

«APPROVED BY»

GENERAL DIRECTOR
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« ____ » _____ 2008 г.

SHIP'S CREW LIABILITY INSURANCE RULES № 79/1

These Rules constitute the terms and conditions of contacts of marine insurance of ship's crew liability concluded between the Insurer and the Insured (hereinafter referred to as the contracts of insurance).

1 BASIC TERMS AND DEFINITIONS

1.1 Reimbursable and nonreimbursable period of disability:

a) Reimbursable period of disability – the period of temporary disability which starts on termination of the nonreimbursable period (in cases when it is applied), for which insurance compensation is paid out as per clause 4.2.6 of the present Rules.

б) Nonreimbursable period of disability – the period of temporary disability, for which no insurance compensation for temporary disability is paid out as per clause 4.2.6. The nonreimbursable period starts from the day of the occurrence of an insured event, which is to be documented: with the extract from the log book or the outpatient's card and / or professional accident certificate and / or the report of the Master / physician on shipboard and the like.

1.2 Temporary and permanent disability

a) Temporary disability – a level of health resulting from an insured accident in which a crew member temporarily lost ability to fulfill any work for his own life sustenance.
Conclusion about the temporary loss of the working ability shall be given by a commissioned medical institution.

б) Permanent disability – a level of health resulting from an insured accident in which a crew member irretrievably lost his ability to perform the job of a certain qualification, volume and quality as per the definition of a crew member in clause 1.27.
Conclusion about the degree of the permanent disability shall be given by a commissioned medical institution.

- 1.3 **Documents confirming the ship lay-up and its duration:**
- extracts from the log book;
 - reference from the Harbour Master's Office or any other authorities in charge of the place of the lay-up;
 - confirmation of the shipowner's agent, presented in writing.
- 1.4 **Official salary** – monthly payment made by the Insured to a crew member in compliance with the latter's position for the work performed by him under the labour contract / agreement at the moment of the occurrence of an insured event, which shall not include overtime pays, bonuses, commissions, pay for extra work, and the like.
- 1.5 **Shipwreck** – actual (ship's total loss or her acknowledgement as missing) or constructive loss of a ship.
- 1.6 **Crew member's personal effects** – clothes and personal belongings, carried by a crew member and belonged to him, or in respect whereof any responsibility is exercised by him.
- 1.7 **Medical expenses** – expenses for emergency medical, surgical service or other medical assistance, fulfillment of doctor's prescriptions and recommendations, hospital or outpatient treatment, urgent dentist's, ophthalmologist's assistance outside the country of the crew member's permanent residence, unless otherwise provided under the contract of insurance.
- 1.8 **Place of repatriation** – a country of a crew member's permanent residence, or the port where the crew member was employed on board the ship, or that mentioned in the collective labour contract, or other point stated while recruiting the crew member, and where repatriation shall be executed at the crew member's or his next-of-kin's will in case of the crew member's poor condition or death.
- 1.9 **Accident** – a sudden single physical effect of any external factors (mechanical, chemical, thermal, etc) on a crew member's body, identifiable as to the time and place of origination by reasons and factors beyond the control of the Insured or the crew member, entailing the crew member's death, bodily harm (injury) or disease during the period of insurance.
- 1.10 **Acute disease** – a sudden health impairment not due to injury, commenced and diagnosed for the first time during the period of insurance, with objective manifestations which enable to set the diagnosis and elimination of which requires emergency medical assistance.
- 1.11 **Laying-up** – ship's staying in a port, laying-up point or any other safe place approved by the Insurer subject to the following conditions:
- the ship shall not perform loading /discharging operations and/or any kinds of repair;
 - the crew shall be present on board in the minimum just necessary for security and maintenance of separate operating pieces of machinery, if necessary.
- 1.12 **Complete loss of eyesight** – visual acuity after the treatment remaining at the level of not more than 0,03 dioptries for every eye, which does not allow to orient and service oneself on one's own. The conclusion about the complete loss of eyesight shall be given by a commissioned medical institution.
- 1.13 **Missing crew member** – a crew member is considered missing if at the place of his residence there has been no information about his place of stay for the period of five years, and if he has gone missing in the circumstances tending to death or leading to assume his death from a certain misadventure for six months.
- 1.14 **Substitution expenses** – expenses necessarily and reasonably incurred for a substitute's traveling, accommodation and meals while his proceeding to a ship for performing the job of a crew member signed off from this ship due to illness or accident; or a missing crew member.

- 1.15 **Deviation expenses** – expenses necessarily and reasonably incurred for delivery of an injured/sick crew member ashore.
- 1.16 **Register (Classification Society)** – supervisory organization controlling ship's technical condition.
- 1.17 **Information about the circumstances material for determining the degree of risk**– information provided by the Insured as per Application for ship's crew liability insurance (Appendix №1).
- 1.18 **Servicing company** – a specialized organization specified in the contract of insurance and Appendix №2, which at the Insurer's request arranges round o'clock services as per Appendix №3.
- 1.19 **Insurance payout (insurance compensation)** – a sum of money, specified by the contract of insurance and paid out by the Insurer to the Insured or the beneficiary upon the occurrence of an insured event.
- 1.20 **Shipowner** - a person operating the ship on his own behalf irrespective of whether he is the owner of the ship or operates her on any other legal ground.
- 1.21 **Material variations with the subject of insurance or in respect to the subject of insurance** – variations as stated in clause 8.1 of the present Rules, as well as other variations concerning the information stated in the application for insurance, which may result in increasing the risk for an insured event to occur or the amount of eventual losses.
- 1.22 **Personal injury** – topical integrity damage to or dysfunction of tissue (part of the body, organ) under the influence of a direct physical or chemical external action resulting either in loss of life or occupational disability to a different degree.
- 1.23 **Requirements of the flag state** – requirements of international conventions ratified by the state of the flag flown by the insured ship.
- 1.24 **Loss** – expenses, which have been paid by the party whose rights were infringed or are to be paid by this party to restore the infringed right; loss of or damage to his property (actual damages), as well as loss of income which would have been received by this party under the usual conditions of the civil circulation, if the right had not been infringed (loss of profit).
- 1.25 **Deductible** – part of the losses not recoverable from the Insurer under terms and conditions of the contract of insurance and is left on the Insured's own responsibility.
- 1.26 **Chronic disease** – any kind of disease or indisposition suffered by a crew member and known to him before the beginning of the period of insurance, which required treatment before commencement of insurance or in which regard recommendations for treatment were received earlier.
- 1.27 **Crew member** – a person of a crew, including the Master and other officers, older than 16 and younger than 65 years old, employed by the Shipowner or the Insured and allowed to hold a position in accordance with standard diploma and certificate of competence, also including such persons of a crew while their proceeding to or from a ship.
Unless otherwise agreed, persons, being on board and carrying out their duties stipulated by documents other than those mentioned above, shall not be related to crew members.

