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GENERAL PROVISIONS, GENERAL DEFINITIONS, GENERAL CONDITIONS AND GENERAL EXCLUSIONS
GENERAL PROVISIONS, GENERAL DEFINITIONS, GENERAL CONDITIONS
AND GENERAL EXCLUSIONS

These General Provisions, General Definitions, General Conditions and General Exclusions apply to
the following Sections of the Insurance, unless stated otherwise

- Physical Damage
- Transit, Storage and/or Exhibition risks
- Liabilities

1. GENERAL PROVISIONS

A. The Insured is insured on the terms set out in this Policy of Insurance and the Certificate of
   Insurance plus Schedule attached.

B. The Insured is only insured for claims in respect of physical damage, physical loss, liabilities,
   losses, expenses and costs which arise:
   (i) out of an Occurrence 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

C. Unless otherwise agreed, this Policy of Insurance shall be effective from 00.00 hours
   GMT until 00.00 hours GMT on the dates prescribed in the Certificate of Insurance, or the
   insurance is terminated in accordance with this Policy of Insurance.

D. Throughout this Policy of Insurance the terms “Named Insured, “Named Assured”,
   “Insured” and “Assured” are interchangeable. The terms “Insurers” and “Underwriters” are
   also interchangeable.

E. 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.

It is the intent of the parties to this Policy of Insurance to give maximum effect to this Policy
of Insurance as permitted by the governing law stated in General Conditions (paragraph O).
In the event that any portion of this Policy of Insurance 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.

Insurers agree that the captions and headings of the clauses contained in this Policy
of Insurance 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.

F. Where an intermediary is involved in the transaction of this Policy of Insurance, the parties to this Policy of Insurance recognise that such intermediary is the party through whom communications, notices and all payments in respect of premiums and claims will be made.

2. GENERAL DEFINITIONS

A. Co–Insured

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

B. Certificate of Insurance

A document issued by Insurers evidencing the terms and conditions of cover. Where reference is made to the Certificate of Insurance, it will also be inclusive of any Schedule appended thereto.

C. 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 Vessel or Unit.

D. Deductible

The amount deducted from a claim attaching hereto, being applicable to any one Occurrence each Particular Insuring Conditions Section.

E. Defective Part

A defective part shall mean any part of the Insured Interest which is or becomes defective and/or unfit or unsuitable for its intended purpose, whether by reason of faulty design, faulty workmanship, faulty material, or Latent Defect, or a combination of one or more thereof.

F. Excluded Area

A geographical area that is deemed to be prohibited for trading or insured activities, which is specifically evidenced in the Certificate of Insurance, unless Insurers have specifically agreed in advance to cover such operations.
G. Insured

(i) the named insured stated in the Certificate of Insurance.
(ii) any person or company covered by this Policy of Insurance as stated in the Certificate of Insurance
(iii) the named insured’s subsidiary or associated or affiliated companies or corporations

H. Associated company

A company in which the named insured owns a significant portion of voting shares but not outright control, usually between 20-50%

I. Subsidiary company

A company in which the named insured has outright control and either owns completely or owns more than 50% of the voting shares.

J. Affiliated company

A company in which the named insured owns less than 50% of voting shares or both are subsidiary companies of a third company.

K. Insured Interest

As agreed and identified on the Certificate of Insurance, consisting principally of items relating to Sub-Sea Activities, whether owned, leased to or hired to the Insured, or used by or on behalf of the Insured and used to provide the Sub-Sea activities, including spares, parts, tools, maintenance/support equipment or materials in respect of such insured equipment.

This definition does not include a building, automobile (which is required to be licensed or when in use on public roads), transporting vessel, or aircraft.

For the purposes of this Definition maintenance/support equipment is defined as equipment that supports the Sub-Sea Activities, forming part of the items identified in the Certificate of Insurance.

L. Insured Value

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

M. Knock for Knock (Mutual Indemnity)

A contractual provision by which each party to the contract:

(i) shall be responsible for loss of or damage to its own property, or death of or injury to any of its own personnel, or property or personnel of its contractors or of its and their sub-contractors of any tier, and that
(ii) such responsibility shall be without recourse to the other party and arise notwithstanding any fault or neglect of any party, and that

(iii) each party shall, in respect of those losses, damages or other liabilities for which it has assumed responsibility, correspondingly indemnify the other against any liability that the other party shall incur in relation thereto.

N. Latent Defect

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

O. Occurrence

Occurrence shall be defined as an event which can be isolated in time, in place and in a manner of its happening as being the 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 of Insurance, but:

(i) all Windstorms, other than Named Windstorms in the US Gulf or the Gulf of Mexico (if insured by this Policy of Insurance), arising out of the same atmospheric disturbance within any period of 72 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 of Insurance) shall constitute one event provided that if more than one earthquake shock or volcanic eruption shall occur within any period of 72 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 of Insurance) shall be deemed to be a separate event irrespective of the duration of such Named Windstorm.

P. 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.

Q. Policy of Insurance

The document forming the written evidence of the entire cover as provided by Insurers 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.

R. Proof of Loss

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

The attachment to the Certificate of Insurance detailing the items insured and/or other data applicable to this Policy of Insurance.

T. Sub-Sea Activities

Operation by the Insured of submarines, remotely operated vehicles (ROVs), untethered underwater vehicles, autonomous underwater vehicles (AUVs), diving bells, hyperbaric chambers, habitats etc., trenchers, ploughs, fixed equipment on the vessel/unit not covered by an applicable hull insurance policy being cranes, A-frames and related items.

U. 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 Insurers as being the territories, regions or areas within which operations may take place.

V. Trained, Competent, Authorised and Qualified Personnel

Persons who are suitably trained, competent, authorised and qualified to perform a function relating to Subsea Activities.

W. 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)

X. Wilful Misconduct

An intentional act committed by the Insured, or deliberate omission by the Insured, with knowledge that the commission or omission 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.

