



Institute Time Clauses - Hulls

Comparing the ITC - Hulls 1/10/83 and the ITC - Hulls 1/11/95.

Insurance and Reinsurance 'At A Glance' Guide: 1

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Purpose of this guide

This booklet is intended to serve as a guide to the Institute Time Clauses - Hulls and to highlight the principal changes introduced by the Institute Time Clauses - Hulls 1/11/95. It is not an exhaustive guide to cover or to the changes which have been introduced. Whilst there are comments on certain key changes, these are not intended as legal advice on the meaning of any Clause. Certain amendments to the terms of the 1/10/83 Clauses have been highlighted by underlining as have certain of the comments.

The principal changes are as follows:

Clause 2 - continuation Clause restricted.

Clause 4 - introduction of a specific Classification Clause.

Clause 5 - an overdue periodic survey will automatically terminate the insurance.

Clause 6 - recovery for loss or damage resulting from the perils covered at Clause 6.2 is now subject to the exercise of due diligence by Superintendents and onshore management in addition to the Assured, Owners and Managers.

Clause 13 - prompt notice must be given of accidents which may result in a claim. If notice is not given within 12 months of the time when the Assured, Owners or Managers become or should have become aware of the loss or damage, Underwriters are discharged from liability in respect of a resulting claim.

The Institute Clauses remain subject to English law and practice. They are expressed to be used with the New Marine Policy Form. This is now the MAR 91 form which provides for the exclusive jurisdiction of the English Courts.

Institute Time Clauses - Hulls - Restricted Perils Clauses have also been introduced. These are summarised at the end of this guide.

	ITC - Hulls 1/10/83	ITC - Hulls 1/11/95
1. Navigation	<p>Clause 1</p> <p>1.1, 1.2, 1.3 The Vessel is covered at all times including while sailing with or without pilots, undertaking trial trips and assisting other vessels in distress. Specific provisions relate to the Vessel being towed, towage or salvage being undertaken by the Vessel, cargo loading and discharge at sea and break up voyages.</p>	<p>Clause 1</p> <p>1.1, 1.4, 1.5 No change</p> <p>1.2 (new) Contracts with pilots or for customary towage on terms in accordance with local law and practice, will not prejudice cover even though the terms of the contracts may involve the Assured waiving rights of recourse against pilots or tug interests.</p> <p>1.3 (new) The use of helicopters to transport supplies/equipment to and from the Vessel shall not prejudice the insurance.</p>
2. Continuation	<p>Clause 2</p> <p>If at expiry the Vessel is - at sea <u>or</u> - in distress <u>or</u> - at a port of refuge/call</p> <p>she shall be held covered to her <u>port of destination</u>. Proviso that <u>previous</u> notice is given to the Underwriters.</p>	<p>Clause 2</p> <p>If at expiry the Vessel is - at sea <u>and</u> - in distress or missing - or in port <u>and</u> - in distress</p> <p>she shall be held covered until arrival at the <u>next port</u> in good safety or if in port until made safe. Proviso that notice is given to Underwriters <u>prior to expiry</u>.</p> <p><i>Comments:</i></p> <p>(1) The Vessel must now be in distress/missing (at sea) or in distress (in port) for the Continuation Clause to apply. Simply being at sea or at a port of call is no longer sufficient.</p> <p>(2) Whilst the Vessel must now be in distress if in port, there is no longer a requirement that the port be one of refuge or call.</p> <p>(3) Notice must be given prior to expiry.</p> <p>(4) Coverage is no longer provided until the Vessel arrives at her port of destination. Cover continues only until the "next port" or, if the Vessel is in port at expiry, until the Vessel is made safe.</p> <p>(5) Presumably, "the next port in good safety" is a reference to the next port of actual arrival where the Vessel is no longer in distress, and not to the next intended or most geographically proximate port.</p>
3. Breach of Warranty	<p>Clause 3</p> <p>Held covered for any breach of warranty as to cargo, trade, locality, towage, salvage services and date of sailing, provided immediate notice is given to Underwriters and any amended terms agreed</p>	<p>Clause 3</p> <p>No change.</p>
4. Classification		<p>Clause 4 (new)</p> <p>4.1 It is the duty of the Assured, Owners and Managers at inception and throughout the insurance to ensure that:</p> <p>4.1.1 The Vessel is classed with an agreed Classification Society and her class within that Society is maintained.</p> <p>4.1.2 Any recommendations, requirements or restrictions imposed by the Classification Society relating to the Vessel's seaworthiness or to her maintenance in a seaworthy condition are complied with by the dates required by that Society.</p> <p>4.2 A breach of Clause 4.1, unless Underwriters agree to the contrary in writing, discharges Underwriters from liability <u>under the insurance</u></p>
(cont'd...)		

