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Comparison Chart 50

Codex 06 A user's guide

Dex has made a commitment to ensure clarity and simplicity. Therefore the Codex 2006 Rules are for All Risks of physical loss or damage and any exclusions are clearly set out.

In addition, we have written explanatory notes where appropriate. These are found on the left-hand pages and are not to be used in construing or interpreting the Rules. The Rules themselves are found opposite, on the right-hand pages.

At the end of this document you will find a chart comparing Codex 2006 with some of the other hull and machinery covers used in the international marine markets.

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Rule 1.1 It is necessary to read all of Parts 1 and 2. These sections apply to every policy.

Rule 1.2 Within these explanatory notes, any reference to you means the 'insured' or us means the 'insurers'. We also define various other terms within this section.

Rule 1.2.1 (f) You should ensure that your ships are insured for their market value.

Part 1 General Provisions

Rule 1.1
Application

Parts 1 and 2 of the Rules apply to any Insurance provided by the Insurers.

Rule 1.2
Definitions/Interpretation

1. The following words and expressions shall, unless the context otherwise provides, have the meanings assigned to them below:

a) the "Insured" means the persons named in the Schedule as the Insured and includes the registered owners, the bareboat charterers (if any) and the managers of the Ship.

b) the "Insurers" means Dex Serv Ltd as more particularly defined in the Schedule.

c) the "Ship" means the Ship named in the Schedule and includes:

i) its hull and all the machinery and

ii) equipment, apparatus, passenger facilities, cargo installations, navigation and communication aids, spare parts, bunkers, lubrication oil, stores, provisions, supplies and the like on board the Ship, which are owned or leased by the Insured or for which the Insured is responsible, but excluding containers (unless permanently installed on the Ship), trailers and other unit load devices intended for the carriage of cargo.

Items covered by Rule 1.2.1 (c)(i) and Rule 1.2.1 (c)(ii) are also insured whilst placed temporarily ashore, provided that they are intended to be put back on board the Ship before it departs from the port or place at which the items were placed temporarily ashore.

In the case of two or more Ships being named in the Schedule, each Ship is deemed to be separately insured.

d) the "Period of the Insurance" means

i) unless otherwise agreed, the period commencing at 0000 hours GMT and ending at 2400 hours GMT on the dates set out in the Schedule;

ii) should the Ship at the expiration of the Insurance be at sea and in distress or missing, it shall be held covered until arrival at the next port in good safety, or if it is in port and in distress, until it is made safe, at a pro-rata daily premium, provided notice is given to the Insurers prior to the expiration of the Insurance.

Nothing in Rule 1.2.1 (d) shall in any way modify the provisions of Rule 1.4, Rule 1.7, Rule 1.8 and/or Rule 5.7.

e) the "Insurance" means the insurance provided by the Schedule, Parts 1, 2 and 3 of the Rules and by Part 4 and/or Part 5 and/or Part 6 of the Rules, if so agreed in the Schedule.

f) the "Insured Value" means the value or values of the Ship agreed in the Schedule.

g) the "Advisory Council" means a panel of experienced persons from time to time appointed by The Board of Dex Serv Ltd to act in accordance with Rule 1.11. The Advisory Council may from time to time recommend loss prevention initiatives and other similar matters for the general benefit of the Insurers and the Insured.

h) the "Schedule" means the schedule setting out the terms and limits of the

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Rule 1.2.3 This Rule refers to the Contracts (Rights of Third Parties) Act 1999 and emphasises that this insurance is between the Insured and the Insurers and that it does not, except where expressly provided to the contrary, provide any benefits which are enforceable by third parties.

Rule 1.2.4 This Rule clarifies that each insurer taking part in the insurance is only liable for their share and is not liable for any other insurer's proportion.

Rule 1.3 There are various exclusions listed. We cannot pay for losses caused by the various excluded risks. Some claims which are excluded because of this clause may be referred to the Advisory Council.

If you have an insurance with other insurers which gives the same cover, you should make your claim on that insurance.

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Insurance. In the event of any inconsistency between the provisions of the Schedule and the Rules, the provisions of the Schedule shall prevail.

i) The "Loss Payee" means the party named as loss payee in the Schedule.

2. General

a) Where the context of the Rules requires:

i) words importing the singular shall include the plural;

ii) words importing the masculine or neutral or feminine gender shall include each gender;

iii) words importing persons shall include corporations.

b) Headings and references to headings used in the Rules are for information only and are not to be used in construing the Rules.

3. Contracts (Rights of Third Parties) Act 1999

a) No benefit of the Insurance is intended to be conferred on any party other than the Insured and the Insurers, save as may be expressly provided herein to the contrary.

b) The Insured and the Insurers may, by agreement, rescind or vary the Insurance without the consent of any third party to whom the right of enforcement of any term has been expressly provided for.

4. Where the Insurance is written by the Insurers and one or more co-insurers, the obligations and liabilities of the Insurers and each co-insurer are several and not joint and are limited solely to the extent of their individual subscriptions. The Insurers are not responsible for the subscription of any co-insurer who for any reason does not satisfy all or part of its obligations.

Rule 1.3
General Exclusions

1. Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion

The Insurance excludes all claims for loss, damage, liability, costs and expenses directly or indirectly caused by or contributed to by or arising from any of the following:

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

b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this Rule 1.3.1 (d) does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;

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e) any chemical, biological, bio-chemical or electromagnetic weapon.

2. Cyber Attack Exclusion

a) Subject only to Rule 1.3.2 (b) below, the Insurance excludes all claims for loss, damage, liability, costs and expenses directly or indirectly caused by or contributed to by or arising from the use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

b) Where under the terms of the Schedule, cover is provided under Part 5 of the Rules, Rule 1.3.2 (a) shall not operate to exclude losses (which would otherwise be covered under Part 5) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

3. General Exclusions

Unless and to the extent that the Advisory Council, in its sole discretion, decides otherwise in accordance with Rule 1.11, the Insurance excludes all claims for loss, damage, liability, costs and expenses directly or indirectly caused by or contributed to by or arising from any of the following:

a) wilful misconduct of the Insured;

b) insolvency;

c) actual or threatened pollution, actual or threatened contamination or actual or threatened damage to the environment or any real or personal property or thing whatsoever, whether or not as a consequence of the escape or release or threatened escape or release of pollutant or contaminant substances from the Ship, except as covered by Rule 3.3.1 (a) and Rule 3.6;

d) special compensation payable to a salvor under Article 14 of the International Convention on Salvage, 1989 or under any other provision in any statute, rule, law or contract which is similar in substance including remuneration payable by the Insured under any SCOPIC clause which may be applicable;

e) the outbreak of war (whether war be declared or not) between any of the following countries:

i) United Kingdom;
ii) United States of America;
iii) France;
iv) The Russian Federation;
v) The People's Republic of China;

f) the operation of ordinary judicial process, failure to provide security or to pay any fine or penalty or any financial cause;

g) arrest, restraint, detainment, confiscation or expropriation under quarantine regulations or by reason of infringement of any customs or trading regulations;

h) capture, seizure, arrest, restraint, detainment, confiscation, or expropriation by or under order of the government or any public or local authority of the country in which the Ship is owned or registered;

i) requisition (either for title or use) or pre-emption;

j) claims against the Insured by third parties except as covered by Rule 3.3 and Rule 3.5;

k) delay except in respect of such expenses as would be recoverable in principle in English law and practice under the

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Rule 1.4 Please tell us of any changes in classification, ownership, management, flag, requisition of title or other relevant information. If we have not agreed to these changes in advance, your Insurance will terminate automatically.

The position relating to returns of premium in these circumstances are dealt with under Rule 1.7

Rule 1.5 There are various duties that we require you to undertake:

- Make sure your ship remains in class and complies with all the recommendations within that classification society
- Make sure you comply with any statutory requirements of the Ship's flag state.
- You should ensure that all your ships have valid Documents of Compliance and Safety Management Certificates as appropriate.
- You may allow your ship to be towed when it is customary or when in distress. Similarly, you may assist another ship that might be in distress but should not undertake any other towage or salvage services unless they are customary. If you are required to enter into a contract, with for example pilots, then you should try to avoid any contracts that exempt or limit the pilot's liability. We appreciate that this is not always possible.

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York-Antwerp Rules or loss of income as covered under Part 6 (if applicable).

4. Unless and to the extent that the Advisory Council, in its sole discretion, decides otherwise in accordance with Rule 1.11, the Insurance excludes all claims for loss, damage, liability, costs and expense caused:

a) by ordinary wear and tear;

b) by the failure of any part (howsoever caused) where no other loss or damage has been caused to the Ship. (This exclusion will not apply to the cost of repair to or replacement of a boiler which has burst or a shaft which has broken.)

5. Double Insurance

The Insurers shall not be liable for any sum or sums recoverable under any other insurance on the Ship (or any other interest or liability covered by the Schedule) or which would be recoverable under such insurance but for the existence of the Insurance.

Rule 1.4
Termination

Rule 1.4 shall apply notwithstanding any provision, whether written, typed or printed, in the Insurance inconsistent with it. Unless the Insurers agree in writing to the contrary, the Insurance shall terminate automatically at the time of any:

1. change of the classification society of the Ship from that specified in the Schedule provided that, if the Ship is at sea, such automatic termination shall be deferred until arrival at its next port;

2. change in the ownership or flag of the Ship, transfer of the Ship to new management, charter of the Ship on a bareboat basis, provided that, if the Ship is at sea, such automatic termination shall, if required by the Insured, be deferred until arrival at its final port of discharge (if carrying cargo) or at its port of destination (if in ballast);

3. requisition for title or use of the Ship, provided that, if the Insured has not agreed in writing to such requisition, automatic termination shall take place on the fifteenth day after such requisition whether the Ship be at sea or not.

