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ARTICLE 1 - DEFINITIONS

- “Standard Policy Conditions” means the subject conditions of the Insurer, as set out herein
- “Certificate of Insurance” means certificate as described in Article 2 Para A of the subject standard policy wording
- “Policy” means the Insurer’s standard policy conditions, together with those terms and conditions specified in the certificate of insurance and endorsements - if any - thereon
- “Insured” means the person or company stated to be the Insured or co-Insured in the Certificate of Insurance
- “Insurer” means Dutch Shipping Defence n.v. a company incorporated in accordance with the laws of The Netherlands
- “Period of Insurance” means the period as specified as such in the Certificate of Insurance
- “Retro Active Date” means the date as specified as such in the Certificate of Insurance

ARTICLE 2 - GENERAL

A. Certificate of Insurance

After accepting an application for insurance the Insurer will issue, as soon as practicable possible, a certificate of insurance. This Certificate shall state:

- i. Name of Insured and name of any co-Insured
- ii. The name and main details of the insured vessel
- iii. The Retro Active Date and the period of insurance
- iv. The maximum amount insured
- v. The applicable deductibles
- vi. Any special terms

If at any time during the period of insurance the terms relating to any insured vessel vary the Insurer will issue an endorsement stating the terms and effective date of such variation.

Every Certificate of Insurance and any endorsement thereto issued by the Insurer shall be conclusive evidence of the contract of insurance.

B. Period of cover

This insurance only covers, subject to the terms and conditions of the Policy, and any endorsement(s) thereto, claims or disputes arising from occurrences or circumstances which have taken place after the Retro Active Date and which have been notified to the Insurer within the Period of Insurance.

If requested by the Insured within the Period of Insurance, the Insurer has the discretion to extend the period within to notify claims or disputes arising from occurrences or circumstances which have taken place within the Period of Insurance on those terms and conditions as the Insurer may think fit.

C. Cover

The standard cover afforded by the Insurer is set out in Article 4 below. The standard cover may be excluded, limited, modified or otherwise altered by any special term, which has been agreed between the Insurer and the Insured and if so agreed any special term will appear on the Certificate of Insurance.

In case of any special term being contradictory to other terms and or conditions the special term will prevail over the (general) terms to the extent that it is contradictory but no further. Claims under this Policy shall always be subject to the maximum amount insured and deductibles as specified in the Certificate of Insurance.

ARTICLE 3 - PREMIUMS**A. Payment of premium**

The Insured shall pay the premium on such dates as the Insurer shall specify and in default of such payment the Insured shall have no rights under the Policy.

B. Currency

The Insurer may require the Insured to pay all or any part of any premium due in such currency as the Insurer may specify.

C. Set-off

No claim of any kind whatsoever by the Insured against the Insurer shall constitute any right of set-off against the premiums or other sums due to the Insurer or shall entitle the Insured to withhold or delay payment of any premiums or other sums due under the Policy.

D. Interest

If any premium or other sum due to the Insurer is not paid on, or before, the date specified by the Insurer, interest shall be payable from the date specified for payment.

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E. Cancelling returns only

There will be no refund of premium in respect of this Policy, except in the event that the insured vessel is sold or lost.

F. Notice of cancellation

Without prejudice to Sub. a. of this article, the Insurer shall have the right to serve a notice upon the Insured or representative of the Insured specifying a time of minimum 7 days within which the premium must be paid failing which the Insured shall cease to be insured under this Policy pursuant to Article 9.

G. Recovery

The Insurer shall be entitled, once premiums have become due and payable, to commence an action against the Insured or any other liable person, for the recovery of any unpaid premiums and other sums. The recovery of any unpaid premiums or other sums shall be subject to article 13 of the Standard Policy Conditions however the periods as mentioned in Article 1027 Sub. 2 of the Dutch Code of Civil Proceedings shall be 7 days.

ARTICLE 4 - COVER

The insurer shall indemnify the insured against reasonable costs and expenses for legal assistance and advice on claims and disputes, which are directly connected with the operation of the insured vessel in respect of:

- a. Freight, Hire, Deadfreight
- b. Demurrage, Despatch, Detention, Delay
- c. Breach of Contract
- d. General Average, Salvage, Towage
- e. Damage to insured vessel
- f. Carriage of Goods and Handling
- g. Defective Services and Supplies
- h. Insurers and Banks
- i. Crew and Passengers
- j. Sale and Purchase
- k. Building and Repairs

Such claim or dispute must have arisen from occurrences or circumstances which have taken place after the Retro Active Date and must be notified to the Insurer within the Period of Insurance.

