**SECTION ONE**

**POLITICAL VIOLENCE (INCLUDING WAR / CIVIL WAR) INSURANCE**

**PROPERTY DAMAGE WORDING**

**INSURING CLAUSE**

Subject to the definitions, exclusions, limits and conditions hereinafter contained, this Contract insures the property described in the Risk Details against direct physical loss or physical damage by an Insured Event(s), as herein defined, occurring during the Period as stated in the Risk Details attaching to and forming part hereof, (hereinafter referred to as the "Risk Details").

**DEFINITIONS**

1. **Insured Event(s)**

 1.1 **"Terrorism"** shall mean an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

 1.2 **"Sabotage"** shall mean a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

 1.3 **"Riots and/or Strikes and/or Civil Commotions"** shall include but not be limited to loss directly caused by:

 (a) any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance; or

 (b) any wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out whether or not such act is committed in the course of a disturbance of the public peace.

 1.4 **"Malicious Damage"** shall mean all physical loss or damage resulting directly from a malicious act caused by anyone whether or not the aforesaid act is committed during a disturbance of the public peace.

 1.5 **"Insurrection, Revolution and Rebellion"**

 (a) Insurrection shall mean an uprising of citizens in resistance to their government.

 (b) Revolution shall mean the overthrow or repudiation of a regime or political system by its citizens.

 (c) Rebellion shall mean a deliberate, organised and open resistance, by force and arms, to the laws or operations of a government, committed by its citizens.

 1.6 **"Mutiny and/or Coup d'Etat"**

 (a) Mutiny shall mean a wilful resistance by members of legally constituted, armed or peacekeeping forces to a superior officer.

 (b) Coup d'Etat shall mean a sudden change in government other than by democratic means brought about by the use or threat of violence.

 1.7 **"War and/or civil war"**

 (a) War shall mean declared or undeclared hostile action between two or more nations or states.

 (b) Civil war shall mean a hostile conflict between opposing citizens of the same nation or state.

2. **"Occurrence"** shall mean any one loss and/or series of losses arising out of and directly occasioned by one or more Insured Event(s) for the same purpose or cause, but more specifically:

 (a) For Terrorism, Sabotage, Riots, Strikes, Civil Commotions, Malicious Damage, Insurrection, Revolution, Rebellion, Mutiny and/or Coup d’Etat the duration and extent of any one "Occurrence" shall be limited to all losses sustained by the Insured to the property insured herein during any period of 72 consecutive hours arising out of the same purpose or cause. However no such period of 72 consecutive hours may extend beyond the expiration of this Contract unless the Insured shall first sustain direct physical damage prior to expiration and within said period of 72 consecutive hours nor shall any period of 72 consecutive hours commence prior to the attachment of this Contract.

 (b) For War and/or Civil War the duration and extent of any one "Occurrence" shall be limited to all losses sustained by the Insured to the property insured herein during any period arising out of the same purpose or cause. However no such period may extend beyond the expiration of this Contract.

**EXTENSIONS**

**1. CHANGES IN VALUES AND AUTOMATIC ADDITIONS**

 Automatic coverage shall apply at no additional premium to any:

 (a) increases in insured values at existing insured locations following a revaluation of insured property at such locations and/or due to any construction and/or renovation work at such locations;

 (b) additional property and/or interest of the type already insured by this Contract which may be acquired or otherwise become at the risk of the Insured during the Period;

 (c) unintentional error in the valuation of the insured property;

 PROVIDED always that:

 (i) the total increase in insured values during the Period in respect of (a), (b) and (c) above does not exceed 15% of the total declared values at inception; and

 (ii) additional property and/or interests stated in (b) above does not relate to any property located within the Restricted Areas where shown in the Risk Details or within countries not covered on the schedule of insured properties declared at inception; and

 (iii) any increase in value and/or unintentional error in valuation of property located within the Restricted Areas where shown in the Risk Details does not exceed 15% of that individual declared location value; and

 (iv) any unintentional error in the valuation of the insured property must be reported by the Insured to Insurers when discovered and corrected; and

**2. DEBRIS REMOVAL**

 This insurance includes, within the Sum Insured, expenses incurred in the removal from the insured location of debris of insured property directly destroyed or damaged by an Insured Event.

 The cost of removal of debris shall not be considered in determination of the valuation of the property insured.

**3. EXPERTS FEES**

 This insurance includes, within the Sum Insured, the necessary and reasonable fees of architects, surveyors, consulting engineers and other professional experts which are incurred in reinstating or repairing the insured property following damage insured under this insurance.

**4. LOSS CONTROL**

 Notwithstanding any provision to the contrary within this insurance, it is understood and agreed that this insurance includes cover against physical loss or physical damage to insured property directly caused by the actions of the government of the state (or its Military Authority) where the insured property is located, in suppressing, controlling or minimizing the consequences of an Insured Event as insured by this Contract. Insurers will only provide this cover if such damage is directly caused by the actions of the government of the state (or its Military Authority) where the insured property is located and such damage takes place during the Occurrence of an Insured Event.

 If the Insured is eligible for compensation or indemnity under any government compensation plan or other similar scheme in respect of the damage described above, this insurance shall be excess of any payment due from such plan or scheme.

 “Military Authority” shall mean a military or security authority operating on behalf of a state recognised by the United Nations.

**5. PUBLIC AUTHORITIES/INCREASED COST OF CONSTRUCTION**

 This insurance includes, within the Sum Insured, the increased construction cost of damaged or destroyed property (including the additional loss sustained in demolishing any undamaged portion of the buildings, or structures) that may be incurred solely by reason of the necessity to comply with any law or ordinance which regulates the use of, and/or the building materials permitted to be used at, the site where the insured damage occurred.

 PROVIDED always that such laws or ordinances shall predate the occurrence of the loss or damage and

 (a) the work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurers not being thereby increased) must be carried out within 36 (thirty six) months of the date of damage or within such further period as the Insurers may allow, otherwise no payment beyond the amount which would have been payable under the insurance if this clause had not been incorporated herein shall be made.

 (b) where any property is damaged or destroyed in part only the liability of the Insurers shall not exceed the sum representing the cost, which the Insurers could have been called upon to pay for reinstatement if such property had been wholly destroyed.

**EXCLUSIONS**

**1. LOSSES EXCLUDED**

 This insurance DOES NOT cover:

 1.1 loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination may have been caused.

 1.2 loss arising from war (whether before or after the outbreak of hostilities) between any two of the following: China, France, the Russian Federation, the United Kingdom and the United States of America.

 1.3 loss or damage caused by seizure or legal or illegal occupation unless physical loss or damage is caused directly by an Insured Event.

 1.4 loss or damage caused by confiscation, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority which deprives the Insured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.

 1.5 loss or damage directly or indirectly arising from or in consequence of the discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

 1.6 loss or damage caused by chemical or biological release or exposure of any kind.

 1.7 loss or damage caused by attacks by electronic means including computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon.

 This exclusion shall not operate to exclude losses (which would otherwise be covered under this insurance) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

 1.8 any consequential loss or damage caused by any other ensuing cause, except where such ensuing cause is solely and directly caused by an Insured Event or where any business interruption coverage is provided by an extension to this Contract.

 1.9 loss of use, delay or loss of markets, however caused or arising, and despite any preceding loss insured hereunder.

 1.10 loss or damage caused by cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications of any type or service not on the Insured’s premises.

 1.11 loss or increased cost as a result of threat or hoax.

 1.12 loss or damage caused by or arising out of burglary, house-breaking, theft or larceny or caused by any person taking part therein. However, this exclusion shall not apply to physical loss or damage to insured property caused by looting which results directly from an Insured Event.

**2. PROPERTY EXCLUDED**

 Unless specifically declared hereon, this insurance DOES NOT cover:

 2.1 land or land values.

 2.2 pipelines excluded outside secure perimeter.  However, including underground pipelines, terminal points valve stations within the secured perimeter.

 2.3 aircraft or any other aerial device, or watercraft.

 2.4 any land conveyance, including vehicles, locomotives or rolling stock not on the Insured’s premises.

 2.5 animals, plants and living things of all types.

 2.6 exported property after such property is loaded on board an aircraft or watercraft for shipment or after aviation or marine insurance attaches, whichever occurs first; nor imported property prior to its discharge from an aircraft or watercraft or until the aviation or marine insurance terminates, whichever occurs last.

**CONDITIONS**

**1. ABANDONMENT**

 There shall be no abandonment to the Insurers of any property.

**2. ASSIGNMENT**

 Assignment or transfer of this Contract shall not be valid except with the written consent of Insurers.

**3. CLAIM SETTLEMENT**

 Settlement of any valid claim under this Contract shall be payable within sixty (60) days after the conclusion of Insurers’ investigation(s) necessary for the assessment of the extent of their liability.

**4. DUE DILIGENCE**

 The Insured (or any of the Insured’s agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable, including but not limited to taking precautions to protect or remove the insured property, to avoid or diminish any loss herein insured and to secure compensation for any such loss including action against other parties to enforce any rights and remedies or to obtain relief or indemnity.

**5. EXCESS**

 The Insurers hereon shall not be liable for the Excess stated in the Risk Details.

**6. FALSE OR FRAUDULENT CLAIMS**

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

**7. INSPECTION AND AUDIT**

 The Insurers or their agents shall be permitted but not obligated to inspect the Insured's property at any time.

 Neither the Insurers' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe.

 The Insurers may examine and audit the Insured’s books and records at any time up to two years after the final termination of this Contract, as far as they relate to the subject matter of this Contract.

**8. MISREPRESENTATION**

 If the Insured has concealed or misrepresented any material fact or circumstance relating to this Contract, this Contract shall become void. If the Insured is unsure what constitutes material fact(s) or circumstance(s), they should consult their broker or agent.

**9. MULTIPLE INSUREDS CONTRACT LIMITS**

 (a) The total liability of the Insurers in the aggregate for any loss or losses sustained by any or all of the Insureds during the Period shall not exceed the amount for which the Insurers would be liable had such loss or losses been sustained by any one of the Insureds alone.

