

▶ FISHING VESSEL LIABILITY INSURANCE POLICY 2019

Who we are

We are The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), a marine liability insurer, protecting the interests of vessel owners and operators on a mutual basis. This means that we operate as a non-profit making Club.

Your policy documentation

When we insure *you*, *you* become a Member of the Shipowners' Club and *you* will receive a Certificate of Insurance setting out the scope of cover and risks insured. ~~Subsequent amendments to cover will be documented by policy endorsements.~~

Explanation

Surplus text is removed.

The protection we provide

You can expect *us* to respond to all marine liability *claims* made against *you*, other than those we list under 'What is not covered (exclusions)' and those claims which are unrelated to owning and operating the vessel we insure for *you*. ~~The reasonable costs of investigating and defending claims are paid, too.~~ Within your policy limits, the reasonable costs of investigating and defending claims are paid, too.

For any claim to be payable it must arise from an incident which occurs during the period of insurance on your Certificate of Insurance.

Explanation

These words previously found in the preamble to 'What is not covered (exclusions)' have been rehoused here and amended to clarify that the basis of cover must be rooted in the operation of the insured vessel.

Your cover

We insure liability *claims* made against *you* as the owner or operator of the vessel named on *your* Certificate of Insurance. The liabilities insured include:

Collision, fishing nets and property of others

Claims arising from ~~for~~ collision with damage to other vessels, whether or not contact occurs, or for loss of or damage to piers, wharves, jetties, pontoons or any property belonging to others including

damage to their fishing nets.

Claims from other parties for personal injury or death which arise out of a collision.

For damage to vessels or property belonging wholly or in part to you, you shall have the same rights of recovery and we shall have the same rights as if such vessels or property belonged wholly to different owners.

Explanation

This clarifies that cover for collision includes non-contact damage. Further, it is not only for damage to other vessels but can potentially be triggered in respect of liabilities for other claims arising from collision. For example, loss or damage to cargo on the other vessel, loss of hire, and pollution from the other vessel.

Further, this wording clarifies the position where your own vessel or property is damaged by you.

Contractual liabilities and indemnities

We cover contractual liabilities and indemnities for illness, personal injury, death or property damage when these relate to *your* vessel and concern its operation and management. This includes indemnities given to port or harbour authorities, boatyards, ~~and~~ suppliers of goods and services to the vessel; ~~indemnities arising under fishing vessel licences~~ or permits and indemnities given to those who board the vessel for official or regulatory purposes.

We will also agree to waive our rights of subrogation, if this is required by the contract.

~~The limit of cover under this section is US\$ 5,000,000 per claim. This section does not include cover for contractual indemnities which may appear in crew contracts.~~

This section insures liability which arises solely under contract and the limit of cover is US\$ 5,000,000 any one incident.

If we have agreed to a higher limit, this will be shown in *your* Certificate of Insurance.

This section does not include cover for contractual liabilities or indemnities which may appear in crew contracts.

Explanation

Cover for contractual liabilities to crew is separately provided for under the 'Crew, passengers and others' section.

Crew, passengers and others

~~Claims from your crew, passengers or others for personal injury, illness or death including claims for crew compensation and sickness benefits. Related medical costs and other expenses are covered, too. We also cover claims made against your crew as a result of carrying out their professional duties.~~

Claims from your crew, passengers and others to pay damages or compensation for personal injury, illness and death. Related medical costs and other expenses are covered, too.

We also cover claims made against your crew as a result of carrying out their professional duties.

Death and/or disability payments you provide under individually negotiated and agreed Seafarers' Employment Agreements (SEAs) or crew contracts so long as contractually agreed payments are reasonable and appropriate for the duties and position held by the crew member when viewed against the prevailing compensation regime.

Explanation

This cover has not changed; the wording has simply been streamlined.

Diversion costs

The ~~extra costs and expenses~~ of fuel, insurance, wages, stores, provisions, and port charges incurred in diverting and awaiting crew replacement whilst your vessel either to bring sick or injured crew or others ashore for urgent medical treatment, or to arrange the repatriation of dead bodies from your vessel. ~~arranging the repatriation of dead bodies from your vessel or delays caused by awaiting crew replacements for the above.~~

Explanation

This change expands cover to allow for diversion costs incurred during diversion and clarifies the categories of expenses allowable.

Fines

Fines imposed on you or any crew that you are obliged to reimburse for accidental escape or discharge of oil or other substances from your vessel, breach by you of any immigration law or regulation, and smuggling or any breach by the Master or crew of any customs law or regulation. ~~of pollution, smuggling or immigration laws, providing these were accidental or caused by your crew's independent actions or omissions.~~

~~We also cover fines due to an inadvertent breach of statutory health and safety regulations which apply~~

~~to your vessel.~~

Explanation

This amendment clarifies the Fines cover and distinguishes between accidental pollution or breach of immigration laws on the one hand, cover for smuggling or breach of any customs law by the Master or crew on the other hand. Fine for breach by the crew of customs law is an expansion of the current cover.

Cover for fines for inadvertent breach of statutory health and safety regulations has been removed as it is considered potentially ambiguous and therefore may lead to uncertainty. To ensure Members are not punished and to put them in the best possible position, we have added a new general condition 'Discretionary Claims'. In effect, this is our plain language version of the 'Omnibus Rule', which is available to Members on Rules based cover.

Inquiries and criminal proceedings ~~costs~~

The reasonable costs and expenses of attending-protecting your interests at formal inquiries into a *casualty* and the reasonable costs of defending criminal proceedings brought against your Master, crew and agents , ~~if those who may be involved. This will include crew and agents, if~~ you have a responsibility for them.

Explanation

This cover has not changed; the wording has simply been streamlined.

~~Maritime Labour Convention 2006 (MLC)~~

~~We provide the cover you require to meet your obligations to seafarers under the Maritime Labour Convention 2006 (MLC). This includes:~~

- ~~— **Shipwreck unemployment indemnity.** We insure your liability to compensate seafarers following your boat's loss or foundering.~~
- ~~— **Repatriation.** We insure your liability to provide assistance to seafarers in the event of their abandonment, including the payment of up to 16 weeks of unpaid wages and entitlements.~~
- ~~— **Contractual Claims.** We insure your liabilities under the Convention for contractual claims (as defined under the MLC). The amount of cover for contractual claims shall be the amount agreed between you and the seafarer or as determined by a court of competent jurisdiction.~~

~~Death and/or disability payments you provide under individually negotiated and agreed Seafarers' Employment Agreements (SEAs) should be reasonable and appropriate for the duties and position held by the seafarer when viewed against the prevailing compensation regime.~~

Explanation

Fishing vessels are exempted from the MLC, hence the wording is redundant.

Mitigation costs

When an ~~incident~~ event or matter arises which will or is likely to lead to a *claim* under this policy, *you* are required to take reasonable steps to mitigate the loss and minimise the amount which would be paid as a *claim* under this insurance. *We* will reimburse the reasonable costs and expenses *you* incur for this purpose.

