



# Rules 2025

for charterers





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Rules

P&I and Defence Covers for  
Charterers and Traders

# Preface

P&I Cover for Charterers comprises the terms and conditions set out in Part I (Availability of Cover) and Part II (P&I Cover for Charterers).

Part III (Defence Cover) and Part IV (Additional Covers for Traders) contain optional terms available as cover extensions.

Part V (Exclusions) and Part VI (Handling of Claims or Disputes) clarify the Assured's and the Insurer's obligations with respect to claims.



# Rules

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## PART I – AVAILABILITY OF COVER

### Chapter 1 Introductory Provisions

#### Rule 1 Interpretation

In these Rules the following words or expressions shall have the following meanings:

*Affiliate*

a person or entity that is within a common ownership or management structure with the Assured.

*Agent*

for entries with Assuranceforeningen Gard – gjensidig – or Gard P. & I. (Bermuda) Ltd., the “Agent” means Gard AS and its subsidiaries.

*Assured*

an entity that has entered a Contract of Insurance with the Insurer and is identified as “Assured” in the Certificate of Entry. Where the context allows, Assured includes Co-assureds and Affiliates.

*Bill of Lading*

bill of lading or similar document of title.

*Cargo*

any lawful and merchantable commodity or goods intended to be or being or having been carried on board a ship pursuant to a contract of carriage but excluding waste and residues of Cargoes. Other equipment, stores, fuel (unless carried as Cargo) or any other substance of whatsoever nature are not considered to be Cargo.

*Certificate of Entry*

document issued by the Insurer pursuant to Rule 4, evidencing the Contract of Insurance.

*Charterer*

any entity that has entered into a time or voyage charter or similar contract for the use of a ship. The term “Charterer” does not include a bare boat or demise charterer.

*Co-assured*

any person who is insured pursuant to Rules 5.3 or 5.4.

*Contract of Insurance*

the agreement between the Assured and the Insurer, evidenced by the Certificate of Entry.

*Defence Cover*

the insurance specified in Part III of the Rules and, where the context allows, Part IV, Chapter 2 and any other Defence extensions specified in the Certificate of Entry.

*Event*

an occurrence which may give rise to a claim under the Contract of Insurance.

*Insurance Premium Tax*

any taxes or other dues payable in respect of a Contract of Insurance with the Insurer in the country where the Assured is resident or has a permanent place of business or in the country where the risk is located.

*Gard group*

means Gard P. & I. (Bermuda) Ltd, Assuranceforeningen Gard – gjensidig, Gard Marine & Energy Ltd., Gard Marine & Energy Insurance (Europe) AS, Lingard Limited and Gard AS and any current and future subsidiaries and other affiliates and/or any branch offices of the aforementioned entities.

*Insurer*

the entity identified as “Insurer” in the Certificate of Entry. For Contracts of Insurance with Assuranceforeningen Gard -gjensidig- the “Insurer” means Assuranceforeningen Gard -gjensidig- and for Contracts of Insurance with Gard P. & I. (Bermuda) Ltd the “Insurer” means Gard P. & I. (Bermuda) Ltd.

*Knock for Knock*

a provision or provisions stipulating:

- a** that each party to a contract shall be similarly responsible for:
  - i** loss of or damage to, and/or death of or injury to, any of its own property or personnel, and/or the property or personnel of its contractors and/or of its and their sub-contractors and/or of other parties; and/or
  - ii** liability arising out of the ownership or operation of its own property; and
- b** that such responsibility shall be without recourse to the other party and arise notwithstanding any fault or neglect of any party; and
- c** that each party shall, in respect of those losses, damages or liabilities for which it has assumed responsibility, correspondingly indemnify the other against any liability that that party shall incur in relation thereto.

*Own Cargo*

Cargo to which the Assured, Co-assured or Affiliates have title and/or for which the Assured, Co-assured or Affiliates bear the risk of loss or damage at the time of the Event that gives rise to a claim.

*P&I Cover*

the insurance for risks specified in Part II of the Rules.

*Ship*

the ship or barge chartered to the Assured within the period of the Contract of Insurance. With respect to P&I Cover for Traders, the Ship means the ship or barge on which the Assured's Own Cargo is intended to be or is being or has been carried.

*Through Transport Contract*

a contract of carriage providing for carriage partly to be performed by the Ship and partly by means of transport other than the Ship.

*Trader*

seller, shipper or buyer of Cargo or bill of lading holder in respect of Cargo, whether or not the Trader is also a charterer.

**Rule 2 Construction of the Rules**

- 1 Headings and notes are for reference only, and do not affect the construction of the Rules.
- 2 Any reference to a person is deemed to include a reference to an individual or a body corporate or unincorporate, as the context requires.
- 3 Where required, the Insurer's agreement, approval or consent will only be considered valid if evidenced in writing.
- 4 Any reference to the singular will also apply to the plural.

**Rule 3 The Cover**

- 1 The Assured is covered only for the risks set out in Part II, Chapter 2 (Risks covered) of these Rules unless otherwise agreed and set out in the Certificate of Entry. By agreement between the Assured and the Insurer, the Assured may be covered under Part III (Defence Cover) and/or Part IV (Additional Covers for Traders) and/or any additional terms and conditions set out in the Certificate of Entry.

- 2 The Assured is covered only in respect of liabilities, losses, costs and expenses which arise:
  - a in respect of its insured capacity under Rule 20 (Capacity of the Assured as Charterer) or Rule 45 (Capacity of the Assured as Trader); and
  - b out of Events occurring within the period of the Contract of Insurance.
- 3 The cover is subject to the Rules, the terms and conditions set out in the Certificate of Entry and, where applicable, any endorsements to the Certificate of Entry.

#### **Rule 4 Certificate of Entry**

- 1 After an Assured has been accepted, the Insurer will issue a Certificate of Entry which evidences the terms and conditions of the Contract of Insurance.
- 2 No variation to the terms and conditions of the Contract of Insurance shall be permitted unless approved by the Insurer in writing. The Insurer may amend the Certificate of Entry stating the terms of the variation and the date from which it applies.
- 3 The Certificate of Entry is evidence only of the Contract of Insurance between the Assured and the Insurer and shall not be construed as evidence of any undertaking, financial or otherwise, on the part of the Insurer to any other party. In the event that an Assured tenders a Certificate of Entry as evidence of insurance under any applicable law relating to financial responsibility, or otherwise shows or offers it to any other party as evidence of insurance, such use of the Certificate of Entry by the Assured is not to be taken as any indication that the Insurer thereby consents to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Insurer does not so consent.

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**Chapter 2      Operation of Cover**

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**Rule 5            Assureds, Affiliates and Co-assureds**

- 1      The Insurer may include in the Contract of Insurance as an additional Assured an entity who is acting in a capacity for which an existing Assured has cover in accordance with Rule 20 (Capacity of the Assured as Charterer) or, where applicable, in accordance with Rule 45 (Capacity of the Assured as Trader). The additional Assured is not required to be in a common ownership or management structure with the existing Assured. The additional Assured shall be named in the Certificate of Entry.
- 2      If requested by the Assured, the Insurer may extend the cover agreed with the Assured to an Affiliate who is acting in a capacity for which the Assured has cover in accordance with Rule 20 (Capacity of the Assured as Charterer) or, where applicable, in accordance with Rule 45 (Capacity of the Assured as Trader). The Affiliate shall not be named in the Certificate of Entry.
- 3
  - a      The Insurer may provide P&I cover to any person as a Co-assured who has entered into a contract with the Assured for the provision of services to or by the Ship, and any person in the Co-assured's group ("protective co-insurance"). Cover under this Rule 5.3 is limited to liabilities, losses, costs and expenses:
    - i      for which the Assured is responsible under the terms of a contract which has been approved by the Insurer and which includes a Knock for Knock agreement in respect of any and all persons in the Co-assured's group; and
    - ii     which would be recoverable by the Assured from the Insurer if they had been borne by the Assured.
  - b      The Co-assured under this Rule 5.3 shall be named in the Certificate of Entry.
- 4
  - a      The Insurer may provide P&I and, where applicable, Defence cover to any person as a Co-assured in respect of claims or disputes which should have been directed against the Assured ("misdirected arrow cover"). Cover under this Rule 5.4 is limited to liabilities, losses, costs and expenses borne by the Co-assured which are the responsibility of the Assured and which would have been recoverable by the Assured from the Insurer if they had been borne by the Assured.
  - b      The Co-assured under this Rule 5.4 shall be named in the Certificate of Entry.



