the amount of the *Employer's Liability Limit* as specified in Section 10 of the *Certificate* for all claims inclusive of their defence costs in respect of any one claim or series or claims arising out of any one occurrence.

10.1.2 Criminal proceedings

If any governmental, administrative or regulatory body brings any criminal action against *you* during the *Period Of Insurance* for any breach of statute or regulation directly relating to any actual or potential claim under this Section, we will pay the costs incurred **with our prior written consent** to defend such an action against *you*. **We will not be liable for any fines or penalties imposed as a result of such action.**

Under This clause 10.1.2 we will pay up to £100,000 in total for all actions brought against *you* during the *Period Of Insurance*.

10.1.3 Compulsory insurance

The insurance under this Section is in accordance with the provisions of any law relating to compulsory insurance of liability to employees in The United Kingdom

You shall repay to us all sums paid by us solely due to the provisions of any law relating to the compulsory insurance of liability to *Employees* in The United Kingdom which we would not have been liable to pay but for the provision of such law.

10.2 What is not covered by this section

We will not make any payment under this Section for any claim or loss directly or indirectly due to:

10.2.1 any *Bodily Injury* caused to any of *Your Employees* while they are offshore. An *Employee* is regarded as being offshore from the moment they board any form of transport at the departure point for an offshore rig or platform until the moment they disembark on their return from the rig or platform. This exclusion does not apply to any *Bodily Injury* caused to an *Employee* while they are working for *You* on any watercraft afloat within the *Geographical Limits* in connection with the *Insured Activities*;

10.2.2 any *Bodily Injury* to any *Employee* while being carried in or upon, or entering or getting onto, or alighting from a vehicle for which insurance or security is required under any road traffic legislation or where *you* are entitled to indemnity from any other source.

10.2.3 any amount payable under workman's compensation, social security or health insurance legislation for an *Employee* outside the *Geographical Limits* .

10.3 Your additional obligations under this section

You must provide *us* with the following information for each entity insured under this section:
employer name; and
full address of employer including postcode; and
HMRC Employer Reference Number (ERN).

If any insured entity does not have an ERN, *You* must confirm to *Us* which of the following reasons applies:

the entity has no employees; or
all staff employed earn below the current Pay As You Earn (PAYE) threshold; or
the entity is not registered in England, Wales, Scotland or Northern Ireland.
You must inform *Us* as soon as possible of any changes to the above information.

10.4 Employers' Liability Tracing Office

Your Certificate details will be added to the employers' liability database, managed by the Employers Liability Tracing Office (ELTO). This data will be available for search by registered users as well as individual claimants on a limited basis, who wish to verify the employers' liability insurer of an employer at a particular point in time.

You can find out more:

from *Your* insurance intermediary or
by contacting *Us*; or
at www.elto.org.uk.

10.5. Definitions applicable to this section 10 only

Bodily Injury	means death, bodily injury, illness or disease of any person
Geographical Limits	means United Kingdom, Channel Islands or Isle of Man; and elsewhere in the world in respect of temporary visits by <i>Employees</i> normally resident in and travelling from the United Kingdom, Channel Islands or Isle of Man
Terrorism	means any act, including but not limited to the use of force or violence and/or the threat thereof of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) committed for political religious ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear.

11. GENERAL EXCLUSIONS

11.1 Exclusions relating to all *Third Party Liability* Sections of *This Insurance* [Except Section 10 Employers' Liability]

You are not insured for any liability, expense or claim:

- 11.1.1 in respect of any direct or indirect payment by *you* under workmen's compensation or employers' liability acts or any other statutory or common law, general maritime law or any other liability whatsoever in respect of accidents to or illness of workmen, *employees* or any other persons employed in any capacity whatsoever by *you* or others in, on, about or in connection with *your business*, any *Vessel* or *Vessel under Construction*, her equipment, her cargo, materials or repairs;
- 11.1.2 assumed by *you* by agreement expressed or implied in respect of death, illness or injury to any person employed under a contract of service or apprenticeship by the other party to such agreement;
- 11.1.3 arising solely under the terms of an indemnity or contract entered into by *you* or *your managers*;
- 11.1.4 in respect of any accident during the *Period of Insurance* which might give rise to an indemnity under Sections 1, 5.3 and/or 7.2 of *this insurance* which is not reported to *us* in writing within 60 months following the termination of the *Period of Insurance*. (Note: This exclusion does not relieve *you* of *your* obligation to notify *us* in terms of Clause 12.13);
- 11.1.5 in respect of any fines, penalties, punitive damages or exemplary damages, however described;
- 11.1.6 arising from *your* survey, design and/or consultancy work;

11.1.7 in respect of any liability admitted or agreed without *our* written consent.