2 PARTIES TO THE INSURANCE

- 2.1 Insurer – Joint Stock Company “Military Insurance Company”, acting in compliance with the Licence.

2.2 Insured – a legal person, or a self-employed entrepreneur, or a legally capable physical body, who has concluded the contract of insurance with the Insurer.

2.3 Beneficiary – a party, in whose favour the contract of insurance is concluded.

3 SUBJECT OF INSURANCE

Subject of insurance - property interests of the Insured connected with merchant shipping and inland navigation: the Insured's liabilities for damage caused to life, health and property of ship's crew members.

4 INSURED EVENT, INSURED RISKS, SCOPE OF THE INSURER'S OBLIGATIONS

4.1 Insured event is an accrual of obligation of the Insured in pursuance of law, or terms and conditions of a collective labour agreement, or an individual labour agreement (contract) concluded between the Insured and a crew member and agreed upon with the Insurer, to pay compensation for damage caused to life, health of a crew member resulting from the occurrence within the period of insurance of the insured risks specified in clauses 4.2.1 – 4.2.5, and/or to pay expenses arising out of the occurrence within the period of insurance of the insured risks specified in clauses 4.2.6 - 4.2.11.

4.2 Insured risk is an anticipated event with indications of probability and accident, in case of the occurrence of which insurance is provided, particularly:

4.2.1 loss of life of a crew member as a consequence of an accident;

4.2.2 loss of life a crew member as a consequence of a disease;

4.2.3 loss of life of a crew member as a consequence of an accident in connection with a shipwreck;

4.2.4 loss of life of a crew member as a consequence of going missing;

4.2.5 permanent disability of a crew member as a consequence of an accident;

4.2.6 temporary disability of a crew member as a consequence of an accident or a disease;

4.2.7 treatment of a crew member as a consequence of an accident, including that in connection with shipwreck, or a disease;

4.2.8 repatriation of a crew member as a consequence of an accident, including that in connection with shipwreck, or a disease;

4.2.9 substitution of a crew member as a consequence of an accident or a disease, or as a consequence of his going missing;

4.2.10 ship's deviation in connection with an accident or illness of a crew member;

4.2.11 loss of or damage to a crew member's personal effects.

4.3 The scope of the Insurer's obligations shall be fixed in the terms and conditions of a contract of insurance as per clause 4.2 by mutual agreement of the parties when entering into this contract.

4.4 An event shall not be deemed to be an insured one if the Insurer's obligations to compensate for damages have arisen out of the following incidents:

4.4.1 Strikes and upheaval organized by any persons;

- 4.4.2 act of terrorism perpetrated by any persons;
- 4.4.3 capture, seizure, arrest, restraint or detainment of a ship (barratry excepted) and the consequences thereof or any attempt thereat;
- 4.4.4 war, military operations (irrespective of whether the war has been declared or not) armed attack, revolution, insurrection, rebellion or any kinds of civil strife, or hostile act by any party against another party;
- 4.4.5 explosion of mines, torpedoes, bombs or other thrown down weapons of war;
- 4.4.6 explosive detonation;
- 4.4.7 the effect of any war weapon;
- 4.4.8 the effect of ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste generated from the utilization of nuclear fuel;
- 4.4.9 the radioactive, toxic, explosive or other hazardous properties of any nuclear installation or nuclear component thereof;
- 4.4.10 the effect of any weapon employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- 4.4.11 being of a crew member upon the occurrence of an insured risk in the state of intoxication from alcohol, narcotic drugs or toxic substances, as well as in cases when a crew member was an instigator of a fight (an initiator of a conflict);
- 4.4.12 a crew member's infecting with HIV (human immunodeficiency virus) and/or AIDS (acquired immunodeficiency syndrome) and/or detection of derivative changes of his state of health as a consequence of the reasons mentioned above, infecting with venereal diseases or other sexually transmitted diseases;
- 4.4.13 chronic diseases, except an emergency medical aid is rendered for life-saving while acute attack of such chronic disease or its sudden decompensation. Post-crisis expenses for aftercare, examination, transportation, repatriation shall not be reimbursed;
- 4.4.14 any complications relating a crew member's pregnancy of more than 3 months, childbirth, abortions (except for forced therapeutic termination of pregnancy in consequence of an accident or a sudden illness);
- 4.4.15 manifestation or exacerbation of nervous and/or mental disorder; congenital anomaly consequence (epilepsy, convulsions-like fits) and psychic inhibition;
- 4.4.16 calculated self-injury, suicide, attempted suicide or any other deliberate acts of a crew member with the aim to inflict harm on himself;
- 4.4.17 participation of a crew member in any flight on board an aircraft in a capacity other than a passenger;
- 4.4.18 diving of a crew member with usage of various breathing apparatus, unless otherwise agreed in the contract of insurance;
- 4.4.19 participation of a crew member in any race;

- 4.4.20 active assistance of a crew member to the armed forces of any country;
- 4.4.21 a crew member's participating in, committing or attempting to commit unlawful acts (inaction);
- 4.4.22 traveling of a crewmember anywhere despite competent doctor's recommendations;
- 4.4.23 any case of prosthetic repair;
- 4.4.24 cosmetic or plastic surgery unless it is caused by an injury resulting from an accident, which occurred during the period of insurance;
- 4.4.25 therapeutic physical training or physical therapy;
- 4.4.26 purchase and repairs of medical equipment;
- 4.4.27 sending of a ship to sea in an unseaworthy (unfit for sailing) state, unless the unseaworthy state is caused by the ship's latent defects;
- 4.4.28 dilapidation of a ship and her equipment, their tear and wear;
- 4.4.29 long-term adverse effect of any external factors on a crew member's health or slow effect of any illness, unless such illness is a result of an accident;
- 4.4.30 intention or gross negligence of the Insured or the beneficiary;
- 4.4.31 loss of or damage to money in cash, currency, bank-notes, passports, post office receipts, traveller's and other cheques, letters of credit; air, train and other long-journey tickets; petrol coupons and other ones of pecuniary value; credit cards, debit cards, charge cards, check books, bank cards and cash payment cards drawn up in the name of the Insured or a crew member, or other persons;
- 4.4.32 disappearance of, damage to or loss of value of personal effects caused by:
 - a) their revaluation or devaluation;
 - b) damage by insects, moth or pests;
 - c) gradual wear, rotting, decomposition;
 - d) any processes of cleaning, drying, repairing, renewing;
 - e) delay, seizure, arrest by order of local authorities or people's court;as well as any their disappearance which was not reported to police or carrier within 24 hours from the moment of its discovery;
- 4.4.33 breaking of or damage to external appearance (scratches, broken off edges) of breakables, except when they are caused by any accident involving the cargo carrier on which they are transported;
- 4.4.34 any loss of property resulting from their being left unattended in any mechanism, room and stolen from there, except when the mentioned property was left in a locked luggage compartment separated from passengers.