- 5 All Assureds under a Contract of Insurance shall be jointly and severally liable for any sums due to the Insurer under that Contract of Insurance.
- 6 Any payment by the Insurer to an Assured, Co-assured or Affiliate or to any agent shall fully discharge the obligations of the Insurer in respect of such payment.
- 7 Any communication by the Insurer to an Assured or Co-assured shall be deemed to be communication to all.
- 8 The conduct or omission of an Assured or Co-assured which under these Rules constitutes a breach of the Contract of Insurance shall be deemed as the conduct or omission of all the Assureds or Co-assured.

**Rule 6 Assignment**

- 1 The Assured shall not assign or otherwise transfer its rights under its Contract of Insurance with the Insurer or otherwise arising pursuant to these Rules, save as provided in Rule 6.2.
- 2 The Insurer may, in its absolute discretion, consent to an assignment or transfer by the Assured of its rights as referred to in Rule 6.1, subject to such terms and conditions as the Insurer deems fit and subject to the Insurer's right to deduct from any sum due or to become due from the Insurer to any assignee or transferee of the Assured's rights such amount as the Insurer may estimate to be sufficient to discharge any existing or anticipated liability of the Assured to the Insurer.

**Rule 7 Period of Cover**

The cover shall commence and end at the time and date specified by the Insurer in the Certificate of Entry unless terminated in accordance with these Rules.

**Rule 8 Time of the Event**

- 1 When the time of an Event can be determined, that shall be the time of the Event for the purposes of the Contract of Insurance.
- 2 The Insurer shall decide in its sole discretion whether a claim has arisen out of one or more Events.
- 3 Claims in respect of loss of or damage to Cargo on one cargo carrying voyage or under one Through Transport Contract are deemed to have arisen out of one Event.

- 4 When the time of the Event giving rise to a claim under Rule 24 (Damage to or loss of the Cargo) or Rule 25 (Extra Handling costs) cannot be determined, it is deemed to have occurred when the loss or damage is first discovered and no later than the first place of discharge from the Ship or, where the cargo is carried under a Through Transport Contract, from another means of transport.
- 5 When the time of the Event giving rise to a claim under Rule 21 (Personal Injury) cannot be determined, the Assured is deemed to have incurred the liability at a uniform rate over the period during which the occurrence causing the liability occurred or may have occurred ("the period of exposure"), and any claim is limited to the proportion of the liability corresponding to the period for which the Assured has relevant cover compared to the period of exposure.
- 6 Claims under Part III (Defence cover) arising out of contract, in tort or under statute are deemed to occur when the cause of action accrues.
- 7 In all other cases where the time of the event cannot be determined, the Insurer has sole discretion to determine when the Event has occurred.

**Rule 9 Limits of Insurance**

The Insurer's liability for any and all claims is limited to the amounts specified in the Certificate of Entry per Event, provided always that to the extent the Insurer has reinsured the risks, the Insurer shall only be liable to pay any amount in excess of USD 100 million per event as and when such funds are recovered by the Insurer under its contract of reinsurance.

**Rule 10 Deductibles**

Deductibles are set out in the Certificate of Entry. Where more than one deductible applies in respect of one Event falling within the P&I Cover, the Assured shall pay only the higher deductible.

**Rule 11 Payment**

Unless otherwise agreed by the Insurer:

- a total annual premium up to and including USD 60,000 or the equivalent in another currency is payable in full within 30 days from inception of cover; and
- b total annual premium exceeding USD 60,000 or the equivalent in another currency is payable in three instalments.

**Rule 12 Insurance Premium Tax**

The Assured will indemnify the Insurer and hold it harmless in respect of any liability, cost or expense incurred or amount paid by the Insurer in respect of any Insurance Premium Tax for which the Assured is liable.

**Rule 13 Set-off**

- 1 Without prejudice to anything elsewhere contained in these Rules, the Insurer is entitled to set off any amount due from any Assured to the Insurer against any amount due from the Insurer to the Assured, its Co-assureds or Affiliates.
- 2 The Assured is not entitled to set off against any amount due from it to the Insurer any claims any Assured, its Co-assureds or its Affiliates may have against the Insurer.

**Rule 14 Amendments to the Rules**

- 1 The Rules may be amended at any time with effect from the beginning of the following policy year.
- 2 If, in the determination of the Insurer, a substantial alteration of risk occurs, the Insurer may make the amendments to the Rules which it considers necessary, and shall provide two months' notice of the amendments. When war has broken out or, in the determination of the Insurer threatens to break out, the Insurer may decide that amendments shall come into force at shorter notice.

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**Chapter 3      Conditions of Cover**

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**Rule 15            The Assured's Duty of Disclosure**

- 1      Prior to inception of cover the Assured shall fully disclose to the Insurer all circumstances which could be relevant to the Insurer in deciding whether and on what conditions to provide cover. If, after inception of cover, the Assured becomes aware of other circumstances which could have been relevant to the Insurer in deciding whether and on what conditions to provide cover, the Assured shall promptly disclose these circumstances.
- 2      During the period of cover the Assured shall promptly and fully disclose any change in circumstances which could be relevant to the Insurer in deciding whether and on what conditions to maintain cover.
- 3      When the Insurer is informed of circumstances or changes in circumstances under paragraphs 1 and 2 above, the Insurer shall be entitled to decline to cover the circumstances or change in circumstances or to amend the terms.
- 4      When the Assured fails in its duty of disclosure under paragraph 1 and 2 and the Insurer would not have entered or maintained the Contract of Insurance on the terms agreed if the Assured had made such disclosure, the Insurer is free from any liability.

**Rule 16            Ship Quality Conditions**

- 1      It is a condition for cover that the Ship:
  - a      is entered for shipowners' P&I risks with an International Group P&I Club (IG Club) with minimum cover for pollution of USD 1 billion;
  - b      is classed by a classification society which is a member of the International Association of Classification Societies Ltd (IACS); and
  - c      does not exceed 25 years of age for tankers, and 30 years for all other Ships.
- 2      The Assured is not entitled to cover for any Event arising at a time when the requirements in paragraph 1 above are not fulfilled, except by way of special agreement.

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**Chapter 4      Termination and Cesser**


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**Rule 17              Termination by the Insurer**

The Insurer may terminate the Contract of Insurance:

- a**    without notice, where a casualty or other event has been brought about by wilful misconduct on the part of the Assured, as defined in Rule 54 (Conduct of the Assured);
- b**    with three days' notice, where the Assured has failed to pay when due and demanded any premium or other amount due to the Insurer;
- c**    with 14 days' notice, where the Assured has neglected a duty of disclosure under Rule 15 (Duty of Disclosure);
- d**    with 45 days' notice, without giving any reason; or
- e**    on such notice in writing as the Insurer may decide, where the Assured has exposed or may, in the opinion of the Insurer, expose the Assureds, the Insurer and/or its Agent to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by the State of the Ship's flag, by any State where the Insurer and/or its Agent has its registered office or permanent place of business or by the United Nations, the European Union, the United Kingdom or the United States of America.

**Rule 18              Cesser**

- 1**    The Contract of Insurance shall cease with immediate effect in the following circumstances:
  - a**    where the Assured is a corporation, a resolution is passed for the voluntary winding up of the Assured or an order is made for its compulsory winding up or it is dissolved or a receiver or similar official to all or part of its affairs is appointed or any secured party takes possession of any of its property or it seeks protection from its creditors under any applicable bankruptcy or insolvency laws in any applicable jurisdiction, or where in the determination of the Insurer a similar event occurs.