 (b) For the avoidance of doubt, the Sum Insured set out in the Risk Details applies to the aggregate of all claims by all Insureds hereunder, and Insurers shall have no liability in excess of these limits whether insured losses are sustained during the Period by all of the Insureds or any one or more of them.

**10. NON-CANCELLATION**

 This Contract shall be non-cancellable by the Insurers or the Insured except in the event of non-payment of the premium by the Insured where the Insurers may cancel the Contract at their discretion in accordance with the terms of the Premium Payment clause herein.

**11. NOTIFICATION OF CLAIMS**

 The Insured shall give written notice to the Insurers of any Occurrence likely to give rise to a claim hereunder within thirty (30) days after the Insured’s corporate risk management department first becomes aware of such Occurrence.

 If the Insured makes a claim under this Contract the Insured must give the Insurers such relevant information and evidence as may reasonably be required and co-operate fully in the investigation or adjustment of any claim.

**12. OTHER INSURANCE**

 This insurance shall be primary and not excess to any other insurance available to the Insured covering any loss insured hereunder.

**13. PROOF OF LOSS**

 The Insured shall render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of Insurers) stating the time, place and cause of loss, the interest of the Insured and all others in the property, the sound value thereof and the amount of loss or damage thereto.

 If Insurers have not received such proof of loss within two years of the expiry date of this Contract, they shall be discharged from all liability hereunder, unless an extension has been agreed by Insurers.

 In any claim and/or action, suit or proceeding to enforce a claim for loss under this Contract, the burden of proving that the loss is recoverable under this Contract and that no limitation or exclusion of this Contract applies and the quantum of loss shall fall upon the Insured.

**14. PROTECTION MAINTENANCE**

 It is agreed that any protection provided for the safety of the insured property and advised to Insurers at the inception of the Contract shall be maintained in good order throughout the Period and shall be in use at all relevant times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Insurers without their consent.

**15. RIGHTS OF THIRD PARTIES**

 This Contract is affected solely between the Insured and Insurers.

 This Contract shall not confer any benefits on any third parties, including shareholders, and no such third party may enforce any term of this Contract.

 This clause shall not affect the rights of the Insured.

**16. SALVAGE AND RECOVERIES**

 All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Contract shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

**17. SITUATION**

 This Contract insures property located as described in the Risk Details.

**18. SUBROGATION**

 Any release from liability entered into in writing by the Insured prior to loss hereunder shall not affect this Contract or the right of the Insured to recover hereunder. The right of subrogation against any of the Insured's subsidiary or affiliated companies or any other companies associated with the Insured through ownership or management is waived.

 In the event of any payment under this Contract, the Insurers shall be subrogated to the extent of such payment to all the Insured's right of recovery therefore. The Insured shall execute all papers required, shall cooperate with Insurers and, upon the Insurers’ request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, attaining the attendance of witnesses and in the conduct of suits and shall do anything that may be necessary to secure such right. The Insurers will act in concert with all other interests concerned (including the Insured) in the exercise of such rights of recovery. If any amount is recovered as a result of such proceedings, such amount shall be distributed in the following priorities:

 (a) Any interest, (including the Insured’s), exclusive of any deductible or self insured retention, suffering a loss of the type covered by this Contract and in excess of the coverage under this Contract shall be reimbursed up to the amount of such loss;

 (b) Out of the balance remaining, the Insurers shall be reimbursed to the extent of payment under this Contract;

 (c) The remaining balance, if any, shall inure to the benefit of the Insured, or any insurer providing insurance primary to this Contract, with respect to the amount of such primary insurance, deductible, self insured retention, and/or loss of a type not covered by this Contract.

 The expense of all proceedings necessary to the recovery of any such amount shall be apportioned between the interests concerned, including that of the Insured, in the ratio of their respective recoveries as finally settled. If there should be no recovery and proceedings are instituted solely on the initiative of Insurers, the expense thereof shall be borne by the Insurers.

**19. SUM INSURED**

 The Insurers hereon shall not be liable for more than the Sum Insured stated in the Risk Details.

**20. VALUATION**

 It is understood that, in the event of damage, settlement shall be based upon the cost of repairing, replacing or reinstating (whichever is the least) property on the same site, or nearest available site (whichever incurs the least cost) with material of like kind and quality without deduction for depreciation, subject to the following provisions:

 (a) The repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch.

 (b) Until replacement has been affected the amount of liability under this Contract in respect of loss shall be limited to the actual cash value at the time of loss.

 The Insurers' liability for loss under this Contract shall not exceed the smallest of the following amounts:

 (i) The amount of the Contract applicable to the destroyed or damaged property.

 (ii) The replacement cost of the property or any part thereof, which was intended for the same occupancy and use, as calculated at the time of the loss.

 (iii) The amount actually and necessarily expended in replacing said property or any part thereof.

 The Insurers will normally expect the Insured to carry out repair or replacement of the insured property, but if the Insured and the Insurers agree that it is not practicable or reasonable to do this, the Insurers will pay the Insured an amount based on the repair or replacement costs, less an allowance for fees and associated costs which are not otherwise incurred. The Insurers will only pay the Insured up to the Sum Insured shown in the Risk Details.

**CURRENCE CLAUSE**

Subject always to the provisions of the policy:

1. In respect of the insured perils of Terrorism, Sabotage, Riots, Strikes, Civil Commotions, and Malicious Damage the duration and extent of any one Occurrence shall be limited to all losses sustained to the property of the Insured covered herein during any period of 72 consecutive hours arising out of and directly occasioned by such an insured peril for the same purpose or cause.  The Insured may choose the date and time when each loss period of 72 hours shall commence. However, no such period of 72 hours may extend beyond the expiration of this Policy other than for property of the Insured covered herein which first sustained damage during the policy period, nor shall two or more periods of 72 hours overlap.

2. In respect of the insured perils of Insurrection, Revolution, Rebellion, Mutiny, Coup d’Etat, Civil War, and War the duration and extent of any one Occurrence shall be limited to all losses sustained to the property of the Insured covered herein during any period not exceeding 30 consecutive days arising out of and directly occasioned by such an insured peril for the same purpose or cause.  The Insured may choose the date and time when each loss period of 30 days shall commence. However, no cover shall be given for losses sustained to the property of the Insured outside of the policy period, nor shall two or more periods of 30 days overlap.

3. No Occurrence shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Insured in that Occurrence during the policy period.

**SECTION TWO**

**CONTROL OF WELL INCL. WAR AND CIVIL WAR INSURANCE**

***Original Deemed Insurance Policy Wording***

**ENERGY EXPLORATION AND DEVELOPMENT INSURANCE**

**DECLARATIONS**

1. INSURED:

As per the schedule

1. LOSS PAYABLE:

Loss, if any, payable to

1. PERIOD:

As per the schedule

1. COVERAGE:

Subject always to the General Conditions herein, and as provided for in the Declarations and the following section(s) as may be purchased in connection herewith; such purchased sections to be only those indicated below by the placing of an “X” in the block(s) adjacent thereto, but notwithstanding the options selected beneath coverage is always following an Act of Terrorism, Sabotage, Riots, Strikes and/or Civil Commotion, Malicious Damage, Insurrection, Revolution, Rebellion, Mutiny and/or Coup d’Etat, War and/or Civil War as defined herein.

1. [X] Control of Well Insurance (as per Section A attached hereto).
2. [X] Redrilling/Extra Expense Insurance (as per Section B attached hereto).
3. [X] Seepage and Pollution, Cleanup and Contamination Insurance (as per Section C

 attached hereto.

1. COMBINED SINGLE LIMIT OF LIABILITY:

As per General Declarations. In respect of 100% interest, any one occurrence, as respects all coverages as may be set forth in the Declarations and General Conditions and sections A, B and/or C as may be purchased in connection herewith.

This policy provides to the Insured (be they one or more) insurance coverage only up to but not exceeding the Combined Single Limit of Liability set forth above, including defence cost, which is the total combined single limit of the Insurers’ liability to the insured for any one occurrence and over all of Sections A, B and/or C as may be purchased in connection herewith, subject always to applicable underlying retention(s).

1. INSURED’S RETENTION:

The Combined Single Limit Of Liability specified in Clause 5 of these Declarations is excess of the Insured’s Retention(s) of … and one occurrence, in respect of 100% interest, as respects all coverages as set forth in the Declaration and General Conditions and in Sections A, B and/or C as may be purchased in connection herewith.

1. REPORTING CLAUSE:

This policy is issued in consideration of in full premium of PKR, and the Insured shall report for the transmittal to Insurers within sixty (60) days after the expiry of this policy the status of all wells insured hereunder and further agrees to pay premium at the rates provided herein. Premiums accruing from reports as required herein are due and payable as the reports are made.

1. AREAS INSURED AND RATES:

As per General Declarations.

1. SERVICE OF SUIT:

As per General Declarations.

**ENERGY EXPLORATION AND DEVELOPMENT INSURANCE**

**GENERAL CONDITIONS**

**(TO APPLY TO ALL SECTIONS)**

1. CO-VENTURERS:

It is understood and agreed that, subject to the provisions of Clause 7 of these General Conditions, this insurance may insure the interest of co-venturers (defined as co-owners, partners and/or other party(ies) having a financial and insurable interest in the wells insured hereunder), all of whom individually and collectively are non-operators (all hereinafter referred to as “Co-Venturers”), and provided the agreement to include such Co-Venturers is executed in writing between and/or among the parties prior to any occurrence giving rise to claim for reimbursement hereunder.

Such Co-Venturers who comply with the above paragraph shall be deemed to be named as additional Insured hereunder only in respect of wells insured hereunder and only for there period(s) of time operations in respect of said wells are insured hereunder as determined by Clause 16 of these General Conditions.

Any cover granted hereunder to Co-Venturers shall be limited to operations in which a Co-Venturer has a common interest with the named Insured and shall be subject in all respects to the terms, conditions and rates and Combined Single Limit of Liability specified herein.

If the named Insured is not the operator of a well, then this insurance shall not cover the operator without Insurers’ prior approval.

