

INVITATION FOR BID  
VIRGINIA DEPARTMENT OF THE TREASURY  
DIVISION OF RISK MANAGEMENT  
RM 08-016  
ISSUED: June 2, 2008

ADDENDUM 1  
ISSUED June 9, 2008

This Addendum incorporates general comments and answers to questions that have been received by the Procurement Office.

QUESTIONS AND ANSWERS

1. Can you provide tonnage for each vessel listed on the schedule?

Tonnage is not ready available for each vessel.

2. Can you provide the estimated lay up time for the vessels listed on the schedule? Particularly the ferries? Could you also give the reason the vessels are normally laid up?

Sometimes they are laid up for repair or for seasonal issues. With regard to the ferries, there has been no lay-up reported, but the coverage should allow for it.

3. Please provide the current policy premium for the calculation of the loss ratio as requested by interested underwriters.

The policy is attached

4. Due to the unique nature of marine insuring terms and conditions, please provide us with a copy of the current policy.

The policy is attached

5. Is the current hull insurance policy multi-year/fixed rate and if so, for how many years?

The policy is attached

6. Are any of the vessels seasonally laid up? If so, please identify the vessels and the duration of lay-up and whether in/out of the water?

Sometimes they are laid up for repair or for seasonal issues. With regard to the ferries, there has been no lay-up reported, but the coverage should allow for it.

7. Please provide copies of the current marine condition and value surveys.

Available for review at Department of the Treasury, 3<sup>rd</sup> floor, 101 North 14<sup>th</sup> Street, Richmond, VA 23219 by appointment only.

8. How many copies, in addition to the original, of our response do you require?

Please provide 3 copies with 1 original.

9. Is it possible to obtain a WORD version of the bid documents?

Attached.

10. Please refer to Section VI: Pricing Schedule on page 13. Please clarify the intent of the required entries:

- a) Is the first required entry premium only? and is it for 1 year or 4 years?

The total premium includes the July 2008 – July 2009 premium and annual Loss Control and Inspection Services.

- b) Additionally is this first entry to include loss control and inspection services premium if any?; and is it for 1 year or 4 years?

The total premium includes the July 2008 – July 2009 premium and annual Loss Control and Inspection Services.

The Loss Control and Inspection Services premium is fixed for the contract.

Example of premium bid:

Bidder agrees to provide Watercraft Hull Insurance and Loss Control Services to the Commonwealth of Virginia for the firm (total) premium of \$30,500 to be billed half in July and half on or after January 1.

July 1, 2008 – July 1, 2009 Watercraft Hull Insurance Coverage premium - \$ 30,000

(Annual) Loss Control and Inspection Services premium based upon a four (4) year contract \$500 per year

Also see **SECTION V: METHOD OF PAYMENT** for premium adjustments.

**Note: A signed acknowledgment of this addendum must be received by this office either prior to the bid due date and hour or attached to your bid. Signature on this addendum does not substitute for your signature on the original bid document. The original bid document must be signed.**

Sincerely,

\_\_\_\_\_  
Name of Firm

\_\_\_\_\_  
Kelley S. Denton, VCO  
Buyer  
(804) 786-4741

\_\_\_\_\_  
Signature/Title

\_\_\_\_\_  
Date

# Policy Of Insurance

**POLICY NO.** CV-HULL-070107

**ASSURED:** Commonwealth of Virginia, consisting principally of University of Virginia, Old Dominion University, Old Dominion University Research Foundation, George Mason University, Virginia Institute of Marine Science, Tidewater Community College, Marine Resources Commission, Department of Game and Inland Fisheries, Jamestown-Yorktown Foundation, Department of Transportation and/or all affiliated and or subsidiary, and or interrelated companies or corporations as now exist or may hereafter be constituted, created or acquired.

**ADDRESS:** C/O Division of Risk Management  
Department of the Treasury  
P. O. Box 1870  
Richmond, VA 23218

**LOSS PAYEE:** Assured or Order

**INTEREST INSURED:** Hull & Machinery

**AMOUNT:** As Attached

**ATTACHING:** July 1, 2007, 12:01 AM, Eastern Daylight Time

**EXPIRING:** July 1, 2008, 12:01 AM, Eastern Daylight Time

**PREMIUM:** \$162,122.08 Payable Semiannually

**Commonwealth of Virginia, et al.  
Hull & Machinery  
TERMS AND CONDITIONS, ETC.**

<u>UNDERWRITER PARTICIPATION</u>	<u>LIMIT</u>	<u>PREMIUM</u>	<u>SIGNATURE</u>
The Northern Assurance Company of America (International Marine Underwriters)	50%	\$ 81,061.04	William Luce
Indemnity Insurance Company of North America (Ace)	25%	\$ 40,530.52	K.Wayne Atkins
National Casualty Company (International Specialty, Inc.)	25%	\$ 40,530.52	James Mansfield

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Premium Payable Semiannually As Follows -

<u>Due</u>	<u>IMU</u>	<u>ACE</u>	<u>ISI</u>	<u>Total</u>
July 1, 2007	\$40,530.52	\$20,265.26	\$20,265.26	\$ 81,061.04
January 1, 2008	<u>\$40,530.52</u>	<u>\$20,265.26</u>	<u>\$20,265.26</u>	<u>\$ 81,061.04</u>
	\$81,061.04	\$40,530.52	\$40,530.52	\$162,122.08

Annual premium adjustments will be made for any vessel additions, deletions or lay-up returns - within 30 days of the end of the policy year.

