

APPLICATION FORM FOR STOCKS OF FISH AND SHELLFISH HELD IN OFFSHORE ENCLOSURES

In order to assess the extent of risk at your farm the insurers need comprehensive details of certain matters. This form is intended to gather this information and it is in your best interest to answer all the questions as fully as you are able. In addition to completing the form, you should also supply the supporting documentation referred to in the guidance notes attached.

Failure to disclose any material facts may result in Insurers declining to pay a claim and seeking to avoid your policy. It is, therefore, important that the questions in this form are answered completely and correctly. If you are in any doubt as to whether a set of circumstances or a fact is material then you should disclose it.

The Applicant

Name and address of applicant: -----
 Telephone number: -----
 Facsimile number: -----
 E-mail address: -----
 Telephone number(s): -----
 Contact name(s) -----

Name and address of -----
 of any parties whose interest should -----
 be noted in the insurance. -----
 (for example banks and feed companies)

The Location(s) at which stock are to be insured

| Question | Answer |
|--|--------------------------------------|
| Name of location(s) | |
| Site co-ordinates of location(s) <i>Please supply marine chart with locations marked and photographs showing installations.</i> | |
| Please list all aquaculture sites within a 10 km radius of each site. <i>See Guidance Note 1</i> | |
| When was this site first established and how long has it been used to raise the species currently on site? | |
| What is the distance (Metres) between the bottom of your nets and the seabed at low water spring tide? <i>See Guidance Note 2</i> | |
| What is the maximum tidal range (Metres) experienced at your site(s). | |
| What is the depth of your nets from the waterline? | |
| Please provide details of the parameters opposite. | Minimum Maximum |
| | Salinity (‰) |
| | Water Temp. (°C) |

| | |
|---|--|
| <p>What is the prevailing wind direction at your site(s)? See Guidance Note 3</p> | |
| <p>From which wind direction are your site(s) most exposed?</p> <p>What is the longest fetch in that direction?</p> <p>In your opinion, what is the most dangerous wind direction for your site(s) and why? See Guidance Note 4</p> | |
| <p>What is the maximum significant wave height that has been experienced at your site(s) (Metres) and how often are such waves experienced?</p> | |
| <p>In an average year, how many days would you expect to be unable to feed fish due to poor weather conditions?</p> | |
| <p>What is the maximum current (knots) that is experienced at your site(s)?</p> | |
| <p>Is there any history of plankton/algae/jellyfish blooms at your site(s)?</p> <p>If so provide full details.</p> | |
| <p>Please provide details of water quality monitoring procedures that you implement and any contingency plans that you have in place to prevent or minimise loss to plankton/algae/jellyfish blooms at your site(s). See Guidance Note 5</p> | |
| <p>Provide details of any potential pollution sources in the vicinity of your site(s). See Guidance Note 6</p> | |
| <p>Are any of your sites close to a river estuary or other possible source of suspended solids? If so, provide details of the source/river, explain how close it is to the site(s) in question and whether there have ever been elevated mortalities attributable to pollution from this cause.</p> | |
| <p>Please give details of any oceanographic features of the site(s) which in your opinion give rise to a lower or higher risk than the norm. See Guidance Note 7</p> | |
| <p>Please provide full details of site fallowing/rotation practices that you use in order to “rest” the site(s).</p> <p>Are these practices used in co-operation with other aquaculture companies in loch management agreements or similar?</p> | |
| <p>Describe shipping activity in the vicinity of your site(s). Are they located close to</p> | |

| | |
|---|--|
| shipping lanes or regular maritime traffic? | |
| Are there significant populations of predator species in the vicinity of your site(s)? If so, provide full details. | |
| Does local legislation allow you to control predator numbers and/or activity in the vicinity of your site(s)? If so, what measures can you take, and in what circumstances? | |
| In respect of each site, please provide details of its proximity to the shore base used for servicing. How long does it take to reach the site from this base using the normal workboat. Is the site overlooked by a permanently manned shore base? If so, provide details. | |
| Do marine charts have your site location(s) marked? | |

The Staff

| | |
|---|--|
| Please provide names of the site manager for each site to be insured and provide details of their experience both in aquaculture and at this specific site. <i>Please provide CV for each of the managers.</i> | |
| How many staff are employed at each site? | |
| Have you had any dispute or disagreement with any of your current or former employees that might, in your opinion, increase the risk of a malicious act that could affect the stock to be insured? | |

