

## VHT e.V. - Information Sheet 2014

### 1. Task of the Verein Hanseatischer Transportversicherer e.V. (VHT) for the German Market of Marine Underwriters

#### 1.1. Applicability of the VHT Information Sheet and Principal of the VHT

Subject to its General Terms and Conditions, the Verein Hanseatischer Transportversicherer e.V. (hereinafter the "VHT") accepts engagements for the handling of insurance matters if at least one of its members is involved as an insurer. This is regularly the case if the insurance contract refers to the current version of this VHT Information Sheet and incorporates its contents into the insurance contract. Participating co-insurers shall be joint principals of the VHT (hereinafter collectively referred to as the "Principal"), represented by the lead underwriter, in turn represented, as the case may be, by their agents (Assekurateur) within the scope of existing authority, in accordance with the corresponding insurance contract under which the policyholder or the insured (hereinafter collectively referred to as the "Insured"), represented by its broker, if applicable, has submitted a claim.

#### 1.2. Engagement by the Principal, the Insured, or the Broker

The Insured and its broker (hereinafter collectively referred to as the "Mandator") are deemed authorized by the Principal to engage the VHT on behalf and for the account of the Principal. The VHT is not obligated to accept any such engagement. Prior to accepting the engagement, the VHT shall first notify the lead underwriter without delay. The Insured or its broker shall be notified without undue delay by the VHT of its acceptance or refusal of an engagement entrusted to it in said manner. Any submission of a claim to the VHT by the Insured, respectively its broker, shall be deemed an engagement within the meaning set forth above. The VHT shall be deemed authorized by the Principal to accept the notice of loss and submission of the claim. The VHT is not authorized to accept any submitted claim. The authority of the agent (Assekurateur) of the lead underwriters shall, notwithstanding the aforementioned provisions, continue in accordance with existing arrangements.

#### 1.3. Subject-Matter of the Engagement

The subject matter of the engagement shall be sufficiently specified by the Mandator upon entering into the contract. If the engagement is offered verbally, the subject matter thereof shall be reduced to writing by the Mandator in text form in a sufficiently detailed manner. Otherwise, the VHT is entitled to confirm the subject matter of the engagement in text form to the Principal and the Mandator in a binding manner.

#### 1.4. Regular Tasks of the VHT

Generally, the VHT performs the following services as part of an engagement:

- 1.4.1. Claims management, damage surveys, certification and support in recoveries;
- 1.4.2. Giving advice and support in cases of average, distress, salvage and collisions;
- 1.4.3. Inspections of vessels and other objects that may be the subject matter of an insurance contract, e.g. in the event of obtaining new insurance cover;
- 1.4.4. Advice specifically in matters of transfer of vessels, resumption of their operations and their lay-up;
- 1.4.5. Warranty Surveys (approvals) for towage and similar projects;
- 1.4.6. Obtain and evaluate quotations for repair services and assistance with calls for tenders;
- 1.4.7. Any other such engagement that can be assumed by the VHT taking its expertise and availability into account.

#### 1.5. Current Version of the VHT Information Sheet Applicable to Services Performed under the Engagement

The manner of performance by the VHT under the engagement entrusted to it is set forth in the respective current version of this VHT Information Sheet. The current Information Sheet is available on the VHT's website and shall be promptly forwarded in text form to the Principal and the Mandator upon request. Individual agreements under the engagement, if any, and the General Terms and Conditions take precedence over the VHT Information Sheet in its version applicable at the time of engagement.

#### 1.6. Impartial Performance

The VHT agrees to perform the contractual services in an unprejudiced and impartial manner. The VHT shall conduct all required customary investigations, make inquiries, perform the required calculations, prepare records and draw up reports. The VHT is not subject to instructions from the Mandator.

#### 1.7. Subcontracting

The VHT is entitled to commission third parties on behalf and for the account of the Principal. This shall include, but is not limited to, surveyors, experts, adjusters, laboratories and legal advisors if and to the extent considered expedient within the scope of the performance of the VHT's services. The VHT is further entitled, but not obligated, to subcontract work in its own name but for the Principal's account.



