

Some of the words Underwriters use have a special meaning in this insurance. If a word is in **bold** type, please read the definitions section.

All information provided by the **assured** or their agent in connection with this insurance forms the basis of and is incorporated into this insurance.

INSURED LOSSES

The Underwriters agree to indemnify the **assured** up to the limits of liability shown in the schedule in respect of the following insured losses sustained solely and directly as a result of **insured events** which occur during the **period of insurance**, subject to the following terms, conditions, exclusions and definitions.

1. **Ransom** which has been surrendered; in the case of marketable goods or services, Underwriters shall pay the actual cash value thereof at the time of surrender.
2. The loss in transit of a **ransom** by actual damage, destruction, disappearance, confiscation, seizure, theft or wrongful abstraction while being conveyed to the order of such persons as have demanded it by any person who is duly authorised to do so by the **assured** or an **insured person**.
3. The fees and expenses of Control Risks or, with the prior approval of Underwriters, other independent crisis management consultants.
4. Additional expenses, being expenses necessarily incurred following, and for the duration of, an **insured event** by the **assured** or the **insured person(s)** and which shall comprise:
 - i. the fees and expenses of an independent negotiator engaged by the **assured** with the prior authorisation of Underwriters;
 - ii. the fees and expenses of an independent public relations consultant, or interpreters;
 - iii. the reasonable costs of travel and accommodation incurred by the **assured** or an **insured person**;
 - iv. the cost of travel of a **kidnap** victim and his family to the country of which the victim is a national and the travel costs of a replacement of a **kidnap** victim and his family to the country in which the **kidnap** occurred. These costs shall only apply once per **insured person** per **kidnap**;
 - v. the fees for independent psychiatric care, medical care, legal advice or other related professional support services incurred prior to the release and within thirty six months following the **insured event**;
 - vi. the reward paid by the **assured** or an **insured person** to an **informant** for information which directly assists the **assured** or an **insured person** in their negotiations and/or assists to obtain the safe release of a **kidnap** victim or an **illegally seized property of the assured** or which leads to the arrest and conviction of parties responsible for an **insured event**;
 - vii. **personal financial loss**;
 - viii. 100% of a **kidnapped insured person's** gross salary, including bonuses, commissions, cost of living adjustments, foreign tax reimbursements, pension and/or welfare contributions and allowances which were contractually due or could reasonably be expected based on past performance at the time the **insured event** occurs and for 60 days following the victims release;

INSURED LOSSES

- ix. the costs incurred by the **assured** for the salaries of employees specifically designated to assist in negotiating on any **insured event**, not to exceed the employees base rate of pay. Underwriters will also cover all other reasonable expenses solely and directly incurred in connection with such negotiations, provided that the **assured** forwards an itemised account of such employees time, services and expenses;
- x. the costs and expenses incurred in retraining an **insured person** following their release from a **kidnapping**. Underwriters will also pay the **insured person's** base rate of pay during such retraining;
- xi. the sums payable by way of interest on loans raised specifically to meet an Insured Loss and in respect of amounts subsequently reimbursed hereunder, provided the loan is repaid within seven days of the **assured** receiving reimbursement of the same from Underwriters;
- xii. the costs, fees and expenses of temporary security measures solely and directly for the purpose of protecting **insured persons** located in the country where an **insured event** has occurred and on the specific recommendation of Control Risks;
- xiii. the costs of communication equipment, recording equipment and advertising incurred solely and directly to obtain the release of a **kidnapped insured person** or **illegally seized property of the assured**;
- xiv. the reasonable fees and expenses of independent forensic analysts engaged by the **assured**;
- xv. the reasonable rest and rehabilitation expenses, including meals and recreation expenses incurred by the **kidnap** victim and their spouse and/or children, incurred within 18 months following the release of the **kidnap** victim;
- xvi. the reasonable costs of cosmetic or plastic surgery which is required to correct any permanent disfigurement sustained by an **insured person** solely and directly as a result of an **insured event**;
- xvii. the reasonable cost of getting any **ransom** to the perpetrators of the **kidnap** and/or **illegal seizure**;
- xviii. the cost of fuel oil used by the **illegally seized vessel(s)** solely and directly as a result of and only for the duration of an **insured event**;
- xix. the reasonable costs incurred and paid to the port authorities for the **illegally seized vessel(s)** calling at an unscheduled port solely and directly as a result of an **insured event**. Underwriters will only cover such costs for up to, but not exceeding, 21 consecutive days from the end of the **illegal seizure** of the said **vessel(s)**.
- xx. the payments made to third party negotiators, agents or intermediaries purporting to represent during an **insured event** those persons holding captive **insured person(s)** or **vessel(s)**, with the Underwriters' prior approval.
- xxi. all other reasonable expenses incurred following, and for the duration of an **insured event**, by the **assured** or **insured person(s)** with the Underwriters' prior approval.

