

Equipment Wording

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Markel International Insurance Company Limited	27
Markel Syndicate Management Limited – Markel 3000	29

POLICY OPERATION AND GENERAL PROVISIONS

Upon receipt of the premium stated in the insurance policy, or agreement by the Insured(s) to pay the premium stated in the policy, Underwriters severally agree to indemnify the Insured(s), each for their own proportion as set out within the policy, up to the total policy limit(s).

SECTION 1 – Operational Activities

SECTION 2 – Transit and Storage

SECTION 3 – Additional Covers Provided

SECTION 4 – Optional Extensions of Coverage

DISCLOSURE AND ALTERATION OF RISK

The Insured(s) shall:

1. Make full and accurate disclosure to Underwriters of all Material Facts and;
2. After inception of the policy, make full, accurate and prompt disclosure to Underwriters of all Material Facts that the Insured knows or ought to be aware of that materially alter the risks covered by Underwriters.

INSUREDS OBLIGATIONS

Each Insured Shall:

1. Exercise due care and diligence in the conduct of all operations covered under this policy, utilising all safety practices and equipment generally considered prudent for such operations. In the event that any hazardous condition develops, the Insured shall at their expense, make all reasonable efforts to prevent any physical loss and/or physical damage.
2. Employ only appropriately trained, competent and authorised personnel, details of whom must be retained on file by the Insured and made available to Underwriters on request.
3. In the event of any physical loss and/or physical damage insured under this policy, take all reasonable steps to avert or minimise any losses, liabilities, expenses and costs which may be covered by this policy.
4. Preserve any rights of recourse against Third Parties and refrain from admitting liability, waiving rights, settling claims or appointing any lawyers or arbitrators without prior approval of Underwriters.
5. The Insured Equipment is to be serviced and maintained in accordance with the manufacturer's recommendations.

SPECIAL CONDITIONS APPLICABLE TO ALL SECTIONS

1. If at the time of any damage resulting in a physical loss under this insurance there be any other insurance effected by or on behalf of the Insured covering such loss or any part of it, the liability of the company hereunder shall be limited to its rateable proportion of such loss unless this insurance is required to be the primary and non-contributory via written contract or agreement.
2. Any claimant under this insurance shall at the request and the expense of the company do and concur in doing and permit to be done, all such acts and things that may be necessary or reasonably required by the company for the purposes of enforcing any rights and/or remedies.

And

Shall obtain relief or indemnity from any other parties to which the Company shall or would become entitled or subrogated upon its paying for or making good any loss, whether such acts and things shall be or become necessary or required before or after such claimants indemnification by the Company.

3. In the event the Insured is required to employ the services of a subcontractor to re perform part or all of the contract, this insurance covers the actual costs incurred by the Insured, but subject always to the policy limits and excess stated herein.



GENERAL CONDITIONS

APPLICABLE TO ALL SECTIONS OF THIS POLICY

Full copies of the Institute Clauses listed within this policy are available from Underwriters upon request.

Institute Radioactive, Contamination, Chemical Biological, Bio-Chemical & Electromagnetic Exclusion Clause (CL.370) Institute Cyber Attack Exclusion Clause (CL.380)

Institute Replacement Clause (CL.161)

Institute Classification Clause (CL.354)

Institute War Clauses (Cargo) (CL.385)

Institute War Clauses (Air Cargo) (CL.388)

Institute Strikes Clauses (Cargo) (CL.386)

Institute Strikes Clauses (Air Cargo) (CL.389)

Arbitration Clause

All differences arising out of this policy shall be referred to the decision of a sole arbitrator who is to be appointed in writing by the parties. If the parties cannot agree to a single arbitrator then the matter to be referred to the decision of two arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing to do so by either of the parties. The arbitrator so appointed being able to appoint an umpire if they feel appropriate. Any umpire so appointed shall sit with the arbitrators and preside at their meetings. The making of an arbitration award shall be a condition precedent to any right of action against Underwriters. The seat of arbitration shall be London and the arbitrators to be experienced in shipping matters.

Average Clause

This insurance is subject to Average, that is to say if the value of any item of Insured Equipment calculated in accordance with the Basis of Valuation Clause is at the time of loss greater than the relevant policy limit, the Insured shall be entitled to recover only such proportion of the loss as the policy limit bears to the value of the equipment concerned, calculated in accordance with the Basis of Valuation Clause.

Basis of Valuation Clause

The Insured Equipment to be declared and valued as follows:

In respect of items of Insured Equipment up to five years old at the date of any insured incident this policy will provide for the replacement of any lost or irrevocably damaged item(s) on a 'Replacement as New' basis provided always that the insured values declared at the inception or renewal of the policy reflect the 'Replacement as New' cost. Items of Insured Equipment over five years old at the date of any insured incident will be insured for their current market value.

Cancellation Clause

This insurance may be cancelled at any time by Underwriters giving thirty days' notice in writing to take effect from midnight of the day notice of cancellation is issued but risks covered by Institute War Clauses may be cancelled at seven days' notice and risks covered by the Institute Strikes Clauses may be cancelled at seven days' notice, or at forty-eight hours' notice in respect of shipments to or from United States of America. Notice shall commence from midnight of the day when it is issued but cancellation shall not apply to any risks which have attached in accordance with the cover granted hereunder before the cancellation becomes effective. Underwriters upon giving notice shall be entitled to receive and retain pro rata or earned Premium whichever is the greater.

Cargo ISM Endorsement

Applicable to shipments on board Ro/Ro passenger ferries. Applicable with effect from 1 July 1998 to shipments on board:

1. Passenger vessels transporting more than 12 passengers and
2. Oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high speed craft of 500 gt or more.

