



MARINE
UNDERWRITING
SERVICES

Port Protection

GENERAL INSURANCE CONDITIONS



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SECTION 1 Insured Operations and Services

1.1/ OPERATIONS

The Assured may be insured for the performance of the following operations:

1.1.1/ Main operations

- Marine terminal operator
- Stevedore
- Operational port authority
- Landlord port authority

1.1.2/ Ancillary operations

- Ship agent
- Freight forwarder
- Intermodal rail depot
- Container freight station
- Other as may be agreed by the Insurer and listed in the Policy Schedule

1.2/ SERVICES

Cover under this policy only applies to the services that are specified in the Policy Schedule. Services provided by the Assured as part of its operations but which are not specified in the Policy Schedule are not insured.

SECTION 2 Policy Composition

2.1/ POLICY COMPOSITION

MUS Port Protection is a policy with optional extensions that may provide insurance coverage for:

2.1.1/ BASIC COVERAGE:

2.1.1.1/ Liability for cargo (§ 3.1)

2.1.1.2/ Legal liability in respect to third parties (§ 3.2)

2.1.1.3/ Costs (§ 3.3)

2.1.2/ EXTENSIONS

2.1.2.1/ Liability for damage and/or delay to ships (§ 3.4)

2.1.2.2/ Liability for errors and omissions (§ 3.5)

2.1.2.3/ Fines and duty (§ 3.6)

2.1.2.4/ Wreck removal (§ 3.7)

2.1.2.5/ Advice and information (§ 3.8)

2.1.2.6/ Liability in performing ship's or line agency services (§ 3.9)

2.1.2.7/ Handling equipment insurance (§ 3.10)

2.2/ BASIC COVER AND EXTENSIONS

MUS Port Protection is a policy with optional extensions. Only basic cover (§ 3.1 - § 3.3) is applicable automatically, unless otherwise stated in the Policy Schedule. **The Assured is only covered in respect of liabilities and/or risks that are specifically mentioned in the Policy Schedule.**



SECTION 3 Coverage

PREAMBLE

This insurance covers Assured, Co-Assured or Joint Assured against liabilities and/or risks that are specifically mentioned in the Policy Schedule and special conditions expressed in respective paragraphs of Section 3 to apply to such cover.

BASIC COVER

3.1/ LIABILITY FOR CARGO

3.1.1/ Risks insured

The Assured is covered for liability in respect of clients due to the non-performance or poor performance of the Assured's contractual obligations relating to the handling of cargo, as follows

3.1.1.1/ **Contractual liability** for physical damage to and/or loss of entrusted merchandise (cargo)

3.1.1.2/ **Liability for consequential financial loss** to the Assured's clients resulted from liabilities insured under §3.1.1.1

3.1.2/ Contracts

The Assured is covered for his liabilities only if they are incurred under:

- a compulsory law or convention applicable to Insured Services;
- the Standard Trading Conditions on which the Assured does business provided and to the extent that they have been approved in writing by the Insurer prior to the commencement of the Policy Period;
- any other written agreements between the Assured and their clients provided and to the extent that such agreements have been approved by Insurer in writing and reference made in the Policy Schedule.

Failure of the Assured to incorporate into their contracts with their clients their Standard Trading Conditions or other conditions initially approved by Insurer will entitle Insurers to deny liability/cover under the terms of this policy.

3.1.3/ Special exclusions

3.1.3.1/ **Unexplained losses**

There is no cover under this policy for any liability arising from unexplained losses discovered only during inventory or stock-taking.

3.1.3.2/ **Declared value (Ad valorem)**

Except and to the extent that the contractual provisions have been approved in writing by the Insurer and special reference is made in the Policy Schedule, there is no cover under this policy for liabilities to the extent that the Assured's liability is increased by a declaration of value by their client.

3.1.3.3/ **Excluded cargo**

Liabilities in respect of the following cargo are strictly excluded under this policy: Jewellery, precious stones and

metals, paintings and art objects, sculptures, antiques or collection pieces, furs, convertible coins, bank notes and all other papers of value such as commercial paper, securities, stocks, bonds, promissory notes, bills of exchange, warrants, bills of lading, registered certificates, bearer certificates, shares, debentures, coupons and documents of value of all types, treasury bills, short-term notes, non-obliterated postal and fiscal stamps, cheques (including travellers' cheques, restaurant vouchers, holiday vouchers and unused cheque books), bank cards, tax discs, horse-betting and lottery tickets, telephone cards, postal parcels and the fraudulent use that can be made of these.

3.2/ LEGAL LIABILITY IN RESPECT OF THIRD PARTIES

3.2.1/ Risks insured

The Assured is covered against legal liabilities to a third party arising from the provision of Insured Services in respect of:

- Physical loss or damage to property (other than cargo or ship) and consequential financial loss resulting from such loss or damage;
- Death, injury or illness of any third party and consequential financial loss resulting from such death, injury or illness.

Cover under § 3.2.1 includes third party liabilities arising from sudden, unforeseen and accidental pollution, however strictly subject to terms, conditions and restrictions specified in § 5.1.20 of Section 5 (General exclusions and restrictions).

3.2.2/ Third party property defined

For the purpose of § 3.2 third party property is defined as any property of a third party, except cargo, ship or vessel and any property leased to the Assured, Co-Assured or Joint Assured, for example, equipment, land or buildings. A third party is defined as any person other than Insurer, Assured, Co-Assured or Joint Assured. One effect of these definitions is that, unless separately agreed with Insurers and reference made in the Policy Schedule, Assured, Co-Assured or Joint Assured is not insured against their liability for physical loss of or damage to the property of another Co-Assured or Joint Assured and vice versa.