**Loss Control Servicing**

Underwriters agree to include the cost of 5 Marine Surveys during the 12 month policy period. These will be managed by Aon Risk Services with full copies of the surveys to be forwarded to all parties.

**Each Vessel Separately Insured Clause**

One policy is issued covering the vessels hereunder, however, each vessel is to be deemed a separate interest, separately insured in all respects as if a separate policy for the amount set opposite the name of each vessel were issued for her; and the policy is to be read and applied accordingly. The insurance for one vessel is not applicable to any other vessel, and the amount of insurance written opposite each vessel is the limit of coverage provided.

If there be any provision or language elsewhere in the policy reading or indicating or appearing to read or indicate other than what is specified in the preceding paragraph, the preceding paragraph shall apply.

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**TERMS AND CONDITIONS, ETC.**

**Cancellation Clause**

This policy may be canceled by either party giving 90 days (30 days if by the Assured) written notice to the other by mail, telegraphic, facsimile, or by electronic mail means. If canceled by the Assured, short rate cancellation rates will apply. If canceled by these Assurers, pro rata cancellation rates will apply. From all return premiums, the same percentage of deduction (if any) shall be made as was allowed by these Assurers on receipt of the original premium

**Automatic Acquisition Clause**

Subject to the terms, conditions, and limits of liability of this policy, it is understood and agreed that this policy covers automatically each vessel acquired, purchased by, or chartered to, leased to, rented by, delivered off, charter to, under control of, used by, or operated in whatever capacity by the Assured.

The maximum hull value any one vessel may be insured for under this Automatic Acquisition Clause is \$1,000,000.

The agreed valuation for hull insurance shall be as follows:

- (i) With respect to purchased vessel, the purchase price
- (ii) With respect to chartered vessel, etc. the amount set forth in the charter party or other similar agreement executed by the Assured and vessel owner or in the event of an oral agreement, the amount agreed upon by the Assured and the owner; but in no event shall the amount be more than the original purchase price or the amount the vessel was insured for prior to being chartered, etc. to the Assured.

It is further agreed that the Assured will report to underwriters as soon as practicable any vessel coming at risk under this automatic coverage, advising date attaching hereunder. The Assured agrees to pay premium thereon at pro rata of appropriate rates as agreed. Full annual premium will be paid to insurers in the event of a total or constructive total loss paid hereunder with respect to such additional vessels.

**Collision Liability**

It is understood and agreed that lines 158 - 184 of the American Institute Hull Clauses (June 2, 1977) are deleted.

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**TERMS AND CONDITIONS, ETC.**

**Navigation Limits**

As respects **Virginia Institute of Marine Science and Marine Resources Commission:**

Warranted confined to use and navigation of the waters of the Chesapeake Bay and tributaries and inland waters of Virginia not exceeding 100 miles into the Atlantic Ocean as measured by the perpendicular from the vessel to land including navigation to Oregon Inlet, North Carolina but not north of 43 degrees nor south of 35 degrees North Latitude.

As respects All Other Entities:

Warranted confined to the Chesapeake Bay and Virginia inland tributaries not to exceed three (3) miles offshore.

As Respects M\V Fay Slover

Navigation limits extended to include "nor South of 34.30 degrees North Latitude or Cape Lookout".

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**TERMS AND CONDITIONS, ETC.**

**American Institute Hull Clauses**  
**(June 2, 1977)**

To be attached to and form a part of Policy No..CV-Hull-070107... of the ..Subscribing Underwriters.....

**The terms and conditions of the following clauses are to be regarded as substituted for these of the policy form to which they are attached, the latter being hereby waived, except provisions required by law to be inserted in the Policy. All captions are inserted only for purposes of reference and shall not be used to interpret the clauses to which they apply.**

**ASSURED**

This Policy insures **Commonwealth of Virginia, et al.** hereinafter referred to as the Assured.

If claim is made under this Policy by anyone other than the Owner of the Vessel, such person shall not be entitled to recover to a greater extent than would the Owner, had claim been made by the Owner as an Assured named in this Policy.