RATING AREAS: - NOT APPLICABLE HEREIN

1. EXCLUSIONS:

There shall be no indemnity or liability under this policy for:

1. Any fines or penalties imposed under the laws of any State or Nation or other Government entity, or any agency or subdivision thereof;
2. Any punitive or exemplary damages including any other damages resulting from multiplication of compensatory damages;
3. Any claims whatsoever arising directly or indirectly from any occurrence caused, in whole or in part, by any breach or any of the warranties set forth in Clause 15 of these General Conditions or by any breach of any of the conditions set forth in Clause 5 of these General Conditions;
4. Any loss, damage or expense caused by or attributable to earthquake or volcanic eruption; or fire, explosion or tidal wave consequent upon earthquake or volcanic eruption; but

This exclusion does not apply to the following areas:

1. The Gulf of Mexico not East of 82° West Longitude and not South of 24° North Latitude, (the general term Gulf of Mexico shall be deemed to include tributary waters and the Gulf Intracoastal Waterway);
2. The North Sea;
3. The United States of America East of the States of Arizona, Utah and Idaho, including the territorial waters of the Eastern Seaboard; and
4. Canada South of 60° North Latitude
5. Loss, damage or expense caused by the infidelity of the insured or any other person or organization action for or on behalf of the Insured;
6. Loss, damage or expense as respects any well in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the inception of this insurance, until final termination of said drilling, deepening, servicing, working over, completing and/or recondition, unless specifically agreed to by the insurers.
7. DUE DILIGENCE CLAUSE:

It is a condition of this insurance that the Insured shall exercise due care and diligence in the conduct of all operations covered hereunder, utilizing all safety practices and equipment generally considered prudent for such operations, and in the event any hazardous condition develops with respect to an insured well, the Insured shall at their sole expense make all reasonable efforts to prevent the occurrence of a loss insured hereunder.

1. SUBROGATION:
2. Insurers shall upon reimbursement hereunder to the Insured of any Loss, damage or expense be subrogated to all the Insured’s rights of recovery against any other person, firm or corporation who may be legally or contractually liable for such loss, damage or expense so reimbursed by the Insurers.
3. It is agreed that the Insurers may make claim upon the institute legal proceedings against any parties believed responsible for loss, damage or expense reimbursed hereunder in the name of the Insured, and the Insured shall provide Insurers their full cooperation in pursuing such claim or legal proceedings.
4. Permission is expressly granted to the Insured to waive Insurers’ rights of subrogation against any individual, firm or corporation who or which is under contract or otherwise performing work for the Insured or for whom or which the Insured is performing work or rendering services, provided always such waiver executed in writing prior to any occurrence giving rise to claims for reimbursement hereunder.
5. Except as specifically provided or permitted by this Policy, the Insured shall not waive, release or diminish rights of recovery or subrogation with respect to any claim, which, upon payment thereof by insurers, would otherwise belong or accrue to Insurers, and insofar as and to the extent that any action by the Insured waives, releases or diminishes the rights of recovery or subrogation in respect of such claim, Insurers shall have no liability under this Policy.
6. PARTIAL INTEREST CLAUSE:

The combined Single Limit of Liability over all sections hereof, the Insured’s Retention(s), any separate limit of liability set forth in any endorsement hereto, and the rates expressed herein are for a 100% interest. In the event that the interest of the Insured in any one well insured hereunder does not amount to 100%, then said Combined Single Limit of Liability cover all sections hereof, the Insured’s Retention(s), any separate limit of liability set forth in any endorsement hereto, and the rate(s) applicable to that well, shall be reduced proportionately and shall apply in the same proportion as the total interest of the Insured in said well insured hereunder bears to 100%. In the event of an occurrence giving rise to a claim(s) recoverable hereunder, Insurers shall in no event be liable under any section hereof or endorsement hereto for a greater percentage interest in any such claim than the Insured’s percentage interest in the well in respect of which, and at the time that, such occurrence took place.

1. OTHER INSURANCE:

Where the Insured is (are), irrespective of this policy, entitled to reimbursement or indemnity, in whole or in part, by any other insurance in respect of any costs and/or expenses and/or liability for which the Insured would otherwise have been entitled to reimbursement or indemnity by Insurers under this policy, there shall be no contribution or participation as respects such Insured by Insurers under this policy on the basis of excess, contributing, deficiency, concurrent or double insurance or otherwise for such costs and/or expenses and/or liabilities, or part thereof, for which the Insured is (are) entitled to reimbursement or indemnity from such other insurance.

1. COLLECTION FROM OTHERS:

No loss shall be paid by the insurers to the extent that the insured has (have) collected the same from any other party(ies).

1. NOTICE AND PROOF OF LOSS:

The Insured shall give to Insurers, as soon as practicable, notice of any occurrence which may result in a claim hereunder, stating the time, place, cause and circumstances of each occurrence. The Insured shall also file with Insurers as soon as practicable, a detail, sworn Proof of Loss and Payment Order. The Insured shall, if requested by the Insurers, make available to the Insurers or their representatives all records agreements, contracts or other documents needed to determine or substantiate a claim.

1. RESIDUAL VALUE

In the event of an occurrence giving rise to a claim recoverable within the terms and conditions of this policy, the residual value of any equipment and/or materials used or purchased by the Insured in respect of such occurrence will inure to the benefit of Insurers in the adjustment of such claim.

1. DISCOVERY OF RECORDS:

It is understood and agreed that

1. during the currency of this insurance, or
2. any time thereafter within the period of time provided for bringing suit against Insurers, or
3. within the period of time following the bringing of suit against Insurers until final adjudication of suit including all appeals, if any,

Insurers shall have the right to inspecting the Insured’s records pertaining to all matters of costs and expenditures of whatsoever nature relating to the wells insured hereunder, such records to be open to a representative of Insurers at all reasonable times.

1. CANCELLATION

In the event of non-payment of premium or the first installment thereof within 30 days after attachment, or of any additional premium or any other installment as and when due, Insurers may cancel this policy upon 10 days written or telegraphic notice sent to the Insured at his or its address shown herein. Such proportion of the premium, however, as shall have been earned up to the time of cancellation for non-payment of premium shall be payable. In the event of an occurrence giving rise to a claim recoverable within the terms and conditions of this policy occurring prior to any such cancellation for non-payment of premium, then the full minimum and deposit premium or the premium earned i accordance with the Rating Provisions in Clause 2 of the General Conditions, whichever n is greater, shall be considered earned and payable.

This policy may be cancelled by the Insured at any time by written notice of by surrender of this policy to insurers. This policy may also be cancelled by Insurers, with or without the return or tender of the unearned premium, by delivering to the Insured, by telegraph, or by sending the mail to the Insured’s address shown herein not less than thirty (30) days prior notice stating when the cancellation shall be effective. Should this policy be cancelled by the Insured, the earned premium shall be either the premium earned in accordance with the rating provisions of this policy (with Insurers retaining the customary short rate proportion of the premium for Producing and/or Shut-in and/or Plugged and Abandoned wells) or the minimum premium, if any, due in accordance with policy provisions, whichever is greater. Should this policy be cancelled by Insurers, the earned premium shall be the premium earned in accordance with the rating provisions of this policy (with Insurers retaining the pro rata proportion of the premium for Producing and/or Shut-in and/or Plugged and Abandoned wells) and no minimum premium shall be applied.

1. DEFINITIONS
2. The term “Well(s) Insured” shall be defined as oil and/or gas and/or thermal energy wells:
3. while being drilled, deepened, serviced, worked over, completed and/or reconditioned until completion or abandonment as set forth in Clause 16 of these General Conditions;
4. while producing;
5. while shut-in;
6. while plugged and abandoned;

for the account of the Insured and as may be included within the areas and types of wells insured as set forth in the Declarations hereto.

1. The term “Occurrence” shall be defined as one loss or series of losses arising out of one event. The term “Occurrence” shall mean any one loss and/or series of losses arising out of and directly occasioned by one Act or series of Acts of Political Violence for the same purpose or cause. The duration and extent of any “Occurrence” shall be limited to all losses sustained by the Insured at the property insured herein during any period of 72 consecutive hours arising out of the same purpose or cause including any subsequent re-drilling, extend re-drill, making wells sage, evacuation, underground control of well costs and/or expense as defined herein. However no such period of 72 consecutive hours may extend beyond the expiration of this Policy unless the Insured shall first sustain direct physical damage by an Act of Political Violence prior to expiration and within said period of 72 consecutive hours no shall any period of 72 consecutive hours commence prior to the attachment of this policy.
2. The terms “Defense Cost” shall be defined as investigation, adjustment, settlement, litigation and legal expenses, premiums on attachment or appeal bonds, and pre and post judgement interest and shall exclude all expenses for salaried employees, general retainer fees normally paid by the Insured and office expenses of the Insured.
3. The term “Act of Terrorism” shall mean an unlawful act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
4. The term “Sabotage” shall mean wilful physical damage or destruction perpetrated for political reasons by known or unknown person(s).
5. The term “Riots” and “Civil Commotion” shall mean any act committed in the course of a disturbance of the public peace (where such disturbance is motivated by political reasons) by any person taking part together with others in such disturbance or any act of any lawfully constituted authority for the purpose of suppressing or minimizing the consequence of such act.
6. The term “Strikes” shall mean any wilful act of any striker or locked-out worker in the furtherance of a strike or in resistance to a lock-out or any act of any lawfully constituted authority for the purpose of suppressing or minimising the consequence of such act.
7. The term “Malicious Damage” shall mean all physical loss or physical damage resulting directly from a malicious act by anyone during a disturbance of the public peace where such malicious act is perpetrated for political reasons by known or unknown person(s).
8. The term(s) Insurrection, “Revolution and Rebellion” shall mean a deliberate, organised and open resistance, by force and arms, to the laws or operations of a sovereign government, committed by its citizens or subjects and/or a rising against a sovereign government or other authority.
9. The term “Mutiny” shall mean a wilful resistance by members of legally armed or peace-keeping forces to a superior officer.
10. The term “Coup d’Etat” shall mean the sudden, violent and illegal overthrow of a sovereign government or any attempt at such overthrow.
11. The term “Civil War” shall mean an internecine war, or a war carried on between or among opposing citizens of the same country or nation.
12. The term “War” shall mean a contest by force between two or more sovereign nations, carried on for any purpose, armed conflict of sovereign powers and/or declared or undeclared and open hostilities between sovereign nations.
13. The term “Act of Political Violence” shall be defined as and shall include any of the following Act of Terrorism and/or Act of Sabotage, Riots, Strikes and/or Civil Commotion, Malicious Damage, Insurrection, Revolution or Rebellion, Mutiny and/or Coup d’Etat, War and/or Civil War.
14. WARRANTIES
	1. It is warranted that where the Insured is the operator or joint operator on an insured well being drilled, deepened, serviced, worked over, completed and/or reconditioned, a blowout preventer(s) of standard make will, when in accordance with all regulations, requirements and normal and customary practices in the industry, be set on surface casing or on the wellhead and installed and tested in accordance with usual practice.