5 SUM INSURED. LIMIT OF LIABILITY

- 5.1 Sum insured is a monetary amount stipulated by the contract of insurance for which the Insured insures his valuable interest.
The sum insured determines the amount of insurance premium and insurance payout payable upon the occurrence of an insured event.
The sum insured is to be indicated by the Insurer in the application for insurance (Appendix № 1).

- 5.2 By mutual agreement of the parties the sum insured may be determined for each of clauses 4.2.1 - 4.2.11.
- 5.3 The limit of the Insurer's liability is the highest possible liability of the Insurer in respect to every event insured in relation to each crew member, which cannot exceed the aggregate of the insured sums fixed as per clause 5.2.

6 INSURANCE PREMIUM: AMOUNT, PROCEDURE, TERMS AND METHOD OF PAYMENT, REFUNDING PROCEDURE

6.1 Insurance premium definition and amount

- 6.1.1 Insurance premium is a payment for insurance payable by the Insured in compliance with the payment procedure and terms stipulated in the contract of insurance.
- 6.1.2 The amount of insurance premium is calculated by the Insurer on the basis of the information produced by the Insured as per clause 7.1. The terms and procedure of payment of insurance premium shall be stipulated in the contract of insurance.
If the contract of insurance covers one voyage, insurance premium shall be calculated in proportion to the insurance premium calculated for a period.

6.2 Insurance premium payment procedure, terms and method

- 6.2.1 Insurance premium shall be paid by a lump sum single payment or by instalment (by way of payment of some instalments of insurance premium).
The procedure of payment of insurance premium (lumpsum or by instalment) shall be determined by mutual agreement of the parties in the contract of insurance.
- 6.2.2 Insurance premium payment shall be effected by bank transfer to the Insurer's settlement account or by payment at the desk in the Insurer's office.
The date of crediting the Insurer's settlement account with funds or receipt of cash by the Insurer shall be considered to be the date of insurance premium payment.

6.3 Consequences of the failure to pay insurance premium or a part thereof within the period stipulated by the contract of insurance

- 6.3.1 Unless otherwise provided under the contract of insurance, if the Insured fails to pay insurance premium (in case of lump sum single payment) or its first instalment (in case of payment by instalments) in the amount and within the periods stipulated by the contract of insurance, the contract is to be considered not to have come into effect.
- 6.3.2 If the Insured fails to pay a regular instalment of insurance premium before the date specified for payment in the contract of insurance the Insurer is entitled to renounce the fulfillment of the contract of insurance, producing a written notice thereof to the Insured. The contract shall be considered denounced from the moment of receipt of such notice by the Insured, unless other date of denunciation is stipulated in the notice or determined by mutual agreement of the parties.

6.4 Insurance premium refunding procedure

If any part of premium is subject to refunding to the Insured, it is calculated on net basis pro rata for the period in respect of which the refund is paid. Net premium is calculated by deducting from the premium subject to return of brokerage, agency commission, risk assessment expenses and other expenses incurred by the Insurer while entering into the contract of insurance.

7 CONCLUSION AND TERMINATION OF THE CONTRACT OF INSURANCE. EFFECTIVENESS OF THE CONTRACT OF INSURANCE. PERIOD OF INSURANCE AND VALIDITY PERIOD OF THE CONTRACT OF INSURANCE. NAVIGATION AREA

7.1 Grounds for concluding a contract of insurance

A contract of insurance is concluded in writing on the ground of the Insured's written application for insurance in the form produced in Appendix № 1, which is an integral part of the contract of insurance.

7.2 List of data and documents required for concluding a contract of insurance

When concluding a contract of insurance the Insured is obliged to inform the Insurer about all the circumstances material for determining the risk for an insured event to occur and the extent of damage which may arise therefrom.

The mentioned above circumstances must be specifically stipulated in the standard form of the contract of insurance (insurance policy) and/or application for insurance (Appendix №1).

In addition to the information specified in Appendix №1, the Insured is obliged to attach on the Insurer's demand the copies of the following documents:

- contract of service or employment concluded with crew members;
- crew members' official salaries sheet;
- staff list for every vessel, which crew is required to be insured;
- safe manning certificate,

as well as to provide additional information requested by the Insurer.

7.3 Consequences of the Insured's failure to disclose information or his supplying of false information after entering into a contract of insurance

7.3.1 In case of the Insured's failure to disclose information about the circumstances material for determining the degree of risk, or in case of his supplying of false information, the Insurer is entitled to denounce the fulfillment of the contract of insurance, producing a written notice thereof to the Insured. The contract shall be considered denounced from the moment of receipt of such notice by the Insured, unless other date of denunciation is stipulated in the notice or determined by mutual agreement of the parties.

7.3.2 The amount of insurance premium proportional to the period of the contract validity shall be due to the Insurer and shall be paid by the Insured, unless the Insured shows that his failure to disclose information or supplying of false information had occurred not through his fault. The Insurer is not entitled to reject to fulfill the contract if the circumstances which are material for determining the degree of risk and which had not been disclosed by the Insured, have fallen away.

7.4 Commencement and validity period of the contract of insurance. Territory of the contract

7.4.1 Unless otherwise stipulated in the contract of insurance it shall come into effect on the date stated therein provided that the insurance premium (the first instalment) is paid.

7.4.2 The contract of insurance may be concluded for a period or a voyage.

7.4.2.1 In case of concluding a contract of insurance 'for a period' the insurance may commence at a calendar date or from an event which is to happen inevitably.
The period of insurance may cease at a calendar date or at the expiry of the period expressed in terms of years, months, weeks, days and hours.

7.4.2.2 In case of concluding a contract of insurance 'for a voyage' the insurance may commence at a calendar date or from an indicated event.
The period of insurance may cease at a calendar date or on completion of the voyage and/or at the expiry of a period expressed in terms of years, months, weeks, days and hours.