Underwriters waive any right of subrogation against affiliated, Subsidiary or interrelated companies of the Assured, provided that such waiver shall not apply in the event of a collision between the Vessel and any vessel owned, demise chartered or otherwise controlled by any of the aforesaid companies, or with respect to any loss, damage or expense against which such companies are insured.

**LOSS PAYEE**

Loss, if any, payable to **the Assured** or order.

Provided, however, Underwriters shall pay claims to others as set forth in the Collision Liability clause and may make direct payment to persons providing security for the release of the Vessel in Salvage cases.

**VESSEL**

The Subject Matter of this insurance is the Vessel called the **As per schedule of vessels**

..... or by whatsoever name or names the said Vessel is or shall be called, which for purposes of this insurance shall consist of and be limited to her hull, launches, lifeboats, rafts, furniture, bunkers, stores, supplies, tackle, fittings, equipment, apparatus, machinery, boilers, refrigerating machinery, insulation, motor generators and other electrical machinery.

In the event any equipment or apparatus not owned by the Assured is installed for use on board the Vessel and the Assured has assumed responsibility therefor, it shall also be considered part of the Subject Matter and the aggregate value thereof shall be included in the Agreed Value.

Notwithstanding the foregoing, cargo containers, barges and lighters shall not be considered a part of the Subject Matter of this insurance.

**DURATION OF RISK**

From the.....**1st.....day of.....July.....2007, at 12:01 AN Eastern Daylight time.....**  
to the.....**1st.....day of.....July.....2008, at 12:01 AM Eastern Daylight**

..... time.  
Should the Vessel at the expiration of this Policy be at sea, or in distress, or at a port of refuge or of call, she shall, provided previous notice be given to the Underwriters, be held covered at a pro rata monthly premium to her port of destination.

In the event of payment by the Underwriters for Total Loss of the Vessel this Policy shall thereupon automatically terminate.

**AGREED VALUE**

The Vessel, for so much as concerns the Assured, by agreement between the Assured and the Underwriters in this Policy, is and shall be valued at.....**per policy declarations.....** Dollars.

**AMOUNT INSURED HEREUNDER**

**Per policy declarations.....** Dollars.

**DEDUCTIBLE**

Notwithstanding anything in this Policy to the contrary, there shall be deducted from the aggregate of all claims (including claims under the Sue and Labor clause and claims under the Collision Liability clause) arising out of each separate accident, the sum of \$ **per policy declarations.....**, unless the accident results in a Total Loss of the Vessel in which case this clause shall not apply. A recovery from other interests, however, shall not operate to exclude claims under this Policy provided the aggregate of such claims arising out of one separate accident if unreduced by such recovery exceeds that sum. For the purpose of this clause each accident shall be treated separately, but it is agreed that (a) a sequence of damages arising from the same accident shall be treated as due to that accident and (b) all heavy weather damage, or damage caused by contact with floating ice, which occurs during a single sea passage between two successive ports shall be treated as though due to one accident.

**PREMIUM**

The Underwriters to be paid in consideration of this insurance **per policy declarations.....** Dollars being at the annual rate of **per policy declarations.....** per cent., which premium shall be due on attachment. If the Vessel is insured under this Policy for a period of less than one year at pro rata of the annual rate, full annual premium shall be considered earned and immediately due and payable in the event of Total Loss of the Vessel.

**RETURNS OF PREMIUM**

Premium returnable as follows:

- Pro rata daily net in the event of termination under the Change of Ownership clause;
- Pro rata monthly net for each uncommenced month if it be mutually agreed to cancel this Policy;
- For each period of 30 consecutive days the Vessel may be laid up in port for account of the Assured,
- .....**N/A.....** cents per cent. net not under repair, or

