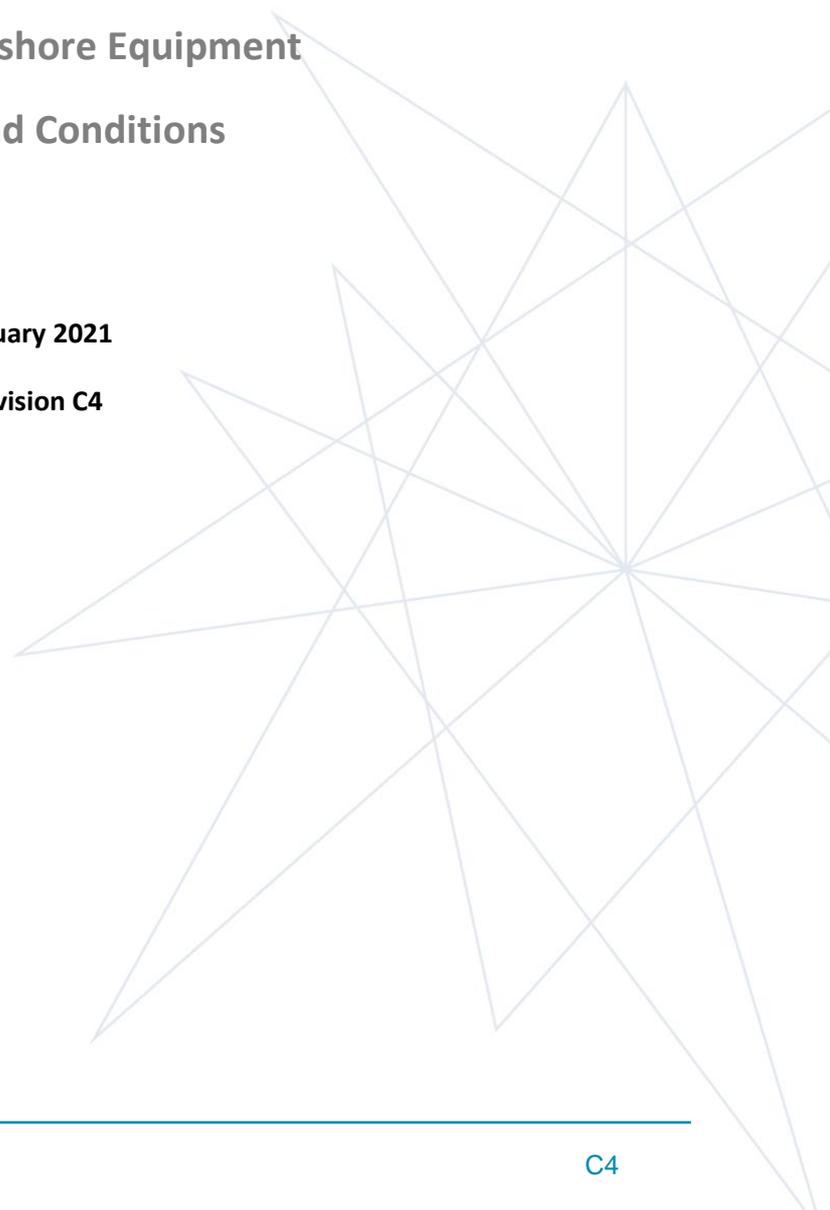


Offshore

Marine & Offshore Equipment Terms and Conditions

January 2021

Revision C4



SUMMARY DETAILS

Document Title	Marine & Offshore Equipment - Terms and Conditions
Document Intention	Terms and Conditions for the placing of Marine & Offshore Equipment insurance policies
Document Owner	Kevin Campbell
Document Location	

DOCUMENT REVIEW HISTORY

Date	Revision No.	Amended By	Reviewed By	Approved By	Action/Comment
05-01-17	B1	KCA	JSC	BHE	Amendment to Offshore
18-01-17	B2	KCA			Font format change to Calibri
30-01-17	C1	KCA	JSC	BHE	Document Approved for Use
21-02-18	C2	KCA	JSC	BHE	Updating definition of Underwriter
03/01/19	C3	KCA	JSC	BHE	Update to definition of Operational (P5) Incorporation of GA Cover Section 3.7 Minor amendments to clarify sections Update to definitions of Deductible, Total Loss and Constructive Total Loss
<u>05/01/21</u>	<u>C4</u>	<u>KCA</u>	<u>JSC</u>	<u>BHE</u>	<u>Updates to General Market Clauses - Section 5.5 and MWS List</u>

Notes:

- Rev A: Draft**
- Rev B: Under Review**
- Rev C: Approved for Use**
- Rev Z: Withdrawn from Use**

Each Revision stage may have multiple incarnations which shall be defined by a sequence number following the revision letter.

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INTRODUCTION

Thank you for selecting the Thomas Miller Specialty Offshore (TMSO) Marine & Offshore Equipment Policy for your equipment insurance requirements. This Policy is intended to provide All Risks Insurance cover for all types of tooling, equipment and machinery operated in the marine environment, whether on-board an installation or vessel, in the water (subsea) or a combination thereof.

Where it has been agreed to amend Cover parameters, Terms or Conditions these shall be explicitly noted on the Certificate of Insurance with the relevant sections herein being applicable.

While every effort is made by the Underwriter to ensure the suitability of the insurance products being provided, it is important for you (the Insured) to make sure that your requirements have been met and you are aware of the full Certificate of Insurance, Policy Schedule and Terms and Conditions of the product that you are purchasing and should you have any queries please do not hesitate to contact us.

As an Underwriter, TMSO works with the best companies in the insurance marketplace to develop the most complete equipment insurance packages available, however if additional covers are required this can also be provided through our extensive global capabilities in Marine and Upstream Energy.

Thomas Miller Specialty is regulated by the Financial Conduct Authority, more details of which can be found at the FCA's website: www.fca.org.uk.

POLICY CONTRACT:

Underwriters hereby agree, in consideration of the Insured having paid to underwriters the premium stated in the Policy Schedule, to indemnify the Insured or otherwise to pay the benefits and compensation stated, to insure against loss, damage, liability or expense to the extent and in the manner specified in this Policy, provided that:

1. The Insured shall be subject to all the terms, conditions, limitations and/or exclusions contained in this Policy or by additional endorsements
2. Underwriter's liability shall not exceed the sums agreed or the limits of indemnity set out on the Policy Schedule.
3. The Policy wording and any referenced appendices shall be read together as part of one contract and any word or phrase to which a specific meaning has been established shall bear the same meaning throughout the Policy.

HOW TO USE THESE TERMS AND CONDITIONS

The following document is intended to provide the terms and conditions for the provision of insurance and to which both parties shall be required to abide, failure to do so may potentially cause the Insurance Policy to be deemed void.

This Offshore & Marine Equipment Policy is intended to solely respond to Loss or Damage to the Insured Equipment as identified in the Schedule of Equipment with no liability being provided to persons, third party equipment or the environment.

To enable the application of cover as required by the Insured's activities, the Cover is separated into two sections. In alignment with the General Conditions for and Exclusions of cover, each section is supplemented by additional specific conditions and exclusions that shall be applicable unless otherwise agreed in writing by the Underwriter prior to the risk period commencing. The two main sections are:

Section 1: Operational Activities

Insured Equipment is deemed to be covered by Section 1 when the item is located in the position from where it shall be undertaking its intended operational activity and/or is energised by electrical, mechanical, hydraulic or other means or is in the water / subsea. This may be when the Insured Equipment is being tested, used for site integration testing or undertaking its intended function(s) or any other similar action.

Section 2: Storage, Transportation and Exhibitions

Insured Equipment is deemed to be covered by Section 2 when the item is in storage, being transported (by whatever means) or at the designated place of exhibition but is not energised or undertaking any operational activity.

Read in conjunction with the general conditions and exclusions to cover as identified in Section 5, the onus is upon the Insured to determine that the cover is suitable and sufficient for their requirements.

Where applicable the Policy wording shall be supplemented by conditions precedent which are specific to the type of Insured Equipment included on the Schedule of Equipment as identified in Section 6.

Due to the variety and complexity of offshore and marine equipment, where applicable and referenced, the conditions precedent are intended to provide added focus to manage discrete risks while providing the Insured with clear Policy requirements.

SECTION 1: OPERATIONAL ACTIVITIES

This Policy covers all risks of actual physical loss of or damage to the Insured Equipment whilst engaged in Operational Activities (including trials and testing) subject to the following:

1.1 OPERATIONAL SPECIFIC CONDITIONS:

All support crew are to be properly briefed on all Operational Activities and direct communication is to be maintained between the deck supervising officer and bridge watch-keeping officer (or equivalent worksite coordinator / single point of authority for the work) and pilot. The watch-keeping officer must have the required authority from the Master to operate or stop the vessel's thrusters.

Underwriters will indemnify the Insured for claims in respect of direct physical loss or direct physical damage to the Insured Equipment as stated on the Schedule of Equipment in respect of Loss or Damage taking place during the period of insurance and which is not excluded by this Section 1 .