7.4.3 Unless otherwise provided under the contract of insurance, the contract is concluded for the period of one year.

7.4.4 The contract of insurance shall be valid only within the agreed geographical limits (territory of insurance).
This clause shall not be considered breached in case of ship's deviation outside the agreed geographical limits with the purpose of saving the life of any person, as well as deviation caused by real necessity for ensuring the safe prosecution of the voyage.

7.5 Procedure of termination of a contract of insurance.

7.5.1 A contract of insurance shall be terminated in the following cases:

- a) expiration of the contract of insurance;
- b) fulfillment of Insurer's obligations to the Insured (the beneficiary) in full;
- c) court judgment on invalidation of the contract of insurance.

7.5.2 A contract of insurance shall be early terminated in the following cases:

- a) if after attachment of the insurance probability of the event insured against disappears and the insured risk ceases to exist due to the reasons other than the insured event;
- b) the Insured's repudiation of the contract of insurance for any reason;
- c) the Insurer's repudiation of the contract in case of the Insured's failure to pay insurance instalments in the time specified by the contract;
- d) the Insurer's repudiation of the contract in case of the Insured's failure to disclose the information about the circumstance material for determining the degree of risk, or his supplying of false information;
- e) the Insured's disagreement with alteration of the contract or an additional premium fixed by the Insurer in connection with the variations increasing the risk;
- f) the Insurer's repudiation of the contract in case of the Insured's failure to disclose the information about any material variation, which has occurred with the insured subject or in relation to the insured subject;
- g) dissolution of the Insured (a legal entity); discontinuing of business by the Insured (a self-employed entrepreneur) in compliance with the procedure stipulated by the legislation of the Russian Federation;
- h) dissolution of the Insurer in compliance with the procedure stipulated by the legislation of the Russian Federation;
- j) in other cases stipulated by the legislation of the Russian Federation.

- 7.5.3 In case of early termination of the contract of insurance when probability of the event insured against has fallen away and the insured risk has ceased to exist due to circumstances other than the insured event, the Insurer is eligible for part of the insurance premium pro rata for the period when the insurance was valid.
- 7.5.4 In case of the Insured's early repudiation of the contract of insurance the insurance premium paid to the Insurer is not subject to refunding, unless otherwise provided under the contract of insurance.
- 7.5.5 In case of alienation of an insured ship, including bareboat charter, the contract of insurance shall cease from the moment of the ship's alienation. In case of alienation of an insured ship during a voyage at the request of the Insured, the contract of insurance shall be left in force till the completion of the voyage, and all the rights and liabilities shall be transferred to the acquirer of such ship.

8 CONSEQUENCIES OF VARIATION OF THE DEGREE OF RISK

- 8.1 As soon as it becomes known to the Insured or the beneficiary, he shall immediately notify the Insurer of any material variation which has occurred with the ship indicated in the contract of insurance. In particular, such variations include:
- change of the ship's owner, voluntary or not;
 - change of the ship's name, flag, managing company;
 - change of the classification society;
 - delivery of the ship in a long-term charter;
 - deviation from the provisions of clause 7.4.4;
 - delay of the ship when she is insured for a voyage;
 - laying up the ship for winter-time;
 - operating the ship in the way other than that indicated in the ship's documentation;
 - selling of the ship for scrapping;
 - suspension of classification documents;
 - Class or any international convention requirement withdrawal;
 - deviation from the state occupational safety and health standards;
 - nonconformity of the working conditions with the state occupational safety and health standards;
 - changes in crew size.
- 8.2 In case of arising of variations in circumstances which entail increasing the degree of the risk insured against unless such variations are caused by saving life, ship or cargo or necessity for the safe prosecution of the voyage, the Insurer is entitled to demand alteration of the contract of insurance or payment of additional insurance premium.
- 8.3 If the Insurer disagrees with the alteration of the contract of insurance or additional insurance premium, the contract shall cease from the moment of arising of any variation referred to in clause 8.1.
- 8.4 The failure of the Insured or the beneficiary to execute the obligations stipulated in clause 8.1 shall release the Insurer from execution of the contract of insurance from the moment of arising of the material variation which has occurred with an insured ship or in relation to the ship. The Insurer shall produce to the Insured a written notice of denunciation of the contract of insurance.
The contract shall be considered denounced from the moment of arising of the material variation which has occurred with an insured ship or in relation to the ship.
- 8.5 Insurance premium shall not be refunded, unless the Insured or the beneficiary proves that the failure to fulfill the obligations under clause 8.1 occurred through no fault of him.

9 RIGHTS AND OBLIGATIONS OF THE PARTIES

9.1 The Insured is entitled:

- 9.1.1 to get insurance compensation upon the happening of the insured event specified in the contract of insurance;
- 9.1.2 to get back a part of the insurance premium paid to the Insurer in case of early termination of the contract of insurance due to the circumstances specified in clause 7.5.2a;
- 9.1.3 to denounce the contract of insurance, unless by the moment of such denunciation the probability of the occurrence of the event insured against has fallen away and the insured risk has ceased to exist due to circumstances other than the insured event;
- 9.1.4 to alter the contract of insurance as stipulated by the insurance rules;
- 9.1.5 to get reimbursement of expenses incurred to mitigate the losses arisen out of the occurrence of an insured event, if such expenses were reasonable or incurred for fulfillment of the Insurer's instructions.

9.2 The Insurer is entitled:

- 9.2.1 to denounce the contract of insurance in case of the Insured's failure to disclose information about the circumstance material for determining the degree of risk, or his supplying of false information requested by the Insured as per clause 7.2;
- 9.2.2 to denounce the contract of insurance in case of the Insured's (the beneficiary's) failure to fulfill the obligation to put the Insurer on notice about variations in circumstances which entail increasing the degree of risk;
- 9.2.3 to demand alteration of the contract of insurance or payment of additional insurance premium in case of variations in circumstances as stipulated by clause 8.2 or to terminate the contract of insurance as per clause 8.3;
- 9.2.4 in case of early termination of the contract of insurance due to the circumstances specified in clause 7.5.2a to get the part of insurance premium pro rata for the period when the insurance was effective;
- 9.2.5 when determining the amount of insurance compensation payable under the contract of insurance, to set off the sum of overdue insurance premium, if the insured event has occurred before its settlement;
- 9.2.6 to demand from the beneficiary to fulfill the obligations under the contract of insurance, including those lying with the Insured, but undischarged by him, in case of the beneficiary's making a claim for insurance compensation processing;
- 9.2.7 to demand from a crew member to pass special medical examination on account of the Insurer;
- 9.2.8 to apply to medical institutions with the request for information about the state of a crew member's health, if necessary;
- 9.2.9 to apply to medical institutions, competent authorities and other organizations with the request for relevant documents and information confirming the fact of and cause for the occurrence of an insured event, if necessary;
- 9.2.10 to exercise the right of recourse against the party liable for losses lapsed to the Insurer after the payment of insurance compensation;

- 9.2.11 to demand refunding of the insurance payout or its relevant part, if the Insured has waived his right of recourse against the party liable for losses made up by the Insurer, or when execution of such right has become impossible through the Insured's fault.