Explanation

The word 'incident' is replaced with the wider term 'event or matter' to ensure all mitigation costs are captured and clarify that the trigger point for Members to take steps to mitigate losses is upon the happening of any event or matter.

Personal effects

Claims for loss of or damage to *personal effects*. The maximum amount payable for *your crew's personal effects* will be limited to US\$ 5,000 per person, per claim.

Piracy

You remain covered for any of the *claims* listed here under 'Your cover' which arise following acts of piracy against *your* vessel. Please note *our* exclusion in respect of kidnap and ransom demands contained in 'What is not covered (exclusions)' – exclusion 13 below.

Pollution and environmental liabilities

Pollution from *your* vessel, including the cost of clean-up and reasonable measures taken to prevent an imminent risk of *pollution*.

For damage or contamination to property belonging wholly or in part to you, you shall have the same rights of recovery and we shall have the same rights as if such property belonged wholly to different owners.

Damage to coral reefs and other sensitive marine environments providing these occur as a result of an identifiable ~~accident or occurrence~~ event. ~~We also cover resulting governmental fines and penalties other than those arising from illegal fishing.~~

Explanation

The cover is expanded to ensure a right of recovery in case an insured vessel causes damage to property belonging to the same Member.

It is clarified that cover is properly triggered upon an 'event' that could give rise to a claim.

Cover for Governmental fines and penalties is deleted on the basis that cover for accidental pollution is already provided under the 'Fines' section.

Quarantine costs

The *extra costs and expenses you incur* as a direct result of an outbreak of an infectious disease.

SCOPIC

We also provide cover for *your SCOPIC* liabilities when salvors choose to use *SCOPIC* with the Lloyd's Open Form (LOF).

Special Cover

We may agree to provide cover against special or additional risks. The terms of any special cover will be as agreed by us in writing.

Explanation

This change recognises our ability to provide additional cover beyond that envisaged in this policy. If we do agree to the provision of special cover, the terms of that cover are as agreed by us in writing.

Stowaways refugees and life salvage

Costs and expenses arising from stowaways, refugees and the saving of life at sea.

Towage

You are covered for ~~Claims arising from towing. The limit of cover under this section for loss or~~ damage to ~~a the towed fishing vessel tow with a limit of~~ is US\$ 250,000 per ~~claim-incident~~ unless we have agreed to a higher limit and this is shown on *your* Certificate of Insurance.

~~Excluding claims arising from loss of or wreck removal of the tow (together with costs and expenses~~

~~associated therewith).~~

Explanation

The wording has been streamlined as fishing vessels are not expected to engage in towage of other vessels outside of life salvage. However, occasionally it may become necessary to undertake towage of another fishing vessel that has broken down in port and needs to go to another port for repair. In such a situation, limited cover is provided as above.

Uninsured or underinsured ~~boaters~~ vessels

If an *uninsured or underinsured third party vessel* is responsible for you, your crew or your passengers or others sustaining personal injury, illness, or death whilst whilst on board your vessel ~~or its tenders~~, we agree to meet in the first instance any medical, funeral or other ~~costs or~~ expenses which are not recoverable ~~from them.~~ as a result of the third party vessel being uninsured or underinsured.

The limit of cover under this section is US\$ 5,000,000 per ~~claim~~ incident.

Explanation

Cover is expanded to ensure illness and death claims are covered as well as all categories of expenses that might fall due so long as those expenses have not been recoverable as a result of the third party vessel being uninsured or underinsured.

War risks

~~We insure marine liability claims arising from war risks unless you have separate cover under a war risks policy which includes marine liability, in which case we pay claims only in excess of the US\$ equivalent of the insured value of your vessel (which is deemed not to exceed US\$ 100 million) or the amount recoverable from your war risk underwriters, whichever is the greater. The war risks cover we provide is subject to special conditions:~~

- ~~1. We may cancel your cover for war risks by giving you seven days' notice of cancellation at any time~~
- ~~2. Your cover for war risks will terminate automatically should war break out between any of the following countries: the United Kingdom, the United States of America (U.S.), France, the Russian Federation and the People's Republic of China.~~

We pay war risks P&I claims. The limit of your cover under this war risk section is US\$500,000,000 each vessel, any one incident.

If you have no other war risk insurance policy in place, your deductible for war risks P&I claims under this section is the deductible shown on your Certificate of Insurance.

If you have purchased a war risk P&I policy from another insurer, your deductible shall be the amount you can recover under your war risks P&I policy with ~~another~~ that other insurer.

Explanation

This section of cover now simplifies the position for situations where you have bought war risks P&I insurance from another insurer. Currently, for the purpose of the fishing vessel policy, the war risks P&I deductible is the greater of the insured fishing vessel value OR the amount recoverable by you under your alternative war risks P&I policy. The effect of this change is to simplify the position so that, where there is an alternative war risks P&I policy, the deductible will be the amount recoverable under that policy.

The deductible where no other war risks policy is in place, and the limit of cover for war risks, remain unchanged.

Wreck Removal

Wreck removal, marking or lighting costs which are compulsory by law, following the loss of *your* vessel, including *claims* for the extra cost and expenses of removing catch, *cargo* or property from the wreck.

[We also cover voluntary wreck removal from somewhere you own or lease when no wreck removal order has been given.](#)

The residual value of any property recovered shall be deducted or offset against *your claim*.

Explanation

Cover is expanded as a benefit to Member to cover wreck removal from owned or leased locations.

What is not covered (exclusions)

~~For any *claim* to be payable it must arise from an *incident* which occurs during the period of insurance stated on *your* Certificate of Insurance. It is a requirement of this policy that you use *your* vessel for lawful purposes; otherwise *your* liabilities may not be covered. In addition, ~~we~~ [We](#) do not pay *claims* for or arising from the following:~~

Explanation

The first sentence of the preamble to 'What is not covered (exclusions)' has now been amended and moved to 'The protection we provide' section at the start of the policy. The text in respect of 'lawful purposes' is deleted as it was duplicated within the 'What is not Covered' section under 'Unlawful Purposes'.

[1. **Cable damage** Cover will exclude any and all claims for or arising from damage to subsea cables, where this damage is due to or caused by the Member acting imprudently, unsafely, or in an unduly](#)

[hazardous or improper manner.](#)

Explanation

For the first time, we introduce an exclusion to damage and / or loss to a subsea cable caused by a Member's vessel when it is determined that the Member acted imprudently, unsafely or in an unduly hazardous or improper manner.

~~1.2. Catch~~ carried on board *your* vessel.

~~2.3. Charterers. The liabilities of your charterers are not covered unless they are a bareboat charterer who we have agreed to name on your policy. This policy does not insure you when you act as a time or voyage charterer of vessels which you do not own and it does not insure the liabilities of your charterers, unless they are bareboat charterer who we have agreed to be named on your policy.~~

~~3. Chemical, biological, bio-chemical or electromagnetic weapons.~~

~~4. Cyber risks. The use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.~~

Explanation

The cover is widened as a result of deleting these exclusions. By way of further explanation, see the change to the exclusion for 'War Risks'.

