

Fixed Premium
Insurance from North

Sunderland
Marine

Owners' Fixed Premium
Ancillary Covers
Terms and
Conditions

The North of England Protecting and Indemnity Association Limited and North of England P&I Designated Activity Company
trading as Sunderland Marine



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Part I: Introduction

1. Ancillary Covers Terms and Conditions

- 1.1 To the extent that their meanings are consistent with the subject and context of these Ancillary Covers Terms and Conditions, the provisions set out in the Owners' Fixed Premium Terms and Conditions (hereinafter the "Terms and Conditions") shall be deemed to be incorporated in and form an integral part of these Ancillary Covers Terms and Conditions.
- 1.2 The provisions of these Ancillary Covers Terms and Conditions do not form part of the Insured's Contract of Insurance unless they are expressly agreed and incorporated into the Insured's Certificate of Insurance.
- 1.3 The provisions of these Ancillary Covers Terms and Conditions may only be varied by special terms agreed in writing between an Insured and the Insurer.
- 1.4 There shall be no recovery in respect of any liabilities, costs or expenses where the provision of this extension of cover, the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the Insurer to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation.
- 1.5 The Insurer shall be at liberty to reinsure in whole or in part the risk or risks insured by him. The Insured will in no circumstances be entitled to recover from the Insurer that part of any liabilities, costs or expenses which are not recovered by the Insurer from any reinsurer because of a shortfall in recovery from such reinsurer by any reason whatsoever.

Part II: Ancillary Covers

2. Specialist Operations

2.1 Notwithstanding the exclusions as set out under Terms and Conditions Part VI, section 56 (Exclusion of Certain Risks Relating to Specialist Operations) cover under this section 2 includes specialist operations cover subject to:

- (a) an agreed limit of liability of each accident and in the aggregate; and
- (b) payment of an additional premium as agreed by the Insurer,

The cover provided by the Insurer shall include liability for the Insured's liability for covered loss or damage directly related to work in one or more of the specialist operations listed herein. Coverage for any specialist operation shall only apply at the time of and while such specialist operation work is on-going and being directly performed from the Insured's ships including completed operations of such work as insured hereunder. Any coverage provided for specialist operations shall include any work, operation, action, omission or conduct that is incidental to the specialist operations listed herein. For coverage to apply, the specialist operation work must be on-going at the time of any accident or occurrence resulting in covered loss damage.

The specialist operations to which this ancillary cover applies include only:

- dredging
- blasting
- pile-driving
- well-intervention
- cable or pipelaying
- construction
- installation or maintenance work
- core sampling
- depositing of spoil
- power generation
- professional oil spill response
- professional oil spill response training
- tank cleaning

The extended cover under this section 2 includes where elected by the Insured and expressly agreed by the Insurer in writing:

Underwater vehicles – Liabilities incurred by the Insured in connection with any claim brought against the Insured arising out of the operation by the Insured from the Insured Ship of underwater vehicles (including but not limited to submarines, mini submarines, remotely operated vehicles ("ROV"), autonomous underwater vehicles, sea ploughs, scarabs, diving bells and similar equipment). There shall be no recovery by the Insured under this extended cover for any loss or damage to underwater vehicles being operated by the Insured.

Divers – Liabilities incurred by the Insured in connection with any claim brought against the Insured arising out of the activities of professional or commercial divers where the Insured is responsible for such activities. There shall be no recovery by the Insured under this extended cover for the injury, illness or death of divers where the Insured's liability arises under a contract and would not have arisen in the absence of such contract.

Property on board – Liabilities in respect of loss of or damage to property (other than cargo or stores or fuel), in the care, custody or control of the Insured on board or being used from the Insured Ship where such liabilities are incurred pursuant to the terms of an indemnity or contract made by the Insured provided that the indemnity or contract has been sighted by and approved in writing by the Insurer.

This section 2 covers only that liability which arises as a consequence of claims being brought by any party for whose benefit the work has been performed by the Insured from the Insured Ship, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist operations listed above.

There is no coverage under this section 2 for specialist operation work where the loss or damage arises from:

- (1) an Insured's contract work; or

- (2) any failure to perform such specialist operations by the Insured or the fitness for purpose and quality of the Insured's work, product or services including any defect in the Insured's work, products or services; or
- (3) removing or depositing spoils. However, this exclusion does not apply to the Insured's liability to a third party; warranted spoils deposited in accordance with all government and regulatory requirements; or
- (4) for which the Insured is covered if the Insured Ship is otherwise insured by another insurer on terms affording equally wide cover in accordance with the Terms and Conditions Part VI, Section 59.2 (Double Insurance); or
- (5) relating to any of the risks which are otherwise excluded under the Contract of Insurance unless otherwise agreed by the Insurer in writing.