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..... <i>N/A</i> ..... cents per cent. net under repair;	46
provided always that:	
(a) a Total Loss of the Vessel has not occurred during the currency of this Policy;	47
(b) in no case shall a return for lay-up be allowed when the Vessel is lying in exposed or unprotected waters or in any location not approved by the Underwriters;	48
(c) in the event of any amendment of the annual rate, the above rates of return shall be adjusted accordingly;	49
(d) in no case shall a return be allowed when the Vessel is used as a storage ship or for lightering purposes.	50
If the Vessel is laid up for a period of 30 consecutive days, a part only of which attaches under this Policy, the Underwriters shall pay such proportion of the return due in respect of a full period of 30 days as the number of days attaching hereto bears to 30. Should the lay-up period exceed 30 consecutive days, the Assured shall have the option to elect the period of 30 consecutive days for which a return is recoverable.	51
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<b>NON-PAYMENT OF PREMIUM</b>	
In event of non-payment of premium 30 days after attachment, or of any additional premium when due, this Policy may be cancelled by the Underwriters upon 10 days written or telegraphic notice sent to the Assured at his last known address or in care of the broker who negotiated this Policy.	55
Such proportion of the premium, however, as shall have been earned up to the time of cancellation shall be payable. In the event of Total Loss of the Vessel occurring prior to any cancellation or termination of this Policy full annual premium shall be considered earned.	56
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<b>ADVENTURE</b>	
Beginning the adventure upon the Vessel, as above, and so shall continue and endure during the period aforesaid, as employment may offer, in port or at sea, in docks and graving docks, and on ways, gndirons and pontoons, at all times, in all places, and on all occasions, services and trades; with leave to sail or navigate with or without pilots, to go on trial trips and to assist and tow vessels or craft in distress, but the Vessel may not be towed, except as is customary or when in need of assistance, nor shall the Vessel render assistance or undertake towage or salvage services under contract previously arranged by the Assured, the Owners, the Managers or the Charterers of the Vessel, nor shall the Vessel, in the course of trading operations, engage in loading or discharging cargo at sea, from or into another vessel other than a barge, lighter or similar craft used principally in harbors or inland waters. The phrase "engage in loading or discharging cargo at sea" shall include while approaching, leaving or alongside, or while another vessel is approaching, leaving or alongside the Vessel.	59
The Vessel is held covered in case of any breach of conditions as to cargo, trade, locality, towage or salvage activities, or date of sailing, or loading or discharging cargo at sea, provided (a) notice is given to the Underwriters immediately following receipt of knowledge thereof by the Assured, and (b) any amended terms of cover and any additional premium required by the Underwriters are agreed to by the Assured.	60
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<b>PERILS</b>	
Touching the Adventures and Perils which the Underwriters are contented to bear and take upon themselves, they are of the Seas, Men-of-War, Fire, Lightning, Earthquake, Enemies, Pirates, Rovers, Assailing Thieves, Jettisons, Letters of Mart and Counter-Mart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes and Peoples, of what nation, condition or quality soever, Barratry of the Master and Mariners and of all other like Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment or Damage of the Vessel, or any part thereof, excepting, however, such of the foregoing perils as may be excluded by provisions elsewhere in the Policy or by endorsement thereon.	70
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<b>ADDITIONAL PERILS (INCHMAREE)</b>	
Subject to the conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by the following:	75
Accidents in loading, discharging or handling cargo, or in bunkering;	76
Accidents in going on or off, or while on drydocks, graving docks, ways, gndirons or pontoons;	77
Explosions on shipboard or elsewhere;	78
Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting of boilers, breakage of shafts, or any latent defect in the machinery or hull, (excluding the cost and expense of replacing or repairing the defective part);	79
Breakdown of or accidents to nuclear installations or reactors not on board the insured Vessel;	80
Contact with aircraft, rockets or similar missiles, or with any land conveyance;	81
Negligence of Charterers and/or Repairers, provided such Charterers and/or Repairers are not an Assured hereunder;	82
Negligence of Masters, Officers, Crew or Pilots;	83
provided such loss or damage has not resulted from want of due diligence by the Assured, the Owners or Managers of the Vessel, or any of them.	84
Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.	85
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<b>LIBERATE DAMAGE (POLLUTION HAZARD)</b>	
Subject to the conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the Vessel for which the Underwriters are liable under this Policy, provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.	87
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<b>CLAIMS (GENERAL PROVISIONS)</b>	
In the event of any accident or occurrence which could give rise to a claim under this Policy, prompt notice thereof shall be given to the Underwriters, and:	92
(a) where practicable, the Underwriters shall be advised prior to survey, so that they may appoint their own surveyor, if they so desire;	93
(b) the Underwriters shall be entitled to decide where the Vessel shall Proceed for docking and/or repair (allowance to be made to the Assured for the actual additional expense of the voyage arising from compliance with the Underwriters' requirement);	94
(c) the Underwriters shall have the right of veto in connection with any repair firm proposed;	95
(d) the Underwriters may take tenders, or may require in writing that tenders be taken for the repair of the Vessel, in which event, upon acceptance of a tender with the approval of the Underwriters, an allowance shall be made at the rate of 30 per cent. per annum on the amount insured, for each day or pro rata for part of a day, for time lost between the issuance of invitations to tender and the acceptance of a tender, to the extent that such time is lost solely as the result of tenders having been taken and provided the tender is accepted without delay after receipt of the Underwriters' approval.	96
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Due credit shall be given against the allowances in (b) and (d) above for any amount recovered:	103
(1) in respect of fuel, stores, and wages and maintenance of the Master, Officers or Crew allowed in General or Particular Average;	104

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(2) from third parties in respect of damages for detention and/or loss of profit and or running expenses; 105  
for the period covered by the allowances or any part thereof. 106

