

FÖRSÄKRINGSAKTIEBOLAGET ALANDIA

DEFENCE COVER FOR OWNER'S P&I

1.1.2017

Defence Cover for Owner's P&I (Defence Conditions) is subject to Part I, III, IV and V of Försäkringsaktiebolaget Alandia's P&I Insurance Terms and Conditions for Owners 1.1.2016, which are incorporated herein by reference.

I. COVER

Insurer will cover policyholder's reasonable costs for necessary legal assistance in relation to disputes which are directly connected with the operation of the entered ship and which are in respect of any of the following:

- a) the carriage of cargo;
- b) the carriage of passengers;
- c) personal injuries or loss of life;
- d) contracts with port agents;
- e) crew employment contracts;
- f) contracts with brokers;
- g) charterparties and contracts of affreightment, provided agreed at the time the relevant contract is entered into;
- h) loss, damage or delay to the entered vessel;
- i) general average;
- j) salvage and towage;
- k) damage to property;
- l) the use of port facilities;
- m) insurance contracts in respect of the vessel;
- n) supplies to the vessel;
- o) contracts for the repair of the vessel;

II. EXCLUSIONS

Insurer shall not have the liability to reimburse the policyholder for costs:

- a) which have incurred before the policyholder notifies the insurer of the dispute or in relation to a claim which is or can be covered under Försäkringsaktiebolaget Alandia's P&I Insurance Terms and Conditions for Owners 1.1.2016;
- b) where the insured fails to carry out any of his obligations under these Defence Conditions;
- c) where the dispute is with insurer or insurer's servant, agents or representatives, or is between joint assureds, co-assureds or parties with joint interests in the vessel;
- d) where the dispute is in respect of a class action or other legal proceedings in which one or more persons sue or are sued as representatives of a group of persons with common interest;
- e) where the dispute arises out of damage to the vessel, to the extent that the cost of repairs exceeds the deductible or 1 % of the insured value of the vessel under the hull policies;
- f) where the dispute arises under a management agreement;
- g) where the vessel is not entered with Alandia at the time the cause of action arises and, in the case of disputes arising out of alteration, building, purchase, mortgage or sale of the vessel, at the time the relevant contract is entered into;
- h) where the policyholder appoints a lawyer without the approval of Alandia, or
- i) any of the following grounds:
 - I) there is no reasonable relationship between the amount in dispute and the costs which are likely to be incurred;
 - II) there is no reasonable relationship between the prospects of successfully obtaining an award or judgement and the costs

which are likely to be incurred;

- III) there is no reasonable relationship between the prospects of successfully obtaining payment and the costs which are likely to be incurred;
- IV) there is no relationship between the prospects of successfully defending a claim and the costs which are likely to be incurred;
- V) policyholder has failed to take reasonable care in the chartering, control or management of the vessel, or the position adopted by the policyholder is unreasonable or the policyholder's conduct has been imprudent, improper or tainted with illegality;
- VI) policyholder fails to provide information or documentation which is necessary for the dispute to be properly evaluated or handled;
- VII) policyholder refuses to handle or settle the case in accordance with Alandia's recommendations;
- VIII) policyholder makes concessions or enters into settlement without Alandia's approval;
- IX) policyholder takes measures to initiate legal action or arbitration, or makes an application to any court or arbitration tribunal, or takes any other material step in a dispute, without Alandia's prior approval, or
- X) any other reason which Alandia decides, in its absolute discretion, is sufficient reason for cover not to apply.

III. OTHER PROVISIONS

- a) Alandia may at any stage of a dispute withdraw or limit the extent of cover for any of the reasons set out under section II. Exclusions of these terms and conditions;
- b) In the event that cover is withdrawn, the policyholder is liable to reimburse Alandia for any costs, which Alandia has previously incurred;
- c) Where the costs of a dispute are only partly covered, Alandia shall in its absolute discretion decide on the applicable apportionment of costs;
- d) In so far as the policyholder's costs are covered, Alandia shall be entitled to any sum which the Assured recovers in respect of costs pursuant to any award, judgement or settlement agreement, and in the event that a settlement agreement does not provide, or does not provide adequately for recoverable costs, Alandia shall be entitled to such sum as it considers should have been attributable to costs pursuant to such an agreement;
- e) Where a dispute involves 2 or more assureds of Alandia, shall Alandia be entitled at any stage of the dispute to recommend to these assureds to submit to mediation with a recognized international shipping mediator to be appointed by agreement among those assureds. Failing agreement among those assureds on the appointment of a mediator, shall Alandia be entitled to recommend appointment of such a mediator on their behalf;
- f) Alandia shall decide in its absolute discretion whether a case involves one or more disputes to which a deductible applies.

IV. LIMITATION

- a) Defence Cover for Owner's P&I is limited to 1 million EUR per dispute.
- b) Any policy limits shall apply to the total amount of any claim, inclusive of deductibles.

V. DEDUCTIBLE

Cover under these terms and conditions shall be subject to a deductible on 25 % of the total costs with a minimum of 10 000 USD per dispute, unless otherwise agreed.