~~5.4. Contractual liabilities and indemnities~~ other than those ~~relating to illness, personal injury, death or property damage.~~ [recoverable under the 'Contractual liabilities and indemnities' and 'Crew, Passengers and others' section of your Policy.](#)

~~5. Crew claim exclusions~~ – We do not pay crew annuities, ~~retirement accounts or pension contributions.~~ If injured parties are entitled to receive compensation for personal injury or sickness benefits under a mandatory ~~state or national~~ insurance scheme, we are not obliged to pay such *claims*. This exclusion applies even if *you* or the injured parties have failed to take the steps necessary to receive such entitlements. [Except in so far as covered under 'Crew and Others' above, ~~We~~ we do not pay *claims* for or arising out of contractual obligations to pay crew wages unless managers have seen and approved the contract in writing. ~~to continue to pay crew wages and/or We do not pay~~ share of catch and/or profits of vessel payments following sickness or injury or disputes with *crew* over contractual liabilities or obligations. We do not pay \[Employment Practices liability claims.\]\(#\)](#)

Explanation

This section has been updated to clarify that we do not pay Employment Practices liability claims. This

change clarifies the exceptions to the exclusion for contractual liabilities and indemnities.

6. Deductibles, excesses, franchises or other amount(s) which *you* are required to bear under other policies ~~in your name~~.

Explanation

This exclusion is broadened to encompass all uninsured losses borne by Members under other policies.

~~6.7.~~ **Delay** Costs and expenses which arise because *your* vessel has been delayed, other than amounts recoverable under the diversion costs section of *your* policy.

~~7.8.~~ **Disputes** over contractual liabilities or obligations; or disputes or proceedings over obstruction or interference with *your* vessel's operations.

9. Disputes between named parties We do not support Members or ~~Joint Assureds~~ joint Members in dispute with each other, or Co-Assureds in dispute with ~~Assureds or Joint Assureds~~ each other or with Members or joint Members under the same policy.

Explanation

This change clarifies that disputes between Co-assureds are not covered.

~~8.10.~~ **Environmental damage** arising from *your* continuing use of or presence at a coral reef or other sensitive marine environment.

~~9.11.~~ **Fines or penalties** of all kinds, including those arising from overloading *your* vessel, ~~illegal fishing,~~ carrying contraband or blockade running except as covered under 'Fines' above.

Explanation

The wording is simply streamlined.

~~10.12.~~ **Illegal payments of any kind** such as extortion, blackmail or bribery or any associated costs or

expenses.

~~11.13.~~ **Kidnap and ransom** demands or payments.

14. Motor vehicles. *Claims arising from the use of mechanically powered vehicles whilst ashore, [which would be recoverable under a full comprehensive motor vehicle policy.](#)*

Explanation

This exclusion is amended so that it is limited to claims that would be recoverable under a motor policy.

~~12.15.~~ **Nuclear risks** or *claims* arising from radioactivity.

16. Other insurances. *[We do not cover liabilities which are recoverable from any other insurance \(or where they could have been recoverable had such other insurance not contained a provision similar to this\).](#) [We do not cover liabilities for hull and machinery risks for which you would have insurance cover under a separate policy or policies, were you to be fully insured for such risks on terms not less wide than those of the Lloyd's Marine Policy with the Institute Time Clauses \(Hulls\) 1/10/83.](#)*

Explanation

All prudent Members are expected to take out adequate insurance to meet their needs. This new wording clarifies how our cover responds with other covers including Hull and Machinery.

~~13.17.~~ **Own property.** Loss of or damage to owned or leased property of *yours* including *your catch*, ~~and~~ *your fishing gear* [and your vessel](#).

Explanation

This new wording clarifies that we do not cover loss or damage to your vessel.

~~14.18.~~ **Property or personal effects of crew, passengers or others** consisting of cash, precious metals or stones or other objects of a rare or precious nature.

~~15.19.~~ **Punitive damages** or exemplary damages however described, imposed by a court in the U.S.

20. Salvage services to *your* vessel or demands for general average payments and any related disputes [other than amounts recoverable under the 'SCOPIC' section of your policy.](#)

Explanation

This new wording clarifies the extent of our cover for salvage services and general average payments.

21. Sanctions. We do not pay *claims* which would expose ~~us~~ the Shipowners' Club or its Managers to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom or the ~~U.S.~~ United States of America. Furthermore, ~~We~~ we are not liable to pay any claim to you, in full or in part, if we are unable to make a recovery from our reinsurers in respect of that claim, due to sanctions restrictions placed on one or all of our reinsurers ~~have no liability to you if we are unable to recover a claim from our reinsurers for these reasons.~~

Explanation

This clarifies that we do not pay claims where the Club or its Managers would risk exposure to sanctions.

22. Special Cover If we agree to provide special cover in writing then you are not entitled to recover any claim from us for any part of your liability that is not recovered by us from our Reinsurers.

Explanation

For the first time, we now restrict recovery of special cover claims for any sums not recovered by us from Reinsurers.

~~16.~~**23. Scuba diving** When scuba equipment is used commercially as an intrinsic part of the fishing operations, *unless the diver* has been certified by a recognised diver training organisation. Any other form of *commercial diving* is not insured.

~~17.~~**24. Submarines**, mini subs or remotely operated vehicles (ROVs).

~~18.~~**25. Surveys & Management Audit defects.** *Claims* which arise out of defects identified during a survey and/or management audit are not payable.

26. Time Bar. We do not pay a claim ~~if you have not told us of any event or matter which could give rise to that claim within one year of your first knowing about it (or in our view when you should have known of it); or if you do not submit to us for reimbursement a claim within a year of having yourself settled it.~~

We do not in any event pay a claim if you have not told us in writing of that claim, within three years of the event or matter that gave rise to it.

~~arising from the loss or wreck of a vessel once two years have elapsed from the date of the loss or wreck.~~

Explanation

This guards against the risk of Members prejudicing their claims through late presentation.

27. Towing Unless cover is available under the 'Towage' section of 'What is Covered', claims arising from towing are excluded unless such towage is necessary for the purpose of saving life or property at sea.

Explanation

This new exclusion makes it clear that saving life or property at sea is the only available avenue to claim except as provided under your cover for towage above.

~~19.28. Unlawful purposes, unsafe, imprudent or unduly hazardous activities~~ including carrying contraband, blockade running, *illegal fishing*, or being employed in an unlawful or prohibited activity or trade, your infringement of any law, rule or regulation, or permitting any activity on board or in connection with your vessel which is unsafe, imprudent or unduly hazardous. ~~This would include any activity or trade where granting you cover or paying you a claim would risk exposing us to any sanctions, prohibitions or restrictions under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or the U.S.~~

Explanation

It would not be in the interests of membership as a whole for us to provide insurance where activities have been unsafe, imprudent or unduly hazardous. This is a feature of the Club's policies and is in common with the cover provided by all IG Clubs.