When the Insured is a non-operator on any insured well, he will endeavour to see that the operator complies with the warranties set out in this paragraph 15a.

* 1. It is further warranted that the Insured will use every endeavour to ensure that they and/or their contractors comply with all regulations and requirements in respect of fitting storm chokes and other equipment to minimize damage or pollution, and that all equipment (including drilling and/or work over rigs) will be manned by properly certified personnel where required by regulatory authorities.
	2. It is further warranted that in the event of a well becoming out of control or other escape or flow of drilling fluid, oil, gas, or water, the insured will use every endeavour to control the well or stop the escape or flow.
	3. It is understood and agreed that all wells insured hereunder as defined in Paragraph 14a of these General Conditions for which the named insured is the Operator, or where the name Insured has a nonoperating interest but is responsible for its own insurance, shall be insured hereunder for not less than the name Insured’s percentage interest therein.
1. ATTACHMENT AND TERMINATION OF COVERAGE:
2. Attachment of Coverage:
	* 1. In respect of any well(s) insured hereunder, coverage shall attach when the Insured acquires an interest in such well(s) unless coverage attaches later by operation of any of Paragraphs 16a (2), (2) or (4) below;
		2. In respect of any well(s) insured hereunder spudded in during the period of this policy, coverage shall attach at the time of ‘spudding in’;
		3. In respect of any well(s) in the course of being drilled, deepened, services, worked over, completed and/or reconditioned at the inception of this insurance, and which would have been insured hereunder at inception in the absence of Exclusion 4h of these General Conditions, coverage shall attach upon final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning;
		4. In respect of any other well(s) insured hereunder, coverage shall attach at inception of this policy.
3. Termination of Coverage:
4. In respect of any well(s) insured hereunder, coverage shall terminate when the Insured ceases to have an interest in such well(s) unless coverage is terminated sooner by operation of any of Paragraphs 16b (2), (3) or (4) below;
5. In respect of any well(s) which are insured hereunder during drilling only, by virtue of the Insured’s electing not to purchase coverage for Producing and/or Shut-In and/or Plugged and Abandoned well(s), coverage shall terminate upon either total and/or complete abandonment or completion of such well(s), which shall include the setting of the “Christmas Tree”, pumping equipment or well head equipment or the dismantling or removal of the drilling equipment from the drill site, or the termination of the Insured’s responsibility under contract, whichever shall first occur except that, if removal of the drilling equipment from the drill site occurs first, then the period of the time between complete removal of such equipment and the commencement of completion operations shall not exceed thirty (30) days in order for said completion operations to be covered hereunder;
6. In respect of any well(s) insured hereunder in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the expiry of cancellation of this policy, coverage shall terminate upon final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning, notwithstanding the fact that said final termination may occur later than said expiry or cancellation;
7. In respect of any other well(s), insured hereunder, coverage shall terminate at the expiry or cancellation of this policy or (if plugged and abandoned wells are not insured hereunder) upon total and/or complete abandonment of such well(s), whichever shall first occur.
8. SCHEDULE: NOT APPLICABLE HEREIN
9. SUIT AGAINST INSURERS:

It is a condition of this insurance that no suit, action or proceeding for the recovery of any claim hereunder shall be maintainable in any court of law or equity unless the same be commenced (a) within two years and one day after the time a cause of action accrues or (b) if by the laws of the state or nation of the address of the Insured shown herein such limitation is invalid, then within the shortest limit of time permitted by the laws of such state or nation.

If the Insurers fail to pay the insured, the named loss payee(s), if any, or their successor(s) in interest (the “claimant(s)”, any amount claimed to be due under this policy, the Insurers will submit their dispute with the claimant(s) to any court of competent jurisdiction within the United States (the “court”). Service of process in such suit may be made upon the person or firm named in Clause 9 of the Declarations, who are authorised and directed to accept service of process on behalf of the Insurers. The persons named above are authorized and directed, upon the request of the claimant(s), to give a written undertaking to the claimant(s) that they will enter a general appearance upon Insurers’ behalf if the claimant(s) institute such a suit.

If any statute of any state, territory or district of the United States so provides, the Insurers hereby designate the superintendent, commissioner or director of insurance, or other office specified for that purpose in the statute, or his successor or successors in office (the “officer”), as their true and lawful attorney upon whom the claimant(s) may serve any lawful process in any action, suit or proceeding instituted by them or on behalf of them arising out of this policy and hereby designated the person(s) named above to whom the office is authorized to mail such process or a true copy thereof.

1. RECOVERY AND SALVAGE:

Any salvage or other recovery, including the recovery through the subrogation proceedings, after expenses incurred are deducted, shall accrue entirely to the benefit of the Insurers until the sum paid by the Insurers has been recovered.

1. EXTENDED EXPIRATION

If this policy should expire or be cancelled while an occurrence giving rise to a loss recoverable under this policy is in progress, it is understood and agreed that said loss, subject to all other terms and conditions and Combined Single Limit of Liability of this insurance, will be covered under this policy as if the entire loss has occurred prior to the expiration or cancellation, provided the property damage loss to the scheduled item concerned occurs within the period of cover as stated within the schedule.

1. DEFENSE

Insurers shall not be called upon to assume the handling or control of the defense or settlement of any claim made against the Insured but Insurers shall have the right, but not the duty, to participate with the Insured in the defense and control of any claim which may be recoverable in whole or in part under this policy.

Insurers shall not be called upon to pay any Defense Costs in relation to any claim until after the final resolution of such claim.

Insurers shall not be liable to pay any Defense Costs unless the prior consent of Insurers was obtained before those Defense Costs were incurred.

1. 10/11/2003

INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSIONS CLAUSE:

**This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith**

* + - 1. In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from
	1. ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
	2. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
	3. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
	4. the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific, or other similar peaceful purposes
	5. any chemical, biological, bio-chemical, or electromagnetic weapon.

CL370

 10/11/2003

1. 10/11/2003

INSTITUTE CYBER ATTACK EXCLUSION CLAUSE

* 1. Subject only to clause 1.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
	2. Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife, arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 1.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

CL380

10/11/2003

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

SECTION A

CONTROL OF WELL INSURANCE

1. COVERAGE:

Insurers agree, subject to the Combined Single Limit of Liability, terms and conditions of this policy, to reimburse the Insured for actual costs and/or expenses incurred by the Insured (a) in regaining or attempting to regain control of any and all well(s) insured hereunder which get(s) out of control, including any other well that gets out of control as a direct result of a well insured hereunder getting out of control, but only such costs and/or expenses incurred until the well(s) is (are) brought under control as defined in Paragraph 2b of this Section A; and (b) in extinguishing or attempting to extinguish (i) fire above the surface of the ground or water bottom from well(s) insured hereunder or from any other well(s) which are burning as a direct result of well(s) insured hereunder getting out of control or (ii) fire above the surface of the ground or water bottom which may endanger the well(s) insured hereunder.

Relief Wells are automatically held covered under this section subject to notice to Insurers as soon as possible and rates to be established by Insurers.

2. DEFINITIONS

a. Well Out Of Control

For the purposed of this insurance, a well(s) shall be deemed to be out of control only when there is an unintended flow from the well(s) of drilling fluid, oil, gas or water above the surface of the ground or water bottom,

1. Which flow cannot promptly be:
	* + - 1. stopped by use of the equipment on site and/or the blowout preventer, storm chokes or other equipment required by the Due Diligence and Warranties clauses herein; or
				2. stopped by increasing the weight by volume of drilling fluid or by the use of other conditioning materials in the well(s); or
				3. safely diverted into production

or

1. which flow is declared to be out of control by the appropriate regulatory authority.

Nevertheless and for the purposes of this insurance, a well shall not be deemed out of control solely because of the existence or occurrence of a flow of oil, gas, or water into the well bore which can, within a reasonable period of time, be circulated out or bled off through the surface controls.

Well brought under Control:

A well(s) deemed out of control in accordance with Paragraph 2a of this Section A shall, for the purposes of this insurance, be deemed to be brought under control at the time that:

1. The flow giving rise to a claim hereunder stops, is stopped or can be safely stopped; or
2. The drilling, deepening, servicing, working over, completing, reconditioning or other similar operation(s) taking place in the well(s) immediately prior to the occurrence giving rise to the claim hereunder is (are) resumed or can be resumed; or
3. The well(s) is (are) or can be returned to the same producing, shut-in or other similar status that existed immediately prior to the occurrence giving rise to a claim hereunder; or
4. The flow giving rise to a claim hereunder is or can be safely diverted into production;

Whichever shall first occur, unless the well(s) continues at that time to be declared out of control by the appropriate regulatory authority, in which case, for the purposes of this insurance, the well(s) shall be deemed to be brought under control when such authority ceases to designate the well(s) as being out of control.

1. Expenses:

Expenses recoverable hereunder shall include costs of materials and supplies required, the services of individuals or firs specializing in controlling wells, and directional drilling and similar operations necessary to bring the well(s) under control, including costs and expenses incurred at the direction of regulatory authorities to bring the well(s) under control, and other expenses included within Clause 1 of this Section A.

1. TERMINATION OF EXPENSES:

In any circumstances and subject always to the Combined Single Limit of Liability of this policy, Insurers’ liability for costs and/or expenses incurred in regaining or attempting to regain control of a well(s) shall cease when the well(s) is (are) brought under control as defined in Paragraph 2b of this Section A.

