

7. FAULTY DESIGN:

This insurance shall in no case be deemed to extend to cover the Assured's liability for:

- (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. 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 be **\$0.00** in addition Underwriters will bear costs, charges and expenses (as provided for in Clause 10 below) up to a similar amount.

9. DEDUCTIBLE:

This insurance shall only pay the excess of **\$0.00** in respect of the Assured's ultimate net loss resulting from any one accident or series of accidents arising out of one occurrence.

10. COSTS:

- (i) In respect of any claim, which may become the subject of indemnity hereunder, this insurance shall also cover (subject to Clause 8 above):
 - (a) cost, charges and expenses which the Assured may, with the written consent of Underwriters hereon, incur and
 - (b) costs awarded against the Assured. In the event of this insurance being one layer of a series of layers of insurance, the amount recoverable hereunder in respect of such costs, charges and expenses shall not exceed the proportion of such costs, charges and expenses that the damages recoverable under this insurance bear to the total amount of damages arising from such claims or proceedings.
- (ii) In cases where:
 - (a) The parties claiming against the Assured fail in, or withdraw their action, or
 - (b) The amount of any compromise or award is such that there is no claim hereon or the claim hereon is less than the amount stated in any Undertaking or formal notice under the Claim Control Conditions hereof,

the lawyers having the conduct of the investigation and defence shall apportion the costs, charges and expenses incurred on an equitable basis between the parties concerned including the Assured and Underwriters (if any) concerned on other layers having due regard to the amount of the claim, the amount of any award or settlement and the amounts severally at risk by the parties concerned, taking into account also any Undertaking or formal notice given by any of the interested parties as to the conduct of the defence and any settlement. In the event of any disagreement with the apportionment, the matter shall be referred to arbitration by an independent arbitrator to be agreed between the parties concerned.

EXCLUSIONS

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

- (i) 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 6. (i), (iii) or (iv) above;
- (ii) being collision liability, tower's 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;
- (iii) in respect of or arising in connection with any vessel or craft accepted by the Assured solely to be stored;
- (iv) in respect of or arising in connection with an oil tank vessel or craft, or any vessel or craft previously engaged in carrying explosive or inflammable liquids or gases or arising in connection with work on or near any fuel tank or pipeline of an oil 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;
- (v) in respect of or arising in connection with any new vessel or craft being built by the Assured;
- (vi) 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 6. (i), (ii), (iii) or (iv) above;
- (vii) for any claim arising directly or indirectly under Workmen's Compensation or Employer's Liability Acts or any other Statutory or Common Law Liability in respect of loss of life of, 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;
- (viii) 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;
- (ix) in respect of loss or damage specified in Clause 6. (i), (ii), (iii) or (iv) above unless discovered and reported in writing to Underwriters within **00** days of the delivery to Owners or within **00** days after the work is completed by the Assured, whichever may first occur;
- (x) 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, except for any 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;
- (xi) 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 or any person acting maliciously;

- (xii) directly or indirectly occasioned by, happening through or in consequence of:
 - (a) war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or piracy;
 - (b) destruction of or damage to property by or under the order of any government or public or local authority;
- (xiii) 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.

GENERAL CONDITIONS

INSPECTION OF BOOKS:

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.

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.

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.

If Underwriters hereon consider that a claim made against the Assured should not be contested then Underwriters hereon shall be entitled at any time to give an Undertaking to the Assured to indemnify him for a sum equivalent to the limit of liability stipulated in Clause 8. above or such lesser sum as would have been payable under this insurance had the claim been settled at that time. Thereupon Underwriters hereon shall relinquish any control and conduct of the investigation or defence of the claim and shall thereafter have no further liability in respect of the claim or for cost, charges or expenses incurred subsequent to the giving of the Undertaking. Where however the claim hereon is thereafter settled for a sum less than the amount referred to above, costs, charges and expenses shall be apportioned in accordance with Clause 10. (ii) above.

In the event of this insurance being one layer of a series of layers of insurance then if Underwriters hereon wish to exercise their rights under this condition and at such time the insurers of another layer or layers reject the settlement then possible, Underwriters hereon shall be entitled to give formal notice to the Assured that they consider the claim should be settled at that time. Thereafter Underwriters hereon shall have no liability for any cost, charges or expenses incurred subsequent to the giving of such notice.

Where however the claim hereon is thereafter settled for a sum less than the amount at which it was capable of being settled at the date when such notice was given, costs, charges or expenses shall be apportioned in accordance with Clause 10. (ii) above.

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.

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.

DUE DILIGENCE:

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

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 recognized 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 new management.

CANCELLATION:

This insurance may be cancelled by either party on giving the other Thirty (30) days notice in writing.

In the event of Underwriters giving notice then the words "Minimum and" in Clause 4. above shall be deemed to be deleted.

INSTITUTE RADIOACTIVE CONTAMINATION 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 of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

SERVICE OF SUIT CLAUSE (CANADA)(MARINE)

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, Underwriters hereon, at the request of the Assured, will submit to the Jurisdiction of any court of competent jurisdiction within Canada and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.