Claims and cover which present a sanctions risk are now dealt with elsewhere in this policy. Hence, the deleted text.

~~20. Unseaworthiness.~~ If you fail to ensure that your vessel is maintained in a seaworthy condition or to keep or operate it in accordance with the requirements of her Flag State, certifying authority or classification society, ~~claims which arise as a result, including wreck removal, will not be payable.~~

Explanation

The wording has been deleted as unseaworthiness has been addressed under Class, Certifying Authority or Flag State provision.

29. War Risks

There is no cover for any claims arising from war risks when the liabilities costs or expenses arise directly or indirectly from any of the following:

- any chemical, biological, bio-chemical or electromagnetic weapon; or
- the use or operation, as a means of inflicting harm, of any computer virus except that this exclusion shall not operate to exclude losses (which would otherwise be covered under the terms of this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile; or
- the outbreak of war (whether declared or not) between any of the following countries: the United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China; or
- incidents caused by, or contributing to, or arising out of, any event, accident or occurrence within specific ports, places, zones or areas, as we have notified to you either at the commencement of, or during the period of, your policy. We may change, vary, extend, add to or otherwise alter these specified ports, places, zones and areas upon twenty four hours notice given by us to you; or
- requisition for title or use.

~~If we have agreed to insure any of the risks which we say we do not cover, it will be shown on your Certificate of Insurance.~~

Explanation

This amendment clarifies the exclusions for claims arising from war risks. This exclusion should be read alongside the now deleted policy exclusion for chemical, biological, bio-chemical and electromagnetic and computer virus risks. Whereas these specific exclusions were previously pertinent to ALL claims under the policy, our current reinsurance arrangements allow us to widen cover and to apply these specific exclusions only to claims arising from war risks.

~~30. **Wilful misconduct**, including your infringement of any law, rule or regulation, or permitting any activity on board or in connection with your vessel which is unsafe or unduly hazardous~~
- being an intentional act or deliberate omission done by you with knowledge that it will probably

[result in loss, or done with a reckless disregard for the probable consequences.](#)

Explanation

See the amendment to 'Unlawful purposes'. This section has also been bolstered to reinforce and streamline the exclusion for Wilful misconduct.

[31. Wrecks caused by dereliction or neglect](#)

Explanation

For the first time, the exclusion is introduced because the cover never intended to cover wrecks removal costs / liabilities that were caused by dereliction or neglect.

General conditions

Assignment and Subrogation

You cannot assign your policy to any other person other than with our prior written approval.

[If we make a payment to you or any joint Member or Co-Assured under this policy, or under any security we have given, and you, the joint Member and Co-Assured have any rights to claim against a third party that are connected to the payment we make, then we will be subrogated to all of those rights to the extent of our payment, including any interest and costs. You and the joint Member and Co-Assured agree to take any steps that we reasonable require to this end.](#)

Explanation

Subrogation is naturally an important remedy for the Club. For example, should the Club reimburse a Member then wish to recover against a third party who has partially or fully contributed to the loss, the Club will wish to consider 'stepping into the shoes' of the Member in order to exercise those legal rights of recovery against the third party.

Cancellation

~~*You may cancel cover at noon GMT on the renewal date of any year by giving us not less than 30 days' prior written notice of cancellation. We may, at any time, cancel this policy by giving you not less than 30 days' notice in writing.*~~

Explanation

The Cancellation is now clarified and re-housed within a new General Condition entitled 'Termination and Cancellation'.

Claims

If a *claim* is made against *you*, *you* must follow the *claims* handling procedure set out at the end of this document. If *you* fail to do so *your* ability to *claim* may be affected.

Classification, Certifying Authority or Flag State

~~*Your vessel must maintain the Class, Certifying Authority or Flag State certification that it has at the time we agree to insure it. Any lapse in or loss of such certification must be notified to us immediately and may prejudice your ability to claim under the insurance.*~~

Your vessel must comply with all statutory requirements of its classification society, certifying authority, flag State and SOLAS, as applicable, and maintain the classification society, certifying authority or flag State certification that it had at the time we agreed to insure it. Subject to the provisions of the Insurance Act 2015, we will not pay any claims arising during such time as you have failed to comply with this general condition, even if your failure to comply has not increased the risk of any loss.

Explanation

These requirements for vessels to comply with flag state, certifying authority or classification society have been moved from 'Non Compliance' within the 'What is not Covered' section and are now set out here within this new general condition. These revised words now provide for an absolute obligation; subject to the Insurance Act 2015, claims are not payable during such time as this general condition is not complied with.

Complaints

We take all complaints seriously. If *you* are dissatisfied with *our* handling of *your* claim or any other aspect of *your* insurance or the service *we* provide, please contact *us*. *Our* complaints handling policy is detailed on *our* website at:

[www.shipownersclub.com/ other/complaints-handling-policy](http://www.shipownersclub.com/other/complaints-handling-policy)

Deductibles

Your entitlement to make a claim is subject to the deductible that appears on your certificate of insurance. If a single incident gives rise to a number of claims with different deductibles then the total of all claims will be subject to the highest deductible that applies to any one of the claims.

Explanation

This new general condition makes clear that the entitlement to claim is subject to a deductible. Also, that where a single incident gives rise to a number of claims, only one deductible will apply, namely the highest deductible that applies to any one of the claims.

Discretionary Claims

The Board of the Shipowners' Club has discretion to pay a claim in whole or in part for any liabilities or expenses which are not covered under this policy or any contract that we have with you, so long as they are related to owning and operating your vessel.

Explanation

This introduces for the first time the ability for Members to submit any claim to the Club's board and seek a discretionary decision. This is very much in favour of the Members and would be most unusual in a commercial insurance policy. The advantage of this clause is clear for the Members and means that our cover can be distinguished from our competitors.

Dispute Resolution

~~In the unlikely event that we cannot resolve your complaint satisfactorily, the matter.~~ If, any dispute arises out of or in connection with your Policy or any contract with us, then such dispute will in the first instance be referred to the Board of The Shipowners' Club for adjudication. If the Board of The Shipowners' Club decides to waive its right to adjudicate or if it finds against you then the dispute will be referred to arbitration in London, one arbitrator to be appointed by us, one by you, and a third to be appointed by the arbitrators. The reference to arbitration and the arbitration proceedings themselves will be subject to the provisions of the Arbitration Act 1996 and any statutory modification or re-enactment thereof ~~of the Act.~~

Explanation

This new wording makes the natural distinction between complaints and disputes. This new wording introduces a preliminary step for Members to submit a dispute to The Shipowners Board in the first instance. This is a favourable and cost saving mechanism.

Fair Presentation

You have a duty to make a fair presentation of the risk, by disclosing all material matters which you know or ought to know or, failing that, by giving us sufficient information to put us, as a prudent insurer, on notice

that we need to make further enquiries in order to reveal material circumstances. If you fail to do so your ability to recover a claim from us may be prejudiced.

