

IN THE COURT OF COMMON PLEAS
SUMMIT COUNTY, OHIO

MATANUSKA-SUSTINA BOROUGH,)
ALASKA)
350 E. Dahlia Avenue)
Palmer, Alaska 99645,)
Plaintiff,)

-vs-

CERTAIN UNDERWRITERS AT)
LLOYD'S, LONDON SUBSCRIBING TO)
POLICY NO. B0823PA1402209)
825 Town and Country Lane, Suite 500)
Houston, Texas 77024)

and)

c/o Aon UK Limited)
Managing General Agent)
Skylight Office Tower)
1660 West Second Street, Suite 650)
Cleveland, Ohio 44113,)
Defendant.)

CASE NO.

JUDGE:

COMPLAINT FOR:

- (1) BREACH OF CONTRACT;
and
- (2) DECLARATORY
JUDGMENT.

Jury Demand Endorsed Hereon

Plaintiff, Matanuska-Sustina Borough, Alaska (the "Borough"), for its complaint, through its attorneys, alleges as follows:

THE PARTIES

1. The Borough of Matanuska-Sustina is a local governmental entity in the State of Alaska governmental entity established pursuant to Article 10, Section 3 of the Constitution of

the State of Alaska and Title 29 of the Alaska Statute, with its principal place of business in Palmer, Alaska.

2. On information and belief, Defendant Certain Underwriters at Lloyd's, London ("Underwriters") are insurers that provide various lines of insurance, including marine insurance, to residents of the State of Ohio.

JURISDICTION

3. Under the terms of the Policy, each party agrees to submit to the exclusive jurisdiction of any court of competent jurisdiction within the United States of America.

4. Under the terms of the Policy, the law of the State of Ohio applies to any disputes involving the Policy.

5. Pursuant to Ohio Revised Code § 2307.382, this Court has jurisdiction over the parties because, within the time period relevant to the claims asserted herein, Underwriters were transacting business in Ohio and/or contracted to insure businesses that operate in Ohio.

6. This Court has subject matter jurisdiction over this matter pursuant to Ohio Revised Code §§ 2305.01 and 2721.02-2721.04.

7. Underwriters are amenable to service of process by this Court pursuant to Ohio Rules of Civil Procedure 4.1- 4.3, and this Court constitutionally may exercise jurisdiction over it.

ALLEGATIONS COMMON TO ALL COUNTS

8. In 2012, the Borough obtained title to a SWATH Ro-Ro Passenger Ferryboat to transport passengers.

9. The vessel was located in Ketchikan, Alaska.

10. In January 2015, heavy rains occurred in Ketchikan that resulted in the entry of rainwater into the ferryboat through its exhaust stacks.

11. Around January 22, 2015, the vessel engineer attempted to start the engines on the ferryboat.

12. The water-contaminated lube oil circulating through the engines caused loss to the Borough in excess of \$2.7 million, resulting from damage to the four engines and related parts (hereinafter, the "Loss").

13. The Borough carried insurance for Marine Port Risks to provide coverage in the event that it suffered a loss due to property damage.

14. At the time of the Loss, the Borough was insured by Policy No. B0823PA1402209, which was a renewal of Policy No. B0823PA1302209. The Policy is herein attached as Exhibit A.

15. The Policy was structured so that each of the Underwriters carried a certain percentage of the risk. With respect to Ascot Lloyd's Syndicate 1414 ("Ascot"), Ascot served as the Slip Leader for the Policy and bore the largest share of liability.

16. The Policy's coverage grant provides as follows:

Subject to the conditions of this policy, this insurance also covers:

(a) Breakdown of motor generators or other electrical machinery and electrical connections thereto; bursting of boilers; breakage of shafts; or any latent defect in the machinery or hull;

(b) Loss of or damage to the subject matter insured directly caused by:

(1) Accidents on shipboard or elsewhere, other than breakdown of or accidents to nuclear installations or reactors on board the insured vessel;

(2) Negligence, error of judgment or incompetence by any person;

excluding under both "a" and "b" above only the cost of repairing, replacing or renewing any part condemned solely as a result of a latent defect, wear and tear, gradual deterioration or fault or error in design or construction;

provided such loss or damage (either as described in said "a" or "b" or both) has not resulted from want of due diligence by the Assured(s), the Owner(s), or Manager(s) of the vessel, or any of them. Masters, mates, engineers, pilots or crew not to be considered as part owners within the meaning of this clause should they hold shares in the vessel.

