

**CANADIAN HULLS (PACIFIC) CLAUSES** (Rev. June 15, 2005)

1. Touching the Adventures and Perils which we, the Underwriters,
  2. are contented to bear and take upon us, they are of the Seas, Men-of-
  3. War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart
  4. and Counter-Mart, Surprisals, Takings at Sea, Arrests, Restraints and
  5. Detainments of all Kings, Princes and Peoples, of what nation,
  6. condition or quality soever, Barratry of the Master and Mariners and of
  7. all other like Perils, Losses and Misfortunes that have or shall come to
  8. the Hurt, Detriment or Damage of the subject matter insured
  9. (hereafter the "Vessel") or any part thereof; excepting, however, such of
  10. the foregoing Perils as may be excluded by provisions elsewhere in
  11. these clauses or by endorsement.
12. 2. It is the duty of the Assured, their servants, agents or assigns, in
  13. case of loss or misfortune to take such measures as may be reasonable
  14. for the purpose of averting or minimizing a loss which would be
  15. recoverable under this insurance. For the purpose of this insurance,
  16. such measures shall be designated as Sue and Labour.
17. The reasonable charges therefore will be reimbursed by
  18. Underwriters in accordance with their rateable proportion as provided
  19. for herein.
20. It is expressly agreed that no acts of Underwriters or the Assured
  21. in recovering, saving or preserving the Vessel shall be considered as
  22. either a waiver or acceptance of abandonment or otherwise prejudice
  23. the rights of either party.
24. When expenses are incurred pursuant to this clause, the liability
  25. under this insurance shall not exceed the proportion of such expenses
  26. that the amount insured hereunder bears to the value of the Vessel as
  27. stated herein, or to the sound value of the Vessel at the time of the
  28. occurrence giving rise to the expenditure if the sound value exceeds
  29. that value. Where the Underwriters have admitted a claim for total
  30. loss and subject matter insured by this insurance is saved, the foregoing
  31. provisions shall not apply unless the expenses of suing and labouing
  32. exceed the value of such property saved and then shall apply only to the
  33. amount of the expenses which is in excess of such value.
34. When a claim for total loss of the Vessel is admitted under this
  35. insurance and expenses have been reasonably incurred in salving or
  36. attempting to save the Vessel and other property and there are no
  37. proceeds, or the expenses exceed the proceeds, then this insurance
  38. shall bear its pro rata share of such proportion of the expenses, or of
  39. the expenses in excess of the proceeds, as the case may be, as may
  40. reasonably be regarded as having been incurred in respect of the Vessel;
  41. but if the Vessel be insured for less than its sound value at the time of
  42. the occurrence giving rise to the expenditure, the amount recoverable
  43. under this clause shall be reduced in proportion to the under-
  44. insurance.
45. The sum recoverable under this clause shall be in addition to the loss
  46. otherwise recoverable under this insurance but shall in no
  47. circumstances exceed the amount insured under this insurance in
  48. respect of the Vessel.
49. 3. This insurance includes loss of or damage to the Vessel directly
  50. caused by:-
51. (a) Accidents in loading, discharging or shifting cargo or fuel
  52. Explosions on shipboard or elsewhere
  53. Breakdown of or accident to nuclear installations or reactors
  54. on shipboard or elsewhere
  55. Bursting of boilers, breakage of shafts or any latent defect in
  56. the machinery or hull
  57. Negligence of Master, Charterers other than an Assured,
  58. Officers, Crew or Pilots
  59. Negligence of repairers provided such repairers are not
  60. Assured(s) hereunder, but this exclusion shall not apply to
  61. loss or damage resulting from the operation by the Assured of
  62. a commercial repair division or facility
  63. (b) Contact with aircraft or similar objects, or objects falling
  64. therefrom
  65. Contact with any land conveyance, dock or harbour
  66. equipment or installation
  67. Earthquake, volcanic eruption or lightning
68. Provided such loss or damage has not resulted from want of due