No claim shall be allowed in Particular Average for wages and maintenance of the Master. Officers or Crew, except when incurred solely for the 107  
necessary removal of the Vessel from one port to another for average repairs or for trial trips to test average repairs, in which cases wages and 108  
maintenance will be allowed only while the Vessel is under way. This exclusion shall not apply to overtime or similar extraordinary payments to the 109  
Master, Officers or Crew incurred in shifting the Vessel for tank cleaning or repairs or while specifically engaged in these activities, either in port or at sea. 110

General and Particular Average shall be payable without deduction, now for old. 111  
The expense of sighting the bottom after stranding shall be paid, if reasonably incurred especially for that purpose, even if no damage be found. 112

No claim shall in any case be allowed in respect of scraping or painting the Vessel's bottom. 113

In the event of loss or damage to equipment or apparatus not owned by the Assured but installed for use on board the Vessel and for which the 114  
Assured has assumed responsibility, claim shall not exceed (1) the amount the Underwriters would pay if the Assured were owner of such equipment or 115  
apparatus, or (2) the contractual responsibility assumed by the Assured to the owners or lessors thereof, whichever shall be less. 116

No claim for unrepaired damages shall be allowed, except to the extent that the aggregate damage caused by perils insured against during the period 117  
of the Policy and left unrepaired at the expiration of the Policy shall be demonstrated by the Assured to have diminished the actual market value of the 118  
Vessel on that date if undamaged by such perils. 119

**GENERAL AVERAGE AND SALVAGE** 120

General Average and Salvage shall be payable as provided in the contract of affreightment, or failing such provision or there be no contract of 121  
affreightment, payable at the Assured's election either in accordance with York-Antwerp Rules 1950 or 1974 or with the Laws and Usages of the Port of 122  
New York. Provided always that when an adjustment according to the laws and usages of the port of destination is properly demanded by the owners of 123  
the cargo, General Average shall be paid accordingly. 124

In the event of salvage, towage or other assistance being rendered to the Vessel by any vessel belonging in part or in whole to the same Owners or 125  
Charterers, the value of such services (without regard to the common ownership or control of the vessels) shall be ascertained by arbitration in the manner 126  
provided for under the Collision Liability clause in this Policy, and the amount so awarded so far as applicable to the interest hereby insured shall constitute 127  
a charge under this Policy. 128

When the contributory value of the Vessel is greater than the Agreed Value herein, the liability of the Underwriters for General Average contribution 129  
(except in respect to amounts made good to the Vessel), or Salvage, shall not exceed that proportion of the total contribution due from the Vessel which 130  
the amount insured hereunder bears to the contributory value, and if, because of damage for which the Underwriters are liable as Particular Average, the 131  
value of the Vessel has been reduced for the purpose of contribution, the amount of such Particular Average damage recoverable under this Policy shall 132  
first be deducted from the amount insured hereunder, and the Underwriters shall then be liable only for the proportion which such net amount bears to the 133  
contributory value.

**TOTAL LOSS** 134

In ascertaining whether the Vessel is a constructive Total Loss the Agreed Value shall be taken as the repaired value and nothing in respect of the 135  
damage or break-up value of the Vessel or wreck shall be taken into account. 136

There shall be no recovery for a constructive Total Loss hereunder unless the expense of recovering and repairing the Vessel would exceed the 137  
Agreed Value. In making this determination, only expenses incurred or to be incurred by reason of a single accident or a sequence of damages arising 138  
from the same accident shall be taken into account, but expenses incurred prior to tender of abandonment shall not be considered if such are to be 139  
claimed separately under the Sue and Labor clause. 140

In the event of Total Loss (actual or constructive), no claim to be made by the Underwriters for freight, whether notice of abandonment has been given 141  
or not. 142

In no case shall the Underwriters be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period covered by this 143  
Policy.

**SUE AND LABOR** 144

And in case of any Loss or Misfortune, it shall be lawful and necessary for the Assured, their Factors, Servants and Assigns, to sue, labor and travel 145  
for, in, and about the defense, safeguard and recovery of the Vessel, or any part thereof, without prejudice to this insurance, to the charges whereof the 146  
Underwriters will contribute their proportion as provided below. And it is expressly declared and agreed that no acts of the Underwriters or Assured in 147  
recovering, saving or preserving the Vessel shall be considered as a waiver or acceptance of abandonment. 148

In the event of expenditure under the Sue and Labor clause, the Underwriters shall pay the proportion of such expenses that the amount insured 149  
hereunder bears to the Agreed Value, or that the amount insured hereunder (less loss and/or damage payable under this Policy) bears to the actual value 150  
of the salvaged property, whichever proportion shall be less; provided always that their liability for such expenses shall not exceed their proportionate part of 151  
the Agreed Value. 152

If claim for Total Loss is admitted under this Policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or 153  
value recovered, the amount payable under this Policy will be the proportion of such excess that the amount insured hereunder (without deduction for loss 154  
or damage) bears to the Agreed Value or to the sound value of the Vessel at the time of the accident, whichever value was greater, provided always that 155  
Underwriters' liability for such expenses shall not exceed their proportionate part of the Agreed Value. The foregoing shall also apply to expenses 156  
reasonably incurred in salvaging or attempting to salvage the Vessel and other property to the extent that such expenses shall be regarded as having been 157  
incurred in respect of the Vessel.