ARTICLE 5 - MAXIMUM AMOUNT INSURED

The maximum liability of the Insurer in respect of a claim or in respect of the

aggregate of all such claims falling within the Period of Insurance shall be limited to the amount as specified as such in the certificate of insurance. The Insured's recovery from the Insurer under this policy shall be subject to the minimum deductibles - if any - as specified in the certificate of insurance.

ARTICLE 6 - EXCLUSIONS AND LIMITATIONS

A. Exclusions

This Insurance does not cover:

- i. any claim or dispute which has arisen by reason of failure to exercise reasonable care in the chartering, operation or management of the insured vessel;
- ii. any claim or dispute when the Insured has failed to promptly provide the Insurer or its nominated representative with any information or documentation relating to the claim or dispute under this Policy;
- iii. any risks, costs, liabilities, losses or expenses against which the Insured would have been covered, if the insured vessel had been fully insured with a P. & I. Club or some equally wide P. & I. insurance;
- iv. any risks, costs, liabilities, losses or expenses against which the Insured would have been covered if the insured vessel had been fully insured under a Hull & Machinery policy on Institute Time Clauses Hulls or equivalent;
- v. any claim or dispute, which is covered under any other policy;
- vi. any claim or dispute between (co-)insureds or between associated companies;
- vii. any claim or dispute arising out of or consequent upon the insured vessel carrying contraband, blockade running or being employed in an unlawful trade or that the carriage, trade or voyage was imprudent, unsafe, unduly hazardous or improper;
- viii. any liabilities, costs, losses or expenses caused by:
 - a. war, civil war, revolution, rebellion, insurrection, terrorist act or civil strife arising therefrom, or any hostile act by or against a belligerent power;
 - b. capture, seizure, arrest, restraint or detention (barratry and piracy excepted) and the consequences thereof or any attempt thereat (this exclusion does not refer to capture, seizure, arrest, restraint or detention in the course of ordinary judicial process);

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- c. any weapons of war, unless by reason of transport on the insured vessel;
 - d. nuclear risks.
- ix. loss, damage, liability or expense directly or indirectly caused or contributed to or by or arising from:
- a. ionising radiations from or contamination by radioactivity from or nuclear fuel or from any nuclear waste or from combustion or nuclear fuel;
 - b. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
 - c. any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- x. any liability for:
- a. personal injury or bodily injury or loss of, damage to or loss of use of property directly or indirectly caused by seepage, pollution or contamination;
 - b. the cost of removing, nullifying or cleaning up seeping, polluting or contaminating substances;
 - c. fines, penalties, punitive or exemplary damages.

ARTICLE 7 - CLAIMS AND DISPUTES

A. Consent

The legal costs and expenses incurred in connection with a particular case shall only be recoverable from the Insurer on condition that all lawyers, surveyors, and other persons employed in the case are appointed with the prior consent of the Insurer.

Insurer's consent to pay legal costs and expenses must be obtained in writing. Subject to what has been stated in Article 7 Para B this consent will be given if the Insured can satisfy the Insurer that:

- i. there are reasonable grounds for pursuing or defending the claim or dispute;
- ii. it is reasonable for legal costs and expenses to be made in the particular case compared to the amount in dispute or for which a settlement can be reached or otherwise;
- iii. there are reasonable prospects of obtaining security and/or enforcing judgments or awards.

B. Discretion

The support of the Insurer for an Insured in pursuing or defending a claim or dispute will be provided at the Insurer's sole discretion. Notwithstanding to having previously agreed to support the Insured, the Insurer may at any time upon written notice to the Insured or representative either withdraw further support or continue support upon changed terms.

C. Recovery of costs

If the Insured obtains a judgement or award or achieves a settlement or compromise and receives payment in satisfaction thereof, the Insured will refund to the Insurer such portion of the amount received that is indicated as a reimbursement of costs

D. Mitigation

The Insured must take all reasonable measures to minimise the costs of claims or disputes.

E. Fraudulent claims

If the Insured makes any request for payment under this Policy knowing it to be fraudulent or false in any respect (or in circumstances where it ought reasonably to be known to be so) or where there is collusion between the parties to the claim or dispute this Policy will become void and any premiums paid hereunder shall be forfeited.

