



BRITISH MARINE



GENERAL TERMS AND CONDITIONS

Hull and Machinery

BRITISH MARINE *Since 1876*





BRITISH MARINE
Hull and Machinery
GENERAL TERMS AND CONDITIONS

Assured

Address

.....

Facsimile

E-mail address

Insured Vessel(s)

Period From [] hrs on to [] hrs on

In consideration of the premium payable in respect of this Insurance, the Insurers undertake to insure the Insured Vessel(s) against loss, damage liability or expense, on the terms and conditions provided for under the:

The cover provided under this policy is subject to the General Terms and Conditions as attached. The Standard Clauses and the General Terms and Conditions shall be read cumulatively and the rights and obligations under this policy construed cumulatively. In the event that there is a direct contradiction between the provisions of the Standard Clauses and the General Terms and Conditions, the latter shall prevail. When expressly agreed, cover, including war risks, may be provided on other customary policy forms.

The Insurance covers only loss, damage, liability or expense which arises out of events which occur during the policy period, in respect of the Assured's interest in the Insured Vessel, and only in connection with the operation of the Insured Vessel.

2016 Edition

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1. Definitions

1.1 For the purpose of this policy the following words and phrases shall have the following meanings:

- “Assured”** every owner or other person who is for the time being entitled to cover under this policy.
- “day”** a day computed according to Greenwich Mean Time (GMT).
- “Date Recognition Problem”** any failure or anticipated failure or inability of any computer system, software, hardware, integrated circuit, microchip, operating system and/or any other electronic device or component correctly, unambiguously or completely to assign, exchange, interpret, manipulate, process, recognise, sequence or transfer any time, year, date or date-like code, data or information.
- “Insurance”** any Insurance or reinsurance provided by the Insurers against the risks specified in this policy.
- “Insurer”** QBE Insurance (Europe) Limited, trading as British Marine, a company incorporated in the United Kingdom.

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- “Insured Vessel”** a vessel which is insured by the Insurers under this policy for any of the risks specified in this policy.
- “Joint Assured”** any party named as Assured under this policy, where there is more than one named Assured.
- “Standard Clauses”** such standard clauses for hull and machinery and/or other insurances as shall be expressly incorporated into this policy.
- “Vessel”** any ship, boat, hovercraft or other description of vessel or structure (including any ship, boat, hovercraft or other vessel or structure under construction) used or intended to be used for any purpose whatsoever in navigation or otherwise on, under, over or in water or any part thereof or any proportion of the tonnage thereof or any share therein.
- “writing”** text in English communicated by letter, notice, facsimile, telex or e-mail.

1.2 Words importing the singular shall include the plural and vice versa.

1.3 Words importing the masculine shall include the feminine.

1.4 Words importing natural persons shall include individuals and any legal entity including corporations or partnerships.

1.5 The headings and sub-headings in this policy are for guidance only and are not to be taken into account in its construction or interpretation.

2. Classification

Unless otherwise agreed by the Insurers the Assured warrants that the Insured Vessel is at the time of inception of this policy classed with a classification society approved by the Insurers, and shall remain so classed throughout the policy period. The Assured further warrants that it shall:

- 2.1 comply with the rules of such classification society, and comply with any recommendation or requirement issued by it in accordance with those rules within any period or by any date stated by such classification society for compliance.
- 2.2 notify and secure the Insurers’ approval in writing of any intended change of classification society in respect of the Insured Vessel, stating in full all outstanding requirements, recommendations and restrictions to which the Insured Vessel is subject.

- 2.3 notify such classification society as soon as practicable of any event of circumstance which may affect the Insured Vessel's class, including but not limited to any event or circumstance which might cause the classification society to impose a requirement or make a recommendation under its rules.

It is a condition precedent to liability under this policy that the Assured shall:

- 2.4 disclose to the Insurers all information and documents that they may require relating to the class of the vessel, including but not limited to information and documents relating to any requirements or recommendations imposed, any special survey or drydocking of the Insured Vessel, and the granting of any extensions by such classification society under its rules.
- 2.5 authorise a nominated representative of the Insurers to inspect and copy the Insured Vessel's class records and be provided with any other information or documents that such classification society may hold.

