

United States of America

Oil Pollution Insurance Policy

TBA months 31 August 2002

Declarations Pages

- ASSURED:** The Maritime Administration (MARAD), U.S. Department Of Transportation and/or MARAD's officers and/or MARAD's employees and/or MARAD's ship Managers and their officers and employees and/or MARAD's General Agents and their officers and employees and/or State Maritime Academies, as owners/operators of covered schoolships as their respective rights and interests may appear. MARAD's Ship Managers and General Agents and the State Maritime Academies are listed in Schedule 1.
- VESSELS:** Ready Reserve Fleet Vessels and Schoolship Vessels as attached in Schedule 1. Vessels shall be covered when MARAD has operational control. This includes, but is not limited to:
- A. activation
 - B. deactivation
 - C. relocation of an RRF vessel
 - D. reduced operating status (ROS)
 - E. training voyages
 - F. sea trials of RRF vessels
 - G. acquisition of a new vessel
 - H. transfer of a vessel into the RRF
- No coverage is sought under the insurance policy contract during the period of time the vessels are under the operational control of the Department of Defense. Schoolships must be covered at all times whether under MARAD operational control or not.
- PERIOD:** 12 months with effect from August 31, 2002, and 12 Months with effect from September 1, 2003 and 12 months with effect from September 1, 2004. Vessels shall be covered during the following; but not limited to activation (except when under MSC OPGON); Deactivation; Relocation of an RRF or Schoolship Vessel; Reduced Operating Status (ROS); Training Voyages; Schoolships shall also be covered while stationed at the Academies; Sea trials of RRF Vessels.
- TERRITORY:** Worldwide
- INTEREST:**
- A. Pollution Insurance
 - B. Bodily Injury Insurance – (Primary underwriter WQIS does not provide bodily injury cover. Excess underwriters drop down to primary layer above deductible to provide bodily injury cover only, up to policy limits)
 - C. Excess Pollution and Bodily Injury Insurance
- LIMIT OF LIABILITY:**
- A. US\$51,000,000 any one accident or occurrence with the exception of coverage for fines and penalties (article D) which is subject to a limit of \$137,500 per incident and \$250,000 in the aggregate

Declarations Pages

- B. US\$51,000,000 any one accident or occurrence
- C. US\$30,000,000 any one accident or occurrence excess of \$21,000,000 any one accident

(All vessels listed in Schedule 1 are covered for the full amount of policy limits as stated above. Specific OPA 90 limits as per vessel tonnage is not applicable. Line C above reflects excess coverage only above primary layer of \$21,000,000 to get to full coverage limits of \$51,000,000)

DEDUCTIBLE:

- A. US\$1,000,000 any one accident or occurrence
- B. US\$1,000,000 any one accident or occurrence

(All reasonable expenses incurred by the assureds in a spill response, prior to underwriters' involvement, to be applied against the assureds' deductible in the first instance.)

CONDITIONS:

- A. Subject to Water Quality Insurance Syndicate Policy Form (September 1, 1998) with amendments, as attached.
- B. Subject to Water Quality Insurance Syndicate Policy Form (September 1, 1998) with amendments, as attached, but limited to claims for bodily injury, solely arising out of oil spill incidents (including, but not limited to, any legal liability under federal, state admiralty, maritime or common law).
- C. To follow the underlying insurance described in A. and B. in all respects except limit of liability as above.

WARRANTIES:

MARAD warrants that none of the vessels listed under Schedule 1 will carry oil as cargo during the pendency of this policy. OPDS vessels, considered tank vessels, are not carrying oil as cargo while under MARAD operational control. As such, these vessels need not be declared to underwriters pursuant to Part IV Article A (5) in policy wording.

Declarations Pages

“AS IF OPA 90 COVERAGE”:

Both underwriters and the assured recognize that the vessels listed in Schedule 1, as public vessels, may not be subject to OPA 90 liability. Nevertheless, it is the intent of the underwriters and the assured that this policy of insurance pay on behalf of the assured such amounts as would be owing “as if” such vessels were subject to OPA 90 liability. This would include the assured’s liability / payments to “Federal Entities”. For the purpose of this insurance it is deemed that the assureds will have the same liability as any private entity and underwriters will not use the public vessel exemption as a policy defense for coverage and payment, including those payments to any “Federal Entity” for amounts due and owing for cleanup and remediation costs under OPA 90 in the event of an oil spill. However, in no case shall the coverage afforded under this policy and payments made, including those to Federal Entities, be greater than that provided “as if” the assureds were subject to OPA 90 liability.

“FEDERAL ENTITIES”

For the purpose of this policy, “Federal Entities” is defined to mean Federal Agencies and their instrumentalities, including, but not limited to, as the United States Coast Guard (USCG), National Oceanic and Atmospheric Administration (NOAA) and the trustees under OPA 90.

LITIGATION:

In the event of litigation, litigation against the assureds is litigation against the United States. Private counsel will represent the interests off the assured on behalf of the United States on a monitored basis. The Department of Justice will have control and final say on all litigation matters. The Department of Justice will be briefed by private counsel upon the initiation of a case and throughout any litigation.

SERVICE OF SUIT:

In the event of any dispute arising under this policy between underwriters and the assureds, both underwriters and the assureds agree to submit to jurisdiction within the United States of America. This contract is to be governed by the laws of the United States.

DECLARATIONS PAGE IS PRECEDENT:

This declarations page and the attached policy wording with modifications page, endorsements page and Schedule 1 constitutes the entire policy of insurance. In case of any wording conflicts among the declarations pages, modifications page, endorsements page, and policy wording, the following order of precedence would apply: declarations pages followed by modifications page, followed by endorsements page followed by policy wording. Any conflicts among the parts would be resolved by this order of precedence.

