

**INSTITUTE VOYAGE CLAUSES - HULLS**  
**TOTAL LOSS, GENERAL AVERAGE AND 3/4THS COLLISION LIABILITY**  
**(Including Salvage, Salvage Charges and Sue and Labour)**

**1. NAVIGATION**

- 1.1 The vessel is covered subject to the provisions of this insurance at all times and has leave to sail or navigate with or without pilots, to go on trial trips and to assist and tow vessels or craft in distress, but it is warranted that the vessel shall not be towed, except as is customary or to the first safe port or place when in need of assistance, or undertake towage or salvage services under a contract previously arranged by the Assured and/or Owners and/ or Managers and/or Charterers. This Clause 1.1 shall not exclude customary towage in connection with loading and discharging.
- 1.2 In the event of the vessel being employed in trading operations which entail cargo loading or discharging at sea from or into another vessel (not being a harbour or inshore craft) no claim shall be recoverable under this insurance for loss of or damage to the vessel or liability to any other vessel arising from such loading or discharging operations, including whilst approaching, lying alongside and leaving, unless previous notice that the vessel is to be employed in such operations has been given to the Underwriters and any amended terms of cover and any additional premium required by them have been agreed.

**2. CHANGE OF VOYAGE**

Held covered in case of deviation or change of voyage or any breach of warranty as to towage or salvage services, provided notice be given to the Underwriters immediately after receipt of advices and any amended terms of cover and any additional premium required by them be agreed.

**3. ASSIGNMENT**

No assignment of or interest in this insurance or in any moneys which may be or become payable thereunder is to be binding on or recognised by the 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 the Policy and the Policy with such endorsement is produced before payment of any claim or return of premium thereunder.

**4. PERILS**

- 4.1 This insurance covers total loss (actual or constructive) of the subject-matter insured caused by
- 4.1.1 perils of the seas rivers lakes or other navigable waters
  - 4.1.2 fire, explosion
  - 4.1.3 violent theft by persons from outside the vessel
  - 4.1.4 jettison
  - 4.1.5 piracy
  - 4.1.6 breakdown of or accident to nuclear installations or reactors
  - 4.1.7 contact with aircraft or similar objects, or objects falling therefrom, land conveyance, dock or harbour equipment or installation
  - 4.1.8 earthquake volcanic eruption or lightning.
- 4.2 This insurance covers total loss (actual or constructive) of the subject-matter insured caused by
- 4.2.1 accidents in loading discharging or shifting cargo or fuel
  - 4.2.2 bursting of boilers breakage of shafts or any latent defect in the machinery or hull
  - 4.2.3 negligence of Master Officers Crew or Pilots
  - 4.2.4 negligence of repairers or charterers provided such repairers or charterers are not an Assured hereunder
  - 4.2.5 barratry of Master Officers or Crew,
- provided such loss or damage has not resulted from want of due diligence by the Assured, Owners or Managers.
- 4.3 Master Officers Crew or Pilots not to be considered Owners within the meaning of this Clause 4 should they hold shares in the vessel.

**5. POLLUTION HAZARD**

This insurance covers total loss (actual or constructive) of the vessel caused by any governmental authority acting under the powers vested in it to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the vessel caused by a peril covered by this insurance, provided such act of governmental authority has not resulted from want of due diligence by the Assured, the Owners, or Managers of the vessel or any of them to prevent or mitigate such hazard or threat. Master, Officers, Crew or Pilots not to be considered Owners within the meaning of this Clause 5 should they hold shares in the vessel.

**6. 3/4THS COLLISION LIABILITY**

- 6.1 The Underwriters agree to indemnify the Assured for three-fourths of any sum or sums paid by the Assured to any other person or persons by reason of the Assured becoming legally liable by way of damages for
- 6.1.1 loss of or damage to any other vessel or property on any other vessel
  - 6.1.2 delay to or loss of use of any such other vessel or property thereon
  - 6.1.3 general average of, salvage of, or salvage under contract of, any such other vessel or property thereon, where such payment by the Assured is in consequence of the vessel hereby insured coming into collision with any other vessel.
- 6.2 The indemnity provided by this Clause 6 shall be in addition to the indemnity provided by the other terms and conditions of this insurance and shall be subject to the following provisions:

- 6.2.1 Where the insured vessel is in collision with another vessel and both vessels are to blame then, unless the liability of one or both vessels becomes limited by law, the indemnity under this Clause 6 shall be calculated on the principle of cross-liabilities as if the respective Owners had been compelled to pay each other such proportion of each other's damages as may have been properly allowed in ascertaining the balance or sum payable by to the Assured in consequence of the collision.
- 6.2.2 In no case shall the Underwriters' total liability under Clauses 6.1 and 6.2 exceed their proportionate part of three-fourths of the insured value of the vessel hereby insured in respect of any one collision.
- 6.3 The Underwriters will also pay three-fourths of the legal costs incurred by the Assured or which the Assured may be compelled to pay in contesting liability or taking proceedings to limit liability, with the prior written consent of the Underwriters.