Explanation

The duty of Fair Presentation in the new Insurance Act 2015 has replaced the obligation of disclosure set out in the Marine Insurance Act 1906. This general condition is now more visible and now replaces 'Material Facts'.

Governing Law

You and we agree that your policy and your certificate of insurance ~~is~~ are governed by and will be construed in accordance with English law. In particular, ~~it is~~ they are subject to and incorporates the provisions of the Marine Insurance Act 1906 and the Insurance Act 2015 and all amendments thereto except to the extent that such Act or modification may have been excluded by this policy or any contract of insurance between us and any insured party.

It is not intended that rights should be acquired by any third party by reason of the Contracts (Rights of Third Parties) Act 1999 or any similar legislation in any jurisdiction.

Joint ~~Assureds~~ Members and Co-Assureds

~~We may agree to insure your vessel in the name of more than one person or company and to note them on your Certificate of Insurance as Joint Assureds. In these circumstances, the terms and conditions of the policy (including premium payment obligations) apply equally to all. An act, omission, statement or claim of any Joint Assured similarly affects all of them. We direct all correspondence to the first named Assured, who receives it on behalf of the others.~~

~~Whenever you have a liability which is recoverable from us but the claim for that liability is made against another person or company who appears on your Certificate of Insurance as a Co-Assured, rather than a Joint Assured, we will reimburse claim payments made by that Co-Assured, up to the limit of your liability for those payments. Unlike Joint Assureds, we do not insure the liability of Co-Assureds and as such they do not have premium payment obligations. We will not subrogate against Co-Assureds for claims which we pay due to your liability.~~

~~When we pay a claim to any one of the Joint Assured or Co-Assureds, we have discharged our liability to all of them.~~

If we issue a Certificate of Insurance in the name of more than one person or company, those additional parties will be known as joint Members. Joint Members are bound by all the terms and conditions of your policy and certificate of insurance and each of them are individually responsible for paying all premium and any other sums due to us under your policy and are bound by all of the terms and conditions of your policy and your certificate of insurance. If we make payment to, or on behalf of, any joint Members for any amount due under your policy, we will make no further payment to any person, including you, in relation to the amount that was due.

If we issue a Certificate of Insurance naming a Co-Assured then we agree to extend cover to that named Co-Assured, but only if: the named Co-Assured is held responsible for a *claim* which is properly *your* responsibility and for which *you* would have been able to recover from *us* under this policy, had that *claim* been made and enforced against *you*. If *you* have a contract with a named Co-Assured , *your* responsibility means *your* responsibility as agreed in that contract.

If we make a payment to, or on behalf of, a named Co-Assured for a *claim* then, in relation to that *claim*, we will not make payment to any other person, including *you*, and we agree to waive *our* rights of subrogation, if any, against the named Co-Assured.

If there is a failure by any joint Member to comply with the 'Fair Presentation' section of *your* policy or if the conduct of any joint Member or Co-Assured would entitle *us* to decline a *claim*, then we will treat such failure and/or conduct as extending to all insureds. If more than one person is named on the Certificate of Insurance we will treat an act, omission, statement or a *claim* by any one of those persons as an act, omission, statement or a *claim* by all of them.

We direct all correspondence to *you* and *you* receive it on behalf of all insureds.

Explanation

This change clarifies the rights and obligations of Joint Members and Co-Assureds. It also makes clear that where a Member has entered into a contract with a Co-Assured, the cover will respond to the extent of the Member's responsibility under that contract. Further, for claims to be recoverable by Co-Assureds they must firstly have been held responsible to pay. Finally, the clause has been updated with respect to 'Fair Presentation' obligations under the Insurance Act 2015.

Law and jurisdiction

~~*Your* policy is governed by and will be construed in accordance with English law. It is subject to the exclusive jurisdiction of the English courts. It incorporates the provisions of the Marine Insurance Act 1906 and, upon its entry into force, the Insurance Act 2015 and all amendments thereto except to the extent that such Act or modification may have been excluded by this policy or any contract of insurance between *us* and any insured party. It is not intended that rights should be acquired by any third party through the operation of the Contracts (Rights of Third Parties) Act 1999 or similar legislation.~~

~~Sections 8, 10, 11, 13, 13A and 14 of the Insurance Act 2015 are excluded from *your* policy with the following consequences:~~

- ~~(1) Any failure by *you* to make a fair presentation shall entitle *us* to avoid *your* policy regardless of whether *your* breach was innocent, deliberate or reckless.~~
- ~~(2) Failure to comply with any warranty will discharge *us* from *our* liability to *you* and/or any insured~~

~~party from the date of the breach regardless of whether the breach is subsequently remedied.~~

~~(3) We may rely on a breach of any term of this policy and/or the contract of insurance, including terms which tend to reduce the risk of loss of a particular kind, loss at a particular location and/or loss at a particular time, in order to exclude, limit or discharge our liability to you in accordance with that term notwithstanding that breach of such a term could not have increased the risk of loss which actually occurred.~~

~~(4) Any relevant breach of the duty of good faith shall entitle us to avoid your policy.~~

~~(5) We shall be entitled to terminate your policy in the event that a fraudulent claim is submitted by or on behalf of you or any insured party, including by any Co-Assured, associated or affiliated person or company.~~

~~Your contract of insurance shall not be subject to, nor shall we be in breach of, any implied term that we will pay any sums due in respect of a claim within a reasonable time save where the breach by us is deliberate or reckless.~~

Explanation

The wording has been deleted as law and jurisdiction have been addressed in Dispute Resolution and Governing Law provisions.

Lay up

If your vessel has been laid up for six months or more outside its usual seasonal trading pattern, you must give us notice that the vessel will be reactivated no less than seven days before the vessel leaves its place of lay up. When we receive notice from you we may appoint a surveyor, at your cost, to inspect the vessel on our behalf and you must provide your full co operation to this end. You must comply with any recommendations that we make following such an inspection. We do not pay any claims arising after you have failed to comply with any requirement of this general condition, until you have complied with all requirements of it, subject always to the provisions of the Insurance Act 2015.

~~We do not return premium for periods of lay up. Premium is on the basis of cancelling returns only. notified in arrears.~~

Explanation

This new general condition provides that Members must notify the Club of their intention to reactivate no less than seven days before the vessel leaves its place of lay-up. It further provides that the Club be entitled, at Member's cost to survey the vessel following lay-up and that claims will not be payable during such time as these requirements are not fulfilled. This new general condition recognises the potentially enhanced risk presented by vessels that are reactivated following a period of lay-up.

Material facts

~~You must tell us all facts that may influence whether or not we wish to insure you and upon what terms. You must ensure that every material representation as to a matter of fact is substantially correct, and every material representation as to a matter of expectation or belief is made in good faith. Failure to do so may result in the voiding of your policy. During the period that you are insured with us you must inform us of any new or change to such information. Failure to do so may result in our terminating your policy with effect from the time of your failure to disclose.~~

Explanation

See above explanation for new general condition 'Fair Presentation'.