Rule 1.5
Duties of the Insured

1. It is the duty of the Insured at inception and throughout the Period of the Insurance to:

a) ensure that the Ship remains in class with the classification society specified in the Schedule;

b) comply with all recommendations, restrictions and notification provisions imposed by the classification society specified in the Schedule relating to the maintenance of the Ship in a seaworthy condition by the dates required by the classification society;

c) comply with all statutory requirements of the Ship's flag state relating to the construction, adaptation, condition, fitment, equipment, operation and manning of the Ship;

d) hold a valid Document of Compliance in respect of the Ship and to ensure that the Ship has in force a valid Safety Management Certificate as required by chapter IX of the International

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Rule 1.5.3 Any breach of these duties means any losses incurred may not be recoverable. You may, however, refer the matter to the Advisory Council.

Rule 1.5.5 If you are in a situation that could result in a claim, you must take all steps reasonable to avert or reduce the loss. We will fully reimburse you for these costs.

We have not specifically included a helicopter clause, however claims arising from the use of helicopters for transportation to and from your ship are not excluded.

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Convention for the Safety of Life at Sea (SOLAS) 1974 as amended and any modification thereof;

e) comply with any limitations set out in the Schedule in respect of Part 5 (if applicable) and/or Part 6 (if applicable) as to cargo, trade, locality and operational parameters.

2. It is the duty of the Insured at inception and throughout the Period of the Insurance not to:

a) allow or permit the Ship to be towed, except as is customary (including customary towage in connection with loading and discharging) or to the first safe port or place when it is in need of assistance;

b) undertake towage or salvage services under a contract previously arranged by the Insured or the charterers other than to assist other ships or craft in distress;

c) enter into any contract with pilots or for customary towage which limits or exempts the liability of the pilots, the tugs, the towboats or their owners, except where such contracts are in accordance with established local law or practice.

3. The consequences of a breach of the duties in Rule 1.5.1 and Rule 1.5.2 are:

a) Unless and to the extent that the Advisory Council, in its sole discretion, decides otherwise in accordance with Rule 1.11, the Insured shall not be entitled to any recovery from the Insurers in respect of any loss, damage, liability, cost or expense occurring or arising out of an accident or occurrence during a period when the Insured is in breach of any of the duties set out in Rule 1.5.1. or Rule 1.5.2.

b) However, if the Insured's breach of Rule 1.5.1 (a), (b) or (c) has resulted from loss or damage covered by Part 3 or attributable to the risks set out in Part 5, Rule 1.5.3 (a) shall only apply should the Ship sail from the port where the casualty occurred or, should the casualty occur at sea, from its next port without the prior approval of the classification society or the appropriate statutory authority.

4. It is the duty of the Insured, at inception and throughout the Period of the Insurance to comply with any limitations set out in the Schedule in respect of Part 3 and/or Part 4 (as applicable) and/or Part 5 (as applicable) as to cargo, trade, locality and operational parameters.

5. It is the duty of the Insured to minimise any claim.

a) Upon any accident or occurrence which may give rise to a claim under the Insurance, it shall be the duty of the Insured, its servants and agents to take and to continue to take all such steps as may be reasonable for the purpose of averting or minimising any loss (including loss of income), damage, liability, cost or expense in respect of which the Insured may be insured under the Insurance.

b) The Insurers will contribute to charges and expenses properly and reasonably incurred by the Insured, its servants or agents in fulfilling their obligations under Rule 1.5.5 (a).

c) General average and salvage charges, special compensation, the expenses referred to in Rule 3.6.2 and collision defence or attack costs are not recoverable under Rule 1.5.5.

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Rule 1.6 This provision permits us to inspect all the class records of your ships. Additionally we would like you to make available to us, if we request, any information produced by your P&I insurers which relates to the condition of your fleet.

We will offer to carry out a general inspection of your ships advising you of their condition and to help you with loss prevention.

It is unlikely but we may, in consultation with the Advisory Council, feel that a ship requires a full condition survey. Any serious defects discovered will need to be rectified within agreed time scales. If you do not comply with this, we will not pay for losses during this time. These matters may be referred to the Advisory Council.

Rule 1.7 You are responsible for the payment of the premium and we can deduct claim settlements from outstanding premium amounts. A failure to pay the premium entitles us to cancel giving you 14 days notice.

If the ship is sold or the insurance cancelled in any other way, then a pro-rata return of premium will be paid back to you unless a claim has arisen on that Part of the insurance. If a claim has arisen then no return will be paid if the claim amount(s) exceed the premium for that part of the insurance.

Lay up returns are allowed under Part 3 for ships laid up for more than 5 days, without cargo, not under repair and with only a stand by crew on board. This payment is then made on a daily basis and not tied to fixed periods such as the traditional 30 days. However, no payment will be made unless the total equals or exceeds the equivalent of 5% of the annual premium for that ship.

We will not pay a return on any Part of this insurance under which a total loss claim has arisen.

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d) Measures taken by the Insured or the Insurers with the object of saving, protecting or recovering the Ship shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

e) The amount recoverable under Rule 1.5.5 shall not be subject to any deductible and shall be in addition to any other claim otherwise recoverable under the Insurance, but shall in no circumstances exceed the Insured Value of the Ship under Part 3 or Part 5 (as applicable).

Rule 1.6
Survey Requirements

1. The Insured authorises the Insurers or their appointed representatives to inspect the class records of the Ship held by its current or any previous classification society.

2. Upon receipt of any reasonable request from the Insurers, the Insured will make available any information relating to the condition of the Ship produced by the Insured's current or previous protection & indemnity insurers. This obligation is in addition to the requirements of Rule 2.2.

3. The Insurers may instruct their surveyors to carry out periodic general inspections of the Ship with the aim of ascertaining its general condition and providing loss prevention services for the mutual benefit of both parties. The Insured will not unreasonably withhold permission for these inspections.

4. If the Insurers, after consultation with the Advisory Council, are concerned that the Ship is not in a condition acceptable to them, the Insured will allow the Insurers' surveyor to carry out a full condition survey. Any serious defects revealed by such survey shall be rectified by the Insured within the time limits indicated by the attending surveyor. Any condition survey shall be at the expense of the Insured.

5. Unless and to the extent that the Advisory Council, in its sole discretion, decides otherwise in accordance with Rule 1.11, the Insured shall not be entitled to any recovery from the Insurers in respect of any loss, damage, liability, cost or expense occurring or arising out of an accident or occurrence during a period when the Insured is in breach of any of the duties in Rule 1.6.4.

Rule 1.7
Premiums and Returns

1. The premium payable for the Insurance is as specified in the Schedule and shall be paid by the party named in the Schedule.

2. The Insurers shall be entitled to deduct any outstanding premium from any claims payable under the Insurance.

3. Unless otherwise agreed, no broker or other agent of the Insured shall be responsible to the Insurers for the payment of the premium.

4. If the premium, or any installment of premium, is not paid on or before the date it is due, the Insurers may cancel the Insurance on giving the Insured 14 days' notice of their intention to do so. Upon cancellation, the Insured shall pay the premium (calculated pro-rata daily) due from the date of commencement of the Insurance until the date of cancellation, unless a claim has arisen under the Insurance in which case the Insured remains liable to pay the premium due for the full original Period of the Insurance.

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Rule 1.8 If damage occurs while the ship is on a scrap voyage which has not been agreed with us, we will pay up to the lesser of the ship's scrap value or the ship's insured value. Insurance that you have with us for shipowners' interests and loss of income will end automatically.

While a ship is on a scrap voyage, we will continue to pay your proportion of any collision, salvage and general average claims.

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5. The Insurers shall pay a return of premium in respect of all applicable Parts of the Insurance if the Ship is sold or the Insurance is otherwise cancelled by agreement or terminated in accordance with Rule 1.4.1, Rule 1.4.3, Rule 5.7.2 and Rule 6.9. In such cases a pro-rata daily return of premium is payable. However, if a claim has arisen under the Insurance the Insured remains liable to pay the premium due for the full original Period of the Insurance in respect only of the Part(s) of the Insurance against which a claim is made, to the extent that the claim exceeds the premium for the relevant Part.

6. The Insurers shall pay a return of premium in respect of Part 3 of the Insurance if the Ship is laid up in a safe port or place, not under repair, without crew (except those required for maintenance or security) or cargo on board for more than 5 consecutive days. Such a return in excess of 5 days is calculated pro-rata daily for each day thereafter that the Ship remains so laid up. However, no lay-up returns are payable if the aggregate of all such returns, during the Period of the Insurance or any extension thereof, is less than five percent of the premium for that period in respect of the Ship.

   The Ship shall not be considered to be under repair when work is undertaken in respect of ordinary wear and tear or general maintenance or following recommendations or requirements of its classification society or following a condition survey under Rule 1.6.4. The Ship will be considered to be under repair when work is undertaken to repair loss of or damage to the Ship, whether or not covered by the Insurance involving structural alterations.

7. If a claim for a total loss (including a compromised total loss) has been paid under any Part of this Insurance then no returns of premium under Rule 1.7 shall be due from Insurers.