  69. diligence by the Assured, Owners or Managers.
70. Masters, Officers, Crew or Pilots not to be considered as part
  71. Owners within the meaning of this clause should they hold shares in
  72. the Vessel.
73. 4. This insurance excludes claims due to or resulting from ice
  74. and/or freezing howsoever caused on inland waters above ocean tidal
  75. influence.
76. 5. The Vessel is covered subject to the provisions of this insurance at
  77. all times and has leave to sail or navigate with or without pilots, to go on
  78. trial trips and to assist and tow vessels or craft in distress, but it is
  79. warranted that the Vessel shall not otherwise tow or be towed, except as
  80. is customary or to the first safe port or place when in need of assistance.
81. 6. The Vessel is covered in case of any breach of warranty as to
  82. cargo, employment, towage, salvage services or date of sailing, provided
  83. notice be given to the Underwriters immediately after receipt of advices
  84. and any amended terms of cover and any additional premium required
  85. by them be agreed.
86. 7. The sum of \$ **AS PER DECLARATION** shall be deducted from the
  87. total of all claims arising out of one accident or occurrence (including
  88. claims under the Running Down Clause). Nevertheless, the expense of
  89. sighting the bottom after stranding, if reasonably incurred specially
  90. for that purpose, shall be paid in full even if no damage be found.
  91. This paragraph shall not apply to Sue and Labour, Salvage Expenses,
  92. General Average nor to a claim for Total or Constructive Total Loss.
  93. Claims for damage by heavy weather (which includes contact with
  94. floating ice) occurring during a single sea passage between two
  95. successive ports shall be treated as being due to one accident. In the
  96. case of such heavy weather extending over a period not wholly covered
  97. by this insurance, the deductible to be applied to the claim recoverable
  98. hereunder shall be the proportion of the above deductible that the
  99. number of days of such heavy weather falling within the period of this
  100. insurance bears to the number of days of heavy weather during the
  101. single sea passage.
102. Unless the Assured and Underwriters shall have agreed in writing
  103. prior to commencement of suit to participate jointly in recoveries and
  104. concomitant legal costs, then net recoveries (excluding interest
  105. comprised therein) made against any claim subject to the above
  106. deductible, or any other deductions by reason of the difference
  107. between the insured and sound values, shall first be credited to the
  108. Underwriters up to the amount of the claim paid by them and then to
  109. the Assured.
110. Interest comprised in recoveries shall be apportioned between the
  111. Assured and the Underwriters, taking into account the sums paid by
  112. Underwriters and the dates when such payments were made.
113. 8. Unless this insurance otherwise provides, claims for partial loss
  114. recoverable hereunder shall not be subject to depreciation.
115. 9. From the cost of cleaning and painting the bottom of the Vessel
  116. (exclusive of dry dock charges) recoverable hereunder there shall be
  117. deducted one-twelfth for every month since the Vessel was last painted,
  118. but no allowance shall be made for cleaning and painting on account
  119. of exposure to air unless the Vessel has been more than twenty four
  120. hours out of the water.
  121. Notwithstanding the foregoing, no claim in respect of bottom
  122. painting shall be recoverable hereunder unless evidence is provided to
  123. show date of the last bottom painting prior to the loss.
124. 10. General Average, Salvage and Special Charges payable as provided
  125. in the contract of affreightment, or failing such provision, or there be
  126. no contract of affreightment, payable in accordance with the York-
  127. Antwerp Rules. Provided always that when an adjustment according to
  128. the laws and usages of the port of destination is properly demanded by
  129. the owners of the cargo General Average shall be paid in accordance
  130. with same.
  131. When the Vessel sails in ballast, not under charter, the provisions