The Equipment

| | |
|--|--|
| Please provide details of the cages or other holding equipment that you use. See Guidance Note 8. <i>Please use a separate sheet of paper if required.</i> | |
| What is the maximum storm force and significant wave height recommended by the cage manufacturers? Have these conditions ever been experienced on any of the sites to be insured? | |
| How many independently moored cage groups do you have at each site and what is the distance between them? <i>See Guidance Note 9</i> | |
| Describe the mooring system(s) for your cages including the dimensions of the | |

| | |
|--|--|
| <p>components. See Guidance Note 10</p> <p>Please supply a separate mooring diagram for each group of cages.</p> | |
| <p>Who designed the mooring specification and what is their experience with this type of installation?</p> <p>If the mooring designer was not the same as the cage manufacturer, have the manufacturers approved the design?</p> | |
| <p>Who installed your moorings and when was this done?</p> <p>When were they last inspected?</p> | |
| <p>Please provide full details of your mooring inspection and maintenance protocols. See Guidance Note 11.</p> <p>Please supply a specimen divers' inspection log if available.</p> | |
| <p>Are your moorings or marker buoys fitted with navigational warning lights and/or radar reflectors?</p> | |
| <p>Please provide the information about your nets requested opposite.</p> | <p>Usual Manufacturer/supplier.</p> <p>Age of your oldest net and usual lifecycle.</p> <p>Maintenance programme.</p> <p>Tagging/identification procedures.</p> <p>Anti-foulant type.</p> <p>Frequency of net changing.</p> |
| <p>Please provide details of your anti-predator nets. See Guidance Note 12</p> | |
| <p>Please provide details of acoustic seal-scarers, if used. See Guidance Note 13</p> | |

The Stock

| | |
|--|--|
| <p>Which species of fish or invertebrates do you raise?</p> | |
| <p>State the maximum tonnage that will be held on each site at any one time during the period to be insured.</p> | |
| <p>During which month(s) are juvenile stock introduced? See Guidance Note 14</p> | |
| <p>Which companies normally supply you with your juveniles or if these are your own, which hatchery do they come from?</p> | |

| | |
|--|--|
| <p>What health screening and certification do you receive from these suppliers and do you have any form of guarantee or legal redress against them in the event of poor quality stock being delivered?</p> | |
| <p>Please detail the value for which you would like to insure your stock. See Guidance Note 15. Please attach a separate sheet of paper or spreadsheet if preferred.</p> | |
| <p>Please briefly explain how the value at risk during the policy period will vary, taking into account anticipated growth, “trade” mortalities and projected harvesting regime. Please provide stock projections as detailed in Guidance Note 16</p> | |
| <p>Based on the stock projections that you have prepared, what is the highest anticipated value at risk during the proposed policy period. See Guidance Note 17</p> | |
| <p>What is the maximum anticipated stocking density (Kg/M³), when will this occur and for how long is it likely to persist?</p> | |
| <p>How do you record and check stock numbers and weights?</p> | |
| <p>Which stock control computer programme do you use and how often are fish sampled as a check? Please provide a specimen stock records sheet and computer printout.</p> | |

Stock health and husbandry

| | |
|--|--|
| <p>If more than one species or “generation” of stock is held in the same cage group, please provide details.</p> | |
| <p>If you do not use commercially produced pellet feed, please provide details of the feed that you use.</p> | |
| <p>What is the average anticipated trade mortality percentage from intake to sale?</p> | |
| <p>What are the usual causes of these mortalities and at what point in the production cycle do they occur?</p> | |
| <p>Please provide full details of your diving protocol and procedures. Please provide a specimen dive record if available. See Guidance Note 18</p> | |
| <p>Please provide details of routine screening and health sampling that you carry out, both “in house” and by sending samples to third parties.</p> | |
| <p>What laboratory facilities do you have “in house”?</p> | |
| <p>Provide details of independent consultants, veterinary surgeons and fish health laboratories that you use and the frequency of their visits/use.</p> | |

| | |
|--|--|
| Please provide details of the diseases against which your stock is vaccinated, vaccination method and vaccines used. See Guidance Note 19 | |
| Please list diseases that have been recorded at each site to be insured over the past five years and also detail diseases that you suspect may have been present without formal diagnosis. | |
| Please provide details of diseases which you know or suspect to have occurred on other aquaculture operations within the last five years within a 25km radius of your site(s). | |
| Please provide details of any fish slaughtering facilities within a 25km radius of your site. | |
| If any of your sites has been the subject of an official movement restriction order or compulsory slaughter order within the last five years please provide details. | |
| What bio-security and husbandry measures do you implement at your site(s) to reduce disease exposure? See Guidance Note 20 | |