PREMIUM:

Included in Contractor’s offer, Section B. Payable in four equal installments, quarterly, commencing on August 31, 2002.

Declarations Pages

INSURED WITH:	A.	The Water Quality Insurance Syndicate as attached	
	B.	New York Marine and General via Mutual Marine Office	60.0%
		New Hampshire Insurance Co via American International Marine Agency Inc.	<u>40.0%</u>
			100.0%
	C.	New York Marine and General via Mutual Marine Office	50.0%
		New Hampshire Insurance Co via American International Marine Agency	<u>50.0%</u>
		100.0%	

Subscribers	Proportion	33
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American Alternative Insurance Corporation, Wilmington, Delaware	4.0000
American Home Assurance Company, New York, New York	7.2375
American Motorists Insurance Company, Long Grove, Illinois	4.0000
Atlantic Mutual Insurance Company, New York, New York	7.3375
Commercial Union Insurance Company, Boston, Massachusetts	6.7375
The Continental Insurance Company, Concord, New Hampshire	8.0000
Hartford Fire Insurance Company, Hartford, Connecticut	7.6375
Insurance Company of North America, Philadelphia, Pennsylvania	7.3375
Liberty Insurance Underwriters, Inc., New York, New York	7.1375
Navigators Insurance Company, New York, New York	3.8725
New York Marine and General Insurance Company, New York, New York	7.7375
North American Specialty Insurance Company, Manchester, New Hampshire	5.0000
Royal Insurance Company of America, Aurora, Illinois	7.1900
St. Paul Fire and Marine Insurance Company, St. Paul, Minnesota	7.2375
XL Specialty Insurance Company, Schaumburg, Illinois	4.0000
Zurich Insurance Company, U. S. Branch, Schaumburg, Illinois	5.5375

100ths of Sum Insured

Total 100.0000

Provisions required by law to be stated in this Policy:

As to
ALL SUBSCRIBERS EXCEPT:
ATLANTIC MUTUAL INSURANCE COMPANY

"This policy is in a stock corporation."

As to
ATLANTIC MUTUAL INSURANCE COMPANY

"This policy is in a mutual company, is non-participating and non-assessable."

As to the *St. Paul Fire and Marine Insurance Company*- "This policy is issued under and in pursuance of the laws of the State of Minnesota relating to Guaranty Surplus and Special Reserve Funds." Chapter 437, General Laws of 1909.

IN WITNESS WHEREOF, the *SUBSCRIBERS* listed above, each severally, but not jointly, and not on the part of one for the other or any of the others, have caused this Policy to be signed by their Attorney at New York, N.Y., but this Policy shall not be valid unless countersigned by a duly authorized Agent of each of the Subscribers.

Executed in New York, N.Y.

Attorney for the Individual Subscribers to
WATER QUALITY INSURANCE SYNDICATE

Countersigned in New York, N.Y.

thisday of..... 20.....

Agent for the Individual Subscribers to
WATER QUALITY INSURANCE SYNDICATE

Water Quality Insurance Syndicate
Policy Form (September 1, 1988)

PART I - INSURING PROVISIONS

In consideration of the premium set forth on the Declarations Page of the Policy, and subject to the TERMS, CONDITIONS, LIMITATIONS, EXCLUSIONS and DEFINITIONS (as contained in PART V and shown in bold type face herein) of this Policy, the Subscribers to the WATER QUALITY INSURANCE SYNDICATE, as shown on the Signature Page hereof, hereafter "WQIS," do hereby agree to:

Indemnify the Assured for such amounts as the Assured shall have become liable to pay and shall have paid in its capacity as owner and/or operator of the vessel named on the Vessel Schedule attached to and forming part of this Policy, hereafter the "Vessel," and

Reimburse the Assured for such certain other costs and expenses, as described below, which the Assured shall have incurred in its capacity as owner and/or operator of the Vessel, by reason of or with respect to:

ARTICLE A

This Article provides coverage for specified liabilities arising from the discharge or substantial threat of a discharge of oil, as follows:

- (1) Liability to the United States or to any claimant imposed under Section 1003 of the Oil Pollution Act of 1990 (Public Law 101-380, as amended), hereafter the "Act," and costs and expenses incurred by the Assured for removal of oil for which liability would have been imposed under Section 1002 of the Act, had the Assured not undertaken such removal voluntarily;
- (2) Liability to any State or any political subdivision thereof imposed under the laws of such State or political subdivision, but only if and to the extent that it would have been recoverable under Section 1002 of the Act, however, liability imposed under the laws of any State or any political subdivision thereof which is broader in scope or more extensive in kind or quantum than the liability imposed under Section 1002 of the Act is specifically EXCLUDED;
- (3) Liability arising from the sudden, accidental and unintentional discharge, spillage, leakage or emission of oil, and costs and expenses incurred by the Assured for actions taken with the approval of WQIS to avoid or mitigate the liabilities insured against under ARTICLE A of PART I, however, liability imposed under any law that is broader in scope or more extensive in kind or quantum than the liability imposed under Section 1002 of the Act is specifically EXCLUDED;
- (4) Liability for interest imposed under Section 1005 of the Act;
- (5) Costs or expenses incurred by the Assured with the consent of WQIS for advertisement required under Section 1014 of the Act; and
- (6) Liability to a third party for loss, cost, damage, liability or expense which would have been recoverable by such a third party under ARTICLE A (1) through A (5) of PART I had the third party been an Assured under this Policy.