132. of the York-Antwerp Rules, 1974 (excluding Rules XX and XXI) shall  
133. be applicable, and the voyage for this purpose shall be deemed to  
134. continue from the port or place of departure until the arrival of the  
135. Vessel at the first port or place thereafter other than a port or place of  
136. refuge or a port or place of call for bunkering only. If at any such  
137. intermediate port or place there is an abandonment of the adventure  
138. originally contemplated, the voyage shall thereupon be deemed to be  
139. terminated.

140. When the contributory value of the Vessel is greater than the  
141. valuation herein, the liability of these Underwriters for General Average  
142. contribution (except in respect to amount made good to the Vessel) or  
143. Salvage shall not exceed that proportion of the total contribution due  
144. from the Vessel that the amount insured hereunder bears to the  
145. contributory value. If because of damage for which these Underwriters  
146. are liable as partial loss, the value of the Vessel has been reduced for the  
147. purpose of contribution, the net amount of the partial loss under this  
148. insurance shall be deducted from the amount insured hereunder and  
149. these Underwriters shall be liable only for the proportion which such  
150. net amount bears to the contributory value.

151. 11. In ascertaining whether the Vessel is a constructive total loss, the  
152. insured value shall be taken as the repaired value and nothing in  
153. respect of the damaged or break-up value of the Vessel or wreck shall be  
154. taken into account.

155. No claim for constructive total loss based upon the cost of  
156. recovery and/or repair of the Vessel shall be recoverable hereunder  
157. unless such cost would exceed the insured value. In making this  
158. determination, only the cost relating to a single accident or sequence of  
159. damages arising from the same accident shall be taken into account.

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

163. 13. In no case shall Underwriters be liable for unrepaired damage in  
164. addition to a subsequent total loss sustained from any cause during the  
165. term covered by this insurance or extension thereof.

166. 14. It is further agreed that if the Vessel shall come into collision  
167. with any other vessel and the Assured shall in consequence thereof  
168. become liable to pay to any other person or persons any sum or sums in  
169. respect of such collision for:  
170. (i) loss of or damage to any other vessel or property on any  
171. other vessel,  
172. (ii) delay to or loss of use of any such other vessel or property  
173. thereon, or  
174. (iii) general average of, salvage of, or salvage under contract of  
175. any such other vessel or property thereon,

176. the Underwriters will pay the Assured such proportion of such sum  
177. or sums as their respective subscriptions hereto bear to the insured value  
178. of the Vessel provided always that their liability in respect of any one  
179. such collision shall not exceed their proportionate part of the insured  
180. value of the Vessel, and in cases in which, with the prior consent in  
181. writing of the Underwriters, the liability of the Vessel has been  
182. contested or proceedings have been taken to limit the liability, they will  
183. also pay a like proportion of the costs which the Assured shall thereby  
184. incur. But when both vessels are to blame then, unless the liability of  
185. the Owners of one or both of such vessels becomes limited by law,  
186. claims under this clause shall be settled on the principle of cross-  
187. liabilities as if the Owners of each vessel had been compelled to pay to  
188. the Owners of the other such vessels such proportion of the latter's  
189. damages as may have been properly allowed in ascertaining the balance  
190. or sum payable by or to the Assured in consequence of such collision.  
191. Provided always that this clause shall in no case extend to any sum  
192. which the Assured may become liable to pay for or in respect of:-

193. (a) removal or disposal of obstructions, wrecks, cargoes or any  
194. other thing whatsoever,  
195. (b) any real or personal property or thing whatsoever except  
196. other vessels or property on other vessels  
197. (c) pollution or contamination of any real or personal property or  
198. thing whatsoever (except other vessels with which the insured  
199. Vessel is in collision or property on such other vessels),  
200. (d) the cargo or other property on or the engagements of the  
201. insured Vessel,  
202. (e) loss of life, personal injury or illness.

203. 15. Should the Vessel come into collision with or receive salvage  
204. services from another vessel belonging wholly or in part to the same  
205. Owners or under the same management, the Assured shall have the  
206. same rights under this insurance as they would have were the other  
207. vessel entirely the property of Owners not interested in the Vessel; but  
208. in such cases the liability for the collision or the amount payable for the  
209. services rendered shall be referred to a sole arbitrator to be agreed  
210. upon between the Underwriters and the Assured.

211. 16. This insurance covers loss of or damage to the Vessel directly  
212. caused by any governmental authority acting under the powers vested  
213. in them to prevent or mitigate a pollution hazard, or threat thereof,  
214. resulting directly from the damage to the Vessel for which the  
215. Underwriters are liable under this insurance, provided such act of  
216. governmental authority has not resulted from want of due diligence by  
217. the Assured, the Owners or Managers of the Vessel or any of them to  
218. prevent or mitigate such hazard or threat. Masters, Officers, Crew or  
219. Pilots not to be considered Owners within the meaning of this clause  
220. should they hold shares in the Vessel.

221. 17. This insurance also covers loss of or damage to the Vessel caused  
222. by strikers, locked out workmen or persons taking part in labour  
223. disturbances, riots or civil commotions; also destruction of or damage  
224. to the Vessel caused by persons acting maliciously.

