

Delay Star Up (Marine Consequential Loss) (G01)

1. RISK CLAUSE

This endorsement covers up to XXXXXXXXXX in respect of loss of standing charges or profit ascertained in the manner hereinafter provided, during the indemnity period of 8 months, due to the production during such period falling short of the standard production (hereinafter defined) as a result of loss of or damage to or delay in the delivery of the property as described in the schedule hereto (or any part thereof) caused by:

1.1. loss of and/or damage to and/or delay in arrival of the Project Cargo which results from an event giving rise to an indemnifiable claim under Section 1 of this policy, or which would have been the subject of indemnity without the application of the Section 1 Deductible as stated in Section 1 [2] Scope of Cover herein

1.2. loss of or mechanical breakdown of, any motor or rail vehicle or attachment thereto upon which any of the Project Cargo is being transported or is intended to be transported;

1.3. the vessel, aircraft or other conveyance on which any of the Project Cargo is carried or is intended to be carried, being involved in a general average salvage or life saving operation.

2. ATTACHMENT AND TERMINATION OF RISK

2.1. The indemnity afforded by paragraph 1.1 above shall operate, whilst the Project Cargo is in the normal course of transit, as per the attachment provision contained in Section 1 of this policy, but no earlier than commencement of loading at suppliers. **Irrespective of any termination provisions contained in Section 1 of this policy, coverage hereunder will cease in line with the termination provisions applicable under Section 1 of this Policy, or on completion of unloading at project laydown area, whichever is the sooner. Onsite or offsite storage shall be subject to agreement by insurers.**

2.2. The indemnity afforded by paragraphs 1.2, and 1.3 above in respect of vessels, craft or conveyances to be used for the transportation of the Project Cargo referred to in Section 1 of this policy shall attach from the time that such vessels, craft or conveyances come alongside the berth or mooring point at which the Project Cargo described in the information provided to insurers is to be loaded thereon (including any casualties or incidents arising during such berthing or mooring) and in respect of other conveyances (including aircraft) from the time that such conveyance arrives at the place where the Project Cargo described in the information provided to insurers is to be loaded thereon.

3. DEDUCTIBLE.

XX days of indemnifiable delay, in the aggregate, will be deducted from amounts recoverable under this policy.

The deductible will be calculated by dividing the indemnity amount, including the Increased Cost of Working, agreed by insurers by the actual number of days of indemnifiable delay. The resulting daily amount will be multiplied by the number of days shown above and the resulting amount will be deducted from the claim.

Where indemnity under this policy is solely in respect of Increased Cost of Working, the amount of the deductible shall be in the same proportion as the number of days of deductible relate to the number of days of Indemnity that would have applied but for the Increased Cost of Working expenditure.

4. MEASURE OF INDEMNITY.

The indemnity under this insurance for actual loss sustained shall be the loss of Gross Profit calculated as per a) and b) below,

And shall include, in both cases, any Increased Cost of Working expenses calculated as per b) below:

a) The Gross Profit will be calculated as follows:

The sum obtained by applying the Rate of Gross Profit to the difference between the Turnover which would have been achieved during the Indemnity Period and the actual Turnover during that period in consequence of one or more of the occurrences listed in 1.1, 1.2, and 1.3 above.

b) In respect of increase in cost of working: additional expenditure reasonably and necessarily incurred for the sole purpose of avoiding or diminishing the reduction in production which would have taken place during the period

of indemnity in consequence of the contingency, but not exceeding the sum produced by applying the rate of standing charges to the amount of the reduction thereby avoided.

From the amounts recoverable under a) shall be deducted any sum saved during the Indemnity Period as may cease or be reduced in consequence of the occurrence;

If the sum insured is less than the sum obtained by applying to the Turnover either the rate of Gross Profit, or the Rate of Fixed Costs and Debt Servicing, as applicable, the amount payable shall be reduced proportionately.

It is understood and agreed that actual Lost of Profit in which the Insured is incurring, been this the purpose of the movement of the insured interest, will be deducted in any case.

5. EXCLUSIONS.

In no case shall there be indemnity under this Section of the policy for:

1. Loss of or Damage to the Project Cargo as per the information provided to insurers or any expenses recoverable under Section 1.

2. Delay as a consequence of alterations, additions, improvements or elimination of any deficiencies carried out after the occurrence of damage.

3. Delay as a consequence of lapse or cancellation of a lease, import licence and/or regulation or restriction unless resulting from a peril insured under Section 2, Paragraphs 1.1, 1.2, or 1.3 or which would have been covered but for the application of the Section 1 deductible.

4. Delay as a consequence of fines, penalties, liquidated damages, punitive damages and/or damages for breach of contract, late or non-completion of orders, or any penalties of whatever nature, or any additional damages resulting from multiplication of compensatory damages, unless specifically included by insurers prior to inception.

