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## South China Insurance Owners Clauses

100.03.21 (100)華產企字第150號函備查

- 1) It is hereby noted and agreed that all transhipments within port limits are covered without prior advice to Underwriters.

It is also noted and agreed that if transhipment is on feeder vessel basis, only one deductible to apply for all claims resulting from feeder operations at any loading or unloading operation providing always within port limits.

It is also agreed that ship to ship transfers in accordance with charter party conditions whether within port limits or not also covered without prior advice and such operations will not prejudice recoveries hereunder.

- 2) The vessels may enter or leave through the Unimax, Amchitka, Amukta or Attu Passes or West of Attu Island, but only when equipped and properly fitted with Marine Radar, Loran and Radio Direction Finder and/or Differential Global Positioning System, Global Positioning System, Sonic Depth Sounding apparatus, Gyro Compass and Weather Facsimile Recorder. All fully operational and manned by qualified personnel.
- 3) It is understood and agreed that the practice of using Helicopters for the transfer of pilots, stores and the like will not prejudice this insurance.
- 4) It is agreed that where repairers/technicians are employed effecting repairs during a vessel's voyage, the relative insurances covering the vessel shall not be prejudiced by failure to obtain from repairers a hold harmless agreement or alternatively that the shipowners are required to provide a hold harmless agreement.
- 5) For claims purposes, the cost of repairs by riding squads, Air Freight on spare parts, the cost of temporary repairs and excess cost of overtime on repairs, the cost of drydocking with cargo on board, and the cost of discharging, storing and reloading cargo necessary for damage repairs, which are not allowable in general average shall be deemed to form part of the reasonable cost of repairs to the extent that such items would have been incurred by a prudent uninsured owner.
- 6) Underwriters' liability in respect of unrepaired damage will be the estimated cost of repairs at the first reasonable opportunity including estimated drydock dues and services, tank cleaning, superintendence, classification Surveyors' charges and removal, etc. if necessary as if all outstanding repairs effected simultaneously.

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- 7) For the purposes of claims in General Average, Salvage & Salvage Charges and under the Sue and Labour Clause, all vessels are deemed to be fully insured for their actual sound market/contributory/salved values. This special clause to be applied at owners option.
- 8) No deductible to be applied in General Average, Sue and Labour, Salvage and Salvage Charges and Particular Charges on Ship.
- 9) General Average
  - a) General Average, salvage and special charges to be adjusted in accordance with York/Antwerp Rules 1924, 1950, 1974, or 1974 (amended 1990), 1994 or 2004 at owners option.
  - b) American Hull Insurance Syndicate General Average Absorption Clause January 1, 1979 limits as agreed to be amended as follows :-

“It is agreed that, subject to the terms and conditions of this Policy, General Average (including Salvage, if any) shall be paid in full by the Hull underwriters up to the limit of USD2,000,000, provided claims for contributions from other Contributory Interests have been waived by the Assured. It is also agreed that in these circumstances no General Average commission and interest will be allowed in the Adjustment. Adjusters’ charges attaching to General Average deemed not to be within the aforesaid amount which will be payable by the Hull Underwriters on top of the General Average Absorption Clause limit(s).”
  - c) Where the Average Adjusters certify that obtaining General Average security and contributions from the relevant Contributing Interests would be uneconomical from the standpoint of Hull Insurers, General Average expenditure shall be claimed from the Hull underwriters in full or up to the savings by not collecting security from other contributing interests according to York-Antwerp Rules specified in the Contract of Affreightment (excluding Rules XX and XXI), without regard to the limits as specified in b) above. It is also agreed that ship's General Average sacrifice can be claimed in full from the Hull Insurers on the top of the above without recourse to other Contributing Interests.

