

The **LEVIATHAN** Facility

S.R.P. Edwards & Co. Ltd.
Registered Office: 40 Lime Street
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SRP EDWARDS & CO - CONTRACT WORDING

1 INSURING CONDITIONS

Subject to the terms, conditions and exclusions hereinafter contained this policy;

1.1 Insures all property as defined in the schedule attaching to and forming part hereof, hereinafter referred to as the "Schedule" against all risks of **DIRECT PHYSICAL LOSS OR DAMAGE** by any cause occurring during the period of this policy as stated in the "Schedule".

The liability of the Underwriters shall in no case exceed in respect of each item in the "Schedule" the sum expressed to be insured thereon or in the whole the total sum insured hereby or such other sum or sums as may be substituted therefore by memorandum hereon or attached hereto signed by or on behalf of the Underwriters.

1.2 Covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from any cause except those excluded elsewhere in this insurance.

2. EXCLUSIONS

In no case shall this insurance cover

2.1 Loss damage or expense attributable to wilful misconduct of the Assured

2.2 Loss or damage caused by Inherent Vice, Latent Defect, Wear, Tear, Gradual Deterioration, Contamination, Rust, Mould, and any consequential damages arising therefrom. This exclusion shall not apply to physical loss or damage caused by Sprinkler Leakage whilst in store.

2.3 Breakdown or derangement of machinery or electrical or mechanical equipment (unless caused by accidental and external means) or any consequential damage arising therefrom.

2.4 Loss of use, delay or loss of market or any other pecuniary interest

2.5 Inventory or Stocktaking shortage or unexplained losses.

2.6 Any Consequential Loss.

2.7 Loss or damage to the insured property occurring outside the Territorial Limits of the policy.

2.8 Operations:

2.8.1. in and around blowouts

2.8.2. when using explosives

2.8.3. within confined structures or wreckage which are deemed non routine

2.8.4. within wave surge zones or in the proximity of heaving moorings and/or objects

2.8.5. within areas with ice present as advised on NAVTEX or by the NOAA, or Canadian Ice Service or equivalent and under ice

2.8.6. within nuclear facilities

2.9 Loss, damage or expense caused by:

2.9.1 war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power.

2.9.2 Capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat

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2.9.3 In no case shall this insurance cover loss, damage, liability or expense caused by violent theft by persons from outside the Vessel, piracy, or barratry of the Master Officers or Crew.”

2.9.4 derelict mines, torpedoes, bombs or other derelict weapons of war.

2.9.5 Chemical, biological or electromagnetic weapons as per Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause; Clause 370 dated 10th November 2003

2.9.6 directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system, as per Institute Cyber Attack Exclusion Clause; Clause 380 dated 10th November 2003.

2.10 Loss damage or expense:

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

2.10.2 resulting from strikes, lock-outs, labour disturbances, riots or civil commotions

2.10.3 caused by any terrorist or any person acting from a political motive.

2.11 Loss damage or expense arising from

2.11.1 unseaworthiness of vessel or craft

2.11.2 unfitness of vessel craft conveyance container or liftvan for the safe carriage of the subject matter insured where the Assured or their servants are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein.

The Underwriter agrees to waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination, unless the Assured or their servants are privy to such seaworthiness or unfitness.

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

In no case shall this insurance cover loss damage liability or expense directly caused by, contributed to by, or arising from

2.12.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from nuclear waste or from the combustion of nuclear fuel

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

2.12.3 any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

3. VOIDANCE

3.1 This policy shall be void unless otherwise provided by agreement in writing added hereto, if;

3.1.1 The character of the property or the design or construction thereof be materially altered or changed during the policy term; but this shall not apply to temporary alterations or changes which are incidental to the performance of necessary repairs and are immediately reported to the insurers in writing; or

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3.1.2 any change takes place in the interest, title or possession of the subject of insurance; or this policy be assigned or transferred

3.2 This policy shall be void if the Assured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in the case of any fraud, attempted fraud or false swearing by the Assured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.

4. DEDUCTIBLE

It is understood and agreed that each claim for loss, damage or expense, if any, shall be adjusted separately, and from the amount of each such adjusted claim, the sum as stated in the schedule shall be deducted. In making such deductions, each accident shall be deemed a separate claim, but in the event of a single catastrophe causing loss or damage to more than one item, only one deductible, being the highest, shall be applied.

5. BASIS OF VALUATION

The total values declared at inception of each period of insurance shall represent the full replacement cost of the property insured. Insurers agree in the event of a claim to pay the full replacement cost at the time of the loss up to but not exceeding sum(s) insured hereby.