17. After the Loss, the Borough made a claim under the Policy.

18. Underwriters have not acknowledged that the Loss is covered under the Policy, and they have rejected the Borough's claim as to the proper amount of Underwriters' payment obligation under the Policy for such Loss.

19. Underwriters have delayed payment of the Borough's claim through a prolonged investigation period and attempts to improperly discount the Borough's reasonable costs to repair the ferryboat.

20. The Borough has made a claim for the damages that Underwriters were required to pay it under the terms of the Policy, but Underwriters have refused to acknowledge and honor their full obligations under the Policy.

21. Under the Policy, the Borough is entitled to recover for the damage to its property.

First Claim for Relief
(Damages – Breach of Contract)

22. The Borough repeats and realleges each and every allegation contained in paragraphs 1 through 21, as if fully rewritten herein.

23. The Borough paid all premiums for the Policy and otherwise fulfilled all of its obligations under the Policy.

24. The Policy obligated Underwriters to pay the Borough on claims submitted for covered losses, such as the Loss in Ketchikan, Alaska.

25. Underwriters have failed to acknowledge and honor their full obligations under the Policy.

26. Underwriters' failure to acknowledge and honor their full obligations to the Borough under the Policy is a breach of the Policy, which has caused harm to the Borough.

Second Claim for Relief
(Declaratory Relief)

27. The Borough repeats and realleges each and every allegation contained in paragraphs 1 through 26, as if fully rewritten herein.

28. The Policy requires that Underwriters pay the Borough according to the terms of such Policy for the loss the Borough suffered due to the Loss in Ketchikan, Alaska.

29. Underwriters have refused to honor their full obligations under the Policy to pay the Borough for the loss it has suffered.

30. An actual and justiciable controversy presently exists between the Borough and Underwriters concerning the extent of Underwriters' full obligations under the Policy.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, the Borough of Matanuska-Sustina, respectfully requests that the Court enter judgment in its favor and against Defendant, Certain Underwriters of Lloyd's, London, as follows:

1. On the First Claim for Relief, for compensatory damages in an amount in excess of \$2.7 million, plus interest;
2. On the Second Claim for Relief, for a determination and declaration of the rights of Plaintiff and the obligations of Underwriters under the Policy, including but not limited to the full amount of Underwriters' payment obligations;
4. For Plaintiff's costs and attorneys' fees incurred in prosecuting this action;
5. For interest upon all amounts due from Defendant to Plaintiff, including the amounts due for the attorneys' fees and costs of this action; and
6. For any other relief that this Court deems just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all issues so triable.

Respectfully submitted,

/s/ Christopher T. Teodosio
Gabrielle T. Kelly (0082279)
(gkelly@brouse.com)
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Attorneys for Plaintiff

Contract of Insurance

Insured: *MATANUSKA SUSITNA BUROUGH*

Policy No: *B0823PA1402209*

Renewing Policy No: B0823PA1302209

Period: *01 Sep 2014 to 01 Sep 2015*

Type: *Marine Port Risks*

Slip Leader: *Ascot Lloyd's Syndicate 1414*



Aon UK Limited
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Aon UK Limited is authorised and regulated by the Financial Conduct Authority.