1. EXCLUSIONS:

There shall be no indemnity or liability under this section for:

any loss of or damage to any drilling or production equipment;

any loss of or damage to any well or wells, or hole or holes;

any loss, damage or expense caused by or arising out of delay (including delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir to reservoir pressure.

EXPIRING EXPLORATION AND DEVELOPMENT INSURANCE

SECTION B

REDRILLING/EXTRA EXPENSE

1. COVERAGE

Insurers agree, subject to the Combined Single Limit of Liability, terms and conditions of this policy, to reimburse the Insured for actual costs and/or expenses reasonably incurred to restore or redrill a well insured hereunder, or any part thereof, which has been lost or otherwise damaged as a result of an occurrence giving rise to a claim which would be recoverable under Section A of this policy if the Insured’s Retention applicable to Section A were nil, subject to the following conditions;

a. Insurers shall reimburse the Insured only for such costs and expenses as would have been incurred to restore or redrill a well had the most prudent and economical methods been employed.

b. There shall be no coverage under this Section B for restoration or Redrilling of any well whose flow can be safely diverted into production, including by completing through drill stem left in the well insured hereunder, or which can be completed through a relief well(s) drilled for the purpose controlling a well.

c. In no event shall Insurers be liable for costs and/or expenses incurred (a) with respect to drilling wells, to drill below the depth reached when the well became out of control as defined in Clause 2 of Section A of this policy and (b) with respect to producing or shut-in wells, to drill below the geological zone or zones from which said well(s) was (were) producing or capable of producing.

d. In respect of drilling wells, Insurers’ liability hereunder shall in no event exceed 130% of the cost incurred to drill the original well to the depth reached at the time when the well became out of control or fire occurred.

e. In respect of producing, shut-in or workover wells, Insurers’ liability hereunder shall in no event exceed of 130% of the cost incurred to drill the original well, plus 10% per annum compound thereof from the date of spudding of the original drilling of the well until the date of the occurrence giving rise to the aforesaid claim which would have been recoverable under Section A of this policy if the Insured’s Retention applicable to Section A were nil, subject to a maximum of 250% of the original cost.

f. In any circumstances Insurers’ liability under this Section B for costs and expenses shall cease (1) if actual restoration or Redrilling has not commenced within 540 days after (a) the date of the accident or occurrence giving rise to coverage under this Section B or (b) the date of cancellation or expiry of this policy, whichever shall later occur; and (2) in any event when the depths set forth in Paragraph 1c of this Section B have been reached and the well restored to a condition comparable to that existing prior to the occurrence giving rise to the claim, or so far as possible utilizing generally available equipment and technology.

2. EXCLUSIONS:

There shall be no indemnity or liability under this section for:

a. any loss of or damage to any drilling or production equipment.

b. any loss, damage or expense caused by or arising out of delay (including delayed and/or deferred production) and/or loss of use and/or loss of damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure;

c. costs and/or expenses incurred to restore or redrill any relief well, or any part thereof;

d. any claim recoverable under this policy solely by reason of the addition or attachment to Section A of this policy of the Making Wells Safe Endorsement;

e. Redrilling and/or recompletion or for in-hole equipment in respect of any well that was plugged and abandoned prior to loss or damage covered under Section A hereof and that remained plugged and abandoned at the time of such loss or damage.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

SECTION C

SEEPAGE AND POLLUTION, CLEANUP AND CONTAMINATION

1. INSURING AGREEMENTS:

Insurers, subject to the Combine Single Limit of Liability, terms and conditions of this policy, agree to indemnify the Insured against:

a. all sums which the Insured shall by law or under the terms of any oil and/or gas and/or thermal energy lease and/or license be liable to pay for the cost of remedial measures and/or damages for bodily injury (fatal or nonfatal) and/or loss of, damage to or loss of use of property caused directly by seepage, pollution or contamination arising from wells insured herein;

b. the cost of, or of any attempt at, removing, nullifying or cleaning up seeping, polluting or contaminating substances emanating from wells herein, including the cost of containing and/or diverting the substances and/or preventing the substances reaching the shore;

c. costs and expenses incurred in the defense of any claim or claims resulting from actual or alleged seepage, pollution or contamination arising from wells insured herein, including Defense Costs and costs and expenses of litigation awarded to any claimant against the Insured, provided, however, that the inclusion of the above costs and expenses shall in no way extend the Combined Single Limit of Liability of Insurers over all sections of this policy;

provided always that such seepage pollution or contamination results from both (1) an accident or occurrence taking place during the period of this insurance (including any continuation thereof provided for by Clause 16 of the General Conditions) and of which notice has been given in accordance with Clause 10 of the General Conditions hereto and (2) an occurrence giving rise to a claim which would be recoverable under Section A o this policy if the Insured’s Retention applicable to Section A were nil.

 2. INSURED:

As respects this Section C only, but subject always to the Combined Single Limit of Liability over all sections of this policy, the unqualified word “Insured” includes the name Insured, and any principal, officer, director or stockholder or employee thereof while acting within the scope of his duties as such.

3. COST AND APPEALS CLAUSE:

In the event of any claim and/or series of claims arising out of one occurrence where the Insured’s final gross claim is likely to exceed the retention of the Insured, no costs shall be incurred on behalf of Insurers without the consent of Insurers, and if such consent is given, Insurers shall consider such costs as part of the final claim hereunder. No settlement of losses by agreement shall be effected by the Insured without the consent of Insurers where the Insured’s final gross claim will exceed the retention of the Insured.

In the event that the Insured elects not to appeal against a judgement in excess of the retention of the Insured, Insurers may elect to conduct such appeal at their own cost and expense, and shall be liable for the taxable cost and interest, incidental thereto, but in no event shall the liability of Insurers exceed the Combined Single Limit of Liability over all sections of this policy.

4. EXCLUSIONS:

There shall be no indemnity or liability under this section for:

a. any loss of or damage to any drilling or production equipment at the site of any well insured herein;

b. any claim recoverable under this policy solely by reason of the addition or attachment to Section A of this policy of the Underground Control of Well Endorsement;

c. any claim arising directly or indirectly from seepage, pollution, or contamination if such seepage, pollution or contamination:

(1) is deliberate from the standpoint of the Insured or any other person or organization acting for or on behalf of the Insured; or

(2) results directly from any condition which is in violation of or noncompliance with any governmental rule, regulation or law applicable thereto, notwithstanding the foregoing, this exclusion does not apply with respect to any such condition which at the time of loss is in the process of being corrected by a schedule or program sanctioned and approved by the appropriate governmental authority with jurisdiction over such rule, regulation or law, to the extent that the Insured is in compliance with such schedule or program;

d. any claim for mental injury, anguish or shock unless same results from physical injury to the claimant.

ENERGY EXPLORATION AND DEVLOPEMT INSURANCE

UNDERGROUND CONTROL OF WELL ENDORSEMENT

In respect of wells insured hereunder and in consideration of payment of premium and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability applicable thereto, Section A of this policy is endorsed to cover reimbursement to the Insured for the actual costs and/or expenses incurred in regaining or attempting to regain control of an unintended subsurface flow of oil, gas, water and/or other fluid from one subsurface zone to another subsurface zone via the bore of a well insured hereunder, which unless controlled prevents continuation of any operations or status set forth in subparagraphs (2) or (3) of this endorsement.

However, no claim shall be payable by reason of this endorsement where such flow can promptly be:

(a) stopped by the use of the equipment on site and/or the blowout preventer, storm chokes or other equipment required by the Due Diligence and Warranties clauses herein; or

(b) stopped by increasing the weight by volume of drilling fluid or by the use of other condition materials in the well(s); or

(c) safely diverted into production.

Nor shall a claim be payable by reason of this endorsement where such flow can, within a reasonable period of time, be circulated out or bled off through the surface controls.

Insurers’ liability under this endorsement shall cease at the time that:

(1) the flow giving rise to a claim payable by reason of this endorsement stops, is stopped or can be safely stopped, or

(2) the drilling, deepening, servicing, working over, completing, reconditioning or other similar operation(s) taking place in the well(s) immediately prior to the occurrence giving rise to a claim hereunder is (are) resumed or can be resumed; or

(3) the well(s) is (are) or can be returned to the same producing, shit-on, or other similar status that existed immediately prior to the occurrence giving rise to a claim hereunder; or

(4) the flow giving rise to a claim payable by reason of this endorsement is or can be safely diverted into production;

whichever shall first occur.

EXCLUSIONS:

There shall be no indemnity or liability under this endorsement for:

(i) Costs and/or expenses incurred solely for the purpose of extinguishing or attempting or extinguish fire;

(ii) Costs and/or expenses incurred in regaining or attempting to regain control of a flow declared to out of control by any regulatory authority but which costs and/or expenses would not have been covered under this endorsement in the absence of such declaration.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

LIMITED WAR EXCLUSION ENDORSEMENT

Notwithstanding anything of the contrary contained herein, there shall be no indemnity or liability under the policy following:

*war, whether declared or not, between any of the following countries, namely, China, France, the United Kingdom, the Russian Federation and the United States of America.*

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

MAKING WELLS SAFE ENDORSEMENT

In respect of the wells insured hereunder and in consideration of payment of premium and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability applicable thereto, Section A of this policy is endorsed to cover reimbursement to the Insured for the actual costs and expenses incurred in preventing the occurrence of a loss insured hereunder when the drilling and/or workover and/or production equipment has been directly lost or damaged **by a peril insured hereunder**; but only when, in accordance with all regulations, requirements and normal and customary practices in the industry, it is necessary to re-enter the original well(s) in order to continue operations or restore productions from or plug and abandon such well(s).

Insurers’ liability for costs and expenses incurred by reason of this endorsement shall cease at the time that

(1) operations or production can be safely resumed, or

(2) the well is or can be safely plugged and abandoned,

whichever shall first occur.