In no case shall this extension cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from any chemical, biological, bio-chemical or electromagnetic weapon and subject always to the provisions of Terms and Conditions of Cover Part VI (Conditions, Exclusions, Limitations and Warranties) section 52.2(h) (i) and (ii).

3. Contractual Liability Cover

3.1 Notwithstanding the exclusions as set out under Terms and Conditions Part II, section 19.1 (Contracts, Indemnities and Guarantees) cover under this section 3 includes cover subject to:

- (a) an agreed limit of liability of each accident and in the aggregate; and
- (b) payment of an additional premium as agreed by the Insurer,

For the Insured's contractual liability and associated costs and expenses arising under the terms of an indemnity or contract given or made on behalf of the Insured in connection with the Insured Ship(s) with a third party as sighted and approved by the Insurer but only in respect of the risks that would be covered by the Insurer in accordance with the Terms and Conditions Part II but for the exclusions and limitations contained therein.

In accordance with the above contractual extension, it is agreed that any named co-assured can only recover from the Insurer those liabilities, costs and expenses which are:

- (1) the liability of the Insured under the terms of the charterparty or contract; and which would have been recoverable from the Insurer by the Insured had such a claim been made or enforced against them; and
- (2) if the terms of the charterparty or contract are not "knock for knock", i.e. they do not provide that the Insured and charterer/contractor are each responsible for any loss or damage to their respective own property, or property of their contractors, sub-contractors or clients of any tier, or for loss of life or personal injury to the employees of their contractors, sub-contractors or clients of any tier, then the cover provided to the co-insured is limited to that set out in the Insured's contractual liability extension.

There shall be no recovery for liabilities:

- (a) for which the Insured is otherwise insured by another insurer on terms affording equally wide cover in accordance with the Terms and Conditions Part VI, section 59.2 (Double Insurance); or
- (b) relating to any of the liabilities, costs and expenses which are otherwise excluded under this Contract of Insurance unless otherwise agreed by the Insurer in writing.

Once the Insurer has indemnified a co-assured it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Insured, in respect of that claim.

In no case shall this extension cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from any chemical, biological, bio-chemical or electromagnetic weapon and subject always to the provisions of Terms and Conditions of Cover Part VI, section 52.2(h)(i) and (ii).

4. Salvor's Cover

4.1.1 Cover under this Section 4 is extended to include, subject to:

- (a) an agreed limit of liability of each accident and in the aggregate; and
- (b) payment of an additional premium as agreed by the Insurer,

Liabilities, together with costs and expenses incidental thereto, incurred in connection with any salvage or attempted salvage service to a Ship by the Insured and/or any sub-contractor of the Insured:

- (1) arising in respect of the Insured's interest in the Insured Ship whilst covered hereunder and in connection with the operation of the Insured Ship in respect of the risks enumerated under this Contract of Insurance; and
- (2) caused by oil pollution during such service whether or not they arise in respect of the Insured Ship provided that they arise in the Insured's capacity as salvor.

Coverage under this Section 4 extends to contractual liabilities for loss of life, personal injury, damage to third party property and cargo liability. Including towers liability, legal or contractual.

There shall be no recovery for liabilities:

- a) for which the Insured is otherwise insured by another insurer on terms affording equally wide cover in accordance with the Terms and Conditions Part VI, section 59.2 (Double Insurance); or
- b) relating to any of the risks which are otherwise excluded under the Contract of Insurance unless otherwise agreed by the Insurer in writing.
- c) for the failure by the Insured to perform and for delay.

Once the Insurer has indemnified a co-assured it shall not be under any further liability and shall not make any further payment to any person or company whatsoever, including the Insured, in respect of that claim.