Contents

- Part I Risk Details
Risk Schedules
- Part II Contract Wording and Clauses
- Part III Information
- Part IV Contract Administration and Advisory
Sections:
- Subscription Agreement
 - Fiscal and Regulatory
 - Broker Remuneration and Deductions
 - Schedule of Taxes
- Part V Security Details
Signing Schedule



Policy Number: PA1402209

Part I:

Risk Details

Risk Schedules

Policy Number: PA1402209

RISK DETAILS

UNIQUE MARKET REFERENCE (UMR): B0823PA1402209

ATTACHING TO DELEGATED UNDERWRITING CONTRACT NUMBER: PD1400100

TYPE: Marine Port Risks

INSURED: Matanuska Susitna Borough and/or associated and/or subsidiary and/or affiliated companies for their respective rights and interests.
Insured Address:
MATANUSKA SUSITNA BROUGH
350 E DAHLIA AVE PALMER
ALASKA AK 99645
USA

VESSEL(S) OR CONVEYANCE(S):

- 'Susitna'
IMO: 9577721
Year Built: 2010
Type: SWATH Ro-Ro Passenger Ferry
GT: 1,044
Flag: USA

Including, if required, additional vessels on values, terms, conditions and rates to be agreed with Insurers hereon.

PERIOD: Effective from: 00.01 hours 1st September 2014, local time,
To: 00.01 hours 1st September 2015, local time.

INTEREST: A) Hull and Machinery.
B) Disbursements.

SUM(S) INSURED / LIMITS: A) H&M Value: USD 48,000,000
B) Disbs. Amount: USD 12,000,000

DEDUCTIBLES: A) USD 250,000

TRADING / LOCATION: Laid up at Ward Cove, Alaska with liberty to sail for maintenance and/or demonstration for sale purposes.

CONDITIONS: American Institute Hull Clauses (June 2, 1977, Cl. A1B) and American Institute Increased Value and Excess Liability Clauses (November 3, 1977, CL. A175).
American Hull Insurance Syndicate Liner Negligence and Repair Clauses, as attached.
Deliberate Damage Clause - Pollution Hazard, as attached.
American Hull Insurance General Average Absorption Clause (1st January 1979) (USD 100,000), as attached.
American Institute Strikes Riots and Civil Commotions Endorsement (Hulls) (September 8, 59) (87B-46) (CLA503).
Leased Equipment Clause, as attached.

Policy Number: PA1402209

Parts Removed Clause, as attached.
 Including American Institute Port Risk Endorsement (18/01/70).
 Including American Institute P. and I. Endorsement Port Risk Form 57C, as attached.
 It is hereby noted and agreed that for the purposes of General Average Contributions, Salvage, Salvage Charges and Sue and Labour Expenses, each vessel is deemed to be insured for the full contributory value.
 Sanction Limitation and Exclusion Clause (JH2010/009) (29/07/10).
 Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370) (10/11/03).
 Including U.S.A. and Canada Endorsement (USCANB) (29/01/04).
 Institute Cyber Attack Exclusion Clause (CL380) (10/11/03).
 Each Vessel deemed to be separately insured.
 Bail Clause as attached.
 Brokers Cancellation Clause as attached.

EXPRESS WARRANTIES:

Vessel not under repair.
 Vessel has no cargo on board.
 No loading or unloading.

Warranted all recommendations as per Jim Sepel Survey from 2012 complied with at all times.

Warranted updated valuation survey to be carried out at first available date by Jim Sepel Surveyor, but not exceeding 30 days of attachment date, at assured's expense.

In the event of any breach of warranty, cover will terminate from the date of breach.

CHOICE OF LAW & JURISDICTION:

This insurance shall be governed by and construed in accordance with the laws of the State of Ohio and each party agrees to submit to the exclusive jurisdiction of any court of competent jurisdiction within the United States of America.

PREMIUM / RATE:

Annual Port Risk rate:

- A) 0.30% per annum and pro rata.
- B) 0.15% per annum and pro rata.

Payable in quarterly instalments as follows:-

25%	1st September 2014.
25%	1st December 2014.
25%	1st March 2015.
25%	1st June 2015.

OTHER DEDUCTIONS FROM PREMIUM:

None.

PREMIUM PAYMENT TERMS:

As per Premium Payment Clause LSW 3001 (each instalment 60 days / notice of cancellation 15 days) as attached.