In the event of a failure by the Assured to comply with any warranty provided for under this Clause in respect of the Insured Vessel, the remedies provided for under the Marine Insurance Act 1906 shall apply and, in addition, the Insurers may:

- 2.6 cancel the cover provided under this policy in respect of the Insured Vessel by notice in writing to the Assured. Such cancellation shall take effect from the date of such notice, or
- 2.7 vary or restrict the terms on which cover under this policy is provided.

3. Flag State

The Assured warrants that the Insured Vessel complies at the time of inception of this policy with all requirements of the Insured Vessel's flag state including those relating to:

- 3.1 the construction, condition, manning and equipping of the Insured Vessel.
- 3.2 the maintenance of valid statutory certificates issued by or on behalf of the Insured Vessel's flag state.

It is a condition precedent to liability under this policy that the Insured Vessel has complied with such requirements throughout the policy period including the implementation and maintenance of any vessel(s) or office systems in accordance with Flag State requirements.

In the event of a failure by the Assured to comply with any warranty provided for under this Clause in respect of the Insured Vessel, the remedies provided for under the Marine Insurance Act 1906 shall apply and, in addition, the Insurers may:

- 3.3 cancel cover provided under this policy by notice in writing to the Assured. Such cancellation shall take effect from the date of such notice, but if the Insured Vessel is at sea on that date then the cancellation shall take effect from the date of the Insured Vessel's arrival at her next port, or
- 3.4 vary or restrict the terms on which cover under this policy is provided.

4. Survey by Insurers

The Assured shall permit the inspection of the Insured Vessel by a surveyor or surveyors appointed on behalf of the Insurers:

- 4.1 prior to inception of this policy, or
- 4.2 at any time and as often as required by the Insurers during the policy period

and will cooperate fully in the performance of such an inspection. The Assured warrants that it will comply with all recommendations or requirements made by or on behalf of the Insurers following the inspection within the period required for compliance.

In the event of the Insured Vessel being laid up for a continuous period of 180 or more days the Assured shall notify the Insurers in writing at least seven days prior to the recommissioning of the Insured Vessel in order for the Insurers to have an opportunity to commission an inspection of the Insured Vessel pursuant to this Clause.

It is a condition precedent to liability under this policy that the Assured has complied with the requirements of this Clause.

In the event of a failure by the Assured to comply with any warranty provided for under this Clause in respect of the Insured Vessel, the remedies provided for under the Marine Insurance Act 1906 shall apply and in addition, the Insurers may:

- 4.3 cancel cover provided under this policy by notice in writing to the Assured. Such cancellation shall take effect from the date of such notice, but if the Insured Vessel is at sea on that date then the cancellation shall take effect from the date of the Insured Vessel's arrival at her next port, or
- 4.4 vary or restrict the terms on which cover under this policy is provided.

5. ISM Code

If the Insured Vessel is required to comply with the International Safety Management Code by the International Maritime Organisation the Assured warrants:

- 5.1 that the Insured Vessel has a valid Safety Management Certificate.
- 5.2 that the Assured, owner or manager of the Insured Vessel has a valid Document of Compliance
- 5.3 that the Assured, Owner or Manager of the Insured Vessel(s) has implemented and continues to maintain and operate a Safety Management System in accordance with the International Safety Management Code

in accordance with the requirements of the said Code, and that they shall be maintained in accordance with such requirements throughout the policy period.

The Assured further warrants that it shall notify the Insurers in writing forthwith on the suspension or withdrawal of the said Safety Management Certificate or Document of Compliance.

It is a condition precedent to liability under this policy that the Assured has complied with the requirements of this Clause.

In the event of a failure by the Assured to comply with any warranty provided for under this Clause in respect of the Insured Vessel, the remedies provided for under the Marine Insurance Act 1906 shall apply and, in addition, the Insurers may:

- 5.4 cancel cover provided under this policy by notice in writing to the Assured. Such cancellation shall take effect from the date of such notice, but if the Insured Vessel is at sea on that date then the cancellation shall take effect from the date of the Insured Vessel's arrival at her next port, or
- 5.5 vary or restrict the terms on which cover under this policy is provided.

