

1. Under this insurance Agreement, the Contractor undertakes to pay indemnities and other insurance benefits if an insurance event occurs. The Ordering Party undertakes to pay a premium.
2. This insurance contract shall cover:
 - Hull and Machinery, Disbursements and Protection & Indemnity Insurance of the owner of rescue and anti-pollution vessels
 - Hull and Machinery and Protection & Indemnity Insurance of the owner of rescue runners and rescue boats
 - Insurance of an anti-pollution and rescue equipment and submersible with its equipment
 - Personal accident insurance for vessel crew
 - Personal effects insurance for vessel crew

The Ordering Party plans the following investments in 2019:

- modernization of m/s Czesław II - increase in value by ca. PLN 1.1 million
- purchase of boats - PLN 1 million

PART I - MARINE INSURANCE

I. HULL AND MACHINERY, DISBURSEMENTS AND PROTECTION AND INDEMNITY INSURANCE OF THE OWNER OF RESCUE AND ANTI-POLLUTION VESSELS

1. Description of the subject-matter insured

The subject of insurance shall be the ships listed in Appendix No. 1 and in the possession of the Ordering Party, rescue ships and ships for combating spills together with their equipment.

The sum insured for a given vessel is its value in U.S. dollars (USD), declared by the Ordering Party in column 12 of Attachment No. 1.

In the case of units 8, 10, 11, 12, the sum insured shall be divided into 80% of the sum insured under Hull and Machinery insurance and 20% of the sum insured under Disbursements insurance.

The limit of liability for a given ship is the limit specified in the Special Drawing Right (SDR) units, declared by the Ordering Party in column 13 of Appendix No. 1. The amounts of liability limits result from the Maritime Code Art. 97 §1 and Art. 101.

Scope of navigation: Baltic Sea up to 8° E longitude, according to the swimming range defined in the vessel's documents. If, during the rescue operation, the scope of sailing of a given vessel, specified in its documents, is exceeded, this does not release the Contractor from its liability under the policy.

The Maritime Search and Rescue Service, which is the Ordering Party in this procedure, declares that all rescue ships, spill combating ships and rescue boats have a valid safety card and a valid class certificate.

2. Insurance conditions

2.1. Hull and Machinery

The insurance shall be concluded on the basis of the Institute Time Clauses-Hulls 1/1/95 amended as follows:

2.1.1. The insurer's liability for collision damages (clause 8) is extended to 4/4

2.1.2. The cover is extended to damages caused by wave action due to excessive speed of passing vessels (so-called collision without contact).

2.1.3. Collisions with fixed and floating objects are included in the scope of insurance.

2.1.4. The scope of cover shall be extended to damages occurring during towing and assistance to all floating objects in situations stipulated in clause 1.1 and including towing of rescue or spillage control equipment.

2.1.5. The insurance is subject to a deductible in the amount of 5000 USD for m/s Kapitan Poinc and SAR 3000 type vessels and 750 USD for other rescue vessels and m/s Czesław II, according to the scope of its application specified in clause 12 of ITC Hulls 1/11/95 and excluding the use of a deductible in case of collision damages suffered and caused as a result of collision with other vessels, fixed objects or other floating objects.

2.1.6. The insurer's liability for damages covered by the *Institute Additional Perils Clauses – Hulls 1/11/95* shall be extended.

2.1.7. The insurer's liability for damages covered by the *Institute War and Strikes Clauses Hulls Time 1/11/95* shall be extended.

2.1.8. The *Electronic Date Recognition Endorsement-C* shall be included in the conditions of insurance.

2.1.9. The *Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03* shall be included in conditions of the insurance.

2.1.10. The *Institute Cyber Attack Exclusion Clause 10/11/03* shall be included in conditions of the insurance.

2.1.11. The *Sanction Limitation Exclusion Clause* shall be included in conditions of the insurance.

2.2. Disbursements

The subjects of insurance are units listed in Appendix No. 1, items 8, 10, 11, 12 - i.e.: KAPITAN POINC, ORKAN, PASAT, SZTORM.

