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Welcome to QBE Insurance and thank you for trusting us with your insurance.

QBE has been committed to New Zealand and its commerce since 1888. We are Australasia's largest international insurance and reinsurance group and have specialist staff operating all over the globe, providing insurance to clients in over 140 countries. Our standing in the insurance marketplace has been achieved through consistent delivery of quality service to both our brokers and policyholders.

This is your Ship Repairers Liability Policy document, which should be read in conjunction with your Policy Schedule. Together, they form your contract of insurance and tell you what you are, and are not, insured for.

We want your experience with QBE Insurance to be the best. To allow us to make your claims experience fast and easy, it is important that you provide us with all the information that could influence our decision about your insurance. You need to tell either QBE or your broker about facts known to you as well as those facts you become aware of, which you could have been reasonably expected to know about. If you are in any doubt as to whether or not a fact may be material to your insurance, you can discuss this with QBE or your broker who will guide you.

By not telling us something that it was your duty to tell us it may mean that your claim may not be accepted or an entitlement under the policy could be reduced.

If you need help understanding any aspect of your insurance cover, please contact your insurance broker.

Ship Repairers Liability Policy

In consideration of payment of the premium QBE Insurance (Australia) Ltd ('Underwriters') do hereby bind themselves to insure in accordance with the terms and conditions contained herein or endorsed hereon for proportions in the of the amount and the premium stated herein.

Clauses

1. Assured

The Assured named in the schedule and any subsidiary companies and any other companies under the control of the Assured over which they exercise active management control.

2. Location

The Location(s) and/or Yard(s) utilised by the Assured and named in the Schedule.

3. Period of cover

The period stated in the schedule and any further period for which the Underwriter has accepted, or agreed to accept, and the Assured has paid, or agreed to pay a premium for renewal of the policy.

4. Premium

The minimum and deposit premium as agreed shall be, subject to adjustment at the agreed rate on expiry of the period of this insurance on gross charges of the Assured, such adjustment to be paid within ninety (90) days.

Gross charges shall be defined as total charges (collected or uncollected) made by the Assured as ship repairers during the period of this insurance. No deduction shall be made from the gross charges in respect of any sub-contracted work.

5. Coverage

Underwriters hereby agree, subject to the limitations, terms and conditions hereinafter mentioned, to indemnify the Assured for all sums which the Assured shall become liable to pay by reason of the legal liability of the Assured as ship repairers for:

- 5.1 Loss of or damage to any vessel or craft which is in the care, custody or control of the Assured for the purpose of being worked upon including shifting and moving within the limits of the port at which the work is being carried out and including trial trips but not exceeding two hundred (200) kilometres from such port
- 5.2 Loss of or damage to any other vessel or craft upon which the Assured is working except vessels or craft at sea other than whilst on trial trips
- 5.3 Loss of or damage to cargo or other things on or discharged from any of the vessels or craft referred to in 1 or 2 above
- 5.4 Loss of or damage to machinery or equipment of any vessel or craft, whilst such machinery or equipment is removed from such vessel or craft and is in the care, custody or control of the Assured for the purpose of being worked upon, including whilst in transit between such vessel or craft and the premises of the Assured or whilst in transit to or from specialist repairers' or manufacturers' premises
- 5.5 Removal of wreck
- 5.6 Loss of or damage to third party property occurring in the course of or arising from the ship repairing operations of the Assured where such liability results from negligence of the Assured, his servants, agents or sub-contractors occurring during the period of this insurance.

6. Limit of liability

The limit of liability under this insurance, in respect of any one accident or series of accidents arising out of one occurrence, shall not exceed the Limit of Liability stated in the schedule, including liability for costs and expenses which are either:

- (a) incurred with the written consent of the Underwriters hereon; or
- (b) awarded against the Assured.

7. Deductibles

This insurance shall only pay in excess of the amount stated in the schedule in respect of the Assured's ultimate net loss resulting from any one accident or series of accidents arising out of one occurrence.