11.2 Exclusions relating to all Physical Damage Sections of *This Insurance*

You are not insured for any loss, damage, expenditure, or claim:

11.2.1 arising from corrosion, rust, change in temperature, mechanical or electrical breakdown or derangement of machinery or equipment and after gradual deterioration dampness, dryness, wet or dry rot, shrinkage, evaporation, loss of weight, contamination, change in colour, flavour, texture or finish, vermin, insects, marring or scratching;

11.2.2 in respect of subsidence, landslip or heave;

11.2.3 caused by wear and tear, lack of reasonable maintenance, erosion or gradual deterioration;

11.2.4 caused by or contributed to directly or indirectly by the presence of magnetic flux, or any loss of magnetism (except caused by lightning) or loss of or damage to data carrying media.

11.3 Exclusions relating to all Sections of *This Insurance* [Except Section 10 Employers Liability]

You are not insured for any loss, damage, liability, expense or claim:

11.3.1 intentionally, recklessly caused by or incurred with the consent of *you* or *your managers* or arising from *your* or *your managers'* failure to take reasonable precautions to prevent accidents which may give rise to a claim under *this insurance*;

- 11.3.2** caused directly or indirectly by *your* being involved in any illegal trade or venture;
- 11.3.3** arising from circumstances where *you* or *your managers* have waived or restricted *your* rights of recourse against any person, unless previously agreed in writing by *us*;
- 11.3.4** caused by any permanent or temporary alteration (which includes occupation, use and physical changes) to property situated at or brought onto the *Insured Premises*, the *Yard* or any *Alternate Construction Premises* which increases the risk of loss, damage or liability where *you* or *your managers* have failed to notify us of any such alteration as soon as reasonably practicable;
- 11.3.5** arising from unseaworthiness, where with the privity of *you* or *your managers*, the *Vessel* or *Vessel under Construction* is sent to sea when not in a *seaworthy* state;
- 11.3.6** caused by *you*, *your managers*, *your Employees* or anyone for whom *you* are legally responsible being, with *your* or *yours managers'* privity, under the influence of alcohol and/or drugs;
- 11.3.7** in respect of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, strikers, locked out workman, or persons taking part in labour disputes, riots or civil commotions or any terrorist or any person acting from a political motive;
- 11.3.8** arising from *your* failure to comply with all statutory or other obligations and regulations imposed by any authority relating to inspection and testing;
- 11.3.9** arising from the failure to collect or sweep up all trade refuse from any building at the *Insured Premises*, the *Yard* or *Alternative Construction Premises* and to place it outside not less than 5 metres from all such buildings on a daily basis;

- 11.3.10** arising from the failure to store all resins, fibre glass, solvents, cellulose based materials and the like outside *buildings* in suitable metal or brick structures, except for the amount of such materials that is required inside *Buildings* in the course of conducting the *Insured Activities* for that day, in which case these materials shall be kept inside *Buildings* in secure metal containers;
- 11.3.11** arising from the failure to maintain during the currency of *this insurance*, all physical protections and intruder alarms at *your Insured Premises*, the *Yard* or *Alternative Construction Premises* in efficient working order and bring them into operation whenever such premises are left and no adult authorised by *you* or *your managers* is present;
- 11.3.12** arising from the failure to have all electrical circuits tested at least once every 3 years by a qualified electrical engineer and the defects found to be remedied immediately in accordance with the regulations of the nationally recognised body or association of electrical engineers, who are to issue a certificate which is to be retained by *you*;
- 11.3.13** arising from the failure to carry out battery charging (of any variety) other than in ventilated fireproof premises or outside in the open;
- 11.3.14** arising from the failure to immobilise all trailers with an adequate anti-theft device;
- 11.3.15** arising from the failure to have *your* standard trading conditions of *your* business approved by *us* prior to use and/or the failure to incorporate *your* standard trading conditions of *your* business into every agreement for the provision of the *Insured Activities*;
- 11.3.14** arising from the failure of *you*, *your* agents or servants in all cases to take such measures as be reasonable for the purpose of averting or minimising any loss, damage or liability which would be recoverable under *this insurance*.