Applicable with effect from 1 July 2002 to shipments on board all other cargo ships and mobile offshore drilling units of 500 gt or more.

In no case shall this insurance cover physical loss, damage or expense where the Insured Equipment is carried by a vessel that is not ISM Code certified or whose owner or operators do not hold an ISM Code Document of Compliance when, at the time of loading of the Insured Equipment on board the Vessel, the Insured were aware, or in the ordinary course of business should have been aware:-

- a) Either that such Vessel was not certified in accordance with the ISM Code,
- b) Or that the current Document of Compliance was not held by her owners or operators as required under the SOLAS Convention 1974 as amended.

This exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the Insured Equipment in good faith under a binding contract.

Cargo ISM Forwarding Charges Clause

In consideration of an additional premium to be agreed, this policy is extended to reimburse the Insured, up to the policy limits of the sum insured, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the Insured Equipment to destination following release from a vessel arrested or detained at or diverted to any other port or place (other than the intended port of destination) where the voyage is terminated due either

- (a) To such vessel not being certified in accordance with the ISM code, or
- (b) To a current Document of Compliance not being held by her owners or operators as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms, conditions and exclusions contained in the policy and to the JCC Cargo ISM Endorsement JC 98/019.

Cargo ISM Premium Clause

Subject to the amount recoverable under the Cargo ISM Forwarding Charges Clause being limited to 20% of the sum insured for the Voyage or USD75,000 whichever is the lesser amount, Underwriters hereby agree to waive the additional premium due for the forwarding charges cover.

Contracts (Rights of Third Parties) Act 1999 – Exclusion Clause

The Provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this policy or to any certificate(s) of insurance issued hereunder. Neither this policy nor any certificates issued under this policy confer any benefits on any Third Parties. No Third Parties may enforce any term of this policy

or

of any certificate issued hereunder.

This clause shall not affect the rights of the Insured (as assignee or otherwise) or the rights of any named loss payee.


Enterprise Act 2016 Clause

It is expressly noted that the Enterprise Act 2016 shall not apply to any term of this insurance contract. For avoidance of doubt, this clause contracts out of the Enterprise Act 2016, and provides that there will be no damages for late payment of claims.

General Average Clause

For the purpose of any claims for General Average Contribution and Salvage Charges recoverable hereunder the Insured Equipment shall be deemed to be insured for its full contributory value.

Governing Law and Jurisdiction

This policy shall be governed by English law and subject to the provisions of this policy (including in particular the Arbitration Clause) to the jurisdiction of the English Courts. 

Marine Insurance Act 1906 / Insurance Act 2015 Clause

Notwithstanding the fact that some or all of the items covered by this policy may not be subject to the Marine Insurance Act 1906 it is expressly agreed and declared that all of the terms, conditions, warranties and other matters contained within the Marine Insurance Act 1906 and/or the Insurance Act 2015 (wherever applicable) shall still be applicable to this policy (unless stated to the contrary in this policy).

LMA 5260 -Insurance Act 2015 - Contracting out of Section 11 - Whole Insurance Contract

Section 11 of the Insurance Act 2015 shall not apply to any term of this insurance contract. Where this insurance contract contains any term which, if complied with, would tend to reduce the risk of loss of a particular kind or at a particular location or time, and such term is not complied with, the Insurer may rely upon such non-compliance to exclude, limit or discharge its liability, even if noncompliance with the term could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

No Claim Bonus Clause

In the event of Underwriters being free from liability to pay any claim during the Period of Insurance and subject always to renewal with Underwriters, it is agreed that Underwriters shall pay to the Insured a 10% return based upon 70% of the gross premium accruing to Underwriters from the operation of this contract. In the event of cancellation or termination of this contract by the Insured no return premium shall be payable in respect of the final Underwriting year.

Non-Contribution Clause

This policy does not cover any physical loss or damage which at the time of such loss or damage would, but for the existence of this policy, be Insured by any other policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this policy not been effected.

Sanction Limitation and Exclusion Clause

Underwriters shall not be deemed to provide cover or shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose Underwriters to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws and regulations of the European Union, United Kingdom or United States of America.

Termination

In the event of cancellation, termination or non-renewal of this policy, no return of premium shall be made until all risks attaching hereto have terminated and all incurred claims have been quantified.

Where Underwriters decline renewal their obligations to pay any no claim bonus continues as provided in this policy for the period Underwriters were on risk.

Termination of Transit Clause (Terrorism) 2009

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

1. Notwithstanding any provision to the contrary contained in the contract of insurance or the Clauses referred to therein, it is agreed that in so far as the contract of insurance covers physical loss of or physical damage to the subject-matter insured caused by any act of terrorism being an act of any person acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted or any person acting from a political, ideological or religious motive, such cover is conditional upon the subject-matter insured being in the ordinary course of transit and, in any event, **SHALL**

TERMINATE:

either

1.1 as per the transit clauses contained within the contract of insurance,

or

1.2 on completion of unloading from the carrying vehicle or other conveyance in or at the final warehouse or place of storage at the destination named in the contract of insurance,

1.3 on completion of unloading from the carrying vehicle or other conveyance in or at any other warehouse or place of storage, whether prior to or at the destination named in the contract of insurance, which the Assured or their employees elect to use either for storage other than in the ordinary course of transit or for allocation or distribution, or

1.4 when the Assured or their employees elect to use any carrying vehicle or other conveyance or any container for storage other than in the ordinary course of transit,

or

1.5 in respect of marine transits, on the expiry of 60 days after completion of discharge overseas of the subject-matter insured from the overseas vessel at the final port of discharge,

1.6 in respect of air transits, on the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge, whichever shall first occur.

2. If the contract of insurance or the Clauses referred to therein specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1.

