

## **Kidnap & Ransom (K&R)**

### **Limit of Liability**

#### **Limits of Liability for Insured Losses**

|       |   |   |
|-------|---|---|
| (i)   | <b>Ransom</b>                                 | <b>Limit chosen per Insured Event</b>               |
| (ii)  | <b>Ransom in transit</b>                      | <b>Limit chosen per Insured Event</b>               |
| (iii) | <b>Response Consultants fees and expenses</b> | unlimited per <b>Insured Event</b>                  |
| (iv)  | <b>Additional Expenses</b>                    | <b>Limit chosen per Insured Event</b>               |
|       | Sub-limit:                                    |   |
|       | for item (i)                                  | US\$25,000 per <b>Insured Event</b>                 |
|       | for items (j) and (k) combined                | US\$250,000 per <b>Insured Event</b>                |
| (v)   | <b>Legal Costs</b>                            | <b>Limit chosen per Insured Event</b>               |
| (vi)  | <b>Personal Accident:</b>                     |   |
|       | Capital Sum Insured                           | US\$50,000 per <b>Covered Person</b>                |
|       |   | US\$250,000 per <b>Insured Event</b>                |
|       |   | and in the aggregate during the Period of Insurance |
|       | <b>Benefits per Covered Person</b>            | <b>% of Capital Sum Insured</b>                     |
| (i)   | Death   | 100%  |
| (ii)  | Loss of Limb                                  | 100%  |
| (iii) | Loss of Sight                                 | 100%  |
| (iv)  | Permanent Total Disablement                   | 100%  |
| (v)   | Loss of Extremity                             | 50%   |

### **Inclusions of Cover**

**Period of cover:** **TBA to TBA**

**Covered Persons:** The crew of the Insured Yacht(s) and any supernumeraries and any persons legally onboard such Yacht(s) with the permission of the Assured and/or the Yacht's Master.

#### **MANAGERS: STEAMSHIP P&I MANAGEMENT LLP**

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 AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU  
 Tel: +44 20 7247 5490 Website: www.steamshipmutual.com

**Geographical Limits:** Worldwide, excluding the following areas:

All voyages to or from Iran.

Waters out to 250 nautical miles of the eastern (Indian Ocean) coast of Somalia south of 11° N and north of 2° S.

Waters within 40 nautical miles the north coast of Somalia when transiting the Gulf of Aden (east of 45° E).

Waters within 100 nautical miles of the Socotra archipelago.

**Indian Ocean, Gulf of Aden and Southern Red Sea, the waters enclosed by the following boundaries:**

- a) on the northwest, by the Red Sea, south of Latitude 18° N
- b) on the northeast, from the Yemen border at 16°38.5'N, 53°6.5'E to high seas point 14°55'N, 53°50'E
- c) on the east, by a line from high seas point 14°55'N, 53°50'E to high seas point 10°48'N, 60°15'E, thence to high seas point 6°45'S, 48°45'E
- d) and on the southwest, by the Somalia border at 1°40'S, 41°34'E, to high seas point 6°45'S, 48°45'E

**Gulf of Guinea, the waters enclosed by the following boundaries:**

- a) on the west, from the coast of Togo 6° 06' 45" N, 1°12'E, south to
- b) high seas point 0° 40' S, 3° 00' E
- c) and then east to Cape Lopez Peninsula, Gabon 0°40'S, 8° 42'E.

**Cancellation:**

This insurance may be cancelled by the Club giving 7 days' notice (such cancellation becoming effective on the expiry of 7 days from midnight of the day on which notice of cancellation is issued by the Club).

The Club however agrees to reinstate insurance subject to agreement between the Club and the Assured prior to expiry of such notice of cancellation as to new rate of premium and/or conditions and/or warranties.

**Response Consultants:** Unity Advisory Group

If an Insured Event occurs or is believed to have occurred You should contact the Response Consultants on the following 24 hour emergency telephone number(s): +1 4105712628

Email: [respond@unityadvisory.com](mailto:respond@unityadvisory.com)

Website: [www.unityadvisory.com](http://www.unityadvisory.com)

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## **Addenda**

### **INSURING CLAUSE**

The Club agrees to indemnify You in respect of Insured Losses sustained directly because of Insured Events which occur during the Period of Insurance, all as more fully stated herein.