5. Delay as a consequence of Final Positioning at the project site.

6. Delay as a consequence of physical loss or damage to contractors and/or sub contractors materials, equipment and supplies other than Project Cargo procured by contractors or sub/contractors.

7. Delay as a consequence of any restrictions imposed by a public authority other than where covered under Section 1.

8. Delay as a consequence of non-availability of funds.

9. Delay as a consequence of any loss, damage or expense due to or arising out of, directly or indirectly, nuclear reaction, radiation or radioactive contamination, regardless of how it was caused

6. CLAIMS.

The Insured shall produce and furnish to the Underwriters such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be requested by the Underwriters for the purpose of investigating or verifying the claim.

In calculating the amount of loss the following points shall in particular be taken into consideration:

a) Variations and special circumstances which would have affected either the Scheduled Commercial Operation Date or the insured business had the delay not occurred.

b) Variations and special circumstances affecting the insured business after the Scheduled Commercial Operation Date.

c) Any liquidated damage payments received by the Insured.

In the event of loss or expense, which is the subject of indemnity under this policy Insurers may make interim payments during the indemnity period

In respect of Increased Cost of Working expenditure, insurers will make interim payments as incurred.

If the Scheduled Commercial Operation Date of this project is revised at any stage as a result of delay or postponement by any cause, which is not the subject of indemnity under this policy, the resulting new Scheduled Commercial Operation Date shall be the basis for the adjustment of any claim which may be recoverable under this policy.

In the event that the Project Cargo described in the information provided to insurers is lost or damaged or appears to be lost or damaged at any point during the transit, the insurers of this policy shall be notified as soon as practicable, whether they are the primary insurers of the cargo or not. Insurers, upon receipt of such advice, may agree such reasonable action as they consider necessary to minimise any such loss, damage or expense.

Where Increased Cost of Working expenses are incurred by the Insured such expenses shall be adjusted and approved by insurers or their appointed representatives.

7. DEFINITIONS.

Actual Loss Sustained

The actual and proven financial loss to the Insured in accordance with the measure of indemnity.

Annual Turnover

The Turnover which would have been achieved, had the indemnifiable event not occurred during the 12 months after the planned date of completion of the insured works.

Deductible

The amount of the insured loss and/or insured costs retained by the Insured.

Final Positioning

The commencement of installation of the Project Cargo directly from the carrying conveyance at the Project Site.

Fixed Costs and Debt Servicing

Costs and expenses incurred by the insured project which are not affected by any change in the output of the insured project.

Gross Profit

The amount by which the Annual Turnover exceeds the amount of specified working expenses. Specified working expenses are those costs that vary directly with Turnover such as costs for the acquisition of goods, raw materials, power and supplies.

Increased Cost of Working

The additional expenditure necessarily and reasonably incurred by the Insured for the sole purpose of avoiding or diminishing the reduction in Turnover, which without such expenditure, would have taken place during the Indemnity Period, but not exceeding the amount by which such expenditure reduced the loss of Gross Profit indemnified under this policy.

Indemnity Period

The period during which the production capability of the project is affected in consequence of the indemnifiable event.

The Indemnity Period begins with the date upon which, had the indemnifiable event not occurred, the insured works, including full operational testing, would have been completed.

The Indemnity Period ends with the actual date upon which the insured works are completed, including full operational testing, but not exceeding the period of delay to the Project that would have been caused had such part of the property which has been lost or damaged been rebuilt, repaired or replaced to its condition immediately prior to the occurrence of the indemnifiable event with due diligence. In no case shall the Indemnity Period exceed that stated in Clause 2 herein.

Scheduled Commercial Operation Date

The provisional date(s) stated in the information provided to insurers, or any revised date either agreed by Insurers or which should have been notified to insurers pursuant to Duty of Insured 10.6 upon which the business would have commenced had the delay in scheduled commercial operation date not occurred.

8. DUTY OF INSURED.

It is the duty of the Insured, their servants and agents that they shall:

1. Act with reasonable dispatch in all circumstances within their control.
2. Take all such measures as may be reasonable for the purpose of averting or minimising loss.
3. Commit funds, equipment or facilities for the repair or replacement of destroyed, delayed or damaged items thereby mitigating potential claims.
4. Ensure that all rights against carriers, bailees, or other third parties are properly preserved and exercised, and the insurers will in addition to any loss recoverable hereunder, reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.
5. Advise insurers of any revisions to the scheduled shipping dates of all Project Cargo Critical Items as stated in the underwriting information provided by the Insured at the inception of the policy.
6. Give prompt notice to insurers in the event of delays to programme, of extensions of time being granted and/or the Scheduled Commercial Operation Date of this project being otherwise amended and insurers shall have the right to review the rates, terms and conditions of this policy following receipt of such notice, as stated in items 7.3 and 8.3 above. All actions taken by the Assured or Insurers with the objective of saving, protecting or recovering the Project Cargo shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

9. LAW, PRACTICE AND JURISDICTION.

This insurance is subject to Chinese law and practice and the exclusive jurisdiction of the Courts of China.