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- d) In circumstances when General Average security is not collected from the Cargo and Container and/or other Contributing interests, where Cargo and Containers are transshipped and in the normal course of events, Cargo and Container and/or other Contributing interests would have been requested to provide security which included the standard form of non-separation agreement, the claim in general average is to be calculated as if that agreement applied. The Owners' position in this regard will not be prejudiced should they proceed their General Average claim under b) or c) above.
- e) The Owners have the liberty to invoke any of the above sub-clauses b, c and d should they so wish.
- f) Extraordinary sacrifice or expenditure prudently made or incurred, if not strictly necessary for the common safety and/or not allowable into general average, shall be deemed to form a claim on Hull Underwriters.
- g) "San Francisco" may be substituted for "New York" in the General Average clause in respect to vessels operating to or from ports located on the Pacific coast of North America at the assured's option.

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- 10) One deductible to be applied to all damage sustained by contacts with foreign objects including lock walls and/or ice, in the St. Lawrence Seaway, and Great Lakes, Panama Canal or Kiel Canal and ice bound ports during one voyage inward and outward, and during berthing/unberthing operations.
- 11) One deductible to be applied to all ice and/or weather damage sustained during the whole period while the vessel is outside Institute Warranty Limits.
- 12) One deductible to be applied to all damage sustained as a result of groundings and/or touching bottom during one voyage, inward and outward, through any river or inland waterway. One deductible to be applied to all damage during one loading and/or discharging at one loading or discharging port/place.
- 13) All damage sustained by contacts with lightening vessels whilst employed in loading (or discharging) one cargo at any one port shall be subject to one deductible. In the event that the vessel insured hereunder is employed at a port as a lightening vessel, all damage sustained by contacts with any one mother vessel whilst employed in loading (or discharging) one cargo from the mother vessel shall also be subject to one deductible.
- 14) Leased Equipment Clause

This insurance is extended to cover equipment and apparatus, not owned by this Assured but installed for use on the insured vessel and for which the Assured has assumed liability, whether such equipment or apparatus be in the nature of aids to navigation or communication or otherwise but in no event shall the liability of the Underwriters exceed the contractual liability of the Assured for such equipment or apparatus or liability to which Underwriters would be subject if the property were fully owned by the Assured, whichever shall be the least. All such equipment or apparatus installed on the vessel but not owned by the Assured shall be included in the agreed valuation of the vessel. Radio apparatus and equipment and other apparatus or equipment used for the purposes of communication or as aids to navigation of safety devices, tank cleaning equipment, also equipment consisting of projection machines, sounding apparatus and motion picture film shall be covered by this policy and included within the agreed valuation of the vessel, even when not owned by the Assured, provided the Assured has assumed liability therefore; but the liability of Underwriters (either as to amount or as to the risks covered) shall not exceed the Assured's liability or liability to which Underwriters would be subject, if the property were fully owned by the Assured, whichever shall be least. Excluding claims for loss of or damage to underwater equipment whilst in use overboard. Subject to all other terms, and conditions of this policy.

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15) Radio and Aids to Navigation Clause

Radio apparatus and equipment, echo sounders, navigation equipment and other apparatus or equipment used for the purpose of communication or as aids to navigation or safety devices, portable cargo containers (such as refrigerated boxes, etc.) when permanently installed in the insured vessel, tank cleansing equipment, also equipment consisting of projection machines, sound apparatus and motion picture film shall be covered by this policy and included within the agreed valuation of the Hull, even when not owned by the Assured, provided the Assured has assumed liability therefore; but the liability of Underwriters (either as to amount or as to the risks covered) shall not exceed the Assured's liability or liability to which Underwriters would be subject if the property were fully owned by the Assured whichever shall be least.

16) Towage Contract Clause

Where in accordance with established local practice the Assured, the Charterer or the agent of the Assured enters into pilotage or towage contracts under which the Assured, the Charterer or the Agent of the Assured assumes liability for any damages resulting from collision of the Vessel insured with another ship or vessel, including the towing vessel, and agrees to indemnify the pilot or the towboat and/or owners, charterers, operators, managers, agents and/or pilots against loss or liability for any such damage, it is agreed the amount paid by the Assured, Charterer or the agent of Assured pursuant to such agreement, in respect of such damage caused by collision between the Vessel insured and any ship or vessel, shall be deemed payments "by way of damages to any other persons or persons" and to have paid "in consequence of the insured vessel being at fault" within the meaning of the Collision Clause if the insured Vessel had been responsible for damage in the absence of any agreement. Provided always that in no event shall the aggregate amount of liability of Underwriters under the Collision Clause, including this endorsement be greater than the amount of any statutory limitation of liability to which the Assured is entitled, or would be entitled if the Assured's liability under any indemnity agreement referred to in this endorsement were included among the liabilities subject to such statutory limitation.

