



**GALATEA**

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## **Confidential**

### **Proposal form for ship managers' professional negligence insurance**

- This form may also be completed by your authorised insurance broker.
- If you have insufficient space to answer any questions, please attach a separate sheet.
- Should your company be involved in additional operations to ship management, please ensure that you complete Galatea's general proposal form so that these activities may be covered by the insurance.

#### **Your company name and address:**

**Telephone**

**Fax**

**E-mail**

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#### **IMPORTANT**

- The insurance cover provided to ship managers is based on the understanding that the ship manager carries out his functions under the ship management contract "as agent for" his shipowner principal. A typical ship management contract will therefore include a "ratification and agency clause" on the lines set out on page 3.
- Insurance will only be offered when the ship management contract contains an appropriate clause restricting or limiting the ship manager's liability. An example of an acceptable clause is that contained in the BIMCO "Shipman" contract which is also set out on page 3.
- Please list the ships under your management on page 2.
- The term "ship management" covers a wide range of activities ranging from consultancy to the performing of all the functions of a shipowner. However, unless specifically declared and agreed by the company, only those activities or services performed under a specific ship management contract will be insured. The table on page 2 lists the main activities undertaken by ship managers and we would ask you to indicate which activities you undertaken for each ship.
- Please note new building supervision will only be insured if specifically agreed.



**Please confirm you are always co-insured on the owners' insurance policies**  
*(It is a condition of the insurance we provide that you are named as co-assured on the owners' P&I and hull insurance policies).*

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**Do your contracts contain a force majeure clause along the following lines?**

*"Neither the owners nor the Managers shall be under any liability for any failure to perform any of their obligations hereunder by reason of any cause whatsoever of any nature or kind beyond their reasonable control."*

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**Do your contracts contain a ratification and agency clause along the following lines?**

*"In carrying out its obligations hereunder, the manager is acting as agent of the owner. The owner hereby ratifies and confirms and undertakes at all times hereafter to ratify and confirm and to procure their relevant subsidiaries to ratify and confirm all lawful conduct of the manager, its servants, agents and sub-contractors in or about the performance of their obligations under this agreement."*

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**Do your contracts contain a clause limiting your liability**

*"The Managers shall be under no liability whatsoever to the owners for any loss, damage, delay or expenses of whatsoever nature whether direct or indirect (including but not limited to loss of profit arising out of or in connection with detention or delay to the ship) and howsoever arising in the course of performance of the management services."*

UNLESS

*"same is proved to have resulted solely from the negligence, gross negligence or wilful default of the managers or their employees or agents, or sub-contractors employed by them in connection with the ship, in which case (save where loss, damage, delay or expense has resulted from the managers' personal act or omission committed with the intent to cause same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of ten times the annual management fee payable hereunder."*

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**Do your contracts contain a clause providing you with an indemnity**

*"Except to the extent and solely for the amount therein set out that the managers would be liable under clause (i) above the owners hereby undertake to keep the managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of the Agreement, and against and in respect of all costs, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which the managers may suffer or incur (either directly or indirectly) in the course of the performance of this agreement."*

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**Do your contracts contain a Himalaya clause?**

*"It is hereby expressly agreed that no employees or agents of the managers (including every sub-contractor from time to time employed by the managers) shall in any circumstances whatsoever be under any liability whatsoever to the owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in conjunction with his employment and, without prejudice to the generality of the foregoing provisions in this clause, every exemption, limitation, condition and liability herein contained and every right exemption from liability, defense and immunity of whatsoever nature applicable to the managers or to which the managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the managers acting as aforesaid and for the purpose of all the foregoing provisions of this clause the managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be his servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this agreement."*

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**Do you sub-contract any of the activities which you undertake to companies that will not be shown as co-insured in you policy?**

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**If yes, do you maintain your rights of recourse for their errors and omissions?**

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**Do you require that these companies have insurance for their errors and omissions?**

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**Have you received quality assurance certification?**

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**Declaration**

We declare that the information and answers given in this form are true to the best of our knowledge and belief and that we have not mis-stated or suppressed any material facts that might influence the assessment of the risk. We also understand that completion of this form does not bind insurers or mean we will accept this insurance but, if terms are agreed, it will form part of the contract.

**Name:**

**Position:**

**Signed:**

**Date:**