	ITC - Hulls 1/10/83	ITC - Hulls 1/11/95
(...cont'd)		<p>from the date of breach. This is so unless the Vessel is at sea at the date of breach in which case Underwriters are discharged from liability upon arrival at her next port.</p> <p>4.3 Any incident, condition or damage in respect of which the Classification Society might make recommendations as to repairs or other action to be taken by the Assured, Owners or Managers must be promptly reported to that Society.</p> <p>4.4 The Assured will consent to Underwriters approaching the Classification Society for information and documents.</p> <p><i>Comments:</i></p> <p>(1) Clause 4 is based on the J.H. 131 warranty. The intention is to ensure that an Assured complies with the rules of its Classification Society.</p> <p>(2) Clause 4.1 is effectively given the status of a continuous warranty by Clause 4.2. Failure to comply discharges Underwriters from liability <u>under the insurance</u> even if such failure does not result in a claim.</p> <p>(3) Underwriters must approve the Vessel's Classification Society.</p> <p>(4) Under Clause 4.1.2, the Assured must ensure that any Class recommendations etc. relating to seaworthiness are complied with by the due dates.</p> <p>(5) If the Classification Society grants an extension for recommendations etc. to be complied with, presumably there will be no breach of Clause 4.1 although this is not made clear (unlike at Clause 5.1). Difficult questions will no doubt arise concerning whether complied recommendations etc. relate to seaworthiness in any given case.</p> <p>(6) There is no sanction expressed for a breach of Clauses 4.3 or 4.4.</p> <p>(7) The ambit of Clause 4.3 is potentially very wide in the context of what a Classification Society <u>might</u> do. Classification Societies have a wide discretion under their Rules.</p> <p>(8) There is no express limitation on the extent of documentation or information which Underwriters may seek under Clause 4.4 or when this right can be exercised. This may be an important Clause for Underwriters to exercise when considering claims.</p>
5. Termination	<p>Clause 4</p> <p>Automatic termination at the time of:</p> <p>4.1 Change of Classification Society or change, suspension, discontinuance, withdrawal or expiry of class. If the Vessel is at sea, termination is deferred until arrival at the next port. Proviso where loss or damage is occasioned to the Vessel which is covered by Clause 6 or the Institute War and Strikes Clauses.</p> <p>4.2 Change in ownership or flag, transfer to new management, bareboat charter or requisition. If the Vessel has left the loading port or is at sea (if in ballast) termination is deferred until the Vessel reaches her port of discharge/destination.</p> <p>Pro rata return of premium in the event of termination.</p>	<p>Clause 5</p> <p>Automatic termination at the time of:</p> <p>5.1 An overdue periodic survey is now an additional event which will terminate the insurance (unless an extension of time is agreed by the Classification Society).</p> <p>5.2 No change.</p> <p>Pro rata return of premium in the event of termination unless the Vessel has become a total loss (whether by insured perils or otherwise) during the period of the insurance.</p> <p><i>Comments:</i></p> <p>(1) It is unclear whether the Assured is allowed more than one extension under Clause 5.1 to carry out a periodic survey.</p> <p>(2) If a periodic survey is overdue by one day, the Clause will be breached.</p> <p>(3) Mortgagees/Banks (especially when an Assured is in "default") will be interested in the change concerning return of premium.</p>