5. Through Transport Extension Cover

5.1 Notwithstanding the exclusions and limitations as set out in the Terms and Conditions Part II, section 3.1 (Protecting and Indemnity Risks Covered), but always subject to:

- (a) an agreed limit of liability each accident and in the aggregate; and
- (b) payment of an additional premium as agreed by the Insurer,

Coverage under this section 5 covers liabilities arising out of the carriage of any cargo or Container by or on behalf of an Insured in respect of:

- (i) loss, shortage, damage or other responsibility for cargo carried by means of transport other than the Insured Ship when the liabilities, costs and expenses arise under a through or transshipment bill of lading or other form of contract providing for carriage partly to be performed by the Insured Ship;
- (ii) injury, illness or death of any person, not being a person specified in Terms and Conditions Part II, sections 4 (Liabilities in respect to Seamen), 5 (Liabilities in respect to Supernumeraries), 6 (Liabilities in respect to Passengers) and 7 (Liabilities in respect to Third Parties);
- (iii) loss of or damage to any property, other than any cargo carried or intended to be carried by or on behalf of the Insured or any Container owned, hired or used by the Insured;
- (iv) the necessary disinfection of any cargo or Container under public health regulations, or otherwise directly consequent upon compliance by an Insured with any health regulations after deducting the ordinary expenses which would have been incurred in any event apart from the outbreak of disease or the application of such regulations;

PROVIDED ALWAYS THAT in this through transport extension there shall be no recovery from the Insurer in respect of:

- a) under clauses (i) to (iii) above:
 - (i) unless the cargo or container is intended to be or has been carried on the Insured ship; or
 - (ii) in respect of any liabilities which would not have arising but for the terms of any contract or indemnity, unless the contract or indemnity has been approved in writing by the Insurer.
- b) under clause (ii) above in respect to liability to any person employed by the Insured (other than crew) unless the Insurer has agreed that the Insured's cover includes insurance in respect of liability to his employees;
- c) under clauses (i) to (iv) above in respect of liabilities:
 - 1) for which the Insured is covered if the Insured Ship is covered for risks under Terms and Conditions Part II with the Insurer or with another insurer providing equally wide cover; or
 - 2) relating to any of the risks which are expressly excluded by this Contract of Insurance, unless otherwise agreed by the Insurer.
- d) the exclusions in Terms and Conditions Part II, section 22 (Fines) shall apply to any claim under clause (iv) above; and
- e) there shall be no recovery in respect of any liabilities, costs or expenses where the provision of this extension of cover, the payment of any claim or the provision of any benefit in respect of those liabilities, costs and expenses would expose the Insurer to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation.

It is warranted that the Insured shall, in respect of any time other than when the cargo is being carried on the Insured Ship, preserve all rights against any other carrier and shall not reduce or restrict the liability of such other carrier by agreement or otherwise.

6. Cargo Liability Extension Cover

6.1 Notwithstanding the exclusions and limitations as set out under Terms and Conditions Part II, section 20 (Liabilities in respect of Cargo) and 21.2 (a) (Unrecoverable General Average Contributions), but always subject to:

- (a) an agreed limit of liability each accident and in the aggregate; and
- (b) payment of an additional premium as agreed by the Insurer,

Coverage under this section 6 covers liabilities that fall within the scope of such exclusions and limitations;

PROVIDED ALWAYS THAT:

- a) unless otherwise agreed by the Insurer, the Insured shall only be entitled to recover in respect of any liabilities, costs, or expenses under this extension if the Insured has no recourse to recover such sums from any other party and, where such recourse may be subject to the exercise of discretion by another party, then it shall be a condition precedent to liability under this extension that such discretion shall be exercised; or
- b) there shall be no recovery from the Insurer for liabilities covered elsewhere under this Contract of Insurance; or
- c) there shall be no recovery from the Insurer for liabilities for any loss or damage arising from inherent quality, defect or vice of cargo, rusting, electronic and mechanical derangement, delay and or loss of market; or
- d) where the Insured Ship is not covered by the Insurer for risks under Terms and Conditions Part II, the Insured and any other insured parties warrant that they have not and will not disclose the existence of this policy without the written agreement of the Insurer.

7. Extended Towner's Liability Cover

7.1 Notwithstanding the exclusions and limitations as set out under Terms and Conditions Part II, section 18.1 (b) and (c) (Towage) and Part VI, section 56 (k) (Exclusion of Certain Risks Relating to Specialist Operations), but always subject to:

- (a) an agreed limit of liability each accident and in the aggregate; and
- (b) payment of an additional premium as agreed by the Insurer,

Coverage under this section 7 includes to liabilities for:

- a) losses, costs and expenses for which the insured may become liable under the terms of the contract for towage of an Insured Ship; and
- b) loss of or damage to any Ship or object or any cargo carried thereon being towed by the Insured Ship, including the reasonable costs and expenses incidental thereto, to the extent to which such losses, costs and expenses exceed the amount recoverable under the hull policy in respect of the Insured Ship.