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5. Legal Liability, being settlements or awards, fees and judgements imposed upon and paid by the **assured** as a result of an action for damages brought by or on behalf of any **insured person(s)** or his or their legal representative or shareholders solely and directly as a result of a **kidnap**. However:
 - i. the **assured** shall neither admit any liability for, nor settle, any claim, nor incur any costs or expenses without the prior written agreement of Underwriters;
 - ii. Underwriters shall have the right to defend any such suit against the assured and may make whatever investigation and settlement of any claim or suit they deem expedient and the law allows, and the assured shall co-operate fully with Underwriters in all things in connection therewith.

Defence costs incurred by Underwriters, or with their prior written agreement, are payable in addition to the limit for Legal Liability. However, if the total amount for all settlements, awards and judgements to which such costs refer exceeds this limit, this Policy shall pay only that proportion of defence costs which the limit bears to the total of such settlements, awards and judgements.

DEFINITIONS

Assured	as specified in the schedule.
Illegal seizure/illegally seized	the illegal actual or alleged taking, in the territory specified in the schedule, and holding of the property of the assured by persons who then demand specifically from assets of the assured a ransom as a condition of the release of such property of the assured .
Informant	a person providing information not otherwise obtainable and solely in return for a monetary payment and/or other reward by the assured .
Insured person	<ol style="list-style-type: none"> i. as specified in the schedule; ii. a guest or customer of the assured while on board the vessel(s); iii. a person who is temporarily employed for the sole purpose of negotiating and/or delivering a ransom.
Insured event	a kidnap or an illegal seizure or a series thereof. If it is evident from the demand(s) or the making of such demand(s) that the kidnap(s) and/or illegal seizure(s) are or were carried out in furtherance one of another, they shall be deemed to be connected and will constitute a single insured event . Nevertheless, there shall be no liability hereunder in respect of a series of kidnaps or illegal seizures the first of which began before the period of insurance .
Kidnap/kidnapped	the illegal actual or alleged taking, in the territory specified in the schedule, and holding captive of one or more insured persons by persons who then demand specifically from assets of the assured or an insured person a ransom as a condition of the release of such captive(s).
Period of insurance	the time for which this policy is in force as shown in the schedule.
Personal financial loss	loss suffered by an insured person solely and directly as a result of their physical inability to attend to their personal financial matters.

DEFINITIONS

Property of the assured	the vessel(s) and/or its(their) cargo owned, leased or chartered by the assured and for which the assured is legally liable.
Ransom	cash and/or marketable goods or services surrendered or to be surrendered by or on behalf of the assured or an insured person(s) to meet a kidnap or an illegal seizure demand.
Vessel(s)	the vessel(s) on the schedule as agreed and seen by Underwriters.

CONDITIONS

1. When the **insured event** has occurred, or is believed to have occurred, the **assured** must:
 - i. inform Underwriters and Control Risks and provide whatever information is required as soon as is practicable and inform or allow Control Risks to inform the appropriate authorities responsible for law enforcement in the country where an **insured event** has occurred of the **ransom** demand as soon as is practicable having regard to the personal safety of the victim;
 - ii. before agreeing to the payment of any **ransom**, make every reasonable effort to:
 - a. determine that the **insured event** has actually occurred and is not a hoax;
 - b. ensure that a senior official of the **assured** agrees to the payment of the **ransom**;
 - iii. when requesting the reimbursement hereunder of a **ransom**, be able to demonstrate that such **ransom** had been surrendered under duress.
2. The **assured** shall use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any insured losses.
3. The **assured** and **insured person(s)** must at all times use best efforts to ensure that knowledge of the existence of this insurance is restricted as far as possible.
4. Underwriters' liability hereunder shall in all cases be limited to the amount shown in the schedule. Specifically, but without limiting the generality of the foregoing, Underwriters' liability shall not be increased because:
 - i. the **assured** may comprise or include more than one legal entity. If more than one legal entity is named in this policy, only the first-named shall have any right to make, adjust, receive or enforce payment of any claim;
 - ii. of renewal of this policy. Underwriters' liability shall not be cumulative from one **period of insurance** to another;
 - iii. of any other reason whatsoever.
5. This policy may be cancelled by Underwriters solely as a result of non-payment of premium by the **assured**. In such an event, Underwriters shall mail written notice of not less than 30 days of the effective date of cancellation and earned premium shall be calculated on a pro rata basis.