11.4 Nuclear Exclusion relating to all Sections of *This Insurance*

In no case shall *this insurance* cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from :

- 11.4.1 ionising radiations from or contamination by radioactivity from any nuclear fuel
 or from any nuclear waste or from the combustion of nuclear fuel;**
- 11.4.2 the radioactive, toxic, explosive or other hazardous properties of any explosive
 nuclear assembly or nuclear component thereof;**
- 11.4.3 any weapon of war employing atomic or nuclear fission and/or fusion or other
 like reaction or radioactive force or matter.**

12 GENERAL TERMS AND CONDITIONS

12.1 Fair Presentation of the risk

- 12.1.1 Before the contract for *this insurance* is concluded, *you* must disclose to us every material circumstance which is known to *you* or *your* agent (where *this insurance* is effected for *you* by an agent), and *you* and *your* agent are deemed to know every circumstances which, in the ordinary course of business, ought to be known by *you* or *your* agent. If *you* or *your* agent fail to make such disclosure, *we* may avoid the contract of *this insurance*.
- 12.1.2 The material representations made by *you* or *your* agent to *us* during the negotiations for the contract, and before the contract is concluded, must be true. If any such material representation is untrue *we* may avoid the contract of *this insurance*.
- 12.1.3 Every circumstance and representation is material which would affect the judgment of a prudent insurer in fixing the premium, or determining whether he will take the risk.
- 12.1.4 Whether any particular circumstance or a particular representation is material or not is, in each case, a question of fact.
- 12.1.5 The term "circumstance" includes any communication made to or information received by *you* or *your* agent.
- 12.1.6 A representation may be a representation as to a matter of fact, or as to a matter of expectation or belief. A representation as to a matter of expectation or belief is true if it is made in good faith.
- 12.1.7 A representation may be withdrawn or corrected before the contract is concluded.
- 12.1.8 This contract is deemed to be concluded when the proposal form which *you* have completed or which has been completed on *your* behalf and signed by *you* or *your* agent is accepted by *us* whether the *Certificate* is then issued or not. In the event that *we* expressly state in writing that *we* do not require a proposal form from *you*, then *this contract* is deemed to be concluded when *your* submission for insurance is accepted by *us*.

12.2 Continuation of Insurance

If the *Vessel* or *Vessel under Construction* is at sea when *this insurance* expires, *you* will be held covered under *this insurance* until the *Vessel* or the *Vessel under Construction* arrives safely at her next port of call provided that *you* notify *us* as soon as possible and agree to pay any additional premium which *we* may require.

12.3 **Insured Value**

- 12.3.1 You are to insure all items of property, except *Vessels under Construction* under Section 5 (*Vessels under Construction*) and the *Vessels* insured under Section 7 (*Vessels*) for their new replacement cost, unless the *Certificate* specifies that a particular item is insured for its second hand value.
- 12.3.2 You are to include the costs of debris removal, architects' and other professionals' fees and the costs of complying with public authorities' requirements necessarily incurred in the reinstatement or replacement of damage to *buildings* and *contents* in the *Insured Value* of items of property insured under Section 2 of these Clauses, unless specified to the contrary in Section 2 of the *Certificate*.
- 12.3.3 If the *Insured Value* of any item of insured property, **except the *Vessels* insured under Section 7 (*Vessels*), in the *Certificate* is less than the cost that would be incurred in the reinstatement or replacement of the whole of that item, then the amount we will pay you will be proportionately reduced.**
- 12.3.4 The *Vessels* insured under Section 7 (*Vessels*) shall be insured at an agreed value at the current market value of the *Vessel* at the commencement of *this insurance* which you must declare to us prior to this contract of insurance being concluded.