JC2009/056 01/01/2009

Territorial Limits

Unless otherwise specified elsewhere within this policy (and at all times subject to the Sanction Limitation and Exclusion Clause contained within this policy) cover is worldwide.

Waiver Clause

Underwriters agree to waive rights of recourse against the Insureds principals and/or their contractors and/or other parties interested in the venture in so far as the Assured's contract with their principals may require.

GENERAL CLAIMS CONDITIONS

APPLICABLE TO ALL SECTIONS OF THIS POLICY

IMPORTANT

Procedure in the event of loss or damage for which Underwriters may be liable.

Underwriters will, in addition to any loss recoverable under this policy, reimburse the Insured for any charges properly and reasonably incurred in pursuance of the duties contained within these General Claims Conditions Applicable to all Sections.

The Insured hereby undertakes to give immediate notice to Underwriters of any occurrence which may give rise to a claim hereunder as soon as they themselves are aware of same and in such event will co-operate fully with the Underwriters in the settlement of such claim and in no case will make any admission of liability or payment under the original policy without the consent in writing of Underwriters hereon having been obtained.

Claims Notification Clause

It is a Condition Precedent to Underwriters' liability under this policy (or otherwise) that in the event of the Insured becoming aware of any incident giving rise to a claim which may be covered under this policy that Underwriters be given written notification of such circumstances within thirty (30) days. Thereafter should any claim actually be intimated/notified (whether verbally or in writing) the Insured to notify and advise Underwriters in writing together with all of the supporting documents required under the Documentation of Claims Clause and Claims Cooperation Clause set out below within thirty (30) days of such intimation/notification.

It is hereby agreed by both parties that as claims notification is a matter of fundamental importance to Underwriters that compliance with the time limits set out within this Claims Notification Clause are Conditions Precedent to Underwriters' liability to indemnify the Insured under this policy. Should any time period in relation to claims notification, whether this be the initial notification or subsequent notification with provision of supporting documents, not be complied with then Underwriters will not be liable under this policy or otherwise for such claims.

Subrogation and Control Clause

The Insured hereby confirms that should Underwriters settle any claim under this policy (or otherwise) that Underwriters may pursue recovery rights against any responsible Carrier or Third Party. The Insured hereby confirm and agree that Underwriters may act in the name of the Insured or any named loss payee in the pursuit of any such claims. The Insured will also provide Underwriters with all such assistance as Underwriters may reasonably require in relation to submission of claims under this policy and pursuit of any such recovery actions, to include provision of witness statements and documentation and signature of any documentation insofar as required. The Insured also confirm that in relation to pursuit of any recovery proceedings Underwriters have full control and discretion as to the conduct of any such proceedings or finalisation or settlement of any such proceedings or action.

Liability of Carriers, Bailees or Other Third Parties

It is the duty of the Insured and their Agents, in all cases, to take such measures as may be reasonable for the purpose of averting or minimising a loss and to ensure that all rights against Carriers, Bailees or other Third Parties are properly preserved and exercised. In particular, the Insured or their Agents are required:

1. To claim immediately on any Carrier, Port Authorities or other Bailees, or Third Parties for any missing or damaged items.
2. In no circumstances, except under written protest, to give clean receipts where the Insured Equipment is in doubtful condition.
3. When delivery is made by Container, to ensure that the Container and its seals are examined immediately by their responsible official. If the Container is delivered damaged or with seals broken or missing or with seals other than as stated in the shipping documents, to clause the delivery receipt accordingly and retain all defective or irregular seals for subsequent identification.
4. To apply immediately for survey by Carriers' or other Third Parties' Representative if any loss or damage be apparent and claim on the Carriers or other Third Party for any actual loss or damage found at such survey.
5. To give notice in writing to the Carriers or other Third Party within three (3) days of delivery if the loss or damage was not apparent at the time of taking delivery.

False or Fraudulent Claims

If the Insured shall make any claim, or submit any document or information (whether in writing or otherwise) in support of any claim, knowing or reasonably suspecting the same to be false or fraudulent, as regards amount or otherwise, this insurance shall become void from the time of the fraudulent act and all claims hereunder shall be forfeited, with all premiums being deemed fully earned.

Time Bar

After the expiration of one year from the date of any loss or damage Underwriters shall not be liable in respect of any claim under this policy unless such claim shall have been referred to arbitration in accordance with the Arbitration Clause or request has been made to Underwriters for a time extension.

SURVEY AND CLAIM SETTLEMENT

In the event of physical loss or physical damage which may involve a claim under this policy, immediate notice of such loss or damage should be given to Underwriters, who shall then appoint one of the following surveyors:

Matthews Daniel

10 Fenchurch Street,
London,
EC3M 3BE
020 7929 1300

Lloyd Warwick International (London) Ltd

Second Floor, Forum House,
15-18 Lime Street,
London,
EC3M 7AN
020 3053 8760

Braemar Adjusting

Lockton House,
6 Bevis Marks,
London,
EC3A 7BA
020 3142 4300

Documentation of Claims

To enable claims to be dealt with promptly, the Assured or their Agents are advised to submit all available supporting documents without delay to Underwriters and/or appointed loss adjustor.

POLICY DEFINITIONS

The following Definitions shall apply to the whole of the policy and wherever these words appear within the policy they shall bear the same meaning throughout this policy.

AMV

Autonomous Marine Vehicle, being all forms of AUVs which operate on as well as under the surface of the sea.

AUV

Autonomous Underwater Vehicle (Including Gliders).

CONDITIONS PRECEDENT

Those clauses within the policy expressly stated to be Condition Precedents to Underwriters' liability. A Condition Precedent is a clause where compliance is strictly required in all respects failing which the liability of Underwriters will not engage under the policy or otherwise.

