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Cargo Owner's Liability Cover (2015)

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In accordance with Rule 19(22) the Member shall be indemnified by the Association in respect of the following liabilities, losses, costs and expenses incurred by him in his capacity as owner, shipper, buyer, seller, or holder of the bill(s) of lading in respect of cargo (the "Member's Cargo"), whilst carried on a Ship whether or not entered in the Association, or whilst being loaded on or being discharged from such a Ship:

Damage to Hull

- (1) liabilities of the Member for damage to or loss of the Ship, or expenses relating thereto, arising from:
 - (a) physical loss of or damage to the Ship, her equipment, fittings, stores and supplies excluding any property owned or leased by the Member;
 - (b) delay, detention or loss of use of the Ship resulting from physical loss of or damage to the Ship.

Damage to Property

- (2) Physical loss of or damage to or infringement of rights in connection with the property of others.

Wreck Removal

- (3) The raising, removal, destruction, lighting or marking of the wreck of a Ship or any cargo (whether or not the Member's cargo) which is or was on board the Ship and which are compulsory by law.

Provided always that:

- (A) the value of any Member's Cargo saved shall either be credited to the Association or deducted from any recovery due from the Association; and
- (B) there shall be no recovery if the Member shall, without the consent of the Managers in writing, transfer his interest in the wreck, cargo or other property (otherwise than by abandonment) prior to the said raising, removal, destruction, lighting or marking.

Disposal Expenses

- (4) Extraordinary costs or expenses incurred in discharging or disposing of the Member's Cargo which is damaged or worthless provided that the Member is liable for such costs and is not entitled to recover them from any other party.

Provided always that the value of any cargo retained by the Member or any such sums recovered by or due to the Member in respect of the sale of such cargo shall either be credited to the Association or deducted from any recovery due from the Association.

Personal Injury

- (5) Subject to provisos (D) and (E) below, death, personal injury or illness of any person.

Pollution

- (6) Liabilities, costs and expenses incurred as a result of any escape or discharge or threatened escape or discharge of the Member's Cargo in respect of:
 - (a) Damages
Liability for damages or compensation payable to any person arising from or in respect of pollution;
 - (b) Clean-up
The costs of any measures (not being measures taken in the ordinary course of business) reasonably taken for the purpose of preventing, minimising or cleaning up any pollution together with any liability for losses or damages arising from any measure so taken;
 - (c) Government Order
The costs or liabilities incurred by the Member as a result of compliance with any order or direction given by any Government or authority for the purpose of preventing or reducing pollution or the risk of pollution;
 - (d) Fines
Liability which a Member may incur for fines in respect of pollution.

Provided always that unless the Directors in their sole discretion otherwise agree there shall be no recovery in respect of any liability, loss, damage, cost or expense including, without limitation, liability for the cost of any remedial works or clean-up operations, arising as a result of the presence in, or the escape or discharge or threat of escape or discharge from any land-based dump, site, storage or disposal facility, of the Member's cargo, whether as cargo, fuel, stores or waste and whether at any time mixed in whole or in part with any other substance whatsoever.

Cargo Owner's Liability Cover (2015) (cont.)

Provided always that unless and to the extent that the Directors in their sole discretion otherwise decide there shall be no recovery under this Cargo Owners' Liability Cover in respect of:

- (A) Any amounts which would be recoverable under Institute Cargo Clauses (A) (whether or not such insurance is in place in respect of the Members' cargo) or which would have been recoverable had there been no franchise or deductible applicable to such policy.
- (B) Any loss of or damage to property owned, leased or rented by the Member (other than the Member's Cargo and as set out above).
- (C) Penalties, punitive damages, exemplary damages, multiple damages or other fines resulting from the multiplication of compensatory damages.
- (D) Any liability arising directly or indirectly under workmen's compensation legislation or Employers Liability Acts or any other statutory or common law liability in respect of death, personal injury or illness of any workman or other person employed in any capacity whatsoever by the Member, his agents or sub-contractors in any capacity whatsoever by the Member, his agents or sub-contractors when such death, personal injury or illness arises out of or in the course of the employment of such workman or other person.
- (E) Death, personal injury or illness and/or property damage directly or indirectly caused by or arising out of:
 - (a) asbestos, tobacco, coal dust, polychlorinated biphenyls, silica, benzene, talc, dioxin, pesticides or herbicides, electromagnetic fields, pharmaceutical or medical drugs/products/substances/devices or any substance containing such material or any derivative thereof; or
 - (b) any inherent characteristic or vice of the Member's Cargo.
- (F) Liabilities, losses, costs and expenses arising out of the use of or consumption of the Member's Cargo or reliance upon a warranty or representation made in respect thereof caused by or arising out of or in connection with the production, processing or manufacture of the Members' Cargo.
- (G) Freight, hire, demurrage or detention or any proportion thereof relating to or in connection with the carriage of Member's Cargo unless forming part of a claim for liabilities in respect of the Member's Cargo which is otherwise covered under these terms.
- (H) Loss through price or currency fluctuations, loss of market or similar losses howsoever caused.

- (I) Liabilities, losses, costs and expenses relating to risks set out in paragraphs (1)-(6) above which would not have arisen but for the terms of a contract, indemnity or guarantee made by or on behalf of a Member relating to the Member's Cargo or its carriage unless that contract, indemnity or guarantee has been approved by the Managers in writing and the Member has paid, or agreed to pay, such additional premium as may be required by the Association and (unless the Managers have otherwise agreed in writing) that the provisions of any other applicable Rule have been satisfied, or the Directors in their absolute discretion decide that the Member should be reimbursed.
- (J) Liabilities, losses, costs and expenses which exceed the amount to which the Member may limit his liability under any applicable law, statute or convention.

Cesser of All Insurances

Unless the Directors shall otherwise determine, the Member shall cease to be insured by the Association in respect of any and all ships entered by him or on his behalf in the Association or any and all liabilities in respect of any Member's Cargo in the event that the Association in any way howsoever becomes exposed to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation as a consequence of the employment of the Entered Ship or which arises out of the Member's Cargo.

The Member shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs and expenses which is not recovered by the Association from parties to the International Group Pool and/or under any reinsurance(s) because of shortfall in recovery from the parties or reinsurers thereunder by reason of any sanction, prohibition or adverse action against them by a state or international organisation or the risk thereof if payment were to be made by such parties or reinsurers. For the purposes of this clause, "shortfall" includes any failure or delay in recovery by the Association by reason of the parties or reinsurers making payment in to a designated account in compliance with the requirements of any state or international organisation.

Subject always to the Limit of Liability contained in the Cargo Owners Limit of Liability Clause and the Deductible set out in the Certificate of Entry. The Limit of Liability shall apply to the aggregate of all claims arising out of any one event.

The Cargo Owner's Liability Cover provided by the Association is reinsured by the Association. In accordance with Rule 8 Proviso B of the Association's Rules the Member shall be entitled to recover from the funds of the Association only the net amount actually recovered under this reinsurance, together with that portion (if any) of the risk or risks retained by the Association.

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