12.4 **Amount Recoverable**

- 12.4.1 Subject to the other terms of *this insurance*, if as a result of an *Insured Event* an insured item of property specified in the *Certificate* is totally lost or is so badly damaged that the *reasonable cost* of recovering or repairing the item would exceed the *Insured Value* as set out in the *Certificate*, we will either pay you the *Insured Value* as set out in the *Certificate* or, at our option, replace the item with one of a similar type and in equivalent condition.
- 12.4.2 In any other case where the item of property is damaged as a result of an *Insured Event* we will pay the *reasonable cost* of repairing the item, or at our option, replace any individual item or part thereof lost or damaged with an item of a similar type and in equivalent condition.
- 12.4.3 In the event that more than one company and/or individual is specified as the Insured in the *Certificate*, our maximum liability under Sections 1, 5.3 or 7.2 of *this insurance* for *Third Party Liability* for each accident or series of accidents arising from the same event that may be recovered under *this insurance* shall not exceed the *Third Party Liability Limit* of the applicable Section of *this insurance*.
- 12.4.4 In the event that you are insured for liabilities to *Third Parties* under more than one Section of *Your Certificate* in respect of each accident or series of accidents from the same event, then our maximum liability under *this insurance* shall be limited to the amount of the largest *Third Party Liability Limit* specified in such Sections of the *Certificate*.

12.5 Sistership

If the *Vessel* or *Vessel under Construction* collides with or receives salvage services from another vessel belonging wholly or in part to *you* or under *your* management, *you* shall have the same rights under *this insurance* as *you* would have were the other vessel entirely the property of owners not interested in the *Vessel* or *Vessel under Construction*; but in such cases the liability for the collision or the amount payable for the services rendered shall be referred to a sole arbitrator to be agreed upon between *you* and *us*.

12.6 Duty to Sue and Labour

- 12.6.1 In the case of any loss or misfortune it is the duty of *you*, *your* 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 insurance* and to minimise liabilities to *third parties*. **We will not pay for any loss, damage or liability proximately caused, in whole or in part, by a breach of this duty.**
- 12.6.2 In addition to sums otherwise payable under *this insurance*, we will indemnify *you* for the *reasonable costs* of any steps which *you* or *your* servants or agents take in accordance with *your* obligation under this Clause 12.6, but not exceeding the *Insured Value* of the insured item (or the amount recoverable under Clause 5.12.1 if in respect of a *Vessel under Construction*) in respect of which the duty in Clause is being discharged.
- 12.6.3 Salvage charges, collision attack or defence costs and costs incurred in contesting liability under Clauses 1.2.2, 5.3.2.2 and 7.2.2.2 are not covered by this Clause 12.6.

12.7 Mutual Survey Clause

- 12.7.1 In the event that *we* agree in writing that a claim for physical loss of or damage to an item of property insured under *this insurance* is recoverable under *this insurance* and *you* and *us* fail to agree as to the amount recoverable thereunder, either party may make a written demand for a Mutual Survey, the result of which will be binding on both *you* and *us*.
- 12.7.2 Within thirty days of the written demand for a Mutual Survey, each party shall appoint a qualified marine surveyor. The surveyor shall be a member of a nationally recognised society of marine surveyors. Credentials must be presented to the other party at the time of appointment. Both surveyors shall mutually agree upon a third qualified marine surveyor to act as a neutral surveyor or referee. The Mutual Survey shall be scheduled as soon as practicable at which time each surveyor shall jointly and mutually inspect the vessel and divide the loss, damages, repairs, betterments and improvements to the accounts of either *you* or *us*. In the event of disagreement between *your* or *our* surveyors, the decision of the neutral surveyor shall be binding. The result of the Mutual Survey shall be in writing and signed dated by the neutral marine surveyor.