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6. Perils Part I	<p>Clause 6</p> <p>6.1 Covers loss of or damage to the subject matter insured caused by:</p> <p>6.1.1 Perils of the seas, rivers, lakes or other navigable waters.</p> <p>6.1.2 Fire, explosion.</p> <p>6.1.3 Violent theft by persons from outside the Vessel.</p> <p>6.1.4 Jettison.</p> <p>6.1.5 Piracy.</p> <p>6.1.6 Breakdown of or accident to nuclear installations or reactors.</p> <p>6.1.7 Contact with aircraft or similar objects, or objects falling therefrom, land conveyance, dock or harbour equipment or installation.</p> <p>6.1.8 Earthquake, volcanic eruption or lightning. See Clause 6.2.1.</p>	<p>Clause 6</p> <p>6.1 Covers loss of or damage to the subject matter insured caused by:</p> <p>6.1.1 No change.</p> <p>6.1.2 No change.</p> <p>6.1.3 No change.</p> <p>6.1.4 No change.</p> <p>6.1.5 No change.</p> <p>6.1.6 Deleted. See Clause 27 below.</p> <p>6.1.6 Contact with land conveyance, dock or harbour equipment or installation. And see Clause 6.2.5.</p> <p>6.1.7 No change.</p> <p>6.1.8 Accidents in loading, discharging or shifting cargo or fuel.</p>
6. Perils Part II	<p>6.2 Covers loss of or damage to the subject matter insured caused by:</p> <p>6.2.1 Accidents in loading, discharging or shifting cargo or fuel.</p> <p>6.2.2 Bursting of boilers, breakage of shafts or any latent defect in the machinery or hull.</p> <p>6.2.3 Negligence of Master, Officers, Crew or Pilots.</p> <p>6.2.4 Negligence of repairers or charterers provided such repairers or charterers are not an Assured under the policy.</p> <p>6.2.5 Barratry of Master, Officers or Crew. See Clause 6.1.7.</p> <p>provided such loss or damage has not resulted from want of due diligence by the Assured, Owners or Managers.</p>	<p>6.2 Covers loss of or damage to the subject matter insured caused by:</p> <p>See Clause 6.1.8.</p> <p>6.2.1 No change.</p> <p>6.2.2 No change.</p> <p>6.2.3 No change.</p> <p>6.2.4 No change.</p> <p>6.2.5 Contact with aircraft, helicopters or similar objects, or objects falling therefrom.</p> <p>provided such loss or damage has not resulted from want of due diligence by the Assured, Owners, Managers or Superintendents or any of their onshore management.</p> <p><i>Comments:</i></p> <p>(1) Clause 6 sets out the primary cover under the Clauses. It is divided into two sections with the perils at Clause 6.2 being subject to a due diligence proviso.</p> <p>(2) Cover for loss or damage due to breakdown of or accident to nuclear installations/reactors has been deleted.</p> <p>(3) There has been some movement of perils between the two sections. Accidents in loading and discharging cargo/fuel are no longer subject to the due diligence proviso (Clause 6.1.8). Conversely, contact with aircraft (with the addition of helicopters), similar objects or objects falling therefrom is now subject to the exercise of due diligence (Clause 6.2.5).</p> <p>(4) The most important change is to the due diligence proviso at Clause 6.2. The intention behind the amendment is to prevent claims which result from persistent poor maintenance. However, its effect may be wider than this.</p> <p>(5) This amendment will give rise to novel problems. Previously recovery for loss or damage arising out of the perils at Clause 6.2 was subject to the proviso that such loss or damage had not resulted from want of due diligence by the Assured, Owners or Managers. The scope of the due diligence proviso has been widened and now encompasses Superintendents and onshore management as well. Under the 1983 Clauses, a lack of due diligence by such personnel would not necessarily prejudice cover.</p> <p>(6) Importantly, the burden of proof remains with Underwriters to prove want of due diligence.</p> <p>N.B. for commentary on the Restricted Perils Clauses see the end of this guide.</p>