8. Exclusions

Notwithstanding anything contained herein to the contrary, this insurance shall not cover any liability:

- 8.1 Any claim arising directly or indirectly occasioned by or arising from death or bodily injury and/or under Workmen's Compensation or Employers' Liability Acts or any other statutory or Common Law Liability in respect of loss of life, bodily injury to or illness of any workman or other person employed in any capacity whatsoever by the Assured, his agents or sub-contractors when such loss of life, bodily injury or illness arises out of or in the course of the employment of such workman or other person

- 8.2 in respect of property:
- (a) owned by, used by or leased to the Assured
 - (b) in the care, custody or control of the Assured (other than property referred to in Clause 5.1, 5.3 or 5.4 above)
- 8.3 being collision liability, towers liability or liability arising out of the navigation of any vessel or craft owned or operated by the Assured or any affiliated or subsidiary concern or party
- 8.4 in respect of or arising in connection with any vessel or craft accepted by the Assured solely to be stored
- 8.5 in respect of or arising in connection with an oil tank vessel or craft, or any vessel or craft previously engaged in carrying explosives or inflammable liquids or gases or arising in connection with work
- (a) on or near any fuel tank or pipeline of an oil burning vessel or craft
 - (b) on or near any bunker space of any coal burning vessel or craft
- unless the rules, regulations and requirements of the port or governmental authorities at the place where the work is being carried out have been complied with. Should a gas free certificate not be required by the port or governmental authorities then such a certificate must be obtained from a chemist approved by Lloyd's Agent prior to the commencement of work
- 8.6 in respect of or arising in connection with any new vessel or craft being built by the Assured
- 8.7 for payments under penalty clauses, detention, demurrage, loss of time, loss of freight, loss of charter, loss of market or any other consequential loss whatsoever, in respect of property referred to in Clause 5 above
- 8.8 arising from the existence, maintenance, or use of:
- (a) any licensed truck, automobile or other mechanically propelled vehicle
 - (b) any unlicensed truck, automobile or other mechanically propelled vehicle outside the premises or yard of the Assured
- 8.9 in respect of loss or damage specified in Clause 5 above unless discovered and reported in writing to Underwriters within three (3) months of the delivery to Owners or within six (6) months after the work is completed by the Assured, whichever may first occur
- 8.10 in respect of or arising in connection with:
- (a) condemnation or rejection of any part by reason of faulty design
 - (b) any loss or expense arising from such condemnation or rejection
 - (c) the cost or expense of repairing, modifying or replacing any part (or for any loss or expense arising therefrom) by reason of faulty design
- 8.11 arising from any strike, lock-out, labour disturbance, riot, civil commotion or act of any person taking part in any such occurrence, or from any act of any person acting maliciously
- 8.12 directly or indirectly occasioned by, happening through or in consequence of:
- (a) war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom or any hostile act by or against a belligerent power
 - (b) capture, seizure, arrest, restraint, or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat
 - (c) derelict mines, torpedoes, bombs or other derelict weapons of war
 - (d) destruction of or damage to property by or under the order of any government or public or local authority
- 8.13 directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- 8.14 assumed under contract or otherwise in extension of the liability imposed upon the Assured by law in the absence of contract
- 8.15 for punitive and exemplary damages however described
- 8.16 for bodily injury or personal injury or loss of, damage to or loss of use of property directly or indirectly caused by asbestos
- 8.17 for seepage, pollution or contamination unless caused by an event which is identified as occurring at an instantaneous moment in time during the period of this policy, is accidental and neither expected or intended by the insured and became known to the insured within seventy-two (72) hours after its commencing and is reported to underwriters within ninety (90) days thereafter. Nothing in this exclusion shall operate to provide coverage for:
- (a) fines, penalties, punitive damages, exemplary damages, treble damages or any other damages resulting from the multiplication of compensator damages
 - (b) any site or location used in whole or in part for the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances
 - (c) the cost of evaluating and/or monitoring and/or controlling seepage and/or contaminating substances
 - (d) the cost of removing and/or nullifying and/or cleaning up seepage and/or polluting and/or contaminating substances on property at any time owned and/or leased and/or rented by the Insured and/or under the control of the insured
- 8.18 for the costs or expense of rectifying faulty workmanship; however subject to Exclusion 8.7 any resultant loss of or damage to any vessel, craft machinery or equipment arising from such faulty workmanship is not excluded.