2. GENERAL CONDITIONS

A. Agent for all Insureds

The named Insured stated in the Certificate of Insurance shall be deemed the agent for all Insureds and Co-Insureds under this Policy of Insurance with respect to all matters pertaining to cancellation, changes, payment of premiums, returns of premiums and claims. Notice of and action taken or negotiated by the named Insured with respect to any such matter shall be binding on all Insureds and Co-Insureds.
B. Disclosure and alteration of risk

The Insured shall:

(i) make full and accurate disclosure to Insurers of all circumstances which the Insured knows or ought to be aware of that would influence Insurers in deciding whether and on what terms to provide cover, and

(ii) make full, accurate and prompt disclosure to Insurers of every change of circumstance that the Insured knows or ought to be aware of that materially alter the risks covered by Insurers.

C. Misrepresentation, non-disclosure and fraud

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

(i) failed to disclose or misrepresented any material fact or circumstance; or

(ii) engaged in fraudulent conduct; or

(iii) made false statements

relating to the Policy of Insurance or any loss or claim under it.

D. Insured’s Obligations

The Insured shall:

(i) exercise due care and diligence in the conduct of all operations covered under this Policy of Insurance, 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 an Occurrence insured under the policy,

(ii) employ Trained, Competent, Authorised and Qualified Personnel, details of whom must be retained on file by the Insured and made available to Insurers on request, failing which this Policy of Insurance may become void.

(iii) in the event of an Occurrence insured under this Policy of Insurance, take all reasonable steps to avert or minimise any losses, liabilities, expenses and costs which may be covered by this Policy of Insurance,

(iv) comply with all requirements (including, with respect to contracts entered into, the inclusion of contractual terms or the exclusion of contractual terms), recommendations or requests for surveys, information or documents, made by Insurers, such compliance being made promptly and within any time parameters stipulated by Insurers.
(v) 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 Interest operates.

(vi) if so required by Insurers, allow Insurers to take over the handling of any claim against the Insured or any recourse claim on behalf of the Insured, and authorise Insurers to appoint lawyers, experts, arbitrators, surveyors, adjusters and other parties on behalf of the Insured.

(vii) notify Insurers of any Occurrence which may result in a claim under this Policy of Insurance, stating the time, place, cause and circumstances of the Occurrence, such notification being made as soon as practicable and must in no event be received by Insurers later than 30 days after the Insured first becomes aware of the Occurrence.

(viii) 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 Insurers.

(ix) file with Insurers, as soon as practicable, a detailed, sworn Proof of Loss, and if requested by Insurers, make available to Insurers or their representatives all records, agreements, contracts or other documents needed to determine or substantiate a claim.

(x) pay all premiums, and other sums to Insurers as they fall due, failing which Insurers shall be entitled to interest at such rates as Insurers 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 Insurers under this Policy of Insurance then Insurers shall, at their discretion, be entitled to refuse to indemnify the Insured and/or Co-Insureds in respect of such claims whilst such premiums remain outstanding.

(xi) pay Insurers on demand the amount of any tax or duty relating to premiums or other sums paid or payable by the Insured and for which Insurers are or may become liable.

E. Survey and Audit

Insurers may, at any reasonable time and for their sole benefit, conduct a survey of the condition, operation or trading of the Insured Interest, or audit of the Insured’s management systems. If the survey or audit demonstrates that the condition, operation or trading of the Insured Interest is such that the risk insured by this Policy of Insurance in respect of the Insured Interest so surveyed or audited is altered, the Insured shall immediately indemnify Insurers against the cost of the survey or audit, and Insurers shall be entitled to suspend cover in respect of the Insured Interest 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 Insurers’ rights under clause 2, C above. The Insured must also comply with all recommendations made by Insurers in accordance with General Condition D (iv) above.
F. 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 Insurers until the sum paid by Insurers has been recovered.

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

G. Subrogation

Where Insurers make any payment under this Policy of Insurance, the Insured’s rights of recovery against any person or entity in respect of such amounts shall be exclusively subrogated to Insurers. At Insurer’s request the Insured will assist, co-operate and lend its name to the exercise of Insurer’s rights of subrogation. The Insured shall do nothing to prejudice such rights; unless otherwise expressly agreed in writing with Insurers. Any such recoveries shall be credited to Insurers up to the amount paid by Insurers before any balance is credited to the Insured.

Expenses incurred in the exercise of rights of recovery shall be apportioned between the interests concerned, including the Insured, in the ratio of their respective recoveries as finally settled.

H. Permissions

Permission is granted by Insurers 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 Occurrence giving rise to a claim for reimbursement or payment under this Policy of Insurance, and

(ii) such waiver is customarily understood and practised in the area or trade where the Insured Interest operates.

I. Waiver

In the absence of any express written confirmation of cover given by Insurers, no act by Insurers (including the provision of security, payment of any sum or handling of any claim) and no omission or delay by Insurers shall be treated as a waiver of Insurers’ rights to decline a claim. If Insurers 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 of Insurance, the Insured shall immediately indemnify Insurers to the extent of such payment or cost.
J. Assignments and Transfers

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

K. Insurers Rights

Insurers 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 Interest.

(ii) be under no obligation to pay interest on any amount due from Insurers, it being understood that Insurers will pay claims promptly on receipt of Sworn Proof of Loss and other requirements as detailed in General Condition D(ix) above.

(iii) together with its officers and employees, not be liable in respect of any act or omission of Insurers, its officers, employees, agents, representatives, lawyers, experts, surveyors, or other parties employed or appointed by Insurers, whether or not caused by negligence or breach of duty.

L. Burden of Proof

The Insured shall have the burden of proving that any claim against Insurers results from a risk covered by this Policy of Insurance.

