



Water Quality Insurance Syndicate
POLICY FORM 2007
June 4, 2007

WQIS has introduced the WQIS POLICY FORM 2007 with effect from June 4, 2007. In order to assist our Assureds and our Brokers we offer the following general comments on this major revision of the 1998 clauses.

PART I Coverage

COVERAGE A

This section covers the main liabilities under OPA 90'. Coverage is as before except that two new Sections of the Act are being added.

COVERAGE A(3) adds Section 1007 which provides coverage for foreign claimants including the provision that allows recovery anywhere in the world if the oil spilled was loaded in Valdez Alaska. This Valdez provision is not covered, but may be added by endorsement.

COVERAGE A(4) adds coverage for liabilities under Section 1009 of the Act which allows any person to bring an action against any other person who is liable or potentially liable under the Act.

COVERAGE B

This section covers as before.

COVERAGE C

This section covers as before.

COVERAGE D

Class I and Class II civil penalties.

COVERAGE E

This section covers as before.

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COVERAGE F

The coverage for the Article 14 of the international Salvage Convention has been moved to COVERAGE J and two new coverages have been added.

COVERAGE F (3) provides coverage for circumstances where third parties load oil onboard a vessel without the knowledge of the owner/operator. This generally happens in the dead of night and allows that third party to rid itself of waste oil with out having to pay for it.

COVERAGE F(4) provides coverage for the offloading of a Vessel where demanded by the Federal On-Scene-Coordinator after an occurrence even when the oil does not present a substantial threat of pollution.

COVERAGE G is as before however it has been amended to confirm that both COVERAGE A & B cover public relations conducted as part of the removal phase with this section covering the additional costs that are not removal costs.

COVERAGE H is new and provides coverage for liabilities arising under other federal statutes than OPA and CERCLA where such costs would have been covered under OPA or CERCLA. Examples of this include the National Marine Sanctuaries Act and the National Seashore Act both of which authorize the government to impose liabilities on vessels discharging oil or hazardous substances into or onto the seashore or sanctuary.

COVERAGE I is new and allows for automatic acquisition of small non-self-propelled vessels.

COVERAGE J includes Article 13 of the international Salvage Convention but also confirms that on voyages between US ports the policy covers the major international pollution conventions and when the policy is endorsed for areas outside of US waters the conventions are also covered.

COVERAGE K is new. Public Vessels are excluded from liability under OPA 90 when they are not engaged in commerce. Previously WQIS would endorse the policy when coverage was needed to provide for liability. Now public vessels may be insured without the need of an endorsement.

COVERAGE L is new. It provides coverage for liability arising under state law up to the policy limit purchased.

COVERAGE M confirms the coverage when an assured acts to mitigate the loss.

PART II Limits

The limits being offered are the same limits as previously offered by WQIS.

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PART III Exclusions

Exclusion (9) from the 1998 policy form dealing with vessels utilized in production services has been deleted. Three new Exclusions have been added:

ARTICLE A(11) excludes risks which are against public policy or regulation and was added because of the increased international coverage. Actions that are against public policy in the US may not be against public policy elsewhere.

ARTICLE A(12) While COVERAGE F has expanded the offloading coverage in the policy WQIS has added this exclusion to confirm we do not cover the costs and expenses involved for cleaning and offloading incurred for the purposes of repair or work on the vessel..

ARTICLE(13) this new exclusion is to confirm it is only the Assured's vessels WQIS insures.

PART IV General Terms and Conditions

The key Changes are:

ARTICLE A(2)(e) this is a new warranty that the assured must give notice of a change in flag or country of registry as there are implications under International Conventions.

ARTICLE A(2)(f) was added for similar reasons as above.

ARTICLE C has been amended to emphasize that immediate notice must be given by telephone.

ARTICLE D has been clarified as a warranty and that we expect to receive copies of reports and survey material from the Assured.

ARTICLE N was added, however clause (1) was moved from the old ARTICLE A and clause (2) is added for clarity.

PART V Definitions

The definitions have been up-dated and a new definition (8) for the Policy has been added.

Note: The forgoing Policy overview is explanatory only and does not alter or augment the terms of the WQIS Policy Form 2007. Any inconsistencies or discrepancies between this overview and the terms and conditions of the WQIS Policy Form 2007 are to be interpreted consistent with the Policy Form.

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