### **INSURED LOSSES**

1. Ransom which has been surrendered; in the case of marketable goods or services, the Club will pay the actual cash value thereof at the time of surrender based on an independent valuation.
2. The loss in transit of a Ransom by confiscation, destruction, disappearance, seizure or theft while it is being conveyed, to those who have demanded it, by a person authorised to do so by You or a Covered Person.
3. The fees and expenses of the Response Consultants for an Insured Event.
4. Additional Expenses being expenses necessarily incurred, following and for the duration of an Insured Event, by You or a Covered Person and shall comprise:
  - (a) fees and expenses for an independent negotiator engaged by You with the Club's prior authorisation;
  - (b) fees and expenses of an independent public relations consultant and/or interpreter;
  - (c) cost of travel and accommodation incurred by You or a Covered Person;
  - (d) 100% of a pirated Covered Person's gross salary including bonuses, commissions, cost of living adjustments, pension and/or welfare contributions and allowances, which were contractually due at the time the Insured Event occurs and for 60 consecutive days following the release;
  - (e) job re-training costs for the Piracy victim, including but not limited to salary of the Piracy victim while being re-trained, and costs of external training courses;
  - (f) the cost of travel of a Piracy victim and his family to the country of which the victim is a national or is resident and the travel costs of a replacement of a Piracy victim and his family to the country in which the Piracy occurred. These costs shall only apply once per Covered Person;
  - (g) sums payable by way of interest on loans raised specifically to meet a Ransom and in respect of amounts subsequently reimbursed hereunder, provided that the loan is repaid within seven days of You receiving reimbursement of the same from the Club;
  - (h) fees and expenses of security guards temporarily retained solely and directly for the purpose of protecting a Covered Person located in the territory where an Insured Event has occurred and on the specific recommendation of the Response Consultants;
  - (i) rest and rehabilitation expenses that occur within 12 consecutive calendar months following the release of a Piracy victim and are incurred by the victim, the victim's spouse and/or children.
  - (j) the cost of fuel oil used by a Seized Insured Yacht(s) solely and directly as a result of and only for the duration of such Insured Event.
  - (k) following the release of a Seized Insured Yacht(s), the reasonable costs incurred and paid to the port authorities for such Yacht(s) calling at an unscheduled port solely and directly as a result of such Insured Event and up to but not exceeding 21 consecutive days of such Seizure ending.

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- (l) the reasonable costs of getting any Ransom to the perpetrators of the Piracy and/or Seizure of an Insured Yacht(s);
- (m) the reasonable costs of cosmetic or plastic surgery, which is required to correct any permanent disfigurement sustained by a Covered Person solely and directly as a result of an Insured Event;
- (n) costs of communication, communication equipment, recording equipment and advertising solely as a result of an Insured Event;
- (o) reasonable fees and expenses of independent forensic analysts engaged by You with the Club's prior agreement;
- (p) fees for independent psychiatric, medical and dental care including any costs for care by a neurologist, psychologist and any expense of confinement incurred prior to and within 36 consecutive calendar months of the release of the Covered Person;
- (q) costs of repatriation of the body of the Piracy victim in the event of death during an Insured Event. Costs of burial or cremation of the Piracy victim incurred in the event of death during an Insured Event;
- (r) reward paid by You to an Informant for information which contributes to the resolution of the Insured Event;
- (s) personal financial loss suffered by a Covered Person solely as a direct result of the physical inability to attend to personal financial matters while a victim of a Piracy or Seizure;
- (t) all other reasonable expenses incurred by You or a Covered Person with the Club's prior approval.

## 5. Legal Costs

The Club will pay, up to the Limit of Liability stated in this Certificate of Entry, with respect to any Suit brought against You by a Covered Person directly as a result of a Piracy or Seizure, occurring during the Period of Insurance:

- (a) those sums that You become legally obligated to pay as damages as a result of a judgement or settlement of a Suit;
- (b) reasonable costs and expenses properly incurred by You in defence of such Suit;
- (c) all costs properly recoverable from you, other than those occasioned by misconduct.

However, You shall neither admit any liability for nor settle any claim, nor incur any costs or expenses without the Club's prior approval.

The Club shall have the right to defend any such Suit against You and may make whatever investigation and settlement of any claim or Suit the Club deems expedient and the law allows, and You shall co-operate fully with the Club in all things connected therewith.

## 6. Personal Accident

The Club will pay, up to the Limit of Liability stated in this Certificate of Entry, for Loss of Limb(s), Loss of Sight, Loss of Extremity, Permanent Total Disablement or death sustained by a Covered Person, solely and directly as a result of an Insured Event, or an attempted Insured Event, provided that such injury caused the death or disablement, within the meaning of this Insurance, of the Covered Person within 12 calendar months from the date of the incident.