- b where the Assured is an individual, the Assured dies, becomes incapable of managing its affairs, becomes bankrupt, makes any arrangement with its creditors generally or a receiving order is made against the Assured or any secured party takes possession of any of the Assured's property in any applicable jurisdiction, or where in the determination of the Insurer a similar event occurs.
- 2 Cover in respect of the Assured's interest in a Ship shall cease with immediate effect in the following circumstances:
  - a the Ship becomes a total loss;
  - b the Ship is, in the determination of the Insurer, abandoned by its owners on account of its total loss appearing to be unavoidable;
  - c the Ship is accepted by the hull underwriters (whether of marine or war risks) as a constructive total loss;
  - d the Ship suffers damage and the cost of repairs (as determined by the Insurer) will equal or exceed the higher of 80% of its insured value or of its value in repaired condition (as determined by the Insurer);
  - e the Ship is requisitioned;
  - f the Ship, with the consent of the Assured, is being used for illegal purposes; or
  - g the Ship is employed by the Assured in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Insurer and/or its Agent to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State where the Insurer and/or its Agent has its registered office or permanent place of business or by the United Nations, the European Union, the United Kingdom or the United States of America.
- 3 Notwithstanding the provisions of paragraphs 1 and 2 above, the Insurer may decide in any particular case that cover shall be continued without interruption, or that cover shall be reinstated, in either case on such terms as the Insurer shall determine.
- 4 Notwithstanding the provisions of paragraph 2(a), (b) and (c) above, the Insurer shall cover liabilities, losses, costs and expenses flowing from the casualty which gave rise to the total loss or constructive total loss of the Ship, subject to these Rules .

**Rule 19                    Effect of Cesser or Termination**

- 1     Where the cover in respect of the Assured's interest in one or several Ships ceases or is terminated , the Assured shall remain liable for all premium pro rata for the period up to the date of cesser or termination.
- 2     The Insurer shall be under no liability whatsoever by reason of any Events occurring after cesser or termination.

## PART II –P&I COVER FOR CHARTERERS

### Chapter 1 Insured Capacity

#### Rule 20 Capacity of the Assured as Charterer

The Insurer shall cover the liabilities, losses, costs and expenses arising from the risks listed in Chapter 2 (Risks Covered) incurred by the Assured in its capacity as Charterer only to the extent such liabilities, losses, costs and expenses have arisen in direct connection with operations and/or activities customarily carried out by or at the risk and responsibility of a charterer of the Ship.

### Chapter 2 Risks Covered

#### Rule 21 Personal Injury

- 1 The Insurer shall cover liability arising as a consequence of the injury to, or illness or death of persons.
- 2 Notwithstanding the above, unless the terms have been approved in writing, the Insurer shall not cover:
  - a liability arising under a passenger ticket issued by the Assured; or
  - b liability arising under a term of an employment contract or service agreement entered into by the Assured.

#### Rule 22 Stowaways or Persons Saved at Sea

The Insurer shall cover liability, costs and expenses directly and reasonably incurred as a consequence of the Ship having stowaways or persons saved at sea on board.

#### Rule 23 Diversion and Life Salvage

The Insurer shall cover liability for extra costs of fuel, insurance, wages, stores, provisions and port charges attributable to a diversion and/or life salvage where these are incurred solely as a consequence of securing treatment for an injured or sick person on board, or to transfer a deceased person on board to shore for repatriation or for the purpose of searching for a person missing from the Ship, or necessarily incurred while awaiting a substitute for such person, or for the purpose of saving or attempting to save persons at sea.



**Rule 24 Damage to or Loss of the Cargo**

- 1 The Insurer shall cover the following liabilities for Cargo:
  - a liability for loss, shortage, damage or other responsibility arising as a consequence of a breach by the Assured of its obligation properly to load, handle, stow, carry, keep, care for, discharge or deliver the Cargo or out of unseaworthiness or unfitness of the Ship; and
  - b liability for loss, shortage, damage or other responsibility in respect of Cargo carried under a Through Transport Contract provided that the contract is approved by the Insurer.
- 2 Notwithstanding the above, the Insurer shall not cover:
  - a liability, costs and expenses arising in relation to Own Cargo;
  - b liability, costs and expenses arising out of delivery of Cargo under a negotiable Bill of Lading (including an electronic bill of lading) without production (or the equivalent thereof in the case of an electronic bill of lading) of that Bill of Lading by the person to whom delivery is made except where Cargo has been carried on the Ship under either the terms of a non-negotiable Bill of Lading, waybill or other non- negotiable document, and has been properly delivered as required by that document, notwithstanding that the Assured may be liable under the terms of a negotiable Bill of Lading issued by or on behalf of a party other than the Assured providing for carriage in part upon the Ship and in part by another mode of transport; or under the terms of an approved electronic trading system and has been properly delivered to the person so entitled in accordance therewith;
  - c liability, costs and expenses arising out of delivery of Cargo carried under a non-negotiable bill of lading, waybill or similar document without production of such document by the person to whom delivery is made, where such production is required by the express terms of that document or the law to which that document, or the contract of carriage contained in or evidenced by it, is subject, except where the Assured is required by any other law to which the Assured is subject to deliver, or relinquish custody or control of, the Cargo, without production of such document;
  - d liability, costs and expenses which would not have been incurred by the Assured if the Cargo had been carried on terms no less favourable to the Assured than the Hague or Hague-Visby Rules, save where the contract of carriage is on terms less favourable to the Assured than the Hague or Hague-Visby Rules solely because of the relevant terms of carriage being of mandatory application;

- e liability, costs and expenses which would not have been incurred or borne by the Assured but for its waiver or limitation of rights of recourse that would otherwise have been available under the contract of carriage in accordance with the Hague or Hague Visby Rules and/or mandatorily applicable law. This applies notwithstanding and without prejudice to Rule 54 (Assured's conduct of claims);
- f liability, costs and expenses arising out of the discharge of Cargo at a port or place other than that specified in the contract of carriage;
- g liability, costs and expenses arising out of the failure to arrive or late arrival of the Ship at port of loading, or the failure to load any particular Cargo or Cargoes in the Ship, other than liability, costs and expenses arising under a Bill of Lading already issued;
- h liability, costs and expenses arising out of carriage under an ad valorem Bill of Lading, waybill or other contract of carriage in which a value of more than USD 2,500 (or the equivalent in any other currency) is declared and/or inserted by reference to a unit, piece, package or otherwise, where the effect of such a declaration/insertion is to deprive the Assured of any right or rights of limitation to which the Assured would otherwise have been entitled and cause the Assured to incur a greater liability than what would have been the case but for such declaration/insertion, to the extent that such liability thereby exceeds USD 2,500 (or the equivalent in any other currency) in respect of any such unit, price or package;
- i liability, costs and expenses arising out of the carriage of specie, bullion, precious or rare metals or stones, plate or other objects of a rare or precious nature, bank notes or other forms of currency, bonds or other negotiable instruments, whether the value is declared or not, unless the Insurer has been notified prior to any such carriage, and any directions made by the Insurer have been complied with;
- j liability for shortage arising from failure to discharge all Cargo on board unless the Assured can show that all reasonable and applicable discharge methods were attempted;
- k liability, costs and expenses arising out of the issue of an ante-dated or post-dated Bill of Lading, waybill or other document containing or evidencing the contract of carriage, that is to say a Bill of Lading, waybill or other document recording the loading or shipment or receipt for shipment on a date prior or subsequent to the date on

which the Cargo was in fact loaded, shipped or received as the case may be;

- l liability, costs and expenses arising out of the issue of a Bill of Lading, waybill or other document containing or evidencing the contract of carriage, known by the Assured or the master to contain an incorrect description of the Cargo or its quantity or its condition;
  - m liability, costs and expenses arising out of a deviation or departure from the contractually agreed voyage or adventure which deprives the Assured of the right to rely on defences or rights of limitation which would otherwise have been available; and
  - n where any Assured, Co-assured or Affiliate is the seller and/or shipper, liability, costs and expenses arising as a consequence of a condition, quality or specification of the Cargo which existed prior to loading, including any deterioration of the Cargo in the absence of a fortuity.
- 3 The Insurer shall cover liability pursuant to compulsorily applicable rules of law for loss caused by delay in the carriage of Cargo, provided that the Insurer shall in no circumstances cover liability, costs or expenses arising out of the failure to arrive or late arrival of the Ship at the port or place of loading.
- 4 The Insurer shall not cover liability, losses, costs and expenses unless arising from the use of any electronic trading system which has been approved in writing by the Insurer to the extent that such liability, losses, costs and expenses could (as determined by the Insurer in its absolute discretion) have arisen under a paper trading system.

