

LOGISTICS PROTECTION GENERAL INSURANCE CONDITIONS



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SECTION 1

INSURED OPERATIONS AND SERVICES

1.1/ OPERATIONS AND SERVICES

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

1.1.1/ Main operations and services

- Road haulage
- Freight forwarding
- NVOCC
- Rolling stock operator
- Warehousing (as main contractor)
- Other as may be agreed with the Insurer and specified in the Policy Schedule.

1.1.2/ Ancillary operations and services

- Ship agent
- Line agent
- Other as may be agreed with the Insurer and specified in the Policy Schedule.

Cover under this insurance policy applies only to the operations and services specified in the Policy Schedule. Operations and services provided by the Assured, but which are not specified in the Policy Schedule are not insured.

SECTION 2

POLICY COMPOSITION

2.1/ POLICY STRUCTURE

Policy Schedule and General Insurance Conditions are integral parts of insurance policy (contract of insurance).

2.2/ INSURANCE COVER AND OPTIONAL EXTENTIONS

MUS Logistics Protection is an insurance policy which provides cover for risks only if they are specified in the Policy Schedule.

2.3/ POLICY COMPOSITION

MUS Logistics Protection insurance policy provides insurance cover for the following risks:

2.1.1/ Liability in respect of customers (§ 4.1)

2.1.2/ Liability in respect to third parties (§ 4.2)

2.1.3/ Liability for increased contractual obligations (§ 4.3)

2.1.4/ Liability caused by gross negligence (§ 4.4)

2.1.5/ Liability for containers and/or trailers (§ 4.5)

2.1.6/ Liability for fines, taxes and duties (§ 4.6)

2.1.7/ Liability for accidental pollution (§ 4.7)

2.1.8/ Liability in providing ship's or line agency services (§ 4.8)

2.1.9/ Costs (§ 4.9)

2.1.10/ Damage to rolling equipment (§ 4.10).

SECTION 3

DEFINITIONS

3.1/ DEFINITIONS

- **ACCIDENT OR OCCURRENCE:** all the damaging consequences resulting from the same cause or generating circumstance.
- **ASSURED:** legal entity indicated in the Policy Schedule whose legal liability is insured under insurance policy.
- **CMR CONVENTION:** Convention on the Contract for the International Carriage of Goods by Road (CMR) (Geneva, May 19, 1956).
- **CO-ASSURED:** legal entity indicated in the Policy Schedule, whose legal liability is insured under insurance policy to the extent Co-Assured may be found liable to pay in the first instance for liabilities which are properly the liabilities of Assured and are insured under this insurance policy.
- **CONDITION PRECEDENT:** condition which must be fulfilled for insurance cover under insurance policy to be in force.
- **CONTAINER:** object with a minimum volume of 8 cubic meters designed for holding goods, for repeated use in storage and carriage of goods by road, rail and water.
- **CONSEQUENTIAL FINANCIAL LOSS:** any loss in respect of loss of profit, loss of opportunity, or loss of or reduction or future business. This insurance policy only covers consequential financial loss within liability in respect of cargo and liability in respect of third parties arising from physical loss or damage to third party property (including cargo) or death, injury or illness of a third party.
- **CUSTOMER:** any party with whom Assured concludes a contract for performance of operations and/or provision of services specified in the Policy Schedule by the Assured himself and/or any agent acting on Assured's behalf, and/or any subcontractor.
- **DEDUCTIBLE:** part of the loss to be borne by Assured personally.
- **DIRECTORS AND OFFICERS:** validly appointed members of a management board, an executive board or similar management bodies of the Assured.
- **EMPLOYEE:** person in employment relationship with the Assured and/or Co-Assured and/or Joint Assured.
- **EXPLOSION:** sudden and violent action of increased or reduced pressure of gas or vapour.
- **FIRE:** combustion with flames outside a normal place for fire.
- **FREIGHT FORWARDING:** for the purpose of this insurance policy freight forwarding should be understood as provision of the following services:
 - acting as a contracting party (with carrier's liability) or an intermediary (without carrier's liability) within carriage of goods;
 - acting as intermediary in respect of logistic services, supply chain services and advisory services,
 - acting as intermediary in respect of storage of goods and warehousing services, stevedoring services and ship brokering,
 - other services, such as – but not limited to – customs clearance, other customs and VAT-related services, and assistance in relation to export and import documents. Other services provided by Assured, which are deemed to be covered under this insurance policy, should be separately listed under "Insured Operations and Services" in the Policy Schedule.
- **GROSS NEGLIGENCE:** is 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. Under this insurance policy gross negligence will not only, but also include:
 - driving under influence of any prohibited substance (including not only, but also alcohol, drugs) disregards accident is or is not related to this fact, disregards allowed or prohibited concentration;
 - driving without valid licence or during the period of driving prohibition as required by current regulations and applicable law disregards accident is or is not related to this fact; disregards whether this occurs with or without the Assured's knowledge;
 - a vehicle is parked for the period longer than two hours at location, which is not dedicated for parking and not customarily used by trucks.
- **INSURANCE COMPENSATION:** amount of money to be paid for the insurance event by the Insurer in accordance with insurance policy.
- **INSURANCE EVENT:** an accident or occurrence related to insured risk through causal relationship upon the occurrence of which payment of insurance compensation is made by the Insurer in conformity with insurance policy.
- **INSURANCE LIMIT:** maximum sum insured in terms of money under insurance policy.
- **INSURANCE POLICY RELATED DOCUMENTS:** all kinds of documents related to this insurance policy, not only, but also: text of Policy Schedule, text of General Insurance Conditions, invoices, notices.
- **INSURED LOCATION** (attributable to liabilities in respect of third parties): the location at which the Assured performs operations and provides services 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.
- **INSURED RISK:** event specified in the Policy Schedule independent from the will of the Assured and the occurrence of which is possible in the future.
- **INSURER:** legal entity indicated in the Policy Schedule as Leading Insurer, as well as the co- insurers indicated in the Policy Schedule when the insurance policy is concluded by more than one insurer.
- **JOINT-ASSURED:** legal entity specified in the Policy Schedule. Each Joint Assured shall have an independent