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## INSURED EVENTS

|                  |   |
|------------------|---|
| Piracy           | The actual or alleged taking captive of one or more Covered Persons on board Insured Yacht(s) by persons who then demand a Ransom specifically from Your assets or the assets of a Covered Person as a condition of the release of such captive(s); |
| Seizure (Seized) | The illegal taking, and holding of the Insured Yacht(s) by persons who demand specifically from Your assets a Ransom as a condition of the release of such Insured Yacht(s);  |

in each case within the geographical limits including additional transit premiums areas subject to:

- (i) declaration; and
- (ii) payment of additional premium.

Or a series of connected Insured Events. If it is evident from the demand(s) or the making of such demand(s) that Insured Events are or were carried out in furtherance one of another, they shall be deemed to be connected and constitute a single Insured Event. Nevertheless, there shall be no liability hereunder in respect of a series of acts of Piracy or Seizures the first of which began before the Period of Insurance.

## DEFINITIONS

|                     |   |
|---------------------|---|
| Additional Expenses | As stated in section 4 of Insured Losses above, always excluding: <ul style="list-style-type: none"> <li>1. Any fee(s), commission(s), expense(s) or losses of any kind whatsoever paid to representatives, agents, intermediaries, negotiators or any other parties whatsoever purporting to act, represent or assist the persons undertaking or participating in the Piracy or Seizure.</li> <li>2. Ransom, or any other payment, side payment or separate payment, irrespective of how it is described and where it is paid, which is paid in an attempt to secure the release of the Covered Person(s) or their assets or the Insured Yacht(s).</li> </ul>  |
| Assured             | Any person, company or firm named or specified in the Schedule.   |
| Covered Person      | <ul style="list-style-type: none"> <li>1. The crew of the Insured Yacht(s) and any supernumeraries and any persons legally onboard such Yacht(s) with the permission of the Assured and/or the Yacht's master.</li> <li>2. The crew of the Insured Yacht(s) and any supernumeraries and any persons who have been or will be onboard the Yacht with the permission of the Assured and/or the Yacht's Master, whilst they are not onboard the Yacht, but are within the port, Port Limits, terminal and/or shipyard, where the Yacht is situated.</li> <li>3. Any person who is directly involved in the handling or negotiation of an Insured Event.</li> </ul> |
| Informant           | A person providing information not otherwise obtainable and solely in return for a monetary payment by You.   |
| Insured Yacht(s)    | As named or specified herein.   |
| Ransom              | Cash and/or marketable goods or services surrendered or to be surrendered by or on behalf of You or a Covered Person to meet a Piracy or Seizure demand.  |
| Loss of Extremity   | The permanent physical separation or the total and irrecoverable loss of use of all or part of a digit or all or part of an ear, nose or genital organ by deliberate mutilation.  |

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|                             |   |
|-----------------------------|---|
| Loss of Limb                | Loss by separation, or the total and irrecoverable loss of use of a hand at or above the wrist or a foot at or above the ankle.   |
| Loss of Sight               | Loss of sight of one or both eyes which is certified as being entire and irrevocable by a qualified medical practitioner specialising in ophthalmology and approved by the Club.  |
| Permanent Total Disablement | Disablement which necessarily and continuously disables a Covered Person from attending to every aspect of such Covered Persons normal business or occupation for a period of 12 consecutive calendar months and at the end of such period, the Covered Person is certified by two qualified medical practitioners approved by the Club as being beyond hope of improvement. If the Covered Person has no business or occupation the disablement must confine the Covered Person immediately and continuously to the house and disable the Covered Person from attending to the Covered Person's normal duties. |
| Response Consultants        | As named or specified herein.   |
| Suit                        | A civil proceeding including arbitration proceedings in which damages are sought in respect of the Insured Losses covered hereunder   |
| You/Your/Yours              | The person, company or firm named as the Assured in this Certificate of Entry.  |

## EXCLUSIONS

The Club will not be liable in respect of any losses, costs or expenses of any kind whatsoever caused by, arising from or attributable to any of the following:

1. the surrender of a Ransom in any face to face encounter involving the use or threat of force or violence, unless surrendered by a person who is in possession of such Ransom at the time of such surrender for the sole purpose of conveying it to pay a previously communicated Ransom demand;
2. the surrender of a Ransom either at the Piracy location of one or more Covered Persons or where the Seizure demand is first made, unless brought to such location after receipt of the Ransom demand for the sole purpose of paying such a demand;
3. a criminal act or an attempt either directly or indirectly to defraud the Club by You, Your directors or officers, whether acting alone or in collusion with others;
4. the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials;
5. nuclear reaction, nuclear radiation or radioactive contamination;
6. the surrender of the Insured Yacht(s) for use as a Ransom;
7. the surrender of cargo, goods and/or cash being transported by any Insured Yacht(s) hereunder for use as Ransom.
8. any break up voyage including any voyage where Insured Yacht is sold to a third party for breaking up.
9. any legal liability and/or cost howsoever arising out of the direct or indirect actions of any armed security guards and/or company employed by You.
10. Security Guards unless agreed in advance in writing by the Club.