*Note*

For the purposes of this Rule, an “electronic trading system” is any system which replaces or is intended to replace paper documents used for the sale of goods or their carriage by sea or partly by sea and other means of transport and which:

- a are documents of title, or
- b entitle the holder to delivery or possession of the goods referred to in such documents, or
- c evidence a contract of carriage under which the rights and obligations of either of the contracting parties may be transferred to a third party.

**Rule 25      Extra Handling Costs**

- 1    The Insurer shall cover liability for extra costs and expenses, in excess of the costs and expenses which would otherwise have been incurred in handling, discharging and disposing of Cargo where the extra costs and expenses are necessarily incurred as a result of damage to the Cargo or rejection of the Cargo by the person entitled to delivery.
- 2    Notwithstanding the above, the Insurer shall not cover extra costs and expenses which:
  - a    the Assured is able to recover from any other party; or
  - b    are excepted from cover under Rule 24(2)(a) (Damage to or Loss of the Cargo, Exclusion for Own Cargo) or Rule 38 (Measures to Avert or Minimise Loss).

**Rule 26      Damage to or Loss of the Ship**

- 1    The Insurer shall cover liability, costs and expenses arising as a consequence of the physical loss of or damage to any part of the Ship or equipment, containers, lashings, stores or fuels on board the Ship, and hire or demurrage which the Assured is obligated to pay during the period in which the Assured is deprived of the full use of the Ship as a consequence of the event giving rise to the claim.
- 2    The Insurer shall not cover liabilities, costs and expenses arising as a consequence of war risks as defined in Rule 39.2 (War Risks) unless the contract for the use of the Ship:
  - a    entitles owners of the Ship to refuse to send the Ship to any port or place that is dangerous by reason of war risks; or
  - b    contains a waiver of subrogation against the Assured or similar protection for the Assured.
- 3    Notwithstanding the above, the Insurer shall not cover:
  - a    an Assured's liability for the loss of the Ship following confiscation of the Ship by any legally empowered court, tribunal or authority resulting from smuggling or the infringement of any customs laws or customs regulations unless the Assured shall have satisfied the Insurer that it took all such steps as appear to the Insurer in its absolute discretion to be reasonable to avoid the Event giving rise to the confiscation;

- b** the economic value of the Assured's own bunkers consumed during the period in which the Assured is deprived of the full use of the Ship as a consequence of the event giving rise to the claim; or
- c** the Assured's loss of freight, hire or other income arising as a consequence of the event giving rise to the claim.

## **Rule 27 Removal and Replacement of Bunkers**

- 1** The Insurer shall cover:
  - a** extraordinary costs and expenses reasonably and necessarily incurred by the Assured and liability for such extraordinary costs and expenses where they are incurred by a third party, in order to avoid or minimize the Assured(s)' liability for physical damage to the Ship, its engines or other equipment:
    - i. to remove from the Ship bunkers (including any fuel oil and/or lubricating oil);
    - ii. to replace the bunkers so removed with new and sound bunkers;
    - iii. to clean the Ship's engines, tanks, pipelines and/or other similar affected areas; or
    - iv. to lawfully dispose of removed bunkers from the Ship as well as substances resulting from the cleaning of the Ship's engines, tanks, pipelines and/or other similar affected areas;
  - b** the Assured's obligation to pay hire or demurrage to the extent that time is lost solely as a result of the requirement to remove or replace the bunkers.
  - c** liability to owners following redelivery in respect of the loss of time to the extent that time is lost solely as a result of the requirement to remove or replace the bunkers.
- 2** Notwithstanding the above, the Insurer shall not cover:
  - a** the economic value of any sound bunkers burned, the bunkers removed from the Ship and/or the new and sound bunkers supplied to the Ship;
  - b** costs and expenses resulting from measures which have been or could have been accomplished by personnel employed by the Assured or by the reasonable use of equipment owned and controlled by the Assured;

- c costs and expenses incurred by the Assured in any other capacity than as a charterer of the Ship, including but not limited to as supplier of the bunkers removed or replaced; or
- d the Assured's loss of freight, hire or other income arising as a consequence of the event giving rise to the claim.

**Rule 28                   Obstruction and Wreck Removal**

- 1 The Insurer shall cover:
  - a liability, costs and expenses arising as a consequence of the raising, removal, destruction, lighting and marking of any part of the Ship, Cargo, bunkers or any other property onboard, as a result of a casualty, when such raising, removal, destruction, lighting and marking is compulsory by law or the costs or expenses are legally recoverable from the Assured; and
  - b liability for any obstruction caused by any part of the Ship or any other property onboard as a result of a casualty.
- 2 For the purpose of this rule, "casualty" means collision, stranding, explosion, fire or similar fortuitous event.

**Rule 29                   General Average, Special Charges and Salvage**

- 1 The Insurer shall cover:
  - a the Assured's proportion of general average, special charges and salvage for which the Assured is liable in respect of freight at risk and/or bunkers owned by the Assured, except those which would not have been recoverable from the Assured in general average if the unamended York Antwerp Rules had been incorporated into the charterparty or the contract of carriage; and
  - b general average expenditures and special charges incurred by the Assured which should have been paid by cargo interests or some other party to the maritime adventure but which are not legally recoverable solely by reason of the Assured's breach of the contract of carriage.
- 2 Notwithstanding the above, the Insurer shall not cover Cargo's proportion of general average, special charges nor salvage in relation to Own Cargo.

**Rule 30 Towage**

- 1 The Insurer shall only cover liability, costs and expenses arising as a consequence of the towage of the Ship or towage of another vessel by the Ship, provided that:
  - a the cover is available under any other Rule; and
  - b the cover is not excluded by Rule 30.2 or 30.3.
- 2 The Insurer shall not cover liabilities, losses, costs or expenses incurred under or pursuant to the terms of a contract entered into by the Assured for the towage of the Ship other than:
  - a a contract entered into for the purpose of entering or leaving port, or manoeuvring within the port, during the ordinary course of trading;
  - b a contract entered into in the ordinary course of trading for the towage of such ships as are habitually towed from place to place; or
  - c a contract which has been approved in writing by the Insurer.
- 3 The Insurer shall not cover liability for loss of or damage to or wreck removal of a vessel or other floating structure towed by the Ship or the Cargo or other property on such tow (together with costs and expenses associated therewith) unless:
  - a the towage or attempt thereat is made for the purpose of saving or attempting to save life or property at sea;
  - b cover has been agreed with the Insurer prior to the commencement of the towage; or
  - c the Ship is entered as a tug or otherwise on the basis that it will engage in towing in the ordinary course of business, and the tow is undertaken on contractual terms approved by the Insurer (whether or not the Assured is a party to the contract).

