

Section G - Freight, Demurrage and Defence

Costs and expenses incurred by the Assured in connection with the prosecution or defence of the following claims arising in respect of the declared vessel during the period of insurance of the declared vessel:

i freight, dead freight and passage money or hire arising under any charterparty, bill of lading or other contract of carriage and general and particular average contributions or charges;

ii demurrage or damages for the detention of the vessel or despatch money;

iii interference, neglect, default or any other cause involving detention of or loss to the vessel by any Department of State, or public body, or other person or persons whatsoever either at home or abroad;

iv damages for detention of the vessel in any collision action;

v breach of any charterparty, bill of lading, or other contract;

vi supply of inferior or unsatisfactory or unsuitable fuel, outfit or equipment, or other necessities;

vii negligent repair of or alteration to the vessel;

viii improper loading, lightering, stowage, trimming or discharge of cargo;

ix overcharges in accounts, howsoever arising;

x amounts due from or to Underwriters on ship and/or cargo and/or freights and all other persons and companies conducting the business of insurance in all its branches;

xi salvage and towage services rendered by the vessel unless such ship is a tug or salvage vessel;

xii representation of the Assured at official investigations, Coroners' inquests, or other official enquiries whatsoever in relation to the vessel;

xiii claims by or against passengers, stowaways, masters, officers, crew and other persons on or about the vessel;

xiv claims arising in connection with the building, purchase, sale or mortgage of the vessel;

xv claims by or against revenue or custom's authorities in connection with the vessel;

xvi claims for loss of or damage to the vessel;

xvii such other claims as may arise from the Assured's charter and employment of the declared vessel, as the Association in its sole discretion may agree in writing to fall within the scope of insurance under this Section;

provided that:

(a) under this Section there shall be no indemnity against costs and expenses relating to any claims or matters insured or capable of insurance by the Association;

(b) for the purposes of determining whether a claim falls within the period of this insurance of the declared vessel, claims shall be considered to arise as follows:-

(i) if arising in contract or tort or under statute- when the cause of action accrues;

(ii) if for salvage or towage- when the services are commenced;

(c) there shall be no indemnity in respect of any costs or expenses unless the Managers are satisfied that there are reasonable grounds upon which to prosecute or defend the claim by or against the Assured, as the case may be, and the claim is likely to be enforceable by or against the Assured, as the case may be, upon the final judgement or award of a competent court or tribunal, or following a compromise of the claim;

(d) subject to the provisions contained in the preceding paragraph b and in the following paragraphs, the Assured shall be indemnified against such costs and expenses as are necessarily and reasonably incurred in the prosecution or defence of the claim, as the case may be;

(e) it is a condition precedent to the right to indemnity hereunder that the Managers shall be entitled to control and direct the handling of any claim and the Managers may give such directions as to compromise, continuation or discontinuation, and expenditure as are reasonable in all the circumstances; and in giving any such direction, the Managers may take into account not only the amount of the claim but also the costs to be incurred in connection therewith;

(f) the Managers may require that the terms of any compromise make reasonable provision for any costs and expenses incurred in relation to the claim, and no settlement of any claim shall be concluded without the prior written approval of the Managers;

(g) if the Assured fails to comply with any direction of the Managers in relation to the investigation, handling or compromise of a claim, the Assured shall repay to the Association forthwith upon its demand all and any costs and expenses which may have been reimbursed or paid by the Association in relation to such claim, and shall no longer be entitled to cover under this Section in respect of the said claim.