GLIDER

A type of Autonomous Underwater Vehicle (AUV) that uses small changes in its buoyancy in conjunction with wings to convert vertical motion to horizontal. Gliders are not tethered.

INSURED

The named Insured in the policy wording and/or their associated and/or affiliated and/or subsidiary companies.

INSURED EQUIPMENT

The equipment identified as covered under the policy and any equipment included under this policy by way of endorsement or accepted under any Additions of Equipment Clause within this policy.

LOCATION

Each Vessel, support Vessel, Warehouse, Port, Job Site, place of storage or complex of buildings constituting one set of premises, (including craft and rail or road conveyances at or alongside such premises).

OPERATIONAL ACTIVITIES

Activities when the Insured Equipment is being utilised on or under the surface of the sea including any topside element of the Insured Equipment which may remain on board the Vessel and/or any land based job site as part of the usual activities or operations for which the Insured Equipment is designed.

OPERATIONAL PARAMETERS

Limits as set out in the manufacturer's recommendations or as agreed by Underwriters, including but not limited to: maximum/minimum depth, sea surface conditions and length of operational activity.

PERIOD OF INSURANCE

The period of insurance coverage as identified in the policy. Cover will not attach prior to the beginning of the period of insurance stated and will cease at the specified time and date at the end of the stated period of insurance.

ROV

Remotely Operated Vehicle.

SUPPORT VESSEL AND/OR VESSEL

Any carrying Vessel from which the Insured Equipment is deployed or operating on, for carrying out Operational Activities.

UNDERWATER VEHICLE

Includes but is not limited to submarines, mini submarines, ROVs, AUVs, UUVs, AMVs and similar equipment.

UNDERWRITERS

Markel Syndicate 3000 and/or Markel International Insurance Company Limited plus any subscribing Underwriters to the policy.

UUV

Unmanned Underwater Vehicle.

VENTURE

Any project or contract to which the Insured is a party and which involves utilisation of the Insured Equipment as part of the Insured's obligations under any such project or contract.

WARRANTIES

Those clauses referred to in the policy or policy schedule as warranties are clauses setting out information provided by the Insured as to the current or future state of affairs, requiring steps to be taken (or not taken) by the Insured and based upon which Underwriters have chosen to underwrite this risk.

Failure to comply with any stated warranty (even if not causative of any loss or damage suffered) will automatically terminate Underwriters' liability under the policy from the date of any breach of warranty, until the breach of warranty is remedied, if possible. For avoidance of doubt, this definition is intended to replicate the provisions of the 2015 Insurance Act.

WATERTIGHT

Any equipment, containers or other specified items under this policy are deemed to be watertight if all seals are in place and in good repair, and the relevant locks and fastenings are secured.

SECTION 1: OPERATIONAL ACTIVITIES

This policy covers all risks of physical loss of or physical damage to the Insured Equipment whilst engaged in Operational Activities, subject to all terms, conditions, exclusions and Section 1 Conditions Precedent on pages 17 to 22 of this policy.

EXCLUSIONS TO SECTION 1:

1. Loss, damage or expense attributable to wilful misconduct of the Insured.
2. Loss, damage or expense proximately caused by delay howsoever arising.
3. Pollution or contamination or threat thereof, or damage to the environment or threat thereof.
4. Loss, damage or expense caused by mechanical and/or electrical and/or electromagnetic derangement unless attributable to an external cause not otherwise excluded.
5. Wear, tear, deterioration and/or contamination of the Insured Equipment.
6. Loss, damage or expense caused by latent defect.
7. Loss, damage or expense when Insured Equipment is operating downhole.
8. Loss, damage or expense caused by Confiscation, Expropriation, Nationalisation, Deprivation, Arrest and the consequences thereof or any attempt thereat.
9. Loss, damage or expense to cables and wires. (only applicable to cranes and winches)
10. Loss or damage during any testing process. (only applicable to cranes and winches)

SECTION 2: TRANSIT AND STORAGE

This policy covers all risks of actual physical loss or physical damage to the Insured Equipment whilst in transit, or in store, subject to all terms, conditions and exclusions contained herein.

EXCLUSIONS TO SECTION 2:

1. Loss, damage or expense attributable to wilful misconduct of the Insured.
2. Wear and tear and deterioration of the Insured Equipment.
3. Loss, damage or expense caused by insufficiency or unsuitability of packing or preparation of the Insured Equipment where same is performed by or is the responsibility of the Insured, their employees or agents. This also includes stowage in a container or lift van where such stowage is carried out prior to the attachment of cover under the policy and is carried out by the Insured, their employees or agents.
4. Loss, damage or expense caused by mechanical and/or electrical and/or electromagnetic derangement unless caused by an external cause not otherwise excluded.
5. Loss, damage or expense caused by scratching, bruising, chipping, denting, marring and claims for repainting on unpacked and/or unprotected items.
6. Loss, damage or expense proximately caused by delay howsoever arising.
7. Loss, damage or expense caused by theft unless following violent and forcible entry and/or exit.
8. Loss, damage or expense caused by mysterious disappearance and/or stocktaking losses.
9. Loss, damage or expense caused by infidelity or acts of fraud or dishonesty of any Partner or Director, or Employee of the Insured whether acting alone or in collusion with others, whether or not such acts are committed during regular business hours.
10. Loss, damage or expense caused by Confiscation, Expropriation, Nationalisation, Deprivation, Arrest and the consequences thereof or any attempt thereat.

SECTION 3: ADDITIONAL COVERS PROVIDED

Amounts recoverable under this section are in addition to any losses recoverable in respect of physical loss or damage to the Insured Equipment under Section 1 and/or Section 2.