M. Cancellation

(i) Unless Insurers agree otherwise, this Policy of Insurance shall terminate immediately where:

[a] there is a change of management or ownership of the Insured Interest,

[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 Interest becomes a total loss, or is accepted by Insurers, or deemed by Insurers as being a constructive, compromised or arranged total loss, except in respect of liability arising out of the casualty which gives rise to the total loss,

[d] the Insured Interest is missing for ten days from the date it was last heard of,

[e] the Insured Interest is posted at Lloyd’s as missing,

[f] the Insured Interest is requisitioned by a state or Government Authority.

(ii) This insurance may be cancelled by either party on giving the other 30 days' notice in writing.
Except in respect of paragraphs (i) (c), (d), (e) and (f) above the Insured shall be entitled to a return of premium at Insurers’ discretion.

N. Arbitration

Any dispute arising under or in connection with this Policy of Insurance shall be referred to arbitration in London pursuant to the Arbitration Act 1996. Each party shall appoint one arbitrator, and the two arbitrators shall appoint the third arbitrator who shall be the chairman of the arbitration tribunal. If one party fails to appoint an arbitrator within one month from being requested to do so or if the two arbitrators cannot within one month from the last appointment agree on who should be appointed chairman, the Chairman of Lloyd’s shall be the appointer. 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.

O. Law

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

P. Contracts (Rights of Third Parties) Act 1999

The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this Policy of Insurance 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 of Insurance 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.

Q. Other Insurance Clause

If other valid and collectible insurance with any other insurer is available to the Insured covering a loss also covered by this Policy of Insurance, other than insurance which is specifically stated to be in excess of this Policy, 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.

R. Contractors, Principals, Affiliates and Co-Licensees

In respect of contractors or principals, their affiliates, other contractors and co-licensees and their respective sub-contractors and personnel, such parties are only covered by Insurers in respect of the tort liability of the Named Insured that is covered by this Policy of Insurance and that such parties have contractually taken on under a Knock for Knock clause.
3. GENERAL EXCLUSIONS

This Policy of Insurance shall not cover the Insured for claims in respect of physical loss, physical damage, costs, expenses or liabilities insured hereunder directly or indirectly caused by or arising from:

(i) deliberate breach of contract, fraudulent act or Wilful Misconduct,

(ii) the Insured knowingly sending to sea or operating the Insured Interest unless the equipment is fully operational and certificates are up to date, where required, in accordance with normal good industry practice,

(iii) the terms of an indemnity or contract which has not been accepted or approved by Insurers, except insofar as the Insured would have been liable in any event in the absence of the indemnity or contract,

(iv) 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 of Insurance), loss of use of the vessel or Insured Interest, or in respect of hire due to the Insured,

(v) failure to arrive or late arrival of the Insured Interest in accordance with, or cancellation or termination of, any charter party or other engagement,

(vi) consequential loss, general monetary loss, or loss of time, loss through price, market or currency fluctuations, loss of market or similar losses, loss of production, depreciation, loss of opportunity, loss of profit, or similar loss, except where the Insured is legally liable to a third party for such loss and such liability is covered under this Policy of Insurance,

(vii) irrecoverable debts or insolvency of the Insured or any other party,

(viii) in respect of Claims for punitive or exemplary damages and/or any additional damages resulting from the multiplication of compensatory damages;

(ix) where payment by Insurers or the provision of cover in respect thereof may expose Insurers to the risk of being subject to a sanction, prohibition or any adverse action by a state or international organisation or competent authority,

(x) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, 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 or any attempt thereat,

(xi) strikers, lock out of workmen, or persons taking part in labour disturbances, riots or civil commotions and the consequences thereof or any attempt thereat

(xii) confiscation, nationalisation, expropriation and deprivation and the consequences thereof or any attempt thereat

(xiii) 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 therefrom is accidental or intentional.

(xiv) losses, costs and expenses in relation to the following generic market clauses, which are hereby incorporated into this Policy of Insurance by reference:

(a) Electronic Data Endorsement B – NMA 2915

(b) Institute Cyber Attack Exclusion Clause – CL380

(c) Institute Radio-Active Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause – CL 370

(d) Microorganism Exclusion (Absolute) – LMA 5018.
Particular Insuring Conditions

Section A

Physical Damage
The insurance set out in this Section A shall be read in conjunction with the General Provisions, General Definitions, General Conditions and General Exclusions of this Policy of Insurance. In the event of a conflict between any clause in this Section A and the General Provisions, General Definitions, General Exclusions and General Conditions, the clause in this Section shall prevail.

**COVERAGE**

Insurers will indemnify the Insured for claims in respect of direct physical loss or physical damage to the Insured Interest as stated on the Certificate of Insurance which arises out of an Occurrence taking place during the period of insurance and which is not excluded by this Section A.

In addition, Insurers will indemnify the Insured in respect of the following where arising out of an Occurrence taking place during the period of insurance:

- **(a)** Consequential physical loss or physical damage to the Insured Interest which results from a Defective Part, faulty design, faulty materials, faulty or defective workmanship or Latent Defect, even though the fault or defect may have occurred prior to the attachment date of this Policy of Insurance, but under no circumstances will this Policy of Insurance cover costs of repair or replacement of the faulty or Defective Part itself, whether physically damaged or not.

- **(b)** Salvage and salvage charges incurred in respect of the Insured Interest following direct physical loss or physical damage arising out of an Occurrence and which loss or damage is not excluded by this Section A, adjusted or determined according to the law and practice governing this Policy of Insurance.

- **(c)** 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 physical loss of or physical damage to the Insured Interest which would be recoverable under this Section. However, no acts of Insurers or the Insured or its servants or agents shall be considered as a waiver of abandonment or acceptance of abandonment.

- **(d)** All costs of or incidental to the actual or attempted raising, removal or destruction of the wreckage and/or debris of the Insured Interest, 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, or when such wreckage and/or debris interferes with the Insured’s normal operations.

- **(e)** All costs and expenses reasonably incurred by the Insured to search, rescue and retrieve the insured equipment if lost during the period of this insurance.