ARTICLE B

This Article provides coverage for specified liabilities arising from the release or threatened release of a hazardous substance as follows:

- (1) Liability imposed under Section 107(a)(1) of the Comprehensive Environmental Response, Compensation and Liability Act (Public Law 96-510, as amended), hereafter "CERCLA," and costs and expenses incurred by the Assured for removal, response or remedial action for which liability would have been imposed under Section 107(a)(1) of CERCLA had the Assured not undertaken such removal, response or remedial action voluntarily; however, liability imposed under any other Section or Subsection of CERCLA are specifically EXCLUDED;
- (2) Liability to any State or any political subdivision thereof imposed under the laws of such State or political subdivision, but only if and to the extent that such liabilities would have been imposed on the Assured under Section 107(a)(1) of CERCLA, however, liability imposed under the laws of any State or any political subdivision thereof which is broader in scope or more extensive in kind or quantum than the liability imposed under Section 107(a)(1) of CERCLA is specifically EXCLUDED;
- (3) Liability to a third party, arising from the sudden, accidental and unintentional discharge, spillage, leakage, emission or release of a hazardous substance into or upon the navigable waters of the United States or adjoining shorelines for damages, as follows:
 - (a) Injury to, or economic losses resulting from, the destruction of or damage to real property, personal property or natural resources;
 - (b) loss of subsistence use of natural resources that have been injured, destroyed, or lost; or
 - (c) Liability to a third party for loss, damage, cost, liability or expense which would have been recoverable by such a third party under ARTICLE B of PART I had the third party been an Assured under this Policy; and
- (4) Costs and expenses incurred by the Assured for actions taken with the prior approval of WQIS to avoid or mitigate the liabilities insured against under this ARTICLE B of PART I.

ARTICLE C

This Article provides coverage for specified defense costs, as follows:

Costs and expenses incurred by the Assured with the prior consent of WQIS for investigation of, or defense against, any liabilities covered under ARTICLES A and B of PART I of the Policy.

ARTICLE D (OPTIONAL)

This Article provides coverage for certain limited U.S. civil penalties, as follows:

Administrative penalties imposed pursuant to Section 311(b)(5)(B) of the Federal Water Pollution Control Act (33 U.S.C. Section 1321(b)) as amended by the Act, hereafter "FWPCA," and arising under Section 311(b)(5)(A)(i) ONLY. Penalties imposed under any other Section of the FWPCA, any other federal statute, or any other provision of law including, but not limited to, the laws of any state or subdivision thereof, are specifically EXCLUDED. Indemnification for costs and expenses incurred by the Assured with the prior consent of WQIS for investigation of, or defense against, any liabilities covered under ARTICLE D of PART I are also included hereunder.

ARTICLE E (OPTIONAL)

This Article provides coverage for certain specified liabilities arising from the actual discharge or release of substances that are not oil under the Act or hazardous substances under CERCLA, as follows:

Legal liability imposed on the Assured for any loss, damage, cost, liability or expense arising out of the sudden, accidental and unintentional discharge, spillage, leakage, emission or release of any substance of any kind into or upon the navigable waters of the United States, the adjoining shorelines or the exclusive economic zone where such liabilities are neither included nor excluded under ARTICLES A through D of PART I, and costs and expenses incurred by the Assured with the prior consent of WQIS to mitigate the liabilities insured under ARTICLE E of PART I. Indemnification for costs and expenses incurred by the Assured with the prior consent of WQIS for investigation of, or defense against, any liabilities covered under ARTICLE E of PART I are also included hereunder. Nothing contained in ARTICLE E of PART I shall increase the limit of liability otherwise applicable or provide coverage in excess of any other Article of this Policy.

ARTICLE F (OPTIONAL)

This Article provides coverage, as follows:

(1) Liability imposed under Article 14 of the International Convention on Salvage (IMO, London, April 28, 1989).

(2) Fire fighting, salvage, offloading and disposal of cargo or removal of wreck or debris of any Vessel or cargo carried aboard any such Vessel to the extent that such actions contribute to stopping a discharge or release, preventing a substantial threat of a discharge under the Act or a threatened release under CERCLA.

(3) Costs and expenses for removal of oil and/or hazardous substances from decks and other surfaces of the Vessel that are exposed to the weather arising from its occurrence whether or not such removal is required by the designated Federal On-Scene Coordinator.

(4) Indemnification for costs and expenses incurred by the Assured with the prior consent of WQIS for investigation of, or defense against, any liabilities covered under ARTICLE F of PART I.

ARTICLE G (OPTIONAL)

This Article provides coverage for specified costs and expenses for public relations activities conducted by the Assured during the removal phase of an occurrence, as follows:

Costs and expenses incurred by the Assured with the prior written consent of WQIS for public relations during the removal phase of an occurrence arising out of the sudden, accidental and unintentional discharge, spillage, leakage, emission or release of oil or hazardous substances into or upon the navigable waters of the United States, the adjoining shorelines or the exclusive economic zone.

PART II - LIMITS

ARTICLE A

(1) (a) LIMIT APPLICABLE TO ARTICLE A OF PART I: The limit of liability under this Policy with respect to all coverage provided under ARTICLE A of PART I shall be the amount stated on the Vessel Schedule. This limit shall apply to each Vessel in each separate occurrence.

09) LIMIT APPLICABLE TO ARTICLE B OF PART I: The limit of liability under this Policy with respect to coverage provided under ARTICLE B of PART I shall be the amount stated on the Vessel Schedule. The limits of liability so stated shall apply to each Vessel in each separate occurrence.