6. Radioactive, Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion

This Clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

- 6.1 In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from:
 - 6.1.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel.
 - 6.1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.
 - 6.1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
 - 6.1.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-Clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.
 - 6.1.5 any chemical, biological, bio-chemical, or electromagnetic weapon.

7. Electronic Data Recognition Clause

This Clause shall prevail notwithstanding any provision whether written typed or printed in this insurance inconsistent therewith.

- 7.1 The cover provided by this insurance shall not be prejudiced by reason of any failure of a system causing or contributing to any loss, damage, liability or expense insured under this insurance, provided always that this insurance will not cover any loss, damage, liability or expense which has resulted from want of due diligence by the assured, owners or managers in respect of such failure of a system. Masters, officers, crew and pilots shall not be considered owners within the meaning of this Clause should they hold shares in the Insured Vessel.
- 7.2 Notwithstanding Clause 1. above, in no circumstances shall this Clause cover:
 - 7.2.1 any expense incurred in respect of testing for, discovering, averting or minimising any failure of a system;
 - 7.2.2 the cost of rectifying, reprogramming, replacing or upgrading any computer equipment found to be defective or inadequate in respect of the matters referred to in the definition of failure of a system;
 - 7.2.3 the cost of repairing or replacing any computer equipment that has broken down or malfunctioned as a consequence of any failure of a system.
- 7.3 For the purpose of this Clause:
 - 7.3.1 Failure of a system means any failure or anticipated failure of or inability of any system correctly, unambiguously or completely to assign, exchange, interpret, manipulate, process, recognise, sequence or transfer any time, year, date or date-like code, data or information.
 - 7.3.2 Computer equipment means any hardware, software, microchip, integrated circuits, microcontrollers, computer operating system, programs, code or data.
 - 7.3.3 system includes computer equipment and electrical and mechanical equipment linked to computer equipment.

The cover provided in this Clause is subject in all other respects to all other terms, conditions, exclusions and limits contained in this insurance.

8. Mitigation and Sue and Labour

The Assured shall, on the occurrence of an event likely to give rise to a claim under this policy, take all reasonable steps to avert or minimise any liabilities, costs and expenses which might be covered under this policy.

9. Assignment

Neither this policy, nor any interest under this policy, may be assigned by the Assured, unless the Insurers in their absolute discretion consent in writing to such an assignment and on such terms as the Insurers shall impose.

10. Set Off

The Insurers shall be entitled to set off any sum due from the Assured against any sum due to the Assured under this policy in respect of any Insured Vessel. The Assured shall not be entitled to set off any amount payable by the Insurers against any sum due from the Assured under this policy.

11. Termination of Insurance

This policy shall terminate automatically without notice in the following circumstances:

- 11.1 the Assured, being an individual:
 - 11.1.1 14 days after he dies.
 - 11.1.2 he becomes bankrupt.
 - 11.1.3 he is the subject of a receiving order or of a scheme of arrangement or composition with his creditors.
 - 11.1.4 ceases to be able to manage his business by reason of mental illness or incapacity.

11.2 the Assured, being a corporation:

11.2.1 it is the subject of a compulsory winding up order or resolution for its voluntary winding up.

11.2.2 it is dissolved.

11.2.3 it is the subject of the appointment of a receiver, administrator, manager or analogous person in respect of all or part of this business.

11.2.4 it initiates any proceedings to achieve legal protection from its creditors.

11.3 Termination of Insurance by notice:

The insurer may, at any time and without giving reasons, terminate the Insurance of an Insured Vessel(s) by not less than 14 days written notice of termination, effective from the expiry thereof.

The Assured (or in the case of an individual Assured who dies, his personal representative(s)) shall notify the Insurers in writing forthwith on the occurrence of an event referred to in this Clause.