EXCLUSIONS APPLY AS PER SECTIONS ONE AND TWO

A. ADDITIONS OF EQUIPMENT

The policy is extended to include any additional equipment which becomes the responsibility of the Insured during the policy period up to the value of 25% of the total sum insured under the policy. Underwriters are to be advised within sixty days' of such additional equipment coming within the ownership or responsibility of the insured. Such additional equipment to be charged for upon expiry at the policy rates pro rata to time on risk and/or at rates to be agreed.

B. SEARCH AND RESCUE

Underwriters will indemnify the Insured for reasonable search, rescue and recovery costs that may be incurred by the Insured following the loss of Insured Equipment.

This additional cover will provide indemnity up to a maximum of 25% of the value of the lost equipment without referral to Underwriters. Amounts in excess of this limit of indemnity will only be recoverable following receipt of Underwriters prior express written permission to continue with any search, rescue or recovery operation.

C. WRECK REMOVAL AND DEBRIS REMOVAL

SUBJECT TO AN AGGREGATED COMBINED LIMIT OF USD 200,000 OVER BOTH CLAUSES

1. Wreck Removal

Cover under Section 1 of this policy includes the expense of removal of wreck where required by any relevant governmental or other lawful legal authorities, or where required under the terms of any contract (subject to such contractual obligation being evidenced to Underwriters upon request). Maximum indemnity for Wreck Removal any one loss USD150,000 and in the aggregate any one policy year.

2. Debris Removal

This policy is extended to cover, in addition to any other amount recoverable under this policy, extra expenses reasonably incurred by the Insured for the removal and disposal of debris of the Insured Equipment or part thereof, by reason of damage caused by and insured risk to the Insured Equipment under section 1 and/or 2 of the policy, but excluding absolutely:

1. Any expenses incurred in consequence of or to prevent or mitigate pollution or contamination, or any threat or liability thereof.
2. The cost of removal of cargo from any vessel or craft.

In no case shall Underwriters be liable under this Clause for more than 10% of the proportionate insured value under this policy of the damaged goods removed.

D. LOSS OF REVENUE

It is agreed that where there is actual physical loss or damage to an item of Insured Equipment insured by this policy, which is the subject of a claim recoverable under this policy then this policy is extended to provide indemnity to the Insured for any actual loss of revenue resulting from the unavailability of the lost or damaged item. The actual loss of revenue must be evidenced by production of contracts and/or financial or other supporting documents as Underwriters may reasonably request which evidence that the lost or damaged item was indeed contracted to be used.

Maximum indemnity for loss of revenue incurred under this Clause – any one loss USD100,000 and in the aggregate any one policy year.

E. COLLISION LIABILITY

This policy will indemnify the Insured for 100% of any sums paid as a result of the Insured becoming legally liable (including legal costs), by way of damages, to any third party as a result of the Insured Equipment colliding with a third party's property. Where the collision between the Insured Equipment and any third party property is as a result of fault on the part of both vessels then unless the liability of the Insured Equipment or the colliding vessel becomes limited by law, any indemnity to the Insured shall be calculated on the principle of cross liabilities.

In no case shall Underwriters' liability for such collision liability losses and/or damage exceed 100% of the declared value of the Insured Equipment involved. Subject always to a limit of USD250,000 any one loss and USD500,000 in the aggregate any one policy year.

F. CONTINUING HIRE CHARGES

It is agreed that where there is loss or damage to an item of Insured Equipment which is the subject of a claim recoverable under this policy then this policy is extended to provided indemnity to the Insured for the cost of continuing hire charges applicable to the lost or damaged item. The actual hire charge cost must be substantiated by the production of contracts and/or similar documents as Underwriters may reasonably request which evidence that the lost or damaged item was indeed on hire to the Insured.

Maximum any one loss USD75,000 and USD100,000 in the aggregate any one policy year. Losses recoverable under this extension are subject to a 10 day waiting period.

G. FREIGHT AND REPLACEMENT BY AIR COSTS (TO INCLUDE AIRFREIGHT WHERE RELEVANT)

This policy is extended to cover costs reasonably and necessarily incurred by the Insured for the transport of replacement equipment as a result of loss or damage covered by the policy.

It is agreed that where there is loss or damage which is the subject of a claim under this policy and the Insured can demonstrate the necessity to forward the replacements by air, Underwriters will pay the extra costs so involved notwithstanding that the original consignment was not despatched by air.

The maximum indemnity under this extension is 10% of the value of the Insured Equipment lost or damaged.

H. REDEPLOYMENT COST

It is agreed that where there is physical loss or physical damage to an item of Insured Equipment which is the subject of a claim recoverable hereunder, then this policy is extended to provide indemnity to the Insured for reasonably incurred redeployment costs.

Maximum indemnity for redeployment costs incurred under this Clause – any one loss USD25,000 and in the aggregate any one policy year.

I. EXHIBITION RISKS

This policy is extended to include transits to and from exhibition site and continues after arrival, covering physical loss or damage to the Insured Equipment whilst the Insured Equipment remains on the exhibition site during unpacking, assembly, awaiting and on exhibition, dismantling and repacking until lifted for removal from the exhibition site.

In the event of the Insured Equipment remaining on the exhibition site in excess of thirty days, from and including date of arrival, the Insured will pay additional premium at rates to be arranged.

Maximum indemnity under Exhibition Risk conditions is USD150,000 any one loss.

In relation to Exhibition Risk, notwithstanding anything to the contrary which may be contained herein, Underwriters will not in any circumstances be liable for:

- the first USD750 of each and every claim
- loss or damage caused by theft or attempted theft from any inadequately secured site
- loss or damage arising from latent defect, or arising from faulty assembly or construction
- loss of or damage to any item or property of the Insured, other than the Insured Equipment.