In addition, Underwriters shall indemnify the Insured in respect of the following where arising from Loss or Damage taking place during the period of insurance:

1. Salvage and salvage charges incurred in respect of the Insured Equipment following direct physical loss or direct physical damage arising from Loss or Damage and which Loss or Damage is not excluded by this Policy, adjusted or determined according to the law and practice governing this Policy.
2. All costs of, or incidental to, the actual or attempted raising, removal or destruction of the wreckage and/or debris of the Insured Equipment, or the provision and maintenance of lights, markings, audible warnings for such wreckage and/or debris when the incurring of such costs is compulsory by any law, ordinance or regulation or when the Insured is liable for such costs under written contract which has been approved by Underwriters in advance, or when such wreckage and/or debris interferes with the Insured's normal operations.
3. Physical loss or physical damage which is caused deliberately by any governmental authority, or any organisation instructed by such governmental authority, acting under the powers vested in it to prevent or mitigate a pollution, navigational or operational hazard, provided that:
 - (i) such hazard or threat results directly from direct physical loss or direct physical damage to the Insured Equipment by any cause not excluded from this Section, and
 - (ii) such act of governmental authority has not resulted from lack of due diligence by the Insured or the owners, managers or operators of the Insured Equipment to prevent or mitigate such hazard or threat.

As a condition of this Policy the Insured agrees to abide by the following in relation to the Insured Equipment:

1. Shall only be operated and under the supervision at all times of Trained, Competent, Authorised and Qualified and/or Suitably Experienced Personnel.
2. Shall not be operated in conditions that exceed the manufacturer's specified tolerance / operating parameters or in such a way as to create an increased risk of Loss or Damage (including but not limited to depth, current, visibility, heave, swell, surface conditions).
3. Shall not be operated in poor water conditions (visibility, current, tides etc.) where said operation increases the risk of Loss or Damage unless an accurate real-time position monitoring and/or sonar system is used to determine the locations of all Insured Equipment in use and localised obstructions.
4. Where utilised in the water, shall not be launched and/or operated and/or recovered in environmental conditions which exceed the manufacturer's specified operating parameters and/or recommended safe working tolerances/ guidelines for prudent operations.
5. Equipment operators should not actively operate the Insured Equipment for more than six hours within a 24 hour period.
6. Special precautions should be taken when operating from dynamically positioned vessels to ensure the Insured Equipment and any lines, hoses, tethers or umbilicals are kept clear of thrusters, referencing systems and other potential sources of entrapment or entanglement.
7. Suitable precautions and preservation/maintenance measures to be adopted when storing, handling, transporting and operating Insured Equipment
8. Where operationally feasible, direct communications are to be maintained at all times between the equipment operator and vessel bridge supervisor (or equivalent) of the Mother Vessel whose crew are to be properly briefed on the equipment operations and requirements / limitations therein.
9. Insured Equipment which is negatively or neutrally buoyant is to be fitted with suitably positioned acoustic beacon system(s) and each Mother vessel and/or facility used to launch / recover the Insured Equipment is to be fitted with a compatible acoustic sensing system.
10. Insured Equipment which is positively buoyant is to be fitted with a suitably positioned top mounted flashing light (without a daylight cut off sensor).

1.2 OPERATIONAL SPECIFIC EXCLUSIONS:

Unless specifically agreed in writing by the Underwriter prior to commencement, Section 1 of this Policy shall not cover the Insured for claims in respect of physical loss, physical damage liability, costs, expenses or liabilities insured hereunder directly or indirectly caused by or arising from:

1. work undertaken which is not part of a planned scope of work and/or has not been suitably and sufficiently risk assessed by the Insured, in line with industry best practice;
2. the undertaking of operations in unusually hazardous circumstances.
3. Operations in and around Blowouts or thermal vents
4. Non routine operations within confined structures or wreckage
5. Operations within wave surge zones or in the proximity of heaving moorings and/or objects
6. Ice damage or whilst operating under ice;
7. Within areas with ice present as advised on NAVTEX or by the NOAA, or Canadian Ice Service or equivalent for the area of operations.
8. Direct interaction with 'live' pipelines or other assets or infrastructure.
9. Removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever (save in relation to the Wreck Removal cover provided under this Policy).
10. Downhole operations and activities

SECTION 2: STORAGE, TRANSPORTATION AND EXHIBITION RISKS

This Policy covers all risks of actual physical loss of or damage to the Insured Equipment whilst in storage, during transportation or at an exhibition subject to the following:

2.1 STORAGE, TRANSPORTATION AND EXHIBITION SPECIFIC CONDITIONS:

Storage and Transportation Risks:

From the named and/or owned storage locations appended to the Policy Schedule:

1. During Storage of the Insured Equipment (routine, short-term or long-term), preservation measures in accordance with the manufacturers recommendations (as to humidity levels, anti-corrosion protections, ultra violet degradation, environmental factors for the storage location, fluids preservation etc.) must be complied with.
2. During Transportation, Insured Equipment shall be fully packaged, protected and secured from harmful environmental factors, unwanted movement and potential hazards / sources of damage.

Transportation of Insured Equipment shall be undertaken by recognised hauliers or transportation companies experienced in transportation of this type of equipment.

During transportation, all over-side equipment must be configured to be fully watertight with all connectors attached and/or water tight blanks in place where applicable.

Where it is required that Insured Equipment must be transported by watertight container, a watertight container is only considered watertight if all seals are in place and in good repair and the relevant locks and fastenings are secured with any services or cable glands suitably sealed to maintain the integrity of the container.

Exhibition Risks:

This Policy includes transportation to and from the exhibition site(s) and continues after arrival, covering physical Loss or Damage to the Insured Equipment whilst such Insured Equipment remains on the exhibition site including unpacking, assembly, awaiting and on exhibition, dismantling, repacking, transportation from the exhibition site and periods during exhibition for all risks of direct physical loss or direct physical damage to the Insured Equipment.

Insured Equipment, whilst on exhibition during exhibition hours, is to be supervised by Trained, Authorised and Qualified and/or Suitably Experienced Personnel. Outside exhibition hours, Insured Equipment is to be adequately secured at the exhibition site(s).

2.2 STORAGE, TRANSPORTATION AND EXHIBITION INSURED'S OBLIGATIONS:

The Insured will comply with the following requirement and/or obligations, failing which Underwriters will be discharged from liability for claims hereunder arising from such failure of compliance:

1. Packing and/or assembly and/or loading and/or discharging and/or dismantling of all Insured Equipment is to be conducted under the supervision of Trained, Authorised and Qualified and/or Suitably Experienced Personnel at all times.
2. Insured Equipment in storage is to be held in locked, secure and enclosed compounds.
3. All positioning or relocation operations of the Insured Equipment are to be undertaken and supervised at all times by Trained, Authorised and Qualified and/or Suitably Experienced Personnel.
4. any hazardous and/or dangerous goods are labelled and carried and/or stored and/or handled in accordance with the UK Carriage Regulations and/or the International Maritime Dangerous Goods code issued by the International Maritime Organisation and/or the civil Aviation Organisation instructions, as appropriate. The onus of proving that the exact requirements of this clause have been complied with shall rest with the Insured.

2.3 STORAGE, TRANSPORTATION AND EXHIBITION SPECIFIC EXCLUSIONS:

Unless specifically agreed in writing by the Underwriter prior to commencement, Section 2 of this Policy shall not cover the Insured for claims in respect of physical loss, damage, liability, costs or expenses directly or indirectly caused by or arising from:

- i) insufficient or unsuitable packing or preparation of the Insured Equipment where same is performed by or is the responsibility of the Insured. This also includes stowage in a container or lift van where such stowage is carried out prior to the attachment of cover under this Policy and is carried out by the Insured, their servants or agents.
- ii) scratching, bruising, chipping, denting and/or claims for repainting of unpackaged and/or unprotected items.

In the event that there is deemed to be a loss that could attach to either Section 1 or Section 2 (if both are applicable), then the higher deductible limit shall apply.

SECTION 3: LIMITS OF POLICY COVER:

The below extent of cover applies to the Insured Equipment referred to upon the Policy Schedule and subject to the Limits of Indemnity stated within the Policy Schedule.

Unless otherwise agreed in writing, this Policy is based on All Risks cover which is extended to cover, in addition to any other amount recoverable under this Policy, extra expenses reasonably incurred by the Insured for:

3.1 PHYSICAL DAMAGE

The repair or replacement of the Insured Equipment or part thereof, by reason of damage caused by any insured risk to the Insured Equipment of the Policy.

In no case shall Underwriters be liable under this Clause for more than 100% of the Insured Equipment value as identified in the Schedule of Equipment.

3.2 WRECK REMOVAL

The removal and disposal of wreckage of the Insured Equipment or part thereof, by reason of damage caused by any insured risk to the Insured Equipment of the Policy.

In no case shall Underwriters be liable under this Clause for more than 25% of the proportionate insured value under this Policy of the damaged goods removed.

3.3 DEBRIS REMOVAL

The removal and disposal of debris of the Insured Equipment or part thereof, by reason of damage caused by any insured risk to the Insured Equipment of the Policy.

In no case shall Underwriters be liable under this Clause for more than 25% of the proportionate insured value under this Policy of the damaged goods removed.