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## CONDITION PRECEDENT TO COVERAGE

Throughout the currency of this insurance You will maintain valid P&I, Hull & Machinery and War Risks insurance for the Insured Yacht(s). Failure by You to comply with this condition shall invalidate this insurance.

## CONDITIONS

1. When an Insured Event has occurred or is believed to have occurred, You must:

- (a) inform the Club and the Response Consultants and provide whatever information is required as soon as is possible;
- (b) inform, or allow the Response Consultants to inform the appropriate authorities responsible for law enforcement in the country where an Insured Event has occurred, and any other relevant authorities elsewhere, of the Ransom demand as soon as is practicable having regard for the personal safety of the Piracy victim;
- (c) before agreeing to the payment of any Ransom make every reasonable effort to:
  - (i) determine that the Insured Event has actually occurred and is not a hoax;
  - (ii) ensure that a senior official of the Assured agrees to the payment of the Ransom.
- (d) obtain the prior approval of the Club before agreeing to the payment of any Ransom.
- (e) when requesting the indemnification of a Ransom under this Insurance, be able to demonstrate that such Ransom had been surrendered under duress.

2. In respect of Personal Accident:

- (a) any Covered Person who suffers an incident which causes disablement within the meaning of this Insurance must place himself or herself under the care of a qualified medical practitioner approved by the Club as early as possible after the incident;
- (b) There shall be no cover in respect of compensation or any other costs or expenses unless the medical practitioner appointed by the Club is allowed as often as thought necessary to examine the Covered Person;
- (c) the total sum payable in respect of any one or more Insured Events shall not exceed in all the largest Benefit per Covered Person under any one of the items in the Limit of Liability section - Benefits per Covered Person (i) to (v);
- (d) if an Insured Event causes the death of the Covered Person within 12 months following the date of the Insured Event and prior to the definite settlement of the benefit for disablement, within the meaning of this Insurance, there shall be paid only the benefit provided for in the case of death;
- (e) if a Covered Person disappears during the Period of Insurance and such Covered Person's body is not found within 36 months after such Covered Person's disappearance, and the Club determines in its absolute discretion that such Covered Person sustained death solely and directly as a result of an Insured Event, the Club will pay the death benefit set out in the Limit of Liability section - Benefits per Covered Person (i) Death, above provided that the Assured shall sign an undertaking to refund such sum to the Club if the Covered Person is subsequently found to be living.

3. If you make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this policy shall become void and all claims hereunder forfeited.

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4. You must act prudently at all times and do all things reasonably to avoid or diminish any Insured Losses.
5. You and the Covered Persons must, at all times, restrict knowledge of the existence of this Insurance.
6. The Club's liability shall in all cases be limited to the amounts and sub-limits as applicable as shown in this Certificate of Entry. Specifically, without limiting the generality of the foregoing, the Club's liability hereunder shall not be increased because:
  - (a) You may comprise or include more than one person, company or legal entity. If more than one legal entity is named under this Insurance, only the first-named will have any right to make, adjust, receive or enforce payment of any claim;
  - (b) of renewal of this Insurance. The Club's liability shall not be cumulative from one Period of Insurance to another;
  - (c) of any other reason whatsoever.
7. It is a condition precedent to the Club's liability under this Insurance that You shall communicate fully and without exception with the Club and the Response Consultants at all times following an Insured Event.
8. The Club waives all rights of subrogation and contribution against Your Hull and Machinery and/or Hull and Machinery War Risk Insurers.
9. This Insurance Contract shall be governed by, and construed in accordance with English Law, and any dispute arising, hereunder shall be subject to the exclusive jurisdiction of the Commercial Court in London.

## **CYBER AND DATA EXCLUSION**

We will not cover any fees, expenses, costs, claims, losses, or any other amounts for:

- (i) damage to, or
- (ii) loss of use of, or
- (iii) reduced functionality of:

any electronic data or electronic property of any kind whatsoever, regardless of cause;

except this exclusion shall not apply to any Insured Losses related to Electronic Data or Electronic Property for which We have expressly agreed to indemnify You elsewhere within the Contract of Insurance (or any endorsement) that are sustained directly because of a covered Cyber Extortion or Threat to Electronic Property or Electronic Data.

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