8. In the event of any amendment to the premium in the Schedule, the calculation of returns provided for in Rule 1.7 shall be adjusted accordingly.

9. If any premium becomes due from the Insured or return of premium becomes due from the Insurers which amounts to less than the figure specified in the Schedule, then such amount will be waived in the interest of simplifying accounts procedures.

Rule 1.8
Break-up

Unless prior written notice has been given to the Insurers and any amended terms required by the Insurers have been agreed, in the event of the Ship sailing to be broken up or sold for breaking up:

1. no claim under Part 3 or Part 5 (if applicable) for loss of or damage to the Ship occurring after such sailing shall exceed the scrap value of the Ship at the time when the loss or damage is sustained or the Insured Value (whichever is the lower);

2. the Insurance under Part 4 and Part 6 (if applicable) shall terminate automatically and the Insurers will pay a pro-rata daily return of premium.

   Nothing in Rule 1.8 shall affect claims under Rules 3.3 or 3.5.

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Rule 1.9 Any assignment of the insurance must be endorsed on to the insurance documentation to ensure that we pay funds to the correct beneficiary.

Rule 1.10 The insurance is subject to English Law and English practice.

Rule 1.11 If you agree that a claim is outside the scope of your cover because an exclusion applies or a duty has been breached, then you may refer the matter to the Advisory Council. Also, if we and you agree to refer a matter to the Advisory Council, this can be undertaken. The decisions of the Advisory Council will be binding on us and you.

Rule 1.12 We are hopeful that most disputes between us will be resolved fairly through discussion. However should we find that we are unable to resolve a matter amicably we have included a series of steps for you to take without recourse to litigation.

Initially you or we may elect to take the matter to mediation (or other form of alternative despite resolution) and if this route fails to find a solution to the dispute then the matter will be referred to arbitration in London.

If a situation arises whereby we have a dispute with you which we are unable to amicably resolve, we will have the right to take action in any competent court.

Should you have any reason to feel that you are not happy with the service provided by Dex, please contact us to discuss. We will aim to address your concerns without delay.

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Rule 1.9
Assignment

The Insurance or any moneys which may be or become payable under the Insurance may be assigned provided a dated notice of such assignment signed by the Insured, and by the assignor in the case of subsequent assignment, is endorsed on the Schedule and the Schedule with such endorsement is produced to the Insurers before payment of any claim or return of premium.

Rule 1.10
Applicable Law

The Insurance shall be governed by and construed in accordance with English law and practice.

Rule 1.11
References to the Advisory Council

1. If the Insurers reject a claim in reliance upon:

a) any one of the exclusions in Rule 1.3.3 or Rule 1.3.4 ; or

b) a breach of Rule 1.5.1, Rule 1.5.2, Rule 1.6.4, Rule 2.3, Rule 3.8 or Rule 5.5

the claim shall be referred to the Advisory Council in accordance with the Advisory Council's reference procedures from time to time in force, provided that the Insured agrees in writing that the claim is excluded or the relevant Rule has been breached or in the event that the Insured and Insurers agree to the claim being so referred.

2. The Insurers and the Insured agree that the decision of the Advisory Council under Rule 1.11.1 shall be final and binding on the Insured and the Insurers.

Rule 1.12
Mediation, Arbitration and Jurisdiction

1. Negotiation

a) In the event of a dispute, the Insured and the Insurers shall seek to resolve the dispute amicably by negotiation.

2. Mediation

a) In the event any dispute cannot be settled amicably by negotiation or by reference to the Advisory Council in accordance with Rule 1.11, such dispute may be referred at the request of the Insured or the Insurers to mediation or other form of alternative dispute resolution and, unless agreed otherwise, such mediation or other form of alternative dispute resolution shall be in accordance with the current Centre for Dispute Resolution (CEDR) Model Mediation Procedure.

b) If any issue arises on the conduct of the mediation (including as to the nomination of the mediator) upon which the Insured and the Insurers cannot agree within 14 days from the date of the request for mediation, CEDR will, at the request of either party and following consultation with both parties, decide that issue.

3. Arbitration

a) Subject always to the Insurers' rights under Rule 1.12.4,in the event that any dispute cannot be settled amicably, by reference to the Advisory Council in accordance with Rule 1.11 or by mediation, the dispute shall be referred to arbitration in London, the tribunal to comprise two arbitrators (one each to be appointed by the Insured and the Insurers respectively) and an umpire to be appointed by the arbitrators.

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b) The submission to arbitration and all the proceedings shall be subject to the provisions of the English Arbitration Act 1996, and any statutory modification thereof.

4. Claims by the Insurers

If the Insurers have a claim against the Insured or the Ship under or in relation to the Insurance which cannot be settled amicably by negotiation, the Insurers have the right to pursue that claim in any court of competent jurisdiction. Without prejudice to the generality of the foregoing, the Insured submits to the jurisdiction of the High Court of Justice of England and Wales in respect of any claim by the Insurers.

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Rule 2.1 Please tell us promptly of all potential claims incidents and any opportunities to survey damage. Our early involvement will enable us to help you with immediate assistance and achieve a speedy claims settlement.

All claims are subject to statutory time limits. If your claim has not been finalised within these limitations, you will need to request a time extension from us.

Rule 2.2 To complete your claim, we will need the customary claims documentation from you or the surveyor.

We also need a classification certificate from the relevant class society stated on the Schedule. This should cover the period from the start of the insurance until the time of loss.

Where compliance with ISM is required for your ships, we need a copy of your DOC and SMC. In most cases, this documentation should be sufficient, though in certain instances we may need to request further information.

We may need to speak to employees or agents of yours should they have information relevant to the claim. This will not be on a confrontational basis but merely designed to access the facts about the casualty.

Rule 2.3 You should not make any admission of liability to any third parties without first agreeing this with us. If you do, your claim may be prejudiced.

Rule 2.4 We will agree the repair facility and repair method with you and your Superintendent.

In the unlikely event that this is delayed because we require additional tenders, you will receive up to 25% of the Insured Value per annum. However, if you choose a more expensive repair method or facility, you may need to bear the additional costs.

Part 2 General Claims Provisions

Rule 2.1
Notification

1. The Insured must promptly notify the Insurers of every accident or occurrence of which the Insured is or reasonably ought to be aware and which may give rise to a claim under the Insurance. The Insured shall keep the Insurers promptly informed of all developments thereafter.

2. The Insured shall promptly notify the Insurers of any opportunity to survey any damage to the Ship which may give rise to a claim under the Insurance.

Rule 2.2
Insurers' Requirements for Information

1. Prior to payment of any claim, the Insured shall, upon request, provide to Insurers all relevant documents or evidence including, but not limited to, classification, flag state, ISM and ISPS documentation.

2. The Insured shall permit the Insurers or their authorised agents to interview any employee, ex-employee or agent of the Insured or any other person whom the Insurers consider may have any direct or indirect knowledge of any matter relevant to any claim.

Rule 2.3
Settlement of Claim and Admission of Liability

Unless and to the extent that the Advisory Council, in its sole discretion decides otherwise in accordance with Rule 1.11, it is a condition precedent to Insurers' liability under the Insurance, that the Insured shall not settle or admit liability for any claim for which they may be insured under the Insurance without the prior written consent of the Insurers, such consent not to be unreasonably withheld.

Rule 2.4
Repair Port and Tendering Provisions

1. The Insured and the Insurer shall, where practicable, agree upon the necessity or otherwise of taking tenders, the choice of repairer, the port to which the Ship shall proceed for repair and dry-docking (if necessary) and the method of repair following a casualty.

2. The Insurers may take tenders or require additional tenders to be taken. The Insurers will agree with the Insured any repair specification prior to its submission to the chosen repairers. Where a tender is accepted and approved by the Insurers, an allowance of 25% per annum of the Insured Value under Part 3 or Part 5 (as applicable) (reduced proportionately for the cost of repair to uninsured damage) shall be paid by the Insurers for the time lost solely due to tenders having been taken.

3. Where the Insured and the Insurer are unable to agree upon the choice of repairer and/or repair port and/or method of repair, even if tenders have been taken, then any additional costs and expenses in excess of those approved by the Insurer shall be borne by the Insured.

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Rule 2.5 There will be no deductible applied to a total loss (which includes actual, constructive and compromised total losses), a general average loss, a salvage loss, a war loss or to the costs of averting or minimising the damage. Also if there is possible damage following a stranding we will not apply a deductible to the costs of inspecting the ship's plating.

Rule 2.7 We can only cover those costs which directly relate to the damage repairs.

Rule 2.8 Crew wages and maintenance (other than those allowed in general average) are only covered while the ship is being moved to the repair yard and undergoing sea trials for the repairs.

Rule 2.9 We cannot cover costs incurred for obtaining documentation. With our prior agreement we will however reimburse any reasonable costs of any experts whose work is necessary in the presentation of the claim.

Rule 2.10 If you decide not to repair certain damages, you may submit your claim on an unrepaired damage basis. This is based on the lower of the estimated repair cost, or the depreciation in market value. You may not submit a claim for unrepaired damage if the ship becomes a total loss whether or not this forms a claim on the Insurance.

Unrepaired damage settlements are usually handled when the Insurance terminates. However, we may be able to agree an earlier settlement date. In which case, if the ship subsequently becomes a total loss, then the amount of the unrepaired damage settlement should be reimbursed to us.

Any settlement under this section is limited to the insured value as stated in the schedule.