ENERGY EXPLORATION AND DEVLOPMENT INSURANCE

EVACUATION EXPENSES ENDORSEMENT

In respect of wells insured hereunder and in consideration of payment of premium and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability applicable thereto, Section C of this policy is endorsed to cover reimbursements to the Insured for reasonable costs and/or expenses which the Insured incurs in the evacuation of people (other than the Insured’s employees of those of contractors or subcontractors of the Insured), animals and/or property (other than the Insured’s property or that of contractors or subcontractors of the Insured), but only where and to the extent that the evacuation has taken place by order of any local, state or federal government or regulatory authority or public emergency service, and only following a well out of control as defined in Section A of this policy, fire, or escape of oil and/or gas or the imminent threat thereof, which has resulted, or would result, in a claim recoverable elsewhere under this insurance if the Insured’s Retention applicable thereto were nil.

Costs and expenses, if covered hereunder by the terms and conditions set forth above, shall include but not be limited to all reasonable costs of transportation, costs of storage, keeping or lodging and/or maintaining evacuated people, animals and/or property.

EXCLUSION:

There shall be no indemnity or liability under this endorsement for loss of use of evacuated property and loss of earnings or any other income by any evacuated persons.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

EXTENDED REDRILLING AND RESTORATION COST ENDORSEMENT

In respect of wells insured hereunder, and in consideration of payment of premium and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability applicable thereto, Section B of this policy is endorsed to cover reimbursement to the Insured for actual costs and expenses reasonably incurred to restore or redrill a well insured hereunder, or any part thereof, which has been lost or otherwise damaged as a direct result of physical loss of or damage to the drilling and/or workover and/or production equipment and/or platform **by a peril insured hereunder**; and where covered under Section A, earthquake, volcanic eruption or tidal wave; and in respect of offshore wells only, collision or impact of anchors, chains, trawl boards or fishing nets

**Supplemental Clauses**

The following clause(s) attach to and form part of the contract.

**ARBITRATION CLAUSE**

Any dispute arising out of this agreement with respect to its execution, existence, validity, interpretation and/or inter alia termination, shall be settled amicably between the Parties. If the dispute cannot be amicably resolved between the Parties within 60 days, the matter shall be referred to arbitration under the Arbitration Act, 1940. The number of arbitrators shall be three (3), one appointed by each Party; the two (2) arbitrators so appointed shall nominate an umpire. The seat of arbitration shall be Islamabad. The proceedings and award shall be conducted and issued in the English language.

**SECTION THREE**

**TERRORISM COMBINED LIABILITY INSURANCE**

**SECTION THREE (A) – POLITICAL VIOLENCE: THIRD PARTY LIABILITY (not for use in USA)**

The insured should check the Schedule to see if this section is in force.

This section is subject to the general conditions, general exclusions and the particular exclusions, terms and conditions appearing below.

|  |  |
| --- | --- |
| **COVER** |  |
| **A.** **The indemnity** |  |
|  | The underwriters will pay on behalf of the Insured, up to the limit of liability stated in the schedule, for any **damages** and **claims expenses** which the insured shall become legally liable to pay because of any **claim** or **claims** for **bodily injury** and/or **property damage**, first made against the insured during the period of insurance and reported to underwriters in writing no later than 90 days after the expiry of this policy, caused by an **Insured Event** occurring at the named location(s) shown in the schedule during the **period of insurance.** This cover is subject to the terms, conditions and exclusions stated in this policy.Multiple events of **terrorism, sabotage, strikes, riots, civil commotion** or **malicious damage** which occur within a period of 72 consecutive hours and which have, or appear to have, a related purpose or common leadership, will be deemed to be one **event**. The insured may choose the date and time when each period of 72 consecutive hours shall commence. However no such period of 72 consecutive hours shall extend beyond the expiration of this Policy, other than for an Insured Event whereby damage was first sustained during the Policy period, nor shall two or more periods of 72 consecutive hours overlap. All **claims** arising out of the same or a continuing **event** of **terrorism, sabotage, strikes, riots, civil commotion** or **malicious damage** (including events which have or appear to have a related purpose or common leadership) within a period of 72 consecutive hours shall be considered a single **claim**, and deemed to have been made at the time the first of such **claims** is reported to Underwriters, and shall be subject to one Limit of Liability. |
|  | Multiple **events** of **insurrection, revolution, rebellion, mutiny, coup d’etat, civil war,** or **war** which occur within a period of 30 consecutive days and which have, or appear to have, a related purpose or common leadership, will be deemed to be one **event.** The insured may choose the date and time when each period of 30 consecutive days shall commence. However no such period of 30 consecutive days shall extend beyond the expiration of this Policy, other than for an Insured Event whereby damage was first sustained during the Policy period, nor shall two or more periods of 30 consecutive days overlap. All **claims** arising out of the same or a continuing **event** of **insurrection, revolution, rebellion, mutiny, coup d’etat, civil war** or **war** (including events which have or appear to have a related purpose or common leadership) within a period of 30 consecutive days shall be considered a single **claim**, and deemed to have been made at the time the first of such **claims** is reported to Underwriters, and shall be subject to one Limit of Liability. |
|  | No **Insured Event** shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Insured from that **event** during the Policy period. |
| **B. Defence and settlement** | The underwriters shall have the right, but not the obligation, to take over and conduct in the insured’s name the defence of any **claim** against the insured seeking **damages** which are payable under the terms of this policy. The underwriters will not pay any costs in defence of a claim which is excluded by this policy. The underwriters reserve the right to appoint lawyers to handle the **claim** on the insured’s behalf. |
|  | It is agreed that the limit of liability available to pay **damages** shall be reduced and may be completely exhausted by payment of **claims expenses**. |
|  | The underwriters shall have the right at their expense to make any investigation they deem necessary, including, without limitation, any investigation with respect to the application for this insurance and statements made in the application and with respect to coverage. |
|  | If the insured shall refuse to consent to any settlement or compromise recommended by the underwriters and the insured elects to contest the **claim**, the underwriters’ liability for any **damages** and **claims expenses** shall be limited to the amount for which the **claim** could have been settled plus the **claims expenses** incurred up to the time of the refusal to settle, or the limit of liability, whichever is less. The underwriters have the right to withdraw from the defence of the **claim** by tendering control of the defence to the insured. |
|  | The underwriters have no obligation to pay any **damages** or **claims expenses**, or to defend a **claim**, after the limit of liability has been exhausted by payment of **damages** or **claims expenses**, or after the underwriters deposit the available limit of liability in court and, upon such payment, the underwriters shall have the right to withdraw from the defence of the ongoing **claim** by tendering control of the defence to the insured. |
| **LIMIT OF LIABILITY** | The Limit of Liability stated in the schedule as “each and every **claim**” is the limit of the Underwriters’ liability for all **damages** and **claims expenses** arising out of an **act of terrorism**, regardless of the number of insured’s under this policy, **claims** or claimants. |
|  | Multiple **acts of terrorism** which occur within a period of 72 consecutive hours and which have or appear to have a related purpose or common leadership will be deemed to be one **act of terrorism.** |
|  | The Limit of Liability stated in the schedule as “aggregate” is the total limit of the Underwriters’ liability for all **damages** and **claims expenses** arising out of the **claims** first made against the insured during the **period of insurance** and reported to underwriters in writing no later than 90 days after the expiry of this policy. |
| **EXCLUSIONS** | This insurance does not cover **damages** or **claims expenses** with respect to any **claim** directly or indirectly arising from, caused by or due to injury or death to employees of the insured, including temporary, contract or borrowed employees, or arising under any workers’ compensation, unemployment compensation or disability laws, statutes or regulations. |
| **CONDITIONS** |  |
| **Other insurance** | This insurance will act as primary insurance, and will respond first, in the event the insured is otherwise insured incidentally for any **damages** and **claims expenses** which are indemnifiable under this policy (namely under a more general or combined policy providing coverage, in addition, for other risks not indemnified under this policy). |
|  | Where the insured is, irrespective of this policy, insured specifically by any other insurance in respect of any **damages** and **claims expenses** which would otherwise have been indemnifiable under this policy (namely under a policy which does not provide coverage for other risks not indemnifiable under this policy), there shall be no contribution or participation by the underwriters of this policy for such **damages** and **claims expenses** or that part of such **damages** and **claims expenses** for which the insured is entitled to be indemnified by such other insurance. This condition will apply whether or not the insured is actually indemnified by such other insurance or if such other insurance is avoided or rescinded. |

**SECTION THREE (B) – POLITICAL VIOLENCE: TERRORISM EMPLOYERS LIABILITY**

The insured should check the Schedule to see if this section is in force.

This section is subject to the general conditions, general exclusions and the particular exclusions, terms and conditions appearing below.