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7. Pollution Hazard	<p>Clause 7</p> <p>Covers loss of or damage to the Vessel caused by any governmental authority under its powers to prevent or mitigate pollution hazards/threats where these result directly from damage to the Vessel for which Underwriters are liable. Proviso as to the exercise of due diligence to prevent/mitigate the hazard or threat.</p>	<p>Clause 7</p> <p>Extended to include governmental action to prevent or mitigate damage to the environment/threat thereof as well as a pollution hazard/threat.</p>
8. 3/4ths Collision Liability	<p>Clause 8</p> <p>8.1 Cover for 3/4ths of any sum(s) paid by the Assured due to its legal liability in damages following a collision for:</p> <p>8.1.1 Loss of or damage to any other vessel or property thereon.</p> <p>8.1.2 Delay to or loss of use of any such other vessel or property thereon.</p> <p>8.1.3 General average/salvage of any such other vessel or property thereon.</p> <p>8.2 Cover under Clause 8 is in addition to the indemnity provided by the other terms of the insurance.</p> <p>8.2.1 Where the vessels are both to blame, subject to limitation of liability, the indemnity under Clause 8 is to be calculated on the principle of cross-liabilities.</p> <p>8.2.2 Underwriters' liability under Clauses 8.1 and 8.2 is limited to their proportions of 3/4ths of the insured value of the Vessel in respect of any one collision.</p> <p>8.3 Underwriters to pay 3/4ths of the Assured's legal costs in contesting liability/limiting liability where Underwriters have given their prior written consent.</p> <p><u>Exclusions</u></p> <p>8.4 Clause 8 does not cover payments by the Assured in respect of:</p> <p>8.4.1 Removal or disposal of obstructions, wrecks, cargoes or any other thing whatsoever.</p> <p>8.4.2 Any real/personal property except other vessels or property thereon.</p> <p>8.4.3 Cargo/property on or the engagements of the insured Vessel.</p> <p>8.4.4 Loss of life, personal injury or illness.</p> <p>8.4.5 Pollution/contamination, except of other vessels with which the insured Vessel is in collision or property thereon.</p>	<p>Clause 8</p> <p>8.1 No change.</p> <p>8.2 No change.</p> <p>8.3 No change.</p> <p>8.4 No change.</p> <p>8.4.1 No change.</p> <p>8.4.2 No change.</p> <p>8.4.3 No change.</p> <p>8.4.4 No change.</p> <p>8.4.5 Extends exclusion to threats of pollution/contamination and to damage to the environment or threat thereof. To avoid any confusion, it is emphasised that the exclusion will not apply to an enhanced salvage award under Article 13(1)(b) (see 10.6 below).</p>
9. Sistership	<p>Clause 9</p> <p>Cover for collision with/salvage services rendered by sisterships.</p>	<p>Clause 9</p> <p>No change.</p>
10. General Average and Salvage	<p>Clause 11</p> <p>11.1 Covers Vessel's proportion of salvage, salvage charges and general average. Underwriters' liability is reduced in the event of under insurance. Specific cover for general average sacrifice.</p>	<p>Clause 10</p> <p>10.1 No change.</p> <p>10.2 No change.</p>

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(cont'd...)	<p>11.2 Adjustment to be according to the law and practice at the place where the adventure ends but where the contract of affreightment so provides the adjustment should be according to the York-Antwerp Rules.</p> <p>11.3 When the Vessel sails in ballast and not under charter, the provisions of the York-Antwerp Rules, 1974 (excluding Rules XX and XXI) are applicable. Defines the "general average voyage" in such circumstances.</p> <p>11.4 No claim under Clause 11 where the loss was not incurred to avoid an insured peril.</p>	<p>10.3 York-Antwerp Rules, 1994 (excluding Rules XI(d), XX and XXI) are substituted for the 1974 Rules.</p> <p>10.4 No change.</p> <p>10.5 (new) No cover for or in respect of</p> <p>10.5.1 Special compensation payable to Salvor under Article 14.</p> <p>10.5.2 Expenses or liabilities incurred in respect of damage (actual or threatened) to the environment or due to escape (actual or threatened) of pollutants from the Vessel.</p> <p>10.6 (new) An enhanced salvage award under Article 13(1)(b) is not excluded by Clause 10.5.</p> <p><i>Comments:</i></p> <p>(1) Clause 10.3 is concerned with a Vessel which is not carrying cargo and is in ballast. The York-Antwerp Rules, 1994 are substituted for the 1974 Rules. As before, the provisions relating to commission on general average disbursements and interest on losses made good in general average are excluded. In addition, the exclusion of Rule XI(d) makes it clear that costs undertaken to prevent or minimise damage to the environment, whilst allowable in general average, are not recoverable.</p> <p>(2) References to Article 13(1)(b) and to Article 14 are references to the London Salvage Convention 1989, which is now part of English law and therefore incorporated into Lloyd's Open Form (1995). Both these Articles concern rewarding and compensating a salvor for steps taken to prevent or minimise damage to the environment. However, they are treated differently for insurance purposes (see below).</p> <p>(3) Article 13 sets out the criteria for fixing the amount of a salvage award where property has been successfully salvaged. Article 13(1)(b) provides that the skill of the salvor in preventing or minimising damage to the environment is now one of the factors which must be taken into account in fixing the award. A salvage award, including one enhanced due to Article 13(1)(b), is recoverable under the insurance as salvage/salvage charges.</p> <p>(4) Special compensation payable to a salvor under Article 14 is not recoverable under the insurance (but is invariably the subject of cover by P&I Clubs). An Article 14 award may be made where there is no Article 13 award (for example because the salvage services were unsuccessful) or as a supplement to an Article 13 award in certain circumstances.</p> <p>(5) As is apparent from the exclusions at 10.5.1 and 10.5.2, Underwriters are not insuring environmental risks. For the most part, there is no conflict between this position and the provision of coverage for the Vessel's proportion of general average. This is because Article 14 special compensation and costs incurred in relation to damage to the environment or due to the escape of pollutants are also excluded from general average (see York-Antwerp Rules 1994 VI(b) and C).</p>