Premium

Your insurance premium will be fixed annually and no further premium will be payable, unless you ask us to extend your insurance cover or the material facts upon which we base the cover change. You must pay your premium in such instalments and on such dates as we have specified. Premium is not considered paid until received by us. ~~otherwise we will not pay claims and we may cancel your insurance policy. We are entitled to call upon Joint Assureds to settle any unpaid premiums.~~

Explanation

The Club is now safeguarded in cases where premium is remitted by Members via intermediaries but ultimately does not reach the Club.

Cancellation for failure to pay premium is now dealt with separately under new general condition 'Termination and Cancellation'; hence this deletion.

Reinsurance

We have the right to agree contracts of reinsurance relating to your insured vessel(s) with insurers of our choice, on terms as agreed between us and those other insurers.

Explanation

This new general condition makes clear the basis upon which the Club may enter into contracts of reinsurance.

Security

Where we consider it appropriate and necessary we may provide letters of undertaking, bonds or bank guarantees on your behalf, as security for covered claims providing you have paid ~~any~~ [your premium and your claims deductible](#) which is due to us.

Explanation

This change reflects our normal procedures and is in line with the approach taken by insurers generally.

Severability clause

In the event that a court or tribunal finds any part of this policy to be unenforceable, invalid or to be in conflict with any mandatorily applicable statute or law, or public policy, such part shall be severed and such a finding shall not affect the enforceability, validity or legality of the remainder of the policy, which shall remain in full force and effect.

Shared Ownership

If the master or any crew member is also the owner or part-owner of an insured vessel, the liability shall, in relation to claims arising from the act or omissions of such person in his capacity as master or crew member, be assessed as if such master or crew member was not the owner or part-owner. ~~This shall not apply where the claim arises from the privity or wilful misconduct of an insured party or the owner or part-owner.~~

Explanation

These words are removed as considered unnecessary as wilful misconduct is separately dealt with under its own heading and privity is encompassed within the Marine Insurance Act 1906.

Surveys & Management Audit

~~You have a duty to ensure that your vessel is seaworthy at all times.~~ We may at any time appoint a surveyor, at our cost, to inspect your vessel. We may also wish to perform a Management Audit [of your shore side operation](#). If such an inspection or audit identifies defects in your vessel [and/or your management systems](#), we may require that you remedy them as directed at that time.

Explanation

The wording referring to seaworthiness obligation may be interpreted as onerous and has now been amended.

Termination

~~The insurance which we provide to you will terminate upon the date shown on your Certificate of Insurance or upon an earlier date should any of the following events occur: the sale or transfer of your vessel to new owners, upon the vessel becoming an actual or constructive total loss, or your bankruptcy or insolvency.~~

~~Should you use any of your insured vessels for a prohibited or unlawful activity or trade, we may, by notice, terminate the insurance for all of them. We may also terminate cover by notice where we believe that continuing cover with you may expose the Club or any of its Members to sanction, prohibition or adverse action from the United Nations or the European Union, United Kingdom or the U.S.~~

~~Your insurance will terminate immediately if your vessel is under professional management and the management company changes or we are prohibited from insuring you under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or U.S.~~

~~Termination of cover shall, upon our discretion, also apply to Joint Assureds and Co Assureds. When cover is terminated you will be entitled to a daily pro rata return of premium other than when we have paid a wreck removal claim following the total loss of the vessel. If your policy is cancelled for non-payment of premium and part of the premium due has been paid by instalments, no return of premium is payable.~~

Explanation

Termination is now dealt with under new general condition 'Termination and Cancellation'. Hence this deletion.

Termination and Cancellation

Termination by Notice

Either We or You may terminate this policy by notice at noon GMT on the renewal date of any year by giving not less than 30 days written notice.

We may terminate the entirety of cover under your policy by notice for each and every vessel insured, in the following circumstances:

- should any of your insured vessels be used, in our opinion, for a prohibited or unlawful activity or trade; or
- should any of your insured vessels or their activities, in our opinion, expose the Shipowners' Club or

its Managers to *sanctions risks*; or

- upon 30 days written notice given by *us* to *you*;

We may terminate cover for *war risks* by notice for each and every vessel insured upon written notice by *us* to *you* to discontinue *war risks* cover, with cancellation becoming effective on no less than the expiry of 7 days from midnight on the day on which we issue notice of cancellation.

The effect of *your* policy being terminated by notice also extends to joint Members and Co-Assureds. Subject to the '**Automatic Termination**' and '**Cancellation**' provisions of this policy, the effect of *your* policy terminating by notice is that *you* will remain liable for premium under *your* policy and for any other sums due to us except that *you* will be entitled to a daily pro rata return of premium for sums paid, if any, from the date of termination until the expiration of *your* policy. Likewise, we pay *claims* for events that arose prior to the date of termination but we will not pay *claims* arising from events after the date of termination.

Automatic Termination

Your policy for any of *your* vessel(s) will automatically terminate for that vessel upon the date shown on *your* Certificate of Insurance or upon the happening of any of the following : the sale or transfer of *your* vessel; a change of beneficial owner(s); a change of management of *your* vessel; upon the mortgage of *your* vessel; *your* vessel becoming an actual or constructive total loss; *your* vessel no longer being classed with the classification society or certifying authority that it was at the time we agreed to insure it; should *your* insured vessel(s) or their activities or any named insured expose The Shipowners Club or its Managers to *Sanctions risks*.

Your insurance for all vessel(s) will automatically terminate upon the happening of any of the following: an *Insolvency event*; if *you* are an individual, upon *your* death or upon *your* becoming incapable by reason of mental disorder of managing or administering *your* property and affairs.

The insurance which we provide to *you* for *war risks* will automatically terminate upon the happening of either of the following;

Should war break out between any of the following countries; the United Kingdom, the United States of America, France, the Russian Federation and the Peoples' Republic of China; or

Should *your* vessel be requisitioned either for title or use.

The effect of *your* policy being automatically terminated is the same as for termination by notice except that we do not pay *claims* for events arising after the date of automatic termination, other than *claims* arising from *your* vessel becoming an actual or constructive total loss thereby triggering automatic termination.

Cancellation

If *you* fail to pay premium in such instalments and on such dates as are agreed by *us*, we may serve notice

in writing requiring *you* to make payment by a specified date. If *you* fail to make payment in full on or before the specified date we shall immediately cancel *your* insurance. If we cancel *your* insurance *you* must pay all premium due up to the date of cancellation. We will not pay *claims* for events arising on or after the date of cancellation.

We will not pay *claims* for events arising before the date of cancellation if premium was owing at the time the event arose and remained unpaid at the date of cancellation.

Explanation

The distinction between termination of cover by notice, automatic termination and cancellation and the consequences of each is clarified.