- 12.7.3 The cost of these surveyors are to be paid by the party appointing them and the cost of neutral marine surveyor is to be divided equally between both parties.
- 12.7.4 In the event that it is necessary for either *you* or *us* to litigate in order to enforce any provision of the Mutual Survey Clause of *this insurance*, the costs and legal expenses incurred therein shall be awarded to the successful party.
- 12.7.5 This Mutual Survey Clause applies only to disputes in which the amount of or quantum of a claim for physical loss of or damage to an item of property insured under *this insurance* and which is recoverable under *this insurance* and it does not apply to claims in which coverage is contested or claims by a *third party*.

12.8 **Unrepaired Damage**

- 12.8.1 *Our* measure of indemnity in respect of claims for unrepaired damage shall be the reasonable depreciation of that item of property or the *Vessel* at the time *this insurance* terminates arising from such unrepaired damage, but not exceeding the *reasonable cost* of repairs.
- 12.8.2 In no case shall *we* be liable for unrepaired damage in the event of the subsequent loss (whether or not covered under *this insurance*) sustained during the *Period of Insurance*.
- 12.8.3 *We* will not be liable in respect of unrepaired damage for more than the *Insured Value* of the item at the time of the termination of *this insurance*.

12.9 **Discretion To Settle Third Party Liability Claims**

We have the sole discretion to settle a claim for liabilities allegedly incurred by *you* to a *Third Party* under Sections 1, 5.3 and 7.2 of *this insurance*, by paying an amount to the *Third Party* in full and final settlement of their claim against *you*.

12.10 **Contribution**

- 12.10.1 If at the time of any loss, damage or accident that may give rise to liability, there is any other insurance effected by *you* or on *your* behalf covering the *Vessel* insured by *us* or against liabilities to third parties which are covered by *this insurance*, then *our* liability shall be limited to its rateable proportion.
- 12.10.2 If any other such insurance is subject to any provision excluding it from ranking concurrently with *this insurance*, whether in whole or in part or from contributing rateably, *our* liability under *this insurance* shall still be limited its rateable proportion.

12.11 Change Of Ownership

This Clause 12.11 shall prevail notwithstanding any provision whether written, typed or printed in *This Insurance* is inconsistent herewith. Should the business (or item of property) insured under *this insurance* be sold or transferred to new ownership or where the business is owned by a company, should there be a change in the controlling interest(s) of the company, then unless *we* agree in writing to continue *this insurance*, *this insurance* (or the insurance in respect of such an item of property), shall be cancelled from the time of such sale, transfer or change. A pro-rata daily net return of premium shall be made provided always that a minimum of 3 months premium shall not be returned.

12.12 Assignment

No assignment of or interest in *this insurance* or in any monies which may be or become payable thereunder is to be binding on or recognised by us unless a dated notice of such assignment or interest is signed by *you* and an *Endorsement* has been issued and signed by us.

12.13 Claims Procedure

Failure to comply with any of the provisions of this Clause 12.13 may prejudice *your* claim.

- 12.13.1 If there is an accident which may give rise to a claim under any Section of *this insurance* *you* must give notice as soon as reasonably possible to Nexus Europe SAS. (Details in Clause 12.21 below.)
- 12.13.2 In case of theft or malicious damage *you* must also notify the local police and the port authority as soon as reasonably possible.
- 12.13.3 *You* must co-operate fully with *us* in providing and obtaining any information and evidence and must permit *us* to take proceedings in *your* name (but at *our* expense) to recover compensation or secure an indemnity from any *third party* in respect of anything covered by *this insurance*.
- 12.13.4 If *you* make any claim, or statement in connection with any claim, which *you* know to be false or fraudulent, or *you* fail to disclose any material information in connection with that claim, *you* will not be entitled to an indemnity in respect of that claim or any part thereof. We may, upon giving you notice, treat *this insurance* as having been terminated from the date of the fraudulent act and retain the premium.