9.3 The Insured is obliged:

- 9.3.1 to pay insurance premium in the time stipulated in the contract of insurance;
- 9.3.2 to maintain the ship in a seaworthy condition (suitable for sailing) throughout the period of insurance, i.e.: to ensure technical readiness of the ship for navigation, to fit and equip the ship properly, to man and supply her with everything necessary, as well as to render the ship's holds and other compartments where a cargo is carried in the condition ensuring proper loading, carriage and safe custody of cargo, etc;
- 9.3.3 to provide occupational safety and health and safe working conditions at every workplace of each crew member throughout the period of insurance in compliance with the generally accepted international standards, the legislation of the Russian Federation and that of the flag state, other enactment, as well as to ensure application of the certified crew members' personal and collective protective equipment;
- 9.3.4 when it comes to his knowledge to promptly report to the Insurer any material variation which has happened with the ship or in relation to the ship;
- 9.3.5 to ensure the timely fulfillment of any recommendations and requirements of the occupational safety and health executive authorities;
- 9.3.6 on receipt of the insurance payout to pass over to the Insurer all the documentation and evidence and to provide him with all the information required for execution by the Insurer of the lapsed right of recourse against the party liable for the losses inflicted;
- 9.3.7 to render assistance to the Insurer in executing his right in compliance with clauses 9.2.7, 9.2.8, 9.2.9;
- 9.3.8 in case of receipt of compensation for damages from other insurers or from the party liable for the losses inflicted, to refund to the Insurer the insurance payouts earlier received in relation to these losses;
- 9.3.9 to transfer the sum of the deductible stipulated by clause 11.5.1 to the bank account of the Insurer, if the latter confirms rendering of the services by a servicing company.

9.4 The Insurer is obliged:

- 9.4.1 to make insurance payout to the Insured (the beneficiary) on the occurrence of an insured event in the time stipulated by clause 11.3;
- 9.4.2 in case of denial of insurance payout, to advise the Insured about this decision in writing, providing motivated reasoning for such denial;
- 9.4.3 not to disclose the information, obtained in the result of Insurer's professional activities, about the Insured, the beneficiary, the state of their health, as well as about their property status, except for cases stipulated by the legislation of the Russian Federation;
- 9.4.4 in case of the Insured's early repudiation of the contract of insurance, to refund to the Insured the part of insurance premium for the unexpired period of insurance in compliance with the procedure stipulated in the contract of insurance;

9.4.5 to reimburse the Insured's (the beneficiary's) expenses incurred to mitigate the losses arisen out of the occurrence of an insured event, if such expenses were reasonable or incurred to fulfill the Insurer's instructions.

10 ACTIONS OF THE PARTIES UPON THE OCCURANCE OF AN INSURED EVENT WHICH MAY ENTAIL INSURANCE PAYOUT

10.1 The moment the occurrence of any accident, which may bring about the insurance payout under the contract of insurance, came to the Insured's knowledge, he must promptly notify the Insurer and/or his representative thereof by any means. If the contract stipulates the period and (or) manner of notification, it must be done in the period fixed and the manner indicated in the contract.

The obligation of notification of an occurrence is also imposed on the beneficiary who is aware of concluding the contract of insurance in his favour, if he intends exercising the right to insurance compensation.

10.2 If the contract of insurance stipulates the services of a specialized servicing company, the Insured is obliged to follow the instruction as per Appendix №2 and render necessary assistance to the servicing company.

10.3 Provided that the Insured complies with the requirements of clause 10.2 of these Rules the Insurer shall arrange servicing of crew members in accordance with the list of services produced in Appendix № 3.

10.4 The Insured shall take all measures reasonable and available in the circumstances to prevent or mitigate losses, as well as to ascertain and determine the extent of damage recoverable from the Insurer, and to follow the directions of the Insurer and/or the servicing company, if such directions are given.

10.5 The Insurer's taking measures in relation to the subject of insurance shall not mean his admitting the responsibility for compensation for the losses sustained or his becoming liable under the contract.

11 INSURANCE PAYOUT PROCESSING (COMPENSATION PROCEDURE)

11.1 General provisions

11.1.1 Unless otherwise provided under the contract of insurance, the insurance payout shall be made to compensate the Insured for direct and indirect expenses stipulated by the contract of insurance. The Insurer shall reimburse the Insured for the damages after they have been actually paid by the Insured or his agent.

11.1.2 The sum insured and/or the limit of liability indicated in the contract of insurance shall not be decreased by the sum of insurance payout, unless otherwise provided under the contract of insurance.

11.1.3 In case the Insured or the beneficiary has received from third parties a compensation for the losses sustained, the Insurer shall be exempted from insurance payout to the extent of the sum of the compensation received.

11.1.4 When making insurance payout the Insurer is entitled to decrease its sum by the amount of an overdue or delayed payment of the next instalment of insurance premium.
When making insurance payout in case of total loss of a ship all the accrued but still outstanding premium under the contract of insurance shall be transferred to the Insurer.

11.1.5 The currency exchange rates fixed by the Central Bank of the Russian Federation for a settlement date shall be applied to calculation of insurance premium. The currency exchange rate fixed by the Central Bank of the Russian Federation for the date of insurance payout shall be applied to the bank transfer of the insurance payout.

11.1.6 For each insured event resulting from the occurrence of the insured risks listed in clauses 4.2.1 – 4.2.5, insurance compensation shall be paid only in relation to any one of them (clauses 11.4.1 – 11.4.5).