Policy Number: PA1402209

**TAX(ES) PAYABLE BY
INSURED AND
ADMINISTERED BY
INSURERS:**

None.

**RECORDING,
TRANSMITTING &
STORING OF
INFORMATION:**

Aon UK Limited, who may retain risk & claim data, information and/or documents electronically, and where done so these documents shall be regarded with the same legal effect as the original documents.

**INSURER CONTRACT
DOCUMENTATION:**

This document details the contract terms entered into by the insurer(s) and constitutes the contract document.

Evidence of Cover is to be provided by Aon UK Limited in the form of a copy of this Market Reform Contract within 30 days of inception. The original Market Reform Contract will be held in the offices of Aon UK Limited.

Insurers hereon agree that any pages within the Risk Details and Information sections of this Market Reform Contract that contain handwritten amendments made by Insurers may be re-typed and agreed by the Lead Insurer only for the purposes of Issuing Evidence of Cover in the form of a copy of this Market Reform Contract. Pages containing handwritten amendments will be held in the offices of Aon UK Limited.

If the terms and conditions of this contract indicate that a wording is required hereon, then said wording is to be produced and/or presented by Aon UK Limited and submitted to the Lead Insurer only for agreement.

Policy Number: PA1402209

Part II:

Contract Wording and Clauses

Policy Number: PA1402209

CONTRACT WORDING AND CLAUSES

AMERICAN HULL INSURANCE SYNDICATE LINER NEGLIGENCE CLAUSE FOR ATTACHMENT TO AMERICAN INSTITUTE HULL CLAUSES (JUNE 2, 1977)

(In consideration of additional premium of USD nil, it is understood and agreed that the ADDITIONAL PERILS (INCHMAREE) clause of the attached policy is deleted and in place thereof the following inserted:

"Subject to the conditions of this policy, this insurance also covers:

- a. Breakdown of motor generators or other electrical machinery and electrical connections thereto; bursting of boilers; breakage of shafts; or any latent defect in the machinery or hull;
- b. Loss of or damage to the subject matter insured directly caused by:
 1. Accidents on shipboard or elsewhere, other than breakdown of or accidents to nuclear installations or reactors on board the insured vessel;
 2. Negligence, error of judgment or incompetence of any person;

excluding under both "a" and "b" above only the cost of repairing, replacing or renewing any part condemned solely as a result of a latent defect, wear and tear, gradual deterioration or fault or error in design or construction;

provided such loss or damage (either as described in said "a" or "b" or both) has not resulted from want of due diligence by the Assured(s), the Owner(s) or Manager(s) of the vessel, or any of them. Masters, mates, engineers, pilots or crew not to be considered as part owners within the meaning of this clause should they hold shares in the vessel".

707LFN00078

AMERICAN INSTITUTE DELIBERATE DAMAGE-POLLUTION HAZARD (HULL) February 1, 1976).

In consideration of premium paid it is understood and agreed that, subject to the terms and conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the Vessel for which the Underwriters are liable under this Policy, provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.

Policy Number: PA1402209

**AMERICAN HULL INSURANCE SYNDICATE
GENERAL AVERAGE ABSORPTION CLAUSE**

In consideration of additional premium paid it is understood and agreed that, subject to the terms and conditions of this policy, cargo's proportion of General Average (including Salvage, if any) not exceeding \$100,000 shall be recoverable hereunder, provided claim for contribution from all cargo has been waived by the Assured. It is also agreed that in these circumstances no collecting and settling commission will be recoverable hereunder in respect of either Vessel's or cargo's proportion of General Average.
January 1, 1979

**AMERICAN INSTITUTE S.R. & C.C. ENDORSEMENT (HULLS)
(September 8, 1959)**

In consideration of an additional premium, as provided below, this insurance is extended to cover additional risks, from and after {Response} in accordance with the following clause:

"This Insurance also covers damage to or destruction of the property insured directly caused by strikers, locked out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by vandalism, sabotage, or malicious mischief, but excluding civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, and warranted free from any claim for delay, detention or loss of use, and free from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter.