*Notes:*

- 1 *The following standard terms of contracts are approved by the Insurer, provided they are not materially amended:*
  - (a) *UK, Netherlands or Scandinavian standard towage conditions;*
  - (b) *"Towcon" or "Towhire";*
  - (c) *Lloyd's Standard form of Salvage Agreements; and*
  - (d) *Supplytime.*
- 2 *The Insurer shall otherwise expect contracts incorporating terms as between the Assured on the one part, and the owner of the tow and the owners of any cargo or other property on board the tow on the other part, that each shall be responsible for any loss or damage to his own ship, cargo or property, without any recourse against the other.*

**Rule 31                      Pollution**

The Insurer shall cover liability, costs and expenses (excluding fines) arising as a consequence of the discharge or escape from the Ship of oil or any other substance or the threat of such discharge or escape.

**Rule 32                      Damage to or Loss of Property**

- 1     The Insurer shall cover liability arising as a consequence of loss of or damage to property not referred to elsewhere in Part II of these Rules.
- 2     If the Assured causes damage to its own property, other than its Own Cargo, the Assured shall be entitled to recover from the Insurer as if the property belonged to a third party.

**Rule 33                      Fines**

The Insurer shall cover liability for fines or other penalties imposed upon the Assured by any competent authority or which the Assured has to pay pursuant to an indemnity in respect of the following:

- a     short- or over-delivery of Cargo, or failure to comply with regulations concerning the declaration of goods, or documentation of cargo, provided that the Assured is insured by the Insurer for cargo liability under Rule 24 (Damage to or Loss of the Cargo) and the exclusion under Rule 24(2)(a) (Damage to or Loss of the Cargo, Exclusion for Own Cargo) does not apply;
- b     breach of immigration regulations; and
- c     the accidental escape or discharge of oil or any other substance or threat thereof. An escape or discharge in this context is accidental if it is not the proximate result of an act or omission done with intent to discharge any substance from the Ship or a reckless act or omission done (irrespective of intent) with knowledge that an escape or discharge from the Ship would probably result.



**Rule 34      Disinfection and Quarantine Expenses**

The Insurer shall cover liability for extraordinary costs and expenses in respect of quarantine, disinfection, fuel, insurance, stores, provisions and port charges as a direct consequence of a quarantine order regarding the Ship or crew or disinfection of the Ship or crew, on account of an infectious disease on board, provided always that there shall be no recovery where the Ship has been ordered to a port where the Assured knew or ought to have known that she would be quarantined and/or would require disinfection.

**Rule 35      Coronavirus and Communicable Disease Extension**

- 1 Notwithstanding any contrary provisions in the Contract of Insurance, including but not limited to the Communicable Disease Exclusion clause (JL2021-014) and the Coronavirus Exclusion (LMA5395), the Contract of Insurance shall include liabilities, losses, costs and expenses which would fall within its scope, but for the application of those clauses.
- 2 The cover available under this Rule is limited for any and all claims to the lesser of the Assured's limits of insurance specified in the Certificate of Entry or USD 10 million per event.

**Rule 36      Legal Costs**

- 1 The Insurer shall cover legal costs and expenses relating to any liability, loss, cost or expense which, in the opinion of the Insurer, is (or, apart from any applicable deductible, would be) likely to result in a claim on the Insurer, but only to the extent that such legal costs and expenses have been incurred with the agreement of the Insurer.
- 2 The Insurer shall not cover legal costs and expenses relating to any claims between any Assureds, Co-assureds or Affiliates.

**Rule 37      Enquiry Expenses**

The Insurer shall cover costs and expenses incurred by the Assured in defending itself or in protecting its interests before a formal enquiry into the loss of or casualty involving the Ship, in cases in which, in the opinion of the Insurer, a claim upon the Insurer is likely to arise, but only to the extent that such costs and expenses have been incurred with the agreement of the Insurer.

### **Rule 38 Measures to Avert or Minimise Loss**

The Insurer shall cover:

- a** extraordinary costs and expenses reasonably incurred on or after the occurrence of a casualty or Event, including liability for such extraordinary costs and expenses incurred by a third party, for the purpose of avoiding or minimising any liability on the Insurer as determined by the Insurer in its absolute discretion other than:
  - i. costs and expenses arising from the failure of the Assured to act as a prudent uninsured;
  - ii. costs and expenses claimable in general average;
  - iii. costs and expenses relating to the Ship being overloaded or the Cargo being incorrectly stowed;
  - iv. costs and expenses resulting from measures that have been or could have been accomplished by the crew or by reasonable use of the Ship or its equipment; or
  - v. costs and expenses resulting from making the Ship seaworthy for receiving the Cargo.
- b** losses, costs and expenses incurred at the direction of the Insurer.

### **Rule 39 War Risks**

- 1** The Insurer shall cover liability, costs and expenses set out in Part II, Chapter 2 arising from War Risks.
- 2** For the purposes of this Rule, "War Risks" mean liabilities, losses, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Assured or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liabilities arise or such losses, costs or expenses are incurred was caused by:
  - a** war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism (provided that the Insurer has the absolute discretion to determine whether an act constitutes an act of terrorism and the Insurer's decision shall be final);
  - b** any attempted or actual capture, seizure, arrest, restraint or detainment, (barratry and piracy excepted) and the consequences thereof; and



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**Chapter 3      Special Conditions**

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**Rule 40              Ice Trade Conditions**

The Insurer shall not cover the risks set out in Part II, Chapter 2 arising from trade of the Ship in icebound waters outside Institute Warranty Limits (IWL), International Navigating Limits (INL) or similar trading limits unless at the time of the intended voyage the Ship:

- a**    is ice-classed for the trade by a classification society which is a member of the International Association of Classification Societies Ltd (IACS); and
- b**    has Hull & Machinery insurance in place for the intended voyage to at least the fair market value of the Ship.

**Rule 41              Blending Conditions**

- 1**    The Insurer shall not cover the P&I risks set out Part II Chapter 2 arising as a consequence of blending the Cargo or the bunkers at the direction of the Assured with one or more substances on the Ship unless the Assured performs reasonable compatibility and stability tests prior to blending.
- 2**    Notwithstanding the above, the Insurer shall not cover liability, costs and expenses arising as a consequence of damage to or loss of Cargo or the bunkers caused by treatment or processing, including blending, of the Cargo or the bunkers (save when such treatment is necessary for transportation of the Cargo or the bunkers).

**PART III – DEFENCE COVER****Rule 42 Application**

- 1 Cover under Part III applies by written agreement between the Assured and Insurer set out in the Certificate of Entry.
- 2 Cover under Part III is subject to the terms of the Certificate of Entry and the Rules.

**Rule 43 Disputes Pertaining to the Employment of the Ship as a Charterer**

- 1 The Insurer shall cover legal and other costs necessarily incurred in respect of disputes concerning the following:
  - a contracts of affreightment, charterparties, or other contracts of carriage;
  - b loading, lightering, stowing, trimming or discharge of Cargo;
  - c passengers and passenger monies;
  - d delay of the Ship;
  - e deliveries, including bunkers, to the Ship;
  - f agents or brokers;
  - g general average;
  - h towage contracts unless the Ship is a tug;
  - i insurance contracts related to the Assured's employment of the Ship, excluding:
    - i. disputes under this Contract of Insurance;
    - ii. disputes under insurance contracts concerning the Assured's Own Cargo; and
  - j customs, harbour or other public or quasi-public authorities, excluding:
    - i. taxes or dues payable in countries where the Assured is resident, or where the Assured has a permanent place of business;
    - ii. actual or alleged infringement of any law relating to safety, navigation, smuggling, Own Cargo or prevention of pollution.

## PART IV – ADDITIONAL COVERS FOR TRADERS

### Chapter 1 General

#### Rule 44 Application

- 1 Cover under Part IV applies by written agreement between the Assured and Insurer set out in the Certificate of Entry.
- 2 Cover under Part IV is subject to the terms of the Certificate of Entry and the Rules, except for Rule 20 (Capacity of the Assured as Charterer) which shall not apply.