17) Underwriters agreed to hold cover alternation of vessel's D.W.T. for a short period for business requirement with the approval of the vessel's Classification Society automatically without prior advice and such alterations will not prejudice this insurance. No return premium is allowed unless the D.W.T. have literally been wrong with effect from inception.



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- 18) Underwriters hereon agree to waive all rights of subrogation or recourse against the original Assured(s) and any Person, Firm or Corporation Parent to or Subsidiary of or Affiliated with the original Assured(s) against their Agents or Managers or Operators, and against Manager or Operators or Agents or Contractors or Sub-Contractors or Charterers or Joint Venture Partners in respect of vessels insured hereunder.
- 19) Cargo Handling/Storing Expenses Clause  
The cost of relashing/restoring/restowing, discharge, storage and consequent reloading of cargo at a port of refuge, not allowable in General Average but necessary for the safe prosecution of the voyage, shall be agreed to form part of the claim on hull underwriters to the extent that such items would have been incurred by a prudent uninsured owner.
- 20) It is agreed that some of the insured vessels may from time to time call at ports and/or terminals in the Arabian/Persian Gulf and Masters may take precautions against physical attack. It is agreed that this insurance shall not be prejudiced there from.
- 21) Agreed delete "or damage caused by contact with floating ice" from line 34 and add the following to line 35 of the American Institute Hull Clauses (2.6.77):  
  
"The expression 'heavy weather' in the preceding paragraph shall be deemed to include contact with ice".
- 22) In interpretation of two consecutive ports as concerns heavy weather and ice damages, calls at ports solely for bunkering of for refuge or canal transits not be construed as ports within the meaning of the clause in question. Vessel's staying in port counts as in integral part of the preceding single sea passage and no separate deductible for damages(s) which may be sustained during the vessel's stay in port.
- 23) Temporary Generators & Auxiliary/Portable Boilers Clause  
Any costs incurred in connection with the hire, purchase or fitting etc, of these items incurred to allow the vessel to continue her trading or cargo operations consequent on damage to a generator shall form part of the claim, to the extent that such items would have been incurred by a prudent uninsured owner.

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24) Agreed waive production of classification society certificates of maintenance of class in respect of claims not exceeding USD400,000 other than vessels classed with L.R. Adjusters' charges deemed not to be part of USD400,000 which amount is to be net of policy deductible.

25) Parts of an insured vessel and/or her fittings which are temporarily located outside of the vessel are insured hereunder, irrespective of where they are located, under repair or otherwise, and including during transportation.

26) Pollution Hazard Clause

In consideration of premium paid it is understood and agreed that, subject to the terms and conditions of this policy, this insurance also covers loss of or damage to the Vessel directly caused by government authorities acting for the public welfare to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the vessel for which the Underwriters are liable under this Policy, provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this Clause should they hold shares in the Vessel.

27) Affiliated Companies Clause

In respect of the vessel insured hereunder, this policy also covers the Assured and affiliated companies of the Assured be they owners, subsidiaries or inter-related companies and as bareboat charterers and/or charterers and/or sub-charterers and/or operators and/or in whatever capacity, and shall so continue to cover notwithstanding the provisions of this policy with respect to change of ownership or management, but the terms 'Assured' in the American Liner Negligence Clause shall not include such charterers except bareboat charterers. Provided however, that in the event of any claim being made by any affiliated, subsidiary or interrelated company under this clause it shall not be entitled to recover in respect of any liability to which it would not be subject if it were the owner of the vessel, nor to a greater extent than an owner would be entitled in such event to recover. However, should the vessel be sold to or transferred to or chartered on a bareboat basis to others than the Assured or the affiliated companies of the Assured, or be requisitioned on a bareboat basis, the provisions for this policy with respect to change of ownership or management shall prevail.