The insurance shall be concluded on the basis of the *Institute Time Clauses-Hulls Disturbements and Increased Value (Total Loss only, increased Excess Liabilites) 1/1/95* with the following amendments:

- 2.2.1. The insurer's liability for collision damages is extended (clause 8) to 4/4.
- 2.2.2. The cover is extended to damages caused by wave action due to excessive speed of passing vessels (so-called collision without contact).
- 2.2.3. Collisions with fixed and floating objects are included in the scope of insurance.
- 2.2.4. The scope of cover shall be extended to damages occurring during towing and assistance to all floating objects in situations stipulated in clause 1.1 and including towing of rescue or spillage control equipment.
- 2.2.5. In this insurance, the deductible shall not apply.
- 2.2.6. The insurer's liability for damages covered by the *Institute War and Strikes Clauses Hulls Time 1/11/95* shall be extended.
- 2.2.7. The *Electronic Date Recognition Endorsement-C* shall be included in conditions of the insurance.
- 2.2.8. The *Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03* shall be included in conditions of the insurance.
- 2.2.9. The *Institute Cyber Attack Exclusion Clause 10/11/03* shall be included in conditions of the insurance.
- 2.2.10. The *Sanction Limitation Exclusion Clause* shall be included in conditions of the insurance.

2.3. Protection and Indemnity

The insurance shall be concluded on the basis of the Institute Protection and Indemnity Clauses Hulls - Time 1/1/95 with the following amendments:

- 2.3.1. This insurance shall be extended to cover excess collision liability and liability for damage to fixed, floating and movable objects not belonging to or carried on board the ship (in accordance with Clause 8 of the ITC Hulls) over the sum insured under the H&M policy of the insured vessel, up to the limit of liability in accordance with the MC Art. 97 §1 and Art. 101.
- 2.3.2. The scope of cover is extended to the costs of emergency medical treatment abroad and repatriation of crew members of the above mentioned vessels and other persons on board.
- 2.3.3. The scope of insurance shall be extended to cover damage caused to crew members and other persons who are not members of the crew but are staying on the Ordering Party's vessels. The limit of liability is PLN 250,000 per person.
- 2.3.4. In the case of KAPITAN POINC (item 8 of Appendix No. 1), the scope of insurance covers claims arising from the Maritime Labour Convention 2006, in accordance with Regulation A2.5. Paragraph 2 and Regulation A4.2. Paragraph 1 (b).

- 2.3.5. Insurance coverage shall be extended to environmental damage based on the conditions of Pollution Endorsement 1/5/71 with the cancellation of points a and d, which shall include the coverage of claims in respect of personal injury and disturbance in health and the cost of penalties and fines imposed on the vessel for caused pollution of waters and bodies of water. Clause 1.3.10 of the conditions of the Institute Protection and Indemnity Clauses Hulls - Time 1/1/95 is deleted.
- 2.3.6. In the case of KAPITAN POINC (item 8 of Appendix 1), the scope of insurance shall be extended to damage caused by bunker oil pollution according to the provisions of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.
- 2.3.7. In the case of KAPITAN POINC (item 8 of Appendix 1), coverage shall be extended by the clause Institute Protection and Indemnity War and Strikes Clauses Hulls-Time 1/11/95 in accordance with the requirements of the International Convention on the Removal of Wrecks from Nairobi, 2007.
- 2.3.8. In this insurance, the deductible shall not apply.
- 2.3.9. The *Electronic Date Recognition Endorsement-C* shall be included in conditions of the insurance.
- 2.3.10. The *Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03* shall be included in conditions of the insurance.
- 2.3.11. The *Institute Cyber Attack Exclusion Clause 10/11/03* shall be included in conditions of the insurance.
- 2.3.12. The *Sanction Limitation Exclusion Clause* shall be included in conditions of the insurance.

II. HULL AND MACHINERY AND PROTECTION AND INDEMNITY OF THE OWNER OF RESCUE RUNNERS AND RESCUE BOATS

1. Description of the subject-matter insured

The subjects of the insurance are owned by the Ordering Party rescue boats of coastal rescue stations together with equipment and rescue runners, listed in Appendix 2.

The sum insured for a given vessel is its value in U.S. dollars (USD), declared by the Ordering Party in column 10 of Appendix No. 2.

The limit of liability for a given vessel is the limit specified in units of Special Drawing Right (SDR), declared by the Ordering Party in column 11 of Attachment No. 2. The amounts of liability limits result from the Maritime Code Art. 101.

Scope of navigation: domestic sailing at the distance specified in column 8 of Appendix No 2. If, during the rescue operation, the scope of sailing of a given vessel, specified in its documents, is exceeded, this does not release the Contractor from its liability under the policy.