6. SUE AND LABOUR

6.1 Underwriters will indemnify the assured for any charges properly and reasonably incurred by the Insured or their servants or agents, in respect of any loss recoverable under this policy, in pursuance of their duties

6.1.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss, and/or

6.1.2 to ensure that all rights against carriers, bailees or other Third Parties are properly observed and exercised.

Subject to policy limits and deductibles hereunder.

6.2 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.

6.3 The sum recoverable under Clause 6 shall be in addition to the loss otherwise recoverable under this insurance but in no circumstances shall it exceed 25% of the insured value of the equipment that is the subject of the claim.

7. OTHER DUTIES OF THE ASSURED

7.1 Any protection provided for the safety of the Insured property shall be maintained in good order throughout the currency of this policy and shall be in use at all times out of business hours or when the Insured's premises are left unattended, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Underwriter without their consent.

7.2 The Assured shall upon request and at their own expense, provide the underwriters with all relevant documents and information that they might reasonably require to consider any claim.

7.3 Upon reasonable request, the Assured shall also assist the Leading Underwriter(s) or their

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authorised agents in the investigation of any claim, including, but not limited to:

- 7.3.1** interview(s) of any employee, ex-employee or agent of the Assured
- 7.3.2** interview(s) of any third party whom the Leading Underwriter(s) consider may have knowledge of matters relevant to the claim
- 7.3.3** survey(s) of the subject matter insured
- 7.3.4** inspection(s) of the classification records and / or maintenance logs of the assured property.

7.4 It shall be a condition precedent to the liability of the Underwriters that the Assured shall not at any stage (whether legal proceedings be commenced or not) knowingly or recklessly:

- 7.4.1** mislead or attempt to mislead the Underwriters in the proper consideration of a claim or the settlement thereof by relying in the presentation or maintenance of such claim on any evidence which is false
- 7.4.2** conceal any circumstance or matter from the Underwriters, which might be material to the proper consideration of a claim or a defence to such a claim.

8. RECOVERIES

8.1 The Assured shall, whether or not the Underwriters have paid a claim or agreed to pay a claim or potential claim under this insurance, take reasonable steps to

- 8.1.1** assess as soon as possible whether there are any prospects of a recovery from third parties in respect of matters giving rise to a claim or to a potential claim under this insurance
- 8.1.2** protect any claims against such third parties if necessary by the commencement of proceedings and the taking of appropriate steps to obtain security for the claim from third parties.
- 8.1.3** keep the Leading Underwriter(s) and the appointed average or loss adjuster (if any) advised of the recovery prospects and any action taken against third parties
- 8.1.4** co-operate with the Leading Underwriter(s) in the taking of such steps as may be reasonably required to pursue any claims against third parties.

8.2 Underwriters shall pay the reasonable costs incurred by the Assured pursuant to this clause in the same proportion as the insured losses bear to the uninsured losses (as defined in Clause 8.3.2).

8.3 In the event of recoveries from third parties in respect of claims which have been paid in whole or in part under this insurance, such recoveries shall be distributed between the Underwriters and the Assured as follows:

- 8.3.1** the reasonable costs and expenses incurred in making the recovery from the third party shall be deducted first and returned to the paying party
- 8.3.2** the balance shall be apportioned between the Underwriters and the Assured in the same proportion that the uninsured losses bear to the insured losses. For the purposes of Clause 8.2 and this Clause 8.3.2, uninsured losses shall mean any deductible(s) under Clause 4 and any uninsured loss of or damage to the subject-matter insured arising out of an accident or occurrence covered under this insurance.

8.4 In the event that coverage under this insurance is not provided in accordance with Clause 6,

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the following shall apply:

- 8.4.1** 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, any recovery due to the Underwriters shall be calculated on the principle of cross-liabilities as if the respective Owners 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 Assured in consequence of the collision.

