

Protection and Indemnity (P and I) Clauses
June 2, 1983

To be attached to and form part of Policy No. _____ of _____ (hereinafter "the Underwriters").

THE FOLLOWING CLAUSES ARE SUBSTITUTED FOR THOSE OF THE POLICY FORM TO WHICH THEY ARE ATTACHED, THE LATTER BEING VOID, EXCEPT FOR THOSE PROVISIONS REQUIRED BY LAW. CAPTIONS, BELOW, ARE FOR EASE OF REFERENCE ONLY AND ARE NOT TO BE USED TO INTERPRET THE CLAUSE.S.

ASSURED

This Policy insures _____
(hereinafter, "the Assured"). The Underwriters waive all rights of subrogation against affiliated or subsidiary companies of the Assured but only the extent that the liabilities of such companies are uninsured.

VESSEL

The Underwriters will indemnify the Assured in respect of the matters set forth at lines 46 through 76, below, subject to all other terms hereof, in respect of the _____ of _____ gross registered tons (hereinafter, the "Vessel"). If more than one Vessel is named, all clauses shall apply as though a separate Policy had been issued for each Vessel.

DURATION OF RISK

This Policy attaches on _____, 19 _____, at _____ o'clock _____ time and expires on _____, 19 _____, at _____ o'clock _____ time. Should the Vessel be at sea at the expiration of this Policy, or in distress, or at a port of refuge or call, she shall be held covered until she reaches her port of destination, provided prior notice be given to the Underwriters and provided the Assured agrees to any amended terms of cover and additional premium if required by the Underwriters.

LIMIT OF LIABILITY

Liability hereunder in respect of all consequences of anyone casualty or occurrence, including defense costs, shall not exceed the sum of \$ _____ less any applicable deductible, regardless of how many separate injuries or claims arise out of such casualty or occurrence.

DEDUCTIBLES

There shall be deducted from the total amount payable by the Underwriters with respect to all claims, including costs of defense and expenses, arising from anyone casualty or occurrence:
a) \$ _____ with respect to those claims for loss of life, bodily injury or illness, and
b) \$ _____ with respect to all other claims;

PROVIDED, HOWEVER, that the maximum deductible for anyone casualty or occurrence shall not exceed the greater of the foregoing amounts.

PREMIUM

The Underwriters are to be paid premium of \$ _____ for this insurance, payable as follows:

RETURN PREMIUM

If the Vessel is sold, demise chartered or requisitioned this Policy shall terminate on the date and at the hour when such disposition of the Vessel is effective and the Underwriters will return premium on a pro rata daily net basis for the unexpired term. If the Policy is cancelled by the Assured, the Underwriters will return premium on the usual short rate daily net basis for the unexpired term. If the Policy is cancelled by the Underwriters they will return premium on a pro rata daily net basis for the unexpired term.

CANCELLATION

The Policy may be cancelled by the Underwriters or by the Assured upon fifteen days written or telegraphic notice. The Underwriters may send notice to the Assured's last address known to them, or to the broker of record at the time when notice is given. At noon local time at the place of the sending of the notice on the fifteenth day after such notice shall have been' mailed, telegraphed or telexed, the Policy shall cease to be in effect. The Policy may also be cancelled at any time by mutual agreement of the Assured and the Underwriters.

TRADING WARRANTY

Warranted that the Vessel shall be confined to 42
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INDEMNITY

Subject to all exclusions and other terms of this Policy the Underwriters agree to indemnify the Assured for any sums which the Assured, as owner of the Vessel, shall have become liable to pay, and shall have paid, in respect of any casualty or occurrence during the currency of the Policy but only in consequence of any of the matters set forth hereunder PROVIDED, however, that if the interest of the Assured is or includes interests other than owner of the Vessel, the Underwriters' liability shall not be greater than if the Assured was the owner entitled to all defenses and limitations of liability to which a shipowner is entitled: 46

- (1) Loss of life and bodily injury or illness; but excluding amounts paid under any compensation act. 52
- (2) Hospital, medical or other expenses necessarily and reasonably incurred with respect to loss of life, bodily injury to, or illness of, any person. 53
- (3) Crew member burial expense not to exceed \$1,000 per person. 55
- (4) Repatriation expenses of crew member, excepting such as arise from the termination of any agreement in accordance with its terms, or the sale of the Vessel or other voluntary act of the Assured. Wages may be included in such expenses when a statute requires payment of wages while awaiting and during repatriation. 56
- (5) Damage to any fixed or movable object or property, howsoever caused, excluding however, damage to another vessel or any property aboard it caused by collision with the Vessel. 59
- (6) Cost or expense of, or incidental to, any attempted or actual removal or disposal of obstructions, wrecks or their cargoes under statutory power or otherwise pursuant to law, PROVIDED, however, that there shall be deducted from such claim for cost or expenses, the value of any salvage from the wreck inuring to the benefit of the Assured or any subrogee thereof. 61
- (7) Fines and penalties, including expenses reasonably incurred in avoiding or mitigating same, for the violation of any of the laws of the United States, or any State thereof, or of any foreign country; PROVIDED, however, that the Underwriters shall not be liable to indemnify the Assured against any such fines or penalties resulting directly or indirectly from the failure, neglect, or default of the Assured or his managing officers or managing agents to exercise the highest degree of diligence to prevent a violation of any such laws. 65
- (8) Extraordinary expense arising from an outbreak of contagious disease, PROVIDED that the Vessel was not ordered by anyone acting on behalf of the Assured to proceed to a port where such disease was known or supposed to exist. 70
- (9) Costs incurred with the written consent of the Underwriters, or reasonably incurred prior to receipt of advices from Underwriters, for investigation and defense of claims, valid or not, within the scope of the Policy. 73
- (10) Port charges incurred solely for the purpose of putting in to land an injured or sick seaman or passenger, and the net loss to the Assured in respect of bunkers, insurance, stores and provisions as the result of the deviation. 75