F. Due observance

The due observance of and compliance with the terms, provisions and conditions of the policy insofar as they relate to anything to be done or complied with by the Insured shall be conditions precedent to any liability of Insurer to make any payment hereunder.

G. Insolvency of Insured

If the Insured becomes insolvent during the course of any claim or dispute to which the Insurer has given support, Insurer shall thereupon reserve the right to withdraw that support forthwith.

H. Notification

- i. It is a condition precedent to Insurer's liability hereunder that the Insured shall give immediate notice in writing to Insurer of any claim, dispute, matter or event, which has arisen or has occurred and which is liable to give rise to a claim under this Policy, and give Insurer all relevant facts of which the Insured has knowledge at the time of any notification;

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- ii. The Insured must at all times promptly notify the Insurer of any documents, reports, evidence or other information relevant to any claim, dispute, matter or event which has led or which is liable to lead to a claim under this Policy, and which are in the possession or power of the Insured or his agents or otherwise within his knowledge;
- iii. When so requested by the Insurer, the Insured shall promptly produce all such documents or information of whatsoever nature which are or may be relevant to the Insured's claim or intended claim;
- iv. The Insured shall permit the Insurer or his appointed agent or servant to interview any servant or agent or other person who may have been working for the Insured at the material time or at any time thereafter or whom the Insurer consider likely to have any direct or indirect knowledge of the matter giving rise to a claim under this Policy.

ARTICLE 8 - ADMISSION AND SETTLEMENT

The Insured shall not settle or admit liability for any claim in connection with which the Insurer may be liable for legal costs and expenses without first obtaining the written consent of the Insurer.

ARTICLE 9 - CESSER OF INSURANCE AND CANCELLATION

The Insured shall cease to be insured by the Insurer in respect of all insured vessels upon the happening of any of the following events :

A. In respect of the Insured:

- i. If the Insured is served in accordance with Article 3F with a notice by the Insurer requiring him to pay any amount due to the Insurer and he fails to pay such amount on or before the date specified in such notice;
- ii. Where the Insured is an individual, upon his death or if a receiving order shall be made against him or if he shall become bankrupt or make any composition or arrangement with his creditors generally or if he shall become incapable by reason of mental disorder of managing and administering his property and affairs;
- iii. Where the Insured is a corporation, upon the passing of any resolution for voluntary winding up (other than voluntary winding up for the purposes of company or group reorganisation) or upon an order being made for compulsory winding up or upon dissolution or upon a receiver or manager of all

or part of the corporation's business or undertaking being appointed or upon possession being taken by or on behalf of the holders of any debentures secured by a floating charge of any property comprised in or subject to the charge.

B. In respect of the insured vessel:

- i. If the Insured parts with or assigns the whole or any part of his interests in the insured vessel, whether by bill of sale or other formal document or agreement, or in any other way whatsoever, or if the control and possession of that vessel is transferred whether by demise charter or otherwise;
- ii. If the managers or operators of the insured vessel are changed;
- iii. If the insured vessel becomes a total loss or is accepted under the Hull Policies as being a constructive, compromised or arranged total loss;
- iv. If the insured vessel is missing for 10 days from the date she was last heard of, or upon her being posted at Lloyd's as missing, whichever shall be the earlier;
- v. If the insured vessel is mortgaged or otherwise hypothecated, and if there be no undertaking or guarantee given to the satisfaction of the Insurer to pay all premiums due or to become due in respect of the Insured vessel;
- vi. If there is a change in the insured vessel's classification society;
- vii. If for any reason the insured vessel ceases to be classed with a classification society approved by the Insurer;
- viii. If there is any requisition for use of the insured vessel, provided that where such requisition is not made pursuant to a prior agreement with the Insured or owner of the insured vessel, insurance under this policy shall be maintained for a period not exceeding 14 days after such requisition.

ARTICLE 10 - EFFECT OF CESSER OF INSURANCE

If the cesser of all insurance occurs because of a failure to pay premiums, the Insurer shall not be liable for any claims in respect of any insured vessel by this policy, whether the incident giving rise to such claim occurred before or after the cesser of all insurance. If the cesser of all insurance occurs for any other reason the Insurer shall remain liable for all claims under this policy arising from any incident which occurred before the cesser but shall be under no liability in respect of any claim arising out of any occurrence or event after the cesser.