CONDITIONS

6. No assignment of the **assured's** interest hereunder shall be binding on Underwriters.
7. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy, or prevent Underwriters from asserting any right under this policy, nor shall the terms of this policy be waived or changed except by endorsement to form part of this policy.
8. Failure by Underwriters to exercise or enforce any right hereunder will not be deemed to be a waiver of such rights nor operate so as to bar the exercise or enforcement thereof at any time thereafter.
9. All amounts shown in this policy are in the currency stated in the Schedule. Losses will be adjusted and paid in the stated currency, unless directed otherwise by the **assured**.

In the event of a loss adjustment involving currency conversion, the exchange selling rate will be calculated using the rate of exchange published in The Financial Times on the date of loss.

If The Financial Times was not published on the stipulated date, the rate of exchange will be as published on the next business day.

10. If the **assured** has not told Underwriters about or has misrepresented any facts or circumstances which might affect Underwriters decision to provide insurance or the terms of that insurance, or the **assured** has made a false claim, Underwriters can refuse to pay a claim or Underwriters can treat this insurance as though it had never existed.
11. Unless some other law is agreed in writing, this insurance is subject to the laws of the Federal Republic of Germany.
12. 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.
13. The Underwriters waive all rights of subrogation against the Assureds' Hull and Machinery insurers and/or Assureds' Marine War Risks insurers

EXCLUSIONS

This insurance does not cover the following:

1. Any loss or damage to the **property of the assured**.
2. Loss caused by or arising from or attributable to the surrender of a **ransom** in any face to face encounter, unless surrendered by a person who is in possession of such **ransom** at the time of such surrender for the sole purpose of conveying it to pay a previously communicated **ransom** demand.
3. Loss caused by or arising from or attributable to the surrender of a **ransom** at the location where the **kidnap** of one or more **insured person(s)** occurs or where the **illegal seizure** occurs unless brought to such location after receipt of the **ransom** demand for the sole purpose of paying such **ransom** demand.
4. Any fraudulent, or criminal act of the **assured**, a director, officer, employee or agent of the **assured**, or an **insured person** or agent thereof, whether acting alone or in collusion with others.
5. The surrender of cargo, goods, and/or cash being transported by the **vessel(s)** for use as a **ransom**;
6. The surrender of the **vessel(s)** for use as a **ransom**.

WARRANTY

The **assured** warrant that throughout the currency of this insurance that they will maintain valid Hull and Machinery, Shipowners' Protection and Indemnity, and War Risks Insurance for any of the **vessels** covered by this insurance. Failure to comply with this Warranty shall render this insurance null and void from the start of this insurance.

NOTICE TO THE ASSURED**Complaints**

Complaints should be directed to your broker or Hiscox Europe Underwriting Limited in the first instance. If you remain dissatisfied complaints can be directed to Lloyd's Policyholder & Market Assistance, 1 Lime Street, London EC3M 7HA, United Kingdom, the German Federal Supervisory Authority for Financial Services (BaFin, Sektor Versicherungsaufsicht, Graurheindorfer Str. 108, 53117 Bonn, Germany) or the British Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR, United Kingdom.

Furthermore, the insurer is a member of the insurance ombudsman association in Germany (Versicherungsbund e. V.)

This therefore enables the policyholder to avail of the services of the independent and neutral ombudsman should the policyholder not be in agreement with a decision. In this case, the policyholder needs to send a corresponding letter of complaint to the address listed below. The procedure is free of charge for the policyholder and does not affect the policyholder's right of recourse to the courts.

Versicherungsbund e. V.
Postfach (P.O. Box) 08 06 32
10006 Berlin, Germany

Tel.: + 49 (0)1804/22 44 24
Fax: + 49 (0)1804/22 44 25
E-mail: beschwerde@versicherungsbund.de

EMERGENCY CONTACT DETAILS

In the event that an Insured Event occurs or is believed to have occurred Control Risks should be contacted immediately on the following numbers

Telephone: +44 20 7939 8900 (24 hours)

Facsimile: +44 20 7970 2231