2

Rule 2.5
Deductibles

No deductibles will apply to the following:

1. claims under Rule 1.5.5 (Duty of the Insured to minimise any claim);

2. the expense of sighting the bottom of the Ship after it has stranded, if the expense was reasonably incurred specifically for that purpose even if no damage was found;

3. any claim agreed by the Insurers as a total loss (including compromised total loss);

4. claims for general average and salvage under Rule 3.5;

5. any claim under Part 5 of the Insurance.

Rule 2.6
New for Old

Claims are payable under the Insurance without deduction new for old.

Rule 2.7
Treatment of Ship's Plating

Any claim for the cost of scraping, grit-blasting or other surface preparation or painting of the bottom or other plating of the Ship shall be limited to areas of the Ship requiring repairs due to damage covered by the Insurance.

Rule 2.8
Wages and Maintenance

Wages and maintenance of the master, officers and crew are only recoverable under the Insurance when:

1. incurred solely for the necessary removal of the Ship from one port to another for the repair of damage covered by the Insurance and for trial trips for such repairs, and then only for such wages and maintenance as are incurred whilst the Ship is under way;

2. allowable in general average.

Rule 2.9
Costs Incurred in Supplying Information

Unless otherwise agreed, there shall be no claim under the Insurance for any costs incurred by the Insured for time and trouble taken to obtain and supply information or documents or in respect of the commission or charges of any person appointed by or on behalf of the Insured to perform such services.

Rule 2.10
Unrepaired Damage

1. The measure of indemnity in respect of claims for unrepaired damage shall be either:

a) the estimated reasonable cost of repairs as agreed between the Insured and the Insurers; or

b) the reasonable depreciation in the Ship's market value assessed at the expiry of the Insurance (unless otherwise agreed) arising from such unrepaired damage whichever is the lower.

The claim shall be paid at expiry of the Insurance unless otherwise agreed. In no case shall the Insurers be liable for any unrepaired damage claim in the event of a subsequent total loss (whether covered under the Insurance or not) occurring during the Period of the Insurance or any extension thereof.

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Rule 2.11 Dex will agree to settle a constructive total loss on the basis that the cost of recovering and/or repairing the ship exceeds 80% of the insured value.

There is no need to take into account the value of the wreck.

We will pay the insured value in full.

Rule 2.13 Whilst we are under no obligation to provide security, we will work with you and your brokers to seek the prompt release of the ship. If we are able to issue our own letter of undertaking, we will. The costs of providing such security will be recoverable as part of the claim.

Rule 2.14 Although it is your responsibility, we will assist you in preserving rights of recovery against third parties in a potential claim situation and will fight hard to maximise the recovery. When this is agreed we will bear the costs and these will be deducted from any proceeds.

Any recovered money will be divided between you and us in proportion to the insured and uninsured losses. Calculation for the uninsured losses includes only any uninsured physical damages and any loss of hire. We will not take into account any other type of lost income or consequential loss unless specifically identified in the third party recovery.

2

2. Where it is agreed by Insurers that an unrepaired damage claim will be paid before expiry of the Insurance, any sum so paid shall be deducted from any subsequent total loss claim payable during the Period of the Insurance.

3. No claim for unrepaired damage shall exceed the Insured Value at the time of the loss under Part 3 or Part 5 (as applicable).

Rule 2.11
Constructive Total Loss

1. In ascertaining whether the Ship is a constructive total loss, the Insured Value shall be taken as the repaired value and nothing in respect of the damaged or break-up value of the Ship or its wreck shall be taken into account.

2. No claim for constructive total loss based upon the cost of recovery and/or repair of the Ship shall be recoverable under the Insurance, unless such cost would exceed 80% of the Insured Value under Part 3 or Part 5 (as applicable). In making this determination, only the costs relating to a single accident or occurrence shall be taken into account.

Rule 2.12
Freight Waiver

In the event of total loss of the Ship (including a compromised total loss), the Insurers shall not make any claim for freight against the Insured.

Rule 2.13
Bail Clause

1. Where the Insured is required to provide security to a third party in respect of collision, contact damage, salvage, salvage charges or general average, liability for which is insured under the Insurance, the Insurers will give consideration at their absolute discretion, and under no obligation, to assisting the Insured by providing security or counter-security in a form and upon terms to be agreed by the Insurers.

2. Any costs or expenses arising out of the provision by the Insured of security in respect of a claim which is covered under the Insurance shall form part of the claim on the Insurers and shall be payable promptly on presentation of suitable evidence from the Insured.

Rule 2.14
Recoveries from Third Parties

In the event of recoveries from third parties in respect of claims which have been paid (in whole or in part) under the Insurance, such recoveries shall be distributed between the Insured and the Insurers as follows:

1. the reasonable costs and expenses incurred in making the recovery from the third party shall be deducted first and refunded to the paying party;

2. the balance shall be apportioned between the Insured and the Insurers in the same proportion that the uninsured losses bear to the insured losses. For these purposes, the uninsured losses shall include any deductible, any uninsured physical loss or uninsured physical damage to the Ship and any loss of use of the Ship (other than to the extent recovered under Part 6 (if applicable). Uninsured losses will not include any other lost income or consequential loss, unless specifically recovered from the third party.

2

Rule 2.15 All claims will be paid to the loss payee name nominated by you in the schedule. This is subject to any mortgagee requirements. Please inform us in writing if payment must be made to another party.

It is important that you indicate to us at inception who you wish to be nominated as the loss payee as this may prevent delays at the time of payment of a claim whilst we request authorisation as to whom we should pay.

Rule 2.16 If it is unclear whether the loss is a hull and machinery or a war loss, and if war insurers agree, then the hull and machinery insurance will provisionally pay you 50% (or other agreed percentage) of the loss in advance until the exact cause is discussed and agreed. This will ease the financial burden on you whilst the issues are resolved.

Rule 2.17 In the event that this insurance is shared with other Underwriters, Dex will require the claims lead in order to provide the full claims service.

We will therefore seek the agreement of the other underwriters to allow Dex to act on their behalf and to share proportionately in all reasonable costs and expenses incurred in adjusting of the claim.

In certain cases, Dex will charge co-insurers a claims handling fee and provide co-insurers with a full breakdown of work undertaken as required.

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Rule 2.15
Payment of Claims

Unless otherwise agreed in the Schedule and subject to any assignment under Rule 1.9, all claims under the Insurance shall be paid to the Loss Payee and such payment shall be a complete discharge to the Insurers from the Insured for the amount so paid.

Rule 2.16
50/50 Conditional Claims Agreement

1. Subject to the terms, conditions and exceptions of the Rules and to the validity of the Insurance, in the event of physical loss or physical damage to the Ship, the circumstances of which give rise to reasonable doubt as to whether the claim should fall under Part 3 or under a war risks insurance (written by other insurers) and where such doubt cannot be resolved by negotiation between the Insurers and the war risks insurers, the Insurers agree provisionally to fund such claim, provided war risks insurers agree likewise, on a 50%/50% basis and on terms to be agreed between the Insurers and the war risks insurers.

2. Any payment under Rule 2.16.1 by Insurers is strictly without prejudice to liability under the Insurance.

Rule 2.17
Claims Lead and Costs

1. In the event of co-insurance in respect of any of the risks covered under the Insurance, co-insurers agree that the Insurers shall be entitled (but not obliged) to act on their behalf so as to bind them in respect of the following matters:

a) appointment of experts, including but not limited to surveyors, adjusters and lawyers, in relation to matters which may give rise to a claim under the Insurance

b) claims procedures and claims settlements made under Part 2; and

c) the provision of security under Rule 2.13.

2. The co-insurers will, to the extent of their respective several interests, indemnify and hold harmless the Insurers in respect of all liabilities or costs incurred by the Insurers in respect of any of the said matters.

3. Notwithstanding Rule 2.17.1 above, in the event of co-insurance in respect of any of the risks covered under the Insurance, the Insurers shall, in their sole discretion, be entitled to recover from the Insured the co-insurers' proportions of any costs and expenses incurred by the Insurers in respect of the matters described in Rule 2.17.1 above.

4. Insurers may charge the co-insurers a fee for handling claims under the Insurance.

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Rule 3.1 We cover all risks subject to your showing physical loss and damage during the policy period. There are certain terms, conditions and exclusions which may alter this, which are discussed below.

Rule 3.2 We cannot cover losses arising from the risks of war, strikes and malicious damage. This cover is available under Part 5 should you choose to insure with Dex.

Rule 3.3 If you are insured for collision liability, we will reimburse you for your legal liability after a collision with either another ship or a fixed or floating object. We will also cover collision liability that may arise under a contract for port towage or pilotage, if it is a local requirement.

If there is a collision we will work with you and your brokers to seek the prompt release of the ship. We will also pay the legal costs of defending you or steps necessary to limit liability.

We cannot pay for any legal liability relating to the removal of wrecks etc, or any cargo, nor damage arising out of loading operations, nor any loss of life, personal injury or illness. These are usually covered by your P&I Club.

If both vessels involved are to blame for a collision, the claim calculation will be made on a cross liability basis. The claim on each Ship will be calculated as if they had been settled separately. In practice, usually a balance payment will be made once these calculations have been undertaken. If one or both vessels are able to limit their liability the calculation will be done on a single liability basis.

Our cover under this section is limited to the insured value of the ship plus any costs incurred with our agreement.