#### Rule 45 Capacity of the Assured as Trader

The Insurer shall cover liabilities, losses, costs and expenses arising from the risks listed in Rule 46 (Risks covered) and, where agreed, Rule 47 (Disputes as a Trader) incurred by the Assured:

- a as a consequence of the Trader's interest in the Cargo; and
- b in relation to an Event occurring while the Cargo is being loaded onto, carried on or discharged from a Ship.

### Chapter 2 P&I Cover for Traders

#### Rule 46 Risks Covered

- 1 The Insurer shall cover the liabilities, losses, costs and expenses arising from the risks listed in Part II, Chapter 2, except for:
  - a Rule 24 (Damage to or loss of the Cargo);
  - b Rule 25 (Extra Handling Costs);
  - c Rule 33(a) (Fines, Customs Fines); or
  - d liability, losses, costs and expenses arising as a consequence of the use, consumption or disposal of the Cargo after discharge from a Ship.

### Chapter 3 Extended Defence Cover for Traders

#### Rule 47 Disputes as a Trader

The Insurer shall cover legal and other costs necessarily incurred by the Assured in respect of disputes concerning the following:

- a freight, laytime, dispatch or demurrage of a Ship;
- b loading, lightering, stowing, trimming or discharge of Cargo but excluding disputes relating to loss of, damage to, or the condition of the Cargo; and
- c agents.

## PART V – EXCLUSIONS

### Chapter 1 General

#### Rule 48 Application

Part V Chapter 2 (General exclusions) shall apply to any Contract of Insurance subject to the Rules, unless excluded in the Certificate of Entry or any Endorsement thereto.

Part V Chapter 3 (P&I Exclusions) shall apply to all P&I covers subject to the Rules, including any extensions thereto, unless excluded in the Certificate of Entry or any Endorsement thereto.

Part V Chapter 4 (Defence exclusions) shall apply to all Defence covers subject to the Rules, including any extensions thereto, unless excluded in the Certificate of Entry or any Endorsement thereto.

### Chapter 2 General Exclusions

#### Rule 49 Unlawful, Unsafe or Unduly Hazardous Trade

The Insurer shall not cover liabilities, losses, costs or expenses arising as a consequence of the Ship carrying contraband, blockade running or being employed in or on an unlawful, unsafe or unduly hazardous trade or voyage.

#### Rule 50 Sanctions

- 1 The Insurer shall not indemnify the Assured against liabilities, costs or expenses where the provision of cover, the payment of any claim or the provision of any benefit in respect of those liabilities, costs or expenses may expose the Insurer and/or its Agent to any sanction, prohibition, restriction or adverse action by any competent authority or government.

- 2 The Assured shall in no circumstances be entitled to recover from the Insurer that part of any liabilities, costs or expenses which is not recovered by the Insurer from any reinsurer because of a shortfall in recovery from such reinsurer by reason of any sanction, prohibition or adverse action by a competent authority or government or the risk thereof if payment were to be made by the reinsurer. For the purposes of this paragraph, "shortfall" includes, but is not limited to, any failure or delay in recovery by the Insurer by reason of the reinsurer making payment into a designated account in compliance with the requirements of any competent authority or government.

**Rule 51 Other Insurance**

- 1 The Insurer shall not cover liabilities, losses, costs or expenses recoverable under any other insurance, including, but not limited to liabilities, losses, costs or expenses:
  - a in relation to Cargo where the Assured has the benefit of any hold harmless arrangement pursuant to any other insurance, or
  - b which would have been recoverable but for the existence of a double insurance limitation or exclusion in the other insurance.
- 2 The Insurer shall not cover under Defence cover costs which are or can be covered under a P&I cover.

**Rule 52 Administrative Costs and Insolvency**

The Insurer shall not cover:

- a the Assured's internal administrative costs or expenses; or
- b liabilities, losses, costs and expenses arising out of the insolvency of the Assured or any other person or out of overdue or irrecoverable debts or out of any circumstances described in Rule 18.1(a) or 18.1(b), (Cesser.)

**Rule 53 Nuclear Perils**

The Insurer shall not cover any liabilities, losses, costs or expenses directly or indirectly caused by or contributed to by or arising from:

- a ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;



- b** the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
  - c** any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
  - d** the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter;
- other than liabilities, costs and expenses arising out of carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo on the Ship.

#### **Rule 54      Conduct of the Assured**

The Insurer shall not cover any liabilities, losses, costs or expenses arising or incurred in circumstances where there has been wilful misconduct on the part of the Assured, such misconduct being an act intentionally done, or a deliberate omission by the Assured, with knowledge that the performance or omission will probably result in injury, or an act done or omitted in such a way as to allow an inference of a reckless disregard of the probable consequences.

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**Chapter 3      P&I Exclusions**

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**Rule 55              Terms of Contract**

The Insurer shall not cover liability, losses, costs or expenses which would not have arisen but for the terms of a contract or indemnity unless the terms have been approved in writing by the Insurer or are on materially unamended standard industry forms.

**Rule 56              Five Powers War Exclusion**

This Contract of Insurance excludes loss, damage, liability or expense arising from:

- a**    the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation and the People's Republic of China; and
- b**    requisition of the ship either for title or for use.

**Rule 57              General Limitation of Liability**

Where the Assured is entitled to limit its liability pursuant to any rule of law, the maximum recovery is the amount to which the Assured may limit its liability.

**Rule 58              Amounts Saved by the Assured**

Where the Assured has obtained extra revenue, saved costs or expenses or avoided liability or loss which would otherwise have been incurred and which would not have been covered by the Insurer, the Insurer may deduct from the compensation payable an amount corresponding to the benefit obtained.

**Rule 59              Acts or Omissions in an Uninsured Capacity**

Where an Event is caused wholly or partly by the act or omission of any Assured, Co-assured or Affiliate acting in a capacity outside the scope of the Contract of Insurance, the Insurer may, in its absolute discretion, reduce the recovery under the Contract of Insurance to take into account the extent to which the Assured's act or omission contributed to the liabilities, losses, costs or expenses forming the subject of a claim.

**Rule 60      Market Clauses**

This Contract of Insurance incorporates the following clauses as specified in the Appendix 4 which shall be paramount and override anything to the contrary contained in the Contract of Insurance:

- a Marine Cyber Endorsement (LMA 5403);
- b Communicable Disease Exclusion Clause (JL2021-014); and
- c Coronavirus Exclusion (LMA 5395).

**Rule 61      Specialist Operations**

The Insurer shall not cover liability, losses, costs and expenses incurred by the Assured during the course of performing dredging, blasting, pile-driving, well intervention, cable or pipelaying, construction, installation or maintenance work, core sampling, mining, depositing of spoil, power generation and decommissioning to the extent that such liability, losses, costs and expenses arise as a consequence of:

- a claims brought by any party for whose benefit the work has been performed, or by any third party (whether connected with any party for whose benefit the work has been performed or not), in respect of the specialist nature of the operations;
- b the failure to perform such specialist operations by the Assured or the fitness for purpose and quality of the Assured's work, products or services, including any defect in the Assured's work, products or services; or
- c any loss of or damage to the contract work, provided that this exclusion shall not apply to liability, losses, costs and expenses incurred by the Assured in respect of:
  - i loss of life, injury or illness of crew and other personnel on board the Ship;
  - ii the wreck removal of the Ship; or
  - iii oil pollution from the Ship or the threat thereof;
 but only to the extent that such liability, costs and expenses are within the cover available.

**Rule 62      Drilling, Production Vessels, Barges and Heavy Lift Vessels**

- 1 For a Ship carrying out drilling or production operations in connection with oil or gas exploration or production, the Insurer shall not cover any liability, losses, costs or expenses arising out of or during drilling or production operations, provided that for the purpose of this Rule 62.1:

- Note: The HEAVYCON 2007 charter is approved provided it is not materially amended.