**COLLISION LIABILITY** 158

And it is further agreed that: 159

(a) if the Vessel shall come into collision with any other ship or vessel, and the Assured or the Surety in consequence of the Vessel being at fault 160  
shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, the 161  
Underwriters will pay the Assured or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as their respective 162  
subscriptions hereto bear to the Agreed Value, provided always that their liability in respect to any one such collision shall not exceed their 163  
proportionate part of the Agreed Value; 164

(b) in cases where, with the consent in writing of a majority (in amount) of Hull Underwriters, the liability of the Vessel has been contested, or 165  
proceedings have been taken to limit liability, the Underwriters will also pay a like proportion of the costs which the Assured shall thereby incur or 166  
be compelled to pay. 167

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When both vessels are to blame, then, unless the liability of the owners or charterers of one or both such vessels becomes limited by law, claims under the Collision Liability clause shall be settled on the principle of Cross-Liabilities as if the owners or charterers of each vessel had been compelled to pay to the owners or charterers of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured in consequence of such collision. 168  
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The principles involved in this clause shall apply to the case where both vessels are the property, in part or in whole, of the same owners or charterers, all questions of responsibility and amount of liability as between the two vessels being left to the decision of a single Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Assured and one to be appointed by the majority (in amount) of Hull Underwriters interested; the two Arbitrators chosen to choose a third Arbitrator before entering upon the reference, and the decision of such single Arbitrator, or of any two of such three Arbitrators, appointed as above, to be final and binding. 171  
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Provided always that this clause shall in no case extend to any sum which the Assured or the Surety may become liable to pay or shall pay in consequence of, or with respect to: 176  
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(a) removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law; 178  
(b) injury to real or personal property of every description; 179  
(c) the discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever; 180  
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(d) cargo or other property on or the engagements of the Vessel; 182  
(e) loss of life, personal injury or illness. 183  
Provided further that exclusions (b) and (c) above shall not apply to injury to other vessels or property thereon except to the extent that such injury arises out of any action taken to avoid, minimize or remove any discharge, spillage, emission or leakage described in (c) above. 184

**PILOTAGE AND TOWAGE**

This insurance shall not be prejudiced by reason of any contract limiting in whole or in part the liability of pilots, tugs, towboats, or their owners when the Assured or the agent of the Assured accepts such contract in accordance with established local practice. 185  
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Where in accordance with such practice, \*pilotage or towage services are provided under contracts requiring the Assured or the agent of the Assured: 187  
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(a) to assume liability for damage resulting from collision of the Vessel insured with any other ship or vessel, including the towing vessel, or 189  
(b) to indemnify those providing the pilotage or towage services against loss or liability for any such damages, 190  
it is agreed that amounts paid by the Assured or Surety pursuant to such assumed obligations shall be deemed payments "by way of damages to any other person or persons" and to have been paid "in consequence of the Vessel being at fault" within the meaning of the Collision Liability clause in this Policy to the extent that such payments would have been covered if the Vessel had been legally responsible in the absence of any agreement. Provided always that in no event shall the aggregate amount of liability of the Underwriters under the Collision Liability clause, including this clause, be greater than the amount of any statutory limitation of liability to which owners are entitled or would be entitled if liability under any contractual obligation referred to in this clause were included among the liabilities subject to such statutory limitations. 191  
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**CHANGE OF OWNERSHIP**

In the event of any change, voluntary or otherwise, in the ownership or flag of the Vessel, or if the Vessel be placed under new management, or be chartered on a bareboat basis or requisitioned on that basis, or if the Classification Society of the Vessel or her class therein be changed, cancelled or withdrawn, then, unless the Underwriters agree thereto in writing, this Policy shall automatically terminate at the time of such change of ownership, flag, management, charter, requisition or classification; provided, however, that: 196  
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(a) if the Vessel has cargo on board and has already sailed from her loading port, or is at sea in ballast, such automatic termination shall, if required, be deferred until arrival at final port of discharge if with cargo, or at port of destination if in ballast; 200  
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(b) in the event of an involuntary temporary transfer by requisition or otherwise, without the prior execution of a written agreement by the Assured, such automatic termination shall occur fifteen days after such transfer. 202  
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This insurance shall not inure to the benefit of any transferee or charterer of the Vessel and, if a loss payable hereunder should occur between the time of change or transfer and any deferred automatic termination, the Underwriters shall be subrogated to all of the rights of the Assured against the transferee or charterer in respect of all or part of such loss as is recoverable from the transferee or charterer, and in the proportion which the amount insured hereunder bears to the Agreed Value. 204  
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The term "new management" as used above refers only to the transfer of the management of the Vessel from one firm or corporation to another, and it shall not apply to any internal changes within the offices of the Assured. 208  
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**ADDITIONAL INSURANCES**