3.2.3/ Special exclusions

3.2.3.1/ Employers' liability

There is no cover under this policy for any liability for death, injury or illness of any person employed or seconded to the Assured or any subcontractor, which the Assured incurs as an employer, including any liability under any state or private workers compensation insurance, disability benefits or similar law or scheme.

3.2.3.2/ Abnormal use of equipment

There is no cover under this policy for any liability that they incur arising from the movement from one location to another location, erection, dismantling or re-erection of an item of equipment other than in the course of inspection, maintenance, repair or removal to another working position in the port, terminal or depot.

3.2.3.3/ Liability outside Insured Location

There is no cover under this policy for any liability that they incur outside Insured Location.



3.3/ COSTS

The Assured is covered for the following costs provided that such costs are incurred with the prior written approval of the Insurer:

3.3.1/ Mitigation: Reasonable costs of minimising a claim recoverable under this policy.

3.3.2/ Investigation and defence: Costs arising from investigating an event which may give rise to a claim recoverable under this policy and protecting the Assured's interests in relation to it (including legal and survey fees), provided that they are incurred with the prior written approval of the Insurer.

3.3.3/ Disposal costs: Extra costs incurred by the Assured in disposing of cargo or an item of their client's property (other than ship or the wreck of any ship or vessel) or an item of insured equipment (only if cover under § 3.10 applies) following an accident to such cargo, property or equipment. Costs referred to herein are pure disposal costs, less those costs that the Assured would have incurred in any event.

3.3.4/ Quarantine and disinfection costs: Costs incurred by the Assured for quarantine, fumigation or disinfection arising other than in the normal course of business.

EXTENSIONS

Only subject special reference is made in the Policy Schedule this insurance can be extended by including liabilities and/or risks mentioned in §§ 3.4 – 3.10 hereunder.

3.4/ LIABILITY FOR DAMAGE AND/OR DELAY TO SHIPS

The Assured is covered for its legal liabilities to a third party arising from the provision of Insured Services in respect of physical loss or damage to serviced ship(s) or vessel(s) and consequential financial loss resulting from such loss or damage.

3.5/ LIABILITY FOR ERRORS AND OMISSIONS

3.5.1/ Risks insured

Subject to prior written agreement of the Insurer, this insurance covers liability of the Assured caused by errors and/or omissions of employees involved in cargo handling and/or other Insured Services, resulted in

3.5.1.1/ Delay: delay in the handling of cargo or ship(s).

3.5.1.2/ Wrongful delivery: financial loss incurred by the client of the Assured resulting from delivery of cargo contrary to the contractual obligations of the Assured.

3.5.1.3/ Other financial loss: any other financial loss incurred by the client of the Assured resulting from failure of the Assured, partly or totally, to perform their contractual obligations.

3.5.2/ Explanatory note

For avoidance of doubt within understanding of cover provided under § 3.5 the Assured is covered against their liability for financial loss of their client, but not for his own operational loss.

3.6/ FINES AND DUTY

3.6.1/ Risks insured

Subject to prior written agreement of the Insurer, this insurance covers the following risks arising from a breach of any of the regulations set out in § 3.6.2 (Regulations):

3.6.1.1/ Fines and penalties: liability of the Assured for fines or other penalties imposed by an Authority on the Assured or any person acting on behalf of the Assured;

3.6.1.2/ Duty, tax and fiscal charges: liability of the Assured for customs duty, sales or excise tax or similar fiscal charges, which are imposed by an Authority on the Assured or any person acting on behalf of the Assured and which would not have been payable but for the breach of any of the Regulations referred to in § 3.6.2 (Regulations);

3.6.2/ Regulations

Regulations referred to in § 3.6 (Fines and Duty) are those related to:

- a) import or export of any cargo;
- b) import or export of equipment of the Client of the Assured;
- c) immigration;



3.6.3/ Special exclusions

3.6.3.1/ Commercial fines

The Regulations referred to in § 3.6 (Fines and Duty) exclude any law or regulation in respect of freight tariffs, competition or the structure or operation of the business of the Assured or that any person acting on behalf of the Assured.

3.6.3.2/ Licensed road vehicles

There is no cover under this policy for any risk that they incur as the owner, lessee or operator of road vehicle, which is required to be licensed.

3.6.3.3/ Excessive weight on the road transport

There is no cover under this policy for any claim for any breach of regulations arising from the weight of cargo or carrying equipment when on a public road.

3.6.3.4/ Illegality

If any court or tribunal determines that it is illegal for the Assured for any of the risks under § 3.6 (Fines and Duty), such illegality shall only apply to such risks and insurance for other risks under § 3.6 (Fines and Duty) and other covers and liabilities of this Policy shall not be affected.

3.7/ WRECK REMOVAL

3.7.1/ Wreck removal costs

Provided that such costs are incurred with the prior written approval of the Insurer, the Assured is covered for costs incurred by the Assured, either voluntarily or in the exercise of the statutory right of the Assured, in removing the wreck of a ship, which becomes a wreck in consequence of an accident occurring within period of insurance.

It is further warranted that these costs are only recoverable if incurred by the Assured for the purpose of avoiding or minimising a claim under any other liability insured by this Policy.