225. 18. In the event of accident whereby loss or damage may result in a  
226. claim under this insurance, notice shall be given in writing to the  
227. Underwriters, where practicable, prior to survey, so that they may  
228. appoint their own surveyor if they so desire. The Underwriters shall be  
229. entitled to decide the port to which the Vessel shall proceed for  
230. docking or repairing (the actual additional expense of the voyage  
231. arising from compliance with Underwriters' requirements being  
232. refunded to the Assured). The majority of Underwriters (in amount)  
233. shall also have a right of veto in connection with the place of repair or  
234. repairing firm proposed and may take, or may require to be taken,  
235. tenders for the repair of such damage.

236. In the event of failure to comply with the conditions of this clause  
237. pertaining to the repair of the Vessel, 15 percent shall be deducted  
238. from the amount of the ascertained claim.

239. 19. Unless the Underwriters agree to the contrary in writing, this  
240. insurance shall be cancelled automatically at the time of the Vessel  
241. being sold or transferred voluntarily or otherwise to new management  
242. or chartered on a bareboat basis.

243. However, if the Vessel has cargo on board and has already sailed  
244. from her loading port or is at sea in ballast then such cancellation shall,  
245. if required, be suspended until arrival at final port of discharge if with  
246. cargo, or at port of destination if in ballast. A pro rata daily return of  
247. premium shall be made.

248. For the purposes of this clause, arrest shall not be considered a  
249. transfer to new management.

250. This clause shall prevail notwithstanding any provision whether  
251. written, typed or printed in this insurance inconsistent therewith.

252. 20. If payment of premium is not made by the Assured within thirty  
253. (30) days after attachment of this insurance or, in the event  
254. Underwriters shall have agreed to accept deferred payments, if any  
255. payment of any premium is not made on the day agreed, this insurance  
256. may be cancelled at any time thereafter by Underwriters giving to the  
257. Assured named herein, and to third party payee or payees (if any)  
258. named in this insurance, five (5) days' notice of such cancellation.

259. Such notice may be given by Underwriters or on their behalf by  
260. an authorized Agent or by the Agent or Broker effecting this insurance.

261. Such cancellation shall be without prejudice to the premiums  
262. earned and due for the period the insurance was in force.

263. In the event of total loss sustained from any cause occurring prior  
264. to cancellation, full annual premium shall be deemed earned.

265. 21. Underwriters will return **TBA** percent (net) for every thirty  
266. days of unexpired time if it be mutually agreed to cancel this insurance,  
267. but there shall be no cancellation or return of premium in event the

268. Vessel is lost from any cause.

269. At expiration, Underwriters will return **NIL** 1 percent (net)  
270. for every thirty consecutive days the Vessel was laid up in port out of  
271. commission with no cargo on board and not under repair for  
272. Underwriters' account.

273. In the event of the Vessel being laid-up in port for a period of  
274. thirty consecutive days, a part only of which attaches to this insurance,  
275. it is hereby agreed that the laying up period in which either the  
276. commencing or ending date of this insurance falls shall be deemed to  
277. run from the first day on which the Vessel is laid-up and that on this  
278. basis Underwriters shall pay such proportion of the return due in  
279. respect of a full period of thirty days as the number of days attaching  
280. thereto bear to thirty.

281. 22. Additional insurances as follows are permitted:

282. (a) **DISBURSEMENTS, MANAGERS' COMMISSIONS,**  
283. **PROFITS OR EXCESS OR INCREASED VALUE OF HULL**

284. **AND MACHINERY AND/OR SIMILAR INTERESTS**  
285. **HOWEVER DESCRIBED, AND FREIGHT (INCLUDING**  
286. **CHARTERED FREIGHT OR ANTICIPATED FREIGHT)**

287. **INSURED FOR TIME.** A sum not exceeding in the  
288. aggregate 25 percent of the insured value of the vessel.

289. (b) **FREIGHT OR HIRE, UNDER CONTRACTS FOR VOYAGE,**

290. A sum not exceeding the gross freight or hire for the  
291. current cargo passage and next succeeding cargo passage  
292. (such insurance to include, if required, a preliminary and  
293. an intermediate ballast passage) plus the charges of

294. insurance. In the case of a voyage charter where payment is  
295. made on a time basis, the sum permitted for insurance shall  
296. be calculated on the estimated duration of the voyage  
297. subject to the limitation of two cargo passages as laid down  
298. herein. Any sum insured under this Section shall be reduced  
299. as the freight or hire is earned by the gross amount so  
300. earned.