3.4 SALVAGE AND SALVAGE CHARGES

The salvage and salvage charges associated with the resolution of a claim of loss or damage to the Insured Equipment or part thereof, by reason of damage caused by any insured risk to the Insured Equipment of the Policy

In no case shall Underwriters be liable under this Clause for more than 25% of the proportionate insured value under this Policy.

3.5 SUE AND LABOUR

The cost of sue and labour associated with the resolution of a claim of loss or damage to the Insured Equipment or part thereof, by reason of damage caused by any insured risk to the Insured Equipment of the Policy

In no case shall Underwriters be liable under this Clause for more than 25% of the proportionate insured value under this Policy.

3.6 SEARCH AND RESCUE

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

The maximum indemnity under this search and rescue extension is 25% of the value of the Insured Equipment lost. 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 or rescue operation. Amounts recoverable under this extension are in addition to any losses recoverable in respect of the Insured Equipment.

3.7 GENERAL AVERAGE (GA)

In the event of a claim for General Average (GA) where the Insured Equipment is being transported as cargo, Underwriters shall indemnify the Assured under this General Average extension up to 25% of the amount of the General Average charges as adjusted or determined according to the contract of affreightment and/or the governing law and practice and where such amount was incurred to avoid or in connection with the avoidance of loss from any cause except as excluded by this Policy. Underwriters' liability under this General Average extension shall always be limited to 25% of the insured value of the Insured Equipment being transported.

The total combined sum payable by Underwriters under 3.2, 3.3, 3.4, 3.5, 3.6 and 3.7 of the applicable value of the Insured Equipment will in no case exceed 25% of the value stated in the Schedule of Equipment attaching hereto or USD 1,000,000, whichever is the lesser value, in respect of each Loss or Damage.



SECTION 4: OPTIONAL ADDITIONAL COVERS

The below additional extended risks apply to the Insured Equipment if referred to upon the Policy Schedule and subject to the Limits of Indemnity stated upon the Policy Schedule.

4.1 COLLISION LIABILITY

This Policy will indemnify the Insured for 100% (four/fourths) of any sums paid as a result of the Insured becoming legally liable, by way of damages, to any other third party as a result of the Insured Equipment colliding with that third party's vessel or property upon such vessel. Where the collision between the Insured Equipment and another vessel 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 Underwriter's liability for such collision liability losses and/or damage exceed USD 1,000,000 any one loss and in the aggregate any one Policy year.

4.2 LOSS OF REVENUE

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 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 shown by production of contracts and/or order forms and/or other similar documents as Underwriters may reasonably request which evidence that the lost or damaged item was indeed contracted to be used.

In no case shall Underwriter's liability for such loss of revenue exceed USD 250,000 any one loss and in the aggregate any one Policy year.

4.3 FREIGHT COSTS

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

In no case shall Underwriter's liability for such freight costs exceed USD 100,000 any one loss and in the aggregate any one Policy year.

4.4 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 provide indemnity to the Insured for the cost of continuing hire charges applicable to the lost or damaged item. The actual hire charge costs 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.

In no case shall Underwriter's liability for such continuing hire charges exceed USD 100,000 any one loss and in the aggregate any one Policy year. Losses recoverable under this extension are subject to a 10 day waiting period.

4.5 POLLUTION LIABILITY

This Policy will indemnify the Insured for 100% (four-fourths) of any sums paid as a result of the Insured becoming legally liable, by way of damages, to any other third party as a result of pollution emanating from the Insured Equipment due to Loss or Damage.

In no case shall Underwriter's liability for such Pollution liability losses and/or damage exceed USD 1,000,000 any one loss and in the aggregate any one Policy year.

The total combined sum payable by Underwriters under 4.1, 4.2, 4.3, 4.4 and 4.5 of the applicable value of the Insured Equipment will be limited in the aggregate to USD 1,000,000 in respect of each Loss or Damage.



SECTION 5: GENERAL - MEASURE OF INDEMNITY:

5.1 GENERAL – MEASURE OF INDEMNITY:

In the event of a claim under this Policy, Underwriters will indemnify the Insured for a sum or sums not exceeding:

1. In respect of partial physical loss or physical damage:

- (a) the reasonable cost of repairs shall not exceed the value/limit stated in the Certificate of Insurance and/or Schedule of Equipment attaching hereto.
- (b) in respect of the Insured Equipment being on hire or leased to the Insured, the reasonable cost of repairs shall not exceed the insured value as identified in the Schedule of Equipment at the time of loss.

2. In respect of Total Loss including a Constructive Total Loss (CTL):

- (a) the agreed value or limit of the lost item(s) of Insured Equipment as stated in the Schedule of Equipment at the time of loss,
- (b) in respect of the Insured Equipment being on hire or lease to the Insured, the amount payable for such total loss shall not exceed the insured value as identified in the Schedule of Equipment at the time of loss.

In respect of a CTL the Insured shall not be prevented from recovering a CTL under Section 1 by reason of any provision in any permit, license, government regulation or other circumstances beyond the control of the Insured, which may prevent the Insured from abandoning the Insured Equipment to Underwriters. In accordance with the foregoing, Underwriters waive notice of abandonment, but notwithstanding anything to the contrary contained in Section 1, Underwriters shall be placed in the same position as if notice of abandonment had been given by the Insured and declined in the customary manner.

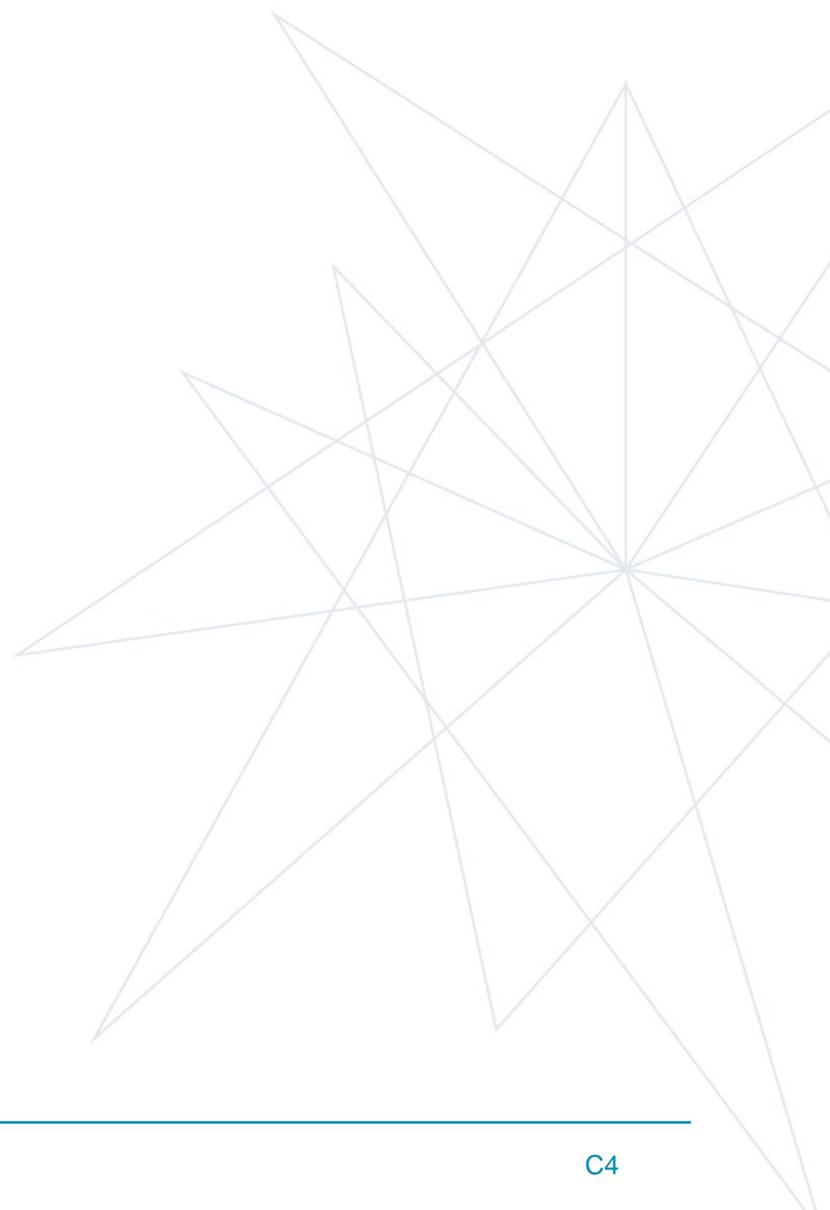
3. In respect of unrepaired physical loss or physical damage:

The reasonable depreciation in market value as a consequence of the physical loss or physical damage, not exceeding the reasonable cost of repairs in 1 (a) or (b) above, as applicable; however in no circumstances shall a claim for unrepaired damage be entertained in the event of a subsequent Total or Constructive Total Loss occurring during the insured period of insurance covered by the Certificate of Insurance.