Claims handling procedure

If *you* are involved in an *incident* event or matter which could give rise to a *claim*, please refer to *our* website for the contact details of *our* dedicated claims team; www.shipownersclub.com/insurance

Explanation

The procedure for claims notification is clarified.

24/7 EMERGENCY RESPONSE

The *claims* response service is available 24 hours a day, 7 days a week and provides immediate global assistance to all of *our* Members.

Calling the emergency contact number provides a quick and effective way to speak directly to a duty Shipowners' claims handler in the event of an *incident* or *casualty* involving an entered vessel.

London Branch

+44 203 829 5858

Singapore Branch

+65 8683 3190

During office hours the emergency number will redirect to the relevant corresponding office switchboard.

Immediate advice and local assistance is also available from *our* Correspondents who are listed at:

www.shipownersclub.com/correspondents

It is important that *you* contact *us* or *our* local Correspondent promptly, so that *we* can assist *you*. The earlier *we* are involved the better. *You are required to* ~~We recommend that you~~ act prudently and as if

you are uninsured until such time as *we* have taken over the handling and management of the *incident*.

When reporting a claim it will help *us* if *you* include *your* vessel's name, the *incident* date, the nature of the *incident*, the location of *your* vessel and location of the *incident* (if different). If an injury or collision is involved *you* may be required to notify the appropriate authorities.

We have the right to handle, settle or compromise *claims* or proceedings as *we* see fit. *We* may appoint lawyers, surveyors or other persons when *we* consider these are necessary. They may report to *us* and provide documents or information to *us*, without prior referral of these matters to *you*.

When it is possible for a vessel owner to limit their liability at law, that sum becomes the maximum amount recoverable under this policy and will apply regardless of whether *we* insure *you* as the owner of the vessel or in some other capacity.

You must not admit liability for any claim and *you* must not settle a claim without *our* prior approval. *You* must also preserve any rights *you* may have to limit *your* liability and any rights *you* may have against any third party. [*You must also promptly notify us of every event or matter which is likely to give rise to a claim, provide us with any relevant information or documents and permit us access to any persons employed by you who we consider likely to have knowledge of the event or matter.*](#) If *you* admit liability, settle, ~~or~~ fail to preserve *your* limitation rights, [or fail to promptly notify or provide information or access to your employees,](#) *your* claim may be rejected or reduced. If *we* pay the claimant, *you* or *your* nominated broker, manager, agent or some other person whom *you* nominate, *our* liability shall be fully discharged.

Explanation

To reflect best practise and to preserve the Member and the Club's position, this section of the policy is expanded to ensure that all information, documentation and access is provided by Members to the Club with regard to any event or matter that may give rise to a claim. Failure to do so entitles the Club to reject claims and/or reduce the amount payable.

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Definitions

Please note that the use of italic text in this policy indicates that the word or phrase is defined in the clauses. Words in the singular shall include the plural and vice versa.

Explanation

These added words are self explanatory.

Cargo means materials or goods of any kind transported for reward, other than Catch.

Explanation

This definition ties in with the references to cargo elsewhere. Catch is not considered cargo.

Casualty means an *incident* affecting the physical condition of *your vessel* so as to render it incapable of safe navigation to its intended destination, or which creates a threat to the life, health or safety of *your crew, passengers or others* ~~or guests~~. Engine breakdown is not a *casualty* for the purposes of this policy.

Explanation

Clarifying text.

Claims means liability *claims* made against *you* as a result of owning or operating the vessel named on *your* Certificate of Insurance.

~~**Co-Assured** means persons or companies other than *you* who are entitled to the protection of the policy when held responsible for liabilities which properly belong to *you*. Unlike Assureds and Joint Assureds, Co-Assureds are not Members of the Shipowners' Club and have no independent right of recovery under the policy for their own liabilities. They have no obligation to meet any unpaid premiums due under the policy.~~

Explanation

Co-Assureds and their rights and responsibilities are set out in general condition 'Joint Members and Co-Assureds'.

Commercial diving means diving for reward.

Crew means any person engaged or employed in any capacity in connection with *your* vessel, whether on board or proceeding to or from *your* vessel or on ~~ship's~~ vessels business. Crew does not mean vessel brokers or vessel agents or those supplying services to *your* vessel.

~~**Crew compensation and sickness benefits** are those payable under *your* Seafarers' Employment Agreements (SEAs) or crew contracts, collective bargaining agreements or where the state requires employers to pay compensation or sickness benefits for personal injuries in the absence of a mandatory state scheme.~~

Deductible means the initial amount *you* have to pay yourself before the insurance policy will respond to a loss under your policy. ~~under a policy. Some policies refer to this as an excess. For the purposes of this policy, the words *deductible* and *excess* in this context have the same meaning.~~

Explanation

These definitions are clarified and streamlined.

The definition for Crew compensation and sickness benefits is deleted as cover for crew and exclusions to such cover are fully set out under 'Crew, Passengers and Others' to be read in conjunction with the

relevant exclusions.

Employment Practices liability *claims* means *claims* for wrongful or unfair termination, sexual harassment, discrimination or any other employment-related conduct.

Extra costs and expenses means costs and expenses over and above those which would ordinarily be incurred had the *incident* not taken place.

Fines include civil penalties, penal damages and other impositions similar in nature to *fin*es, but not punitive damages.

Fully insured means insured at a value which, in our opinion, represents its full market value, disregarding any charter or other engagement to which the vessel may be committed.

Explanation
This new definition ties in with the amended Exclusion for 'Other Insurances'.

Illegal fishing includes the use of the vessel in contravention of any law, rule, regulation, requirement, protocol or article. ~~intended for the management, protection or conservation of marine living resources.~~

Explanation
It would be improper for us to insure illegal fishing in any way. Hence this definition is clarified.

Incident means an accident relating to the operation or use of *your* vessel. A series of *incidents* which have the same cause will be treated as one *incident* ~~and for the purpose of *claims*' settlements one *claim's deductible* will apply.~~

Explanation
This definition is streamlined and claims deductibles are dealt with under the new section "Deductibles".

Insolvency event if *you* are an individual, *Insolvency event* means any of the following: a receiving order is made against *you*; *you* become bankrupt; *you* make any composition or arrangement with *your* creditors generally.

If *you* are a company, *Insolvency event* means any of the following: the passing of any resolution for voluntary winding up; an order being made for compulsory winding up (other than for the purpose of company or group reorganization); the dissolution of the company; the appointment of a receiver or manager of all or part of the company's business; upon commencement by the company of proceedings under any bankruptcy or insolvency laws to seek protection from its creditors or to reorganise its affairs.

Explanation

Insolvency of a Member is a potential trigger for automatic termination under the new 'Termination and Cancellation' general condition. The circumstances in which insolvency might be triggered are set out fully in this new definition.

~~**Joint Assured** means a person or company eligible to be a Member of the Shipowners' Club and who is insured under the same policy with other eligible persons. The policy provides cover to *Joint Assureds* on the same terms and conditions as apply to *you*. They have joint and several liability for premiums payable.~~

Explanation

Joint Members and their rights and responsibilities are set out in general condition 'Joint Members and Co-Assureds'.