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(...cont'd)		<i>However, Rule XI(d) does provide that certain costs aimed at minimising damage to the environment are recoverable in general average, for example where a vessel is at a port of refuge. Accordingly, whilst recoverable from an owner as general average these expenses are irrecoverable from Underwriters due to Clause 10.5.2. If required, cover for such expenses will have to be purchased separately (i.e. by incorporating the Institute General Average - Pollution Expenditure Clause).</i>
11. Duty of Assured (Sue and Labour)	<p>Clause 13</p> <p>13.1 In case of any loss or misfortune it is the duty of the Assured and their servants and agents to take such measures as may be reasonable for the purpose of averting or minimising a loss which would be recoverable under the insurance.</p> <p>13.2 Underwriters will contribute to charges properly and reasonably incurred by the Assured under Clause 13.1. General average, salvage charges and collision defence/attack costs are not recoverable under Clause 13.</p> <p>13.3 Measures taken by the Assured or Underwriters to save, protect or recover the subject matter insured will not prejudice the rights of either party.</p> <p>13.4 Set out limits on recovery for sue and labour expenditure including special provisions where Underwriters have admitted a claim for a total loss.</p> <p>13.5</p> <p>13.6 The sum recoverable as sue and labour is in addition to the loss otherwise recoverable under the insurance but shall in no circumstances exceed the amount insured in respect of the Vessel.</p>	<p>Clause 11</p> <p>11.1 No change.</p> <p>11.2 No change except to make it clear that Article 14 special compensation and expenses excluded by Clause 10.5 are also irrecoverable as sue and labour.</p> <p>11.3 No change.</p> <p>11.4 No change except to make it clear that Article 14 special compensation and expenses excluded by Clause 10.5 are also irrecoverable as sue and labour.</p> <p>11.5</p> <p>11.6 No change</p>
12. Deductible	<p>Clause 12</p> <p>12.1 Application of deductible. Deductible will not apply to claims for a total loss or sue and labour associated therewith.</p> <p>12.2 Heavy weather between two successive ports is treated as being due to one accident.</p> <p>12.3 Recoveries credited to Underwriters first.</p> <p>12.4 Interest on recoveries to be apportioned between the Assured and Underwriters.</p>	<p>Clause 12</p> <p>12.1 No change, except that the size of the deductible is no longer to be written into the body of the Clauses.</p> <p>12.2 No change.</p> <p>12.3 No change.</p> <p>12.4 No change.</p>
13. Notice of Claim and Tenders	<p>Clause 10</p> <p>10.1 In the event of accident whereby loss or damage may result in a claim under the insurance, <u>notice shall be given to the Underwriters prior to survey</u>, and to the nearest Lloyd's Agent (if the Vessel is outside the UK) so that a surveyor may be appointed if Underwriters so wish.</p>	<p>Clause 13</p> <p>13.1 In the event of accident whereby loss or damage may result in a claim under the insurance, <u>notice must be given to the Underwriters promptly after the date on which the Assured, Owners or Managers become or should have become aware of the loss or damage and prior to survey</u> so that a surveyor may be appointed if Underwriters so wish. <u>If notice is not given to Underwriters within 12 months of the above date, Underwriters are automatically discharged from liability in respect of any resulting claim, unless they agree to the contrary in writing.</u></p>