The Maritime Search and Rescue Service, which is the Ordering Party in this procedure, declares that all rescue ships, spill combating ships and rescue boats have a valid safety card and a valid class certificate. Rescue watercraft has a technical certificate of fitness for navigation issued by the Polski Rejestr Statków (Polish Register of Shipping).

2. Insurance conditions

2.1. The Hull and Machinery and Protection and Indemnity insurance shall be concluded on the basis of the *Institute Time Clauses Hulls Port Risks including Limited Navigation 20/07/87* amended as follows:

2.1.1. The cover is extended to damages caused by wave action due to excessive speed of passing vessels (so-called collision without contact).

2.1.2. The scope of cover shall be extended to damages occurring during towing of rescue or spillage control equipment.

2.1.3. The scope of cover shall be extended to cover damage caused to crew members and other persons who are not members of the crew but are staying on the Ordering Party's vessels. The limit of liability is PLN 250,000 per person.

2.1.4. The conditions of insurance shall include damage caused by domestic road transport. Minimum insurance cover: loss of or damage to the subject-matter insured as a result of a motor vehicle accident, natural risks, excluding theft and robbery. Theft and robbery are covered if the boat has been stolen or robbed together with the vehicle.

Transportation will be carried out by employees authorized to transport such cargoes or by professional carriers. Lifting from water or launching will be carried out by professional operators or employees of the BSR with TDT qualifications.

2.1.5. The insurance is subject to a deductible in the amount of 300 USD, according to the clause 13 of *ITC Hulls Port Risks including Limited Navigation 20/07/87* and excluding the use of a deductible in case of collision damages suffered and caused as a result of collision with other vessels, fixed objects or other floating objects. In addition, the deductible does not apply to claims under Clause 10 (Protection & Indemnity).

2.1.6. Insurance coverage is extended to environmental damages based on the conditions of **Pollution Endorsement 1/5/71** with the cancellation of points a and d, which includes the coverage of claims relating to bodily injury and disturbance in health and the cost of any penalties and fines imposed on the vessel for caused pollution of waters and bodies of water. **Clause 10.3.10** of the conditions of Institute Time Clauses Hulls Port Risks including Limited Navigation 20/07/87 is deleted.

2.1.7. The insurer's liability for damages covered by the *Institute War and Strikes Clauses Hulls Time 1/11/95* shall be extended.

- 2.3.13. The *Electronic Data Recognition Endorsement-C* shall be included in conditions of the insurance.
- 2.3.14. The *Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03* shall be included in conditions of the insurance.
- 2.3.15. The *Institute Cyber Attack Exclusion Clause 10/11/03* shall be included in conditions of insurance.
- 2.3.16. The *Sanction Limitation Exclusion Clause* shall be included in conditions of the insurance.

III. INSURANCE OF THE EQUIPMENT TO COMBAT POLLUTION AND CARRY OUT RESCUE OPERATIONS

1. Description of the subject matter insured

The subject of insurance is equipment in the possession of the Ordering Party listed in Appendix No. 3 for combating pollution and carrying out rescue operations, including a submarine vehicle being the equipment of the KAPITAN POINC vessel. Other equipment is on board ships or shore-based rescue stations.

The sum insured for the equipment is the value in U.S. dollars (USD) declared by the Purchaser in column 4 of Attachment No. 3.

2. Insurance conditions

- 2.1. The insurance covers total loss or partial damage to the equipment caused by: fire, storm, acts of God, collision of sea or land vehicle, total loss, burglary or robbery, accidental damage, destruction due to collision with means of transport or contact with other objects or floating objects on water.
- 2.2. The above mentioned events are covered in the case of:
 - a) during sea and land transport;
 - b) during operation/work at sea or in a port on a ship or in water during operational tests;
 - c) at the time of their loading, unloading, reloading on or off the means of transport, including when leaving and withdrawing from the water, provided that they are not the result of wilful misconduct or gross negligence on the part of the employees.
- 2.3. The insurance covers damage to small, loose and crushed ice.
- 2.4. The insurance is subject to a deductible in the amount of 200 USD, excluding its application in the case of a total loss.
- 2.5. The insurance excludes:
 - 2.5.1. Losses caused by persons referred to work by the Ordering Party and who do not have appropriate qualifications to operate the insured equipment.
 - 2.5.2. Damage resulting from normal use.
 - 2.5.3. Hidden defect.