- 12.13.5 Where *you* make a claim for physical loss of or damage to items of property insured under *this insurance*, *you* must submit estimates to replace or repair the loss or damage. These estimates must provide a detailed breakdown of the cost of materials and labour. Any estimates of the *reasonable cost* of replacement or repair prepared and submitted by *you* must be signed and dated by *you*.
- 12.13.6 Claims for replacement or repair of physical loss or damage under *this insurance* will only be paid after *our* written approval of estimates submitted to *us* by *you* and after such replacement or repair has taken place.
- 12.13.7 Where *you* submit a claim for *your* labour charges and an "Agreed Charge Out Rate for Labour Costs" is specified in the *Certificate*, *we* will pay these charges in accordance with the rate so specified.
- 12.13.8 If *we* make any payment to *you* or on *your* behalf pursuant to *this insurance*, *we* will be subrogated to all of *your* rights of recovery or contribution against any person in relation to any relevant matter.

12.14 **Abandonment**

Any abandonment by *you* of the *Vessel* or *Vessel under Construction* to *us* will only be valid if *we* have issued an *Endorsement* specifying that *we* accept *your* abandonment.

12.15 **Notices**

Any notice which *you* are required to give *us* can be given by letter or fax to Nexus Europe SAS. (Details in Clause 12.21 below.) Any notice which *we* are required to give *you* can be given by registered post to *your* Postal Address as shown on the *Certificate*.

12.16 **Cancellation**

We may cancel *this insurance* or any Section thereof at any time where there is a valid reason for doing so by sending 30 (thirty) days written notice by recorded delivery letter to *you* to *your* postal address as shown on the *Certificate* setting out the reason for cancellation or by mutual agreement.

If *we* do cancel *your* policy *we* will return to *you* a proportion of the premium paid in respect of the unexpired *Period Of Insurance*, provided that *we* will retain a minimum of 3 months net premium and provided also that no return premium will be payable in the event of a

claim having been paid or becoming payable under this insurance for the Period of Insurance.

Cooling-off period

If *this insurance* does not meet with *your* requirements, please return all of *your* documents and any Employers Liability Certificate(s) to *your* insurance broker or intermediary who has arranged the cover, within fourteen (14) days of receipt. We will void *your* policy from inception and return any premium paid in full providing there have been no claims or incidents reported.

12.17 Premium

- 12.17.1 *You or your insurance broker or intermediary must pay us all premiums due as specified in the Certificate within 45 days of the date of its issue, unless otherwise agreed by us in writing. If you fail to do so, this insurance will be void from inception.*
- 12.17.2 *You or your insurance broker or intermediary must pay us all premiums due as specified in any Endorsement within 45 days of the date of its issue, unless otherwise agreed by us in writing. If you fail to do so, we will be discharged from liability under this insurance from the date the Endorsement is issued.*
- 12.17.3 *The premium specified in the Certificate is a minimum and deposit premium. There will be no return of premium under this insurance except where this insurance is cancelled in accordance with Clause 12.16 above.*
- 12.17.4 *Where we require an additional premium under Clause 5.11.4 or where we agree in writing to extend the Period of Insurance of this insurance beyond the Contract Period specified in Section 5 of the Certificate, the additional premium we require will be calculated in accordance with the adjustable rate of premium specified in Section 5 of the Certificate.*

12.18 Proper Law

The parties are free to choose the law applicable to *this insurance*. Unless the *Certificate* provides to the contrary *this insurance* shall be governed by and construed in accordance with English law.

12.19 Jurisdiction

Unless the *Certificate* provides to the contrary *this insurance* is subject to the exclusive jurisdiction of the Courts of England.

12.20 Complaints Procedure

12.20.1 If *you* have any problem or complaint regarding *this insurance*, please contact *your* insurance intermediary or Nexus Europe SAS (Details in Clause 12.20.2 below).

12.20.2 If *you* remain dissatisfied, *you* may refer the matter to:-

Complaints Team,

Lloyd's

One Lime Street,

London

EC3M 7HA

Telephone: (44)-(0207)-327-5693

Fax: (44)-(0207)-327-5225

E: complaints@lloyds.com

W: www.lloyds.com/complaints

12.21 Nexus Europe SAS

Nexus Europe SAS can be contacted at:-

Nexus Europe SAS

UK Branch,

52-56 Leadenhall Street

London

EC3A 2EB

T: +44 (0)20 3011 5653

E: contact.fr@nexusunderwriting.com

W: nexusunderwriting.com