#### EXCLUSIONS

- 6.4 Provided always that this Clause 6 shall in no case extend to any sum which the Assured shall pay for or in respect of
- 6.4.1 removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever
- 6.4.2 any real or personal property or thing whatsoever except other vessels or property on other vessels
- 6.4.3 the cargo or other property on, or the engagements of the insured vessel
- 6.4.4 loss of life, personal injury or illness
- 6.4.5 pollution or contamination of any real or personal property or thing whatsoever (except other vessels with which the insured vessel is in collision or property on such other vessels).

#### 7. SISTERSHIP

Should the vessel hereby insured come into collision with or receive salvage services from another vessel belonging wholly or in part to the same Owners or under the same management, the Assured shall have the same rights under this insurance as they would have were the other vessel entirely the property of Owners not interested in the vessel hereby insured; 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 Underwriters and the Assured.

#### 8. NOTICE OF CLAIM

In the event of accident whereby loss or damage may result in a claim under this insurance, notice shall be given to the Underwriters prior to survey and also, if the vessel is abroad, to the nearest Lloyd's Agent so that a surveyor may be appointed to represent the Underwriters should they so desire.

#### 9. GENERAL AVERAGE AND SALVAGE

- 9.1 This insurance covers the vessel's proportion of salvage, salvage charges and/or general average, reduced in respect of any under-insurance.
- 9.2 **This insurance does not cover partial loss of and/or damage to the vessel, except for any proportion of general average loss or damage which may be recoverable under Clause 9.1 above.**
- 9.3 Adjustment to be 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; but where the contract of affreightment so provides the adjustment shall be according to the York-Antwerp Rules.
- 9.4 When the vessel sails in ballast, not under charter, the provisions of the York - Antwerp Rules, 1974 (excluding Rules XX and XXI) shall be applicable, and the voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the vessel 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.
- 9.5 No claim under this Clause 9 shall in any case be allowed where the loss was not incurred to avoid or in connection with the avoidance of a peril insured against.

#### 10. DEDUCTIBLE

- 10.1 No claim arising from a peril insured against shall be payable under this insurance unless the aggregate of all such claims arising out of each separate accident or occurrence (including claims under Clauses 6 and 11) exceeds ..... in which case this sum shall be deducted. This Clause 10.1 shall not apply to a claim for total or constructive total loss of the vessel, or in the event of such a claim, to any associated claim under Clause 11 arising from the same accident or occurrence.
- 10.2 Excluding any interest comprised therein, recoveries against any claim which is subject to the above deductible shall be credited to the Underwriters in full to the extent of the sum by which the aggregate of the claim unreduced by any recoveries exceeds the above deductible.
- 10.3 Interest comprised in recoveries shall be apportioned between the Assured and the Underwriters, taking into account the sums paid by the Underwriters and the dates when such payments were made, notwithstanding that by the addition of interest the Underwriters may receive a larger sum than they have paid.

#### 11. DUTY OF ASSURED (SUE AND LABOUR)

- 11.1 In case of any loss or misfortune it is the duty of the Assured and their servants and agents to take such measures as may be reasonable for the purpose of averting or minimising a loss which would be recoverable under this insurance.
- 11.2 Subject to the provisions below and to Clause 10 the Underwriters will contribute to charges properly and reasonably incurred by the Assured their servants or agents for such measures. General average, salvage charges (except as provided for in Clause 11.5) and collision defence or attack costs are not recoverable under this Clause 11.
- 11.3 Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.
- 11.4 When expenses are incurred pursuant to this Clause 11 the liability under this insurance shall not exceed the proportion of such expenses that the amount insured hereunder bears to the value of the vessel as stated herein, or to the sound value of the vessel at the time of the occurrence giving rise to the expenditure if the sound value exceeds that value. Where the Underwriters have admitted a claim for total loss and property insured by this insurance is saved, the foregoing provisions shall not apply unless the expenses of suing and labelling exceed the value of such property saved and then shall apply only to the amount of the expenses which is in excess of such value.

- 11.5 When a claim for total loss of the vessel is admitted under this insurance and expenses have been reasonably incurred in saving or attempting to save the vessel and other property and there are no proceeds, or the expenses exceed the proceeds, then this insurance shall bear its pro rata share of such proportion of the expenses, or of the expenses in excess of the proceeds, as the case may be, as may reasonably be regarded as having been incurred in respect of the vessel; but if the vessel be insured for less than its sound value at the time of the occurrence giving rise to the expenditure, the amount recoverable under this clause shall be reduced in proportion to the under-insurance.
- 11.6 The sum recoverable under this Clause 11 shall be in addition to the loss otherwise recoverable under this insurance but shall in no circumstances exceed the amount insured under this insurance in respect of the vessel.