- 11.1.7 In case the insured sum determined for clause 4.2.1 is less than the insured sum determined for clause 4.2.5, the total compensation payable in relation to clause 11.4.5 within the first 13 weeks from the occurrence of the insured event shall not exceed the insured sum determined for clause 4.2.1.
If within the period of 13 weeks from the occurrence of an insured event a crew member deceases, a difference between the insured sum stipulated for clause 4.2.1 and that determined for clause 4.2.5 shall not be paid out.
- 11.1.8 When insurance compensation is paid in relation to any one of clauses 11.4.1 – 11.4.5 the payout under clause 11.4.6 in relation to the same crew member shall not be effected.
- 11.1.9 The payout processing under clause 11.4.6 shall cease immediately on receipt of the documents being the ground for the crew member's accruing the right to receive the compensation under any of clauses 11.4.1 – 11.4.5.
- 11.1.10 The expenses falling under clauses 11.4.7 and 11.4.8 shall be covered by the Insurer or the servicing company authorized by the Insurer directly to the contractors who rendered services in relation the insured event, unless otherwise stipulated under the contract of insurance.

11.2 Recipient of the insurance payout

- 11.2.1 Recipient of insurance payout shall be the Insured, the co-insured, the beneficiary or any third party subject to written instructions of the Insured, the co-insured or the beneficiary.
- 11.2.2 The party who is entitled to lodge any claim for damages directly to the Insurer shall be the Insured.

11.3 Period of insurance payout processing

- 11.3.1 Provided that the Insured complies with the requirements of these Rules, unless otherwise stipulated under the contract of insurance, insurance payout shall be effected within thirty banking days from the moment the occurrence is acknowledged as an insured event and the final or interim sum of the loss is determined.
- 11.3.2 In case criminal action or law suit has commenced in connection with an incident which may be acknowledged as an insured event, the Insurer is entitled to postpone the decision with regard to the acknowledgement of this occurrence as an insured event until the completion of the investigation or the trial.

11.4 Procedure of the settlement and the insurance payout processing

Within the scope of these Rules and the insurance obligations assumed by the Insurer when entering into the contract of insurance as per clause 4.2, the Insurer shall pay compensation to the Insured for the losses sustained by the Insured upon the occurrence of an insured risk to the extent of the contractual insured sum:

11.4.1 Loss of life of a crew member as a consequence of an accident

Lumpsum compensation payable shall be equal to 100% of the insured sum stipulated by the provisions of the contract of insurance with regard to this clause;

11.4.2 Loss of life a crew member as a consequence of a disease

Lumpsum compensation payable shall be equal to 100% of the insured sum stipulated by the provisions of the contract of insurance with regard to this clause;

11.4.3 Loss of life of a crew member as a consequence of an accident in connection with a shipwreck

Lumpsum compensation payable shall be equal to 100% of the insured sum stipulated by the provisions of the contract of insurance with regard to this clause;

11.4.4 Loss of life of a crew member as a consequence of going missing

Lumpsum compensation payable shall be equal to 100% of the insured sum stipulated by the provisions of the contract of insurance with regard to this clause;

11.4.5 Permanent disability of a crew member as a consequence of an accident

11.4.5.1 Unless otherwise agreed under the contract of insurance lump sum compensation payable is calculated by multiplying the (contractual) insured sum by the relevant permanent disability value of the payout scale (Appendix №4).
The scale value is chosen in compliance with the type of the crew member's disability stated in the documents being the grounds for the decision as to the insurance payout.

11.4.5.2 Upon the occurrence of several injuries as a consequence of one and the same accident, it is possible for several payouts to be effected. They may be summed up, however the total payout in relation to clause 4.2.5 shall not exceed 100% of the insured sum stipulated for clause 4.2.5 under the contract of insurance.

11.4.6 Temporary disability of a crew member as a consequence of an accident or a disease

11.4.6.1 Compensation shall be equal to the insured sum agreed in the contract of insurance.

11.4.6.2 Unless otherwise agreed under the contract of insurance, the reimbursable period of disability under clause 11.4.6, shall be not more that 52 weeks less nonreimbursable period, which is:

- a) 7 days beginning from the first date of disability caused by an accident;
- b) 14 days beginning from the first date of disability caused by a disease.

11.4.6.3 The first date of disability is the date when an accident or a disease occurred, which is to be confirmed by any of the documents indicated in clause 11.11.6, and in the event the documents state different dates, an earlier date shall be taken for the calculation of the insurance payout.

11.4.7 Treatment of a crew member as a consequence of an accident, including that in connection with shipwreck, or a disease

11.4.7.1 Compensation shall be paid in relation to the expenses reasonably incurred for emergency medical care for a crew member, which include:

- a) medical expenses:
 - reasonable and necessary diagnostic examination;
 - ambulatory care;
 - surgical intervention;
 - hospital care;
 - payment for medicine prescribed by an attending doctor;
 - payment for bandaging material and auxiliaries prescribed by an attending doctor;
- b) expenses for delivery of a crew member from a ship to a place of medical treatment and back in the port of call:
 - delivery from the ship to the port by boat;

- delivery from the port to the place of medical treatment (by specialized medical transport, taxi and the same);
 - b) settlement of fees of the shipowners' agent for arranging:
medical treatment of a crew member in the port where such treatment was provided.
- 11.4.7.2 Compensation shall be paid in relation to emergency dental treatment in case of dental trauma caused by an accident, as well as inflammation of a tooth and/or the tissue surrounding the tooth;
- 11.4.7.3 Compensation shall be paid in relation to emergency ophthalmological treatment in case of ophthalmic trauma, as well as acute inflammation of an eye.
- 11.4.8 Repatriation of a crew member as a consequence of an accident, including that in connection with shipwreck, or a disease**
- 11.4.8.1 Compensation shall be paid in relation to expenses reasonably incurred for repatriation of a crew member, which include:
- a) transport expenses:
 - costs of tickets (to economy class) for traveling to the place of repatriation;
 - hotel accommodation pending repatriation (for not more than 3 days);
 - meals of a crew member pending repatriation (for not more than 3 days);
 - cost of an entry visa;
 - б) expenses incurred in connection with accompanying a crew member by one person, if such escort is necessary by medical indication and furnished with the written report of a competent doctor:
 - cost of tickets (in case of a flight – the cost of tickets to economy class) for traveling to the place of repatriation;
 - hotel accommodation pending repatriation (for not more than 3 days);
 - meals pending repatriation (for not more than 3 days);
 - cost of an entry visa;as well as other necessary and reasonable expenses subject to advance written approval of the Insurer;
- b) settlement of fees of the shipowner's agent in relation to arrangements for repatriation of a crew member or the body in case of the crew member's death.
- 11.4.8.2 Repatriation of a crew member shall be performed immediately on receipt of a written recommendation / report of a competent doctor about its being necessary and reasonable and about the absence of contraindications to transportation of the crew member.
- 11.4.8.3 In case in the place of initial application for medical assistance there has not been provided a full volume of services necessary for competent medical treatment, the expenses of transportation of a crew member to the place where such services can be provided shall be indemnified, provided the requirements of clauses 11.4.8.1-11.4.8.2 are followed.
- 11.4.8.4 If repatriation of a crew member is necessary and reasonable in connection with a shipwreck, recommendation/report of a competent doctor is required only in case it contains any specific requirements for repatriation conditions.
- 11.4.8.5 In case of death of a crew member repatriation expenses include:
 - autopsy and embalmment expenses;

- cost of coffin (if necessary – subject to international standards);
- transportation of the coffin to the place of repatriation;
- funeral and cremating expenses;
- traveling expenses of one accompanying person subject to written approval of the Insurer.