right to claim indemnity from the Insurer under this insurance policy.

- **LAFF:** Latvian Association of Freight Forwarders.
- **LIABILITY IN RESPECT OF CUSTOMERS:** legal liability for damages caused by action or failure to act during fulfilment of contract concluded between Assured and customer for performance of operations and provision of services insured under this insurance policy.
- **LIABILITY IN RESPECT OF THIRD PARTIES:** legal liability for damages caused by action or failure to act by Assured (in tort) whilst performing operations and providing services insured under this insurance policy.
- **LIGHTENING:** direct effects of atmospheric electricity and lightning strike.
- **NSAB:** Nordic Association of Freight Forwarders.
- **NVOCC** (non vessel operating common carrier): a carrier, who is not a ship or any other vehicle operator, providing freight forwarding services as principal, under his own bill of lading.
- **POLICY PERIOD:** the period starting and ending on the dates indicated in the Policy Schedule.
- **PROJECT CARGO:** oversized or overweight cargo – any cargo which is too big or too heavy to fit into an ordinary trailer or container and/or any cargo which fits into ordinary trailer or container, but should be lashed and/or secured by methods, specially designed for the transportation of particular cargo.
- **ROAD TRANSPORT OPERATOR:** under this insurance policy road transport operator is carrier of goods by road operating his own (or leased) vehicles and stated as performing carrier in waybills or other shipping documents
- **ROLLING EQUIPMENT:** handling machines, containers, rail wagons, trailers and/or other equipment designed for carriage of handling of cargo and listed in the addendum to the Policy Schedule.
- **STANDARD TRADING CONDITIONS:** such contractual terms and conditions under which the Assured conduct its business and reflecting the terms under which the operations and services specified in the Policy Schedule are provided.
- **SUBCONTRACTOR:** professional service provider whose services are used for the organisation and/or performance of the carriage wholly or in part when such professional service provider is acting within the scope of its employment.
- **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.
- **THIRD PARTY:** any party, other than: the Assured, Joint Assured, Co-Assured, their employees or their customers.
- **TRADING LIMITS:** geographical limitation where policy is in force. Each and every claim occurred or discovered outside trading limits specified in the Policy Schedule is

not covered under this insurance policy. Trading limits are set as follows:

- Zone 1: European Union countries, Andorra, Lichtenstein, Norway and Switzerland and United Kingdom;
 - Zone 2: Europe, but excluding CIS countries;
 - Zone 3: Zone 2 + CIS countries up to a line of 40°E to the East;
 - Zone 4: Zone 2 + CIS countries;
 - Zone 5: Worldwide, but excluding areas listed by Joint War Committee and published at <https://www.lmalloyds.com/lma/jointwar>;
 - Zone 6: Other as maybe agreed with Insurer and specified in the Policy Schedule;
- **UNDERWRITING AGENCY:** Marine Underwriting Services SIA acting as underwriting and claims management agency for and on behalf of Insurer. Notices given to Underwriting Agency constitute a notice given to Insurer and notice given by Underwriting Agency constitute a notice given by Insurer.
 - **WAREHOUSE OPERATOR:** under this insurance policy warehouse operator is owner or manager of warehouse and/or other storage facility, who is providing storage services as principal, under separate agreement.
 - **WARRANTY** – equal to condition precedent.
 - **WILFUL MISCONDUCT:** deliberate wrongful act or failure to act.

3.2/ CONSTRUCTION

3.2.1/ Words used in singular shall include the plural and *vice versa*.

3.2.2/ Words used in masculine shall include the feminine.

3.2.4/ 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 4 COVERAGE

PREAMBLE

This insurance policy covers Assured's, Co-Assured's or Joint Assured's risks specified in the Policy Schedule under special conditions expressed in respective paragraphs of Section 4 of General Insurance Conditions.

4.1 / LIABILITY IN RESPECT OF CUSTOMERS

4.1.1/ Risks insured

The Assured is covered for liability in respect of customers due to breach of the Assured's obligations or non-performance of such in a field of carriage of goods in accordance with applicable international conventions, general conditions, agreements concluded by the Assured with his customers and to which the Insurer has given his prior written consent and which are specified in the Policy Schedule, as follows:

4.1.1.1/ Liability for cargo - physical damage to and/or loss of cargo;

4.1.1.2/ Liability for errors and omissions - direct damages incurred by the customers of the Assured resulting from breach of obligations or non-performance of such in a field of carriage of goods by reason of any negligent act, error or omission of the Assured's employee(s);

4.1.1.3/ Liability for consequential financial loss to the customers of the Assured resulting from liabilities insured under § 4.1.1.1 and/or § 4.1.1.2.

4.1.2/ Contracts

The Assured is covered for his liabilities in respect of customers in a field of carriage of goods only if they are incurred under:

- regulations - laws or conventions applicable to his operations and services;
- general conditions - standard trading conditions subject to which the Assured provides operations and services provided and to the extent that they have been separately expressly agreed by the Insurer in writing prior to commencement of the Period of Insurance;
- any other written agreements between the Assured and his customers provided and to the extent that such agreements have been separately expressly agreed by the Insurer in writing prior to commencement of the Period of Insurance and reference is made in the Policy Schedule.

Failure of the Assured to incorporate into their written agreements with customers general conditions separately expressly agreed by the Insurer prior to commencement of the Period of Insurance will entitle Insurers to deny insurance cover under this Insurance Policy.

4.1.3/ Special provisions

This insurance policy will not cover loss discovered only during inventory or stock-taking.

4.2/ LIABILITY IN RESPECT OF THIRD PARTIES

4.2.1/ Risks insured

The Assured is covered for his legal liabilities in respect of third parties which are directly related to the operations and services covered by this Insurance Policy caused by action or failure to act by the Assured (*in tort*) whilst providing operations and services insured under this Insurance Policy in respect of:

- physical loss or damage to property (other than containers and trailers) of a third party and consequential financial loss resulting from such loss or damage to property;
- death, injury or illness of a third party and consequential financial loss resulting from such death, injury or illness.

4.3/ LIABILITY FOR INCREASED CONTRACTUAL OBLIGATIONS

Subject to prior separate express written agreement of the Insurer, the liability of the Assured may be covered when:

4.3.1/ Declared value (*ad valorem*)

The Assured receives from its customer a request to waive limitations of liability allowed to him by applicable international

conventions, national laws and/or applicable conditions by declaring value of goods in the transportation document (CMR note, bill of lading, etc) and to bear liability for declared value of goods against payment of surcharge.

In case this optional extension is agreed upon and reference is made in the Policy Schedule, exclusion as per § 5.2.1 of Section 5 is waived.

4.3.2/ Special interest in delivery

The Assured receives from a client a request a request to waive limitations of liability allowed to him by applicable international conventions, national laws and/or applicable conditions by declaring special interest in delivery in the transportation document (CMR note, bill of lading, etc) and to bear liability for special interest in delivery against payment of surcharge.

In case this optional extension is agreed upon and reference is made in the Policy Schedule, exclusion as per § 5.2.2 of Section 5 is waived.

