

**INSURANCE GUARANTEE  
WARRANTY PROTECTION COVERAGE PART  
SUPPLEMENTAL DECLARATION**

Policy Number \_\_\_\_\_

This guarantee is given the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
By Advanced Polymer Coatings, Ltd. of Avon, Ohio U.S.A. to \_\_\_\_\_  
\_\_\_\_\_ (“the customer”).

Subject to the following terms, conditions and limitations, Advanced Polymer Coatings, Ltd. guarantees the performance during the guarantee period of the MarineLine Cargo Tank Coating system (“the System”) as applied to the Cargo tanks of \_\_\_\_\_ (“the Coated Tanks”).

- 1.01 The Guarantee shall commence on the first of the following dates to occur (“the Commencement Date”):  
The date the Coated tanks are delivered to the Owner, \_\_\_\_\_;
- 1.02 The guarantee period and all liability pertaining to the System installed on above stated ship/ships will terminate sixty (60) months from the Commencement Date and shall not be extended in the event of repairs or repainting being carried out under the terms of this Guarantee or otherwise.
- 1.03 In the event of sale, lease or any disposal whatsoever of the Vessel, or upon the Vessel ceasing to be operated by the Customer prior to the termination date, this Guarantee shall terminate at such time, unless Customer informs in writing on the transfer of this Guarantee. This Guarantee is not otherwise assignable or transferable.
- 2.01 Advanced Polymer Coatings, Ltd. will reimburse the Customer for the cost of replacement MarineLine Coating materials and their application, as may be necessary to repair Defective Areas in accordance with this Guarantee, providing that such repairs are actually carried out and that Advanced Polymer Coatings, Ltd. entire liability under this Guarantee shall be limited to the initial costs which are Replacement of MarineLine coating material, Inspection, Staging/Surface Preparation, Application, and Heat Curing.

The maximum liability for the entire five (5) years Guarantee period amounts to U.S. \_\_\_\_\_ in the aggregate for the total duration of the Guarantee (deductibles not included). This amount is exhaustible for each and every claim.

2.02 Advanced Polymer Coatings, Ltd.'s insurance guarantee will meet the costs of repairing the Defective Areas covered by the terms of this Guarantee as follows:

Defects detected and notified to Advanced Polymer Coatings, Ltd. the:

First	12 months of the guarantee period-	100% of total cost
Second	12 months of the guarantee period-	100% of total cost
Third	12 months of the guarantee period-	100% of total cost
Fourth	12 months of the guarantee period-	100% of total cost
Fifth	12 months of the guarantee period-	100% of total cost

2.03 For the purpose of this Guarantee, deductible means that this guarantee only becomes effective if more than the deductible area per tank shows any break in the integrity of the coating material (including cracking) due to corrosive attack of the coating resulting in the steel substrate corroding to a severity greater than Re-2.

Deductible applies each year when exceeding:

First	12 months of the guarantee period-	3.0%
Second	12 months of the guarantee period-	3.0%
Third	12 months of the guarantee period-	3.0%
Fourth	12 months of the guarantee period-	3.0%
Fifth	12 months of the guarantee period-	3.0%

Coated surface per tank where visual non-destructive inspection shows that the steel substrate has corroded to a severity greater than Re-2 (as now defined in the "European Scale of Degree of Rusting for Anticorrosive Paints" of the European Committee of Paint and Printing Ink Manufacturers' Association).

Minimum each and any claim indemnity paid, a deductible of 10% of the repair cost will be subtracted, subjected to a minimum of U.S. \$ \_\_\_\_\_.

3.0 Advanced Polymer Coatings, Ltd. shall not be liable for the performance of the System or any part thereof unless:

- a. Surface preparation and application of the System are to be carried out in accordance with the Coating Specification for the Application of MarineLine and as agreed upon by the Yard and their subcontractors and approved by Advanced Polymer Coatings, Ltd. and the customer. Any changes from the

Specification are to be approved by Advanced Polymer Coatings, Ltd. and the customer through their current working procedure for MarineLine Cargo Tank coating systems. Surface preparation and application shall be carried out under the supervision of Advanced Polymer Coatings, Ltd.. Current working procedure to be agreed between APC and Customer and attached to this guarantee;

- b. Any surface and/ or coatings damaged during work on the Coated Tank are to be repaired in accordance with Advanced Polymer Coatings, Ltd. recommendations;
- c. Every twelve months the complete System is to be inspected and damages and coating imperfections which are not covered by this Guarantee are to be repaired with Advanced Polymer Coatings, Ltd.'s MarineLine products and according to their recommendations by and at the expense of the Customer.