12. Termination of Cover in respect of an Insured Vessel

12.1 Cover in respect of an Insured Vessel shall cease without notice on the occurrence of any of the following:

12.1.1 sale of the Insured Vessel.

12.1.2 divestment or assignment by the Assured of part or all of his interest in the Insured Vessel.

12.1.3 change of manager or flag state in respect of the Insured Vessel.

12.1.4 mortgage or hypothecation of the Insured Vessel.

12.1.5 relinquishing of possession or control of the Insured Vessel by the Assured or foreclosure by a mortgagee bank in respect of the Insured Vessel.

unless the Insurers agree in writing to maintain or reinstate cover in respect of the Insured Vessel, on the same or on varied or restricted terms.

The Assured shall notify the Insurers in writing forthwith on the occurrence of a circumstance or event referred to in this Clause.

12.2 Cover in respect of an Insured Vessel shall cease by the Insurers giving to the Assured not less than ten clear days' notice in writing following the first inspection of the Insured Vessel by a surveyor or surveyors appointed on behalf of the Insurers pursuant to Clause 4 hereof. The Insurers shall be under no obligation to state the grounds for such termination of cover. Should the Insured Vessel, at the expiration of notice of termination of cover given pursuant to this Clause, be at sea or in port and in distress, the Insured Vessel shall, provided notice in writing be given to the Insurers prior to the expiration of notice of termination of cover given pursuant to this Clause, be held covered until arrival at the next port in safety or, if in port and in distress, until the Insured Vessel is made safe, at a pro-rata per day premium.

12.3 Where cover ceases pursuant to this Clause the Insurers shall be liable only in respect of any claim arising prior to the time when cover ceased.

13. Premium

Premium payable in respect of this policy shall be paid on such terms as the Insurers shall agree in writing.

In the event of failure by the Assured to pay premium or any instalment of premium due pursuant to the said terms, the Insurers may:

13.1 cancel this policy giving a minimum notice period of seven days.

13.2 vary or restrict the terms on which cover under this policy is provided.

In the event of the cancellation of this policy by the Insurers under this Clause, the Insurers shall not be liable in respect of any claims whatsoever, whether arising before or after such cancellation.

The Insurers shall be entitled to interest at a rate of 2% over LIBOR for any premium or part of the premium which is due and unpaid for the period over which such premium remains due and unpaid.

Where the Assured has paid the premium due under this policy and:

- 13.3 termination of the policy takes effect pursuant to Clause 12, premium under the policy shall be returned to the Assured on a pro rata day basis or may be otherwise agreed by the Insurers in writing prior to commencement of the policy period.
- 13.4 termination of cover in respect of an Insured Vessel takes effect pursuant to Clause 13, premium paid in respect of that Insured Vessel shall be returned to the Assured on a percentage of a pro rata per day basis should the vessel be laid up for a minimum period of 30 consecutive days and for each completed 30-day-period thereafter only if agreed by the insurers in writing prior to the commencement of the policy period. For the Insured Vessel to be deemed laid up under the terms of this clause it will need to be:
 - 13.5 at a safe port or berth approved by the Insurers upon or before lay up, and
 - 13.6 without a crew on board except for security and maintenance, and
 - 13.7 without cargo on board.

14. Waiver

No representation, act or omission, conduct or forbearance by the Insurers nor any agreement or acquiescence to the conduct of the Assured, shall amount to a waiver of any right of the Insurers under this policy, nor shall it give rise to an estoppel in respect of any such right unless expressed in writing and addressed by the Insurers to the Assured.

15. Joint Assureds

Joint Assureds shall not be covered in respect of any claim or liabilities between Joint Assureds. Joint Assureds shall:

- 15.1 be jointly and severally liable to pay premium due under this policy.
- 15.2 be bound by the default of any one of the Joint Assureds in failing to disclose or misrepresenting material information to the Insurers.
- 15.3 be bound by the conduct of any one of the Joint Assureds which would give rise to:
 - 15.3.1 the termination of this policy.
 - 15.3.2 the termination of cover in respect of an Insured Vessel.
 - 15.3.3 the cancellation by the Insurers of cover provided under this policy.
 - 15.3.4 the variation or restriction by the Insurers of the terms on which cover under this policy is provided.
- 15.4 be deemed to have received any notice or communication sent by the Insurers to any one of the Joint Assureds.
- 15.5 be deemed to have sent any notice or communication sent by any one of the Joint Assureds to the Insurers.