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## **2. Support and Cooperation by the Insured**

Within the scope of its obligations to the Principal under the insurance contract, the Insured must provide the VHT without delay with any information, documents and technical records required by it for the performance of its services. Within the same scope, the Insured shall provide the VHT access to facilities and locations and allow the VHT to question its personnel to the extent deemed necessary by the VHT for the performance of its services. The Principal hereby authorizes the VHT to rely in relation to the Insured on any and all rights which the Principal derives from the insurance relationship with the Insured with regard to providing information, the submission of documents and technical records, access to facilities and locations and the personnel of the Insured.

## **3. Transmission of Inspection reports**

The VHT shall also transmit to the Insured any and all survey reports provided to the Principal.

## **4. Remuneration of the VHT**

**4.1.** The VHT is entitled to remuneration from the Principal in accordance with the Price and Specification of Services List in force and effect at the time of the engagement of the VHT. In addition to this, the VHT shall also be reimbursed any expenses and costs incurred for the performance of its services, including any travel expenses and lump sum communication fees. Where services provided by the VHT are not listed in the Price and Specification of Services List, the VHT shall be entitled to charge a fee that is customary in the market.

**4.2.** The VHT may request from the Principal reasonable advance payments on account of the remuneration and the expenses and costs to be expected, and submit intermediate accounts to a reasonable extent. Once all services under the engagement have been performed, the VHT shall submit its final invoice. All invoices are due and payable within thirty (30) days of receipt.

**4.3.** When issuing its invoices, the VHT shall consider that the Principal is the recipient of the services, not the Insured. In general, all invoices shall be issued by the VHT to the lead underwriter, indicating the statutory VAT as a separate item.

**4.4.** As an exception to the provisions under Sub-clause 4.3 above and if expressly instructed by the lead underwriter, the VHT shall instead issue invoices in the proportionate amounts to the co-insurers, with the statutory VAT amount shown as a separate item, provided that the VHT receives the full company names, business addresses and percentage of participation of the co-insurers in the underlying insurance contract. The Insured has the obligation to support the VHT - if necessary by providing adequate instructions to its broker, - in the proper issuance of invoices in compliance with the requirements of German and European legislation regarding VAT. If necessary, the Insured shall instruct its broker to provide the VHT with all required information for this purpose.

**4.5.** The Insured has the obligation to instruct its broker to collect the invoices issued by the VHT from the co-insurers. Upon the VHT's request, the Insured shall instruct its broker to collect the amounts of the VHT's invoices from the co-insurers and to transfer such amounts to the VHT. The VHT may alternatively collect the amounts on its own or instruct a service provider to collect the amounts, the costs thereof for the account of the Insured. The Principal has the obligation to provide the VHT for this purpose with a list of all insurers involved with the respective insurance contract and of all brokers involved in placing this risk, including addresses and contact persons.

## **5. Insured's Own Expert**

Pursuant to the insurance contract, the Insured shall be entitled at any time to commission its own expert to inspect the damage, to survey and assess it.

## **6. Principles Applicable to the Assessment of the Dock and Repair Costs**

The VHT generally certifies dock and repair costs in connection with a loss for which the Insured has submitted a claim for cover under the insurance contract as follows: To the extent that work is performed that is both due to an average and not due to an average (work performed for purposes and for the account of the shipowner), the costs shall be allocated by the VHT to the Insured and the Principal, respectively, in proportion to the cause thereof.

### **6.1. Dock Costs**

Dock costs include all expenses necessary to place a vessel in a dock (floating dock, dry dock, slipway, etc.) for the purpose of performing repair and/or maintenance work and, upon completion of the work, to return the vessel from the dock to a pier. Dock costs further include the costs of shifting from the unloading pier or shipyard pier to the dock and back from the dock to the shipyard pier or loading pier (including pilot charges, costs for the tugboat and mooring, but excluding overtime surcharge). In addition to this, the costs for docking and undocking, demurrage and a surcharge for docking and undocking outside regular working hours (substituted expenses up to the number of days of laytime thereby saved) are also part of the dock costs. The VHT will also take into account dock costs in the case that damages due to an average are only discovered during docking time and are subsequently repaired in the dock, to the extent that docking was necessary for the repair of those damages.