Delete

~~Notwithstanding anything to the contrary in this Policy, it is specifically provided and agreed that WQIS at its sole option may withhold payment of any amounts claimed by the Assured under ARTICLES A and B of PART I until WQIS, at its absolute and sole discretion, is satisfied and believes that all of its known or potential liability under any evidence of insurance filed on behalf of the Assured pursuant to the financial responsibility requirements under the Act or CERCLA has been satisfied. Provided further, however, that the amount withheld by WQIS may not exceed the amount of liability covered under such evidence of insurance issued in connection with any Vessel involved in any occurrence for which liability under this Policy is claimed, less any amounts actually paid by WQIS pursuant to such guarantee and application of a deductible, if any, hereunder.~~

- (2) LIMIT APPLICABLE TO ARTICLE C OF PART I: The amounts payable for costs and expenses of investigation or defense as provided under ARTICLE C of PART I shall be in addition to the limits of liability stated in ARTICLE A (1) of PART II.
- (3) LIMIT APPLICABLE TO ARTICLE D OF PART I: The amount payable under ARTICLE D of PART I shall be applicable for each occurrence and shall be subject to an annual aggregate during the term of this Policy subject always to a per occurrence DEDUCTIBLE. The amount payable, aggregate limit and deductible shall be the amounts shown on the Declarations Page.
- (4) LIMIT APPLICABLE TO ARTICLE E OF PART I: The amount payable under ARTICLE E of PART I shall be for each occurrence and shall be the amount shown on the Declarations Page.
- (5) LIMIT APPLICABLE TO ARTICLE F OF PART I: The amount payable under ARTICLE F of PART I shall be the amount shown on the Declarations Page each occurrence.
- (6) LIMIT APPLICABLE TO ARTICLE G OF PART I: The amount payable under this Policy for costs or expenses under ARTICLE G of PART I is 60% of each approved cost or expense incurred by the Assured subject to an aggregate payment in the amount shown on the Declarations Page, each occurrence.

ARTICLE B

With respect to a claim arising from an occurrence where the Assured would be entitled to petition for limitation of, or exoneration from, liability pursuant to the Limitation of Liability Act (46 U.S.C. Sec. 181 et seq.), and the Assured fails to petition for limitation after being requested to do so by WQIS, liability under this Policy with respect to any claims that would have been subject to limitation had the Assured petitioned for limitation shall be the lesser of:

- (1) the amount to which the Assured is or would have been able to limit its liability under the Limitation of Liability Act,
- or
- (2) the amount payable under ARTICLES A(1) of PART II.

This provision shall also apply to any direct action brought against WQIS for liabilities which would have been subject to the Limitation of Liability Act had suit been brought against the Assured instead of WQIS.

PART III - GENERAL EXCLUSIONS

ARTICLE A

Notwithstanding any provision in this Policy to the contrary, this Policy does not provide coverage for any liability, loss, damage, cost or expense arising from:

~~(1) Loss of life, bodily injury, mental anguish or any other emotional, physical or mental illness;~~

- (2) Fines, penalties and punitive or exemplary damages of any kind or nature, however, this exclusion shall not apply to coverage provided under ARTICLE D of PART I when such optional coverage is in force;
- (3) The discharge, emission, release, spillage or leakage of any radioactive material or substance of any kind or nature or the threat of such discharge, emission, release, spillage or leakage;
- (4) Fire fighting, salvage or removal of wreck or debris of any Vessel or cargo carried aboard any such Vessel except to the extent that such actions are specifically taken for the sole purpose of stopping a discharge or release, preventing a substantial threat of a discharge under the Act or a threatened release under CERCLA, whether or not such actions are at the order of the designated Federal On-Scene Coordinator, however, this exclusion shall not apply to ARTICLE P of PART I;
- (5) Contractual obligations which would not have been imposed on the Assured by law;
- (6) The willful misconduct of the Assured, or the willful misconduct of the owner or operator of the Vessel if within the privity or knowledge of the Assured;
- (7) The intentional or knowing discharge, emission, release, spillage or leakage of any substance of any kind or nature from the Vessel if within the privity and knowledge of the Assured;
- (8) An act of war;

- 158 (9) The (i) operation of any Vessel utilized as pumping station, holding tank or for any other purpose while functioning as a part of a pipeline, production or gathering system (ii) the discharge, release, spillage or flow of any oil, gas or other material whatsoever from any oil, gas, thermal or other type of well being in any way worked on or drilled by the Assured.
- 159 (10) Damage to, loss of, offloading or disposal of any cargo or product (i) carried on board a scheduled Vessel or any other vessel, (ii) within any pipeline, or (iii) stored on a temporary or permanent basis ashore or at any floating or stationary facility except to the extent that such offloading or disposal of cargo or product is specifically taken for the sole purpose of stopping a discharge or release, preventing a substantial threat of a discharge under the Act or a threatened release under CERCLA. However, this Policy does insure against liability recoverable by a claimant under Section 1002(b)(2)(B) of the Act and this exclusion shall not apply to ARTICLE F of PART I.
- 165 (11) The discharge of oil or the release of a hazardous substance or the threat of such discharge or release from a vessel not on the Vessel Schedule, or from a structure, a fixed object or a floating object while such vessel, structure or object is being salvaged by the Assured under a salvage contract or agreement; or

ARTICLE B

Notwithstanding any provisions to the contrary, this Policy does not provide coverage for any cost or expense incurred by the Assured without the prior consent of WQIS, including investigation and defense costs.