The deductibles and limits provided for in this policy shall apply to any claim by any one of the Joint Assureds, as if the Joint Assureds were a single Assured. Receipt by any Joint Assured of any sum payable by the Insurers shall be deemed to be receipt on behalf of all the Joint Assureds, and shall discharge the Insurers of their liability for any claim in respect of which such payment is made.

The cover provided under contracts of insurance evidenced by this policy in respect of every Insured Vessel(s) and every Assured, shall be deemed to be provided under a single policy, and not under separate individual contracts of insurance comprised in a composite policy.

16. Notices

Any notice:

16.1 by the Assured to the Insurer shall be sent to:

British Marine
C/o QBE Insurance (Europe) Limited,
Plantation Place,
London EC3M

Telephone: +44 (0) 20 7105 4000
Fax: +44 (0) 20 7105 4019
E-mail address: managers@britishmarine.com

Or to such other address or by such other means of communication as the Insurers shall notify to the Assured from time to time.

16.2 by the Insurers to the Assured shall be sent to the address, facsimile number or e-mail address shown after the Assured's name on the first page of this policy. Proceedings issued by the Insurers against the Assured shall be deemed to have been duly served if delivered to such address.

17. Claims Notification and Provision of Information

It is a condition precedent to the liability of the Insurers under this policy that the Assured shall:

- 17.1 notify the Insurers immediately and also in writing as soon as reasonably practicable of any event which may give rise to a claim under this policy and in any event no later than twelve months after the date of such event.
- 17.2 notify the Insurers in writing forthwith of any legal or other proceedings brought against the Assured or in respect of the Insured Vessel.
- 17.3 provide to the Insurers or to any party nominated by the Insurers as soon as reasonably practicable all material, including documents, photographs or reports in the possession of the Assured or its agents, and any information known to the Assured or its agents, relating to any event which may give rise to a claim under this policy, and continue to keep the Insurers advised of all material developments in respect of such an event or claim.
- 17.4 notify the Insurers as soon as practicable of any opportunity to obtain information, relating to an event which may give rise to a claim under this policy, including but not limited to an opportunity to conduct medical examinations and/or surveys in respect of any cargo, ship or any other object.
- 17.5 give full cooperation to the Insurers in any investigation conducted by or on behalf of the Insurers into any event which may give rise to a claim under this policy.
- 17.6 not make any admission of liability, responsibility or blame to any third party in respect of any event which may give rise to a claim under this policy.

18. Claims Handling

The Insurers shall be entitled on such terms as they may require to assume control of the conduct of any claim, legal proceedings, arbitration or participation by the Assured in any inquiry or investigation, in respect of any event or matter which may give rise to a claim under this policy.

The Insurers may direct the Assured to take any step in connection with the conduct of such a claim, legal proceedings, arbitration, inquiry or investigation, including the conclusion of a settlement or compromise agreement.

In the event of a failure by the Assured to act as directed by the Insurers, any claim under this policy shall be limited to the amount of the claim which would have been recoverable had the Assured acted as directed by the Insurers.

The Brokers (where applicable) shall endeavour to ensure that all parties are kept advised of the incident and that surveyors, adjusters and lawyers are instructed as required by the Assured or Insurers.

Where the Assured requests the appointment of an average adjuster such request will be put to the Insurer who will recommend which adjuster should be appointed. The average adjuster's fees as are reasonable and agreed by the Insurer shall be paid by the Insurer but only to the extent of the proportion insured hereunder. Should the Assured decline to accept the Insurer's recommendation, then the fees of the adjuster appointed by the Assured will be borne by the Assured to the extent that they would otherwise be paid by the Insurer under this policy.