- **(f)** 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 physical loss or physical damage to the Insured Interest by any cause not excluded from this Section, and
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 Interest to prevent or mitigate such hazard or threat.

INSURED’S OBLIGATIONS:

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

1. The Insured Interest is only to be operated and under the supervision at all times of Trained, Competent, Authorised and Qualified Personnel.

2. The Insured Interest is not to be operated in conditions that exceed the manufacturer’s recommended working tolerance/guidelines.

3. The Insured Interest is not to be operated in poor water conditions (visibility less than 3 metres) unless an accurate real-time position monitoring and/or sonar system is used to determine the locations of all Insured Interests in use.

4. Sub-sea equipment is not to be launched and/or operated and/or recovered in adverse weather conditions and/or sea states which exceed the manufacturer’s specified operating parameters and/or recommended safe working tolerances/guidelines.

5. All sub-sea equipment which is negatively or neutrally buoyant is to be fitted with acoustic beacon systems and each support vessel and/or facility used to launch/recover the subsea equipment is to be fitted with a compatible acoustic sensing system.

6. All sub-sea equipment which is positively buoyant is to be fitted with a top mounted flashing light (without a daylight cut-off sensor).

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

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

CONDITIONS:

1. Limit

Insurer’s liability under this Section A shall be as stated in the following paragraphs headed “Indemnity”, but not exceeding 100% of the declared values/limits stated
in the Certificate of Insurance and attached Schedule, plus any additional limits by virtue of clause 4 under “Measure of Indemnity” clauses below, as may be applicable.

2. Deductible

Claims under this Section A of this Policy of Insurance shall be subject to a deductible as stated in the Certificate of Insurance, applicable to the total of all claims arising from an Occurrence. However, no deductible shall apply in respect of claims for a Total Loss or Constructive Total Loss of the Insured Interest.

3. Attachment and Termination

Coverage of an Insured Interest within Section A of this Policy of Insurance attaches from the time of completion of loading onto the operating unit/vessel and continues during set-up, calibration, testing temporary storage and operational risk. Coverage terminates at commencement of unloading from the operating unit/vessel or when interest ceases.

4. Additions and Acquisitions

This Section A of the Policy of Insurance is extended to cover any additional equipment acquired by the Insured during the period of insurance up to a value of 10% of the original total sum insured as stated in the Schedule attaching to the Certificate of Insurance at the commencement of the insured period as stated in the Certificate of Insurance. Risk will attach upon the date of acquisition by the Insured, subject to the provisions of the Attachment and Termination clause above, and subject to notice to Insurers as soon as practical, and in any event within 30 days of the date of such acquisition. A pro rated premium will be paid to Insurers 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 Insurers that they have an insurable interest in the individual additional equipment and that it would, in their normal course of business, be declared hereon.

5. Breach of Condition

In the event of a breach by the Insured of an obligation or condition hereunder, the Insurers 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.

MEASURE OF INDEMNITY:

In the event of a claim under this Section A., Insurers 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 not exceeding the value/limit stated in the Certificate of Insurance or Schedule attaching hereto,
(b) in respect of the Insured Interest being on hire or lease to the Insured, the reasonable cost of repairs not exceeding the amount payable for such repairs in accordance with the hire or lease agreement.

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

(a) the agreed value/limit of the Insured Interest as stated in the Certificate of Insurance so lost at the time of loss,

(b) in respect of the Insured Interest being on hire or lease to the Insured, the amount payable for such total loss in accordance with the hire or lease agreement.

In respect of a CTL the Insured shall not be prevented from recovering a CTL under this Section A 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 Interest to Insurers. In accordance with the foregoing, Insurers waive notice of abandonment, but notwithstanding anything to the contrary contained in this Section A, Insurers 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.

4. i) In respect of sums properly payable by Insurers under Coverage paragraph (b) of the Coverage section [Salvage and Salvage charges] Insurers liability will be limited to 25% of the applicable value of the Insured Interest, in respect of which such sum or sums were expended.

ii) In respect of sums properly payable by Insurers under Coverage paragraph (c) of the Coverage section [Sue and Labour charges] Insurers liability will be limited to 25% of the applicable value of the Insured Interest, in respect of which such sum or sums were expended.

iii) In respect of sums properly payable by Insurers under Coverage paragraph (d) of the Coverage section [Removal of Wreckage] Insurers liability will be limited to 25% of the applicable value of the Insured Interest, in respect of which such sum or sums were expended.

iv) In respect of sums properly payable by Insurers under Coverage paragraph (e) of the Coverage section [Search, rescue and retrieval costs] Insurers liability will be limited to 25% of the applicable value of the Insured Interest, in respect of which such sum or sums were expended.
The total combined sum payable by Insurers under 4. i), ii), iii) and iv) of the applicable value of the Insured Interest will in no case exceed 50% of the value/limit stated in the Certificate of Insurance or schedule attaching hereto in respect of each Occurrence.

5. The Measure of Indemnity as in paragraphs 1. to 4. above shall also be subject to the following:

[a] At their absolute discretion, Insurers may elect to replace any item of lost or damaged Insured Interest, or any part thereof.

[b] In the event of physical loss or physical damage to part or parts of the Insured Interest that necessitates replacement, Insurers shall be liable to indemnify the Insured for the reasonable cost of repair to return the Insured Interest to its original operational state. The cost of disassembly and reassembly plus reasonable freight and/or carriage charges will also be reimbursed subject to the liability not exceeding the agreed value/limit of the Insured Interest as stated in the Certificate of Insurance or Schedule attaching hereto.

[c] Insurers 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 an insured repair is carried out.

[d] All temporary repairs must be approved by Insurers or their appointed surveyor or engineer, failing which Insurers will not be liable for the cost of such temporary repair or any further loss, damage, liability or expense arising out of or attributable to bad workmanship, faulty execution or failure of such temporary repair.