The Insurer shall not cover liability, losses, costs or expenses arising out of:

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**Rule 64 Waste Incineration, Disposal Operations and Landfills**

- 1 The Insurer shall not cover liability, losses, costs or expenses arising out of waste incineration or waste disposal operations carried out by the Ship (other than any such operations carried out as an incidental part of other commercial activities).
- 2 Unless and to the extent that the Insurer in its discretion shall otherwise decide, the cover does not include any liability, loss, damage, cost or expense, including, without limitation, liability for the cost of any remedial works or clean-up operations, arising as a result of the presence in, or the escape or discharge or threat of escape or discharge from, any land based dump, site storage or disposal facility of any substance previously carried on the Ship whether as Cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever.

**Rule 65 Excluded Losses**

- 1 The Insurer shall not cover, except where and to the extent that they form part of a claim for expenses under Rule 38 (Measures to Avert or Minimise Loss):
  - a liability, losses, costs or expenses arising out of cancellation of a charter or similar contract for the use of a ship except where these are covered under Rule 26 (Damage to or Loss of the Ship) or Rule 27 (Removal and Replacement of Bunkers);
  - b claims by or against the Assured relating to demurrage on, detention of or delay to the Ship, except where these are covered under Rule 26 (Damage to or Loss of the Ship) or Rule 26 (Removal and Replacement of Bunkers); or
  - c liabilities, losses, costs or expenses arising out of salvage and/or wreck removal operations conducted by the Ship or provided by the Assured, other than:
    - i. liabilities, costs and expenses arising out of salvage operations conducted by the Ship for the purpose of saving or attempting to save life at sea; and
    - ii. liabilities, costs and expenses incurred by a professional salvor which are covered by a special agreement between the Assured and the Insurer.

- 2 The Insurer shall not cover general monetary loss, or loss of time, loss through price or currency fluctuations, loss of market or similar loss resulting from delay, except where the Assured is legally liable to a third party for such loss and such liability is covered by the Insurer under these Rules.

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**Chapter 4      Defence Exclusions**

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**Rule 66              Excluded Costs**

- 1 The Insurer shall not cover, or continue to cover, all or part of the Assured's costs, where it is of the opinion that:
  - a there is no reasonable relation between the amount in dispute and the costs which are likely to be incurred;
  - b there is no reasonable relation between the prospects of succeeding in establishing a claim or of having the claim enforced or the liability averted and the costs which are likely to be incurred; or
  - c the claim is unreasonable or tainted with illegality or other improper conduct.
- 2 The Insurer shall not cover an Assured for costs incurred:
  - a before the Insurer has been notified of a claim under the Defence cover; or
  - b by the employment of lawyers, experts and other advisers appointed by the Assured without the Insurer's approval.

**Rule 67              Unpaid Sums**

The Assured is not entitled to cover so long as there are premiums or any other sums owed to the Insurer, whether in respect of Defence or P&I cover or otherwise.

**Rule 68              Disputes with the Insurer**

The Insurer shall not cover any costs arising from disputes between the Assured and the Insurer, its subsidiaries, other Gard group companies, agents, representatives or servants.

**Rule 69              Disputes between Assureds, Co-assureds or Affiliates**

The Insurer shall not cover any costs arising from disputes between Assureds, Co-assureds or Affiliates.

**PART VI – HANDLING OF CLAIMS OR DISPUTES****Chapter 1      Assured's Obligations****Rule 70              Time-bar**

- 1      The Assured shall have no right to cover unless it has notified the Insurer of any Event within six months of it becoming aware of the Event.
- 2      The Assured's claim for compensation becomes time-barred three years from the date on which it became aware of the claim and of the circumstances that determine its extent.
- 3      Where a time-bar has not taken effect earlier, the Assured's claim for compensation becomes time-barred ten years from the occurrence of the Event unless litigation or a general average adjustment is in progress, when the claim becomes time-barred one year after the issue of the final judgment or adjustment.

**Rule 71              Assured's Conduct of Claims or Disputes**

- 1      Following the occurrence of any Event, the Assured shall:
  - a      promptly notify the Insurer of the Event and provide all relevant documents and information to enable the Insurer to determine whether the Event is covered;
  - b      take and continue to take all reasonable steps, including the preservation of any right of recourse against any party, including another Assured or Co-assured under the same Contract of Insurance or an Affiliate, for the purpose of averting or minimising any liability, loss, cost or expense which may be within the cover;
  - c      wherever possible, consult the Insurer prior to taking any action as described in Rule 71.1.b.;
  - d      allow the Insurer to interview any person who in the opinion of the Insurer may have knowledge relevant to the event; and
  - e      not admit liability or settle any claim without the prior consent of the Insurer.
- 2      If an Assured breaches any of the obligations in Rule 71.1 above:
  - a      the Insurer may reject the claim, or reduce the sum payable, in relation to such Event; and
  - b      the Insurer is entitled to demand that the Assured reimburse the Insurer's costs and expenses related to the event.

- 3 The Assured shall, in respect of a claim under the cover, for its own account, obtain information, make calculations, attend meetings and otherwise provide assistance, where such work can be performed by the Assured or by persons employed or regularly engaged by the Assured to perform such services.

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<b>Chapter 2</b>	<b>Insurer's Rights in Relation to Handling of Claims</b>
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**Rule 72                    The Right to Control and Direct the Handling of a P&I Claim**

- 1 The Insurer has the right to control the conduct of any claim or disputes relating to any liability, loss, cost or expense under this cover, and to instruct, on behalf of the Assured, lawyers and other advisers and experts to assist and to require the Assured to settle, compromise or otherwise dispose of the claim or dispute in the manner and on the terms as the Insurer sees fit, provided that no actions or directions of the Insurer shall imply an obligation to cover the liability, loss, cost or expense.
- 2 If the Assured does not settle, compromise or dispose of a claim or dispute after being required to do so by the Insurer, any recovery by the Assured from the Insurer in respect of such claim or dispute shall be limited to the amount the Assured would have recovered if it had acted as required by the Insurer.

**Rule 73                    The Right to Control and Direct the Handling of a Defence Dispute**

- 1 The Insurer shall have the right to control or direct the handling of any dispute or legal and other proceedings relating to any matter in which legal and other costs are covered under Defence cover.
- 2 The Insurer may, in its sole discretion, at any stage of the handling of a Defence dispute, decline to cover legal and other costs where:
  - a the Assured, without the Insurer's authority, or contrary to its advice, proceeds with the case in a manner which in the view of the Insurer is undesirable; or
  - b the Assured refuses to settle the case on conditions which the Insurer recommends or which are recommended by lawyers acting on behalf of the Insurer or the Assured.



**Rule 74 Exclusion of Liability**

- 1 The Insurer and/or directors and employees of the Gard group are not liable for any negligence, errors and/or omissions whatsoever when performing any insurance distribution activities and which may be committed by the directors and employees of the Gard group or by lawyers, advisers or other experts engaged on behalf of the Assured.
- 2 The Insurer and/or directors and employees of the Gard group are not liable for monies which are lost, having been collected by persons engaged on behalf of the Assured, or entrusted to such persons.
- 3 The Insurer is not liable to pay interest on any sums due from it to the Assured.

**Rule 75 Recoveries from any Party**

- 1 When the Assured has a right of recourse against any party for any liability, loss, cost or expense covered by the Insurer, the Insurer is subrogated to the Assured's right of recourse upon payment by the Insurer to or on behalf of the Assured in respect of the liability, loss, cost or expense.
- 2 The Insurer's subrogated right of recourse pursuant to paragraph 1 above also applies to any right of recourse which any Assured may have against any other Assured, Co-assured or Affiliate which by any act or omission, when acting in a capacity not covered by this Contract of Insurance, has caused damage or loss for which the Assured in its insured capacity is liable.
- 3 Where the Insurer has made a payment in respect of any liability, loss, cost or expense to or on behalf of an Assured, the whole of any recovery from a third party in respect of the case to which that liability, loss, cost or expense relates shall be credited and paid to the Insurer up to an amount corresponding to the sum paid by the Insurer together with any interest element on that sum comprised in the recovery, provided however, that:
  - a where because of a deductible the Assured has contributed towards a liability, loss, cost or expense any such interest element shall be apportioned between the Assured and the Insurer taking into account the payments made by each and the dates on which those payments were made; and
  - b the Insurer shall retain the whole amount of any award of costs in respect of its own handling of any case.