The costs set up herein are the costs, less sums recoverable by the Assured from any other person, including, but not limited to ship-owners, charterers, their hull and P&I underwriters.

3.8/ ADVICE AND INFORMATION

3.8.1/ Liability insured

The Assured is covered for its legal or contractual liabilities for loss of income, less any savings, to any individual or organization by whom the Assured is engaged for the supply of advice or information on the management of Insured Services whereby the Assured incurs such liability in consequence of the Assured's negligent act, error or omission in the provision of such advice or information during the period of insurance.

3.8.2/ Special exclusion

Cover provided under § 3.8 (Advice and Information) does not cover any actual or alleged acts of medical malpractice.

3.9/ LIABILITY IN PERFORMING SHIPS' OR LINE AGENCY SERVICES

3.9.1/ Risks insured

Subject to prior written agreement of the Insurer, this insurance covers legal liability of the Insured in case of acts or negligence occurring in ship's clearance and/or liner agency activities based on a ship's clearance assignment.

3.8.2/ Ship clearance defined

Ship's clearance refers to representing the captain of a ship or vessel, a shipping company, or conducting the vessel's arrival clearance and related procedures. Furthermore, ship's clearance refers to representing the owners of goods, unless it conflicts with the representation of a shipping company.

3.9.2/ Special exclusions

During provision of ships' or line agency services the Assured is not covered for any liability:

- a) for bodily injuries;
- b) due to the fact that the Assured has under a separate agreement assumed responsibility which exceeds or extends the conventional responsibility which normally results from ship's clearance activities, unless such agreements were seen and approved by the Insurer;
- c) arising from an assignment concerning the purchase or sale of a vessel or other property;
- d) due to the fact that the Assured has undertaken to carry credit risk, or loss or damage due to a lack of cash reserves;
- e) for customs duty, taxes or other corresponding fiscal charges.

3.10/ HANDLING EQUIPMENT INSURANCE

3.10.1/ Risks insured

Subject to prior written agreement of the Insurer, the Assured is covered against the physical loss or damage of handling machines and/or other equipment specified in the Policy Schedule resulting from perils as defined in Appendix 1.

3.10.2/ Special provisions

This cover is subject to provisions, warranties and exclusions as set out in Appendix 1 hereto.



SECTION 4 DEFINITIONS

4.1/ DEFINITIONS

- **ACCIDENT:** the sudden event which is neither expected nor intended by the Assured and which first occurred or commenced on identifiable specific date during the Policy period.
- **ASSURED:** the corporation or other legal entity named in the Policy Schedule as the party insured under the policy, its executive Officers.
- **CLIENT:** any party with which the Assured concludes a contract for the provision, by the Assured or any subcontractor or agent acting on its behalf, of the Insured Services set out in the Policy Schedule.
- **CMR CONVENTION:** Convention on the Contract for the International Carriage of Goods by Road.
- **CO-ASSURED:** the corporation or other legal entity named as such in the Policy Schedule. The liability of the Insurer to a Co-Assured shall only extend insofar as such Co-Assured may be found liable to pay in the first instance for liabilities which are properly the responsibility of the Assured and are covered under this policy.
- **CONDITION PRECEDENT:** a condition which must be fulfilled for the cover to be valid.
- **CONFINES OF THE PORT / TERMINAL / LOCATION:** those areas within the limits of the port as set out in the Policy Schedule and in case of local collection or delivery within 10 kilometres radius of the confines of the port, terminal or insured location.
- **CONTRACTUAL LIABILITIES:** liabilities incurred under a contract concluded with a client for the provision of the Insured Services.
- **DEDUCTIBLE:** the part of the claim which is deducted from the amount payable by the Insurer.
- **EMPLOYEE:** a person having employment relationship with the Assured or Co-Assured or Joint Assured and not falling within definition of Executive Officer.
- **EVENT:** an occurrence or all occurrences of a series consequent on, or attributable to, one source or original cause.
- **EXECUTIVE OFFICER:** any director, board member, commissioner, president, vice-president or a managerial employee of the Assured.
- **EXPLOSION:** sudden and violent action of increased or reduced pressure of gas or vapour.
- **FINANCIAL LOSS:** any loss in respect of loss of profit, loss of opportunity, or loss of or reduction or future business. Except as specifically provided hereunder this policy only covers financial loss which arises from physical loss or damage to third party property (including cargo) or death, injury or illness of a third party.
- **FIRE:** combustion with flames outside a normal place for fire.
- **FREIGHT FORWARDING:** for the purpose of this insurance freight forwarding should be understood as provision of the following services:
 - organization and/or performance of carriage of goods
 - contracting for storage and/or reloading of goods at third party warehouses and/or terminals
 - customs clearance of goods
 - assistance with documents for import and export
- **GROSS NEGLIGENCE** must be defined when person's conduct is reckless and careless in the highest degree or if he or she acts with less care towards the property of another entrusted to him or her than he or she would apply to his or her own property, or if he or she initiates a course of action, the harmfulness and dangerousness of which could not and should not have been unknown to him or her; or as may be otherwise defined by respective applicable law.
- **INSURER:** Company stated in the Policy Schedule as Leading Insurer and the co-subscribing insurers mentioned in the Policy Schedule when the policy is subscribed by more than one Insurer.
- **INSURED LOCATION:** the location at which the Assured provides any Insured Services and which is specified in the Policy Schedule.
- **INSURED OPERATIONS AND SERVICES:** Operations and Services specified in the Policy Schedule in respect of which the Assured is covered.
- **JOINT-ASSURED:** the corporation or other legal entity named as such in the Policy Schedule. Each Joint Assured shall have an independent right of recovery from the Insurer.
- **LIGHTENING:** direct effects of atmospheric electricity and lightning strike.
- **OCCURRENCE:** all the damaging consequences resulting from the same cause or generating circumstance.
- **POLICY PERIOD:** the period starting and ending on the dates shown in the Policy Schedule.
- **INSURED EQUIPMENT:** handling equipment insured and specified in the Policy Schedule.
- **STANDARD TRADING CONDITIONS:** such contractual terms and conditions on which the Assured conduct its business, recording the terms on which the services specified in the Policy Schedule are provided.
- **THIRD PARTY:** any party, other than: the Assured, any Joint Assured, Co-Assured, or any of their employees or their clients.
- **TERRORISM:** any act(s) of any person(s) or organisation(s) involving the causing, occasioning or threatening of harm of whatever nature and by whatever means, or putting the public or any section of the public in fear, in circumstances in which it is reasonable to conclude that the purpose(s) of the person(s) or organisation(s) concerned are wholly or partly of a political, religious, ideological or similar nature.