[e] In no event shall Insurers have any liability under this Section A. for betterment or any increased cost of repair or reconstruction by reason of law, ordinance, regulation, permit or license regulating construction or repair.

EXCLUSIONS:

Unless previously and expressly agreed by Insurers, in no case shall this Section cover loss, damage, cost or expense in relation to the Insured Interest:

1. which first commenced prior to the inception date as shown in the Certificate of Insurance;

2. caused by inherent vice, wear, tear, gradual deterioration, contamination, rust, oxidisation, discolouration, mould, and subsidence;

3. in respect of the cost of modifying, repairing or replacing any Defective Part, faulty design, faulty materials, faulty or defective workmanship or Latent Defect;

4. when using explosives;

5. within confined structures or wreckage;

6. within wave surge zones or in the proximity of heaving moorings;

7. caused by ice damage;
8. whilst operating under ice;
9. within nuclear facilities;
10. caused by electrical and/or electronic and/or mechanical derangement of the equipment unless caused by a peril insured;
11. occurring outside the territorial limits as stated in the Certificate of Insurance
12. when the Insured Interest has been hired or leased by the Insured to a third party;
13. caused by 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;
14. to blueprints, plans, specifications or records, personal effects of employees or others;
15. to cash and valuables,
16. in respect of liabilities to third parties.

DEFINITIONS (SPECIFIC TO PROPERTY DAMAGE):

Constructive Total Loss

A “Constructive Total Loss” (CTL) shall arise when the costs of recovery and repair or replacement of the Insured Interest exceed the insured value, as stated in the Certificate of Insurance.

Marine Warranty Surveyor (MWS)

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

- London Offshore Consultants
- Global Maritime
- Matthews Daniel
- Braemar Falconer

Specialist Ordinance Expert

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

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

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.
Particular Insuring Conditions

Section B

Transit and/or Storage and/or Exhibitions
The insurance set out in this Section B shall be read in conjunction with the General Provisions, General Definitions, General Conditions and General Exclusions of this Policy of Insurance. In the event of a conflict between any clause in this Section B and the General Provisions, General Definitions, General Exclusions and General Conditions, the clause in this Section shall prevail.

**COVERAGE**

Insurers will indemnify the Insured in respect of all risks of direct physical loss or physical damage to the Insured Interest as stated on the Certificate of Insurance which occurs during the period covered by this Policy of Insurance and which results from any cause which is not excluded from this Section.

In respect of Exhibitions risks coverage includes transits to and from exhibition site(s) and continues during unpacking, assembly, positioning, dismantling, repacking and periods during exhibition for all risks of direct physical loss or physical damage to the Insured Interest as stated on the Certificate of Insurance which occurs during the period covered by this Policy of Insurance and which results from any cause which is not excluded from this Section.

In addition, Insurers will indemnify the Insured in respect of:

(a) General average, salvage and salvage charges incurred in respect of the Insured Interest following an Occurrence which results from a cause not excluded by this Section, adjusted or determined according to the law and practice governing this Policy of Insurance.

(b) 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 physical loss of or physical damage to the Insured Interest which would be recoverable under this Section. However, no acts of Insurers or the Insured or its servants or agents shall be considered as a waiver of abandonment or acceptance of abandonment.

(c) Costs and expenses properly and reasonably incurred by the Insured in connection with:

(i) removal of debris and/or destruction of damaged goods

(ii) the transfer of Insured Interest covered hereunder from one conveyance to another in the event of an accident to the original conveyance which results in loss of or damage to such items which is recoverable hereunder.

(d) 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 physical loss or physical damage to the Insured Interest 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 Interest to prevent or mitigate such hazard or threat.
(e) the Insured’s legal liability in respect of such proportion of liability under a contract of
affreightment “Both to Blame” collision clause as is recoverable hereunder. In the event
of any claim by shipowners under such a clause the Insured agrees to notify Insurers who
shall have the right, at their own cost and expense, to defend the Insured against such claim.

Provided that, in respect of coverage under paragraphs (a) to (e) above the Occurrence takes
place during the period covered by this Policy of Insurance.

INSURED’S OBLIGATIONS:

The Insured will comply with the following requirement and/or obligations, failing which Insurers
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 Interest is to be under the supervision of trained, authorised and qualified personnel
at all times.

2. Insured Interest in storage is to be held in locked, secure and enclosed compounds.

3. All positioning operations of the Insured Interest are to be supervised at all times by trained,
authorised and qualified personnel.

4. Insured Interest, whilst on exhibition during exhibition hours, is to be supervised by trained,
authorised and qualified personnel. Outside exhibition hours, Insured Interest is to be
adequately secured at the exhibition site[s].

5. Hazardous and Dangerous Goods:
It is a condition precedent to Insurer’s liability that any hazardous 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.

CONDITIONS:

1. Limit

Insurer’s liability under this Section B shall be as stated in the following paragraphs headed
“Indemnity”, but not exceeding 100% of the declared values/limits stated in the Certificate
of Insurance and attached Schedule, plus any additional limits by virtue of Clause 4 under
“Measure of Indemnity” clauses below, as may be applicable.

2. Deductible

Claims under this Section B of this Policy of Insurance shall be subject to a deductible, as
stated in the Certificate of Insurance, to be applied to the total of all claims arising from
an Occurrence. However, no deductible shall apply in respect of claims for a Total Loss
including a Constructive Total Loss of the Insured Interest.
3. Attachment and Termination

Cover under this Section B attaches and terminates as per the following:

[a] Transit and/or Storage in the normal course of transit:

Coverage attaches from the time the Insured Interest 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, as may be applicable.

[b] Storage - [Other than during the normal course of transit which is deemed to fall within paragraph [a] above] Coverage attaches from the time the Insured Interest 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 exhibition or the natural expiry of this insurance.