The Measure of Indemnity as in paragraphs 1 to 3 above shall also be subject to the following:

- (a) At their absolute discretion, Underwriters may elect to replace any item of lost or damaged Insured Equipment, or any part thereof.
- (b) In the event of actual physical loss or physical damage to part or parts of the Insured Equipment that necessitates replacement, Underwriters shall be liable to indemnify the Insured for the reasonable cost of repair to return the Insured Equipment to its original operational state. The cost of disassembly and reassembly will also be reimbursed subject to the liability not exceeding the agreed value/limit of the Insured Equipment as stated in the Certificate of Insurance or Policy Schedule attaching hereto.
- (c) Underwriters shall have the benefit of the proceeds of any salvage and the benefit of a rateable proportion of the costs of other work undertaken at the same time as repairs to the Insured Equipment are carried out.
- (d) All temporary repairs must be approved by Underwriters or their appointed surveyor or engineer, failing which Underwriters will not be liable for the cost of such temporary repair or any further loss, damage, liability costs or expenses arising from or attributable to bad workmanship, faulty execution or failure of such temporary repair.
- (e) In no event shall Underwriters have any liability under Section 1 or Section 2. for betterment or any increased cost of repair or reconstruction by reason of law, ordinance, regulation, permit or license regulating construction or repair

- (f) Costs or expenses properly and reasonably incurred by the Insured or its servants or agents in taking such measures as may be reasonable for the purpose of averting or minimising actual physical loss of or physical damage to the Insured Equipment which would be recoverable under this Section. However, no acts of Underwriters or the Insured or its servants or agents shall be considered as a waiver of abandonment or acceptance of abandonment.
- (g) Underwriters shall retain the right to at any point of a search operation, halt the search in lieu of provision of a replacement item limited to the item value identified in the Schedule of Equipment.
- (h) Underwriters shall at their sole discretion have the option of declining ownership of any Insured Equipment that has been repaired or replaced due to Loss or Damage under this Policy. In such instance ownership shall remain with the Insured who may then reuse, scrap or sell such items as they deem appropriate with no liability to Underwriters.



5.2 GENERAL PROVISIONS OF COVER:

In the event of extension of the risk period, a pro-rated premium will be paid to Underwriters based upon time on risk, and adjusted at expiry. In the event of any claim and/or action, suit or proceeding to enforce a claim for loss hereunder, the burden of proof shall lay with the Insured to adequately show to Underwriters that they have an insurable interest in the individual additional equipment and that it would, in their normal course of business, be declared hereon.

1. The Insured is insured on the terms set out in this Policy and the Certificate of Insurance plus Schedule attached.
2. The Insured is only insured for claims in respect of actual physical damage, physical loss, liabilities, losses, expenses and costs in respect of:
 - (i) Loss or Damage taking place during the period of insurance, as per the Certificate of Insurance; and
 - (ii) in direct connection with the operations and interests insured, as per the Certificate of Insurance
2. Unless otherwise agreed, this Policy shall be effective from 00.00.00 hours GMT until 23.59.59 hours GMT on the dates prescribed in the Certificate of Insurance, or the insurance is terminated in accordance with this Policy.
3. In the event of a conflict between any clause in any of the Particular Insuring conditions Sections and the General Provisions, General Definitions, General Exclusions and General Conditions, the clause in the Particular Insuring conditions Section shall prevail. Clauses in any one Particular Insuring conditions Section shall not affect the cover afforded by another Particular Insuring conditions Section and each Particular Insuring conditions Section shall be read in conjunction with this General Provisions, General Definitions, General Exclusions and General conditions only and not together with any other Particular Insuring conditions Section.
4. It is the intent of the parties to this Policy to give maximum effect to this Policy as permitted by the governing law stated in General conditions. In the event that any portion of this Policy may be found unenforceable in whole or in part under the stated governing law, the remainder shall remain in full force and effect under the laws of England and Wales.
5. Underwriters agree that the captions and headings of the clauses contained in this Policy and any endorsements issued pursuant thereto are inserted for reference purposes only and are not part of such clauses or endorsements and do not limit, expand or otherwise affect the provisions to which they relate.
6. Where an intermediary is involved in the transaction of this Policy, the parties to this Policy recognise that such intermediary is the party through whom communications, notices and all payments in respect of premiums and claims will be made.

5.3 GENERAL CONDITIONS:

5.3.1 Insured's Obligations

The Insured shall:

- i) exercise due skill, 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 a Loss or Damage insured under the Policy,
- ii) maintenance routines are carried out in accordance with the manufacturer's recommendations. 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 in accordance with its manufacturers recommendations.
- iii) employ Trained, Competent, Authorised and Qualified and/or Suitably Experienced Personnel, details of whom must be retained on file by the Insured and made available to Underwriters on request.
- iv) in the event of Loss or 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,
- v) comply with all requirements, recommendations or requests for surveys, information or documents, made by Underwriters, such compliance being made within fourteen (14) days or as otherwise agreed in writing prior to inception and/or continuation of cover.
- vi) refrain from contracting on terms imposing a greater liability on the Insured than what is customarily understood and practised in the area or trade where the Insured Equipment operates.
- vii) if so required by Underwriters, allow Underwriters to take over the handling of any claim against the Insured or any recourse claim on behalf of the Insured, and authorise Underwriters to appoint lawyers or arbitrators on behalf of the Insured.
- viii) as soon as practicable, and no later than 14 days after the Insured first becomes aware of the Loss or Damage, notify Underwriters of any Loss or Damage which may result in a claim under this Policy, stating the time, place, cause and circumstances of the Loss or Damage.
- ix) preserve any rights of recourse against third parties and refrain from admitting liability, waiving rights, settling any claim or appointing any lawyers or arbitrators without prior approval of Underwriters.
- x) file with Underwriters, as soon as practicable, a detailed, sworn demonstration of loss, and if requested by Underwriters, make available to Underwriters or their representatives all records, agreements, contracts or other documents requested in connection with a claim.
- xi) pay all premiums, and other sums to Underwriters as they fall due, failing which Underwriters shall be entitled to interest at such rates as Underwriters may decide from time to time, payable from the date on which the premiums were due until premiums have been paid. If, at such time when premiums that are due remain outstanding, one or more claims are received by Underwriters under this Policy then Underwriters shall, at their discretion, be entitled to refuse to indemnify the Insured and/or Co-Insured(s) in respect of such claims whilst such premiums remain outstanding.
- xii) pay Underwriters on demand the amount of any tax or duty relating to premiums or other sums paid or payable by the Insured and for which Underwriters are or may become liable.

5.3.2 Extension of Cover for Additional Equipment

This Policy may be extended to incorporate additional items of equipment acquired, owned, operated or hired in by the Insured during the Policy Period of insurance dependent upon the Underwriters agreement.

If acceptable, risks shall attach upon the date advised by the Insured, subject to notice to Underwriters as soon as practical, and in any event within 30 days of advised date of attachment to the Policy. Any delayed attachment to the Policy requiring backdating of the date of attachment to the Policy must be warranted free of loss or claim. Such additional items of equipment may be subject to an additional premium charged for either upon addition to the Policy or upon expiry at the Policy rates pro rata to time on risk to be determined at the underwriters sole discretion.

In the event of a Claim, Underwriters shall not be liable for any equipment that is retrospectively added to the Schedule of Equipment after the point of loss.

5.3.3 Agent for all Insureds

The named Insured stated in the Certificate of Insurance shall be deemed the agent for all Insured and Co-Insured under this Policy with respect to all matters pertaining to changes, payment of premiums, returns of premiums, claims and cancellation.

Notice of and action taken or negotiated by the named Insured with respect to any such matter shall be binding on all Insured and Co-Insured.

5.3.4 Disclosure and Alteration of Risk

The Insured shall:

- i) make full and accurate disclosure to Underwriters of all circumstances which the Insured knows or ought to be aware of that would influence Underwriters in deciding whether and on what terms to provide cover, and
- ii) make full, accurate and prompt disclosure to Underwriters of every change of circumstance that the Insured knows of or ought to be aware of that materially alters the risks covered by Underwriters,
- iii) make full, accurate and prompt disclosure to Underwriters of any prototypical or novel technology, application or method of operations, transportation or storage that the Insured knows of or ought to be aware of that would influence Underwriters in deciding whether and on what terms to provide cover.

This entire Policy shall become void and all claims under it shall be forfeited if, whether before or after a loss, an Insured has:

- iv) failed to disclose or misrepresented any material fact or circumstance; or
- v) engaged in fraudulent conduct; or
- vi) made false statements relating to the Policy or any loss or claim under it.

5.3.5 Survey and Audit

Underwriters may, at any reasonable time and for their sole benefit, conduct a survey of the condition, operation or trading of the Insured Equipment or audit of the Insured's management systems. If the survey or audit demonstrates that the condition, operation or trading of the Insured Equipment is such that the risk insured by this Policy is altered, the Insured shall immediately indemnify Underwriters against the cost of the survey or audit, and Underwriters shall be entitled to suspend cover in respect of the Insured Equipment so surveyed or audited from the time when the risk was altered until the alteration of risk has been rectified. This remedy is without prejudice to Underwriters' rights.

At Underwriter's discretion and where deemed necessary, a Marine Warranty Surveyor or a Specialist Ordinance Expert shall be contracted by the Insured, on behalf of Underwriters but at Insured's expense, to monitor the operation, in accordance with a work-scope agreed by Underwriters.

