

## **ENDORSEMENT NO.12 NEW BUILDING AND FITTING OUT**

This insurance is extended to cover a new building or the fitting out of an existing hull subject to the following terms and conditions, and the terms and conditions of the policy to which this Endorsement is attached and forms part shall be deemed to be amended or deleted as may be necessary. In the event of any conflict between the policy and of this Endorsement, this Endorsement shall prevail.

### **1. DEFINITIONS**

#### **VESSEL:**

This is the hull, machinery and associated gear and equipment which would normally be sold with the vessel if she were completed, at such stage of construction as she may have been reached from time to time, and including any materials, parts, machinery gear and equipment appropriated to the construction whether or not then built into, installed upon or placed onboard the vessel.

#### **INSURED PROPERTY:**

This is the Vessel together with any items of owner's supply and owner's gear and equipment at the place of construction but not yet built into, installed upon or placed onboard the Vessel. It does not however include any tools, equipment, plant or machinery which are used for the purposes of or in connection with the construction of the Vessel, unless We have agreed to insure them and You have accepted any additional terms and/or premium which We might require.

#### **INITIAL VALUE:**

This is the sum stated in the Schedule where appropriate representing the market value of the Vessel at the date upon which cover under this insurance commences.

#### **ESTIMATED COMPLETED VALUE:**

This is the sum stated in the Schedule representing the estimated building cost, or the Initial Value plus the estimated cost of works to be carried out, at the completion of the construction or fitting out or at the end of the first Period of Insurance (whichever is the sooner).

#### **PLACE OF CONSTRUCTION:**

This is the premises which You have declared to Us at which the Vessel will be constructed or fitted out.

#### **TRIALS AREA:**

This is the area which You have declared to Us within which completion trials will be carried out, or within 10 miles from the Place of Construction, whichever is the greater.

#### **YOU/YOUR:**

This means the person(s) or company named in the Schedule on whose behalf this insurance has been effected. You must be the owner(s) of the Vessel whilst under construction and/or the builder under a construction agreement or for your own account, or you must have taken out this insurance on their behalf.

### **2. GENERAL CONDITIONS**

The following Conditions apply to all Sections of this insurance where they are appropriate to the cover provided and to the stage of construction which the Vessel has reached. Where a Condition requires You to act or refrain from acting in a particular way it must be complied with or We shall have no liability to indemnify You if any loss, damage or liability results from Your failure to comply with the Conditions or, where a Condition imposes a limit on the extent of cover, the Vessel will not be covered while You do not comply with its terms

#### **2.1 CONSTRUCTION AND USE**

We will cover the Insured Property on the terms of this insurance:

(a) while the Vessel is under construction or being fitted out at the Place of Construction;

(b) while the Vessel is afloat within the Trials Area for the purpose of fitting out or any tests or trials, or re-tests or re-trials, and which are necessarily carried out in connection with the construction or fitting out and/or delivery of the Vessel, including any inclining or similar tests with the Vessel afloat, and the mooring of the Vessel in connection with any tests or trials or whilst awaiting final delivery.

The Vessel must not be taken outside the Trials Area, unless as a direct result of stress of weather or to prevent or mitigate a loss, or You have first given Us notice of Your intention to do so and You have accepted any additional terms and/or premium which We might require

#### **2.2 DUE DILIGENCE**

Insofar as you are able to control the construction or fitting out of the Vessel and her use within the Trials Area, you must at all times exercise due diligence to safeguard her against the risk of loss or damage and ensure she is in a proper state of seaworthiness whilst afloat.

### **2.3 COMPETENT CREW**

Whenever the Vessel is afloat and underway, she must be in the charge of a competent person and adequately crewed for the passage which she is undertaking

### **2.4 BASIS OF SETTLEMENT**

In the event of any loss or damage to the Insured Property which gives rise to a claim under Section 5 of this insurance, the basis upon which We will settle your claim is as follows:

(a) We will pay the reasonable cost of replacing or repairing the lost or damaged parts, up to the Estimated Completion Value, less the applicable Policy Excess.

(b) We will pay claims for an Actual or Constructive Total Loss notwithstanding that materials, parts, machinery, gear or equipment appropriated to the construction by the Builder, items of Owner's supply or Owner's gear not then built into, installed upon or placed on board the Vessel have suffered no loss or damage. However the value of such undamaged items shall be left out of account for the purpose of calculating the amount payable in respect of the claim.

Our liability shall not however exceed the aggregate amount of the Initial Value (if any) together with the actual cost of work carried out at the date of any loss plus the cost of material, parts, machinery, gear and equipment appropriated to the construction and any items of owner's supply and owner's gear and equipment at the Place of Construction.

### **3. BUILDER'S INTEREST**

Where You are both the owner of the Vessel and the builder under a construction agreement, this insurance will take effect as separate insurances of the respective interests and liabilities of you both.

Cover is however subject to the following Conditions:

(a) In the case of loss or damage to the Vessel, any claims will be paid in accordance with the terms of the construction agreement or, in the absence of relevant terms, in proportion to your respective interests in the Vessel at the date of loss or damage. Cover does not however extend to include any property belonging to any supplier, subcontractor or any other person at the date of loss or damage.

(b) In the case of claims under Section 6 - Legal Liabilities, cover does not extend to any employee, subcontractor or any other person for whose actions the builder is liable. It does however cover the builder's own liability for the acts or omissions of those for whom he is responsible.

(c) In no event shall any claim payable exceed the Estimated Completion Value or the Limit of Indemnity in respect of any one occurrence.

(d) Our liability to the builder shall be subject to due compliance by the builder of all the terms, Conditions and Warranties of this insurance, insofar as they may be applicable, and to all the exclusions.

### **4. HULL AND MACHINERY ETC.**

4.1 Section 5 of the policy is amended to cover any loss or damage which the Insured Property suffers while the Vessel is under construction or fitting out, or while undergoing completion trials within the Trials Area.

4.2 Sections 5.1 and 5.2 of the policy are amended as follows:

5.1 Any occurrence which is not directly attributable to the construction or fitting out of the Vessel, or to completion trials.

5.2 Any failure on Your part to exercise due diligence in relation to the construction or fitting out of the Vessel, or to the security of the Insured Property.

### **5. PERSONAL ACCIDENT**

Section 7 of the policy is hereby deleted.

### **6. MEDICAL EXPENSES**

Section 8 of the policy is hereby deleted.

### **7. POLICY VALUATION**

7.1 The Insured Property is insured for the Initial Value (if any) together with any sums actually expended during the Period of Insurance, but not exceeding the Estimated Completion Value.

7.2 At any renewal of this insurance the Initial Value for the following period of cover shall be the Initial Value (if any) at the first commencement together with the total of any sums expended during the preceding Period(s) of Insurance.

7.3 If during any Period of Insurance the Estimated Completed Value changes, You should inform St. Margarets Insurances Ltd immediately. Subject to Our agreeing to the variation a pro rata refund of premium will be made or an additional premium will be payable (as appropriate).

7.4 If you do not give notice of an increase in the Estimated Completion Value before a claim arises under this insurance, We reserve the right to reduce the amount of any claim payable rateably.

7.5 If the Estimated Completion Value is reduced no return of premium will be made unless You have given notice prior to the expiry of the Period of Insurance in which it occurs.