SECTION 4: OPTIONAL EXTENSIONS OF COVERAGE

EXCLUSIONS APPLY AS PER SECTIONS ONE, TWO AND THREE

A. CORE SAMPLES

This policy is extended to insure against physical loss or physical damage to and including the reacquisition costs, as defined below, of Core Samples under the terms and conditions of the policy.

Core Samples are defined as:

- A. A Sample of a naturally occurring substance, including but not limited to Rock, Soil and Ice samples, gathered in accordance with the contract undertaken by the Insured or the Insured's customer

Insurers will indemnify the Insured in respect of the NET * costs incurred in undertaking the resurvey and gathering of core samples, consequent upon loss of/or damage to such core samples during the currency of the policy whilst on site at point of gathering the core samples and whilst in transit to the point of processing.

*** Net Costs are defined as the cost of reacquiring only the Core Samples and excluding any element of the Insured's profit absolutely**

Subject to the policy terms and conditions described within and occurring during the Period of Insurance only.

In the event of the contract requiring the Insured to reimburse their Customer for acquisition costs of soil and/or core samples gathered, following a claim under this policy, it is agreed that the policy will indemnify the Insured in respect of the net costs incurred up to the date of the loss only, and only when the Insured is unable to recover such costs from the customer, and only when the Insured is required to re perform the contract.

Maximum any one loss USD250,000 and in the annual aggregate

Excess USD10,000 any one loss

Where possible duplicate samples are to be taken and retained until safe delivery to Insured(s) or Insured(s) agents premises or Customers premise.

ADDITIONAL EXCLUSIONS APPLYING TO EXTENSION A.

1. Excluding any loss or damage to Core Samples whilst stored at the Insured's or Insured's agent's premises or Customer's premises.
2. Excluding any loss or damage to Core Samples after delivery to the Insured's customer or agent.
3. Excluding any fines or penalties as may be agreed by the Insured or their Customer or any other party following failure to perform or delay of whatever nature.
4. Excluding Inherent Vice.
5. Excluding Moth, Vermin, insects, latent defect, faulty assembly or process, wear, tear, gradual deterioration, rust, wet or dry rot, mould, dampness of atmosphere or extremes of temperature. This exclusion shall not apply to physical loss or physical damage caused by sudden or fortuitous means.

B. DOWN HOLE EXTENSION CLAUSE

This policy is extended to insure against physical loss or physical damage to scheduled equipment following fire, windstorm, total loss of drilling or workover rig, lightning, flood, rising water, tidal waves, ice, explosion above the surface of the ground, tornado, cyclone, hurricane, earthquake, cratering, collision, aircraft or falling objects, strikes, riots or civil commotions, vandalism and malicious damage.

Should any of the above perils be caused by the use of such equipment then no cover will be provided under this policy.

C. RIGGERS LIABILITY EXTENSION ENDORSEMENT

This policy is extended to insure against physical loss or physical damage to the cargo of others/third parties whilst in the insured's care, custody or control, arising out of the movement of the property and equipment.

ADDITIONAL EXCLUSIONS APPLYING TO EXTENSION C:

1. Excluding loss, damage, or expense caused by, or resulting from, wear and tear, mechanical breakdown, inherent vice, latent defect or gradual deterioration.
2. Excluding loss, damage or expense caused by, or resulting from dishonesty of the Named Insured's employees or of persons to whom the property may be entrusted; or loss, damage or expense caused by the dishonesty of any attendant or attendants.
3. Excluding unexplained loss, mysterious disappearance, or shortage disclosed upon taking inventory.
4. Excluding voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, devise or false pretence.

The liability of the company afforded under this endorsement for "property damage" shall not exceed USD250,000 for each occurrence and USD500,000 all property in the aggregate during any one policy period.

EQUIPMENT POLICY CONDITIONS

CONDITIONS PRECEDENT APPLICABLE TO ALL EQUIPMENT

The following conditions are to be complied with if liability is going to fall under this policy.

1. The Insured Equipment is to be operated and maintained by suitably trained and authorised personnel, who are acting under appropriate supervision.
2. Manufacturer's procedures to be followed at all times, particularly in relation to: Storage, Transit, Operational Parameters / Procedures, and Preservation. A full maintenance log is to be kept and must include a record of consumables (such as seals) that are replaced. In the case of units composed of items from different manufacturers, each item must be maintained with its manufacturer's recommendations.
3. All over-side equipment must be configured to be fully watertight with all connectors attached or watertight blanks in place where applicable. Where this is not possible or for topside equipment, transit and storage must be in a watertight container.

SPECIAL WORDINGS FOR SPECIFIC EQUIPMENT:

The following terms are specific to the equipment being operated. Please refer to the applicable section dependent on the equipment insured.

1) REMOTELY OPERATED VEHICLES (ROV)

CONDITIONS PRECEDENT TO LIABILITY

The following conditions are to be complied with if liability is going to fall under this policy.

1. R.O.V. pilots shall not pilot the vehicle for more than six hours within a 24 hour period.
2. Underwater vehicles shall not be launched or recovered when weather conditions and sea state exceed the limits for prudent operations.
3. The Insured Equipment is not to be operated in conditions which exceed the manufacturers specified operating parameters.
4. In respect of launch and recovery over the side using an A frame, crane, cradle or quick release / bail arrangement as used on larger vessels, the vessel deck plan, which may be requested by Underwriters, should ensure that adequate space has been allocated for the launch and recovery of the Insured Equipment. Special attention should be paid to the positioning of the vehicle and launch system when mobilising on a vessel employing dynamic positioning or with a multi-thruster capability. If it is necessary to launch/recover vehicles adjacent to the thrusters then thrusters to be isolated during launch/recovery operations. A record of thruster isolation to be kept in dive and bridge logs..
5. Underwater vehicles not to be operated in poor, through water, visibility (less than 3 metres) unless sonar is in use.
6. Direct communications to be maintained between vehicle pilot and bridge of dive support vessel. Vessel's crew to be properly briefed on R.O.V. operations.