The selection of MWS shall be determined by the nature of the survey and/or audit to be undertaken and shall be drawn from the panel of MWS companies identified in Section 5.6.

5.3.6 Salvage, Recoveries and Savings of the Insured

After expenses are deducted, any salvage or other recovery, other than recovery through subrogation proceedings, shall accrue entirely to the benefit of Underwriters until the sum paid by Underwriters has been recovered.

Where the Insured, as a consequence of a Loss or Damage covered by this Policy, obtains extra revenue, saves expense or avoids liability or loss which would otherwise have been incurred and which would not have been covered by Underwriters, Underwriters may deduct and retain from the sum otherwise payable to the Insured, an amount which Underwriters consider, in their absolute discretion, equivalent to the benefit obtained by the Insured.

5.3.7 Waiver of Subrogation

To the extent the Insured has contractually agreed to name their offshore client, the offshore operator and its co-ventures, other contractors and their contractors or any other third party (hereinafter referred to as "co-insureds") under the policy, the Underwriters agree to waive rights of subrogation against any co-insureds for whom the Insured may have agreed in writing, prior to any loss, to waive rights of recourse.

It is also understood and agreed that the Insured may waive Underwriters' rights of subrogation subsequent to a loss where the Insured intended, but through oversight, failed to agree to such waiver prior to said loss.

5.3.8 Permissions

Permission is granted by Underwriters to the Insured to waive its rights of recovery against any person or entity who or which is, under contract or otherwise, working with the Insured or for whom or which the Insured is working, provided always that:

- (i) such waiver is executed in writing prior to the commencement of any Loss or Damage giving rise to a claim for reimbursement or payment under this Policy, and
- (ii) such waiver is customarily understood and practiced in the area or trade where the Insured Equipment operates.

5.3.9 Waiver

In the absence of any express written confirmation of cover given by Underwriters, no act by Underwriters (including the provision of security, payment of any sum or handling of any claim) and no omission or delay by Underwriters shall be treated as a waiver of Underwriters' rights to decline a claim. If Underwriters provide security, incur costs, or make any payment in respect of a claim or dispute which turns out not to be covered by this Policy, the Insured shall immediately indemnify Underwriters to the extent of such payment or cost.

5.3.10 Assignments and Transfers

The Insured will not, without the written consent of Underwriters, assign or transfer any rights under this Policy, or under any contract with Underwriters. Under no circumstances shall any assignee or transferee have a greater right than the Insured. Any assignment or transfer made without Underwriters written consent shall not be binding upon Underwriters.

5.3.11 Underwriters Rights

Underwriters shall:

- (i) be under no obligation to provide security in respect of any liability of the Insured or any claim against the Insured or Insured Equipment.
- (ii) be under no obligation to pay interest on any amount due from Underwriters, it being understood that Underwriters will pay claims promptly on receipt of sworn proof of loss and other requirements as detailed in Section 5.3.12 below.

5.3.12 Claims - Demonstration, Documentation and Notification

The Insured shall be required to demonstrate that any claim against Underwriters results from a risk covered by this Policy.

In the event of a claim, the Insured shall be required (where applicable) to provide:

- i) Original or copy of shipping invoice together with shipping specification and/or weight notes;
- ii) Original Bill of Lading and/or other documentation of evidence demonstrating a contract of carriage;
- iii) Incident / Loss report documenting the circumstances of the loss;
- iv) Survey report or other documentary evidence detailing the loss or extent of damage;
- v) Correspondence exchanged with the carriers and/or other parties regarding liability for the Loss or Damage.

All claims information should be sent to:

Thomas Miller Specialty Claims
90 Fenchurch Street
London
EC3M 4ST

Email: offshorespecialtyclaims@thomasmiller.com

Telephone: +44 (0) 20 7283 1227

Should it be deemed beneficial to appoint a Marine Warranty Surveyor or Adjuster, this should be undertaken as a party employed by the Insured but acting under a work-scope agreed by Underwriters to independently verify operations as required. The selection of MWS shall be determined by the nature of the claim and shall be drawn from the Panel of MWS companies identified in Section 5.6.

5.3.13 Termination and Cancellation

Unless Underwriters agree otherwise, this Policy shall terminate immediately where:

- (a) there is a change of management or ownership of the Insured Equipment,
- (b) the Insured becomes insolvent, bankrupt, is dissolved or wound-up, has a receiver or liquidator appointed or commences proceedings under any bankruptcy or insolvency laws to seek protection from creditors,
- (c) the Insured Equipment becomes a total loss, or is accepted by Underwriters, or deemed by Underwriters as being a constructive, compromised or arranged total loss, except in respect of liability arising from the casualty which gives rise to the total loss,
- (d) the Insured Equipment is requisitioned by a state or government authority.

Except in respect of paragraphs (c) and (d) above the Insured shall be entitled to a return of premium at Underwriters' discretion.

This insurance may be cancelled by either party on giving the other 30 days' notice in writing.

5.3.14 Attachment and Termination of Cover Between Policy Sections

Attachment and termination of cover between Sections of this Policy shall be as per the following:

1. Storage:

Coverage attaches from the time the Insured Equipment is unloaded at the warehouse and/or place of storage named in the Certificate of Insurance. Coverage continues until the commencement of another transit and/or the natural expiry of this Policy.

2. Transit / Transportation:

Coverage attaches from the time the Insured Equipment is first moved in the warehouse and/or place of storage and/or operating unit/vessel, including packing, disassembly, loading, during transit, storage in the normal course of transit, unloading and reassembly (where applicable). Coverage terminates either at completion of unloading from the operating unit/vessel or at delivery to the destination named in the Certificate of Insurance and/or warehouse and/or place of storage and/or the natural expiry of this Policy.

3. Operation:

Coverage of Insured Equipment within Section 1 of this Policy attaches from the time of completion of loading onto the operating unit/vessel (mobilisation) and continues during temporary storage, set-up, calibration, testing, trials, and operational risk. Coverage terminates at commencement of unloading from the operating unit/vessel (demobilisation) and/or the natural expiry of this Policy.

4. Exhibition:

Coverage attaches from the time the Insured Equipment is first moved in the warehouse and/or place of storage and/or operational site, including disassembly, packing, loading and storage in the normal course of transit. Cover continues whilst on exhibition at the named exhibition site(s), including unpacking, packing, assembly, positioning, disassembly and return transit to the warehouse and/or place of storage named in the Certificate of Insurance.

Irrespective of the attachment and termination periods identified above, this Policy will be effective from and terminate on the times and dates prescribed in the Certificate of Insurance.

5.3.15 Arbitration

Any dispute arising under or in connection with this Policy shall be referred to arbitration in London pursuant to the 1996 Arbitration Act, Clause 16. Each party shall appoint one arbitrator, and the two arbitrators shall appoint a suitable London arbitrator who shall act as the chairman of the arbitration tribunal.

The arbitrators shall be experienced in maritime insurance law. The arbitration shall be deemed to be commenced when a request for arbitration is sent by the party requesting arbitration. Both the arbitral proceedings and the arbitration award shall be confidential. The parties shall conclude a separate agreement to confirm the confidentiality upon commencement of arbitration.

5.3.16 Law

This Policy and any arbitration proceedings shall be governed by the Laws of England and Wales.

5.3.17 Contracts (Rights of Third Parties) Act 1999

The provisions of the contracts (Rights of Third Parties) Act 1999 do not apply to this Policy or to any certificates of Insurance issued hereunder. Neither this insurance nor any certificates issued hereunder confer any benefits on any third parties. No third parties may enforce any term of this Policy or of any certificates issued hereunder.

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

5.3.18 Other Insurance Clause

Unless otherwise agreed by the Underwriter and Insured, where there is an alternative insurance Policy in place to respond to a loss, such Policy shall be deemed the primary respondent to any claim of loss. The cover afforded hereunder shall be in excess of and shall not contribute with such other insurance. Nothing herein shall be construed to make this Policy subject to the terms, conditions and limitations of such other insurance.

5.3.19 Limit

Underwriter's liability shall be as stated in the Certificate of Insurance, but shall in any case not exceed 100% of the declared values/limits stated in the Certificate of Insurance and attached Schedule, plus any additional limits by virtue of Section 3 "Limits of Policy Cover" and Section 4 "Optional Additional Covers" as may be applicable.

5.3.20 Deductible

Claims in regards to Insured Equipment under this Policy shall be subject to a deductible as stated in the Certificate of Insurance, applicable to each and every claim arising from Loss or Damage.

However, no deductible shall apply in respect of claims in regards to Insured Equipment where the mother vessel, platform, unit, or storage location where the Insured Equipment is located, has itself been declared a Total Loss or Constructive Total Loss .

The above deductible rules apply during transportation of the Insured Equipment.

5.3.21 Breach of Condition

In the event of a breach by the Insured of an obligation or condition hereunder, the Underwriters are discharged from any liability under this Section A arising from such breach, but without prejudice to any cover under this Section or any other Section of the Policy that is otherwise not affected by such breach.