Notwithstanding the exclusions in the F.C. & S. Clause in the within policy 'vandalism', 'sabotage', and 'malicious mischief', as used herein, shall be construed to include wilful or malicious physical injury to or destruction of the described property caused by acts committed by an agent of any Government, party or faction engaged in war, hostilities, or other warlike operations, provided such agent is acting secretly and not in connection with any operations of military or naval armed forces in the country where the described property is situated."

Until further notice the Assured shall pay, for the additional protection afforded by the above clause, an additional premium of {Response}. The Underwriters have the right nevertheless to change this rate at any time on 15 days written notice to the Assured; but the Assured shall have the option to cancel this endorsement as of the time when such change of rate would take effect, provided previous notice of such cancellation be given to the Underwriters. The rate may be changed as above notwithstanding strikes, labor troubles or civil commotions, on board the vessel or elsewhere, may be threatened or actually exist either at the time when such notice is given or when it takes effect.

87B-46 (Revised)
September 8, 1959
CLA503

LEASED EQUIPMENT CLAUSE

This insurance is extended to cover equipment and apparatus not owned by the Assured but used on the Insured Vessel, and for which the Assured has assumed liability whether such equipment or apparatus be in the nature of aids to navigation or communication or otherwise subject to all terms and conditions of this policy, but in no event shall the liability of the Underwriters exceed the Contractual Liability of the Assured for such equipment or apparatus. All such equipment or apparatus installed on the Vessel but not owned by the Assured shall be included in the agreed Insured Value of the Vessel.

Policy Number: PA1402209

PARTS REMOVED CLAUSE

This insurance is extended to cover loss of or damage to parts removed from the vessel whether such parts are ashore and/or under repair and/or in transit and where such loss or damage is caused by a peril insured under this insurance, subject in all other respects to its terms, conditions and exclusions. The Underwriters' liability for such parts removed which are covered under this clause shall not exceed 5% of the insured value of the vessel.

If at the time of loss of or damage to the parts removed from the vessel such parts are covered by or would be covered by any other insurance but for this clause, then this insurance shall only be excess to such other insurance.

Cover in respect of parts shall be limited to 30 days whilst removed. Period in excess of 30 days held covered at terms to be agreed provided notice be given to the Underwriters prior to the expiry of the 30 day extension.

1/11/95
CL364-95

AMERICAN INSTITUTE 57A-5 PORT RISK ENDORSEMENT
(JANUARY 18, 1970)

The clauses set forth below shall prevail over any Policy provisions inconsistent therewith.

This insurance is subject to the following warranties:

- (1) The Vessel shall be laid-up in the port of with liberty to shift (in tow or otherwise) between approved lay-up sites within the port or to proceed to cargo or fitting out berths within said port prior to commencing or proceeding on a voyage;
- (2) The Vessel shall not be used as a storage ship or for lightering purposes;
- (3) The Vessel shall undergo no repairs or alterations. In case of any breach of this warranty (3) the Vessel shall be held covered, provided (a) notice is given to the Underwriters immediately following receipt of knowledge thereof by the Assured, and (b) any amended terms of cover and any additional premium required by the Underwriters are agreed to by the Assured.

If the Vessel commences, or proceeds on, a voyage during the term of this insurance, this Policy shall thereupon terminate as soon as the Vessel leaves her moorings to depart from the above named port.

It is a further condition of this insurance that the manner and place of lay-up of the Vessel shall continuously be subject to the approval of the Underwriters, and if the Assured shall decline or fail to carry out any recommendation made by them, from time to time, this Policy may be cancelled by notice in the manner provided for in this Policy relating to cancellation for non-payment of premium.

Policy Number: PA1402209

American Institute 57C
P. and I. Endorsement Port Risk Form
(1943)

Extension of Collision Clause

This clause shall also extend to any sum up to a limit of USD 10,000,000 any one accident or occurrence which the Assured may become liable to pay, and shall pay for the removal of obstructions under statutory powers, for injury to harbors, wharves, piers, stages and similar structures, or for loss of life or personal injury consequent on such collisions.