However, in the event that the Assured acts to mitigate a discharge or threat of a discharge, this exclusion shall not apply to costs or expenses incurred prior to notification being provided to WQIS by the Assured for:

- 173 (1) Removal of oil arising from the sudden, accidental and unintentional spillage, leakage or emission for which liability would have been imposed under Section 1002 of the Act had the Assured not undertaken such removal voluntarily;
- 175 (2) Removal, response or remedial action for which liability would have been imposed under Section 107(a)(1) of CERCLA had the Assured not undertaken such removal, response or remedial action voluntarily; or
- 177 (3) Emergency actions taken to mitigate liabilities covered under ARTICLE B of PART I.

Provided always, however, that the Assured shall give immediate notice to WQIS of any occurrence or incident that may give rise to a claim or potential claim under this Policy.

ARTICLE C

Where the Assured, or any subsidiary, affiliated or related company or entity of the Assured, has responded to an occurrence otherwise subject to the provisions of this Policy and has incurred costs or expenses that are claimed under this Policy, the indemnity provided by this Policy shall be limited to the actual out-of-pocket costs and expenses incurred by the Assured. No reimbursement shall be payable under this Policy for profit, mark-ups, nor for any portion of costs or expenses claimed that would have been incurred by the Assured or its subsidiary, affiliated or related company or entity had there been no occurrence.

PART IV - GENERAL TERMS, CONDITIONS AND LIMITATIONS

ARTICLE A WITH MARAB'S CONSENT

- 189 (1) This Policy constitutes the entire agreement between WQIS and the Assured, and it may only be modified, amended or changed in writing by WQIS. ~~The Assured also acknowledges that the broker is solely the agent of the Assured with respect to this Policy, and is not the agent, express or implied, of WQIS.~~
- 192 (2) The Assured's breach of any warranty, express or implied, contained in this Policy shall immediately void this Policy as of the time of the breach, and no claim shall be paid under this Policy for losses arising after the breach. WQIS may, at its sole discretion, continue coverage provided that: (i) it has received written notice of the breach from the Assured; (ii) the Assured has paid any additional premium as WQIS may require; and (iii) WQIS has confirmed in writing that coverage is continued.
- 196 ~~(3) Vessels declared to WQIS and listed as port risk on the Vessel Schedule are warranted laid up and out of commission for the Policy period, and not undergoing any work, sea trials, tests or repairs.~~
- 198 ~~(4) It is warranted that no Vessel scheduled hereunder shall carry a cargo or cargo residue of a hazardous substance or oil during the term of this Policy unless declared to WQIS and any amended terms are agreed and premiums, if any, are paid.~~
- 200 (5) Unless the Vessel is declared as a tank vessel, and premium is calculated and paid accordingly, it is warranted by the Assured that the Vessel shall not at any time during the term of this Policy be operated as a tank vessel.
- 202 (6) It is warranted that the Assured shall at all times use due diligence to maintain each of the scheduled Vessels in a seaworthy condition.

ARTICLE B

This Policy is deemed to have been issued to the Assured in New York, New York, and the law applicable to the interpretation of this Policy of insurance and the rights and obligations of WQIS and the Assured hereunder shall be federal maritime law or, in the absence of federal maritime law, the law of the State of New York, except for choice of law.

The Assured expressly acknowledges acceptance of this provision, unless the Policy has been endorsed at the request of the Assured to waive or modify this provision, for which additional premium may be required.

through the contractor

ARTICLE C

In the event of any occurrence or incident, the Assured SHALL GIVE IMMEDIATE NOTICE OF SAID OCCURRENCE OR INCIDENT TO WQIS. The Assured shall not make any admission of liability, either before or after any such occurrence or incident, without the prior consent of WQIS; except that the Assured may, without the prior consent of WQIS, provide any reasonable cooperation and assistance requested by a responsible official pursuant to Section 1004(c)(2)(B) of the Act or Section 107(c)(2) of CERCLA.

ARTICLE D

through the contractor

The Assured shall immediately forward to WQIS all information, communications, processes, pleadings or other legal papers relating to any occurrence. It is a condition precedent to the payment of any claim under this Policy that, when required by WQIS, the Assured shall: (i) aid in securing information, evidence and witnesses; and (ii) cooperate with WQIS, including testifying at the request of WQIS, in the defense of any claim or suit and in the appeal from any judgment.

ARTICLE E

If, at the time of an occurrence otherwise giving rise to liability insured by this Policy, there is any other valid and collectible insurance with any other insurer covering the occurrence, the insurance afforded by this Policy shall be in excess of and shall not contribute with such other insurance, regardless of the provisions of any other insurance policy.

ARTICLE F

If the Assured shall fail or refuse to settle any claim as authorized or requested by WQIS, the liability of WQIS to the Assured shall be limited to the amount for which settlement could have been made, or, if the amount is unknown, to that amount which WQIS authorized.

ARTICLE G

WQIS shall be subrogated to all the rights which the Assured may have against any other person, entity or fund, in respect of any payment made under this Policy, to the extent of such payment, and the Assured shall, upon the request of WQIS, execute all documents necessary to secure to WQIS such rights. In the event of any agreement or act, past or future, by the Assured, whereby any right of recovery of the Assured against any person, entity or fund is released or lost, to which WQIS on payment of loss would have been entitled, by subrogation, but for such agreement or act, WQIS shall be relieved of liability under this Policy to the extent that its rights of subrogation have been impaired thereby; in such event, the right of WQIS to retain or collect any premium paid or due hereunder shall not be affected. In the event that WQIS is required to respond under this Policy, WQIS shall have full rights of subrogation against the Assured to the extent that such liability was imposed on the Assured, in whole or in part, by any act (of omission or commission) in its capacity as owner or operator of any vessel, fixed or floating object, structure or facility not insured under this Policy.