Part 3 Hull Insurance

Rule 3.1
Terms of Cover

Subject to the terms, conditions and exceptions of the Rules, Part 3 of the Insurance provides cover against all risks of physical loss of or physical damage to the Ship occurring during the Period of the Insurance, provided always that no claim or claims arising out of any one accident or occurrence shall exceed the Insured Value, except as covered under Rule 3.3.

Rule 3.2
War, Strikes and Malicious Damage Exclusion

The cover under Part 3 excludes loss, damage, liability, costs and expenses caused directly or indirectly by or contributed to by or arising from those risks set out in Part 5.

Rule 3.3
Liability for Collision and Contact

1. The Insurers shall indemnify the Insured for any sum actually paid by the Insured to any other person by reason of the Insured becoming legally liable to pay damages for:

a) physical loss or physical damage to any other ship, fixed or floating object or property thereon;

b) delay to or loss of use of any such ship, fixed or floating object or property thereon;

c) general average, salvage or salvage charges (including those referred to in Rule 3.6.2) in respect of any such ship, fixed or floating object or property thereon;

where such payment by the Insured is in consequence of the Ship coming into collision with any other ship or contacting or striking any fixed or floating object.

2. The Insurers shall indemnify the Insured in respect of liability for damage arising out of collision where such liability is assumed under contracts for port towage or port pilotage services, where such contracts are entered into in accordance with established local law or practice.

3. Where their prior written agreement has been obtained, the Insurers will also pay the legal costs incurred by the Insured or which the Insured may be compelled to pay in contesting liability or taking proceedings to limit liability.

4. In no case shall the Insurers be liable for any of the following:

a) removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever;

b) the cargo or other property on, or the engagements of, the Ship;

c) the cargo or other property on any other ship, fixed or floating object which is lost or damaged during loading or discharge;

d) loss of life, personal injury or illness.

5. The indemnity provided by Rule 3.3 shall be in addition to the indemnity provided by Rule 3.1, and shall be subject to the following provisions:

a) where the Ship is in collision with another ship and both ships are to blame then, unless the liability of one or both ships becomes limited by law, the indemnity under Rule 3.3.1 shall be

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Rule 3.4 If a collision or salvage operation involves two of your ships, then we will act as if both ships had separate management or ownership. The apportionment of liability or fixing of salvage remuneration will be undertaken by a sole arbitrator.

Rule 3.5 The ship's proportion of salvage, salvage charges and general average are included in the cover. We will accept that the ship's insured value is sufficient for its full contributory value. So even if the insured value is less than the contributory value, we will cover the ship's proportion of any salvage, salvage charges or general average in full.

You should however, review your insured values regularly.

If there is a general average sacrifice, you may recover the whole amount of this without first enforcing your rights of recovery against other contributing parties.

You may include an absorption limit for general average losses. This allows you to choose between declaring general average and claiming from other contributory interests, or claiming the full general average (GA) amount from the hull and machinery Insurance. Also, if the costs of obtaining general average security from cargo interests is likely to exceed the contributions, then you may claim the general average amount.

The decision whether to declare GA or not remains with you and even where this exceeds the stated absorption limit, it is up to you whether or not you claim the limit and bear the balance.

There is no deductible for GA losses.

Please note that we cannot pay unless the costs were incurred to avoid a loss recoverable under our cover.

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calculated on the principle of cross-liabilities, as if the Insured and the party responsible for the other ship had been compelled to pay to each other such proportion of each other's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Insured in consequence of the collision;

b) in no case shall the Insurers' total liability under Rule 3.3.1 and Rule 3.3.2 in respect of any one accident or occurrence exceed the Insured Value.

Rule 3.4
Sisterships

Should the Ship come into collision with or receive salvage services from another ship belonging wholly or in part to the same Insured or under the same management as the Ship, the Insured shall have the same rights under the Insurance as they would have were the other ship entirely the property of parties not interested in the Ship; but in such cases, the liability for the collision or the amount payable for the services rendered shall be referred to a sole arbitrator to be agreed upon between the Insured and the Insurers.

Rule 3.5
General Average and Salvage

1. Subject to Rule 3.5.2 and Rule 3.5.3 below, the Insurance covers the Ship's proportion of salvage, salvage charges and general average (including as referred to in Rule 3.6.2) and for the purposes of such adjustments the Ship is deemed to be insured for its full contributory value.

   In case of general average sacrifice of the Ship, the Insured may recover in respect of the whole loss without first enforcing their right of contribution from other parties.

2. The adjustment of the salvage, salvage charges and general average referred to in Rule 3.5.1. shall be made according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject.

   However, where the contract of affreightment so provides, the adjustment shall be according to the York-Antwerp Rules.

3. When the Ship sails in ballast, not under charter, the provisions of the York-Antwerp Rules, 1994 (including Rule XI(d) but excluding Rules XX and XXI) shall be applicable. The voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the Ship at the first port or place thereafter, other than a port or place of refuge or a port or place of call for bunkering only. If at any such intermediate port or place there is an abandonment of the adventure originally contemplated, the voyage shall thereupon be deemed to be terminated.

4. There will be no claim under Rule 3.5 in any case where the loss was not incurred to avoid or in connection with the avoidance of a risk insured under the Insurance.

5. If general average is estimated not to exceed the Absorption Limit specified in the Schedule or an average adjuster certifies that involving some or all cargo interests would be uneconomical from the standpoint of the hull interest, the Insured shall have the option of claiming the whole of the general average amount (excluding interest and commission) under the Insurance.

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Rule 3.6.1 If it is necessary for a government authority to take action to minimise or avoid pollution and by so doing your ship is damaged, then we will cover you for such loss.

Rule 3.6.2 We will not apply the general pollution exclusion when a salvage award includes Article 13 compensation covering costs of prevention or minimisation of pollution under Lloyds Open Form nor for general average expenses under Rule XI(d) of the York Antwerp Rules 1994.

Rule 3.7 The deductible stated in the Schedule is either a specified amount or is a percentage of the claim amount. This applies to claims for physical damage, collision and salvage.

Only one deductible applies for each accident or occurrence. Also, if your ship has encountered heavy weather (including floating ice) during a single voyage between two ports, then we will only apply one deductible. If this happens over a time span of two insurance policies, then we will apportion between the two policies.

If there is a transhipment at sea, we will apply only one deductible for all the damages that occur during the whole of that operation – regardless of the number of transhipment vessels involved.

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For the avoidance of doubt, if the Insured exercises its option under Rule 3.5.5, the Insurers' liability under Rule 3.5 shall not exceed:

a) the general average amount (excluding interest and commission); or

b) the Absorption Limit specified in the Schedule,

whichever is the lower.

Rule 3.6
Pollution

1. Where physical loss of or physical damage to the Ship is caused by any governmental authority acting under the powers vested in it to prevent or mitigate a pollution hazard, damage to the environment or the threat of such, resulting directly from damage to the Ship for which the Insurers are liable under the Insurance, then such loss or damage is insured under the Insurance, provided that such act of governmental authority has not resulted from want of due diligence by the Insured to prevent or mitigate such hazard, damage or threat.

2. The exclusion at Rule 1.3.3 (c) shall not extend to any sum which:

a) the Insured shall pay in respect of salvage remuneration insured under Rule 3.3 or Rule 3.5 in which the skill and efforts of the salvors in preventing or minimising damage to the environment as referred to in Article 13 paragraph 1(b) of the International Convention on Salvage, 1989 have been taken into account; and

b) may be allowed in general average under Rule XI(d) of the York-Antwerp Rules 1994.

Rule 3.7
Deductibles

1. Except as provided in Rule 2.5, no claim shall be payable under Part 3 unless the aggregate of all such claims arising out of any one accident or occurrence exceeds either:

a) the amount of the deductible specified in the Schedule; or

b) the percentage specified in the Schedule applied to the recoverable claim, subject to the minimum and maximum amount specified in the Schedule.

2. For the purposes of applying any deductible, the following shall be treated as being due to one accident or occurrence:

a) claims for loss or damage by heavy weather, including floating ice, occurring during a single sea passage between two successive ports;

b) claims for loss or damage occurring during any single cargo transhipment operation at sea from or into another vessel or vessels.

Where the heavy weather, ice damage or cargo transhipment operations referred to in Rule 3.7.2 (a) or Rule 3.7.2 (b) extend over a period not wholly covered by the Insurance, then the amount payable and the deductible, shall be applied to the Insurance in the proportion that the number of days falling within the Insurance bears to the total number of days of the heavy weather or transhipment operations so described.

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Rule 3.8 We ask that you do not purchase additional total loss insurances exceeding 25% of the Insured Value unless agreed. If you do so and still wish to make a claim, then you may refer the matter to the Advisory Council.

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Rule 3.8
Shipowners' Interests Insurances

Unless and to the extent that the Advisory Council, in its sole discretion, decides otherwise in accordance with Rule 1.11, it is a condition precedent to Insurers' liability under Part 3 that the Insured shall not have taken out any other insurance which is intended to pay in excess of 25% of the Insured Value on the occurrence of a total loss (including compromised total loss) of the Ship except as agreed in the Schedule.

4

Rule 4.1 If a total loss of the Ship is paid under the hull and machinery section of this Insurance, we will pay the amount specified.

If we agree with you to pay a compromised total loss which is less than the insured value for hull and machinery, then we will pay in proportion under this section.

Rule 4.2 We will pay, subject to the Insured Amount on the Schedule, any legal liability for collisions which you are unable to collect from your hull and machinery insurance because it exceeds the insured value.