Insurance Details and requirements

Please indicate which of the listed perils you wish to obtain cover against:

| | |
|---|--------|
| Storm, lightning, tsunami, collision (excluding collision with ice or objects carried by ice), sudden and unforeseen structural failure of equipment | Yes/No |
| Theft and malicious acts (including malicious acts of environmental or animal rights groups) | Yes/No |
| Predation or physical damage caused by predators or other aquatic organisms (but not sea lice or other ectoparasites) | Yes/No |
| Freezing, supercooling, ice damage (including collision with ice or objects carried by ice) | Yes/No |
| Pollution, deoxygenation due to plankton bloom or other competing biological activity or to changes in the physical or chemical conditions of the water, including upwelling and high water temperature | Yes/No |
| Any other change in concentration of the normal chemical constituents of the water, including change in pH or salinity | Yes/No |
| Disease | Yes/No |

If you wish insurers to provide terms separately for certain perils then please mark the perils concerned and write “quote separately” next to them.

| | |
|---|--|
| Name your current stock mortality insurers and policy expiry date. Please provide | |
|---|--|

| | |
|--|--|
| details of coverage. | |
| Has any insurer declined, cancelled, refused to renew or imposed restrictive terms on any stock mortality insurance you have arranged or applied for? If so, please provide details. | |
| Please provide full details of all stock mortalities or losses other than normal trade losses during the past five years even if these did not result in an insurance claim. Please use a separate sheet of paper to provide full details if necessary. <i>See Guidance Note 21</i> | |
| In your opinion, are there any material facts which might render the insurance of your stock a greater or lesser risk than would otherwise be the case? <i>See Guidance Note 21</i> | |

DECLARATION (to be signed by the applicant)

Signing this form does not commit the applicant or the Insurers to complete the insurance contract. However, in the event that an insurance contract is completed, this form shall be the basis of the contract.

I declare that, to the best of my knowledge and belief, the statements contained in this application form are true. I understand that any false statement or material fact not disclosed may prejudice my right to indemnity under the insurance for which I am now applying.

I further declare that, to the best of my knowledge and belief, my stock are free from physical disability and in sound health and that all equipment, machinery and protective systems necessary for the containment and continuing survival of the stock are also in good condition.

Signed: Date:

Please return this application form to your usual FP Marine Risks broker, or to info@fp-marine.com or fax to +44 (0) 207 397 4921

GUIDANCE NOTES

1. All aquaculture sites must be listed even if the species raised are different to those which are to be insured. If there are too many to fit in the space provided, please use a separate sheet of paper to list them.
2. Please detail the absolute minimum clearance between your fish retaining nets (not predator nets) and the seabed at the shallowest part of the site when the tide is out during a spring tide. If there is significant variation between different sites, please give details.
3. State the normal prevailing wind direction with details of how this changes at different times of year if applicable.
4. The “fetch” is the longest distance to land in any direction. The site is theoretically most exposed in this direction but, in practice, this may not be the most dangerous wind direction due to oceanographic or meteorological conditions. For example, the strongest winds may always come from another direction that looks more sheltered from examination of a chart.
5. This answer should include any routine visibility measurements, Secchi disk readings or cell counts that you carry out on a regular basis or during times of year when these phenomena are likely to occur. Contingency plans should include such measures as emergency harvesting (in which case please explain maximum daily slaughter capacity), cage re-location and any tarpaulin, aeration or upwelling systems. You should provide full details of the equipment that is permanently available on site and if towing is planned, explain which vessels you propose to use and whether they are readily available.
6. Any possible source of pollutant or toxin that could endanger the stock should be mentioned. Such sources should include, but are not limited to, the following things:
 - villages or towns (mention them by name and approximate population), agriculture, aquaculture or forestry operations, abattoirs or food processing facilities, manufacturing installations, sewage works, septic tanks or other water treatment facilities, quarries, mines or other sources of suspended solids, petrochemical plants or holding tanks.
7. Examples of such features might be good water depth and/or current which create improved water quality, proximity to islands which provide shelter from heavy weather. Conversely, shallow “lips” on fjords or inlets may hinder water exchange, increase nutrient buildup and therefore cause enhanced risk of algal bloom.
8. Please give full details of the cages used at each site giving their number, make, shape, material of construction, size and age. A schedule of equipment on a separate sheet may be used if necessary.
9. Please give full details of the total number of cages in each separate group, the number of groups and, if possible, supply a schematic diagram of each site to show how these are located relative to each other and the shoreline.
10. The description and mooring diagram should give details of the number and size of “legs” or the grid structure including dimensions and design of anchors and/or mooring blocks, size and length of chains, shackles, plates, buoys and ropes including material from which they are made.
11. In reply to this question you should provide details of the frequency with which your moorings are inspected from the surface, by diver or ROV and the precise nature of what is inspected and how formal records of such inspections are kept.
12. Describe size of net mesh, separation from main containment net, whether the predator nets are permanently deployed or removed at certain times of year. Also describe whether the nets are curtain or full bag nets that surround each individual cage.
13. Details should include number, make, model and age of units, number of probes and power source.
14. Please provide full details of the stock that you are likely to introduce to the site(s) during the policy year including month, stock number and description (species and size). This information should correspond with the monthly projections of stock numbers and values that you will also be asked to supply.