19. Assistance in Handling Claims

The Insurers may, subject to the terms of this policy, appoint on behalf of the Assured any person to assist in or advise on the conduct of any investigation, claim or legal or other proceedings, in respect of any event that may give rise to a claim under this policy.

Any person so appointed, or appointed by the Assured with the Insurers' consent, will act for and on the instructions of the Assured as principal, but shall, without reference to the Assured, disclose all material, documents or information relating to such investigation, claim or legal or other proceedings to the Insurers, as if the Insurers were his principals.

In the event that there is a requirement to instruct a lawyer to protect the Assured's interests and those of the Insurer, the instruction must be referred to the Insurer for approval prior to being made.

20. Provision of Security

The Insurers are under no obligation, but may, provided all sums due to the Insurers from the Assured are paid and otherwise on such terms as they shall agree, provide security in respect of any claim against the Assured by any party in respect of the risks covered by this policy. The Assured shall indemnify the Insurers for the costs of, or liability incurred to any third party under the security so provided, save to the extent that such costs or liability are recoverable under this policy.

21. Recoveries and Subrogation

Where the Insurers have made a payment to or on behalf of the Assured in respect of a claim under this policy, and the Assured, or any person on the Assured's behalf, obtains the recovery or reimbursement or any sum representing all or part of the liability, loss, cost or expense which was the subject of the claim so paid, such sum shall be applied in favour of the Insurers and the Assured in the proportions of their respective contributions to such payment.

The Insurers shall be subrogated to all rights which the Assured may have against any third party in respect of any payment made under the policy, to the extent of such payment, and the Assured shall, at the request of the Insurers, execute forthwith any document required by the Insurers for the purpose of the exercising of such rights.

22. Limitation of Liability

Cover under this policy for a liability incurred by the Assured or in respect of the Insured Vessel shall be limited to such liability as may be established under the applicable law, or as may be agreed to in writing by the Insurers, and shall be limited in particular by reference to any legal provision under the applicable law providing for the limitation of liability in respect of the Insured Vessel or the Assured.

23. Duties of the Assured

It is a condition precedent to liability under this policy that all facts material to this Insurance have been disclosed, that such facts were true, and have not been misrepresented to the Insurers by or on behalf of the Assured prior to inception of this policy and that the Assured has disclosed and has not misrepresented to the Insurers any fact material to this Insurance, during the policy period on any occasion:

- 23.1 when the approval or agreement of the Insurers in respect of any matter is sought by the Assured.
- 23.2 when any variation in respect of this policy is requested by the Assured.
- 23.3 in the course of negotiations for the renewal of the Insurance provided under this policy.
- 23.4 in the course of the presentation or submission of a claim under this policy.

24. Disputes

- 24.1 The Assured hereby submits to the jurisdiction of the High Court of Justice of England in respect of any action brought by the Insurers to recover sums which the Insurers may consider to be due to them from the Assured. Without prejudice to the foregoing, the Insurers shall be entitled to commence and maintain in any jurisdiction any action to recover sums which the Insurers may consider to be due to them from the Assured.
- 24.2 Any other dispute or difference arising between the Insurers and the Assured under this policy shall in the first instance be referred to a panel of three mediators, or a single mediator if the Insurers and Assured so agree in writing. Any mediator must be a commercial person. The mediation procedure shall operate as follows:
- 24.2.1 the Insurers or the Assured shall notify the other in writing of their intention to submit a difference or dispute to mediation, and of the mediator appointed on their behalf.
- 24.2.2 within 14 days of such notification, the party so notified shall appoint a mediator and notify the other party in writing.
- 24.2.3 the two mediators shall, within 14 days of the appointment of the second mediator, select a third mediator who shall act as chairman of the mediation panel.
- 24.2.4 the single mediator or the mediation panel through the chairman will, within 14 days of the appointment of the sole mediator or the constitution of the mediation panel, notify the parties of a timetable for the following:
- 24.2.4.1 a first meeting of the mediation panel if required.
- 24.2.4.2 service of principal written submissions by each party.
- 24.2.4.3 service of written submissions in response by each party.
- 24.2.4.4 service of any further submissions the mediator or mediation panel may invite either party to make.
- 24.2.4.5 a date of discussion of the submissions by the mediation panel.
- 24.2.4.6 a date for the attendance of the parties (together or separately) before the mediator or mediation panel.