## 12. NEW FOR OLD

General average payable without deduction new for old.

## 13. AGENCY COMMISSION

In no case shall any sum be allowed under this insurance either by way of remuneration of the Assured for time and trouble taken to obtain and supply information or documents or in respect of the commission or charges of any manager, agent, managing or agency company or the like, appointed by or on behalf of the Assured to perform such services.

## 14. CONSTRUCTIVE TOTAL LOSS

- 14.1 In ascertaining whether the vessel 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 vessel or wreck shall be taken into account.
- 14.2 No claim for constructive total loss based upon the cost of recovery and/or repair of the vessel shall be recoverable hereunder unless such cost would exceed the insured value. In making this determination, only the cost relating to a single accident or sequence of damages arising from the same accident shall be taken into account.

## 15. FREIGHT WAIVER

In the event of total or constructive total loss no claim to be made by the Underwriters for freight whether notice of abandonment has been given or not.

## 16. DISBURSEMENTS WARRANTY

- 16.1 Additional insurances as follows are permitted:
- 16.1.1 Disbursements, Managers' Commissions, Profits or Excess or Increased Value of Hull and Machinery. A sum not exceeding 25% of the value stated herein.
- 16.1.2 Freight, Chartered Freight or Anticipated Freight, insured for time. A sum not exceeding 25% of the value as stated herein less any sum insured, however described, under 16.1.1.
- 16.1.3 Freight or Hire, under contracts for voyage. A sum not exceeding the gross freight or hire for the current cargo passage and next succeeding cargo passage (such insurance to include, if required, a preliminary and an intermediate ballast passage) plus the charges of insurance. In the case of a voyage charter where payment is made on a time basis, the sum permitted for insurance shall be calculated on the estimated duration of the voyage, subject to the limitation of two cargo passages as laid down herein. Any sum insured under 16.1.2 to be taken into account and only the excess thereof may be insured, which excess shall be reduced as the freight or hire is advanced or earned by the gross amount so advanced or earned.
- 16.1.4 Anticipated Freight if the vessel sails in ballast and not under Charter. A sum not exceeding the anticipated gross freight on next cargo passage, such sum to be reasonably estimated on the basis of the current rate of freight at time of insurance plus the charges of insurance. Any sum insured under 16.1.2 to be taken into account and only the excess thereof may be insured.
- 16.1.5 Time Charter Hire or Charter Hire for Series of Voyages. A sum not exceeding 50% of the gross hire which is to be earned under the charter in a period not exceeding 18 months. Any sum insured under 6.1.2 to be taken into account and only the excess thereof may be insured, which excess shall be reduced as the hire is advanced or earned under the charter by 50% of the gross amount so advanced or earned but the sum insured need not be reduced while the total of the sums insured under 16.1.2 and 16.1.5 does not exceed 50% of the gross hire still to be earned under the charter. An insurance under this Section may begin on the signing of the charter.
- 16.1.6 Premiums. A sum not exceeding the actual premiums of all interests insured for a period not exceeding 12 months (excluding premiums insured under the foregoing sections but including, if required, the premium or estimated calls on any Club or War etc. Risk insurance) reducing pro rata monthly.
- 16.1.7 Returns of Premium. A sum not exceeding the actual returns which are allowable under any insurance but which would not be recoverable thereunder in the event of a total loss of the vessel whether by insured perils or otherwise.
- 16.1.8 Insurance irrespective of amount against:  
Any risks excluded by Clauses 17, 18, 19 and 20 below.
- 16.2 Warranted that no insurance on any interests enumerated in the foregoing 16.1.1 to 16.1.7 in excess of the amounts permitted therein and no other insurance which includes total loss of the vessel P.P.I., F.I.A., or subject to any other like term, is or shall be effected to operate during the currency of this insurance by or for account of the Assured, Owners, Managers or Mortgagees. Provided always that a breach of this warranty shall not afford the Underwriters any defence to a claim by a Mortgagee who has accepted this insurance without knowledge of such breach.

**The following clauses shall be paramount and shall override anything contained in this insurance inconsistent therewith.**

## 17. WAR EXCLUSION

In no case shall this insurance cover loss damage liability or expense caused by

- 17.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 17.2 capture seizure arrest restraint or detainment (barratry and piracy excepted), and the consequences thereof or any attempt thereat
- 17.3 derelict mines torpedoes bombs or other derelict weapons of war.

**18. STRIKES EXCLUSION**

In no case shall this insurance cover loss damage liability or expense caused by

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

18.2 any terrorist or any person acting from a political motive.

**19. MALICIOUS ACTS EXCLUSION**

In no case shall this insurance cover loss damage liability or expense arising from

19.1 the detonation of an explosive

19.2 any weapon of war

and caused by any person acting maliciously or from a political motive.

**20. NUCLEAR EXCLUSION**

In no case shall this insurance cover loss damage liability or expense arising from any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

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