11.4.9 Substitution of a crew member as a consequence of an accident or a disease, or as a consequence of his going missing

- 11.4.9.1 Compensation shall be paid in relation to expenses reasonably incurred for delivery of a substitute on board the ship, which include:
- cost of tickets (to economy class) from the place of recruiting;
 - hotel accommodation in expectation of the ship in the port of arrival (for not more than 3 days);
 - meals in expectation of the ship in the port of arrival (for not more than 3 days);
 - cost of an entry visa.

11.4.10 Ship's deviation in connection with an accident or illness of a crew member

- 11.4.10.1 Compensation shall be paid in relation to the expenses incurred in connection with deviation of a ship from the performed voyage or determined route for a reasonable period of time necessary for delivery of a sick or injured crew member to the nearest port to render medical aid to him; necessary substitution of a sick or injured crew member; evacuation of a deceased crew member.

- 11.4.10.2 The expenses referred to in clause 11.4.10.1 include the following:
- cost of extra fuel and oil consumed;
 - cost of extra foodstuffs consumed;
 - extra crew wages;
 - port charges and dues;
 - disbursements.

- 11.4.10.3 The expenses referred to in clauses 11.4.10.1 – 11.4.10.2 shall be reimbursed provided that they are direct losses of the Insured which are calculated as the expenses actually incurred as a result of the ship's deviation less the expenses which would have been incurred by the Insured under regular ship's operation conditions.

11.4.11 Loss of or damage to a crew member's personal effects

- 11.4.11.1 Compensation shall be paid in relation to the damages connected with the loss of or damage to personal effects of a crew member provided that the crew member has taken all necessary precautions for safe custody of the personal effects.

- 11.4.11.2 In case a crew member's luggage is delayed for more than 12 hours the Insurer shall reimburse expenses reasonably incurred due to urgent buying of clothes and toilet articles. In case the confirmation of irretrievable loss of the crew member's luggage is received the Insurer shall deduct the expenses which have already been indemnified in connection with urgent buying of clothes and toilet articles from the sum of compensation.

- 11.4.11.3 The Insurer shall reimburse not more than 25 % of the insured sum in relation to any one thing, any one pair, or any one set of personal effects of a crew member.

11.4.11.4 In the event of total loss or destruction of any property insured in compliance with this section provisions, insurance compensation shall be calculated on the basis of a full replacement principal to the extent of the insured sum only in relation to the indicated property which are of the age not exceeding 3 years.

11.5 Consideration of deductible

11.5.1 The expenses incurred by the Insured as a consequence of the occurrence of an insured risk indicated in clauses 4.2.7 – 4.2.11 shall be reimbursed less the deductible agreed under the contract of insurance. The deductible shall be taken from the total sum of expenses incurred in relation to any one insured event occurred with any one crew member, unless otherwise stipulated under the contract of insurance. The Insured shall cover the expenses, which are less than or equal to the deductible, entirely himself, such expenses are not reimbursable from the Insurer.

11.5.2 In case expenses have been settled by a servicing company in the first instance in compliance with the terms and conditions of the contract of insurance specified in clause 11.5.1, the Insured is obliged to transfer the sum of deductible agreed under the contract to the Insurer's bank account.

11.6 Documents required for taking decision in relation to insurance payout and assessment of damages

Conclusion to pay or reject to pay insurance compensation, as well as calculation of insurance payout shall be made by the results of investigation performed on the basis of the documents listed below.

For the compensation payable under any of clauses 11.4.1 – 11.4.11 the following documents are common:

- insurance policy;
- application for insurance compensation;
- copy of the crew roll valid at the date of the occurrence;
- copy of the collective labour contract and/or the employment (labour) contract concluded between the Insured and the crew member;
- copy of the individual medical record with medical examination results valid at the date of the occurrence;

Besides, for the compensation payable under clauses 11.4.1 – 11.4.11 it is necessary to present the copies of the following documents:

11.6.1 Under clause 11.4.1:

- 11.6.1.1
- 1) pages of the ship's log book containing information about the accident which happened on board the ship and further actions taken in connection with the accident;
 - 2) occupational fatal accident certificate;
 - 3) order for appointment of accident investigation commission;
 - 4) pages of the account log of instructions on prevention of accidents on the ship;
 - 5) certificate of death;
 - 6) certificate of accession to heirship under the law or the last will and testament (which is not obligatory in case the Insured fulfils obligations under a labour (employment) contract in favour of the beneficiary indicated therein).

11.6.1.2 For ships registered under the flags of foreign countries (except for CIS countries) the documents indicated in items 2) and 3) of clause 11.6.1.1 may be substituted by other documents subject to agreement with the Insurer: Master's report, explanatory notes of crew members – witnesses of the accident, etc.

11.6.2 Under clause 11.4.2:

- 1) pages of the ship's log book containing information about the circumstances of the crew member's loss of life and further actions taken in connection with the accident;
- 2) Master's report, explanatory notes of crew members – witnesses of the accident;
- 3) medical certificate of death and/or autopsy protocol;
- 4) certificate of death;

- 5) extract from the medical record (outpatient's card/case history) or epicrisis in case of hospital treatment;
- 6) certificate of accession to heirship under the law or the last will and testament (which is not obligatory in case the Insured fulfils obligations under a labour (employment) contract in favour of the beneficiary indicated therein).

11.6.3 Under clause 11.4.3:

- 1) certificate of death;
- 2) certificate of accession to heirship under the law or the last will and testament (which is not obligatory in case the Insured fulfils obligations under a labour (employment) contract in favour of the beneficiary indicated therein);
- 3) documents issued by the official bodies authorised for investigation of the circumstances of and causes for the shipwreck, confirming the occurrence of the insured event.