- 4 In respect of any recovery whatsoever pursuant to Defence cover the Insurer shall determine, at its sole discretion, what part of that recovery represents a reasonable amount (the "Reasonable Amount") that should be allocated to costs and expenses (the "Costs"), regardless of whether any specific agreement, award or order as to costs has been made, and regardless of whether the recovery has been agreed by settlement or decided by a court or other competent authority. When determining the Reasonable Amount, the Insurer may take into account the proportion of the realistic claim plus interest and Costs that have been recovered and any other matters which the Insurer considers relevant. Once the Reasonable Amount has been established the Assured will be given due credit, if applicable, for the corresponding contribution it has made to the Costs incurred by way of deductible in line with the agreed deductible structure.
- 5 Subject to paragraph 4 above, all monies recovered for an Assured with Defence cover shall be paid over to the Assured, except that the Insurer may deduct from such monies and retain any amount due to the Insurer from the Assured.

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<b>Chapter 3</b>	<b>Insurer's Financial Obligations</b>
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**Rule 76**      **Payment First by Assured**

- 1 Unless the Insurer shall in its absolute discretion otherwise determine, it is a condition precedent to an Assured's right to recover from the Insurer in respect of any liability, loss, cost or expense that it shall first have discharged or paid the same.
- 2 The Insurer shall not be obliged to compensate an Assured for a payment made to a third party unless the Assured's liability to make that payment has been determined by:
  - a a final judgement or order of a competent court;
  - b a final arbitration award (if settlement of the dispute by arbitration was agreed upon before the dispute arose, or was, with the consent of the Insurer, agreed upon subsequently); or
  - c a final settlement of the dispute approved by the Insurer.

**Rule 77                      Currency of Payments**

- 1        Unless the Insurer in its sole discretion otherwise decides, the Insurer shall indemnify the Assured in the currency in which the Assured pays premium ("the Premium Currency").
- 2        Where the Assured has made a payment in respect of any liability, loss, cost or expense which is covered by the Insurer in a currency other than the Premium Currency, that payment shall be converted into the Premium Currency, or such other currency as the Insurer in its sole discretion decides, at the rate of exchange ruling on the day payment was made by the Assured.
- 3        Where a payment in respect of a liability, loss, cost or expense is due at a fixed time and the Assured without valid reason neglects to make payment when due, the Assured shall not be entitled to compensation at a higher rate of exchange than that ruling on the day on which payment was due.
- 4        All rates of exchange for the purposes of this Rule 77 shall be as conclusively certified by the Insurer.

**Rule 78                      Payments and Undertakings to Third Parties**

- 1        The Insurer shall be under no obligation to provide any guarantee, certificate, bail or other security or undertaking ("Security") on behalf of an Assured in relation to liabilities within the scope of its cover. If the Insurer does provide any Security, the Insurer may recover any associated costs from the Assured.
- 2        The Assured shall indemnify the Insurer for any payments the Insurer makes to a third party on behalf of the Assured pursuant to any Security issued under paragraph 1 above. The Insurer shall take into account any reimbursement to which the Assured would have been entitled pursuant to the Contract of Insurance if it had paid the third party directly.
- 3        Where the Insurer has issued any Security and the Insurer considers in its absolute discretion that the claims under the Security may exceed any policy limit on the cover provided, whether alone or in combination with other claims, the Insurer may defer payment of any claims until the liabilities arising under the Security have been discharged to the Insurer's satisfaction.

- 4 Any sums paid by the Insurer to discharge its liabilities under the Security which exceed the policy limit shall be by way of a loan. The Assured shall reimburse any such sums to the Insurer promptly upon demand and shall assign to the Insurer all the Assured's rights under any other insurance and against any third party.
- 5 Where the Insurer provides Security and subsequently reserves cover, the Assured shall provide substitute Security upon the Insurer's first written demand to facilitate the return and cancellation of the Insurer's security or shall provide whatever form of counter-security the Insurer requires.

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<b>Chapter 4</b>	<b>Dispute Resolution</b>
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<b>Rule 79</b>	<b>Governing Law</b>
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The legal relationship between the Insurer and the Assured shall be governed by these Rules and Norwegian law, but the provisions of the Insurance Contracts Act of 16th June 1989 shall not apply unless mandatory.

<b>Rule 80</b>	<b>Arbitration</b>
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Unless otherwise agreed, disputes between the Insurer and an Assured or a former Assured or any other person arising out of the Contract of Insurance or these Rules shall be resolved by arbitration. Each party shall nominate one arbitrator and those so nominated shall appoint a Chair of the arbitration tribunal. If the arbitrators cannot agree on a Chair of the arbitration tribunal or a party fails to nominate its arbitrator, the nomination shall be made by the Chief Justice of the Oslo District Court. Reasons shall be given for the award. Arbitration proceedings shall take place in Oslo.

**APPENDIX – MARKET EXCLUSION CLAUSES****Marine Cyber Endorsement**

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1. Subject only to paragraph 3 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, computer process or any other electronic system.
2. Subject to the conditions, limitations and exclusions of the policy to which this clause attaches, the indemnity otherwise recoverable hereunder shall not be prejudiced by the use or operation of any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.
3. 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, paragraph 1 shall not operate to exclude losses (which would otherwise be covered) 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.

LMA5403 – 11 November 2019

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### Communicable Disease Exclusion

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1. In the event that the World Health Organization ('WHO') has determined an outbreak of a Communicable Disease to be a Public Health Emergency of International Concern (a 'Declared Communicable Disease'), no coverage will be provided under this (re)insurance for any loss, damage, liability, cost or expense directly arising from any transmission or alleged transmission of the Declared Communicable Disease.
2. The exclusion in paragraph 1 of this endorsement will not apply to any liability of the (re)insured otherwise covered by this (re)insurance where the liability directly arises from an identified instance of a transmission of a Declared Communicable Disease and where the (re)insured proves that identified instance of a transmission took place before the date of determination by the WHO of the Declared Communicable Disease.
3. However even if the requirements of paragraph 2 of this endorsement are met, no coverage will be provided under this (re)insurance for any:
  - a. liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for the Declared Communicable Disease whether the measures are preventative or remedial;
  - b. liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of the Declared Communicable Disease;
  - c. loss, damage, liability, cost or expense caused by or arising out of fear of or the threat of the Declared Communicable Disease.
4. As used in this endorsement, Communicable Disease means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism to another organism where:
  - a. the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not, and
  - b. the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, transmission to or from or via any solid object or surface or liquid or gas, and

- c. the disease, substance or agent may, acting alone or in conjunction with other co-morbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind.
- 5. This endorsement shall not extend this (re)insurance to cover any liability which would not have been covered under this (re)insurance had this endorsement not been attached.

All other terms, conditions and limitations of this (re)insurance remain the same.  
JL2021-014 – 8th March 2021

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### Coronavirus Exclusion

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

This insurance excludes coverage for:

- 1. any loss, damage, liability, cost, or expense directly arising from the transmission or alleged transmission of:
  - a. Coronavirus disease (COVID-19);
  - b. Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or
  - c. any mutation or variation of SARS-CoV-2;
 or from any fear or threat of a, b or c above;
- 2. any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a, b or c above;
- 3. any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a, b or c above or the fear or the threat thereof.

All other terms, conditions and limitations of the insurance remain the same.  
LMA5395 – 9 April 2020

# Introduction

Dear friends,

I am pleased to welcome you to the first meeting of the Gard project. The purpose of this meeting is to discuss the project's objectives and to establish a common understanding of the project's goals and objectives.

The Gard project is a collaborative effort between the European Commission and the European Parliament. The project's main objective is to develop a common framework for the management of the European Union's external relations.

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