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| **IMPORTANT NOTICE** | This is an excess liability claims made and reported policy which is not subject to the terms and conditions of any other insurance including compulsory insurance of liability to employees. |
| **COVER** |  |
| **The indemnity** |  |
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|  |  |
|  | The underwriters will pay on behalf of the Insured, up to the limit of liability stated in the schedule, any **damages** which the insured may become legally liable to pay as compensation for **bodily injury** to an **employee** of the insured during the course of their employment in the business of the insured, provided such **bodily injury** is caused solely and directly by an **Insured Event** occurring during the **period of insurance** at the location named in the schedule. The underwriters will also pay **claims expenses**.Multiple **events** of **terrorism, sabotage, strikes, riots, civil commotion** or **malicious damage** which occur within a period of 72 consecutive hours and which have, or appear to have, a related purpose or common leadership, will be deemed to be one **event**. The insured may choose the date and time when each period of 72 consecutive hours shall commence. However no such period of 72 consecutive hours shall extend beyond the expiration of this Policy, other than for an **Insured Event** whereby damage was first sustained during the Policy period, nor shall two or more periods of 72 consecutive hours overlap. All claims arising out of the same or a continuing **event of terrorism, sabotage, strikes, riots, civil commotion** or **malicious damage** (including **events** which have or appear to have a related purpose or common leadership) within a period of 72 consecutive hours shall be considered a single **claim**, and deemed to have been made at the time the first of such **claims** is reported to Underwriters, and shall be subject to one Limit of Liability.Multiple **events** of **insurrection, revolution, rebellion, mutiny, coup d’etat, civil war,** or **war** which occur within a period of 30 consecutive days and which have, or appear to have, a related purpose or common leadership, will be deemed to be one **event**. The insured may choose the date and time when each period of 30 consecutive days shall commence. However no such period of 30 consecutive days shall extend beyond the expiration of this Policy, other than for an **Insured Event** whereby damage was first sustained during the Policy period, nor shall two or more periods of 30 consecutive days overlap. All **claims** arising out of the same or a continuing **event** of **insurrection, revolution, rebellion, mutiny, coup d’etat, civil war** or **war** (including events which have or appear to have a related purpose or common leadership) within a period of 30 consecutive days shall be considered a single **claim**, and deemed to have been made at the time the first of such **claims** is reported to Underwriters, and shall be subject to one Limit of Liability. |
|  | No Insured Event shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Insured from that **event** during the Policy period. |
| **Defence and settlement** | The underwriters shall have the right, but not the obligation, to take over and conduct in the insured’s name the defence of any **claim** against the insured seeking **damages** which are payable under the terms of this policy. The underwriters will not pay any costs in defence of a claim not covered by this policy. The underwriters reserve the right to appoint lawyers to handle the **claim** on the insured’s behalf. |
|  | It is agreed that the limit of liability available to pay **damages** shall be reduced and may be completely exhausted by payment of **claims expenses**. |
|  | The underwriters shall have the right at their expense to make any investigation they deem necessary including, without limitation, any investigation with respect to the application for this insurance and statements made in the application and with respect to coverage. |
|  | If the insured shall refuse to consent to any settlement or compromise recommended by the underwriters and the insured elects to contest the **claim**, the underwriters’ liability for any **damages** and **claims expenses** shall be limited to the amount for which the **claim** could have been settled plus the **claims expenses** incurred up to the time of the refusal to settle, or the limit of liability, whichever is less. The underwriters have the right to withdraw from the defence of the **claim** by tendering control of the defence to the insured. |
|  | The underwriters have no obligation to pay any **damages** or **claims expenses**, or to defend a **claim**, after the limit of liability has been exhausted by payment of **damages** or **claims expenses**, or after the underwriters deposit the available limit of liability in court and, upon such payment, the underwriters shall have the right to withdraw from the defence of the ongoing **claim** by tendering control of the defence to the insured. |
| **LIMIT OF LIABILITY** | The excess limit of liability stated in the schedule as “each and every **claim**” is the limit of the underwriters’ liability for all **damages** and **claims expenses** arising out of an **act of terrorism**, regardless of the number of **claims** or claimants. The insurance provided by this policy shall always be excess over the underlying limit of liability stated in the schedule |
|  | Multiple **acts of terrorism** which occur within a period of 72 consecutive hours and which have or appear to have a related purpose or common leadership will be deemed to be one **act of terrorism.** |
|  | The excess limit of liability stated in the schedule as “aggregate” is the total limit of the underwriters’ liability for all **damages** and **claims expenses** arising out of the **claims** first made against the insured during the **period of insurance** and reported to underwriters in writing no later than 90 days after the expiry of this policy. |
| **CONDITIONS PRECEDENT** |
| The underwriters will not be liable to pay any claim under this insurance unless the insured comply with all the requirements in the following conditions. |
| **Compulsory insurance** | The insured must maintain, during the **period of insurance**, insurance cover in accordance with the provisions of any law relating to compulsory insurance of liability to **employees** in Great Britain, Northern Ireland, the Isle of Man or the Channel Islands. Only losses which, except for the amount thereof, would have been payable under this Policy may reduce or exhaust the underlying limit of liability stated in the schedule. |
| **CONDITIONS** |  |
| **Other insurance** | Where the insured is, irrespective of this policy, insured in whole or in part by any other insurance in respect of any **damages** and **claims expenses** which would otherwise have been indemnifiable in whole or in part by the underwriters of this policy, there shall be no contribution or participation by the underwriters of this policy for such **damages** and **claims expenses** or that part of such **damages** and **claims expenses** for which the insured is entitled to be indemnified by such other insurance. This condition will apply whether or not the insured is actually indemnified by such other insurance or if such other insurance is avoided or rescinded. |
| **Failure of underlying insurance** | The insurance provided by this policy shall always be excess over the underlying limit of liability stated in the schedule regardless of the uncollectibility (in whole or in part) of any underlying insured amounts for any reason, including, but not limited to, the financial impairment or insolvency of an underlying Insurer or the avoidance or rescission or breach of contract terms of any underlying insurance. |
|  | The risk of uncollectibility (in whole or in part) of other insurance, whether because of financial impairment or insolvency of an underlying or other insurer or for any other reason, including avoidance or rescission or breach of contract terms of any underlying insurance, is expressly retained by the insured and is not in any way or under any circumstances insured or assumed by Underwriters’. |

**GENERAL CONDITIONS applying to the whole of this insurance**

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| **CONDITIONS PRECEDENT** |
| The underwriters will not be liable to pay any claim under this insurance unless the insured comply with all the requirements in the following conditions. |
| **Notice and proof of loss** | The insured must notify the underwriters in writing as soon as reasonably possible and in no event later than 90 days after the expiry of this policy of any **claim** or of any circumstance which could reasonably be expected to give rise to a **claim**. |
|  | The insured must immediately forward to underwriters through persons named in the schedule every demand, notice, summons or other process received by him or his representative. The insured must keep the underwriters fully informed of the **claim** and forward to the underwriters copies of all relevant correspondence and legal processes. |
|  | A **claim** or any circumstance which could reasonably be expected to give rise to a **claim** shall be considered to be reported to the Underwriters when notice is first given to Underwriters through persons named in the schedule. |
| **Assistance and cooperation** | The insured shall cooperate with the underwriters in all investigations, including investigations regarding the application for and coverage under this insurance and, upon the underwriters' request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organisation who may be liable to the insured because of acts, errors or omissions in respect of loss insured under this policy. |
|  | The insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.  |
|  | The insured must not admit liability, make an offer or promise of any payment, assume any obligation, incur any expense, enter into any settlement, acquiesce or agree to any judgement or award or otherwise dispose of any **claim** without the written agreement of the underwriters. |
|  | If required by the underwriters, the insured must agree to an examination under oath by the underwriters’ appointed representative. |
| **Due diligence** | The insured (or any of the insured's agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable to avoid or diminish further injury or damage and to secure compensation for any such loss including action against other parties to enforce any rights and remedies or to obtain relief or indemnity. |
| **Change in circumstance** | The insured must notify the underwriters immediately of any change in circumstance during the **period of insurance** which will materially affect this insurance. This includes but is not limited to any significant change in operating conditions, the management, ownership or control of the insured’s business. The underwriters may then vary the terms and conditions of this insurance. If the insured is in any doubt whether a change is material he should consult his broker or agent. |
| **Confidentiality** | This insurance shall become void and all claims hereunder shall be forfeited if at any time, whether before or after expiry, the existence of this insurance is disclosed to a third party, other than to the insured's own professional, financial and legal advisers (on a confidential basis), without the underwriters’ prior written agreement. |
| **CONDITIONS** |  |
| **Fraudulent claims** | If any insured shall make any **claim** under this policy knowing such **claim** to be false or fraudulent, as regards amount or otherwise, this policy shall become null and void and all coverage hereunder shall be forfeited from the start of this insurance |
| **Onus of proof** | In any claim, and in any action, suit or other proceeding to enforce a claim for loss under this insurance the burden of proving that such loss is not excluded from this insurance or that the insured is not in breach of any of its conditions will be upon the insured. |
| **Inspection** | The underwriters have the right, at their expense, to inspect at any reasonable time the named location shown in the schedule. |
|  | By any such inspection underwriters assume no responsibility for safety of the insured property or at the named location. |
| **Joint insured’s** | The underwriters’ total liability for any loss or losses sustained by any one or more of the insureds under this insurance will not exceed the limit of liability shown in the schedule. The underwriters shall have no liability in excess of the limit of liability whether such amounts consist of insured losses sustained by all of the insureds or any one or more of the insureds. |
| **Joint ventures** | With regard to any liability of the insured which is insured under this policy and arises in any manner out of the operations or existence of any **joint venture** the limit of liability under this policy shall be limited to the percentage interest of the insured in the **joint venture.** Where the percentage interest of the insured in a **joint venture** is not evidenced in writing, the percentage to be applied shall be that which would be imposed by law at the inception of the **joint venture**. Such percentage shall not be increased by the insolvency of any members of such **joint venture** or any other parties. This **joint venture** clause shall not apply to any liability of the insured where, as a result of a **claim**, the terms of the **joint venture** agreement place the whole liability of the **joint venture** on the insured. |
| **Assignment** | No assignment of or change of interest in this insurance or in any amount payable under it will be binding on or recognized by underwriters. |
| **Subrogation** | The underwriters shall have the right and be entitled (but at the underwriters’ expense) to bring proceedings in the insured's name to recover for the underwriters’ benefit the amount of any payment made under this insurance, including their own costs and expenses. The underwriters shall be entitled to exercise all rights and remedies of the insured. |
| **Cancellation** | This insurance is non cancellable other than for non payment of premium whereby the underwriters may give 15 days notice in writing. The underwriters will then be entitled to the pro rata proportion of the premium. |
|  | Notice of cancellation will be deemed to have been given if sent by first class mail properly addressed. |
| **Third parties** | The insured and the underwriters are the only parties to this insurance. Nothing in this insurance is intended to give any person any right to enforce any term of this insurance which that person would not have had but for the Contract (Rights of Third Parties) Act 1999. |
| **Law and jurisdiction** | Unless stated otherwise in the schedule page this insurance is governed by English law. If there is a dispute, it will only be dealt with in the courts of England and Wales. |
| **Interpretation of terms** | To the extent that any court of competent jurisdiction should determine that any term or provision of this policy would be in conflict with the public policy the said term or provision is to be interpreted and/or amended so as to conform to the said jurisdiction's public policy. |