CLAIMS

- 9.1** In the event of accident whereby loss or damage may result in a claim under this insurance, notice must be given to the Underwriters promptly after the date on which the Assured becomes or should have become aware of the loss or damage.
If notice is not given to the Underwriters within ninety (90) days of that date unless the Underwriters agree to the contrary in writing, the Underwriters will be automatically discharged from liability for any claim under this insurance in respect of or arising out of such accident or the loss of damage.
- 9.2** The Leading Underwriter(s) may, at their sole discretion, upon the notification of an accident or occurrence which may result in a claim under this insurance
- 9.2.1** instruct a surveyor who shall report to the Leading Underwriter(s) concerning the cause and extent of damage, the necessary repairs and the fair and reasonable cost thereof and any other matter which the Leading Underwriter(s) or the surveyor consider relevant
- 9.2.2** confirm the appointment of an independent average or loss adjuster to assist the Assured in the preparation of the claim. If not already agreed, the Assured shall propose the average adjuster to be appointed who may be a Fellow of the Association of Average Adjusters of the United Kingdom or any other average or loss adjuster mutually acceptable to the Assured and the Leading Underwriter(s).
- 9.3** The insured shall take such action at the expense of the Underwriters as may be reasonably necessary to minimise the loss or damage and if such loss, destruction or damage be occasioned by theft or by malicious persons shall give immediate notice to the Police and take all reasonable steps for discovering the guilty person(s) and for recovery of any Property lost.
- 9.4** In order to claim under this insurance the Assured must have an insurable interest in the subject matter insured at the time of loss.
Total Loss and Constructive Total Loss are defined as being the actual or Constructive Total Loss of a complete system due to the same incident. Loss of underwater equipment rendering surface equipment obsolete does not form a Total Loss or a Constructive Total Loss.
No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject-matter to the destination to which it is insured would exceed its value on arrival.
- 9.5** If any claim under this policy be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on his behalf to obtain any benefit under

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this policy, or if any loss, destruction or damage covered by this policy be occasioned by the wilful act or with the connivance of the Insured, all benefit under this policy shall be forfeited.

- 9.6** The underwriter shall be entitled, at their option, to indemnify the Insured in respect of any Property lost, destroyed or damaged, by payment, reinstatement, replacement or repair. If the Underwriter elects to reinstate or replace such Property they shall not be bound to reinstate or replace exactly or completely but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the items insured more than the Sum Insured thereon.
- 9.7** Upon making payment under this policy, the Insurers shall be entitled to demand and receive from the Assured a complete assignment of all rights of recovery against any person, corporation, vessel or interest and the Assured shall execute and deliver instruments and papers and do whatever else is necessary to secure rights. The Assured shall not do anything after loss to prejudice such rights. Such recovery (after expenses incurred in recovery are deducted) shall be for the benefit of the Assured and of the Insurers proportionately to the extent of their respective interests.
- 9.8** If any difference shall arise as to the amount to be paid under this policy (liability being otherwise admitted) such difference shall be referred to an Arbitrator to be appointed by the parties in accordance with the statutory provision in that behalf for the time being in force. Where any difference is by this condition to be referred to arbitration the making of an Award shall be a condition precedent to any right of action against the Underwriter

10. GENERAL CONDITIONS

- 10.1** This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this policy, be insured by any other existing policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this Insurance not been effected.
- 10.2** This Insurance Contract is subject to English Jurisdiction and English Law and Practice, and in the event of a dispute both parties irrevocably submit to the jurisdiction of the English High Court.
- 10.3** The due observance and fulfilment of the terms and conditions of this policy by the Insured in so far as they relate to anything to be done or complied with by the Insured shall be a condition precedent to any liability of the Underwriter to make any payment under this policy.
- 10.4** The Underwriter may cancel this Policy by giving at least 14 days written notice to the Insured at his last known address. The proof of posting of notice as aforesaid shall be sufficient proof of notice.
- 10.5** The Assured may cancel this Policy by giving thirty days notice to the Underwriters. Any return premium will be calculated on a short rate cancellation basis unless the company is sold in which case the return shall be pro rata.

10.6 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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- 10.6.1** No benefit of this insurance is intended to be conferred on or enforceable by any party other than the Assured, save as may be expressly provided herein to the contrary.
- 10.6.2** This insurance may by agreement between the Assured and the Underwriters be rescinded or varied without the consent of any third party to whom the enforcement of any terms has been expressly provided for.

11. CONDITIONS PRECEDENT

- 11.1** The declared equipment is only to be operated by and under the supervision of suitably trained and authorised personnel.
- 11.2** The declared equipment is not to be operated in conditions which exceed the manufacturers specified operating parameters, (depth, surface conditions etc.)
- 11.3** During transit or storage equipment must be fully protected from water ingress. All overside equipment must be configured to be fully watertight with all connectors attached or watertight blanks in place where applicable. Where this is not possible or for topside equipment, transit must be in a watertight container. Any container is only considered watertight if all seals are in place and in good repair and the relevant locks and fastenings are secured.
- 11.4** During long term storage preservation measures in accordance with manufacturers recommendations (as to humidity levels, anti-corrosion protection) must be complied with.
- 11.5** Maintenance routines must be carried out in accordance with the manufacturer's recommendations. A full maintenance log is to be kept and must include a record of consumables (such as seals) that are replaced. In the case of units composed of items from different manufacturers, each item must be maintained with its manufacturer's recommendations.

12. (RE)INSURER'S LIABILITY SEVERAL NOT JOINT

As per LMA3333. 21 June 2007