15. The information that you provide here is critical as it will determine the premium that you pay and the amount of indemnity that you will receive in the event of a claim. The basis of the policy is indemnity i.e. the insurers wish to place you in the same position that you would have been in had the loss event not happened but they will not pay for consequential loss or loss of profit.
- The basis of valuation should therefore reflect production cost of fish until such time as they reach marketable size and after this, their reasonable anticipated market value, less any costs of harvesting, processing and transportation to market (these costs will, obviously, not be incurred if the fish die on site). The insurers are not obliged to accept your proposed figures if they believe them to be too high and the policy does entitle the insurers to replace fish in the event of a claim, rather than making a financial payment, if they can do this at a lower cost than your chosen basis of indemnity. It is therefore in your best interest to be as accurate as possible. How you value your fish for insurance should be adapted to how you keep your stock records and sizes at which you carry out stock control. This will vary from farm to farm but, in principle, the fish that you are likely to have on site should be allocated into a number of size bands. These bands can be based on length or weight of stock or stock age (assuming that this can be assessed and proved if a loss happens). The number of bands is not critical but for ease of administration it is best to keep it to less than ten. Having determined the size bands for valuation, you should allocate a value to each animal in that size band. This may be an amount per animal or an amount per unit weight or possibly a combination of both. Obviously an amount per unit weight will reflect an increase of value of stock within the band size whereas an amount per animal will mean that the stock value “jumps” as animals move from one size band to the next;
16. In order that Underwriters can assess the peak and projected exposure to various perils, they need to see what values are likely to be at risk in each month. This also enables them to charge the correct deposit percentage for your own particular risk profile. The best way to provide this information is to prepare a stock projection spreadsheet showing the number and projected weight of each batch of fish and their consequent value for each month of the projected policy period. A specimen is attached to show the sort of information that is required.
17. This projected maximum value will represent the policy sum insured and **should not be understated**. If at the time of loss the insured value of the stock is greater than the sum insured then the claims payment that you receive will be very significantly reduced. In the event that your stocking strategy changes after you have completed this form, you should advise insurers of the new stock plans and revised sum insured. Insurers may then accept a higher sum insured for an additional premium or alternatively your basis of indemnity can be adjusted in order to ensure that the original sum insured will remain adequate.
18. Please explain frequency of diving, whether this is carried out by your own staff or contracted out to an independent diving contractor and state what tasks the divers routinely perform.
19. In addition to stating the diseases, please specify the name of the vaccine used, method of administration and time of year at which it is used.
20. Your answer to this question should include details of treatments for sea lice and other ectoparasites, disinfection protocols for staff, equipment and stock entering the site and moving between sites. In addition, please provide all details of husbandry or other practices which you utilise to reduce the probability of introducing pathogens to your site(s) or reducing their impact. This is your opportunity to explain to insurers how you control the disease risk at your site and will impact on the premium that they will wish to charge for this. If you need to provide additional information on a separate sheet of paper then you should do so.
21. The questions relating to stock mortality and material facts are critical to the insurance contract. If insurers discover that any information has been omitted or misrepresented, they will be entitled to void the contract. Please, therefore disclose any losses or facts even if these may seem to be of little relevance to you. Such disclosure may not affect the terms

available if disclosed but can invalidate the policy if subsequently discovered
in the routine course of events or after a loss has happened.

**THESE NOTES ARE PURELY INTENDED TO ASSIST IN COMPLETION OF THE PROPOSAL FORM. IF YOU ARE
IN ANY DOUBT ABOUT HOW ANY QUESTIONS SHOULD BE ANSWERED YOU SHOULD CONSULT YOUR
PROFESSIONAL INSURANCE ADVISER.**