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28) Valuation

The words apparel, passenger fittings, equipment, stores, boats and other furniture' as used in this policy are intended to include bar stores, equipment for passengers' amusements, saloon and passenger cabin fittings, equipment, furnishings and decorations, as well as spare bunkers and all other stores and supplies, including stocks in shops, provided the same are owned by the Assured.

29) It is agreed that line 138/139 of the American Institute Hull Clause (2.6.77) "but expenses incurred prior to tender of abandonment shall not be considered if such are to be claimed separately under the Sue and Labour Clause" be deleted.

30) It is agreed that the premiums charged on any special liability insurance effected on cargo and / or any other third parties due to casualties and which are not claimable in General Average to be payable in full by Hull Underwriters.

31) Claim for Latent Defect Damage

It is agreed to cover the latent defect damage to the vessels insured hereunder when such damage is first discovered during the period of this insurance and the date(s) of occurrence are unknown; such damage shall be recoverable in full irrespective of the period of time when such damage occurred, without recourse to any previous policies effective prior to the attachment of this insurance, subject to the terms and conditions of this insurance.

32) It is agreed that the Assured may, at their sole option, appoint Richards Hogg Lindley or an independent Average Adjuster who is a fellow of the Association of Average Adjusters of the United Kingdom, to assist them with the preparation of claims under this insurance. The charges of Richards Hogg Lindley or the independent Average Adjuster will form part of the claim(s) under this insurance.

33) It is hereby agreed that when a Bigham Clause (or similar) is applicable and cargo's proportion of General Average exceeds their maximum liability under the claim, this insurance will pay in full the unrecovered balance of the General Average contribution that would otherwise attach to cargo.

34) The Cost of Scraping and/or grit and/or sand blasting and/or other surface preparation work and all costs of bottom painting incurred in consequence of a peril insured against shall be included in the claims irrespective of whether routine bottom painting / drydocking is effected concurrently.



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- 35) The Salvage Association and divers fees to be paid by Underwriters irrespective of whether or not claim exceeds the policy deductible.
- 36) Underwriters' Surveyors  
In the event of circumstances which are likely to give rise to a claim under this insurance and where time does not permit notice to insurers, Houlder Insurance Brokers Far East Ltd. are authorised to appoint the BMT Marine and Offshore Surveys Ltd. (incorporating the Salvage Association) surveyors on Underwriters behalf.
- 37) The Leading Underwriter(s) shall make a decision in respect of any claim within 30 days of receipt by them the appointed Average Adjuster's final adjustment or if no Average Adjuster is appointed, a fully documented claim presentation sufficient to enable the Underwriters to determine their liability in relation to coverage and quantum. If the Leading Underwriter(s) request additional documentation or information to make a decision, they will make a decision within a reasonable time after receipt of the additional documents or information requested, or a satisfactory explanation as to why such documents and information are not available.  
Claims to be paid within 30 days of agreement of the leading underwriter – i.e. time would start to run from agreement of the claims lead and not from date of payment by claims lead.
- 38) Provision of Security  
Underwriters further agree that in the event of loss and/or damage giving rise to a possible claim under this policy to assist the Assured if so required to provide bail and/or bank guarantee by the provision of counter guarantees. Such agreement from claims leader only and to be binding on all Underwriters hereon. The extent of Underwriters' obligations under this Clause shall be confined to their liability in accordance with the terms, conditions and amounts of this policy.
- 39) It is agreed that the costs of any metallurgical/ultrasonic tests and/or other tests necessarily carried out on any parts taken from the vessel in consequence of a casualty covered by the policy in order to establish the cause of damage be payable in full by Hull Underwriters, irrespective of whether or not claim exceeds the policy deductible, provided these costs are reasonably/would have been incurred by a prudent uninsured owner.