ARTICLE H

~~(1) Either WQIS or the Assured may cancel this Policy or delete any Vessel, for any reason, by giving the other party thirty days notice of such intention in writing and be delivered by hand, facsimile transmission, overnight delivery service, mail or telegraphic means sent to (i) the Assured at its last known address or (ii) WQIS at 14 Wall Street, New York, NY 10003. At noon on the thirtieth day after such notice has been sent, this insurance shall be null and void. Any such notice sent to the Assured's broker of record for this insurance shall have the same effect as if sent to the Assured direct. If this Policy, or any part hereof, is canceled by WQIS, such proportion of the premium as shall have been earned up to the time of such cancellation shall be retained by WQIS and a return of premium shall be computed on a pro rata daily basis; if canceled at the request of the Assured, the return shall be based on short rates. From any return of premium, the same percentage of deduction, if any, shall be made as was allowed by WQIS on receipt of the original premium.~~

Delete

(2) In the event of non-payment of premium within 30 days after the due date(s) hereunder, this policy may be canceled by WQIS upon 10 (ten) days written notice delivered by hand, facsimile transmission, overnight delivery service, mail or telegraphic means to the Assured at its last known address. At noon on the tenth day after such notice shall have been sent, this insurance shall be null and void. Any such notice sent to the Assured's broker of record for this insurance shall have the same effect as if sent to the Assured directly. Such proportion of premium as shall have been earned up to the time of cancellation shall be payable.

~~(3) Notwithstanding the foregoing, where WQIS has at the request of the Assured filed with the United States Coast Guard evidence of insurance to satisfy the requirements of Section 1016 of the Act or Section 108 of CERCLA, cancellation shall be effective, at WQIS' option, either in accordance with ARTICLE H (1) or (2) of PART IV or on the effective date of the termination of liability under the Certificate of Insurance.~~

Delete

ARTICLE I

No action shall lie against WQIS for the recovery of any liability, loss, damage, cost or expense sustained by the Assured unless such action is brought against WQIS within one year after a final judgment or decree is entered against the Assured, or in case

the claim against WQIS accrues without the entry of such final judgment or decree, unless such action is brought within one year from the date of the payment of such liability, loss, damage, cost or expense by the Assured. ~~This article does NOT APPLY to claims from "Federal Entities".~~

ARTICLE J

~~Unless it is declared to the contrary by the Assured and this Policy is endorsed by WQIS, it is warranted that the scheduled Vessels do not navigate outside the navigable waters of the United States and/or the exclusive economic zone. Voyages between points located within the navigable waters and/or the exclusive economic zone with no intermediate call in foreign ports shall be treated as if the entire voyage had been in the navigable waters of the United States. Any breach of ARTICLE J or PART IV shall result in a suspension of the Policy during the entire period in which the Vessel is outside the navigable waters or exclusive economic zone. Provided, however, that on the return of the Vessel in seaworthy condition to within the limits stated herein, this Policy shall re-attach and continue in full force and effect.~~

ARTICLE K

- (1) ~~In the event that the Assured becomes involved, files an action for reorganization or liquidation in any court, or is granted protection by any court, immediate notice shall be given to WQIS.~~
- (2) ~~The Assured shall also give prompt notice to WQIS in the event that any Vessel is the subject of any action or legal proceeding seeking to arrest, seize or attach the Vessel for any reason.~~

ARTICLE L

If WQIS issues any form of guarantee on behalf of the Assured pursuant to CERCLA or the Act and any applicable regulations thereunder, such guarantee shall be immediately canceled and of no further force or effect upon cancellation of this Policy. If WQIS is required to pay any claim under such guarantee on behalf of the Assured after this Policy has been cancelled or otherwise terminated, then the Assured agrees to, and shall, indemnify and hold harmless WQIS from all loss, damage, cost, liability or expense paid pursuant to such guarantee.

ARTICLE M

If this Policy is a renewal of a prior WQIS policy, it shall be considered a separate policy of insurance, and not a continuation of the prior policy.

PART V - DEFINITIONS

- (1) The following words shall have the meaning as defined in Section 1001 of the Act:

- (a) Act of God
- (b) Claimant
- (c) Exclusive Economic Zone
- (d) Gross Tonnage
- (e) National Contingency Plan
- (f) Navigable Waters
- ~~(g) Oil~~
- (h) Outer Continental Shelf Facility
- (i) Owner or Operator
- (j) Removal
- (k) Tank Vessel
- (l) United States and State
- ~~(m) Vessel~~

- (2) The following words shall have the meaning as defined in Section 101 of CERCLA:

- (a) Hazardous Substance
- (b) Remedial Action
- (c) Response

- (3) Assured means the Named Assured(s) in its capacity as an owner and/or operator of a Vessel named on the Vessel Schedules.

- (4) Occurrence means any one accident or occurrence or series of accidents or occurrences arising out of one event which gives rise or may give rise to a loss, damage, cost, liability or expense claimed under this Policy, where such event occurs on or after the Inception Date and on or before the Expiration Date shown on the Declarations Page.