**GENERAL EXCLUSIONS applying to the whole of this insurance**

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| **EXCLUSIONS** | This insurance does not cover **damages** or **claims expenses** with respect to any **claim** directly or indirectly arising from, caused by or due to: |
|  | 1.  |
|  | (a) any **act of** **terrorism** involving the emission, discharge, dispersal, release or escape of any chemical or biological agent. |
|  | (b) any threat or hoax of an **act of terrorism.** |
|  | (c) any **act of** **terrorism** by electronic means including computer hacking or the introduction into any computer of any form of corrupting, harmful or otherwise unauthorised instructions or code. This exclusion shall not apply to the detonation of any explosive bomb or missile by remote controlled devices or the launch, guidance or firing systems of such bomb or missile. |
|  | (d) any **pollutant or contaminant**, however such **pollutant or contaminant** may have been introduced or arisen. |
|  | (e) vandalism and malicious mischief, strikes, labour unrest, riots or civil commotion. |
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|  |  |
|  | (h) nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused. |
|  | 2. loss of market, loss of income, loss of use or any other consequential loss other than loss of income or loss of use at the property physically lost or physically damaged by an **act of terrorism** as insured by this policy. |
|  | 3. loss, injury or damage arising out of employment related claims, of any type, including but not limited to employee claims of wrongful termination of employment, discrimination, harassment, false arrest, slander, invasion of privacy, assault or battery, or mental anguish or humiliation when asserted in connection with an employment related claim. |
|  | 4. loss, injury or damage caused by or resulting from the insured’s recklessness or deliberate misconduct. |
|  | 5. loss or damage to property: |
|  | (a) owned, leased, rented or occupied by the insured |
|  | (b) in the care, custody or control of the insured or the care, custody or control of any person under contract with the insured. |
|  | 6. fines, penalties, punitive or exemplary damages, sanctions or any additional damages resulting from the multiplication of compensatory damages. |
|  | 7. mental injury, anguish or shock where no actual physical injury has occurred to the claimant. |
|  | 8. loss or damage arising from goods or products designed, manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the insured |
|  | 9. criminal, dishonest, fraudulent or malicious conduct by the insured. |
|  | This insurance does not cover the excess amount stated in the schedule |
|  | Nothing contained in the above exclusions shall extend this policy to cover any liability which would not have been covered had these exclusions not been incorporated herein |

**GENERAL DEFINITIONS applying to the whole of this insurance**

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| **DEFINITIONS** | For the purpose of this insurance: |

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|  | 1. **Act of terrorism** means an act that: |
|  | (i) is committed for, arises out of or relates to political, religious, ideological purposes andinvolves a violent act or the unlawful use of force or an unlawful act dangerous to human life or tangible property, and |
|  | (ii) is carried out by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), and |
|  | (iii) appears to be intended to: |
|  | (a) intimidate or coerce a civilian population, or |
|  | (b) disrupt any segment of the economy of a Government, State or Country, or |
|  | (c) overthrow, influence, or affect the conduct of any government de jure or de facto by intimidation or coercion, or |
|  | (d) affect the conduct of a Government by mass destruction, assassination, kidnapping or hostage taking. |
|  | 2. **Bodily injury** means all physical injury to a third party human being, other than the perpetrator(s) of the **act of terrorism**, including death, sickness, disease or disability and all consequent mental injury, anguish or shock to such human suffering such physical injury. |
|  | 3. **Claim** means a written demand received by the Insured for **damages** covered by this policy, including the institution of arbitration proceedings |
|  | 4. **Claims expenses** means all fees, costs and expenses incurred with the written consent of underwriters resulting from the investigation, adjustment, appraisal, defence or appeal of a **claim**, suit or proceeding relating to a **claim**. **Claims expenses** do not include the salaries, expenses, overhead or other charges by the insured for any time spent in cooperating in the defence, settlement and investigation of any **claim**. |
|  | 5. **Damages** means a monetary judgment, monetary award or monetary settlement made with underwriters written approval. |
|  | 6. **Employee** means the following persons working for the insured for the purpose of the insured’s business: |
|  | (a) any person employed by the insured under a contract of service or apprenticeship. |
|  | (b) any person supplied to, hired by or borrowed by the insured. |
|  | (c) labour masters and persons supplied by them. |
|  | (d) persons employed by labour only sub-contractors. |
|  | (e) self employed persons and voluntary helpers. |
|  | (f) any person attending under a work experience scheme. |
|  | (g) a prospective employee who is undergoing practical work experience while being assessed by the insured as to his or her suitability for employment. |
|  | 7. **Joint venture** means a joint venture, co-venture, joint lease, joint operating agreement or partnership in which the insured has a financial interest. |
|  | 8. **Property damage** meansphysical loss of, physical damage to or physical destruction of tangible property including the resulting loss of use of such tangible property. |
|  | 9. **Period of insurance** means the period of time between the inception date shown in the schedule and effective date of termination, expiration or cancellation of this insurance. |
|  | 10. **Pollutant or contaminant** includes but is not limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence, or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment. |

**Supplemental Clauses**

The following clause(s) attach to and form part of the contract.

**ARBITRATION CLAUSE**

Any dispute arising out of this agreement with respect to its execution, existence, validity, interpretation and/or inter alia termination, shall be settled amicably between the Parties. If the dispute cannot be amicably resolved between the Parties within 60 days, the matter shall be referred to arbitration under the Arbitration Act, 1940. The number of arbitrators shall be three (3), one appointed by each Party; the two (2) arbitrators so appointed shall nominate an umpire. The seat of arbitration shall be Islamabad. The proceedings and award shall be conducted and issued in the English language”.

**CLAIMS PREPARATION COSTS CLAUSE**

The insurance by this policy includes the reasonable and supportable cost incurred by the Insured (including utilising by Insured of external consultants), up to USD2,500,000 (100%) for preparing, presentation, certification and/or verification of any claim resulting from loss insured under this policy. This is in addition to the policy limits

**DISCLOSURE CLARIFICATION CLAUSE**

It is agreed that what the (re)insured knows or ought to know for the purposes of section 3(4)(a) of the Insurance Act 2015, shall be limited to the knowledge of [The main board of the first named (re)insured, and those responsible for the purchase of (re)insurance] only for the duration of this policy.

For the avoidance of doubt, under section 4(6) of the Insurance Act 2015, the (re)Insured ought to know what should reasonably have been revealed by a reasonable search of information available to it and it is agreed that "information" for the purposes of the (re)Insured's deemed knowledge shall include only information held by [the first named (re)insured] and not information held by any other person(s) or entities even those for whom cover may be provided by this contract of insurance.

**FAIR PRESENTATION**

The Insurer agrees that, by providing the documents and information listed in the submission, the Insured has made a fair presentation of the risk and has presented the risk in a manner which is clear and accessible, as required by the Insurance Act 2015.

**PROPORTIONATE REMEDIES**

(i) In the event of a breach of the duty of fair presentation by an insured in relation to a variation of the contract of insurance which is deliberate or reckless, the insurer may treat the contract as if the variation was never made and need not return any of the premiums paid in respect of the variation, in respect of such insured

(ii) In the event of a breach of the duty of fair presentation by an insured, prior to inception of the contract or prior to a variation of the contract, which is neither deliberate nor reckless and the insurer can show that, but for the breach, it would have entered into the contract or the variation (whether the terms relating to matters other than the premium would have been the same or different), but would have charged a higher premium, then in the event of a claim, at the insured's election either:

a. the insured shall be liable to pay to the insurer such additional premium as would reasonably have been charged had the duty of fair presentation not been breached, or

b. the insurer need only pay on the claim X% of what it would otherwise have been under an obligation to pay as calculated in accordance with section 6 (if the breach of duty by the insured was prior to inception of the contract) or Y% of what it would otherwise have been under an obligation to pay as calculated in accordance with section 11 (if the breach of duty by the insured was prior to a variation of the contract) of Schedule 1 of the Insurance Act 2015. If the insured elects (a) above and pays the additional premium due then the insurer shall have no right to reduce proportionately the amount that it would otherwise have been under an obligation to pay under the terms of the contract. If the insured elects (b) above, the parties agree that the insurer will not have a right to reduce proportionately any claim that has already been settled under the contract.

If the breach of the duty of fair presentation by an insured is in relation to a variation of the contract, it is agreed that the insurer will only have a remedy in respect of claims arising out of or in relation to the variation.

For the purposes of this clause, the phrases "duty of fair presentation" and "deliberate or reckless" shall have the same meanings as given to them in the Insurance Act 2015.

**CLAIMS CONTROL CLAUSE (LM4)**

Notwithstanding anything to the contrary contained in this Reinsurance it is a condition precedent to Reinsurers' liability under this Reinsurance that:

1. The Reinsured shall give to the Reinsurer(s) written notice as soon as reasonably practicable of any claim made against the Reinsured in respect of the business reinsured hereby or of its being notified of any circumstances which could give rise to such a claim.

(b) The Reinsured shall furnish the Reinsurer(s) with all information known to the Reinsured in respect of claims or possible claims notified in accordance with (a) above and shall thereafter keep the Reinsurer(s) fully informed as regards all developments relating thereto as soon as reasonably practicable.

(c) The Reinsurer(s) shall have the right at any time to appoint adjusters and/or representatives to act on their behalf to control all investigations, adjustments and settlements in connection with any claim notified to the Reinsurer(s) as aforesaid.

(d) The Reinsured shall co-operate with the Reinsurer(s) and any other person or persons designated by the Reinsurer(s) in the investigation, adjustment and settlement of such claim.

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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15th September 2010

**PREMIUM PAYMENT CLAUSE**

Notwithstanding any provision to the contrary within this contract or any endorsement hereto in respect of non-payment of premium only the following clause will apply.

The (Re)Insured undertakes that premium will be paid in full to (Re)Insurers within 115 days of inception of this contract (or, in respect of instalment premiums, when due).

If the premium due under this contract has not been so paid to (Re)Insurers by the 115TH day from the inception of this contract (and, in respect of instalment premiums, by the date they are due) (Re)Insurers shall have the right to cancel this contract by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to (Re)Insurers on a pro rata basis for the period that (Re)Insurers are on risk but the full contract premium shall be payable to (Re)Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this contract.

It is agreed that (Re)Insurers shall give not less than thirty 30 days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to (Re)Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the contract shall automatically terminate at the end of the notice period.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

LSW3001

30/09/08

(amended)