Protection and Indemnity Clause

It is further agreed that if the Assured shall by reason of his interest in the insured Vessel become liable to pay and shall pay any sum or sums up to a limit of USD 10,000,000 any one accident or occurrence in respect of any responsibility, claim, demand, damages, and/or expenses arising from or occasioned by any of the following matters or things during the currency of this Policy, that is to say:—

Loss of or damage to any other Vessel or goods, merchandise, freight, or other things or interests whatsoever, on board such other Vessel, caused proximately or otherwise by the Vessel insured insofar as the same is not covered by the Collision Clause of the American Institute Port Risk Form;

Loss of or damage to any goods, merchandise, freight or other things or interest whatsoever, other than as aforesaid (not being builders' gear or material or cargo on the insured Vessel), whether on board the insured Vessel or not, which may arise from any cause whatsoever;

Loss of or damage to any harbor, dock (graving or otherwise), slipway, way, gridiron, pontoon, pier, quay, jetty, stage, buoy, telegraphic cable or other fixed or movable thing whatsoever, or to any goods or property in or on the same howsoever caused;

Loss of life or personal injury or payments made on account of salvage, whether of life or property;

Any attempted or actual raising, removal or destruction of the wreck of the insured Vessel or the cargo thereof or any neglect or failure to raise, remove or destroy the same;

Any sum or sums up to a limit of USD 10,000,000 any one accident or occurrence for which the Assured may become liable or incur from causes not hereinbefore specified, but which are recoverable under the printed forms of Protection and Indemnity policy commonly issued by stock insurance companies in the United States:

the Underwriters will pay the Assured such proportion of such sum or sums so paid, or which may be required to indemnify the Assured for such loss, as their respective subscriptions bear to the insured value of the Vessel hereby insured, provided always that the amount recoverable hereunder in respect of any one accident or series of accidents arising out of the same event shall not exceed USD 10,000,000 any one accident or occurrence, and when the liability of the Assured has been contested with the consent in writing or a majority (in amount) of the Underwriters on the Vessel hereby insured, the Underwriters will also pay a like proportion of the costs which the Assured shall thereby incur or be compelled to pay.

Notwithstanding the foregoing this Policy is warranted free from any claim arising,

- (a) directly or indirectly under Workmen's Compensation or Employers' Liability Acts or any other Statute or under Common Law in respect of accidents to or illness of workmen or any other person employed in any capacity whatsoever by the Assured or others in, on or about or in connection with the insured Vessel or her cargo materials or repairs.
- (b) in connection with an occurrence resulting from the operation of a peril excepted by,
 - (i) the Free of Capture and Seizure Warranty.
 - (ii) the Free of Strikes, Riots and Civil Commotions Warranty.

All other terms and conditions remaining unchanged.

Policy Number: PA1402209

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.

JH2010/009
29 July 2010

**INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL,
BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION 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
 - 1.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
 - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
 - 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
 - 1.4 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
 - 1.5 any chemical, biological, bio-chemical, or electromagnetic weapon.

10/11/03
CL370

**U.S.A. & CANADA ENDORSEMENT FOR THE
INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL,
BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE 10/11/03**

This policy is subject to the Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical And Electromagnetic Weapons Exclusion Clause 10/11/03 (RACCBE). The inclusion of RACCBE in this policy is material to underwriters' willingness to provide coverage at the quoted terms, conditions and rates.

It is the intent of the parties to give maximum effect to RACCBE as permitted by law.

In the event that any portion of RACCBE may be found to be unenforceable in whole or in part under the law of any state, territory, district, commonwealth or possession of the U.S.A., or any province or territory of Canada, the remainder shall remain in full force and effect under the laws of that state, territory, district, commonwealth or possession, province or territory. Further, any such finding shall not alter the enforceability of RACCBE under the laws of any other state, territory, district, commonwealth or possession of the U.S.A., or any province or territory of Canada, to the fullest extent permitted by applicable law.