Part 4 Shipowners' Interests Insurance

Rule 4.1
Shipowners' Interests

1. Subject to the terms, conditions and exceptions of the Rules and if so agreed in the Schedule, in the event the Insurers pay a claim under Part 3 for total loss of the Ship, the Insurers shall pay an additional indemnity of 25% of the Insured Value under Part 3 or such other percentage or fixed sum as is specified in the Schedule.

2. In the event the Insurers pay a compromised total loss under Part 3, the amount payable under Rule 4.1 shall be as follows:

a) where the indemnity under Rule 4.1 is expressed as a percentage of the Insured Value under Part 3, the indemnity under Rule 4.1 shall be reduced in the same proportion as the compromised total loss payment bears to the Insured Value under Part 3;

b) where the indemnity under Rule 4.1 is expressed as a fixed sum in the Schedule, that sum shall be reduced in the same proportion as the compromised total loss payment bears to the Insured Value under Part 3.

Rule 4.2
Excess Collision/Contact Liability

Subject to the terms, conditions and exceptions of the Rules and if so agreed in the Schedule, in the event of a collision or contact which is recoverable under Rule 3.3 and in respect of which the Insured's liability exceeds the Insured Value under Part 3, the Insurers shall pay such excess subject to the terms, conditions and exceptions of Rule 3.3 (excluding Rule 3.3.5 (b)), provided always that their liability under Rule 4.2 shall not exceed 25% of the Insured Value under Part 3 or such other percentage or fixed sum as is specified in the Schedule.

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Rule 5.1 We will pay claims for physical loss or damage to the ship arising from these perils. Although we make specific reference to derelict mines etc, we are not intending to exclude non-derelict mines etc. as we consider these to be included in Part 5.

Cover under this section is subject to the trading restrictions listed in the schedule and amended periodically. If you intend to trade your ships within these areas, you should contact us beforehand to arrange an extension to your cover (Refer Rule 1.5.1 (e).

Rule 5.2 If you are deprived of the use of the ship, for an uninterrupted period of 12 months, from one of these events, then, at your option, we will pay you a constructive total loss.

Rule 5.3 If your ship is trapped due to a warlike operation, for an uninterrupted period of 12 months, this will qualify as a constructive total loss again at your option.

Part 5 War, Strikes & Malicious Damage Insurance

Rule 5.1
War, Strikes and Malicious Damage Risks

1. Subject to the terms, conditions and exceptions of the Rules and if so agreed in the Schedule, Part 5 of the Insurance provides cover against physical loss of or physical damage to the Ship caused by:

a) confiscation or expropriation;

b) any terrorist or any person acting maliciously or from a political motive;

c) strikers, locked-out workmen or persons taking part in labour disturbances, riots or civil commotions;

d) derelict mines, torpedoes, bombs or other derelict weapons of war;

e) capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat;

f) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power;

occurring during the Period of the Insurance, provided always that no claim arising out of any one accident or occurrence shall exceed the Insured Value.

2. The insurance under Part 5 is subject always to the limits and trading restrictions attached to and/or in the Schedule.

Rule 5.2
Deprivation

If the Ship has been subject to any one of the perils set out in Rule 5.1.1 (a) or Rule 5.1.1 (e) as a consequence of which the Insured has been deprived of the free use and disposal of the Ship for an uninterrupted period of 12 months, then for the purposes of establishing whether the Ship is a constructive total loss, the Insured shall be deemed to have been deprived of possession of the Ship without any likelihood of recovery.

Rule 5.3
Blocking and Trapping

Insurers agree that the inability of the Ship to sail from any port, canal, waterway or other place to the high seas for an uninterrupted period of 12 months as a result of the closure of the connecting channel to all ships of such size or draft is within the terms “restraint” appearing in Rule 5.1.1 (e) provided that such closure has arisen through the blockage of the waterway by a warlike operation or act of national defence.

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Rule 5.4 We will pay for claims against you relating to your legal liability for collisions or arising from a general average or salvage situation caused by war perils. We also extend the insurance to include certain provisions relating to sisterships and pollution.

Rule 5.5 We ask you to ensure that you comply with any International Statutory regulations.

Rule 5.6 We cannot pay for losses arising from acts of piracy. However these losses will be included under the hull and machinery section of this Insurance.

Rule 5.7 Any insurance cancellation can be made by you or us with seven days' notice. If we give notice to cancel, we agree that prior to that notice expiring, we will discuss reinstatement once we have agreed a new premium rate and conditions.

There will be an automatic termination of this insurance if war breaks out between the countries listed or if the ship is requisitioned.

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Rule 5.4
Incorporation

The insurance under Part 5 also includes risks of physical loss, physical damage, liability, costs or expense recoverable under:

1. Rule 3.3 (Liabilities for Collision and Contact)

2. Rule 3.4 (Sisterships)

3. Rule 3.5 (General Average and Salvage)

4. Rule 3.6.1 (Pollution)

where they are directly attributable to the risks set out in Rule 5.1.1 above.

Rule 5.5
Duties of the Insured

1. It is the duty of the Insured at inception and throughout the Period of the Insurance to ensure that the Ship shall have in force a valid International Ship Security Certificate as required by section 19 of the International Ship and Port Facility Security Code and chapter XI-2 of the International Convention for the Safety of Life at Sea (SOLAS) 1974 and any amendment thereof.

2. Unless and to the extent that the Advisory Council, in its sole discretion, decides otherwise in accordance with Rule 1.11, the Insured shall not be entitled to any recovery from the Insurers in respect of any loss, damage, liability, cost or expense occurring or arising during a period when the Insured is in breach of any of the duties set out in Rule 5.5.1.

Rule 5.6
Exclusions

The insurance under Part 5 excludes any claims for loss, damage, liability, cost or expense:

1. arising from piracy;

2. which is recoverable under Part 3 or which would be recoverable but for Rule 3.7.

Rule 5.7
War Cover Termination Provisions

1. The insurance under Part 5 may be cancelled by the Insured or the Insurers by giving 7 days' notice (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is issued by or to the Insurers).

   The Insurers agree however to reinstate such insurance subject to agreement between the Insurers and Insured prior to the expiry of such notice of cancellation on a new rate of premium and conditions.

2. Whether or not such notice of cancellation has been given, the insurance under this Part 5 shall terminate automatically

a) upon the outbreak of war (whether war be declared or not) between any of the following countries:
   i) United Kingdom
   ii) United States of America
   iii) France
   iv) The Russian Federation
   v) The People's Republic of China

b) in the event of the Ship being requisitioned, either for use or title.

Rule 5A.1 If you have opted to extend Part 5 cover to include war P&I risks, you will need to comply with the trading restrictions listed in the Schedule. You should contact us beforehand to arrange an extension under your cover if you intend to trade your ships within these areas.

Part 5A War, Strikes & Malicious Damage Insurance Protection and Indemnity Extension

Rule 5A.1
War, Strikes and Malicious Damage Risks – Protection and Indemnity Extension

1. If so agreed in the Schedule, and subject always to the limits and trading restrictions in the Schedule, the Insurance is extended to cover liabilities, costs or expenses which would be recoverable under the rules of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited current at inception of the Insurance (irrespective of whether the Ship(s) is in fact entered in this Association) but for the war risks exclusions contained within those rules.

2. All contracts, indemnities and other agreements required under the rules of the said Association are agreed to have been unconditionally approved for the purposes of this extension.

3. In the event of a total loss of the Ship from any cause covered by Part 5 of the Insurance, prior to the natural expiry time or automatic termination of the Insurance, this extension shall continue to cover the liability of the Insured to the crew of the Ship, until the crew shall be either discharged or landed at a port or place to which the owners of charterers are obliged to bring them.

4. This extension is subject to Parts 1, 2 and 5 of the Rules and to any endorsements thereto. In the event of any inconsistency between this extension and the Rules, the Rules shall prevail.

5. It is noted that any amounts recoverable under this extension in respect of any one accident or series of accidents arising out of one occurrence shall:

a) be in addition to any amounts payable under Part 5 and

b) under no circumstances, exceed the individual limit specified as the Insured Value of the Ship in Part 5 of the Schedule

c) not be subject to the application of a deductible or franchise, irrespective of the Rules of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited.

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Rule 6.1.1 If the ship is prevented from earning income from one of the incidents listed, resulting in a recoverable claim under the hull and machinery section (Part 3), then we will pay your claim for loss of income.

If the claim would have been recoverable under the hull and machinery section but for the deductible, we will also pay.

Rule 6.1.2 If specifically agreed in the Schedule, this Rule incorporates the addition of the perils of War etc. to the cover provided by Part 6.

Rule 6.1.3 Whether your ship is chartered or unfixed, we will pay you a fixed and agreed daily amount although we cannot pay if the ship is laid up or on a voyage to lay up when the incident occurs.

However, should the ship be laid up, yet has a binding contract that will earn income for the owner, the matter can be referred to the Advisory Council for their approval that the claim for loss of income be considered.

Rule 6.2 If the ship cannot earn income at all then we will pay for the total time (including part days) lost over the deductible period.

And if the ship is partially prevented from earning income, we will pay the difference between the daily amount and the gross earnings of the ship.