5.4 GENERAL EXCLUSIONS:

Unless specifically agreed in writing by the Underwriter prior to commencement, this Policy shall not cover the Insured for claims in respect of physical loss, physical damage liability, costs, expenses or liabilities insured hereunder directly or indirectly caused by or arising from:

1. any claim of Loss or Damage which first commenced prior to the inception date as shown in the Certificate of Insurance;
2. loss, damage or expense attributable to breach of contract, fraudulent act or Wilful Misconduct of the Insured;
3. any consequential loss;
4. ordinary wear and tear, gradual deterioration, inherent vice, contamination, rust, oxidisation, discolouration, mould and subsidence of the Insured Equipment;
5. Loss or Damage arising from latent defect, or arising from faulty materials, assembly or construction;
6. in the event of physical damage to Insured Equipment requiring rebuild or repair, any betterment undertaken shall be to the Insured's account;
7. any claim in respect of the detention, delay, (except for delay incurred in order to avert or minimise any liabilities, losses, expenses and costs which are covered by this Policy), loss of use of the vessel or Insured Equipment, or in respect of hire due to the Insured;
8. loss of use, delay or loss of market or any other pecuniary interest;
9. loss, damage or expense proximately caused by delay (even if delay is caused by a risk insured against);
10. inventory or stocktaking shortage, mysterious disappearances or unexplained losses;
11. Loss or Damage to the Insured Equipment occurring outside the Territorial Limits of the Policy;
12. the Insured knowingly sending to sea or operating the Insured Equipment unless the equipment is fully operational and (where required) certificates are up to date;
13. the terms of an indemnity or contract which has not been accepted or approved by Underwriters, except insofar as the Insured would have been liable in any event in the absence of the indemnity or contract;
14. failure to arrive or late arrival of the Insured Equipment in accordance with, or cancellation or termination of, any charter party or other engagement;
15. irrecoverable debts or insolvency of the Insured or any other party;
16. in respect of claims for punitive or exemplary damages and/or any additional damages resulting from the multiplication of compensatory damages;
17. where payment by Underwriters or the provision of cover in respect thereof may expose Underwriters to the risk of being subject to a sanction, prohibition or any adverse action by a state or international organisation or competent authority;
18. war, civil war, revolution, rebellion, insurrection or civil strife arising there from, or any hostile act by or against a belligerent power, piracy, derelict mines, torpedoes or bombs or other derelict weapons of war, capture seizure, arrest, restraint or detainment and the consequences thereof;
19. strikers, lock out of workmen, or persons taking part in labour disturbances, riots or civil commotions and the consequences thereof or any attempt thereat;
20. confiscation, nationalisation, expropriation and deprivation and the consequences thereof or any attempt thereat;
21. when using or attributable to explosives;
22. the detonation of an explosive, or use of any weapon by any person acting maliciously or from a political motive, or any act for political or terrorist purposes of any person or persons, whether or not agents of a sovereign power, and whether the loss, damage, liability or expense resulting there from is accidental or intentional;
23. loss, damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
24. storage, transportation, exhibition or operation within nuclear facilities;
25. when the Insured Equipment has been hired or leased by the Insured to a third party;

26. Loss or Damage to blueprints, plans, specifications or records, personal effects of employees or others;
27. Loss or Damage to Valuables;
28. in respect of liabilities to third parties;
29. loss of life, personal injury or illness (howsoever caused);
30. pollution or contamination or threat thereof, or damage to the environment or threat thereof;
31. Loss or Damage caused by theft or attempted theft from inadequately secured site;
32. excluding theft unless following violent and forcible entry and/or exit;
33. Loss or Damage to any item or property of the Insured, other than the Insured Equipment;
34. excluding 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;
35. breakdown or derangement of machinery or electrical or mechanical equipment (unless caused by accidental and external means) or any consequential damage arising there from;
36. unseaworthiness of vessel and/or craft and/or facility; or unfitness of vessel, craft, conveyance, container or similar for the safe carriage of the Insured Equipment, or unfitness of sea- fastenings for the intended duration of the transit and/or storage, where the Insured or their servants are privy to such unseaworthiness or unfitness, at the time the Insured Equipment is loaded thereon;



5.5 GENERAL MARKET CLAUSES:

The following generic market clauses are hereby incorporated into this Policy by reference:

- a) War and Civil War Exclusion Clause - NMA464 –is to apply in respect of fixed offshore assets only.
- b) Several Liability Clause - LMA 5096.
- c) Sanction Limitation & Exclusion Clause – LMA 3100
- d) Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Annex One - CL 370
- e) Marine Cyber Endorsement LMA 5403
- f) Seepage and Pollution Exclusion Clause 1st January 1989 – Annex One
- g) Cargo War risks are subject to the Paramount War Clause (Cargo) (LSW 174) – Annex One
- h) Liability Exclusion Clause (B)
- i) Refinery Exclusion Clause – Annex One
- j) Terrorism Exclusion Clause
- k) Hull War risks are subject to the Institute Notice of Cancellation, Automatic Termination of Cover and War and Nuclear Exclusions Clause – Hulls etc. 1st January 1995 (Clause 359) – Annex One
- l) U.S.A. and Canada Endorsement - USCAN B, 29TH January 2004 in respect of Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10th November 2003 – Annex One
- m) Communicable Disease Endorsement - JS2020-011

5.6 GENERAL DEFINITIONS

CO-INSURED

A party, other than the Insured, who is named and agreed by Underwriters on the Certificate of Insurance, who is a party interested in the operation of the Insured Equipment and/or the holding company of the beneficial owner of the Insured or any other co-insured and/or the mortgagee of the Insured Equipment.

CERTIFICATE OF INSURANCE

A document issued by or stamped / confirmed by Underwriters evidencing the Terms and Conditions of cover. Where reference is made to the Certificate of Insurance, it will also be inclusive of any Policy Schedule appended thereto.

CONSTRUCTIVE TOTAL LOSS

There is deemed to be a constructive total loss where the Insured Equipment is reasonably abandoned on account of its actual Total Loss appearing to be unavoidable, or because it could not be preserved from actual Total Loss without an expenditure which would exceed its insured value when the expenditure had been incurred.

In ascertaining whether the Insured Equipment is a Constructive Total Loss, where the Insured Equipment is so damaged by a peril insured against, the cost of repairing the damage would exceed the Insured value of the Insured Equipment when repaired.

No claim for constructive total loss based upon the cost of recovery and/or repair of the subject matter shall be recoverable hereunder unless such cost would exceed the insured value stated on the Schedule of Equipment. In making this determination only the cost relating to a single accident or sequence of damages arising from the same accident shall be taken into account.

CONTRACT WORKS

The contract object, forming the non-owned permanent works at the contract location, including any property which is destined to become a part of the completed project, in respect of which operations are performed by, or from the location, vessel or unit.

DEDUCTIBLE

The amount deducted from a claim attaching hereto, being applicable to any one Loss or Damage each Particular Insuring conditions Section.

DEMONSTRATION OF LOSS

A sworn statement provided by the Insured giving details of the loss. The onus to prove the loss rests with the Insured.

EXCLUDED AREA

A geographical area that is deemed to be prohibited for trading or insured activities, unless Underwriters have specifically agreed in advance to cover such operations.

INSURED /ASSURED

The person, institution or company provided cover(s) by this Policy as stated in the Certificate of Insurance.

Should it be required that the Insured's subsidiary, associated or affiliated companies or corporations be co-named on the Certificate of Insurance, these shall be exhaustively listed.

INSURED EQUIPMENT

The agreed and identified items identified on the Schedule of Equipment, whether owned, leased to or hired to the Insured that is referenced by and linked to the Certificate of Insurance.

Examples of Offshore & Marine Equipment include but are not limited to:

Personal watercraft, submarines, mini submarines, remotely operated vehicles (ROVs), un-tethered underwater vehicles, autonomous underwater vehicles (AUVs), autonomous inspection vehicles (AIVs), gliders, saturation diving systems, diving bells, air diving systems, hyperbaric chambers, habitats, buoys, seismic and geotechnical sensors, trenchers, ploughs, cranes, launch and recovery systems (LARS), generators, compressors, maintenance containers, control systems and related items.

INSURED VALUE

The amount / value of the Insured Equipment as shown on the Certificate of Insurance, and on which the premium and where applicable claim is calculated and paid.

LATENT DEFECT

A defect within the Insured Equipment that could not be discovered on such examination as a reasonably skilful person would make.

LOSS OR DAMAGE

Loss or Damage shall be defined as an event which can be isolated in time, in place and in a manner of its happening as being the direct cause of or, where there is no evident cause, as consisting of an instance or instances of physical loss or physical damage, or the cause of liabilities as may be insured in this Policy, but:

- (i) all Windstorms, other than Named Windstorms in the US Gulf or the Gulf of Mexico (if insured by this Policy), arising from the same atmospheric disturbance within any period of 2 consecutive hours commencing during the period stated in the Certificate of Insurance, shall be deemed to be one event
- (ii) each earthquake shock or volcanic eruption (if insured by this Policy) shall constitute one event provided that if more than one earthquake shock or volcanic eruption shall occur within any period of 2 consecutive hours commencing during the period stated in the Certificate of Insurance, such earthquake shocks or volcanic eruptions shall be deemed to be one event
- (iii) each Named Windstorm in the US Gulf or the Gulf of Mexico (if insured by this Policy) shall be deemed to be a separate event irrespective of the duration of such Named Windstorm. (Gulf of Mexico and or US Gulf "Gulf of Mexico and/or US Gulf" means the Federal Leased Blocks as defined by the Bureau of Ocean Energy Management, (BOEM) in the Gulf of Mexico and the states of Texas, Louisiana, Mississippi, Alabama and Florida including the stated Leased Blocks.)