- **TRADING LIMITS:** geographical limitation where policy is valid. Each and every claim occurred or discovered outside trading limits mentioned in Policy Schedule is not recoverable.
- **UNDERWRITING AGENTS:** Marine Underwriting Services SIA acting as underwriting and claims management agents for and on behalf of Insurer. Notices given to Underwriting Agents should constitute notice as being given to Insurer and notice given by Underwriting Agents should constitute notice as being given by Insurer.
- **WAREHOUSE OPERATOR:** for the purpose of this insurance warehouse operator should be owner or manager of warehouse and/or other storage facility, who is providing storage services as principal, under separate agreement.

4.2/ CONSTRUCTION

4.2.1/ Words importing the singular shall include the plural and vice versa

4.2.2/ Words importing the masculine shall include the feminine

4.2.3/ Words importing natural persons shall include individuals and any legal entity including corporations or partnerships

4.2.4/ The headings and sub-headings in this policy are for guidance only and are not to be taken into account in its construction or interpretation.

SECTION 5 EXCLUSIONS AND RESTRICTIONS

These exclusions and restrictions apply to any loss, damage, liabilities, and costs, unless it is otherwise stated.

5.1/ GENERAL EXCLUSIONS

The general exclusions applicable to all sections of this policy below are in addition to specific exclusions relating to each type of cover, however in case of differences between General Exclusions and Specific Exclusions relating to each type of cover, it is agreed and understood that Specific Exclusions will prevail.

5.1.1/ Mandatory insurance

Liability to third parties resulting from usage of a vehicle which belongs to the owner or user and which falls under the mandatory motor vehicle third party liability insurance.

5.1.2/ Insolvency and failure to pay debts

Any risk to the extent that it is caused by, contributed to or aggravated by the insolvency of the Assured or by its failure or delay to pay its debts.

5.1.3/ Intentional or reckless act or omission

Liability resulted from or caused by intentional or reckless act or omission by an executive officer of the Assured.

5.1.4/ Directors and Officers liability

Personal liability of an executive officer of the Assured arising from actions connected to its corporate position or their gross negligence.

5.1.5/ Interest in ship or aircraft

Any risks arising from the ownership, management, navigation or operation, leasing or chartering of any ship or aircraft.

5.1.6/ Liability in USA and Canada

Any liability arising from the provision of services in USA or Canada. This exclusion applies to each and every liability except liability in respect to entrusted merchandise.

5.1.7/ Inter-company claims

This insurance will not respond to any claim made against the Assured and/or Co-Assured and/or joint Assured by any parent, associated or subsidiary company, unless otherwise stated in the Policy Schedule.

5.1.8/ Penalties, punitive, exemplary or multiple damages

This insurance will not respond to any claim not only but also for damages of an exemplary nature, punitive sanctions, parking tickets, traffic fines, seizures, confiscations.

5.1.9/ Asbestos

Any loss, cost or expense directly or indirectly arising out of, resulting as consequence of, or related to the manu-



facture, mining, processing, distribution, testing, remediation, removal, storage, disposal sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

5.1.10/ **Blockade running, smuggling, illegal trade and piracy**

Any risk directly or indirectly caused by or contributed to or arising from not only, but also: blockade running, smuggling, illegal trade, piracy and the consequences of, or any attempt at any of these.

5.1.11/ **Cyber risks**

Use or operation, as a means of inflicting harm, of any computer, computer system, computer programme, malicious code, computer virus or process or any other electronic system; fraud, malicious damage, error in programming including loss of computer data.

5.1.12/ **Political risks**

Any risk directly or indirectly caused by or contributed to or arising from not only, but also:

- capture, seizure, arrest, restraint, detainment, confiscation, nationalisation, requisition or pre-emption and the consequences of, or any attempt at any of these;
- destruction of or damage to property by or under any government or public or local authority.

5.1.13/ **Radioactive contamination, chemical, biological, biochemical and electromagnetic weapons**

Any risk directly or indirectly caused by or contributed to or arising from:

- ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;
- any chemical, biological, bio-chemical, or electromagnetic weapon.

5.1.14/ **Strikes**

Strikers, lock-out workmen, or persons participating in labour disputes and disturbances (whether legal or otherwise) and the consequences of strikes, lock-outs, labour dispute and disturbances.

