

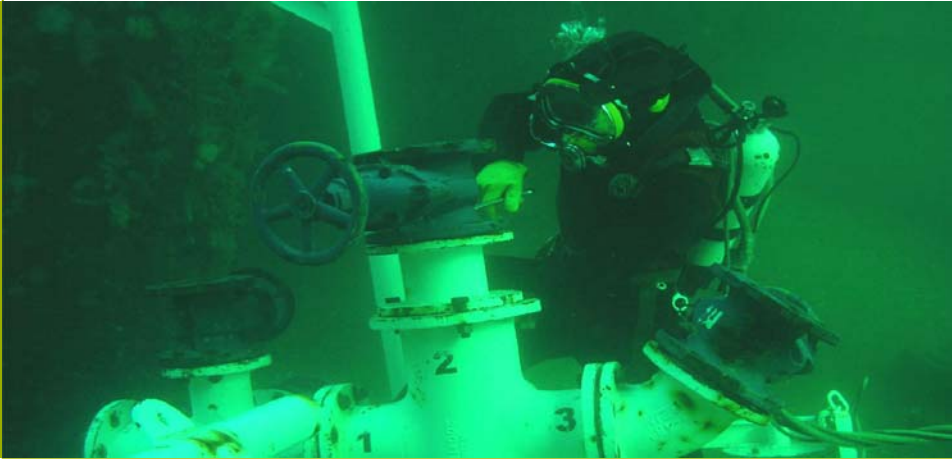
Gard's Divers' Cover

A cover designed to respond to the liability for personal injury, illness and death of professional divers as well as liabilities to third parties caused by professional divers

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At a glance



Gard's Divers' P&I Cover (DPI)

Risks covered

Liabilities, losses, costs and expenses arising out of the personal injury, illness or death of commercial divers engaged by the Assured

Liabilities incurred by the Assured to a third party as a result of an act or omission of commercial divers engaged by the Assured

Important conditions and exclusions

Damage to works caused by divers

Premium/Record

Fixed annual premium – no supplementary calls

Competitive premiums as a result of Gard's retention

Claims handled by Gard's experienced claims team

Main rating factors are the number of professional or commercial divers on the entered ship, nationality of the divers, the Member's contractual liabilities as per the employment contract and other applicable insurances purchased by the Member in respect of divers employed

Premium and claims will be reflected in the Member's P&I loss record where applicable

Eligibility

Existing members and clients of Gard P&I and Gard Marine & Energy

Limits and deductibles

The standard limit of cover is USD 25 million any one event
Higher limits available
Deductibles are subject to agreement with the individual Member

The Divers' P&I Cover (DPI) has been developed to meet the needs of our Members who employ commercial divers. Liabilities, losses, costs and expenses arising out of the activities of professional or commercial divers are excluded from standard P&I cover. Gard's CGL cover and similar offshore industry covers provide a partial reinstatement of the cover lost by the exclusion, affording cover for liabilities caused by the actions of divers, but not liabilities for personal injury, illness or death of the divers themselves. In contrast, the DPI cover provides a complete solution to the exclusion in P&I cover, responding to two types of risk. First, it covers the Assured's liability as an employer arising from injury, illness or death suffered by its divers in the course of their employment. The DPI meets the Assured's obligations and liabilities which may arise not only under the employment contract, but also under statutory insurance requirements, such as those imposed under the UK Employers' Liability Act, imposed on the Assured as an employer of divers. Second, the DPI cover responds to the Assured's liability to third parties caused by the acts or omissions of the divers they employ.

Gard's DPI cover is an alternative to the compulsory insurance for divers' risks placed by our Members with an up to now limited number

of market underwriters. The development of the Divers' P&I Cover is in line with Gard's philosophy to listen to the needs of our Members and to react creatively yet prudently to satisfy those needs wherever possible.

Is the Divers' P&I Cover available to me?

The DPI cover is available to Assureds who employ divers and have an entry with the Association for P&I risks for specialist vessels or service units entered in the MOU programme. Furthermore, it is also available to offshore operators who are clients of Gard Marine & Energy.

If you have an existing P&I cover with Gard and take out Divers' P&I Cover as well, the interaction between the covers is regulated by Clause 3.1 in the Cover Note. In short, if a liability falls within the scope of the standard P&I Cover, the standard cover, not the Divers' P&I Cover, applies. This applies also in respect of the CGL cover. If a liability falls within the scope of the CGL cover, the CGL cover applies and not the Divers' Cover.

The full terms and conditions of the Diver's P&I Cover are contained in the Cover Note.

What are the main coverage features?

Liability to pay medical expenses, compensation and damages in relation to the

injury to, or illness or death of a diver. Liability in respect of loss of or damage to the personal effects of a diver. Costs and expenses incurred in sending a substitute to replace a diver. Third party liabilities arising out of the activities of the Divers.

The full terms and conditions of the Divers' P&I Cover are contained in the Cover Note.

Divers' P&I Cover follows the diver rather than the vessel, installation or diving activity. Divers' P&I Cover responds to your liability to the diver also where the incident giving rise to the liability occurs whilst the diver is travelling to the diving site or whilst the diver is carrying out tasks not related to diving, i.e. taking part in hold inspections. What matters is the period of employer's liability as defined in the contract and whether the divers are on your payroll as a diver.

Cover is afforded in respect of your legal liabilities to other parties and to the diver, whether it arises in contract, tort or under statute. As is the case under the P&I Cover, legal and other costs incurred to protect or defend against recoverable liabilities are also covered. Please note, however, that damage to works caused by the diver is not covered.