11.6.4 Under clause 11.4.4:

- 1) pages of the ship's log book containing information about the circumstances of the crew member's going missing and further actions taken in connection with the occurrence;
- 2) Master's report, explanatory notes of crew members – witnesses of the occurrence;
- 3) resolution (protocol) issued by Transport Prosecutor or other authorised official body by the results of the conducted investigation of the circumstances of and causes for the crew member's going missing;
- 4) certificate of death;
- 5) certificate of accession to heirship under the law or the last will and testament (which is not obligatory in case the Insured fulfils obligations under a labour (employment) contract in favour of the beneficiary indicated therein).

11.6.5 Under clause 11.4.5

- 11.6.5.1
- 1) pages of the ship's log book containing information about the accident which happened on board the ship and further actions taken in connection with the accident;
 - 2) occupational accident certificate;
 - 3) order for appointment of accident investigation commission;
 - 4) pages of the account log of instructions on prevention of accidents on the ship;
 - 5) extract from the medical record (outpatient's card/case history) or epicrisis in case of hospital treatment;
 - 6) reference issued by medical and social examination institutions with indicated disability group and degree of limitation of capability for work and extract from certificate of examination of the person acknowledged as a disabled one.

- 11.6.5.2
- For ships registered under the flags of foreign countries (except for CIS countries) the documents indicated in sub-items 2), 3) and 6) of clause 11.6.1 may be substituted with other documents subject to agreement with the Insurer: Master's report, explanatory notes of crew members – witnesses of the accident, medical report on occupational disability degree in the agreed form, etc.

11.6.6 Under clause 11.4.6:

- 1) pages of the ship's log book (dispensary record) containing the information about the accident which took place on board the ship or about the development of the crew member's disease and further actions taken in connection with the accident or the disease;
- 2) occupational accident certificate (in case of an accident);
- 3) in case of a crew member's illness – master's report and/or report of the ship's doctor (if there is a physician on shipboard);
- 4) doctor's report (reference) containing the information about the character of the disease or epicrisis in case of hospital treatment;
- 5) medical certificate or, when it is impossible to present it, attending doctor's reference covering the whole period of temporary disability.

- 11.6.7 Under clauses 11.4.7 – 11.4.9 in case subject to agreement with the Insurer the Insured (his representative/crew member) has paid the expenses caused by the occurrence of the insured risks listed in clauses 4.2.7 – 4.2.9 directly:
- 1) agent's disbursement account for the expenses caused by the occurrence of the insured risks listed in clauses 4.2.7 – 4.2.9;
 - 2) invoices with indicated full name of the crew member, who took the cure, the name of the Insured's company (ship agent), the ship, diagnosis, particular medical services with enclosed information about the cost of services and the date of their rendering;
 - 3) prescriptions with the pharmacy stamp and indication of the date and the crew member's full name, as well as doctor's invoices relevant to them (cost of medicines shall be indicated in voucher with the pharmacy stamp and indication of the date);
 - 4) invoices for therapeutic and auxiliary agents together with relevant doctors' prescriptions;
 - 5) vouchers confirming the payment for tickets to economy class for the crew member, persons accompanying him (in case of any), persons proceeding for substitution of the injured or sick crew member;
 - 6) vouchers confirming the payment for hotel accommodation for the crew member, persons accompanying him (in case of any), persons proceeding for substitution of an injured or sick crew member;
 - 7) vouchers confirming the payment for funeral services, embalment, autopsy or cremating;
 - 8) other vouchers confirming other expenses of the Insured incurred as a result of the occurrence of the insured risks listed in clauses 4.2.7 - 4.2.9.
- 11.6.8 Under clause 11.4.10:
- 1) pages of the ship's log book and engine book containing the information about the deviation route and fuel and oil consumption;
 - 2) invoices, receipts and other vouchers at the Insurer's discretion confirming the settlement of the expenses incurred.
- 11.6.9 Under clause 11.4.11:
References, invoices and receipts, as well as other vouchers at the Insurer's discretion confirming loss of personal effects and payment of the expenses incurred.

The list of documents presented in clause 11.6 is not complete and depending on the circumstances of the insured event the Insurer is entitled to demand other documents relevant to this event.

11.7 Cases of denial of insurance payout

Save as provided in clauses 4.4, 11.8.2, when the Insurer is released from liability to compensate for losses, the Insurer is entitled to reject to fulfill the contract (obligations) in the following cases:

- 11.7.1 in the event the losses arose out of the Insured's deliberate failure to take reasonable and available measures to mitigate eventual losses (in breach of obligation stipulated under clause 10.4);
- 11.7.2 in the event of the Insured's failure to disclose information about the circumstances material for determining the degree of risk, or providing false information (clauses 7.2, 7.3);
- 11.7.3 in the event of the Insured's failure to notify the Insurer of any material variation which has occurred with the ship indicated in the contract of marine insurance, and gave rise to the occurrence of an insured event (clause 8.4).

11.8 Subrogation

- 11.8.1 The right of recovery from the third party liable for losses of the amount paid is transferred to the Insurer, who has made the insurance payout. This right of recourse shall be executed by the Insurer in full compliance with the procedure established for the person who has received the insurance payout.

- 11.8.2 In case the Insured or the beneficiary waives his right of recourse against the party liable for losses caused, or when execution of such right becomes impossible through the Insured's or the beneficiary's fault the Insurer shall be discharged from the liability to make insurance payout in full or in relevant part.

12 PROCEDURE FOR INSERTING ALTERATIONS AND AMENDMENTS INTO THE CONTRACT OF INSURANCE. INVALIDATION OF THE CONTRACT OF INSURANCE

12.1 Procedure for alteration of the contract of insurance

- 12.1.1 Alteration or denunciation of the contract of insurance shall be agreed in writing.
- 12.1.2 The contract of insurance shall be considered altered or amended from the moment of signing of supplementary agreement by the authorized representatives of the parties.

12.2 Insurance contract invalidation conditions

- 12.2.1 Non-observance of the written form shall entail invalidation of the contract of insurance, its alteration or amendments.
- 12.2.2 The contract of insurance shall be invalid when concluded in the absence of the Insured's and the beneficiary's interest in saving the insured property.
- 12.2.3 The contract may be nullified at the Insurer's request in case of overstating of the insured sum in the contract of insurance as a result of fraud on the part of the Insured.

13 DISPUTES SETTLEMENT PROCEDURE

Unless otherwise provided under the contract of insurance, all disputes, disagreements and claims arising out of the contract of insurance or in connection with it, including those concerning its execution, violation, termination or invalidation, shall be referred to the Maritime Arbitration Commission under the Chamber of Commerce and Industry of the Russian Federation.