

RISK DETAIL

TYPE: Maritime Lien Charterers' Debts Insurance

FORM: MAR 91 - Slip Policy

ASSURED: Members as may be declared, of the FD&D Class of the North of England P&I Association Limited.

VESSELS: As declared by the Members of the North of England P&I Association Limited.

PERIOD: Open Cover to accept declarations attaching from noon on the 20th February 2007 GMT made by the North of England P&I Association Ltd and expiring on or before noon the 20th February 2008 GMT.

INTEREST: Third party claims - a third party claim is defined as:
(i) any claims being asserted against a declared vessel including, but not limited to statutory rights of action *in rem*, maritime liens and any other maritime claim which it is alleged by the Claimant gives a right against a vessel; and (ii) any liability to pay the cost of bunkers, port charges, stevedoring costs and any other costs necessary for the completion of a voyage which would properly be the responsibility of the vessels' charterer.

LIMIT: USD1,000,000 per claim and in the aggregate per vessel per declaration, subject to an aggregate limit per account declared of USD3,000,000 any one Assured any one charterer insolvency.

DEDUCTIBLE: USD10,000 per insolvency per vessel per declaration.

ORDER HEREON: 50% of 100%

CONDITIONS: This insurance is to indemnify the Assured for financial losses incurred by the Assured by way of third party claims arising directly from the insolvency of the vessel's charterer of a declared vessel and which insolvency is beyond the Assured's control.

The North of England P&I Association Limited will handle all claims (and recoveries) hereunder as FD&D disputes within the scope of the Association's FD&D Class, keeping underwriters advised.

It is a condition precedent to underwriters' liability under this insurance that the settlement of a claim by the Assured with a third party shall be approved by underwriters or be the subject of a final judgement of the court or tribunal seized of the claim.

Excluding claims for legal costs incurred by the Assured falling within the scope of the Assured's defence entry with the North of England P&I Association Limited, but including claims for legal costs incurred by the Assured at underwriters;' request and which would otherwise fall within the scope of the Assured's defence entry with the North of England P&I Limited, but for the exercise of discretion by the Directors of the Association against the Assured.

Excluding loss of hire, freight, deadfreight, demurrage or running expenses of the vessel or liabilities of the Assured for business interruption.

Underwriters will be under no obligation to post bail or security of any kind.

Excluding claims in respect of any third party claims known to the Assured on or before the date of entering into the charter party.

WARRANTED:

Vessels to have purchased FD&D cover with the North of England P&I Association Limited and such cover to continue for the entire period of this insurance.

Insolvency for the purpose of this policy shall be deemed to mean any of the following events:

1. The Charterer is declared bankrupt or is liquidated;
2. The Charterer has a provisional liquidator or receiver appointed;
3. The Charterers has filed a petition for the reorganisation under Chapter 11 of the US Bankruptcy Code (or similar Court protection from creditors)
4. A "winding-up" order is made against the Charterer;
5. The Charterer makes any valid assignment, composition or arrangement with all creditors;
6. The holder of any debenture secured by a floating charge over the assets of the Charterer as taken possession of all, or a substantial proportion of the assets of the Charterer.

**SUE AND
LABOUR:**

Following notice of any actual or potential loss hereunder, it is the duty of the Assured(s) to notify the North of England P&I Association Limited immediately and to take all practical and

remedial actions for the purpose of averting or minimising the claim hereunder, in respect of which underwriters hereunder will at their discretion reimburse the Assured(s) for all necessary costs and expenses in pursuance of its duty.

**SEVERAL
LIABILITY:**

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

**CHOICE OF
LAW AND
JURISDICTION:**

This insurance shall be governed by and constructed in accordance with the law of England & Wales and each party agrees to submit to the exclusive jurisdiction of the courts of England and Wales.

PREMIUM:

USD5,500 per vessel declared per annum and pro-rata with all declarations to be made quarterly in arrears. No return of premium to be made in the event of any vessels entry with the North of England being cancelled or terminated. The premium is subject to a ten percent rebate for the Assured's who declare ten or more vessels hereon or a twenty percent rebate for Assured's who declare twenty or more vessels hereon. In any event, any vessel declared will always be subject to a minimum premium of USD1,250.