

## Combined Group of War Risks Associations Contraband Loss of Hire Insurance

It is noted and agreed that this entry shall include the cover provided by this Contraband Loss of Hire Insurance, subject otherwise to the War Risks Rules of the Association and the Insured Owner's terms of entry.

1. The cover provided by this Clause is on a worldwide basis and is subject to the terms and conditions set out below.

In this Clause the words "Association", "Certificate of Entry", "Entered Ship", "Insured Owner", "Policy Year" and "Rules" shall bear the meanings set out in the Definitions in the Association's Rules.

In this Clause "Contraband" shall mean any object, including drugs, which is unlawful to import, export, produce or possess, "this Insurance" shall mean the insurance as set out in this clause and "Period of Entry" shall be the period for which the Association has provided cover for this Contraband Loss of Hire insurance but shall not extend beyond the end of that Policy Year. The "Association" shall also mean each Association forming the Combined Group of War Risks Associations.

2. If, in consequence of the discovery of, or the suspicion of, the presence on board the Entered Ship of Contraband but excluding illegal or unlicensed military, security and paramilitary goods, equipment, arms, ammunition and related material belonging to, or in the possession of, armed security engaged by the Insured Owner or charterer, the Entered Ship is delayed during the Period of Entry covered by this Insurance by reason of seizure, arrest, restraint, detention or confiscation, or any attempt thereat, by any Government, public or local authority, or port or customs authority, this Insurance will pay, subject to the following terms, the amounts set out below in respect of any delay caused by such an event or occurrence.
3. The daily sum recoverable under this clause shall be fixed and agreed by the Association and set out in the Certificate of Entry whether the Entered Ship is on charter or not.
4. The Insurance provided by this clause shall cover a maximum of 90 days delay, or such other period as the Association agrees, resulting from any one event or occurrence or in the aggregate from all events or occurrences within any one Policy Year in excess of 2 consecutive periods of 24 hours in respect of any one event or occurrence.  
Cover may be reinstated upon terms to be agreed by the Association.

or where required:-

The Insurance provided by this clause shall cover a maximum of 180 days delay, or such other period as the Association agrees, resulting from any one event or occurrence or in the aggregate from all events or occurrences within any one Policy Year in excess of 24 hours in respect of any one event or occurrence.

Cover may be reinstated upon terms to be agreed by the Association.

- 5.** Where an Insured Owner is entitled to recover a daily sum by reason of events or occurrences set out in paragraph 2 above, he shall, in addition, be entitled to recover any costs or expenses which are directly caused by such events or occurrences up to an amount equivalent to the maximum limit of cover provided in respect of delay. Such expenses to include but not be limited to the costs of transshipment, crewing (including repatriation and substitution expenses), bunkers, demurrage, warehousing, substitute chartering, cargo liabilities, legal expenses, port expenses and the cost of providing security (such as a letter of credit charges) to obtain the release of the Entered Ship but excluding:-

  - any fines, penalties or other impositions,
  - any sum paid in consideration of or the release of the Entered Ship, and
  - any cost or expense that is recoverable from any other insurance or would be recoverable in circumstances set out in the Association's Rule 4.E.9, Double Insurance.
- 6.** Where the Entered Ship is under time charter the daily sum recoverable shall not become payable until the time and date of the period for which charter hire ceases to be paid by the Entered Ship's time charterers
- 7.** The Association will be entitled to any charter hire in respect of the period for which a claim has been paid by the Association under this Clause which is received by the Insured Owner after payment of the claim by the Association.
- 8.** If an Insured Owner is entitled to claim charter hire from any time charterer for the period in respect of which the claim is made, the Association shall be entitled to exercise rights of subrogation in respect of such hire and the Insured Owner shall assign its rights thereto to the Association.
- 9.** There shall be no recovery under this clause if the Insured Owner, or any of the Insured Owner's managers, superintendents or shore management knew of, or is successfully prosecuted as being knowingly involved in, the carriage of Contraband which led to the seizure, arrest, restraint, detainment or confiscation referred to in paragraph 2 above. In the event that a claim under this clause has been paid prior to the establishment of such knowledge or prior to the successful prosecution, the amount paid by the Association will be repayable by the Insured Owner.
- 10.** It is warranted that where the Entered Ship is newly acquired, bareboat chartered or redelivered, the Insured Owner will search the ship for Contraband immediately on acquisition, delivery or redelivery.
- 11.** It is warranted that the Insured Owner shall take all reasonable steps to prevent the Entered Ship or its cargo being used for the purpose of carrying Contraband.
- 12.** It is warranted that for the entire Period of Entry the Insured Owner is signatory either to the Sea Carrier Initiative Agreement or the Customs-Trade Partnership Against Terrorism Agreement and/or their precursors or successors with the United States of America's customs authorities if and / or when trading to the United States of America unless the Association agrees otherwise.

- 13.** The provisions within the Association's Rule 4.E.5 Seizure by a Country where the Entered Ship is Owned, Registered or Managed, Rule 4.E.4 Fines, Penalties etc and Rule 4.E.7 Ordinary Judicial Process, shall not apply to this Contraband Loss of Hire Insurance.
- 14.** Coverage under this Clause is subject to the Association's Rules, unless expressly stated otherwise to the contrary in this Clause, including but not limited to, the submission by the parties to the jurisdiction of the English High Court of Justice in respect of any dispute or differences between the Insured Owner and the Association in accordance with Rule 46.
- 15.** There shall be no recovery under this Clause if the event in respect of which a claim would otherwise arise also results in the Entered Ship becoming an actual or constructive total loss from risks insured under the War Risks Rules of the Association. In the event that a claim has been paid under this clause prior to the Entered Ship becoming an actual or constructive total loss, there shall be deducted from any claim in respect of the actual or constructive total loss a sum equivalent to any claim paid under this clause.

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