4.0 This Guarantee excludes and Advanced Polymer Coatings, Ltd. shall have no obligation with respect to:

- a. Defects of or damage to the System resulting from causes beyond the control of Advanced Polymer Coatings, Ltd. including but not limited to structural defects or faulty design of the Vessel or any part thereof, defects in the substrate whether latent or not, welding or other heating (cargo heating excluded), fairing pollution, mechanical damage, improper cleaning, improper use, neglect, fire, explosion, radiation, collision;
- b. Surface areas which because of their physical shape, characteristics or configuration present special difficulties in effecting specified surface preparation and/ or coating application such as, but not limited to, ladders, handrails, ladder platforms, heating coils, bolts, pipe flanges, contact surfaces between profiles;
- c. Deterioration of the System or the substrate caused by electrochemical action arising from the presence of metals within the tanks which are cathodic to the metal of the tanks, installed tank cargo equipment excluded;

Excluding metals, which are part of fixed equipment/ out-fittings of the tank such as but not limited to heating coils, ladders, pumps, tank-cleaning machines, and pipes.

- d. Deterioration of any part of the System caused by repair, modification or installation work carried out on the Vessel after the Commencement Date;

e. All indirect, consequential and/ or third party damages, losses and expenses howsoever caused and of whatsoever nature. These include but are not limited to, demurrage, dry docking costs, harbor dues, shipyard services other than expenses associated with repair work on the System, loss of time, expenses due to the Customers' employees, agents, operators, or charterers, loss of profits and all claims by third parties against the customer.

5.0 The Customer agrees that it will at all times hereafter hold harmless and indemnify Advanced Polymer Coatings, Ltd. against all third party claims for losses, damages, or expenses brought against Advanced Polymer Coatings, Ltd. or whatsoever nature and howsoever arising, caused by or related to the System.

6.0 The Customer shall immediately after the first detection of any and all defective areas notify Advanced Polymer Coatings, Ltd. in writing of any claim, giving all the relevant details as to the nature of the damage detected, including the date of detection.

If such note does not reach Advanced Polymer Coatings, Ltd. within Sixty (60) days from the day of the detection of the damage, or if it be shown that the Customer ought with reasonable diligence to have discovered such damage earlier the claim shall be excluded and timebarred.

7.0 If Advanced Polymer Coatings, Ltd. wishes to inspect the area(s) upon which the claim is being made the Customer shall make the Coated Tank available for inspection at a convenient location within sixty (60) days of receiving Advanced Polymer Coatings, Ltd.'s request. All inspection costs incurred in the event of a claim shall be borne by the Customer and refunded by Advanced Polymer Coatings, Ltd. if the claim is accepted under this Guarantee.

8.0 The customer shall provide Advanced Polymer Coatings, Ltd. with all data needed to reconstruct the complete chronological service history of the tanks/ surfaces involved and with all data to evidence that the Defects were not caused by failure to comply with the conditions as set out in clause 3 and/ or do not fall within the exclusions as set out in clause 4.

Absence of, or failure to maintain or to produce documentation as above promptly on request by Advanced Polymer Coatings, Ltd. shall render the claim null and void.

- 9.0 No acceptance of any claim by Advanced Polymer Coatings, Ltd. shall be effective unless communicated to the Customer in writing and signed by a duly authorized signatory of Advanced Polymer Coatings, Ltd..
- 10.0 Repairs of Defective Areas covered by this Guarantee may only be carried out after consultation with Advanced Polymer Coatings, Ltd. and are subject to the conditions as set out in clause 3.a and 3.b. Any such repairs must be completed within the twelve (12) month period following Advanced Polymer Coatings, Ltd. acceptance of the relevant claim, failing which such claim will be considered waived and definitely timebarred thereafter.
- 11.0 Advanced Polymer Coatings, Ltd. is entitled to inspect the repair work at any time. The customer will provide the inspector(s) with board and lodging limited to a maximum of two (2) persons.
- 12.0 No liability regarding the performance of the System or any part thereof shall attach under this Guarantee or otherwise until Advanced Polymer Coatings, Ltd. has received in full of all sums which are or may be due from the Customer to Advanced Polymer Coatings, Ltd. in respect of the supply, inspection, heat curing, and/ or application of the System.
- 13.0 Advanced Polymer Coatings, Ltd.'s liability under this Guarantee shall be in substitution for all other liability in connection with the System, its application and/ or services related thereto.
- 14.0 Final issuance of Insurance Certificate to be after final acceptance of surface preparation, MarineLine application, and curing by Advanced Polymer Coatings, Ltd.'s inspector and/ or insurance and final payment of all invoices.
- 15.0 No alteration or modification of this Guarantee shall have any force or effect unless agreed upon in writing and signed by duly authorized representatives of the Customer and Advanced Polymer Coatings, Ltd..
- 16.0 This Guarantee shall be interpreted in accordance with the laws of the State of New York, United States of America. Any dispute under this Guarantee shall be resolved through arbitration in New York City under the United Nations Commission on International Trade Law's Arbitration Rules. Each party is to appoint its own arbitrator and the two so chosen to appoint a third. The winning party shall recover from all other costs, expenses and attorney fees incurred in the arbitration proceeding.

## **Advanced Polymer Coatings, Ltd.**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Signature: \_\_\_\_\_



Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Signature: \_\_\_\_\_