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	<p>10.2 Underwriters can decide where the Vessel is to be repaired and can veto a place of repair/repairing firm.</p> <p>10.3 Underwriters may take tenders or require further tenders to be taken for the repair of the Vessel. The Assured may be entitled to specified compensation in this event.</p> <p>10.4 Deduction of 15% from the claim in the event of failure to comply with Clause 10.</p>	<p>13.2 No change.</p> <p>13.3 No change.</p> <p>13.4 Deduction of 15% from the claim in the event of failure to comply with Clauses 13.2 and 13.3.</p> <p><i>Comments:</i></p> <p>(1) <i>An Assured must now give prompt notice to Underwriters of potential claims. What constitutes prompt notice will vary depending on the facts of the case, but this requirement suggests that notice should be given as soon as reasonably possible. As before, such notice must be prior to survey. Brokers will perhaps need to remind their Assureds of this new provision and the consequence of non-compliance as discussed below.</i></p> <p>(2) <i>The obligation to give prompt notice arises after the date upon which the Assured, Owners or Managers become or should have become aware of the loss or damage giving rise to the potential claim.</i></p> <p>(3) <i>Whilst no fixed sanction is imposed for failure to give prompt notice, this would constitute a breach of the Clause.</i></p> <p>(4) <i>If notice is not given to Underwriters within twelve months of the date at (2) above, Underwriters are discharged from liability for any resulting claim. Previously a failure to give the required notice resulted in a 15% reduction in the claim.</i></p> <p>(5) <i>Whilst under English law an Assured would normally have six years to bring legal proceedings against Underwriters, a failure to give notice within 12 months as discussed above may have the effect of rendering the claim contractually unenforceable.</i></p> <p>(6) <i>A failure to give the required notice within 12 months will only prejudice the claim and will not bring the insurance as a whole to an end (unlike a breach of warranty). Underwriters can waive a breach of the notice provision in writing.</i></p> <p>(7) <i>As before, a breach of Clauses 13.2 and 13.3 will only result in a 15% reduction in the claim.</i></p> <p>(8) <i>There is no longer a requirement to give notice to Lloyd's Agents.</i></p>
14. New for Old	<p>Clause 14</p> <p>Claims payable without deduction new for old.</p>	<p>Clause 14</p> <p>No change.</p>
15. Bottom Treatment	<p>Clause 15</p> <p>No claim allowed in respect of bottom treatment except in specified circumstances.</p>	<p>Clause 15</p> <p>No change.</p>
16. Wages and Maintenance	<p>Clause 16</p> <p>No claim for wages/maintenance of Master or Crew except in specific circumstances.</p>	<p>Clause 16</p> <p>No change.</p>

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17. Agency Commission	<p>Clause 17</p> <p>The costs of the Assured obtaining and supplying information/documents or associated agency charges cannot be recovered.</p>	<p>Clause 17</p> <p>No change.</p>
18. Unrepaired Damage	<p>Clause 18</p> <p>18.1 The measure of indemnity in respect of claims for unrepaired damage is the reasonable depreciation in the market value of the Vessel at the time the insurance terminates arising from such unrepaired damage. This may not exceed the reasonable cost of repairs.</p> <p>18.2 Underwriters are not liable for unrepaired damage in the event of a subsequent total loss during the period of the insurance, whether covered under the insurance or not.</p> <p>18.3 Underwriters are not liable in respect of unrepaired damage for more than the insured value at the time the insurance terminates.</p>	<p>Clause 18</p> <p>18.1 No change.</p> <p>18.2 No change.</p> <p>18.3 No change.</p>
19. Constructive Total Loss	<p>Clause 19</p> <p>19.1 In ascertaining whether the Vessel is a constructive total loss, the figure to be taken into account as the repaired value shall be the insured value. The value of the Vessel or wreck is excluded from the calculation.</p> <p>19.2 No claim for constructive total loss based on the cost of recovery and/or repair shall be recoverable unless such costs would exceed the insured value.</p>	<p>Clause 19</p> <p>19.1 No change.</p> <p>19.2 No change.</p>
20. Freight Waiver	<p>Clause 20</p> <p>In the event of total loss Underwriters cannot claim freight.</p>	<p>Clause 20</p> <p>No change.</p>
21. Assignment	<p>Clause 5</p> <p>No assignment will be recognised by Underwriters unless a dated notice of such assignment signed by the Assured is endorsed on the policy.</p>	<p>Clause 21</p> <p>No change.</p>
22. Disbursement Warranty	<p>Clause 21</p> <p>Sets out the additional insurances permitted including increased value, freight, hire, insurance premiums and war and strikes insurance.</p>	<p>Clause 22</p> <p>No change.</p>
23. Returns for Lay-up and Cancellation	<p>Clause 22</p> <p>22.1 To return premium as follows:</p> <p>22.1.1 Monthly net for each uncommenced month if the insurance is cancelled by agreement.</p>	<p>Clause 23</p> <p>23.1 To return premium as follows:</p> <p>23.1.1 No change.</p>