MARINE WARRANTY SURVEYOR (MWS)

A Marine Warranty Surveyor is a party employed by the Insured but acting under a work-scope agreed by Underwriters to independently verify operations connected with the Operational Activities, as may be required by Underwriters. Such MWS will be drawn from a panel comprising:

- Aqualis Offshore
- Braemar Falconer
- Charles Taylor (Adjusters)
- DNV-GL
- Global Maritime
- Interocean Marine Services
- London Offshore Consultants (LOC)
- Lloyd Warwick (Adjusters)
- Matthews Daniel
- TMC Marine
- Independent Marine and Energy Consultants (IMEC)
- Sterling Technical Services

Or other(s) as may be previously agreed and approved at the TMSO Technical Manager's sole discretion.

OPERATIONAL ACTIVITIES

Operation by the Insured of equipment that is designed, maintained and operated in the pursuit of the planned scope of work on or under the surface of the water. This includes when the Insured Equipment is located in the position from where it shall be undertaking its intended operational activity and/or is energised by electrical, mechanical, hydraulic or other means or is in the water / subsea. This may be when the Insured Equipment is being tested, used for site integration testing or undertaking its intended function(s) or any other similar action.

POLICY

The document forming the written evidence of the entire cover as provided by Underwriters to the Insured, consisting of the General Provisions, General Definitions, General conditions and General Exclusions, and Appendices thereto, the Particular Insuring conditions, as applicable, the Certificate of Insurance and any Schedule included therewith.

POLICY SCHEDULE

The attachment to the Certificate of Insurance detailing the items insured and/or other data applicable to this Policy including the Insured Equipment, Deductible, Policy Limits and any endorsements and conditions precedent as applicable.

SCHEDULE OF EQUIPMENT

The defined list of equipment that shall be deemed to comprise the Insured Equipment.

SPECIALIST ORDINANCE EXPERT

A recognised expert in the field of moving or destruction of mines or other ordinance, employed by an internationally recognised clearance company with the experience of the specific type of ordinance likely to be found within the work-scope agreed by Underwriters.

STORAGE

Insured Equipment shall be deemed to be in Storage when it is statically placed in a secure location with suitable fencing, security, lighting, fire detection and fighting facilities and hard standing as to minimise the potential for loss, damage or theft.

As required by manufacturers designated storage recommendations, Insured Equipment in Storage may be connected to and supplied with sources of energy (electrical, mechanical, hydraulic or other) for the good and proper maintenance and preservation of the Insured Equipment but is not energised for the purposes of trials, testing or operation in any way.

A storage location may be defined as being within a storage yard or warehouse or onboard a vessel or installation subject to the above.

Insured Equipment is deemed to no longer be in storage once lifted from its place of storage, even for relocation within a single storage location.

TERRITORIAL LIMITS

The territory, region or area, including whilst in or on seas, waters and/or within countries as named on the Certificate of Insurance, as agreed by Underwriters as being the territories, regions or areas within which operations may take place.

TOTAL LOSS

A "Total Loss" shall include Actual Total Loss and Constructive Total Loss and shall arise when the Insured Equipment, as itemised on the Schedule of Equipment, is destroyed, or so damaged as to cease to be a thing of the kind insured, or where the Insured is irretrievably deprived thereof.

TRAINED, COMPETENT, AUTHORISED AND QUALIFIED AND/OR SUITABLY EXPERIENCED PERSONNEL

Persons who are acknowledged and approved by the Insured as being suitably Trained, Competent, Authorised and Qualified and/or Suitably Experienced to safely maintain and operate the Insured Equipment.

TRANSPORTATION

Transportation of Insured Equipment is the physical movement of equipment from one location to another whether by road, rail, air or sea.

Transportation is initiated upon first lift or movement of the Insured Equipment from its place of storage or collection. Transportation shall be deemed to have ceased upon placement of the Insured Equipment in a new storage location (where upon the Insured Equipment is once again classed as in Storage), exhibition location or operational location (where upon the Insured Equipment is classed as forming part of Operational Activities).

Transportation includes the movement of Insured Equipment within a base or single storage location.

UNDERWRITER

Thomas Miller Specialty Offshore (Thomas Miller Specialty Underwriting Agency Ltd trading as Thomas Miller Specialty)
90 Fenchurch Street
United Kingdom
EC3M 4ST

Email: offshorespecialtyunderwriting@thomasmiller.com

Telephone: +44 (0) 20 7283 1227

Website: www.thomasmillerspecialty.com

VALUABLES

“Valuables” are defined as cash, banknotes, bullion, works of art, precious or rare metals or stones, plate or other objects of a rare or precious nature, specie, bonds or other negotiable instruments.

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. Underwriters may however elect to affirm the Policy as continuing and waive and breach of warranty but only if done unequivocally in writing and is not to be implied or inferred by any conduct of or on behalf of Underwriters.

WINDSTORM AND NAMED WINDSTORM

Windstorm shall be defined as rainstorms, hailstorms, hurricanes, typhoons, cyclones, tornadoes, depression and similar storms and systems of winds of a violent and destructive nature. Named Windstorm shall mean those storms that are allocated names from the World Meteorological Organisation List, or any additions thereto, and tracked by the services of the National Oceanic and Atmospheric Administration (NOAA)

WILFUL MISCONDUCT

An intentional act or omission committed by the Insured, with knowledge that such action will probably result in physical loss or physical damage, death or injury, or an act committed by the Insured in such a way as to allow an inference of reckless disregard of the probable consequences.

SECTION 6: APPENDICES – CONDITIONS PRECEDENT

Where required by the underwriter due to the nature of the Insured Equipment, specific Conditions Precedent shall be referenced on the Policy. Where this is the case the Conditions Precedent shall be read in conjunction with the Policy Terms and Conditions.

In the event that any of the Conditions Precedent are not achievable for technical or operational reasons, written agreement with the Underwriter must be obtained prior to commencement of operations.

- Autonomous Underwater Vehicles
- Gliders
- Long-term installed equipment
- Streamers
- Leisure Submarines



6.1 AUTONOMOUS UNDERWATER VEHICLES (AUVS)

It is a condition precedent of the policy that for the operation of autonomous underwater vehicles the following shall form part of the conditions of cover:

- a) Insured Equipment shall not be launched, operated and/or recovered when weather conditions exceed or are forecast to exceed the manufacturers specified parameters (depth, surface conditions etc.).
- b) All relevant water space management requirements must be adhered to (e.g. NOTAMS issued, broadcasts made and local area authorities informed of operations.)
- c) All operations in congested waters must be supported by a suitable chase boat, which should be an FRC or equivalent and deployed during operations.
- d) All operations from shore launching stations must have a suitable support vessel to be at immediate notice which is capable of recovering the unit.
- e) 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 available to be deployed and able to manoeuvre the AUV to safe water.
- f) In respect of launch and recovery over the side using an A frame or crane or cradle, 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 a vessel with a multi-thrusters capability. If it is necessary to site vehicles in such areas a procedure should be put in place requiring the thrusters to be isolated during launch and recoveries. **A record of thrusters isolated should be kept in the dive and bridge logs.**
- g) Prior to any dive 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 and risk assessed as deemed necessary. Direct communications between the vessel bridge/DP operators, AUV crew and AUV deck operation should exist throughout the dive, including the periods of launch and recovery.
- h) Vehicles are 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) metres from the surface or on the surface.
- i) 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 where feasible. 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.

6.2 GLIDERS

It is a condition precedent of the policy that for the operation of glider equipment the following shall form part of the conditions of cover:

- a) Insured Equipment shall not be launched, operated and/or recovered when weather conditions exceed or are forecast to exceed the manufacturers specified parameters (depth, surface conditions etc.).
- b) Where applicable to the work location and mission duration, all relevant water space management requirements must be adhered to (e.g. NOTAMS issued, broadcasts made and local area authorities informed of operations.)
- c) As a contingency measure in case of extended surface operations or Glider malfunction, an FRC or RIB or equivalent support craft must be available to be deployed and able to recover / manoeuvre the Glider to safe water.
- d) In respect of launch and recovery over the side using an A frame or crane or 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 a vessel with a multi-thrusters capability. If it is necessary to site vehicles in such areas a procedure should be put in place requiring the thrusters to be isolated during launch and recoveries. **A record of thrusters isolated should be kept in the dive and bridge logs.**
- e) In respect of smaller vessels where the launch and recovery process is other than mentioned in paragraph e), Gliders shall be handled and launched / recovered in accordance with the approved operational procedures and where applicable in accordance with the manufacturers specifications.
- f) Prior to any vessel interaction with the Glider, the DP operators and Glider crews should be briefed on the imminent operation. Any change in previously agreed procedure should also be discussed at this point and risk assessed as deemed necessary. Direct communications between the vessel bridge/DP operators, Glider crew and deck operation should exist to minimise the potential for an incident / damage to occur.
- g) 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.
- h) 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.