Part 6 Loss of Income Insurance

Rule 6.1
Loss of Income Cover

1. Subject to the terms, conditions and exceptions of the Rules and if so agreed in the Schedule, Part 6 of the Insurance provides an indemnity for loss of income as defined in Rule 6.2, in the event that the Ship has been wholly or partially prevented from earning income as a consequence of an accident or occurrence during the Period of the Insurance:

a) causing physical damage to the Ship in respect of which a claim is recoverable (or would be recoverable but for any applicable deductible) under Part 3 of the Insurance;

b) resulting in slow steaming due solely to damage in respect of which a claim is recoverable (or would be recoverable but for any applicable deductible) under Part 3 of the Insurance;

c) resulting in stranding of the Ship, unless attributable to any of the risks set out in Part 5;

d) resulting in actual or attempted closure, blockage or blockade of any port, place, canal, channel, river, waterway, sea or any other area whatsoever, or any part thereof, or of any means of exit therefrom, from any cause whatsoever, unless attributable to any of the risks set out in Part 5;

e) resulting in measures being taken to salvage damaged cargo or to remove damaged cargo, unless attributable to any of the risks set out in Part 5.

2. If agreed in the Schedule, and subject to the preamble in Rule 6.1.1 and subject to Rule 6.9, an indemnity as defined in Rule 6.2 is provided where the circumstance described in Rule 6.1.1 (a) – Rule 6.1.1 (e) would give rise to a recoverable claim under Part 5, whether Part 5 applies to the Insurance or not.

3. There shall be no cover under Rule 6.1.1 or Rule 6.1.2 (if applicable) if the Ship is laid up or on a voyage to lay up, at the time when the circumstance described in Rule 6.1.1 or Rule 6.1.2 (if applicable) occurs, unless and to the extent that the Advisory Council, in its sole discretion, is satisfied that, although the Ship may have been laid up at the material time, the Insured had previously entered into a binding commitment for future income providing employment of the Ship.

Rule 6.2
Extent of Indemnity

The Insurers' liability under Part 6 shall be calculated as follows:

1. Where the Ship is wholly prevented from earning income in the circumstances described in Rule 6.1.1 or Rule 6.1.2 (if applicable), the indemnity shall be calculated as follows:

a) the total period that the Ship is prevented from earning income must first exceed the deductible period specified in the Schedule;

b) the Insured shall then be entitled to the daily indemnity specified in the Schedule for every day (or pro-rata indemnity for every part day) that the Ship is prevented from earning incoming after the deductible period has been exceeded;

c) however, the indemnity under Rule 6.2.1 (b) shall not exceed the monetary limits defined in Rule 6.3 and specified in the Schedule

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Rule 6.3 There is an annual aggregate expressed both in daily and monetary terms in the Schedule.

Rule 6.4 Please arrange to finalise repairs within two years of notifying us. If you feel that this is impractical then we would be open to discussing an extension of this time limit.

Rule 6.5.1 We cannot pay a claim for loss of income pending or following a total loss (actual, constructive or compromised) of your ship.

Rule 6.5.2 This Rule explains that Dex will not use the “12 months Rule” in Rules 5.2 and 5.3 to delay payment of an otherwise payable Loss of Income claim, and then decline payment on the basis that the Ship has been declared a Constructive Total Loss.

Rule 6.6 If you are doing other repairs, we can only share on a 50/50 basis, the time that is agreed to be common between us for damage repairs and seaworthiness work.

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2. Where the Ship is partially prevented from earning income in the circumstances described in Rule 6.1.1 or Rule 6.1.2 (if applicable), the indemnity shall be calculated as follows:

a) the difference between the daily indemnity specified in the Schedule and the gross earnings attributable to the Ship following the circumstance described in Rule 6.1.1 or Rule 6.1.2 (if applicable) must first exceed the monetary deductible specified in the Schedule;

b) the Insured shall then be entitled to the daily indemnity (or pro-rata indemnity for every part day) specified in the Schedule less the gross earnings attributable to the Ship for every day or part day that the Ship is prevented from earning income after the monetary deductible has been exceeded;

c) however, the indemnity under Rule 6.2.2 (b) above shall not exceed the monetary limits defined in Rule 6.3 and specified in the Schedule.

Rule 6.3
Limit/Annual Limits

1. No claim under Part 6 shall exceed the limit specified in the Schedule for any one claim arising out of any one accident or occurrence.

2. All claims under Part 6 arising during the Period of the Insurance are subject to the annual aggregate limit specified in the Schedule.

Rule 6.4
Completion of Repairs

No claim shall be recoverable under Part 6 in respect of time when the Ship is under repair, unless the repairs have been completed within two years of the date of notification in accordance with Rule 2.1.

Rule 6.5
Exclusions

1. The insurance under Part 6 excludes any claim for any loss of income arising out of or caused by the total loss of the Ship (including a compromised total loss). No claim shall be recoverable under Part 6 pending a determination as to whether the Ship is a total loss (including a compromised total loss).

2. Rule 6.5.1 shall not apply where the Ship is wholly or partially prevented from earning income in the circumstances described in Rule 6.1.2 (if applicable), if the Insured has been deprived of the free use and disposal of the Ship, by reason of those matters set out in Rule 5.1 (a) or Rule 5.1 (e) or Rule 5.3.

Rule 6.6
Simultaneous Repairs

In the event of a recoverable claim under Part 6, Insurers shall pay the amount due without deduction for any period during which the Insured simultaneously carries out its own repair work or maintenance, unless such work or maintenance is immediately necessary for seaworthiness in which case the indemnity shall be reduced to 50% of the amount due for the common period.

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Rule 6.7 If we pay an amount to you under Rule 2.4.2 relating to time lost for tenders being taken, we will deduct this amount from any payment.

Rule 6.8 Once repairs have been finalised, we will continue to pay loss of income until the ship resumes the voyage under a pre-existing contract, or until the ship (if she is on a fixed schedule) can resume trading. If the ship had a pre-arranged contract, then we will continue to pay until the ship arrives at the port of loading. Otherwise we will cease to pay once repairs are finalised.

Rule 6.9 If we provide War Loss of Income cover under Rule 6.1.2 then we may cancel that cover in accordance with Rule 5.7.1 or the cover may be terminated automatically in accordance with Rule 5.7.2.

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Rule 6.7
Tender Provision

Any allowance paid under Rule 2.4.2 (Repair Port and Tendering Provision) shall be deducted from any recovery payable under Part 6 of the Insurance.

Rule 6.8
Loss of Income after Completion of Repairs

After any repairs have been carried out, the cover under Part 6 is only in respect of:

1. the period until the Ship can resume the voyage or activity it was engaged in under the contract of affreightment that was in force at the time of the accident or occurrence giving rise to the claim; or

2. the period until the Ship, if it is a liner vessel or other type of ship that follows a fixed sailing programme or which operates in a limited geographical area, can resume trading; or

3. the period of sailing to the first port of loading under a contract of affreightment that was concluded prior to the accident or occurrence giving rise to the claim.

Rule 6.9
War Cancellation and Termination Provisions

The cover under Rule 6.1.2 (if applicable) may be cancelled and reinstated by the Insurers or may terminate automatically in the manner and circumstances set out in Rule 5.7.1 and Rule 5.7.2 respectively, which are deemed to be incorporated herein.

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An overview of the Codex 2006 Rules as compared with other major terms of cover used in the international marine hull markets.

Cover Issues	Codex 2006	ITC 1983	NHP	AITH	German DTV Clauses
What is the subject matter covered?	Full description of the ship insured including leased equipment. Includes equipment etc. whilst temporary removed ashore.	As per Marine Insurance Act.	Description of objects covered, including whilst temporarily removed ashore, with exclusions.	As described with exclusions. No cover for equipment temporarily removed ashore.	The ship includes interests whilst temporarily removed ashore.
Basic Terms of Cover	All Risks with clear, precise exclusions.	Named Perils with Inchmaree Risks subject to due diligence.	All Marine Perils with exclusions.	Named perils including Inchmaree type perils subject to due diligence.	All Marine Risks with some named perils. But excluding maritime lien and delay. Machinery cover includes latent defect, error or defect in construction and breakage of shaft.
Collision	4/4th RDC plus contact with fixed and floating objects. Excludes pollution but covers clean up of other ship or object collided with.	3/4th RDC only.	4/4th RDC plus contact with fixed and floating objects.	4/4th RDC. No fixed and floating cover. Excludes pollution.	4/4th RDC plus contact with fixed and floating objects so far as caused in connection with the movement of the ship. Not subject to policy deductible.
General Average	GA paid in full – even if contributory value exceeds insured value. Cover not subject to policy deductible. GA Absorption clause included as standard.	GA covered but subject to the policy deductible and a possible reduction for any under insurance. No standard GA Absorption Clause.	GA paid in full – even if contributory value exceeds insured value. Cover not subject to policy deductible. No standard GA Absorption Clause.	GA covered but subject to the policy deductible and a possible reduction for any under insurance. No standard GA Absorption Clause.	GA covered and not subject to policy deductible. No standard Absorption Clause. Possible deduction in case of under-insurance.
Salvage	Salvage covered without application of deductible. LOF Art 13 para 1 and GA under 1994 YA Rule 11 (d) included. Ship's proportion covered for contributory value.	Salvage covered but subject to the policy deductible and a possible reduction for any under insurance.	Salvage covered without application of deductible.	Salvage covered but subject to the policy deductible and a possible reduction for any under insurance.	Salvage covered without application of deductible. Possible deduction in case of under-insurance.
Trading Area Restrictions	None.	Subject to Institute Trading Warranties.	Subject to Norwegian Plan Trading Areas restrictions.	Subject to American Trading Warranties.	Subject to European or World-wide Trading Area limitations.
Constructive Total Loss	CTL payable when the cost of repair/recovery exceeds 80% of the Insured Value.	CTL payable when the cost of repair/recovery exceeds 100% of the Insured Value.	Condemnation payable when the cost of repair/ recovery exceeds 80% of the higher of Insured Value or market value.	CTL payable when the cost of repair/recovery exceeds 100% of the Insured Value.	CTL judged on basis of "unfitness for repair" based on 100% of the hull value.
Classification	Any change of Classification Society not previously agreed to by the Insurers automatic-ally terminates cover. The Insured has a duty to maintain the ship in class and comply with periodic surveys and other class requirements. This is subject to the discretion of the Advisory Council.	No standard class requirement although often added by a stand-alone clause.	Duty to maintain the ship in class and, unless otherwise agreed, the cover terminates with the loss or change of class.	No standard class requirement although often added by a stand alone clause.	No standard class requirement but subject to Alteration of Risk wording and require-ment that the ship not put to sea in an unseaworthy state.