301. (c) **ANTICIPATED FREIGHT IF THE VESSEL SAILS IN**

302. **BALLAST AND NOT UNDER CHARTER.** A sum not  
303. exceeding the anticipated gross freight on next cargo  
304. passage, such sum to be reasonably estimated on the basis of  
305. the current rate of freight at time of insurance, plus the  
306. charges of insurance. Provided, however, that no insurance  
307. shall be permitted under this Section if any insurance is  
308. effected under Section (b).

309. (d) **TIME CHARTER HIRE OR CHARTER HIRE FOR SERIES**

310. **OF VOYAGES.** A sum not exceeding 50% of the gross hire  
311. which is to be earned under the charter in a period not  
312. exceeding 18 months. Any sum insured under this Section  
313. shall be reduced as the hire is earned under the charter by  
314. 50% of the gross amount so earned but where the charter is  
315. for a period exceeding 18 months the sum insured need not  
316. be reduced while it does not exceed 50% of the gross hire  
317. still to be earned under the charter. An insurance under this  
318. Section may begin on the signing of the charter.

319. (e) **PREMIUMS.** A sum not exceeding the actual premiums of

320. all interests insured for a period not exceeding 12 months

321. (excluding premiums insured under the foregoing Sections

322. but including if required the premium or estimated calls on

323. any Protection and Indemnity or War etc. Risk insurance)

324. reducing pro rata monthly.

325. (f) **RETURNS OF PREMIUM.** A sum not exceeding the actual

326. returns which are allowable under any insurance but which

327. would not be recoverable thereunder in the event of a total

328. loss of the Vessel, whether by insured perils or otherwise .

329. (g) **INSURANCE IRRESPECTIVE OF AMOUNT AGAINST:-**

330. (i) Risks excluded by Clause 24 herein; and

331. (ii) General Average and Salvage Disbursements.

332. It is a condition precedent to the recovery of any claims

333. hereunder that no insurance on any interests enumerated in the

334. foregoing Sections (a) to (f), inclusive, in excess of the amounts

335. permitted herein and no insurance subject to P.PL, F.I.A. or other like

336. term, on any interests whatever excepting those enumerated in Section

337. (a), is or shall be effected to operate during the currency of this

338. insurance by or for account of the Assured, Owners, Managers or

339. Mortgagees. Provided always that a breach of this condition precedent

340. shall not afford Underwriters any defense to a claim by a Mortgagee

341. who has accepted this insurance without knowledge of such breach.

342. 23. Should the Vessel at the expiration of this insurance be at sea, or

343. in distress, or at a port of refuge or of call, she shall provided previous

344. notice be given to the Underwriters, be held covered at a pro rata

345. monthly premium, to her port of destination.

346. 24. **THIS CLAUSE SHALL BE PARAMOUNT AND SHALL**

347. **OVERRIDE ANYTHING CONTAINED IN THIS INSURANCE**

348. **INCONSISTENT THEREWITH.**

349. (a) In no case shall this insurance cover loss, damage, liability or

350. expense directly caused by

351. (i) war, civil war, revolution, rebellion, insurrection, or

352. civil strife arising therefrom, or any hostile act by or

353. against a belligerent power

354. (ii) capture, seizure, arrest, restraint or detainment

355. (barratry and piracy excepted) and the consequences

356. thereof or any attempt thereat

357. (iii) derelict mines, torpedoes, bombs or other derelict

358. weapons of war.

359. (b) In no case shall this insurance cover loss, damage, liability or

360. expense arising from

361. (i) the detonation of an explosive

362. (ii) any weapon of war

363. and caused by any terrorist or any person acting from

364. a political motive.

365. (c) In no case shall this insurance cover loss, damage, liability or

366. expense arising from any weapon of war employing atomic

367. or nuclear fission and/or fusion or other like reaction or

368. radioactive force or matter.

369. 25. This insurance is subject to Canadian law and usage as to liability

370. for and settlement of any and all claims.