Nuclear risks means any loss, damage or expense due to or arising out of, directly or indirectly, nuclear reaction, radiation or radioactive contamination regardless of how it was caused.

Passenger means any person carried or intended to be or having been carried on *your* vessel under a contract of carriage for reward.

Personal Effects means items which *your crew, passengers* or others bring on to *your* vessel ~~for recreational purposes~~ and which are unconnected to the operation of *your* vessel.

Explanation

This change reflects that crew, passengers or others will likely bring personal effects onboard your vessel. Such personal effects are not always related to recreation.

Pollution means the accidental discharge or escape of oil or other substances from *your* vessel.

Sanctions risks means the risk of being or becoming subject to any sanction, prohibition, or adverse action in any form whatsoever by any State where *we* or *our* Managers have registered offices or permanent places of business or any State being a Major Power or by the United Nations or the European Union. For the purposes of this policy, 'Major Power' means any of the following States: United Kingdom, United States of America, France, the Russian Federation and the People's Republic of China.

Explanation

We do not cover claims where granting you cover or paying the claim would expose us to the risk of sanctions. Such a situation is also a potential trigger for termination of the policy (both by notice and automatic). This new definition sets out fully what we mean by 'Sanctions risks'.

SCOPIC means Special Compensation P&I Club Clause.

Tow means the towed fishing vessel ~~or any cargo or property on it~~. It does not include towed objects which are not vessels, unless otherwise endorsed on your policy.

Explanation

The wording has been clarified.

Uninsured or Underinsured third party vessel means a third party vessel whose owner or operator has no insurance or insufficient insurance to cover medical costs and expenses of *your crew* ~~or passengers or others~~.

~~Uninsured third party vessel~~ means a third party vessel which collides with *your* vessel and which fails to stop and identify itself afterwards or a vessel whose owner or operator has no vessel liability insurance or whose liability insurer denies cover or becomes insolvent.

Explanation

This definition is clarified and streamlined.

~~**War risks** means liabilities incurred as a result of war, civil war, revolution, rebellion, insurrection or resultant civil strife or any hostile act by or against a belligerent power or by any act of terrorism; capture, seizure, arrest, restraint or detainment; mines, torpedoes, bombs, rockets, shells, explosives or similar weapons of war; It does not mean any chemical, biological, bio-chemical or electromagnetic weapon; the use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.~~

Means costs or expenses (regardless of whether partially caused by neglect by you or your servants or agents) when the *incident* giving rise to the liability or expense was caused by the following: war, civil war, revolution, rebellion, insurrection or resultant civil strife arising therefrom or any hostile act by or against a belligerent power, or any act of terrorism; capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat; mines, torpedoes, bombs, rockets, shells, explosives or similar weapons of war.

Explanation

This ties in with the amended war risks wordings.

~~**Wilful misconduct** means an intentional act or deliberate omission done by you either with knowledge that the act or omission is likely to result in loss, or in such a way as to allow an inference of reckless disregard for the probable consequences.~~

Explanation

This is now redundant as Wilful misconduct is set out fully in the 'What is not covered' section.

We or **our** or **us** means The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), the insurer.

You or **your** means the person or company named as the ~~assured~~ Member in on the Certificate of Insurance.

~~Please note that the use of italic text in this policy indicates that the word or phrase is defined in the~~

~~clauses. Words in the singular shall include the plural and vice versa.~~

Explanation

This text has been moved; it previously appeared under the 'Joint Assureds and Co-Assureds' section.

Optional additional cover

If *you* require any of the following additional covers, please contact *us*:

- Personal Accident cover
- Pre-delivery and post-delivery *crew* (during build, purchase or sale periods)

Legal ~~Assistance-Cost and Defence~~ cover (for certain types of dispute)

Explanation

In recent times, we have renamed 'Legal Assistance and Defence Cover'. We now refer to this cover as 'Legal Cost Cover'.

BIO-CHEMICAL EXTENSION CLAUSE

THE FOLLOWING BIO-CHEMICAL EXTENSION CLAUSE FORMS PART OF A MEMBER'S INSURANCE UNLESS OTHERWISE AGREED BY THE MANAGERS IN WRITING

1 Subject to the terms and conditions and exclusions set out herein, cover is extended to include the liability of the Member (being an Insured Owner):

(a) To pay damages, compensation or expenses in consequence of the personal injury to or illness or death of any seaman (including diversion expenses, repatriation and substitute expense and shipwreck unemployment indemnity),

(b) For the legal costs and expenses incurred solely for the purpose of avoiding or minimising any liability or risk insured by an Association (other than under the 'Discretionary Claims' section of your policy)

1.2 Where such liability is not recoverable under:

(a) Any war risk P&I policies either provided by us or by someone else,

1.3 Solely by reason of the operation of an exclusion of liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising from:

(a) Any chemical, biological, bio-chemical or electromagnetic weapon

(b) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software program, malicious code, computer virus or process or any other electronic system,

1.4 Other than liabilities, costs, losses and expenses arising from:

(i) Explosives or the methods of the detonation or attachment thereof

(ii) The use of the entered ship or its cargo as a means for inflicting harm, unless such cargo is a chemical or biochemical weapon.

(iii) the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

2. Excluded Areas

2.1 The Board may in its discretion decide that there shall be no recovery in respect of any liabilities, costs, losses and expenses directly or indirectly caused by or contributed to by or arising out of any event, accident or occurrence within such ports, places, zones or areas, or during such period as they may specify.

2.2 At any time or times before, or at the commencement of, or during the Policy Year, the Association may by notice to the Member change, vary, extend, add to or otherwise alter the ports, places, countries, zones and periods specified in Clause 2.1 from a date and time specified by the Association not being less than 24 hours from midnight on the day the notice is given to the Member.

3. Cancellation

Cover hereunder may by notice to the Member be cancelled by the Association from a date and time specified by the Association, not being less than 24 hours from midnight on the day notice of cancellation is given to the Member.

4. Limit of Liability

4.1 Subject to Clause 4.2 the limit of liability of the Association under this extension of cover in respect of all claims shall be in the aggregate US\$ 30 million each ship any one accident or occurrence or series thereof arising from any one event.

4.2 In the event that there is more than one entry by any person for Bio- Chemical cover as provided herein in respect of the same ship with the Association and/or any other insurer which participates in the Pooling Agreement or General Excess Loss Reinsurance Contract, the aggregate recovery in respect of all liabilities, costs, losses and expenses arising under such entries shall not exceed the amount stipulated in Clause 4.1 and the liability of the Association under each such entry shall be limited to such proportion of that amount as the claims arising under that entry bear to the aggregate of all such claims recoverable from the Association and any such other insurer.

5. Deductible

The deductible shall be the deductible applicable to the relevant cover set out in the Certificate of Insurance.

6. Law and Practice

1. This clause is subject to English law and practice.