It is a condition of this Policy that no additional insurance against the risk of Total Loss of the Vessel shall be effected during the currency of this Policy by or for account of the Assured, Owners, Managers, Operators or Mortgagees except on the interests and up to the amounts enumerated in the following Sections (a) to (g), inclusive, and no such insurance shall be subject to P.P.L., F.I.A. or other like term on any interests whatever excepting those enumerated in Section (a); provided always and notwithstanding the limitation on recovery in the Assured clause a breach of this condition shall not afford the Underwriters any defense to a claim by a Mortgagee who has accepted this Policy without knowledge of such breach: 210  
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(a)DISBURSEMENTS, MANAGERS' COMMISSIONS, PROFITS OR EXCESS OR INCREASED VALUE OF HULL AND MACHINERY, AND/OR 216  
SIMILAR INTERESTS HOWEVER DESCRIBED, AND FREIGHT (INCLUDING CHARTERED FREIGHT OR ANTICIPATED FREIGHT) INSURED FOR 217  
TIME. An amount not exceeding in the aggregate 25% of the Agreed Value. 218  
(b)FREIGHT OR HIRE, UNDER CONTRACTS FOR VOYAGE. An amount not exceeding the gross freight or hire for the current cargo passage and next succeeding cargo passage (such insurance to include, if required, a preliminary and an intermediate ballast passage) plus the charges of insurance. In the case of a voyage charter where payment is made on a time basis, the amount shall be calculated on the estimated duration of the voyage, subject to the limitation of two cargo passages as laid down herein. Any amount permitted under this Section shall be reduced, as the freight or hire is earned, by the gross amount so earned. Any freight or hire to be earned under the form of Charters described in (d) below shall not be permitted under this Section (b) if any part thereof is insured as permitted under said Section (d). 219  
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(c)ANTICIPATED FREIGHT IF THE VESSEL SAILS IN BALLAST AND NOT UNDER CHARTER. An amount not exceeding the anticipated gross freight on next cargo passage, such amount to be reasonably estimated on the basis of the current rate of freight at time of insurance, plus the charges of insurance. Provided, however, that no insurance shall be permitted by this Section if any insurance is effected as permitted under Section (b). 225  
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(d)TIME CHARTER HIRE OR CHARTER HIRE FOR SERIES OF VOYAGES. An amount not exceeding 50% of the gross hire which is to be earned under the charter in a period not exceeding 18 months. Any amount permitted under this Section shall be reduced as the hire is earned under the charter by 50% of the gross amount so earned but, where the charter is for a period exceeding 18 months, the amount insured need not be reduced while it does 228  
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not exceed 50% of the gross hire still to be earned under the charter. An insurance permitted by this Section may begin on the signing of the charter. 231  
(e)PREMIUMS. An amount not exceeding the actual premiums of all interest insured for a period not exceeding 12 months (excluding premiums insured 232  
as permitted under the foregoing Sections but including, if required, the premium or estimated calls on any Protection and Indemnity or War Risks and 233  
Strikes insurance) reducing pro rata monthly. 234  
(d)RETURNS OF PREMIUM. An amount not exceeding the actual returns which are recoverable subject to "and arrival" or equivalent provision under any 235  
policy of insurance. 236  
(g)INSURANCE IRRESPECTIVE OF AMOUNT AGAINST:-Risks excluded by War, Strikes and Related Exclusions clause; risks enumerated in the 237  
American Institute War Risks and Strikes Clauses; and General Average and Salvage Disbursements. 238

**WAR STRIKES AND RELATED EXCLUSIONS**

The following conditions shall be paramount and shall supersede and nullify any contrary provisions of the Policy. 239  
This Policy does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence of: 240  
(a)Capture, seizure, arrest, restraint or detention or any attempt thereat; or 241  
(b)Any taking of the Vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; or 242  
(c)Any mine, bomb or torpedo not carried as cargo on board the Vessel; or 243  
(d)Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or minor; or 244  
(e)Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy; or 245  
(f)Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power; or 246  
(g)Malicious acts or vandalism, unless committed by the Master or Mariners and not excluded elsewhere under this War Strikes and Related 247  
Exclusions clause; or 248  
(h)Hostilities or warlike operations (whether there be a declaration of war or not) but this subparagraph (h) not to exclude collision or contact 249  
with aircraft, rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused 250  
directly by a hostile act by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel 251  
concerned or, in the case of collision, any other vessel involved therein, is performing. As used herein, "power" includes any authority 252  
maintaining, naval, military or air forces in association with a power. 253  
If war risks or other risks excluded by this clause are hereafter insured by endorsement on this Policy, such endorsement shall supersede the 254  
above conditions only to the extent that the terms of such endorsement are inconsistent therewith and only while such endorsement remains 255  
in force.