WARRANTIES

1. Warranted that Insured Equipment is not to be operated in the below hazardous circumstances without Underwriters prior approval:
 - Blowouts
 - When using explosives or working with unexploded ordnates
 - Non-routine operations within confined structures or wreckage
 - Operations within wave surge zones or in the proximity of heavy moorings, anchor cables and chains, and/or subsea objects
 - Operations under ice
2. Warranted Insured Equipment to be fitted with an acoustic beacon and dive support vessel fitted with a compatible acoustic sensing system when the vehicle is negatively or neutrally buoyant. A flashing light with no daylight sensor cut off is to be fitted to the vehicle if it is positively buoyant.

2) SEISMIC STREAMERS

CONDITIONS PRECEDENT TO LIABILITY

The following conditions are to be complied with if liability is going to fall under this policy.

1. In adverse weather conditions where surveying has to be suspended and weather reports indicate a deterioration in conditions to such an extent that the weather is likely to damage the Insured Equipment, the equipment streamed is to be recovered completely.
2. The weather conditions are to be monitored by both the Captain and the Party Manager at least once a day from the available weather sources. In the event that the weather forecast is poor then the Captain and the Party Manager will increase the monitoring to every 6 hours. Should the weather force the survey to be suspended the Captain and the Party Manager will make a decision to whether or not to recover the Insured Equipment based on the length of the poor weather and the severity. Operations may be suspended without recovering Insured Equipment provided that the weather forecast indicates that conditions will not deteriorate to such a level which will cause a swell that is harmful to the equipment and will start to improve within an acceptable time frame deemed safe without having to recover the Insured Equipment.
3. All buoys or survey equipment markers are to be in a high visibility colour and be fitted with lights for night streaming operations.
4. Emergency Recovery Flotation devices are to be attached to underwater equipment to aid recovery where applicable. GPS transponders are to be attached to the tail buoys to aid operations and aid recovery.
5. Notices to Mariners, Local Notice to Mariners and Fishermen and NAVTEX warnings are to be issued to include: Streamer configuration and a precise description of lights and shapes on the vessel and tail buoys, the area of the exclusion zone, names of the chase vessels and details of VHF warnings. Also, where possible, the intended track of the operation.
6. AIS is to be operating giving the streamer configuration and markings. Guard boats are to configure AIS naming them as guard boats for the seismic vessel.
7. VHF warnings are to be given in accordance with local regulations.
8. A plot is to be kept on the bridge and vessels that have a CPA within the exclusion zone at 6nm from that CPA are to be marked and contacted and the guard boats notified. In periods of heavy traffic extra personnel will be required to assist the Bridge Watchkeeper maintaining this plot.

9. Guard boats, fitted with VHF radios, flares and Aldis lamps to be provided when streamer length exceeds 1.5km, in the North Sea OR other congested waters, or during multiple streamer operations.
10. Where shooting or turns are to take place in less than 30 metres of water, the area in question is to be assessed, which may include pre scouting and/or bathymetric survey. Where deemed necessary, lead-ins will be fitted with additional buoys to lift equipment to operationally sound water depths.
11. Vessels are to be equipped with DP Class 2 system so that the power management is working at best possible power redundancy. Each vessel is to be equipped with multiple independent main engines and have in addition one azimuth thrustersjeff in case of emergency. The vessels operate a diesel/electric propulsion system where the main engines supply power to two independent switchboards which in turn supplies power to the two main propulsion units. If the switchboard needs more power then another main engine is started automatically. If a main engine fails another main engine will start to provide power to the switchboard. If there is no power left then the system will shut down non- essential systems to ensure power to the propulsion units remains adequate.
12. Each vessel will have a support vessel with the capability of towing the vessels and its equipment without losing the spread of the in sea equipment.
13. If forward motion is jeopardizing the spread of the equipment then assured will initiate a staged recovery which starts with operational stop by cease shooting . If this does not have a significant improvement on the safety of the spread then Assured is to recover the gun arrays. In the event that none of these actions significantly improves the safety of the spread Assured will continue with the recovery of the in sea equipment until fully recovered or until such time when forward motion is restored to an acceptable operational level.




WARRANTIES

1. Warranted no operations in water depths less than 20m without prior approval of Underwriters and Underwriters surveyor.
2. Warranted each vessel is equipped with Hi Fog fire emergency extinguishers which operate automatically and can be controlled manually.


3) AUTONOMOUS UNDERWATER VEHICLES (AUV) INCLUDING GLIDERS

CONDITIONS PRECEDENT TO LIABILITY

The following conditions are to be complied with if liability is going to fall under this policy.

