

## COMPULSORY THIRD PARTY LIABILITY INSURANCE CLAUSES

### 1. Navigation and Warranty

- 1.1 This insurance applies to the insured vessel using within Hong Kong territorial waters and subject to the approval of the Marine Department, Hong Kong SAR.
- 1.2 It is warranted that the insured vessel should not be towed, except as is customary or in distress.

### 2. Indemnity

- 2.1 This insurance is issued for the purposes of Section 23C(1) of the Merchant Shipping (Local Vessels) Ordinance, Chapter 548 (“the Ordinance”).
- 2.2 Subject to the limit of liability stated in the schedule of the Policy (“the Schedule”), the conditions and exceptions of the Policy,
- a. the <Insurer> agrees to indemnify the Insured stated in the Schedule (“the Insured”) in respect of any liability including the claimant’s costs and expenses which may be incurred by him or them in respect of the death of or bodily injury to any person caused by or arising out of the usage of the insured vessel in the territorial waters of Hong Kong SAR;
  - b. the <Insurer> will also pay, with its prior written consent, other costs and expenses incurred by or on behalf of the Insured stated in the Schedule.
- 2.3 The liability of the <Insurer> in respect of any one accident or series of accidents arising out of the same event shall in no case exceed the limit of liability stated in the Schedule .
- 2.4 In the event of any change to the legislation during or subsequent to the Period of Insurance altering the amount of cover of a policy of insurance under the Ordinance, the limit of liability of the Insurer shall remain the same as stated in the Schedule as if the Ordinance had been unaltered.

### **3. Exclusions**

#### **This insurance does not cover:-**

- 3.1 Liability in respect of the death of or bodily injury to any person in the employment of any person insured by the Policy, whether employed under a contract of service or apprenticeship, which arises out of and in the course of the first mentioned person's employment;
- 3.2 Any contractual liability assumed by any person insured under any agreement expressed or implied;
- 3.3 Any damage to the insured vessel and the Insured's own property;
- 3.4 Any liability in respect of any damage to any third party's property including any cargo;
- 3.5 In respect of any accident happened or liability sustained outside the Hong Kong territorial waters;
- 3.6 Punitive or exemplary damages, howsoever described;
- 3.7 Any amount(s) stated as excess or deductible in the Schedule of this Policy; or
- 3.8 In respect of judgments which are not in the first instance delivered by or obtained from a court of competent jurisdiction of Hong Kong SAR.

### **4. Limitations as to Use of the Insured Vessel**

The insurance coverage is operative only when the insured vessel is used for purposes as allowed under the licence as issued by Marine Department, Hong Kong SAR in connection with the Insured's business.

### **5. Notification of Accident**

In the event of any occurrence which may give rise to a claim under this Policy, the Insured shall as soon as possible give notice thereof to the <Insurer > with full particulars. Every letter claim writ summons and process shall be notified or forwarded to the <Insurer> immediately upon receipt.

## **6. Avoidance of Certain Terms and Rights of Recovery**

If the <Insurer> is obliged by the Ordinance to pay an amount for which the <Insurer> would not otherwise be liable under this insurance the person on whose account the payment is made (whether that person is the Insured or any other person) shall forthwith repay such amount to the <Insurer>.

## **7. General Conditions**

7.1 The following shall be conditions precedent to any liability of the Insurer:-

- a. observance of the terms and conditions of this Policy relating to anything to be complied with by the Insured or any other person claiming to be indemnified; and
- b. the truth of the contents and statements in the proposal and declaration for obtaining this insurance.

7.2 No admission offer promise or payment shall be made by or on behalf of the Insured without the prior written consent of the <Insurer>. Without prejudice to any terms, conditions and exceptions of the Policy, the Insurer shall be entitled if it so desires to take over the conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured for its own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the <Insurer> may require.

## **8. Laws and Jurisdiction Clause**

This insurance shall be governed by and construed in accordance with the laws of Hong Kong SAR and any disputes arising out of this insurance shall be subject to the exclusive jurisdiction of the Hong Kong SAR.

Subject otherwise to the terms, exceptions and conditions of this Policy.