Welding condition warranty

In respect of any welding or hot work ('welding work') carried out by or on behalf of the Insured on, to or near any vessel or craft compliance with the following condition shall be a condition precedent to the Insured being granted indemnity under this Policy in respect of any legal liability arising out of such work.

'The Insured shall ensure that all relevant New Zealand Safety Standards, or Precautions, or Port or Statutory or Local Body rules or regulations with respect to welding work are complied with, in particular without limiting the generality of the foregoing:

1. All welding work shall be carried out by a properly qualified and certified welder who is acceptable to the third party for whom the welding work is to be performed.
2. A gas free certificate shall be obtained either from a chemist approved by Lloyd's Agent or from the relevant Port of Statutory or local Body Authority prior to the commencement of any welding work to be undertaken on, to or near any oil tanker or vessel or any vessel or craft engaged or previously engaged in the carriage of explosive or inflammable liquids or gases'.

Contract warranty

Warranted that all work carried out by the Assured will only be undertaken under the terms and conditions of the agreed form of Contract or Terms of Trade.

The agreed form of Contract or Terms of Trade are those approved by Underwriters at the commencement of this insurance or as are subsequently agreed in writing by Underwriters.

Institute radioactive contamination, chemical, biological, bio-chemical and electromagnetic weapons exclusion clause

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

1. In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from:
 - 1.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
 - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
 - 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
 - 1.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause 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
 - 1.5 any chemical, biological, bio-chemical, or electromagnetic weapon.

Terrorism exclusion TE151101

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, any person or group(s) or persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

Absolute asbestos exclusion clause

It is hereby understood and agreed that this contract shall not apply to and does not cover any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from, or in consequence of asbestos.

Health hazard exclusion clause

'Bodily injury' or 'property damage' arising out of, resulting from, caused by or contributed to by a single, continuous, intermittent or repeated exposure to, ingestion of, inhalation of or absorption of any chemical, acid, alkali, radioactive material, smoke, vapour, soot, electromagnetic field radiation, fumes, liquids, solid, gas, thermal, pollutant, noise or other irritant or contaminant alleged or determined to be toxic or harmful to the health of any living thing.

'Electromagnetic Field Radiation' means any discharge, emission, release, broadcast or transmission of any form of electromagnetic energy emanating from any power line, communications tower, generating system, electrical equipment or device or any other manmade source.

General conditions

1. Inspection and audit

The Assured shall keep a complete and accurate record of all gross charges for operations covered hereunder and shall make these records available to Underwriters upon request.

The Underwriter may examine and audit the Assureds records at any time during the policy period and within thirty-six (36) months after final termination of this policy in so far as such relates to this insurance.

2. Notice of claim

In the event of any occurrence which may result in a claim under this insurance the Assured shall give prompt written notice to the Underwriters hereon, shall forward every summons or process (or copies thereof) served upon the Assured and shall keep Underwriters fully advised.

3. Claim control

Underwriters shall at any time be entitled (but not obliged) to control or take over the conduct of the investigation defence and settlement of any claim suit or proceeding against the Assured which is or is likely to be the subject of indemnity under this insurance.

In the event of this insurance being one layer of a series of layers of insurance and more than one layer being likely to be involved in a particular occurrence, the Assured shall endeavour to obtain the agreement of the insurers of each affected layer as to the manner in which such control or taking over shall be effected and the costs, charges and expenses incurred borne.

4. Subrogation

In the event of any claim or loss being paid under this insurance, Underwriters shall be subrogated to all rights and remedies of the Assured. The Assured shall not admit liability nor give any waiver of subrogation without the express permission of Underwriters.

5. Reconstruction or conversion

It is a condition of this insurance that before work commences involving the reconstruction or conversion of any vessel or craft which entails a change in dimension, tonnage or type, the Assured must advise Underwriters and the coverage hereon in respect of such vessel or craft shall depend on the payment by the Assured of such additional premium as may be required by Underwriters.