29/01/04
USCAN B

Policy Number: PA1402209

INSTITUTE CYBER ATTACK EXCLUSION CLAUSE

- 1.1 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.
- 1.2 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.

10/11/03
CL380

BAIL CLAUSE

It is agreed in the event of loss and/or damage giving rise to a possible claim under this policy to enable the Insured to provide bail and/or bank guarantee and/or limitation bond, Underwriters shall provide counter-guarantees in the wording of the London Market "Short Form". The extent of the Underwriters' obligations under this clause shall be confined to their liability in accordance with the terms, conditions and amounts of the policy.

BROKERS CANCELLATION CLAUSE

Whereas (notwithstanding anything in this policy to the contrary) credit has been given by AON UK LIMITED (hereinafter called the Brokers) for premiums due to them hereon, it is hereby agreed between the Insured and the Brokers that in the event of the premium or any instalment thereof not having been received by the Brokers as soon as it has become due to them and/or in the event of the Insured not having paid the premium or any instalment thereof prior to the expiry of the ten days hereinafter mentioned, the Brokers are hereby authorised by the Insured on the expiry of ten days from dispatch to the Insured or their agents of a telegram, registered letter or electronically transmitted message demanding payment to cancel risk under this policy from expiry of the aforesaid ten days or from any later date at the sole discretion of the Brokers and on such cancellation the Underwriters shall not be responsible for accidents that can be proved to have happened after such cancellation and the Brokers may collect and retain any return premium hereon. In such case Underwriters hereby agree to cancel and return to the Brokers any premium that may have been then already received by Underwriters in excess of pro rata premium up to the cancelling date or, if the premium shall not then have been paid to the Underwriters, they shall receive from the Brokers the balance of premium up to the said cancelling date. In the event of the interest hereby insured being a Total, Constructive, Arranged or Compromised Total Loss from any cause whatsoever insured hereunder, any premium (including all future instalments) unpaid to the Brokers shall immediately become due and payable and Brokers shall be entitled to take credit therefor.

This clause shall not prejudice or affect the Brokers' lien on this policy for any amount remaining due to them, whether in connection with this policy or otherwise, or any other rights of the Brokers against the Insured.

Policy Number: PA1402209

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 [As contained within the Risk Details] 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 [As contained within the Risk Details] 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 [As contained within the Risk Details] 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.

30/09/08
LSW3001

Policy Number: PA1402209

Part III:

Information

Policy Number: PA1402209

INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

Condition and Valuation Survey # 21030-12, dated June 5th 2012 conducted by Sepel & Son Marine Surveying, Inc.

Resume of Captain.

"SUSITNA" – Port Risk' – document in respect of monthly sea maintenance, fire hydrant position and sprinkler.

Email dated 21st August 2014 from Courtney Jones concerning vessel watchmen and current vessel operations has been seen and noted by Underwriters.

Policy Number: PA1402209

Part IV:

Contract Administration and Advisory Sections:

- Subscription Agreement
- Fiscal and Regulatory
- Broker Remuneration and Deductions
- Schedule of Taxes



Policy Number: PA1402209

SUBSCRIPTION AGREEMENT

SLIP LEADER: The Slip Leader is Ascot Lloyd's Syndicate 1414.
In respect of electronic lines, the Slip Leader is as defined in Part V Security Details herein.

BUREAU LEADER: The Bureau Leader (where applicable) is

BASIS OF AGREEMENT TO CONTRACT CHANGES:

General Underwriting Agreement (October 2001) with:

- Marine Cargo Schedule (June 2003)
- Marine Hull Schedule (May 2002)
- Marine Energy Schedule (June 2003)
- Liability Schedule (June 2004)

Except as below:

- Extensions to any Premium Payment Warranty ("PPW"), Premium Payment Condition ("PPC"), Prompt Payment Discount ("PPD") or Settlement Due Date ("SDD") are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY:

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY:

None.