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ARTICLE 11 - ASSIGNMENT

No insurance provided by the Insurer and no interest in any contract between the Insurer and the Insured may be assigned without the written consent of the Insurer, who shall have the right in his sole discretion to give or refuse such consent without stating any reason or to give consent upon any such terms or conditions as the Insurer may think fit.

The Insurer shall be entitled, before paying any claim to be sufficient to discharge any liabilities of the Insured to the Insurer, whether existing at the time of the assignment or having accrued or being likely to accrue thereafter.

ARTICLE 12 - FORBEARANCE AND WAIVER

No act, omission, course of dealing, forbearance, delay or indulgence by the Insurer, whether by his officers, servants, agents or otherwise, shall be treated as a waiver of any of his rights in respect of any of the terms and conditions in this Policy.

ARTICLE 13 - REINSURANCE

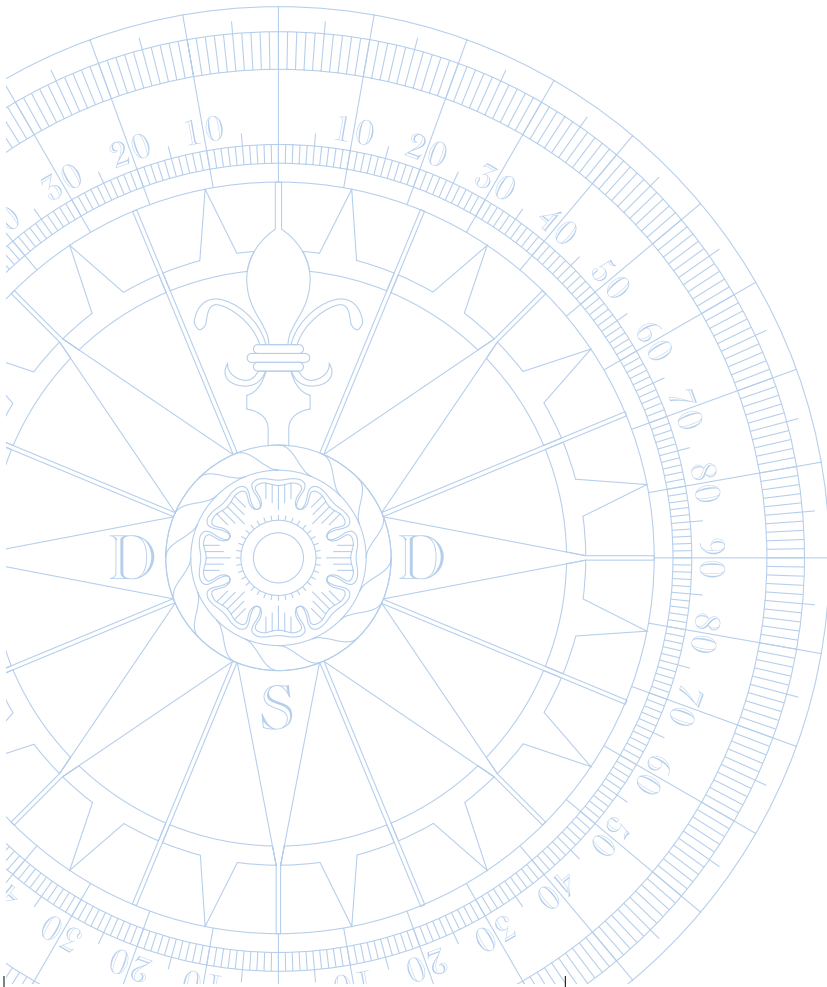
The management of the Dutch Shipping Defence n.v. may reinsure the whole or any portion of the risks of the Company upon such terms and in such manner as they may think fit.

ARTICLE 14 - LAW AND JURISDICTION

This Policy shall be governed by, and construed in accordance with the law of The Netherlands. Any dispute between the Insured and the Insurer shall be referred to arbitration in Rotterdam in accordance with the Dutch Code of Civil Proceedings. Each party shall appoint an arbitrator after which the two so chosen shall appoint a third arbitrator as chairman. The Arbitrators shall be attorneys at law and member of the Rotterdam Bar.

All costs of the Arbitration including but not limited to legal fees shall be met in full by the party against whom the decision is made. If the decision is not clearly made against either party the Arbitrator shall have the power to apportion costs. If the decision is made in favour of the Insurer, the Insured's costs shall not be recoverable under the Policy.

EDITION JUNE 2002



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