[c] Exhibition - Coverage attaches from the time the Insured Interest 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. Coverage 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 of Insurance will be effective from and terminate on the times and dates prescribed in the Certificate of Insurance and at General Provisions, 1, C.

4. Breach of Condition

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

MEASURE OF INDEMNITY:

In the event of a claim under this Section B., Insurers 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 not exceeding the insured value of the Insured Interest so damaged
   (b) in respect of the Insured Interest being on hire or lease to the Insured, the reasonable cost of repairs not exceeding the amount payable for such repairs in accordance with the hire or lease agreement.
2. In respect of total or constructive total loss (CTL):

(a) the agreed value/limit stated in the Certificate of Insurance of the Insured Interest so lost
(b) in respect of the Insured Interest being on hire or lease to the Insured, the amount payable for such total loss in accordance with the hire or lease agreement.

In respect of a CTL the Insured shall not be prevented from recovering a CTL under this Section B 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 Interest to Insurers. In accordance with the foregoing, Insurers waive notice of abandonment, but notwithstanding anything to the contrary contained in this Section B., Insurers 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 period of insurance covered by the Certificate of Insurance.

4. i) In respect of sums properly payable by Insurers under Coverage paragraph [a] of the Coverage section [Salvage and Salvage charges] Insurers liability will be limited to 2% of the applicable value of the Insured Interest, in respect of which such sum or sums were expended.

ii) In respect of sums properly payable by Insurers under Coverage paragraph [c] of the Coverage section [Removal of Debris] Insurers liability will be limited to 2% of the applicable value of the Insured Interest, in respect of which such sum or sums were expended.

The total combined sum payable by Insurers under 4. i) and ii) of the applicable value of the Insured Interest will in no case exceed 50% of this value/limit stated in the Certificate of Insurance or schedule attached to this Policy of Insurance.

5. The Measure of Indemnity in paragraphs 1. to 4. above shall also be subject to the following:

(a) At their absolute discretion, Insurers may elect to replace any item of lost or damaged Insured Interest, or any part thereof.

(b) In the event of physical loss or physical damage to part or parts of the Insured Interest that necessitates replacement, insurers shall be liable to indemnify the Insured for the reasonable cost of repair to return the Insured Interest to its original operational state. The cost of disassembly and reassembly plus reasonable freight and/or carriage charges will also be reimbursed subject to the liability not exceeding the agreed value/limit of the Insured Interest as stated in the Certificate of Insurance or schedule attached to this Policy of Insurance.
(c) Insurers 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 an insured repair is carried out.

(d) All temporary repairs must be approved by Insurers or their appointed surveyor or engineer, failing which Insurers will not be liable for the cost of such temporary repair or any further loss, damage, liability or expense arising out of or attributable to bad workmanship, faulty execution or failure of such temporary repair.

(e) In no event shall Insurers have any liability under this Section B for betterment or any increased cost of repair or reconstruction by reason of law, ordinance, regulation, permit or license regulating construction or repair.

EXCLUSIONS (IN RESPECT OF PARTS 1 AND 2):

Unless previously and expressly agreed by Insurers, in no case shall this Section cover loss, damage, cost or expense in relation to the Insured Interest:

1. which first commenced prior to the inception date as shown in the Certificate of Insurance;
2. caused by inherent vice, wear, tear, gradual deterioration, contamination, rust, oxidisation, discolouration, mould and subsidence.
3. caused by insufficiency of packing or unsuitability of packing or preparation of the Insured Interest (for the purposes of this clause “packing” shall be deemed to include stowage in a container or liftvan, but only when such stowage is carried out prior to attachment of this insurance by the Insured or their servants);
4. arising from unseaworthiness of vessel and/or craft and/or facility; or unfitness of vessel, craft, conveyance, container of liftvan for the safe carriage of the Insured Interest, 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 Interest is loaded thereon;
5. relating to inventory or stocktaking shortage or unexplained losses;
6. arising from electrical and/or electronic and/or mechanical derangement of the equipment unless caused by a peril insured hereunder;
7. occurring outside the territorial limits as stated in the Certificate of Insurance;
8. arising from faulty assembly and/or dismantling during exhibitions;
9. which may be sustained whilst the Insured Interest is under any process and directly resulting therefrom;
10. which relates to damage to specialist equipment required to monitor the condition of the Insured Interest during the duration of the transit and/or storage.
DEFINITIONS:

Constructive total loss

A “Constructive Total Loss” (CTL) shall arise when the costs of recovery and repair or replacement of the Insured Interest exceed the insured value, as stated in the Certificate of Insurance.

Total Loss

A “Total Loss” shall include Actual Total Loss and Constructive Total Loss. An Actual Total Loss shall arise when the Insured Interest is destroyed, or so damaged as to cease to be a thing of the kind insured, or where the Insured is irretrievably deprived thereof.

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.
Particular Insuring Conditions

Section C

Liabilities
The insurance cover set out in this Section C shall be subject to the General Provisions, General Definitions, General Conditions and General Exclusions of this Policy of Insurance.

**COVERAGE**

Insurers will indemnify the Insured in respect of their Sub-Sea Activities and operations insured hereunder for Ultimate Net Loss by reason of the liability imposed upon the Insured by law or assumed under an Indemnification Contract for Damages in respect of a claim or claims for:

- Bodily Injury and/or Personal Injury and/or Property Damage which the Insured neither intended nor expected, nor reasonably should have expected,

provided the Occurrence which gives rise to such liability first commences on an identifiable date during the period covered by this Policy of Insurance and arises out of Sub-Sea Activities when:

(i) underwater equipment is operated directly or indirectly by the Insured, and/or

(ii) diving operations are carried out from the Vessel/Unit,

In addition, following an Occurrence, the Insurers will indemnify the Insured in respect of:

- all costs of or incidental to the actual or attempted raising, removal or destruction of the wreckage and/or debris of the Insured Interest, 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, or when such wreckage and/or debris interferes with the Insured’s normal operations,