EXCLUSIONS

Notwithstanding anything to the contrary elsewhere herein the Underwriters will not indemnify the Assured in respect of any of the following matters: 77

- (A) Any liability assumed under contract or otherwise. 79
- (B) Liability imposed on the Assured as punitive or exemplary damages, however described. 80
- (C) Any liability for any loss of, damage to, or expense in respect of, cargo or other property (including baggage and personal effects of passengers, mail and parcel post) carried, to be carried or which had been carried on board the Vessel, EXCEPT, HOWEVER, such liability imposed under the doctrine of cross liabilities for cargo on board the Vessel for which there is no coverage under any other policy held by the Assured. 81
- (D) Any liability or claim for, or any loss of, damage to, or expense in respect of property owned, leased, chartered or hired by the Assured. 82
- (E) Engagement in unlawful trade or performance of an unlawful act with knowledge of the Assured. 83
- (F) Cancellation or breach of any contract. 84
- (G) Bad debts. 85
- (H) Fraud, dishonesty or insolvency of the Assured, its agents or others. 86
- (I) Salvage charges, special charges, general average, freight, detention, demurrage or loss of use, of the Vessel. 87

(J) Any liability for, or any loss, damage, or expense arising from or accruing by reason of the towage of any other vessel or craft other than emergency towage of a vessel in distress at sea to a port or place of safety, EXCEPT, HOWEVER, this exclusion shall not apply to claims for loss of life, or bodily injury to, or illness or any person. Emergency towage is deemed to be towage undertaken as a salvage service while the Vessel is on a voyage wholly unrelated to performance of such service.	92 93 94 95 96
(K) Any liability for, or any loss, damage or expense while engaged in, or resulting from, any commercial diving operation or service from the Vessel, EXCEPT, HOWEVER, any liability incurred when the Vessel's crew is engaged in inspection or repair of the Vessel which could not be deferred until commercial divers were available.	97 98 99
(L) Any liability for, or any loss, damage, injury or expense resulting from nuclear radiation, fission or fusion, whether such loss, damage, injury or expense has been caused directly or indirectly or has arisen from any matter for which the Assured has responsibility or otherwise, and whether the nuclear event be controlled or uncontrolled.	100 101 102 103
(M) Any liability for, or any loss, damage, injury or expense caused by, resulting from or incurred by reason of any one or more of the following:	104 105
1) Capture, seizure, arrest, taking, restraint, detainment, confiscation, preemption, requisition or nationalization, or the consequences thereof or any attempt thereat, whether in time of peace or war and whether lawful or otherwise;	106 107 108
2) Any weapon of war employing atomic or nuclear fission and/ or fusion or other reaction or radioactive force or matter, or by any mine, bomb or torpedo;	109 110
3) Hostilities or warlike operations (whether there be a declaration of war or not), but the phrase, "hostilities or warlike operations (whether there be a declaration of war or not)", shall not exclude collision or contact with aircraft, rockets or similar missiles or with any fixed or floating object, stranding, heavy weather, fire or explosion unless caused directly (independently of the nature of the voyage or service which the watercraft concerned or in the case of a collision, any other vessel involved herein, is performing) by a hostile act by or against a belligerent power; for the purpose of the foregoing power includes any authority maintaining naval, military or air forces in association with a power. In addition to the foregoing exclusions, this insurance shall not cover any loss, damage or expense to which a warlike act or the use of military or naval weapons is a contributing cause, whether or not the Assured's liability therefor is based on negligence or otherwise, and whether in time of peace or war. The embarkation, carriage and disembarkation of troops, combatants, or material of war, or the placement of the watercraft in jeopardy as an act or measure of war taken in the actual process of a military engagement, with or without the consent of the Assured, shall be considered a warlike act for the purposes of this Policy.	111 112 113 114 115 116 117 118 119 120 121 122 123
4) The consequences of civil war, revolution, rebellion, insurrection, military or usurped power, the imposition of martial law, or civil strife arising therefrom, or piracy; or from any loss, damage or expense caused by or resulting directly or indirectly from the act or acts of one or more persons, whether or not agents of a sovereign power, carried out <i>for</i> political, ideological or terrorist purposes, and whether any loss, damage or expense resulting therefrom is accidental or intentional.	124 125 126 127 128
5) Malicious acts or vandalism, strikes, lockouts, political or labor disturbances, civil commotions, riots, or the acts of any person or persons taking part in such occurrence or disorder.	129 130
(N) Any liability for, or any loss, damage, cost, expense, fine or penalty of any kind or nature whatsoever, whether statutory or otherwise, incurred by or imposed on the Assured, directly or indirectly, in consequence of, or with respect to, the actual or potential discharge, emission, spillage or leakage upon or into the seas, waters, land or air, of substances of any kind or nature whatsoever.	131 132 133 134