Modifications to the WQIS 1998 Policy

- Article J of Part IV will be amended and coverage will be extended to any vessel while navigating on a worldwide basis. Notwithstanding the foregoing, under no circumstances shall coverage be extended to the waters of any country where from time-to-time the United States declares it to be under Foreign Asset Control Regulations or any other law or regulation that prohibits trade with such countries.
- WQIS will agree to waive its rights of subrogation against "Federal Entities" and others where agreed.
- This quote does not envision WQIS issuing evidence of insurance for any financial guarantee scheme under any law.
- Articles E, F, and G are not included.
- Coverage required is not indemnification or reimbursement coverage. Underwriters are required to make payments on behalf of MARAD and the Assureds upon receipt of a payment authority.
- Notification Requirements: We agree that MARAD is to supply the Contractor with a verbal notification immediately upon knowledge of any incident and it is the Contractor's responsibility to notify WQIS. This verbal notification is to be followed by written notification within thirty (30) days.
- It is not the intent of WQIS to restrict MARAD from responding to spills immediately. Article Q, Lines 28 & 29 apply only to advertising.
- We agree that "remediation" means the process and costs of restoring natural resources to their earlier undamaged condition, to the extent practicable.

ENDORSEMENTS TO BE ADDED TO THE POLICY:

- ❖ It is understood and agreed that MARAD retains the right to terminate this Policy in accordance with FAR 52.249-4 and FAR 52.249-8.
- ❖ It is understood and agreed that nothing contained in this Policy will be construed as a waiver of the sovereign immunity of the United States with respect to any private party or state entity. No such private party or state entity is intended as a beneficiary of the Policy.
- ❖ It is understood and agreed that the word "oil" means *"Liquid hydrocarbons regardless of specific gravity, of any kind or in any form, including, but not limited to, petroleum, fuel oil, crude oil, sludge, oil refuse and oil mixed with wastes other than dredged spoil."* It is further understood and agreed that the word "vessel" means *"The ships listed in Attachment 2 as modified by subsequent deletions and additions in accordance with the contract with the Underwriters."*

- FOREIGN TRADE CLEANUP COVERAGE -

It is hereby understood and agreed that with effect from inception, coverage is extended to include the scheduled vessels while navigating outside the "navigable waters" (as that term is defined in Section 1001(21) of the Act) of the "United States" (as that term is defined in Section 1001(36) of the Act) or "exclusive economic zone" (as that term is defined in Section 1001(8) of the Act). Notwithstanding the foregoing, this coverage shall be restricted to those locations shown below:

	
SCHEDULED VESSELS	WORLDWIDE

Notwithstanding the foregoing, the coverage provided by this Endorsement is not applicable if it is prohibited or in violation of U.S. Law.

- LAW PRACTICE AND JURISDICTION CLAUSE -

It is hereby understood and agreed that the law and practice of the United States of America shall govern this contract of insurance and all the conditions therein. ~~It is further understood and agreed that the Insurer shall have sole discretion in deciding the jurisdiction applicable to this contract of insurance and all the conditions therein.~~

Schedule 1

DTMA1R02001
Amendment 0003

18-Oct-01

Changes shown by lines

SHIP MANAGER	VESSEL ASSIGNED	VESSEL TYPE	LOCATION*
AMERICAN OVERSEAS MARINE CORP 116 E. Howard Street Quincy, MA 02169-8712 MGT POC: Robin Booth	CAPE JUBY	BB	Wilmington, NC
	CAPE JOHNSON	BB	Wilmington, NC
	CAPE JOHN	BB	Orange, TX
	CAPE JACOB	BB	PREPO
	GREEN MT STATE	BB	Bremerton, WA
	BEAVER STATE	BB	Bremerton, WA
	WRIGHT	BB	Baltimore, MD
	CURTISS	BB	San Diego, CA
CAPE NOME	BB	JRRF	
CROWLEY LINER SERVICES, INC. North Regency Two 9487 Regency Square Blvd. Jacksonville, FL 32225 PO Box 2110 Jacksonville, FL 32203-2110 MGT POC: Cole Cosgrove	CAPE LAMBERT	RO/RO	JRRF
	CAPE LOBOS	RO/RO	JRRF
	CAPE WASHINGTON	RO/RO	Baltimore, MD
	CAPE WRATH	RO/RO	Baltimore, MD
	CAPE INTREPID	RO/RO	Tacoma, WA
	CAPE ISLAND	RO/RO	Tacoma, WA
	CAPE ISABEL	RO/RO	Long Beach, CA
CAPE INSCRIPTION	RO/RO	Long Beach, CA	
INTEROCEAN UGLAND MANAGEMENT CORP. Two Echelon Plaza 221 Laurel Rd., Suite 300 All vessels listed herein are each covered for up to policy limits, without regard to OPA 90 limits based upon individual tonnage per vessel. MGT POC: Jorge Aguirre	GOPHER STATE	BB	PREPO
	FLICKERTAIL STATE	BB	Cheatham Annex, VA
	CORNHUSKER STATE	BB	Cheatham Annex, VA
	CAPE MENDOCINO	SEA BEE	JRRF
	CAPE MAY	SEA BEE	Baltimore, MD
	PETERSBURG	TKR	PREPO
	POTOMAC	TKR	BRF
	CAPE FEAR	LASH	SBRF
	CAPE MOHICAN	SEA BEE	Alameda, CA
	CHESAPEAKE	TKR	
MOUNT WASHINGTON	TKR	Houston, TX	

All vessels listed herein are each covered for up to policy limits, without regard to OPA 90 limits based upon individual tonnage per vessel.