5.1.15/ **Terrorism**

Terrorism and/or steps taken to prevent, suppress, control

or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism.

5.1.16/ **War risks**

Any risk directly or indirectly caused by or contributed to or arising from:

- war, civil war, revolution, rebellion, insurrection, military or usurped power, civil strife, civil commotion, civil unrest or riots, or any hostile act by or against a belligerent power, and the consequences of any of these;
- derelict mines, torpedoes, bombs or any other derelict weapons of war.

5.1.17/ **Special activities**

Any risk arising from the following activities:

- **Airport:** management or operation by the Assured of any airport, area or building upon which aircraft land or manoeuvre, or in which they are housed, maintained or repaired;
- **Dredging:** dredging operations and the dumping of soil;
- **Waste handling:** Landfill, operation or use of a dump site, disposal of waste other than the carriage, handling or storage of cargo prior to its disposal as waste.

5.1.18/ **Dangerous cargo**

Any liability arising from the carriage, handling, storage of cargo that does not comply with the IMO Dangerous Goods Code or any other recognised code for the mode of transport utilised or the services performed except if the Assured proves that none of its executive officers was aware and could not reasonably have ascertained that such cargo was being handled.

5.1.19/ **Liability without fault**

There is no cover under this policy for any liability for physical loss of or damage to cargo arising out of a provision in a contract with the Client under which the Assured incur liability for such loss or damage without fault or negligence.

5.1.20/ **Pollution**

Loss, damage, liability and costs arising out of the emission, discharge, dispersal, release or escape of smoke, vapours, soot, fumes, alkalis, toxic chemicals, liquids or gases, waste materials, oil or other petroleum substance or derivative (including any oil refuse or oil mixed wastes or other irritants, contaminants or pollutants) into or upon land, the atmosphere, or any watercourse or any body of water.

This exclusion shall not apply, however, provided that the assured can establish that all of the following conditions have been met:

- a) the occurrence was accidental and was neither foreseeable nor intended by the assured;
- b) the occurrence can be identified as commencing at a specific time and date during the period of insurance;
- c) any claims in respect of the occurrence is made during the period of insurance;
- d) the Assured became aware of the occurrence and reported it within 30 (thirty) days of its commencement;
- e) the occurrence was not the result of the Assured's



intentional or wilful violation of any governmental statute, rule or regulation.

Even if all these conditions have been met, this Insurance Policy does not cover any liability in respect of:

- a) removal of, loss or damage to sub-surface oil, gas or any other substance;
- b) any site or location used in whole or in part for the handling, processing, treatment, storage, disposal or dumping of any hazardous waste materials or substances or the transportation of any hazardous waste materials or substances;
- c) assessment costs, control or surveying costs of seepage and/or of contaminating substances;
- d) removal, destruction or cleaning costs of seepage and/or of contaminating substances to property belonging or having belonged to the Assured, being leased or having been leased by the Assured or being or having been under the control of the Assured;
- e) seepage, pollution or contamination due to bad maintenance or bad condition of the equipment and/or property involved.

SECTION 6 GENERAL PROVISIONS

6.1/ MATERIAL INFORMATION, AUDIT AND LOSS PREVENTION

6.1.1/ Material information

It is a condition precedent to liability under this policy that the Assured shall:

- a) provide full and accurate information prior to inception of the policy, during the policy period and for the renewal of the insurance provided under this policy;
- b) advise the Insurer of any material change or addition to information already given. If the Assured fails to comply, the Insurer shall have the right to:
 - avoid the insurance;
 - reject a claim which relates to circumstances which should have been disclosed, but were not disclosed due to bad faith of the Assured or their insurance broker, or which is the subject of misleading/inaccurate information provided by the Assured in bad faith. If the Insurer deems that the information specified in § 6.1.1 b) affects the nature of the risk under the insurance, the Insurer may either increase the premium or cancel the insurance policy as this is defined under Law on Insurance Contract of Latvia.

6.2/ INCEPTION, DURATION, CANCELLATION AND TERMINATION OF INSURANCE

6.2.1/ Inception

The insurance policy applies from 00:00 GMT+2 on the commencement date specified in the Policy Schedule unless another time is specified.

6.2.2/ Duration

Unless otherwise specified in the Policy Schedule, the policy is underwritten for one year.

6.2.3/ Cancellation

The insurance policy may be cancelled before its expiry date in the following circumstances:

- a) By the Insurer
 - In the circumstances specified at §6.1 above;
 - If the Assured does not pay a premium or provide a declaration by the time they are due. In case first instalment of premium is not received by Insurers on or before the due date cover is cancelled automatically from inception. If any of subsequent instalments are not received by Insurers in due time the Insurer will give notice to the Assured or their insurance broker requiring that the premium is paid (or the declaration made) within 15 (fifteen) days. The insurance will be automatically cancelled without further notice if such payment or declaration is not received within that period;
 - After settling a claim under this insurance policy: 15 (fifteen) days after the Insurer gave written notice to



the Assured or their insurance broker and in accordance with Law on Insurance Contract of Latvia.

- b) By the Assured
 - By giving 30 days notice in writing. In case of such cancellation the Assured should pay 20% of deposit premium for Insurer's administrative expenses in addition to pro-rata premium for period covered by this insurance.

6.2.4/ Termination

This policy shall terminate automatically without notice in case of:

- winding up/bankruptcy of the Assured;
- termination of the Insured Services;
- the Assured ceases to have an insurable interest in the subject matter of the insurance.