- Damages in respect of liabilities imposed upon the Insured at law and incurred as a consequence of the Insured Interest causing an obstruction,

- all sums which the Insured shall by law or under the terms of any oil and/or gas and/or thermal energy lease and/or license, or Indemnification Contract, be liable for the cost of remedial measures and/or as Damages for Bodily Injury, Personal Injury or Property Damage caused directly by seepage, pollution or contamination, including the costs of, or attempt at, removing, nullifying or cleaning up seeping, polluting or contaminating substances, provided that such sums and costs do not arise out of:

(i) the Insured Interest when engaged in drilling and production operations,

(ii) seepage or uncontrolled flow from any well, flowline, riser or umbilical connected to the well or wellhead prior to the hydrocarbons or other fluids entering the Insured Interest,

(iii) the Occurrence did not result from the Insured’s intentional violation of any statute, rule, ordinance or regulation,

provided that, in respect of this paragraph (C) the incident was first discovered by the Insured within 72 hours of commencement of the incident,
(D) Defence Expenses reasonably incurred with the consent of Insurers in relation to any aforementioned liability, cost or sum,

MITIGATION (SUE AND LABOUR)

Insurers will cover extraordinary costs necessarily, reasonably and solely incurred, following an Occurrence, in order to avoid or minimise any liability, loss, expense or cost covered by this Section C other than for:

(i) costs required to make the Insured Interest seaworthy, or
(ii) costs for work which could have been carried out by the crew / operator(s) or by reasonable use of the Insured Interest, or
(iii) loss, costs or expenses relating to the regaining of control of the well which is being drilled or worked over or serviced by the Insured Interest, or
(iv) costs which are not approved in advance by Insurers, where it is practicable for the Insured to obtain such approval.

INDEMNIFICATION

The Insured is only entitled to indemnification by Insurers for liabilities, losses, expenses or costs (which are the subject of the claim by the Insured) that have actually been paid and discharged by the Insured pursuant to a judgment awarded against the Insured, an award of an arbitration tribunal appointed with the consent of Insurers or in accordance with an arbitration agreement entered into before the Occurrence that gave rise to the claim arose, or a settlement approved by Insurers.

INSURED’S OBLIGATIONS

1. The Insured shall refrain from contracting on terms imposing a greater liability on the Insured than:

   (i) that which is customarily understood and practised in the area or trade where the Insured Interest operates,
   (ii) Knock-for-Knock terms, and
   (iii) the permitted limitation of liability under the applicable law.

2. As soon as the Insured becomes aware of an Occurrence which is likely to result in a claim under this Policy of Insurance or receives a claim the Insured shall promptly, and at its own expense, take all reasonable steps to prevent further Bodily Injury, Personal Injury and Property Damage resulting from the same Occurrence or from conditions which may give rise to a similar Occurrence.
CONDITIONS

1. Notifications and Time Limits:

(a) The Insured must give written notification of an Occurrence likely to result in a claim under this Section C within 30 days of such Occurrence.

(b) Insurers will only provide indemnity for claims arising out of an Occurrence notified in accordance with the above paragraph 1(a) where such claims are first received by the Insurers within 7 years of the date such notification is received by Insurers.

2. Limits of Liability and Underlying Retention

Insurers shall only be liable for the amount of Ultimate Net Loss in excess of the underlying retention of the Insured for each Occurrence, as set out in the Certificate of Insurance.

Regardless of the number of claims made against the Insured arising out of any one Occurrence, Insurers’ total liability shall not exceed the Limit of Liability set out in the Certificate of Insurance.

3. Cross Liability

In the event of one Insured incurring liability to any other Insured, this Section C of the Policy of Insurance shall cover the Insured against whom the claim is or may be made in the same manner as if separate policies had been issued to each Insured. However, the inclusion of more than one Insured shall not operate to increase the Limit of Liability stated in condition 2 above.

In no case shall this Section C of this Policy of Insurance provide cover for any physical loss of or physical damage to or defects discovered in the Insured Interest.

4. Defence Costs

Insurers shall not be called upon to assume the handling or control of the defence or settlement of any claim made upon the Insured but Insurers shall have the right, but not the duty, to participate with the Insured in the defence or settlement of any claim which may be indemnifiable in whole or in part by this Policy of Insurance.

Whenever a payment is made by the Insured by way of Damages awarded against the Insured which, regardless of the amount thereof, is only covered in part by this Policy of Insurance, then the percentage of any defence expenses that can be included in the Ultimate Net Loss shall be calculated by dividing that part of such payment which is covered by this Policy of Insurance by the total amount paid by the Insured.

5. Appeals

In the event that the Insured elects not to appeal a judgement or award which may, in whole or in part, involve indemnity under this Policy of Insurance, Insurers may, following discussion with the Insured, elect to make such appeal at their own cost and expense. Insurers shall be liable for the taxable costs and disbursements and any additional interest incidental to such appeal, but in no event shall the liability of Insurers exceed the relevant limits set out in the Certificate of Insurance, plus such cost, expense, disbursements and interest of the appeal.
DEFINITIONS

1. Bodily Injury

“Bodily Injury” shall mean all physical injury to a Third Party human being including death, sickness, disease, or disability and all mental injury, anguish or shock to such human being resulting from such physical injury.

2. Claim

“Claim” shall mean that part of each written demand received by the Insured for Damages covered by this Policy of Insurance, including the service of suit or institution of arbitration proceedings.

3. Damages

“Damages” shall mean compensatory damages, monetary judgements, awards, and/or compromise settlements entered into with Insurers’ consent, but shall not include liquidated damages, punitive damages, exemplary damages, equitable relief, injunctive relief or any additional damages resulting from the multiplication of compensatory damages.

4. Defence Expenses

“Defence Expenses” shall mean investigation, adjustment, appraisal, defence and appeal costs and expenses and pre and post judgement interest, paid or incurred by or on behalf of the Insured.