6.3 LONG TERM INSTALLED EQUIPMENT

It is a condition precedent of the policy that for the operation of long term installed equipment the following shall form part of the conditions of cover:

- a) Insured Equipment shall not be launched, operated and/or recovered when weather conditions exceed or are forecast to exceed the manufacturers specified parameters (depth, surface conditions etc.).
- b) The Insured Equipment shall be stored, transported and maintained in accordance with the manufacturers recommendations.
- c) Where long term installed equipment is powered by batteries (in part or in full) then such batteries shall have sufficient capacity or backup to extend operations beyond the planned duration of deployment.
- d) Where applicable to the work location and deployment duration, all relevant water space management requirements must be adhered to (e.g. NOTAMS issued, broadcasts made and local area authorities informed of operations).
- e) Locations of all long-term installed equipment shall be notified to local fishermen and identified on local charts. All deployments in shallow or congested waters shall be marked by surface marker buoy.
- f) Suitable methods of seabed installation and protection of the Insured Equipment shall be taken so as to prevent damage or movement caused by fishing equipment or anchors.
- g) A plan of monitoring shall be in place to identify as soon as practicable if the Insured Equipment has suffered Loss or Damage.
- h) The design of the Insured Equipment shall include recovery methodologies which take into account the extended period(s) of deployment.
- i) Where Insured Equipment is to be recovered by any other party other than the Insured, complete recovery procedures (including any limitations or areas of caution) shall be advised and adhered to by the recovering party.

6.4 MANNED SUBMERSIBLES

It is a condition precedent of the policy that for the operation of manned submersibles the following shall form part of the conditions of cover:

- a) The submersible shall not be launched or operated in conditions which exceed, or are likely to exceed, the manufacturers specified operating parameters, (depth, surface conditions etc.) for the duration of the dive, including recovery by the support vessel.
- b) The submersible is to be classified by an IACS registered classification society with a valid Certificate of Classification being applicable during all operations and dives undertaken.
- c) The submersible shall only be operated by suitably experienced, qualified and authorised pilots with all Operational Manuals, Risk Assessments, Emergency Procedures and other such documentation being fully understood and available for review.
- d) The submersible shall be stored, transported and maintained in accordance with the manufacturers recommendations.
- e) Prior to launch of the submersible all safety and secondary systems shall be tested and proven operational. Should such systems be found to be non-operational the dive shall be aborted until such time as the systems have been repaired / reinstated.
- f) At no time shall the submersibles' maximum depth, number of passengers or any other safety critical criteria, as defined by the manufacturer, be exceeded.
- g) All relevant water space management requirements must be adhered to (e.g. NOTAMS issued, broadcasts made and local area authorities informed of operations.)
- h) The manned submersible must be in continual contact with the support vessel at all times during a dive. Should there be an interruption or loss of communications the dive shall be aborted immediately and the submersible returned to the support vessel.
- i) In respect of launch and recovery using an A-frame, crane or cradle, 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 submersible. Special attention should be paid to the positioning of the vehicle and launch system when mobilising on a vessel employing dynamic positioning or a vessel with a multi-thrusters capability. If it is necessary to site vehicles in such areas a procedure should be put in place requiring the thrusters to be isolated during launch and recovery operations. **A record of thrusters isolated should be kept in the dive and bridge logs.**
- j) Prior to any dive, support vessel DP operators and Submersible 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, submersible crew and submersible deck operation should exist throughout the dive, including the periods of launch and recovery.
- k) Submersibles are 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 submersible. This light must be set to operate whenever the submersible is less than 5 (five) metres from the surface or on the surface.
- l) On a monthly basis, any losses of communication between the submersible and support vessel and/or dive system failures shall be reported to underwriters.

6.5 STREAMERS

It is a condition precedent of the policy that for the operation of towed array streamers the following shall form part of the conditions of cover:

- a) The declared equipment is only to be operated by and under the supervision of suitably trained, experienced and authorised personnel.
- b) The declared equipment is not to be launched, operated, towed or recovered in conditions which exceed the manufacturers specified operating parameters, (depth, surface conditions etc.)
- c) During transit or storage equipment must be fully protected from water ingress. 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 must be in a watertight container. Any container is only considered watertight if all seals are in place and in good repair and the relevant locks and fastenings are secured.
- d) During long term storage preservation measures in accordance with manufacturer's recommendations (as to humidity levels, anti-corrosion protection) must be complied with.
- e) Maintenance routines must be carried out in accordance with the manufacturer's recommendations. 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.
- f) 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 equipment, the equipment streamed is to be recovered completely.
- g) 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 equipment based on the length of the poor weather and the severity.

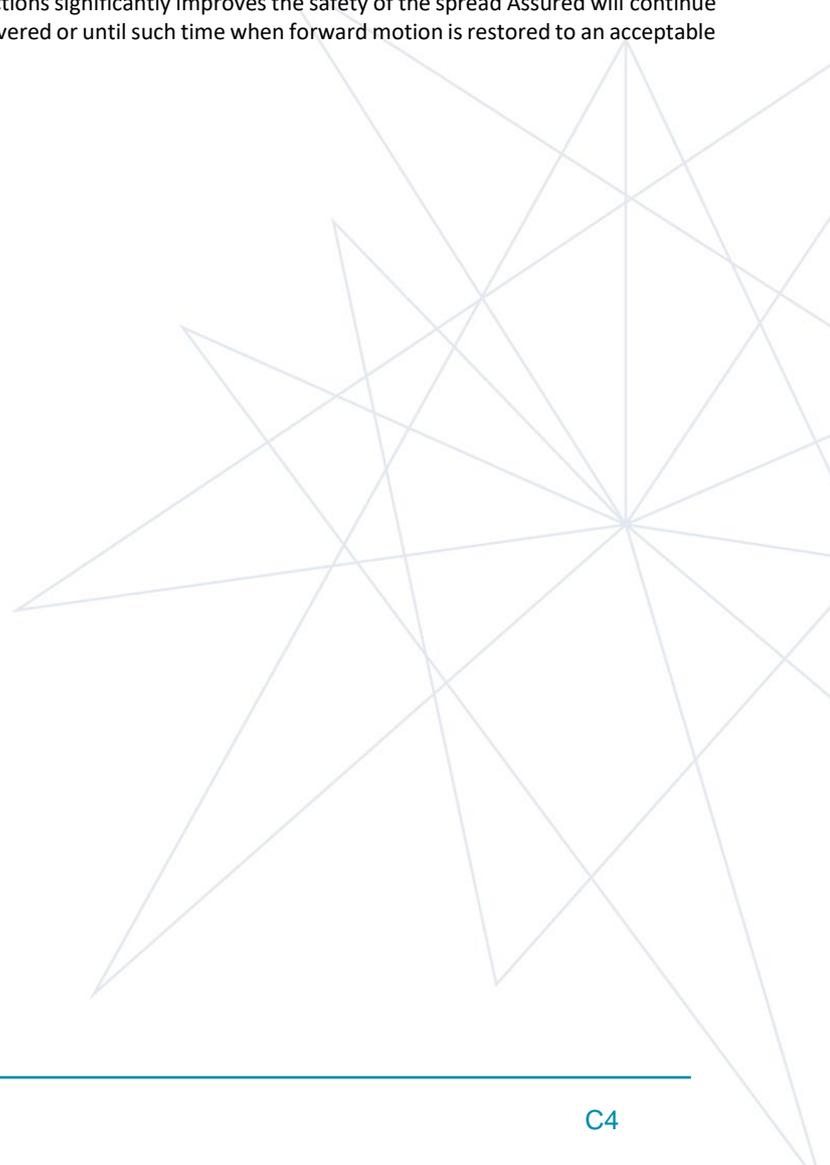
Operations may be suspended without recovering equipment provided that the weather forecast indicates that conditions will not deteriorate to such a level which will cause a swell that is harmful to the equipment and will start to improve within an acceptable time frame deemed safe without having to recover the equipment.

- h) All buoys or survey equipment markers are to be in a high visibility colour and be fitted with lights for night streaming operations.
- i) 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.
- j) 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.
- k) 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.
- l) VHF warnings are to be given in accordance with local regulations.
- m) 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 Watch-keeper maintaining this plot.

- n) 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.
- o) 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.

- p) Operations in water depths of less than 20m are excluded without prior consultation with underwriters and underwriter's surveyor.
- q) Vessels are to be equipped with and operating in DP Class 2 as a minimum so that the power management is working at best possible power redundancy.
- r) Each vessel is equipped with Hi Fog fire emergency extinguishers which operate automatically and can be controlled manually.
- s) Vessels shall be managed and operated with sufficient processes, procedures and redundancy in systems / hardware (e.g. DP systems, suitably capable support vessels, emergency tow procedures etc.) to enable continued operation and safe recovery in the event of an incident or malfunction without causing loss or damage to the in-sea equipment.
- t) 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.



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