6.3/ PERIOD OF INSURANCE

The cover is provided on a claims-made basis. The insurance covers liabilities and costs that arise directly in respect of any claim or legal proceedings of which notice is first given to the Insurer in accordance to § 6.11.1 during the Policy Period.

There is no cover under this policy in respect of any event, occurrence, claim or potential claim occurred or made before the inception of the policy and that were known or should reasonably have been known by the Assured prior to the inception date of this policy.

6.4/ INDEMNITY INSURANCE

Unless otherwise agreed by Insurer, it is a condition precedent that the Insurer pays the Assured after it has spent money, for example by paying a claim to a third party or incurring costs. In no case this insurance should benefit for any third party.

6.5/ DOUBLE INSURANCE

If a risk insured under this insurance policy is also covered under another insurance contract:

- a) Physical damage (as per § 3.10) cover:
Each Insurer shall pay insurance compensation in proportion to the amount specified by each insurance contract.
- b) Liability (as per § 3.1 – 3.9) cover:
Each Insurer shall pay insurance compensation in proportion to the liability limit specified by each insurance contract.

6.6/ SERVICE OF NOTICES

6.6.1/ Notices required by this insurance shall be served:

- by post, fax or email to the Assured or his insurance broker, at the address or fax number last recorded by the Insurer.

or

- personally to a director or officer of the Assured.

6.6.2/ Notices shall be deemed served:

- if sent by post, on the seventh day after posting;
- if sent by fax or email, on the third day after transmission.

6.7/ JOINT ASSURED AND CO-ASSURED

There is only one Assured under this policy – designated in the Policy Schedule. Anyone else insured under this policy is either Joint Assured or Co-Assured.

An applicant for joint or co-insurance:

- must comply fully with § 6.1 above. Failure to do so may avoid the insurance of the Assured and all Joint and Co-Assureds;
- is deemed to have appointed the Assured (or applicant for insurance) as its agent;
- if the Insurer accepts its application: the insurance will be subject to all the provisions of the Assured's insurance and to terms relating to the joint insurance.

6.7.1/ Cessation or cancellation of insurance

If the Assured's insurance ceases or is cancelled, the insurance of all Joint Assureds and Co-Assureds will also cease or be cancelled at the same time.

6.7.2/ Payment of premium

The Assured, Joint Assureds and Co-Assureds are jointly and severally liable to pay all amounts due to the Insurer in respect of this policy.

6.7.3/ Claim settlement

Payment by the Insurer to the Assured or any one Joint Assured or Co-Assured or their insurance broker or to party making a claim against the Assured, in respect of any claim under this policy shall fully discharge the Insurer of all liability arising out of that claim.

6.7.4/ Conduct

Conduct of the Assured, a Joint Assured or Co-Assured disentitling it to recover from the Insurer, disentitles all the other parties in respect of the risk.

6.7.5/ Client

A client/customer of one Assured, Joint Assured or Co-Assured is deemed to be the client/customer of all of them.

6.7.6/ Claims between the assured, joint assured and co-assured

Unless otherwise agreed, there is no cover under this policy for any claim or liabilities between the Assured and/or Joint Assured and/or Co-Assured.

6.7.7/ Service of notice

Service of notice on the Assured (or its broker) is deemed to be service on the Assured, the Joint Assured and Co-assured.



6.8/ LIMITS OF LIABILITY

The limits of liability are as specified in the Policy Schedule. Each limit applies in respect of any one event. When specified in the Policy Schedule, the limit(s) also apply in the aggregate for the Policy Period.

6.8.1/ General limits

The general limits apply to all risks under the cover specified except to those where a sub-limit is applicable. The general limits are inclusive of the mitigation, investigation and defence costs covered under this insurance.

6.8.2/ Sub-limits

The sub-limits are inclusive and not in addition to the general limit specified for that cover. They are inclusive of mitigation, investigation and defence costs covered under this insurance.

6.9/ DEDUCTIBLES

All claims under the policy are subject to a general deductible except:

- ☒ claims which are subject to a special deductible;
- ☒ claims where no deductible is applicable.

If there is more than one deductible for claims arising from the same event, only the highest one will apply. The general and special deductibles are specified in the Policy Schedule.

6.10/ PREMIUM

The premium and the terms of payment are as specified either in the Policy Schedule or invoice. The premium is due in full to the Insurer immediately after the commencement of insurance.

6.10.1/ Premium calculation

Premium may be:

- a) A lump sum premium: a premium which is not subject to adjustment by means of an adjustment rate.
- b) An adjustable premium:
 - subject to a deposit which may be subject to a minimum premium
 - adjusted at the end of the policy period by applying an adjustment rate.

The Assured must provide the Insurer with the adjustment factors (turnover, insured values...) within 30 days after the end of the Policy Period.

6.10.2/ Effect of cancellation and termination of the Policy

- a) Cancellation

If the event of the cancellation of this policy by the Insurer in case the Assured has not paid a premium or provided a declaration by the time they are due:

- the Insurer shall not be liable in respect of any claim whatsoever, whether arising before or after such cancellation;

- the Insurer shall be entitled to interest, at a rate of 2% over the official rate of the country in which the policy is issued, for any premium or part of the premium which is unpaid;
- the Insurer shall be entitled to 20% of deposit premium for the administrative expenses of the Assured.