5. Employer’s Liability

“Employer’s Liability” shall mean any liability of an Insured to its employee arising out of the employment of that employee.

6. Indemnification Contract

“Indemnification contract” shall mean a contract including indemnities given by or to the Insured on a “knock for knock” basis, or a contract conferring upon the Insured tortious liabilities that would in any event be incurred by the Insured in the absence of the contract.

7. Occupational Disease

“Occupational Disease” shall mean any injury, including death, sickness, disease or disability, defined as occupational disease in any workmen’s compensation, unemployment compensation or disability benefits laws, statutes or regulations of any jurisdiction in which a claim is made or the occupational disease arose.

8. Personal Injury

“Personal Injury” shall mean:

(a) false arrest, false imprisonment, wrongful imprisonment, wrongful eviction or wrongful detention of a Third Party human being;
(b) libel, slander, defamation of character or invasion of right of privacy of a Third Party human being, unless arising out of advertising activities:

(c) mental injury, anguish or shock to a Third Party human being which results from (a) and/or (b) above.

9. Advertising Activities

Advertising Activities shall mean the publication or broadcast of material to the public using any means or media including posters, billboards, printed media, telecommunications, radio broadcasts, television broadcasts, electronic means including the internet, electronic mail and social networking websites.

10. Property Damage

“Property Damage” shall mean physical loss of, physical damage to or physical destruction of tangible property belonging to a Third Party, including loss of use of the tangible property so lost, damaged or destroyed.

11. Professional Services

“Professional Services” shall mean the provision of or approval of opinions, advice, audits, reports, surveys, maps, plans, designs or specifications and supervisory, inspection, legal, medical, accounting, actuarial, architectural, insurance, investment and data processing services.

12. Third Party

“Third Party” shall mean any company, entity or human being other than the Insured and Co-Insureds.

13. Ultimate Net Loss

“Ultimate Net Loss” shall mean the amount the Insured is obligated to pay, by judgement or settlement, as Damages resulting from a Claim, including Defence Expenses in respect of such Claim.
EXCLUSIONS

This Policy of Insurance does not cover liability, cost or expense:

1. arising out of any Claim in respect of which the Insured has failed to give notice to Insurers in accordance with Condition (1a) above, or is otherwise time barred under Condition 1 (b) above.

2. for injury, illness, disability or death of divers;

3. for discrimination or humiliation;

4. for damage to property
   [a] owned, leased, rented or occupied by the Insured
   [b] in the care, custody or control of the Insured;

5. for damage to Contract Works or failure to perform services under a contract

6. for loss or damage to the hole, well or reservoir, where that loss or damage arises in connection with the hole or well which is being drilled or worked over or serviced by the Insured Interest;

7. incurred in redrilling or restoring any such hole or well or any substitute hole or well;

8. for controlling or bringing under control any holes or wells, or in extinguishing fire in such holes or wells, or in drilling relief holes or wells, whether or not the relief holes or wells are successful;

9. for loss or damage to property caused by blowout, cratering, seepage or any uncontrolled flow of oil, gas, workover fluids or water from the well or reservoir, provided that the liability arises in connection with the well that is being serviced by the Insured Interest;

10. arising out of the handling, processing, treatment, storage disposal or dumping of any waste materials or substances, or arising out of such waste materials during transportation;

11. for loss of, damage to, or loss of use of property directly or indirectly resulting from subsidence caused by sub-surface operations of the Insured;

12. for loss of or damage to sub-surface oil, gas, water, or other substance or material, or the cost or expense of reducing to physical possession above the surface of the earth any oil, gas, water, or other substance or material, or the cost or expense incurred or rendered necessary to prevent or minimise such loss or damage;

13. arising out of goods or products manufactured, sold, handled or distributed by the Insured or by others trading under the Insured’s name;

14. for costs relating to cleaning up or removal of wreckage or debris lost or deposited on the seabed during operations, except insofar as such costs are recoverable under Coverage clause (B) and (A), (obstruction and wreck/debris removal), provided that in no circumstances shall cover extend to any costs relating to clean-up of drilling equipment being used on the seabed below the rotary table or in a well or hole;
15. in respect of Claims for liquidated damages;

16. in respect of Claims for punitive or exemplary damages and/or any additional damages resulting from the multiplication of compensatory damages;

17. any default judgement or default award;

18. for any act, negligence, error or omission, malpractice or mistake arising out of Professional Services, committed or alleged to have been committed by or on behalf of the Insured in the conduct of any of the Assured’s business activities;

19. arising out of an Insured’s capacity, duty or responsibility as an officer, director or trustee of a corporation by reason of any breach of fiduciary duty or improper conduct or conflict of interest in the performance of an Insured’s duties, responsibilities or accountability as an officer, director or trustee, including, without limitation, liabilities arising out of a shareholder’s derivative action;

20. for Bodily Injury, Personal Injury and Property Damage directly or indirectly caused by or arising out of: asbestos; tobacco; coal dust; polychlorinated biphenyls; silica; benzene; lead; talc; dioxin; pesticides or herbicides; electromagnetic fields; pharmaceutical or medical drugs/products/substances; or any material containing such material or any derivative thereof;

21. for Bodily Injury, Personal Injury or Property Damage in the nature of: hearing loss or damage; human immune virus or acquired immune deficiency syndrome; cumulative trauma disorder; repetitive motion or strain injury; carpal tunnel syndrome;

22. (a) arising out of Occupational Disease;

(b) arising directly or indirectly under any worker’s compensation law, Employers Liability Acts, unemployment compensation or disability benefit laws or any other statutory or common law liability in respect of loss of life, bodily injury to, or illness of any workman or other person employed in any capacity whatsoever by the Insured, his agents or sub-contractors when such loss of life, bodily injury or illness arises out of or in the course of the employment of such workman or other person;

(c) which any Insured may have to its own employee arising out of the actions or omissions of another of its own employees.