

Attachment 6

Insurance

August 17, 2009

(a) During the period commencing with the delivery and terminating with the redelivery of each ship the Contractor shall secure customary full form Protection and Indemnity (P&I) marine insurance coverage (including pollution liability coverage) on each ship. The insurance coverage shall cover all liabilities (other than liability for loss of or damage to Government cargo carried onboard the ship) in an amount of at least \$5,000,000 per ship per incident except as provided herein the, Contractor shall be responsible for the cost of such insurance, including deductibles and any supplemental calls.

(b) Except as provided herein, the contractor must be responsible for the cost of such insurance, including deductibles, premiums, additional premiums, calls, commissions, advancements, assessments, and overspill claims.

(c) The insurance policy claim cover note must name the United States of America as an Additional Assured under the insurance policies, and the Underwriter must expressly agree to waive any rights of subrogation against the United States of America. The Cover note must show the risks insured, expressly name the United States of America as an Additional Assured, contain a notation that the underwriters agree to waive any rights of subrogation against the United States of America, state the amount of insurance deductibles (if any), and exclusions (if any) for basic, war risk, and pollution coverage.

(d) The cover note must also contain the following statement: "The terms and conditions of insurance contained in this cover note shall govern and shall be controlling in the event that there are any inconsistent terms or conditions in any applicable P&I Club rules or insurance policy. Underwriters agree to waive any rights of subrogation against the United States in all cases regardless of cause, The United States shall not be liable for (and there shall be no recourse against the United States for) deductibles, premiums, additional premiums, calls, commissions, advancements, assessments, or overspill claims. It is understood that the covered vessel(s) is not covered by hull insurance. It is understood that any disputes between the insurer and the United States will be governed by U.S. law, and will be adjudicated in a U.S. Federal Court. The United States has not consented to the arbitration (either domestic or foreign) of any disputes. It is understood that the insurer is not granted a lien on the covered vessel(s) under any circumstances.

(e) Before commencement of contract performance, the contractor must provide the contracting officer with a current copy of all insurance cover notes, policies and binders, a current copy of the P&I Club rules book, and such other documentation covering the vessel(s) as necessary to establish that the required insurance coverage is in full force and effect. The contractor must provide the contracting officer with a timely copy of any revised or reissued cover notes, policies, or binders. Each year, the contractor must also provide the contracting officer with a copy of the annual P&I Club rulebook. However, the government reserves the right to request evidence of appropriate insurance coverage at any time, including coverage required by the Longshore and Harbor Workers' Compensation Act (L.H.W.C.A.).

(f) To the extent that the United States is held jointly and severally liable with the Contractor, the United States shall be responsible for that portion of liability which exceeds the amount of the Contractor's required P&I insurance coverage per ship per incident, unless the liability was caused in whole or in part by any willful misconduct or lack of good faith by any of the Contractor's shore-based managers, superintendents, or equivalent representatives.

(g) The Government shall retain such risks of property loss or damage to the ships and associated fixtures, as would be covered by an American Hull Institute policy (available including amendments, upon request). The Government shall also retain the risk of property loss or damage to any Government cargo loaded on the ships. The Contractor shall notify the Contracting Officer of all incidents within the scope of such coverage, by the most expeditious means within six hours of the discovery of the incident. The Contractor shall submit claims for reimbursement for repairs and other expenses, pursuant to the Government's undertakings, to the Contracting Officer in accordance with applicable billing instructions. Mark any such claim as an "Insurance Claim."

(h) As operators of public vessels of the United States, the Contractor may become involved in the litigation maintainable against the United States under the Public Vessels Act, 46 U.S.C. App. §§ 781-790 (PVA), Section 782 of which incorporates the not inconsistent provisions of the Suits in Admiralty Act, 46 U.S.C. App. §§ 741-752 (SAA). The control of litigation on behalf of the United States is, however, reserved by law to the Attorney General and U.S. Department of Justice Attorneys. 28 U.S.C. §§ 501-530.

(i) The Contractor must provide the Government with immediate notice of any legal action, libel in admiralty, or claim of any nature whatsoever which may be brought against the Government, the Vessel, the Contractor, or the Contractor's underwriters and arises during the performance of and/or as a result of this contract. The Contractor must also provide the Government with immediate notice of any legal action brought by the Contractor that arises from, or is related to the performance of this contract. Such notice shall include copies of any summons and complaint or of any notice to show cause, notice of motion, or notice of petition which may be brought, made, or filed in any District court of the United States or in any other court purporting to have jurisdiction thereof, and such notice shall be sent by the fastest mail service provided by the United States Postal Service to:

Director, Torts Branch - Civil Division Aviation & Admiralty Office
U.S. Department of Justice P.O. Box 14271
Washington, D.C. 20044-4271
and:
U.S. Environmental Protection Agency
Office of Regional Counsel, C-14J
77 W. Jackson Blvd
Chicago, IL 60604

(j) Thereafter, the Contractor shall ensure that its underwriters and its attorneys and counsel cooperate with Government counsel in maintaining the defense of any such action or application for relief.

Subject clause provides instructions and guidelines on the required liaison between private and Government counsel, which guidelines shall be strictly observed. Any and all costs of complying with the P&I Guidelines must be borne solely by the Contractor or its underwriters.

(k) The Contractor must provide the Contracting Officer with copies of the insurance policies and binders covering these ships and such other documentation as is necessary to establish that the insurance coverage is in full force and effect. The Contractor must not terminate the insurance without the Contracting Officer's prior written approval and must promptly notify the Contracting Officer of any pending change or threatened cancellation of the insurance.

(l) The contractor must not terminate the insurance without the contracting officer's prior written approval and must promptly notify the contracting officer of any pending change or threatened cancellation of the insurance.

(m) The Government will have the right to require the Contractor to secure additional customary Marine Insurance coverage including increases in the amount of P&I coverage. In such event the Contractor must exercise its best efforts to obtain such additional insurance coverage at reasonable rates and in any event the Contracting Officer's approval is required prior to final placement of the insurance. The cost of such additional insurance shall be for the Government's account.

(n) The attention of the Contractor is called to those portions of the Performance Work Statement which require the use, training, transportation, and storage explosives.