The mediator or mediation panel shall be entitled to levy reasonable charges for acting and shall notify the parties of an estimate of those charges at the same time as notification of the timetable for the conduct of the mediation process is given.

The mediator or mediation panel shall have the power to regulate the conduct of the mediation and the parties agree to make available all documents, information or materials (subject to the operation of legal privilege), as the mediator or mediation panel may require.

The costs of the mediation shall be borne equally by Insurers and the Assured.

- 24.3 If at any time either party fails to comply with the provisions in this Clause in relation to the mediation process, or gives notice to the other that it will no longer participate in the mediation process, such difference or dispute shall be referred to the arbitration in London of two Arbitrators (one to be appointed by the Insurers and the other by the Assured) and an Umpire to be appointed by the Arbitrators, and the submission to arbitration and all the proceedings therein shall be subject to the provisions of the Arbitration Act 1996, and any statutory modification or re-enactment thereof for the time being in force.

25. Governing Law

This policy shall be governed by and construed in accordance with English law.

26. Third Parties

This policy binds only the parties to it and does not confer any rights or benefits on any person who is not a party to it. This exclusion will be valid notwithstanding any term of this policy which purports to confer a right or benefit on any such person.

27. Cyber Attack Exclusion

- 27.1 Subject only to Clause 27.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
- 27.2 Where this Clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 27.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system, computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

28. Sanctions Limitation and Exclusion

There shall be no cover under this policy and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer or any member of the Insurer's group to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any country.

There shall be no entitlement under any circumstances for the Assured to recover under this policy that part of any liability, cost or expense which is not recovered or recoverable by the Insurer from any reinsurer because of a shortfall in recovery or non-recovery from such reinsurer by reason of any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any country.

The terms 'shortfall' or 'non-recovery' include, but are not limited to, any failure or delay in payment to the Insurer by such reinsurer, and/or payment to an account other than an account of, or for the benefit of, the Insurer, in compliance with a requirement imposed by any recognised authority of competent jurisdiction to enforce any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any country.

INDEX

Assignment	Cl. 9	p. 5
<hr/>		
Claims		
- Assistance with handling	Cl. 19	p. 9
- Handling	Cl. 18	p. 9
- Notification	Cl. 17	p. 8
- Provision of Information	Cl. 17	p. 8
Classification	Cl. 2	p. 3
Cyber Attack Exclusion	Cl. 27	p. 11
Definitions	Cl. 1	p. 2
<hr/>		
Disputes	Cl. 24	p. 10
- Jurisdiction	Cl. 24.1	p. 10
- Mediation	Cl. 24.2	p. 10
Duties of Assured	Cl. 23	p. 10
Electronic Data Recognition	Cl. 7	p. 5
Flag State	Cl. 3	p. 3
Governing Law	Cl. 25	p. 11
ISM Code	Cl. 5	p. 4
Joint Assureds	Cl. 15	p. 7
Limitation	Cl. 22	p. 10
Mitigation and Sue and Labour	Cl. 8	p. 6
Notices	Cl. 16	p. 8
Radioactive, Contamination, Chemical, Biological, Bio-chemical and Electromagnetic		
Weapons Exclusion	Cl. 6	p. 4
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Premium		
- Joint Assureds	Cl. 15	p. 7
- Payment	Cl. 13	p. 7
- Set Off	Cl. 10	p. 6
Recoveries	Cl. 21	p. 9
Sanctions Limitation and Exclusion	Cl. 28	p. 11
Security	Cl. 20	p. 10
Set Off	Cl. 10	p. 6
Subrogation	Cl. 21	p. 9
Survey by Insurers	Cl. 4	p. 4
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Termination		
- Cover, of	Cl. 12	p. 6
- Insurance, of	Cl. 11	p. 6
Third Parties	Cl. 26	p. 11
Waiver	Cl. 14	p. 7



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