- b) Termination

Where the Assured has paid the premium due under this Policy and termination of the policy takes effect in accordance with § 6.2.4, premium under the policy shall be returned to the Assured on a pro rata per day basis.

6.11/ CLAIMS

6.11.1/ Notification

The Assured must notify in writing the Insurer of any event likely to lead to a claim under this insurance and any claim or potential claim of which the Assured is given notice for which it is or may be insured. Such notification must be made immediately and in any case at the latest within 2 (two) working days from the time where the Assured has been informed.

The Assured must also report the theft to the authorities within 24 (twenty four) hours following its discovery.

6.11.2/ Obligations of the Assured

In case of an event or of a claim as specified in § 6.11.1 above, the Assured shall:

- take all reasonable measures to avoid or minimise the risk;
- give immediate notice to a third party who may be responsible;
- take all necessary measures to obtain recovery from a third party and avoid time bars;
- provide full support to the Insurer in any amicable or legal recovery action against a third party;
- not admit liability or settle a claim without the Insurer's prior written agreement;
- maintain its rights of defence against a third party (time bar, limit of liability...) and any rights of recovery.

6.11.3/ Powers of the Insurer

The Insurer may:

- direct the conduct of any claim or proceedings relating to a risk which is insured under this insurance policy.
- settle, compromise or dispose of the claim/proceedings as the Insurer see fit.
- appoint lawyers, surveyors and others on behalf of the Assured.

6.11.4/ Failure to comply

If the Assured fails to comply with the provisions of § 6.11.1 and § 6.11.2 above, the Insurer will either reject a claim if the Assured acted with gross negligence or in bad faith or reduce the claim to the extent that its rights have been prejudiced, but up to a maximum of 50% of payable claim if the Assured acted with ordinary negligence.



6.11.5/ Settlement of claims

Provided that they are fully documented, claims will be decided by the Insurer within 30 days of their presentation.

6.11.6/ Survey fees

In the event of the Assured and/or Insurance Brokers complying with the instructions contained in this insurance policy to call for a survey in respect of loss or damage which may result in a claim hereunder, it is hereby agreed and understood that expenses incurred and fees charged in respect of such survey are for the Insurers' account even though a claim may not subsequently result hereunder.

6.11.7/ Subrogation and recoveries from third parties

- a) Subrogation
The Insurer shall be subrogated to all rights which the Assured may have against any third party in respect of any payment made under the policy to the extent of such payment, and the Assured shall, at the request of the Insurer, execute forthwith any document required by the Insurer for the purpose of exercising such rights.
- b) Distribution of recoveries
The net amounts (i.e. amounts after deducting the costs of making the recovery) recovered from third parties in respect of a claim will be distributed equitably between the Insurer and the Assured in proportion to their respective interest.

6.11.8/ Set off

The Insurer may set off any amounts due by the Assured against payments due by the Insurer in respect of a claim.

6.12/ CURRENCY

Without prejudice to § 6.4 of Section 6, If the Insurer pays a claim in a currency other than the policy currency, limits of liability and deductibles will be converted from the policy currency at the rate prevailing:

- in respect of liability (as per § 3.1 – 3.9) claims: on the date of payment by the Assured.
- in respect of physical damage (as per § 3.10) claims: on the date of the loss.

6.13/ INSURANCE BROKERS

The insurance broker is:

- the agent of the Assured and not of the Insurer;
- has no authority to issue or confirm policies on behalf of the Insurer.

6.14/ SEVERAL LIABILITY OF INSURERS

If this policy is subscribed by more than one insurer, the subscribing insurers' obligations under this policy are several and not joint and are limited solely to the extent of their individual subscription. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

6.15/ LAW AND JURISDICTION

The policy is subject to the following provisions:

6.15.1/ Law

This policy shall be governed by and construed in accordance with Latvian law. Law on Insurance Contract of Latvia should apply to this contract.

6.15.2/ Jurisdiction

Any dispute or difference between the Assured (or anyone else, including the Assured's broker) and the Insurer under this policy shall be governed by law as per § 6.15.1 and referred to the court or arbitration as specified in the Policy Schedule.

6.16/ TIME BAR

6.16.1/ Presentation of claims

All claims arising from this contract shall be time barred within 2 (two) years.

6.16.2/ Amounts due

The Assured shall claim in writing any amounts due from the Insurer within 6 (six) months from the end of the policy period. Otherwise, the claim shall be time-barred.



APPENDIX 1

HANDLING EQUIPMENT INSURANCE

1/ PAYMENT

Loss recoverable under this Extension of Cover, if any, payable to the Assured or Loss Payee as set out in the Policy Schedule.

2/ INSURING CLAUSES

Insurer hereby agree, subject to the provisions of this Policy of Insurance and special limits and deductibles set out in the Policy Schedule, to indemnify the Assured in respect of:

2.1/ Physical loss or physical damage to Insured Equipment as set out in the Policy Schedule, within confines of the port, terminal or Insured Location arising from an accident occurring during the Policy period.

2.2/ Daily lease charges for an item of Insured Equipment, leased to the Assured and where such charges have been incurred by reason of an accident insured under this Appendix 1 (subject to § 6 of this Appendix 1) and resulting in:

- a) the prevention of the redelivery of the Insured Equipment to the lessor by the originally intended date due to that item being an actual or constructive total loss;
- b) delay in redelivery of the Insured Equipment to the lessor by reason of obligation to effect repairs to the item.