Schedule 1

DTMA1R02001
Amendment 0003

18-Oct-01

Changes shown by lines

SHIP MANAGER	VESSEL ASSIGNED	VESSEL TYPE	LOCATION*
KEYSTONE SHIPPING	CAPE RACE	RO/RO	Portsmouth, VA
SERVICES INC.	CAPE RAY	RO/RO	Portsmouth, VA
One Bala Plaza East	CAPE RISE	RO/RO	Portsmouth, VA
Suite 600	CAPE KENNEDY	RO/RO	New Orleans, LA
Bala Cynwyd, PA	CAPE KNOX	RO/RO	New Orleans, LA
19004-1496	CAPE VICTORY	RO/RO	Beaumont, TX
	CAPE VINCENT	RO/RO	Beaumont, TX
MGT POC: Captain Louis A. Cavaliere	MN BUENAVENTURA	TKR	BRF
	MN CAPISTRANO	TKR	BRF
	ADM WM M CALLAGHAN	RO/RO	San Francisco, CA
	CAPE ORLANDO	RO/RO	San Francisco, CA
MARINE TRANSPORT LINES, INC.	CAPE EDMONT	RO/RO	Charleston, SC
1200 Harbor Boulevard, 9th Fl.	CAPE DUCATO	RO/RO	Charleston, SC
Weehawken, NJ 07098-0901	CAPE DECISION	RO/RO	Charleston, SC
	CAPE DOUGLAS	RO/RO	Charleston, SC
	CAPE DIAMOND	RO/RO	Charleston, SC
MGT POC: John M. Collins	CAPE DOMINGO	RO/RO	Charleston, SC
	CAPE HENRY	RO/RO	San Francisco, CA
	CAPE HORN	RO/RO	San Francisco, CA
	CAPE HUDSON	RO/RO	San Francisco, CA

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Schedule 1

DTMA1R02001
Amendment 0003

18-Oct-01

Changes shown by lines

SHIP MANAGER	VESSEL ASSIGNED	VESSEL TYPE	LOCATION*
MORMAC MARINE ENTERPRISES, INC. 6 International Drive Bldg 6, Suite 140 Ryebrook, NY 10573 MGT POC: Mr. Rocky Smith	CAPE ARCHWAY	BB	JRRF
	CAPE ANN	BB	JRRF
	CAPE ALEXANDER	BB	Baltimore, MD
	CAPE AVINOF	BB	Baltimore, MD
	CAPE TAYLOR	RO/RO	Houston, TX
	CAPE TEXAS	RO/RO	Houston, TX
	CAPE TRINITY	RO/RO	Houston, TX
	COMET	RO/RO	SBRF
	METEOR	RO/RO	SBRF
OCEAN DUCHESS, Inc. 16211 Park Ten Place Houston, TX 77084-5113 MGT POC: John W. Morrison	ALATNA	TKR	Tsuneishi, Japan
	CHATTAAHOOCHEE	TKR	Tsuneishi, Japan
	NODAWAY	TKR	Tsuneishi, Japan
PATRIOT CONTRACT SERVICES LLC. Mount Diablo Plaza 1 2175 N. California Blvd Suite 1000 Walnut Creek, CA 94596-3579 MGT POC: Captain Saunders A. Jones	CAPE BRETON	BB	SBRF
	CAPE BOVER	BB	Alameda, CA
	CAPE BLANCO	BB	Alameda, CA
	CAPE BORDA	BB	Alameda, CA
	CAPE GIBSON	BB	Alameda, CA
	CAPE GIRARDEAU	BB	Alameda, CA
PACIFIC GULF MARINE INC. use PO for mailing PO BOX 6479 New Orleans, LA 70174-6479 use for shipping 401 Whitney Av, Suite 211 Gretna, LA 70056 MGT POC: Dale M. Siros	DIAMOND STATE	BB	Houston, TX
	EQUALITY STATE	BB	Houston, TX
	CAPE FLORIDA	LASH	BRF
	CAPE FLATTERY	LASH	BRF
	CAPE FAREWELL	LASH	BRF
	KEYSTONE STATE	BB	Alameda, CA
	GEM STATE	BB	Alameda, CA
GRAND CANYON STATE	BB	Alameda, CA	

All vessels listed herein are each covered for up to policy limits, without regard to OPA 90 limits based upon individual tonnage per vessel.

Schedule 1

DTMA1R02001
Amendment 0003

18-Oct-01

Changes shown by lines

SHIP MANAGER	VESSEL ASSIGNED	VESSEL TYPE	LOCATION*
SOUTH ATLANTIC REGION	EMPIRE STATE	SCHOOLSHIP	Fort Schuyler, NY

U.S. Maritime Admin
South Atlantic Region
7737 Hampton Blvd
Building 4D, Rm 211
Norfolk, VA 23505

CENTRAL REGION

U.S. Maritime Admin
Central Region
Hale Boggs Federal
Building
501 Magazine St.
Room 1223
New Orleans, LA 700130-3394

WESTERN REGION

GOLDEN BEAR	SCHOOLSHIP	Vallejo, CA
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U.S. Maritime Admin
Western Region
201 Mission St
Suite 2200
San Francisco, CA
94105-3905

All vessels listed herein are each covered for up to policy limits, with out regard to OPA 90 limits based upon individual tonnage per vessel.

State School

Schoolship

State University of New York Maritime College (SUNY)
6 Pennyfield Ave
Fort Schuyler, NY

Empire State

Great Lakes Maritime Academy
1701 Front St
Traverse City, MI 49686

~~Persistent~~ STATE of MICHIGAN

California Maritime Academy
200 Maritime Academy Drive
Vallejo, CA

Golden Bear

Massachusetts Maritime Academy
101 Academy Dr
Buzzards Bay, MA

Patriot State

Maine Maritime Academy
Tarratine St.
Castine, ME

State of Maine

Texas Maritime Academy
Texas A&M University at Galveston
Galveston, TX

Texas Clipper II

All vessels listed herein are each covered for up to policy limits, without regard to OPA 90 limits based upon individual tonnage per vessel.