Policy Number: PA1402209

BASIS OF CLAIMS AGREEMENT:

Claims to be managed in accordance with:

- The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. The applicable Scheme/part will be determined by the rules and scope of the Scheme(s);
- IUA claims agreement practices;
- The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

CLAIMS AGREEMENT PARTIES:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate and/or the Scheme Service Provider. The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices.

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

CLAIMS ADMINISTRATION:

Aon UK Limited will notify claims agreement parties of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY:

None, unless otherwise specified here by any of the claim agreement parties shown above.

EXPERT(S) FEES COLLECTION:

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

Policy Number: PA1402209

SETTLEMENT DUE DATE: 01 / Nov. / 2014.

Unless otherwise stated by (re)insurer(s), the Settlement Due Date is 60 days from inception in respect of direct business and 90 days from inception in respect of reinsurance business.

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

INSTALMENT PREMIUM PERIOD OF CREDIT:

As per 1st Instalment.

BUREAUX ARRANGEMENTS:

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd ("XIS") where possible.

In respect of any PPW, PPC; PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS or (re)insurer(s) hereon as applicable, on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;
- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS or (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) to sign any deferred premium instalments as Additional Premium(s) where required. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed

Policy Number: PA1402209

by Aon UK Limited.

XIS are authorised to sign premium from Individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX
ARRANGEMENTS:**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS or (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements and renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

Claims settlements to be settled by telegraphic transfer or as may be agreed.



Policy Number: PA1402209

FISCAL AND REGULATORY

TAX PAYABLE BY INSURER(S):

None.

COUNTRY OF ORIGIN:

USA

OVERSEAS BROKER:

MATANUSKA SUSITNA BROUGH
350 E DAHLIA AVE
PALMER
ARKANSAS AK 99645
USA

HOME STATE:

Ohio

US CLASSIFICATION:

- Non-Regulated – Non US Risk
- Non-Regulated – Industrial Insured
- Non-Regulated – MAT Exemption
- Non-Regulated – Industrial Insured
- Non-Regulated – Independent Procurement
- Exempt
- Reinsurance
- Surplus Lines

ALLOCATION OF PREMIUM TO CODING:

- A) 'T' - 100%
- B) 'B' - 100%

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

ALLOCATION OF PREMIUM TO YEARS OF ACCOUNT:

2014

MULTI-REGION PREMIUM SPLIT FOR TAXATION PURPOSES:

None.

REGULATORY CLIENT CLASSIFICATION:

- Large Risk
- Reinsurance
- Commercial
- Group Risk
- Retail
- Exempt
- Reinsurance
- Retail Exempt

Policy Number: PA1402209

BROKER REMUNERATION AND DEDUCTIONS

TOTAL BROKERAGE: 20.5%

**OTHER DEDUCTIONS
FROM PREMIUM:** As contained within Risk Details.

INFORMATION:

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC) – London, the MGA is remunerated for the work undertaken on behalf of the insurer and this may include profit or contingent commission.

Aon may earn other remuneration from insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the insurance, in relation to specific products and facilities which facilitate the insurers' own activities. Insurers may also ask the GBC – London to place facultative reinsurance, and may independently remunerate the GBC – London for these services through the payment of commission.

Further details will be provided by Aon on request.

Policy Number: PA1402209

Part V:

Security Details



Policy Number: PA1402209

SECURITY DETAILS

(RE)INSURER'S LIABILITY:

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)

Policy Number: PA1402209

ORDER HEREON: 100% of 100%

BASIS OF WRITTEN LINES:

- Percentage of Whole
- Percentage of Order
- Part of Whole
- Part of Order

BASIS OF SIGNED LINES:

- Percentage of Whole
- Percentage of Order
- Part of Whole
- Part of Order

SIGNING PROVISIONS:

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

WRITTEN LINES: As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

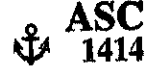
Policy Number: PA1402209

SIGNED LINES:

WRITTEN LINES:



Handwritten signature



H P I 4 G Z 3 8 2 N I X T

Line to stand

H V I 4 G Z 7 5 3 P I X B