The DPI cover provides a complete solution to the exclusion in P&I cover, responding to two types of risk.



Are there any general conditions or exclusions that I should be aware of?

The Divers' P&I Cover is subject to certain general conditions and exclusions.

Parts I, V and VI of the P&I Rules for Ships have been incorporated in and thus form part of the DPI. Part I includes, inter alia, rules concerning the Member's duty of disclosure, alteration of risk, classification and certification of the ship. Part V contains provisions regarding general limitations on cover, e.g. the double insurance provision. Part VI contains miscellaneous provisions including the Member's obligations with regard to claims. We recommend that you study these provisions. We also draw your attention to the following Rules that are expressly excluded: Rule 2.4, which mandates that liability must have occurred in direct connection with the operation of the ship which permits us to indemnify claims that are not related to the operation of the ship. Another exclusion is

Rule 22, laid-up returns of premium.

As mentioned above, the Divers' P&I Cover only responds to legal liabilities. The maximum recovery afforded is the amount to which the shipowner is entitled to limit his liability pursuant to any rule of law.

Certain losses excluded from the P&I Cover are also excluded from the DPI in order to achieve consistency. These include general monetary loss, loss of market and loss through price and currency fluctuations. Please refer to Rule 63 of the P&I Rules for Ships.

Furthermore, please note that whereas the DPI does respond to third party liabilities caused by the diver, damage to contract works caused by the diver is excluded. Any liabilities, losses, costs and expenses in relation to the contract works or failure to perform the contract works are excluded from cover. This exclusion relates to the

construction, development and maintenance work in which the diver is directly engaged, but the exclusion would not apply to an existing property (whether other project property or a third party facility) that may be located in the close vicinity of the site or even become an integrated part of the work

Lastly, please note that there is no exclusion for war and terrorist risks, although there is an exclusion for chemical, bio-chemical, electromagnetic weapons and computer virus risks and the Cover Note contains an exclusion to this effect.

What is the limit of the DPI cover and what will my claim deductible be?

The standard limit of cover is USD 25 million any one event. Higher limits are also available if needed. The claim deductible is subject to agreement with the individual Member.

*DPI is a fixed
premium cover*



Unless otherwise agreed, legal and other costs incurred in respect of claims will be accounted for in the deductible.

What about premium rating?

The Divers' P&I Cover is a fixed premium cover which is rated according to standard underwriting criteria.

The premium reflects the Member's risk exposure. Among the risk factors are the number of divers, nationality of divers, the areas where the diving operations are carried out, types of diving activities, level of contractual benefits, potential jurisdictions for claims and relevant claims statistics. The premium is

fixed and not subject to supplementary calls. It will be accounted for in the Member's P&I loss record. Accordingly, if the relevant vessel is entered with Gard, a good Divers' P&I loss record will have a positive impact on your P&I loss record.

Gard's experienced staff will handle all claims under the Divers' P&I Cover up to the full limit of cover. It is Gard's firm belief that our in-house claims handling will ensure cost effective and professional claims handling.

You will enjoy the renowned service of our specialised and dedicated claims staff who will handle your claims and enquiries in an efficient manner. You also have the benefit of the services of our world wide network of correspondents with their unique local knowledge and ability to respond effectively to any situation.

Responds to operations carried out from onshore sites



Some examples of how the Divers' P&I Cover works in practice

Please consider the enclosed examples. Will you find yourself in similar situations where the protection of the Divers' P&I Cover would be of assistance?

a) Injury to a professional diver resulting from diving operations

A diver employed by a Member dives from the Member's vessel to carry out underwater welding on a pipeline 100 metres below the surface. In the course of the repairs, the diver damages the pipeline and causes an explosion, not only severely injuring himself and damaging the pipeline but damaging a pipeline from an adjoining field as well. The diver is entitled to USD 150,000 under his employment contract, but is not satisfied and successfully sues the Member in tort. In addition to the damage award of USD 300,000 to the diver, the Member has incurred other expenses in relation to the diver, amounting to USD 470,000. There is also a claim for damage to the third party pipeline, and a claim for damage to the installation on which the diver was employed.

Liability covered by the Divers' P&I Cover?

The DPI covers the liabilities relating to the injured diver, namely the contractual disability compensation, medical expenses, sick wages, repatriation and substitution expenses, as well as the court award exceeding the compensation amount in the employment contract. The DPI also covers liabilities to third parties arising from commercial diving activities, so the Member's liability for damage to the pipeline from the adjoining field is covered. However, the Divers' P&I Cover excludes liability for damage to the contract works, so the cover will not cover the Member's liability for damage to the pipeline upon which the diver was working at the time of the incident.

b) Injury to a professional diver whilst diving from an onshore site

A diver employed by the Member is diving in a dam, inspecting the lock gate. The lock is opened before the diver has managed to get out of the water and the current drags the diver under. The diver drowns. The diver's family claims USD 250,000 which is the contractual death compensation. In addition the family is awarded USD 250,000 by a court for emotional distress.

Liability covered by the Divers' P&I Cover?

Yes, the Divers' P&I Cover responds as diving operations carried out from onshore sites are covered.

c) 10 divers die in one accident

10 divers employed by the Member are travelling to the dive site by helicopter. The helicopter crashes into the ocean before reaching the diving site. All ten divers are killed. The families of the deceased divers are entitled to a total of USD 2.5 million in compensations.

Liability covered by the Divers' P&I Cover?

The liability of the Member is covered by the Divers' P&I Cover. The cover follows the diver and responds to the Member's contractual liability to the diver. It is not a condition of the cover that the claim is a direct result of any diving activity.