- 2.5.4. Damage caused by a constructional defect, which was detected during the warranty period, whereby a constructional defect is understood as a defect resulting from a constructional error committed during the design of the object, and its existence may cause damage or increase the probability of its occurrence.
- 2.5.5. Ordinary theft or disappearance in unknown circumstances
- 2.6. In case of unspecified matters, the General Insurance Terms and Conditions shall apply.

IV. PERSONAL ACCIDENT INSURANCE FOR THE VESSELS CREW MEMBERS

1. Description of the subject matter insured

The insurance covers 151 persons in the annual insurance period.

The sum insured is 50 000 PLN/person.

The subject of the insurance are consequences of personal accidents of:

- a) crew members of rescue vessels and anti-pollution vessels and other persons delegated to work on those vessels during the period of embarkation and on the way to and from the vessel as well as during the transport of the injured party to the country; land workers delegated to work are also considered as embarked, on condition that an entry is made in the ship's logbook certifying their stay on board,
- b) Rescuers of Coast Rescue Stations, volunteer rescuers while performing life saving tasks at sea, training and on the way to and from the Rescue Station,
- c) apprentices and managers of apprenticeships, maritime secondary schools and universities for the duration of the apprenticeship on board vessels.

2. Insurance conditions

- 2.1. An accident shall be deemed to be an external and sudden event which results in bodily injury, disorder of health or death of the insured person, regardless of his or her will.
- 2.2. Abarticulation, rupture or interruption of tendons caused by sudden force exertion, burns, the effects of exhaust gases, drowning, solar paralysis, blood or wounds infections shall also be regarded as an accident, if it is due to an injury resulting from an accident.
- 2.3. An accident is also considered to be a medical condition that occurs and acts suddenly (a heart attack, brain haemorrhages, etc.), if these conditions are caused by working conditions and are triggered by a sudden event caused by an external cause.
- 2.4. A prolapse of the nucleus pulposus caused not only by the event referred to in point 2.2 shall also be considered to be an unfortunate accident but also by sudden physical effort or violent movement.
- 2.5. Types and amounts of benefits:

- 2.5.1. In the event of death – one-off benefit in the amount of PLN 50,000 paid to the entitled person. The entitled person means the person authorized to receive the benefit in the event of death of an insured crew member, indicated by him/her in writing. If the entitled person is not appointed, the benefit shall be paid to family members in the following order: spouse, children, parents, other statutory heirs;
 - 2.5.2. in case of permanent incapacity for work PLN 50.000
 - 2.5.3. in case of permanent health impairment – part of the sum insured PLN 50.000 equal to the percentage of permanent health impairment determined by the Contractor's doctor or the Social Insurance Institution's medical officer (ZUS)
 - 2.5.4. daily benefit due to incapacity for work - paid in the amount of PLN 45 per day starting from the day following the accident, provided that the incapacity to work will each time last longer than 4 days, however, the Contractor's liability is limited to the benefit only for a total of 90 days of incapacity to work;
 - 2.5.5. reimbursement of 10 % of expenditure on repair or purchase of prostheses and aids incurred in connection with an accident - takes place on the basis of submitted original bills and on condition that the repair/purchase was prescribed by a doctor and took place within 2 years from the date of the accident.
- 2.6. In each case, the sum insured is PLN 50,000.00 - it is the upper limit of the Contractor's liability in relation to one injured party and one event, and the sum insured, determined separately for each of these services, cannot be combined. In the particular case where one of the benefits referred to in point 2.5.1.; 2.5.2.; 2.5.3. is followed by an event related to another of these benefits and the sum insured for this benefit is lower than or equal to the benefit previously paid, no additional benefit shall be granted.
- 2.7. The insurance benefits referred to in the points 2.5.1.; 2.5.2.; 2.5.3 are due if the confirmed permanent consequences of a personal accident are revealed within 2 years from the date of the event.
- 2.8. If the injured party dies for reasons not covered by this insurance before receiving the benefit due to him/her as a result of personal accidents, this benefit shall be paid to the beneficiary referred to in point 2.5.1.
- 2.9. In cases not expressly provided for in this agreement, the General Accident Insurance Terms and Conditions shall apply.
- 2.10. No deductibles or other forms of deductions of any amounts shall apply to the payment of compensation.

V. PERSONAL EFFECTS INSURANCE FOR THE VESSELS CREW MEMBERS

1. Description of the subject matter insured

The insurance covers 151 persons in the annual insurance period.

The sum insured is 5000 PLN/person.