6. Due diligence

It is the duty of the Assured and his agents at all times to take such measures as may be reasonable for the purpose of averting or minimising a loss.

7. Assignment

It is agreed that no assignment of or interest in this insurance or in any moneys which may be or may become payable hereunder is to be binding on or recognised by Underwriters unless a dated notice of such assignment or interest signed by the Assured, and by the assignor in the case of subsequent assignment, is endorsed on this insurance and the insurance with such endorsement is produced before payment of any claim or return of premium hereunder, but nothing in this condition is to have effect as an agreement by Underwriters to a sale or transfer to a new management.

8. Other insurances

In the event of an occurrence giving rise to a claim which is or but for the existence of this insurance would be covered under any other indemnity or insurance inuring to the benefit of the Assured, the insurance afforded by this policy shall be in excess of the amount which would be recoverable under such other indemnity or insurance had this insurance not been effected, but only to the extent that the excess amount is covered by this insurance.

9. Law & practice

All disputes arising out of or under this Policy shall be subject to New Zealand law and determined by any court of competent jurisdiction within New Zealand.

10. Cancellation

This insurance may be cancelled by the Assured giving written notice when thereafter the cancellation shall be effective. This insurance may be cancelled by the Underwriter by mailing to the Assured at the address shown in the schedule, written notice stating when, not less than seven (7) days thereafter such cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice.

In the event of the Assured giving notice any return premium shall be calculated in accordance with the customary short rate table and procedure. In the event of Underwriters giving notice then the words 'minimum and' in Clause 4 above shall be deemed to be deleted and the return premium calculated pro rata.

11. Detention endorsement

(Applicable only when specifically included in the Policy Schedule)

In consideration of an additional premium as may be agreed, this insurance is extended to cover the legal liability of the Assured for detention of any vessel or craft as a consequence of loss of or damage to such vessel or craft resulting in a claim which is the subject of indemnity under Clause 5.1, 5.2 or 5.4 herein but this extension shall not cover any legal liability for detention assumed under contract or otherwise in extension of the liability imposed upon the Assured by law in the absence of contract.

12. Personal injury endorsement

(Applicable only when specifically included in the Policy Schedule)

In consideration of an additional premium as may be agreed this insurance shall be extended to include legal liability of the Assured for death or personal injury occurring in the course of and arising from the ship repairing operations of the Assured, but in no event shall this endorsement provide cover for any claims arising directly or indirectly under Workmen's Compensation or Employers Liability Acts or any other statutory or Common Law Liability in respect of loss of life, bodily injury to, or illness of any workman or other person employed in any capacity whatsoever by the Assured, his agents or sub-contractors when such loss of life, bodily injury or illness arises out of or in the course of the employment of such workman or other person.

Subject otherwise to all terms, clauses and conditions of this insurance.

13. Other work endorsement

(Applicable only when specifically included in the Policy Schedule)

13.1 Subject to prior notification to the agreement of Underwriters, this insurance shall be extended to cover other repair operations which do not come within the scope of the ship repairing operations of the Assured. The gross charges in respect of such operations shall be declared to Underwriters and adjusted at the agreed rate.

13.2 So far only as concerns such other repair operations:

13.2.1 the expressions 'ship repairers' and 'ship repairing' wherever used in this insurance, other than in Clause 4, shall be deemed to include other repair operations of the Assured

13.2.2 Clause 5.4 of this insurance shall be deemed to be substituted by the following:

loss of or damage to property (other than that referred to in 5.1, 5.2 or 5.3 above) which is in the care, custody or control of the Assured for the purpose of being worked upon including whilst in transit to or from the premises of the Assured or, whilst in transit to or from specialist repairers' or manufacturers' premises.

Subject otherwise to all terms, clauses and conditions of this insurance.

14. Travelling workmen clause

(Applicable only when specifically included in the Policy Schedule)

The cover provided by this insurance shall be extended whenever any persons employed by or on behalf of the Assured are on board the vessel and/or drilling rig at sea or in any port for the purpose of effecting repairs and/or other work entrusted to the Assured notwithstanding that such persons may be signed on as members of the vessel's crew.