All terms, clauses and conditions as per the policy wording attached.

SURVEY WARRANTY CLAUSE

It is warranted that the Named Surveyor attends and approves packing, loading, stowage, and unloading to or from carrying conveyances of all Project Cargo Items.

All of the Named Surveyor's recommendations are to be complied with by the Insured.

In respect of Project Cargo Critical Items, it is warranted that where items are not new and not sourced directly from the original manufacturer, packaging is approved by the Named Surveyor.

Failure to comply with this warranty shall not affect this insurance except as respects to the individual shipment (s) concerned. This insurance will continue in full force and effect for all other shipments that comply with the survey warranty.

In the event of a breach of the Survey Warranty the policy coverage will not cease but the insuring conditions under Section 1 of this policy shall be deemed to be no wider than:

Institute Cargo Clauses C dated 01/01/82

Institute War Clauses (Cargo) dated 01/01/82

Institute Strikes Clauses (Cargo) dated 01/01/82

It is further understood and agreed that the Insured or Companies acting on their behalf have to provide the Insurer with the loading and shipment details at least 48 working hours in advance of estimated load dates, prior to loading and shipment. The purpose of this requirement is to allow the Insurer to prepare, at its discretion, the survey.

In the absence of the above information/notification, when the Insured knows or should know about the loading and shipment, coverage for the individual shipment concerned could, at Insurance Company discretion, be null and without effect.

NOTICE OF LOSS:

Written notice of any potential loss which is likely to involve this insurance shall be given by the Insured to the Insurers within 48 hours of the occurrence or when the Insured has been made aware of such a potential loss.

Notice of loss to be given to the Insurers

LOSS ADJUSTERS:

As appointed by the Insurers

LOSS PAYMENT:

Loss payment shall be made in the same currency as that of premium payment.

Loss, if any, payable to the Insured and/or to the financier entities.

INSPECTION OF RECORDS:

The Insurers shall be permitted at all reasonable times during the insurance period to inspect any location, interest or conveyance Insured with the transit or delivery of the insured interest. The Insurers shall also be permitted at all reasonable times to examine the Insured's books and records which may relate to the subject of the claim.

RETURN PREMIUM:

There shall be no return of premium if the interest insured be lost by perils not insured against hereunder.

CANCELLATION CLAUSE:

This Policy may be reviewed and/or cancelled by either party having given in writing a minimum notice of:

Strikes Risks - 7 days.

The above indicated periods are after written notice has been mailed or delivered by the Insurers and the mailing or delivery notice as aforesaid shall be sufficient proof of notice. Such cancellation, however shall not prejudice any transit risk or risks which shall have attached at the time such cancellation becomes effective.

SUBROGATION:

In all cases of loss, the Insured shall, at the request of this Insurer or his agents, assign and subrogate to this Insurer at time of payment and to an amount not exceeding the sum paid by this Insurer, all the rights and claims against others. Suit may be brought in the Insured's name, but only with the Insured's written approval and at this Insurer's expense. The Insured further agrees to render all reasonable assistance in the prosecution of paid suit or suits.

INTERRUPTION OF TRANSIT OF DAMAGED GOODS:

Goods taken out of ordinary transit upon instructions of surveyors appointed by or on behalf of the Insurers for the purpose of establishment of loss or damage, shall be held covered, subject to original terms and conditions applying to such shipment, without payment of additional premium or advice to the Insurers, during such interruption or suspension of transit until disposed of by delivery to and acceptance by the original consignee or by sale to others or otherwise, provided that during such interruption or suspension the Insured complies with the surveyor's instructions.

SUIT OR ACTION:

No suit, action, or proceeding for the recovery of any claim under the Policy shall be sustainable in any court of law or equity unless the Insured shall have complied in full with all terms and conditions of this insurance, nor unless same shall be commenced within twelve months after the happening of the loss, provided, however, that where such limitation of time is prohibited by the laws of the jurisdiction wherein this Policy is issued, then no such suit, action, or proceeding shall be sustainable unless commenced within the shortest limitation of time permitted by the laws of such jurisdiction.

DEFENSE CLAUSE:

Any costs or expenses incurred by the Insured with the consent of the Company in defending a action or suit based upon liability or alleged liability covered by this Policy shall be included as part of any claim made under this insurance provided the amount of the action or suit exceeds applicable deductible under this Policy.

HEADINGS

The headings of the clauses contained in this policy are only references and are not part of the policy.