In the event of a claim under § 2 of Appendix 1, the indemnity payable by Insurers under all sections for the same Insured Equipment shall not exceed the insured value of that item as identified in the Policy Schedule.

3/ EXCLUSIONS

The insurance under Appendix 1 does not cover loss of or damage to Insured Equipment caused by:

3.1/ wear, tear, marring, scratching or gradual deterioration, wet rot, dry rot, mould, spoilage, decay or decomposition, settling, shrinkage or expansion, corrosion, rust, electrolyte action, discoloration, oxidation or erosion, leakage, subsidence, evaporation, loss of weight, breakage of glass or other fragile articles;

3.2/ vermin, moths, termites or other insects;

3.3/ atmospheric dampness or dryness, condensation, smog, fog, extremes or changes in atmospheric temperature;

3.4/ seepage of any substance whatsoever, backing up of sewers or drains, pollution or contamination;

3.5/ inherent vice, latent defect, error in design, fault or error in workmanship, manufacture or use of unsuitable materials. Costs of remedying or repairing inherent vice, latent defect, defects in design or manufacture;

3.6/ earthquake, tsunami, tidal wave, seaquake or volcanic eruption;

3.7/ mechanical or electrical breakdown or derangement of any communication equipment or alarm system or computer external to an item of Insured Equipment;

3.8/ confiscation, requisition, detention, occupation, embargo, quarantine, or arising from any order of public or government authority, or arising from acts of contraband or illegal transportation or illegal trade;

3.9/ the safe working load of any Insured Equipment being exceeded;

3.10/ loss of market, loss of use, loss of income, business interruption, or any other consequential loss or damage whatsoever;

3.11/ cessation, fluctuation or variation in, or insufficiency of water, gas or electricity supplies;

3.12/ artificially generated electrical current to electrical appliances, fixtures or wiring;

3.13/ processing, erecting, dismantling, renovating, repairing (which shall not include general maintenance), or working upon any Insured Equipment;

3.14/ error or fault in computer or machinery programming or from data programming;

3.15/ mechanical or electrical breakdown or derangement; however this exclusion should not apply to physical loss or physical damage arising from or caused by such mechanical or electrical breakdown or derangement provided that such loss or damage is not otherwise excluded elsewhere in this Policy;



3.16/ unexplained loss, mysterious disappearance, inventory shortage or loss due to book-keeping, accounting or billing errors or omissions;

3.17/ infidelity, dishonesty, theft, fraud or pilferage of the Assured or the Assured's employees or others to whom the Assured has entrusted responsibility;

3.18/ the Assured or the Assured's employees voluntarily parting with title or possession of Insured Equipment;

3.19/ transit of Insured Equipment, unless within the confines of the port, terminal or Insured Location.

4/ EXCLUDED HANDLING EQUIPMENT

The insurance under Appendix 1 does not cover any aircraft, helicopter, watercraft, ship, vessel, vehicles designed for highway use, locomotives or rolling stock designed for railroad use.

5/ EXCLUDED HANDLING EQUIPMENT

The insurance under Appendix 1 does not cover any aircraft, helicopter, watercraft, ship, vessel, vehicles designed for highway use, locomotives or rolling stock designed for railroad use.

6/ DAILY CHARGES

The insurance under Appendix 1 does not apply to daily lease charges where the item of Insured Equipment leased to the Assured is subject to a purchase option exercisable by the Assured or for the benefit of the Assured. Insurer shall only be liable for a maximum amount of 30 (thirty) days daily lease charges, from and including the original intended redelivery date, unless otherwise agreed by Insurer and reference is made in the Policy Schedule.

7/ PROTECTIVE MAINTENANCE

It is a condition precedent of liability under this Policy that the Assured shall maintain in good order proper and adequate protection for the safety of the Insured Equipment, including any additional measures required by Insurer, throughout the period of insurance. Such protection shall not be withdrawn or reduced unless prior agreement has been obtained from Insurer. If the Assured fails to comply

with this clause, Insurer will not be liable for any claims arising in whole or in part from the Assured's breach.

8/ AUTOMATIC ACQUISITIONS

The cover under Appendix 1 automatically holds covered handling equipment, similar to that already listed in the Policy Schedule, acquired by the Assured after the inception date of the Policy period for a period of up to 14 (fourteen) days after acquisition, provided:

8.1/ satisfactory advice and information regarding such handling equipment is given to Insurer within 14 (fourteen) days of acquisition; and

8.2/ the handling equipment value is not higher than 5% of the overall limit of this Section set out in the Policy Schedule;

8.3/ the handling equipment is similar to that already scheduled and is within the confines of the port, terminal or Insured Location.

9/ VALUES DECLARED AND UNDERINSURANCE

If Insured Equipment values declared to the Policy Schedule are less than actual market values, then any recovery hereunder shall be reduced by the same proportion that the scheduled value bears to the actual value for that particular item.

10/ SETTLEMENT OF CLAIMS

Settlement of claims under Appendix 1 will be calculated as follows subject to a maximum of the amount declared for the item of Insured Equipment in the Policy Schedule.

10.1/ Where equipment can be repaired at a cost less than the cost of replacement of the equipment, Insurer will pay the costs necessarily incurred to restore the equipment to the same condition as the equipment was in prior to the physical loss or damage occurring. Due allowance will be made for depreciation in respect of parts replaced, and the value of any salvage will be taken into account.

10.2/ Where conditions stated in § 10.1 of Appendix 1 do not apply Insurer will pay the limit declared in the Policy Schedule.





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