## **6.2. Allocation of Costs for Additional Work**

When dock work due to an average is performed at the same time as work for purposes of the shipowner, i.e. work for which the Insured cannot claim compensation under the insurance contract, the dock costs shall be allocated in part to the Insured and in part to the Principal. If surcharges are incurred for docking and undocking outside regular working hours avoiding charges for the dock, these substituted expenses shall be borne proportionately by the Insured and the Principal. The dock charges shall be shared on a pro-rata basis for the required dock work between the Insured and the Principal.

## **6.3. Costs Incidental to the Repair**

Costs incidental to the repair include all general expenses for the stay of the vessel at the shipyard incurred in addition to the dock costs and the repair and reconditioning costs. Costs for shifting to the shipyard (for pilots, tugboats and mooring) shall be allocated proportionately to the Insured and the Principal in cases in which work is performed that is both due to an average and not due to an average (work performed for purposes and for the account of the shipowner). This shall also apply to the costs of a fire hydrant. The costs of a fire watch during the laytime at the shipyard shall be adequately allocated by the VHT between the Insured and the Principal based on a case-by-case decision taking the circumstances of each case into account. This shall also apply to the costs of a certificate stating that the vessel is free of gas. The costs of the removal of gases from the vessel for the duration of its laytime at the shipyard will be shared proportionately between the Insured and the Principal in cases in which work is performed that is both due to an average and not due to an average (work performed for purposes and for the account of the shipowner), as are the costs for electrical power supply. If repair work due to an average is carried out with the vessel afloat and/or in dock and the vessel's own power supply can be used, the costs incurred thereby shall be deemed general operating expenses of the vessel and shall not be taken into account. If the repair work due to an average is carried out in the dock and the vessel's own power supply cannot be used, one third of the costs for the power supplied by the shipyard shall be assumed by the Principal of the VHT. The telephone connection costs shall be shared proportionately between the Insured and the Principal. Telephone communication costs (exclusive of private conversations of the crew) shall be reasonably shared between the Insured and the Principal as appropriate in each individual case. The costs of the connection to and the supply of cooling water during the laytime at the shipyard as well as the costs of the provision of sludge containers shall be at the expense of the Insured.

## **6.4. Other Costs**

The costs for guarding the vessel during the laytime at the shipyard shall be allocated to the Insured and the Principal, respectively, on a pro-rata basis. The Principal shall reimburse 25% of the air freight charges for spare parts, respectively, if applicable, up to the amount of substituted expenses. Substituted expenses mean the repair costs, costs incidental to the repair and other costs saved in so far. With regard to the crew costs in the case of repair work due to an average, the Principal shall assume 1/173 of the crew's pay rate, as applicable from time to time, per hour at the shipyard. For a German crew, the German crew pay rates apply, for a foreign crew, the Insured must provide evidence of the rates, or the applicable ITF rate applies, as the case may be. Alternatively, crew costs may be certified at the Insured's option on the basis of evidence of actual costs by the Insured or on the basis of a flat rate of EUR 13 per hour. The allocation of costs for the cleaning of tanks by the crew shall be based on the degree of soiling. A rate of EUR 0.26/m<sup>3</sup> shall form the basis for "finished products" or "clean cargo", as applicable. In the event of "dirty cargo", a rate of EUR 1.00/m<sup>3</sup> will be approved by the VHT. The respective decision shall be based on a reasonable evaluation of prevailing circumstances.

Agency costs are to be allocated on a reasonable basis if the agency is involved in repair work due to an average.

## **7. Fees, Reimbursement of Outlay and Expenses**

The VHT will in its certification include the costs claimed for workings of the shipowner's technical inspectors up to the amount charged by the expert engaged by the VHT in a separate account from the otherwise certified damage costs. Alternatively, the VHT may set out separately in its certification such costs of the Insured of another expert commissioned by the Insured, which are reasonable and customary at the respective location.

## **8. No Confirmation of Cover**

The certification by the VHT does not constitute an acceptance of an insured event or a confirmation of cover under the insurance contract, respectively. The certification is rather independent therefrom and is subject to cover by the VHT's Principal. The same applies to possible recommendations for on account payments by the VHT.

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VEREIN HANSEATISCHER TRANSPORTVERSICHERER e.V.