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**American Institute**  
**S.R. & C.C. Endorsement (Hulls)**  
**September 8, 1959**

**87 B-46**  
**(Revised)**

To be attached to and forming part of Policy No. **CV-Hull-070107**  
of **Subscribing Underwriters**  
Insuring **Commonwealth of Virginia, et al.**

In consideration of an included premium, as provided below, this insurance is extended to cover additional risks, from and after July 1, 2007 in accordance with the following clause:-

"This insurance also covers damage to or destruction of the Property insured directly caused by strikers, locked out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by vandalism, sabotage, or malicious mischief, but excluding civil war, revolution, rebellion or insurrection or civil strife arising therefrom, and warranted free from any claim for delay, detention or loss of use, and free from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction of radioactive force or matter.

Notwithstanding the exclusions in the F.C. & S. Clause in the within policy "vandalism", "sabotage" and "malicious mischief" as used herein, shall be construed to include wilful or malicious physical injury to or destruction of the described property, including liability as covered by the Protection and Indemnity Clauses of this policy, caused by acts committed by an agent of any Government, party or faction engaged in war, hostilities, or other warlike operations, provided such agents is acting secretly and not in connection with any operations of military or naval armed forces in the country where the described property is situated."

Until further notice the Assured shall pay, for the additional protection afforded by the above clause, an additional premium of included percent. The Underwriters have the right nevertheless to change this rate at any time on 15 days written notice to the Assured; but the Assured shall have the option to cancel this endorsement as of the time when such change of rate would take effect, provided previous notice of such cancellation be given to the Underwriters. The rate may be changed as above notwithstanding strikes, labor troubles or civil commotions, on board the vessel or elsewhere, may be threatened or actually exist either at the time when such notice is given or when it takes effect.

**All other terms and conditions remain unchanged.**

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**AIMU CHEMICAL, BIOLOGICAL, BIO-CHEMICAL, AND ELECTROMAGNETIC  
EXCLUSION CLAUSE (March 1, 2003)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from an actual or threatened act involving a chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material when used in an intentionally hostile manner.

**INSTITUTE EXTENDED RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE**

Institute Extended Radioactive Contamination Exclusion Clause (November 1, 2002) including U.S.A. Endorsement shall apply to original risks attaching on or after March 1, 2003.

**INSTITUTE EXTENDED RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE  
01/11/02**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from

- 1.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

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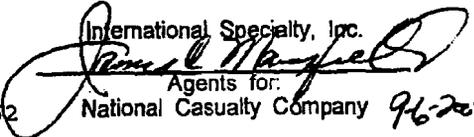
<u>UNDERWRITER PARTICIPATION</u>	<u>LIMIT</u>	<u>PREMIUM</u>	<u>SIGNATURE</u>
The Northern Assurance Company of America (International Marine Underwriters)	50%	\$ 81,061.04	<i>William Luce</i> International Marine Underwriters The Northern Assurance Company of America William Luce NSH 10747
Indemnity Insurance Company of North America (Ace)	25%	\$ 40,530.52	K. Wayne Atkins
National Casualty Company (International Specialty, Inc.)	25%	\$ 40,530.52	James Mansfield

**ATTACHING TO AND FORMING PART OF AON RISK SERVICES, INC.  
POLICY OF INSURANCE NO. CV-HULL-070107**

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<u>UNDERWRITER PARTICIPATION</u>	<u>LIMIT</u>	<u>PREMIUM</u>	<u>SIGNATURE</u>
The Northern Assurance Company of America (International Marine Underwriters)	50%	\$ 81,061.04	William Luce
Indemnity Insurance Company of North America (Ace)	25%	\$ 40,530.52	 Charles Samaha "Indemnity Insurance Company Of North America"
National Casualty Company (International Specialty, Inc.)	25%	\$ 40,530.52	James Mansfield

Commonwealth of Virginia, et al.  
Hull & Machinery  
TERMS AND CONDITIONS, ETC.

<u>UNDERWRITER PARTICIPATION</u>	<u>LIMIT</u>	<u>PREMIUM</u>	<u>SIGNATURE</u>
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Indemnity Insurance Company of North America (Ace)	25%	\$ 40,530.52	K. Wayne Atkins
National Casualty Company (International Specialty, Inc.)	25%	\$ 40,530.52	<div style="text-align: center;"> International Specialty, Inc.    Agents for:  National Casualty Company 96-207 </div> James Mansfield

ATTACHING TO AND FORMING PART OF AON RISK SERVICES, INC.  
POLICY OF INSURANCE NO. CV-HULL-070107