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	<p>22.1.2 Each 30 day consecutive period the Vessel be laid up in a port or lay-up area, approved by Underwriters. Different rates apply depending upon whether the Vessel is under repair or not.</p> <p>22.2. Provided always that:</p> <p>22.2.1 A total loss has not occurred during the period of the insurance.</p> <p>22.2.2 No return premium is allowed where the Vessel is lying in exposed or unprotected waters or in a port or lay-up area not approved by Underwriters. However, allowance is given to the Assured if Underwriters agree that a non-approved lay-up area is deemed to be within the vicinity of the approved port or lay-up area.</p> <p>22.2.3 No return allowed for any period during which the Vessel is being used for the storage of cargo or for lightering purposes.</p> <p>22.2.4 In the event of any amendment to the annual rate, the rates of return premium to be adjusted accordingly.</p> <p>22.2.5 Pro rata return of premium if the 30 consecutive day period (see 22.1.2) falls on successive insurances.</p>	<p>23.1.2 No change.</p> <p>23.1.3 (new) - A Vessel is not considered to be under repair when work is undertaken in respect of ordinary wear and tear or following recommendations from the Classification Society.</p> <p>23.2 Provided always that:</p> <p>23.2.1 No change.</p> <p>23.2.2 Allowance deleted.</p> <p>23.2.3 No change.</p> <p>23.2.4 No change.</p> <p>23.2.5 No change.</p>
24. War Exclusion	<p>Clause 23</p> <p>Specified "war" risks are excluded.</p>	<p>Clause 24</p> <p>No change.</p>
25. Strike Exclusion	<p>Clause 24</p> <p>Specified "strikes" and terrorist risks are excluded.</p>	<p>Clause 25</p> <p>No change.</p>
26. Malicious Acts Exclusion	<p>Clause 25</p> <p>Loss, damage, liability or expense due to explosives or any weapon of war, caused by a person acting maliciously or from a political motive are excluded.</p>	<p>Clause 26</p> <p>No change.</p>
27. Nuclear Exclusion	<p>Clause 26</p> <p>Loss, damage, liability or expense arising from any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter are excluded.</p>	<p>See Clause 27</p>
28. Radioactive Contamination Exclusion Clause		<p>Clause 27 (new)</p> <p>The insurance does not cover loss, damage, liability or expense directly or indirectly caused by or arising from radiation or contact with radioactive material.</p> <p><u>Comments:</u> (1) This incorporates the CL 356 exclusion which has frequently been incorporated into policies over recent years.</p>

Institute Time Clauses - Hulls - Restricted Perils Clauses - 1/11/95

Comments

- (1) These restrict and amend cover for loss or damage arising as a result of the insured perils at Clause 6.
- (2) Loss or damage due to accidents in loading, discharging or shifting cargo or fuel is a due diligence peril (as before under the 1983 Clauses).
- (3) Cover for loss or damage due to bursting of boilers and breakage of shafts is deleted.
- (4) Cover for barratry of the Master, Officers and Crew is deleted.
- (5) Perhaps of most importance, there is no express cover for loss or damage due to the negligence of the Master, Officers or Crew. Cover for loss or damage due to the negligence of Pilots remains.

Notes

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Our offices in London, Middle East and Greece will be pleased to supply copies of any of the above 'At A Glance' guides.

London

Hill Taylor Dickinson
Irongate House, Duke's Place
London EC3A 7HX

T: +44 (0) 20 7283 9033
F: +44 (0) 20 7283 1144
E: enquiry@htd-london.com

Middle East

Hill Taylor Dickinson
Commercial Tower
Holiday Centre, Sheikh Zayed Road
PO Box 53934, Dubai, UAE

T: +971 4 331 7788
F: +971 4 331 9988
E: enquiry@htd.ae

Greece

PIRAEUS
Hill Taylor Dickinson OE
2, Il Merarchias Street
Piraeus 185 35, Greece

T: +30 210 428 4770
F: +30 210 428 4777
E: enquiry@htd-greece.com

ATHENS
Hill Taylor Dickinson
Leoforos Kiffisias 104
Athens 151 25, Greece

T: +30 210 612 2677
+30 210 612 2877
F: +30 210 612 2307
E: enquiry@htd-greece.com

or visit our website at:

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