The subject of the insurance are personal effects intended both for personal and professional use, belonging to:

- a) crew members employed on rescue and anti-pollution vessels,
- b) rescuers of Coast Rescue Stations, volunteer rescuers, apprentices and managers of apprenticeships of vocational schools, secondary maritime schools and universities for the duration of the apprenticeship on board ships,
- c) other persons delegated to work on board during the period of embarkation, provided that an entry is made in the ship's logbook certifying their stay on board.

2. Insurance conditions

Covered risks:

- 2.1. Total loss or partial damage to personal effects due to events that may occur:
 - 2.1.1. on board a vessel while at sea or while in port,
 - 2.1.2. on shore while the vessel stays in port/is at berth in the port, at the Rescue Station
 - 2.1.3. during the repatriation of a crew member from abroad to Poland,
 - 2.1.4. during the stay abroad after disembarkation with the consent of the vessel's captain, e.g. for medical treatment,
 - 2.1.5. on the way to work from home and from work to home.
- 2.2. This insurance also covers accidents caused by acts of war, strikes, riots and social disturbances, excluding those caused by the war in which Poland participates.
- 2.3. Limitation of liability. The insurance shall exclude:
 - 2.3.1. total loss or partial damage to personal effects arising in a time or place other than those referred to in point 2.1,
 - 2.3.2. ordinary theft or disappearance,
 - 2.3.3. total loss or partial damage to currencies, securities, valuables, precious stones, works of art, philatelic collections, gold products and other precious metals except wedding rings,
 - 2.3.4. total loss or partial damage caused by normal use, total loss or partial damage caused intentionally or by the intoxication of the insured person, by the effects of drugs or other substances
 - 2.3.5. damage caused by confiscation or detention by customs authorities.
- 2.4. In cases not expressly provided for in this agreement, the General Accident Insurance Terms and Conditions shall apply.
- 2.5. No deductibles or other forms of deductions of any amounts shall apply to the payment of compensation.

VI. OBLIGATORY CLAUSES

1. Waiver of subrogation clause

Insurer resigns from pursuing recourse claims against Director of Maritime Search and Rescue Service, employees of Maritime Search and Rescue Service and persons for whom activity the Maritime Search and Rescue Service takes responsibility. An employee is a person employed by the Insured basing on civil contract, permanent employment contract, appointment and/or selection. Insurer reserve the rights of recourse, if perpetrator caused the damage as a result of wilful misconduct. The burden of proof rests on Insurer.

2. Contribution date clause

Date of payment of the premium (or the first instalment) is the day of submitting the transfer order required due to premium payment (first instalment of premium), only if the level of funds on bank account of the policyholder will allow for realization of such payment. Failure to pay the premium (or the first instalment) authorizes Insurer to withdraw from insurance contract after prior call for payment and indicating additional date of payment, not shorter than 7 days counting from date of delivery (unpaid premium or its' first instalment do not cause automatic expiry of insurance coverage).

3. Assignment clause

The Insurer agrees that all rights from the insurance contract entitlement for the Insured may have been transferred to third parties. The Insurer undertakes to confirm receipt of a such notification of such payments upon receipt of and appropriate letter from Insured / Policyholder.

4. Fixing of damage circumstances clause

The Insurer indemnify the Assured with incontestable compensation without taking into account other proceedings, including court or preparatory procedures.

5. Advance payment Clause

With the remaining provisions of the insurance contract unchanged by this clause, it is determined that the Insurer, in the event of damage covered by the insurance, will pay the advance payment to the Policy Holder within 14 days from the date of submitting appropriate application together with a estimated cost or calculation of the amount of damage in the amount of 50% of the undisputed amount of the due compensation.

6. Law and Jurisdiction Clause

The insurance is subject to Polish law and jurisdiction. In all English Institutes Clauses reffered to it is deleted: „This insurance is subject to English law and practice”. The original English text of the clauses will take precedence over their versions translated into Polish.

In the event of the discrepancies in the interpretation of the English clauses listed in the policy, and in particular due to the lack of relevant regulations in Polish law, arising disputed may be resolved by the parties using the interpretation resulting from English case law and practice, but the conclusions arising from the application of English law they may not contradict the general regulations and legal order applicable in Poland.

7. Automatic coverage clause

The insurer shall automatically cover of newly purchased property during the insurance period up to the limit of PLN 2.100.000 provided that the Contracting Party reports is to the Contractor within 30 days from the date of purchase. The insurance covers also the increase in the value of property as a result of investment, modernization and other activities increasing their value. The premium will be calculated in pro rata temporis system.