GENERAL CONDITIONS

NOTICE OF LOSS

It is a condition of this Policy that the Assured give prompt notice to the Underwriters of any casualty or occurrence which may result in a claim under this Policy. 135
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FORWARDING OF PROCESS

It is a condition of this Policy that the Assured forward to the Underwriters, promptly upon receipt, copies of all communications, legal process and pleadings relating to any casualty or occurrence which may result in a claim under this Policy. 137
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SETTLEMENT OF CLAIMS

- 1) It is a condition of the Policy that the Assured shall not make any admission of nor agree to assume any liability either before or after any casualty or occurrence which may result in a claim under this Policy. 140
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- 2) It is a condition of this Policy that the Assured shall take such steps to minimize and avoid liability, before and after any casualty or occurrence, as would be taken by a prudent uninsured person. 142
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- 3) The Underwriters shall have the option of naming the attorneys who shall represent the Assured in the prosecution or defense of any litigation or negotiations between the Assured and third parties concerning any claim covered by this Policy, and in any event, the Underwriters shall direct the progress of such litigation or negotiations. 144
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4) If the Assured shall fail, or refuse, to settle any claim as authorized by the Underwriters, the liability of the Underwriters shall be limited to the amount for which settlement could have been made plus legal fees and disbursements incurred to the date the Assured fails or refuses to settle any such claim, less the amount of any deductible provided for in this Policy. If thereafter any amount is recovered against the Assured in excess of the amount of any settlement authorized by the Underwriters (less the deductible), such excess amount, plus any additional legal fees and disbursements, shall be solely for account of the Assured. 148
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CLAIMS COOPERATION

The Assured shall aid in securing information, evidence, obtaining witnesses, and shall cooperate with the Underwriters in the defense of any claim or suit or in the appeal from any judgment, in respect of any casualty or occurrence as hereinbefore provided. 154
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SUBROGATION

The Underwriters shall be subrogated to all the rights which the Assured may have against any other person or entity, in respect of any payment made under this Policy, to the extent of such payment, and the Assured shall, upon the request of the Underwriters, execute and shall deliver such instruments and papers as the Underwriters shall require and do whatever else is necessary to secure such rights. In the event of any agreement or act, past or future, by the Assured, whereby any right of recovery of the Assured against any person or entity is released or lost to which the Underwriters on payment of loss would be entitled to subrogation, but for such agreement or act, the Underwriters shall be relieved of liability under this Policy to the extent that their rights of subrogation have been impaired thereby; in such event the right of the Underwriters to retain or collect any premium paid or due hereunder shall not be affected. The Underwriters shall not be liable for the costs and expenses of prosecuting any claim or suit unless the same shall have been incurred with the written consent of the Underwriters, or the Underwriters shall be satisfied that such approval could not have been obtained under the circumstances without unreasonable delay and that such costs and expenses were reasonably and properly incurred, such costs and expenses being subject to the deductible. The Underwriters shall be entitled to take credit for any profit accruing to the Assured by reason of any negligence or wrongful act of the Assured's servants or agents, up to the measure of their loss, or to recover for their own account from third parties any damage that may be provable by reason of such negligence or wrongful act. 157
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OTHER INSURANCE

Provided that where the Assured is, irrespective of this insurance, covered or protected against any loss or claim which would otherwise have been paid by the Underwriters under this Policy, there shall be no contribution or participation by the Underwriters on the basis of excess, contributing, deficiency, concurrent, or double insurance or otherwise. 173
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ASSIGNMENTS

Neither this Policy nor any claim or demand against the Underwriters under this Policy shall be assigned or transferred, and no person, excepting a legally appointed Receiver of the property of the Assured, shall acquire any right against the Underwriters by virtue of this insurance without the express consent of the Underwriters endorsed hereon. This Policy shall cease to be in effect 10 days after appointment of a Receiver, Trustee or any other transferee of the Assured's assets. 177
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TIME FOR SUITE CLAUSE

No action shall lie against the Underwriters for the recovery of any loss sustained by the Assured unless such action be brought against the Underwriters within one year after the final judgment or decree is entered in the litigation against the Assured, OR in case the claim against the Underwriters accrues without the entry of such final judgment or decree, unless such action be brought within one year from the date of the payment by the Assured of such claim, PROVIDED, however, that where such limitation of time is prohibited by the law of the State wherein this Policy is issued, then, and only in that event, no action under this Policy shall be sustainable unless commenced within the shortest limitation permitted under the law of such State. 182
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