Cover Issues	Codex 2006	ITC 1983	NHP	AITH	German DTV Clauses
Statutory Requirements	Comply with flag state requirements in respect of construction, condition, operation, fitment, manning, etc. This is subject to the discretion of the Advisory Council.	No specific terms.	The insurance can be terminated if materially important safety regulations have been violated.	No specific terms.	No specific terms.
Termination	Change of class, ownership, management, flag, etc.	Loss or suspension of class – change of ownership, flag, management, etc.	The insurers have the right to terminate the cover if the ship has serious defects, rendering it unseaworthy or being damaged to the extent that it is unseaworthy. Change in management of the ship or other material changes in the risk renders the insurers not liable for loss. The insurance terminates upon change of ownership.	Change of ownership, management, flag, etc, change or loss of class.	Change of management, sale of ship, withdrawal of class.
Duties of Insured	Shipowner expected to take action to protect the ship from further loss or damage following a casualty. Recovery for such expenses paid in full regardless of sum insured and without the application of the policy deductible. This is in addition to other covers provided. Insured also required to comply with class recommendations and flag state regulation.	Sue and Labour clause requires the insured to protect the interest insured from further damage or loss. Recovery subject to pro-rata adjustments for under insurance. Cover in addition to other cover provided.	The Insured is expected to take all reasonable action to protect the ship from further loss. The expenses incurred are paid without the application of the deductible. Insured also required to comply with class recommendations and flag state regulation.	Sue and Labour clause requires the insured to protect the interest insured from further damage or loss. Recovery subject to pro-rata adjustments for under insurance as well as the policy deductible. Cover in addition to other cover provided.	Shipowner expected to take action to protect the ship from further loss or damage following a casualty, without application of deductible. Cover in addition to other cover provided.
Advisory Council / Mediation	Disputes on cover to be referred to the Advisory Council being a group of independent persons drawn from the marine transportation industry and ancillary services. Other disputes on claim amounts etc. to be referred to Mediation or Arbitration.	No such provisions.	Dispute resolution wording involving the use of a Norwegian Average Adjuster prior to court proceedings.	No such provisions.	No such provisions.

Cover Issues	Codex 2006	ITC 1983	NHP	AITH	German DTV Clauses
Deductibles	Deductibles can be applied as an agreed flat monetary figure or based on a percentage of the claim amount but subject to minimum and maximum. Heavy weather and ice damage during a single voyage, and cargo operations at sea provisions included. No deductible for costs incurred to avert or minimise a loss nor for GA & Salvage. No deductible for total loss.	Standard deductible clause based on an agreed flat monetary figure. Only heavy weather during single voyage provisions included. No deductible for total loss.	Standard deductible clause based on an agreed flat monetary figure. Heavy weather and ice damage during a single voyage provisions included. No deductible applied for costs incurred to avert or minimise a loss, claims costs or GA. No deductible for total loss.	Standard deductible clause based on an agreed flat monetary figure. Only heavy weather and ice during single voyage provisions included. Deductible applicable for Sue & Labour claims. No deductible for total loss.	Deductible negotiated on basis of an agreed flat monetary figure. No deductible for total loss, GA, sue and labour costs or third party liability.
Survey Requirements	Owners will be asked to allow periodic general inspections of their ships by representatives of the insurers and make available both class records and other information relating to the condition of the ship. If there are serious, yet reasonable, concerns about the condition of the ship, the Advisory Council will be asked to approve a full condition survey of the ship.	No specific survey requirements in the wording.	Insured required to make available all class information concerning the condition of the ship. Furthermore Insurers can require that the ship undergoes a full condition survey.	No specific survey requirements in the wording.	No specific survey requirements in the wording.
Third Party Recoveries	Shared between Insurers and Insureds in proportion to their losses.	No allowance given for the deductible borne by the Insured.	Shared between Insurers and Insureds in proportion to their losses.	Shared between Insurers and Insureds in proportion to their losses.	Not specifically mentioned.
Tender wording	Wording gives the owner the right to choose repair port but with proviso that any excess costs are borne by Insured. Allowance of 25% per annum of hull value given for delays caused by Insurers' requirement for alternative tenders.	Insurers retain the right to veto Insured's choice of repair port. Allowance of 30% per annum of hull value given for delays caused by Insurers insistence on alternative tenders.	Owner has the right to choose the repair port but with proviso that, unless special justification is shown, any excess costs are borne by Insured. Allowance of 20% per annum of hull value given for delays caused by Insurers requirement for alternative tenders.	Insurers retain the right to veto Insured's choice of repairer. Allowance of 30% per annum of hull value given for delays caused by Insurers requirements for alternative tenders.	Insurers retain the right to veto Insured's choice of repairer. Allowance of 30% per annum of hull value given for delays caused by Insurers' insistence on alternative tenders. Non co-operation by Insured subject to 15% settlement penalty.
Bail Clause	Bail Clause included in basic Rules but no obligation to provide security.	No standard Bail Clause.	Wording states that there is no obligation to provide security and stresses that, if security is given, then this does not affect liability.	No standard Bail Clause.	Security to be provided if insured under obligation to provide security.
Notice of Claim	Prompt notice of loss required.	Notice of loss required.	Requirement for documentation but no firm notice of loss requirement with this wording.	Prompt notice of loss required.	Notice of claim to be submitted within 15 months of the termination of the insurance.

Cover Issues	Codex 2006	ITC 1983	NHP	AITH	German DTV Clauses
Lay-up returns	Lay-up returns for ship whilst laid up in safe port without crew, cargo and not under repair (except maintenance). Return allowed for any periods in excess of 5 days but subject to an annual franchise, equal to 5% of the annual premium per ship.	Lay-up returns allowed for both under repair and not under repair but subject to whole periods of 30 consecutive days only.	Lay-up plan approval required by underwriters. Ship must be laid up with no cargo onboard for at least 30 days. Return will be negotiated.	Lay-up returns for each 30 days allowed in approved locations for both under repair and not under repair. No return if used for storage or lightering purposes.	Lay-up returns allowable for ships in safe port subject to a 14 day franchise. Differing returns for vessels under repair, without cargo and those with cargo and under repair.
Insurance on Limited Terms	Automatic allowance to place additional Total Loss and excess collision liabilities cover limited to 25% of hull value or as agreed.	Disbursements warranty with list of named interests and limits. (approx. 25%).	Hull interest for Total Loss and excess liabilities can be covered subject to 25% of hull value limitation. Subject to allowance to place further interest for an existing time charter party.	Additional Insurance condition with list of named interests and limits, (approx. 25%).	Additional insurance totalling 35% of hull value is allowable.
Owner's Interests	Owner's additional PPI / total loss interests and excess collision liabilities can be included by the use of a very simplified wording.	Not included in ITC but available under separate terms of cover.	Hull interest for Total Loss and excess liabilities can be covered subject to 25% of hull value limitation. Subject to allowance to place further interest for an existing time charter party.	Not included in AITH but available under separate terms of cover.	Various total loss forms of cover available.
War, Strikes, etc.	Conventional War & Strikes, including Blocking and Trapping cover, can be added. Cover excludes piracy which is covered under the Hull section.	Not covered under ITC Hulls but can be covered under separate conventional War Risks Clauses. Cover excludes piracy which is covered under the ITC Hull.	Conventional War & Strikes cover, including Blocking and Trapping, can be added. Cover includes piracy.	Not covered under AITH but is covered under separate conventional War Risks Clauses. Cover includes piracy which is excluded from the AITH wording.	Conventional War & Strikes cover can be added. Cover includes piracy.
Loss of Income	Loss of Income caused by the ship being unable to earn due to loss covered under Hull section Part 3 (with provision to extend for war risks as per Part 5), or if the ship be stranded or trapped or during salvage operations to remove damaged cargo. Cover included slow steaming and port blockage. Part days and partial loss of income included. Cover on basis of chartered or unchartered but excludes loss if the ship is laid up or on a voyage to lay up.	Not covered under any ITC clauses.	Loss of Income caused by the ship being unable to earn due to loss covered under Hull section, or if the ship be stranded or trapped or during salvage operations to remove damage cargo.	Not covered under AITH.	Not covered under DTV wording.

Please visit www.topdex.com, for a further comparison between Codex 2006 and the International Hull Clauses 1/11/2002 and 1/11/2003.

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The difference is clear