1. Underwater vehicles shall not be launched or recovered when weather conditions exceed or are forecast to exceed Beaufort Scale Force five or during the course of a mission, or less if so specified by paragraph 2 of 'Conditions Precedent to All Equipment'.
2. All operations in congested waters must be supported by a suitable chase boat, which should be an FRC or equivalent and deployed during operations.
3. All operations from shore launching stations must have a suitable support vessel to be at immediate notice. The support vessel must be capable of recovering the unit. In the event the support vessel is over 50 tonnes GRT, then a tender must also be available for recoveries.
4. During launch and recovery operations or at any time when the unit is on the surface an FRC or RIB or equivalent support craft must be deployed and able to manoeuvre the AUV to safe water. 
5. In respect of launch and recovery over the side using an A frame, crane, cradle or quick release/bail arrangement as used on larger vessels, the vessel deck plan, which may be requested by Underwriters, should ensure that adequate space has been allocated for the launch and recovery of the insured equipment. Special attention should be paid to the positioning of the vehicle and launch system when mobilising on a vessel employing dynamic positioning or with a multi-thruster capability. If it is necessary to launch/recover vehicles adjacent to the thrusters then thrusters to be isolated during launch/recovery operations. A record of thruster isolation to be kept in dive and bridge logs. 
6. In respect of launch and recovery operations other than mentioned in clause 5 above, the AUV shall be handled and launched/recovered in accordance with the approved operational procedures and where applicable in accordance with the manufacturers specifications
7. Prior to any DP vessel interaction with the AUV, the DP operators and AUV crews should be briefed on the imminent operation. Any change in previously agreed procedure should also be discussed at this point. Direct communications between the vessel bridge/DP operators, AUV crew and AUV deck operation should exist to minimise the potential for an incident/damage to occur during the launch, recovery and the dive.
8. During any AUV operation, an ROV or a Dive Team capable of deploying to the maximum depth of the sea bed of the area of the planned mission must be available. For operations from vessels, this will require the deploying unit to carry and be able to operate the ROVs or divers. For operations from shore or small vessels, prior recovery plans must be submitted to underwriters prior to deployment. In certain circumstances, with prior approval of Underwriters, recovery plans that include a third party vessel other than the deploying vessel may be agreed by underwriters. If at any time the third party vessel becomes unavailable, operations must cease and the AUV recovered prior to the third party vessel. 

WARRANTIES

1. Warranted no operations under ice without the prior approval of Underwriters 
2. Warranted all vehicles to be fitted with an acoustic beacon and support vessel fitted with a compatible acoustic sensing system. A flashing light with no daylight sensor cut off is to be fitted to the vehicle. This light must be set to operate whenever the unit is less than 5 (five) meters from the surface or whilst on the surface.

3a) IN RESPECT OF GLIDERS ONLY (In addition to 3 above)

CONDITIONS PRECEDENT TO LIABILITY

1. In case of extended surface operations or Glider malfunction, an FRC or RIB or equivalent support craft must be available.
2. Once control and communication with the Glider has been transferred to the onshore facility, any unexpected loss of communication that extends beyond what may be considered usual shall be highlighted to the Underwriter.

WARRANTIES

1. Warranted vehicles shall be fitted with contingency and emergency systems to enable surfacing of the Glider and communication with the onshore centre / vessel. Such systems shall be advised to the Underwriter and in fully working condition prior to deployment of the Glider.

4) CRANES AND WINCHES

CONDITIONS PRECEDENT TO LIABILITY

The following condition is to be complied with if liability is going to fall under this policy.

1. The Safe Working load is not to be exceeded.

SUBSEA EQUIPMENT COVERAGE PROVIDED BY MARKEL

Annual Policy Term - January 1, 2017 to January 1, 2018

Interest:

Section A Physical Damage

Direct physical loss of or direct physical damage to the scheduled property insured covered by this Section (A) as stated on overleaf.

Section B Transit / Topside / Exhibition Risks / Storage of Over the Side Equipment

Direct physical loss of or direct physical damage to the scheduled property insured covered by this Section (B) as stated on overleaf.

Section C Liabilities

Third party legal liabilities arising out of the Insured's operations covered by this Section (C) as stated in overleaf.

Sum Insured /Limits:

Section A Physical Damage for Deployed Equipment

As property declared and agreed to by the Underwriters prior to any deployment, each item being deemed to be separately insured, or as may be specified in the Particular Insuring Conditions applicable to Physical Damage cover (Section 1 & 3).

Section B Transit / Topside / Exhibition Risks

As property declared and agreed to by the Underwriters prior to any deployment, each item being deemed to be separately insured, or as may be specified in the Particular Insuring Conditions applicable to Transit, Storage and/or Exhibition risks (Section 2 & 3).

Physical Damage for Stored Equipment

As property declared on the quarterly schedule of stored Over-The-Side Equipment

Sections A & B: In respect of Sections A and B only, maximum any one location I transit I deployment USD 1,000,000 any one loss.

Section C Liabilities

USD 1,000,000 any one occurrence, or as may be specified in the Particular Insuring Conditions applicable to Liabilities cover.

Binding Conditions Precedent:

It is a Condition Precedent that the Insured declares to Underwriters all equipment that is to be deployed and/or mobilized prior to Underwriters coming on risk and any extensions in cover be advised to Underwriters prior to the commencement of the extension period. And as may exist within the referenced and/or attached

Insured's Obligations / Warranties

Sections A & B: As per the Markel Equipment Wording and Conditions amended as follows:
Governing Law and Jurisdiction Clause amended to Law and jurisdiction of the State of Oregon, United States of America

3) Autonomous Underwater Vehicles (AUV) including Gliders Condition

Precedent to Liability amended as follows:

4. Add "wherever possible" after the words "safe water".

5. Add "wherever possible" after the words "bridge logs".

8. Deleted.

Warranty #1: Must advise on a per deployment basis when operating in areas with ice.

Further, if Subsea/Over the Side Equipment will be deployed or retrieved by a 3rd party, a copy of the above mentioned Terms and Conditions must be supplied and the 3rd party must agree to adhere to all these terms and conditions

Finally, when retrieving Subsea/Over the Side Equipment out of the water, a skiff, Zodiac or the like must be used to retrieve said equipment, whenever possible.

If any of the above requirement/obligation can not be complied with, an exception may be requested from underwriters in writing, at the time of submission, along with the details for the exception.