4.4/ LIABILITY CAUSED BY GROSS NEGLIGENCE

4.4.1/ Risks insured

Subject to prior separate express written agreement of the Insurer this Insurance Policy covers liability of the Assured caused by gross negligence of the Assured's employees, and/or subcontractors acting within the scope of their employment.

4.4.2/ Limitation of liability

If, as a result of gross negligence, the Assured cannot rely upon any applicable limit on liability, insurance cover under this Insurance Policy shall remain in force, but always subject to limits of insurance cover stated in the Policy Schedule.

4.4.3/ Special provisions

In case this optional extension is agreed upon and reference is made in the Policy Schedule, exclusion as per § 5.2.3 of Section 5 is waived.

4.5/ LIABILITY FOR CONTAINERS AND/OR TRAILERS

4.5.1/ Risks insured

Subject to prior separate express written agreement of the Insurer, this Insurance Policy covers contractual liabilities of the Assured in respect of loss and/or damage to containers and/or trailers (as it is stated in the Policy Schedule) in the custody and control of the Assured and for which he is liable.

4.5.2/ Contracts

Warranties expressed in the § 4.1.2 also apply to this cover. For avoidance of doubt cover under § 4.5 is not applicable to containers and/or trailers being in lawful possession of the Assured under lease or any other similar long term contract. Exclusion as per § 5.1.19 to apply in respect of such containers or trailers.

4.5.3/ Special provisions

In case this additional insurance is applicable and reference is made in the Policy Schedule, exclusion as per § 5.2.4 of Section 5 is waived.

4.5.4/ Pre-acceptance check list warranty

It is a condition precedent, unless otherwise separately expressly agreed with the Insurer in writing and reference is made in the Policy Schedule, in case of a claim under § 4.5, it is the duty of the Assured to provide condition check-list on accepting of such container or trailer for on-carriage.

4.6 / LIABILITY FOR FINES, TAXES AND DUTIES

Subject to prior separate express written agreement of the Insurer, this Insurance Policy covers:

4.6.1/ Liabilities of the Assured on the basis of the approved general conditions and/or applicable regulations for financial loss sustained by his customers in connection with taxes, duty, excises and similar fiscal charges.

4.6.2/ Liability in respect of fines, taxes or similar fiscal charges imposed on the Assured by an authority as a consequence of Assured's breach of regulations as to immigration, import, export or transit of cargo and to the extent that such insurance is permitted under the law of the country where insured services are provided. For avoidance of doubt this extension of cover is not to be considered or interpreted as any kind of bond and/or guarantee and not substituting TIR or any other similar type of guarantee.

4.6.3/ Contracts

Warranties expressed in the § 4.1.2 also to apply to this cover.

4.6.4/ Special provisions

In case this additional insurance is applicable and reference is made in the Policy Schedule, exclusion as per § 5.2.5 of Section 5 is waived.

4.7/ LIABILITY FOR ACCIDENTAL POLLUTION

4.7.1/ Risks insured

Subject to prior separate express written agreement of the Insurer, this Insurance Policy covers liability of the Assured for accidental pollution and damage to environment.

4.7.2/ Special provisions

In case this additional insurance is applicable and reference is made in the Policy Schedule, the wording of Appendix 1 will apply and shall prevail over the terms of exclusion as per § 5.2.7.

4.8/ LIABILITY IN PROVIDING SHIP'S OR LINE AGENCY SERVICES

4.8.1/ Risks insured

Subject to prior separate express written agreement of the Insurer, this Insurance Policy covers liability of the Assured towards his principals when providing ship's and/or line agency services.

4.8.2/ Special provisions

In case this additional insurance is applicable and reference is made in Policy Schedule exclusion as per § 5.2.6 of Section 5 is waived.

4.8.3/ Contracts

Warranties expressed in the § 4.1.2 also to apply to this cover.

4.9/ COSTS

The Assured is covered for the following costs:

4.9.1/ Mitigation

Reasonable costs of minimizing a claim covered under this Insurance Policy.

4.9.2/ Investigation and defence

Reasonable costs arising from investigating an event which may give rise to a claim covered under this Insurance Policy and protecting the Assured's interests in relation to it (including legal and survey fees), provided that they are incurred with the prior express separate written agreement of the Insurer.

Such costs are covered even though claim may not subsequently result hereunder.

4.9.3/ Misdirection

Extra costs incurred in sending misdirected cargo to the correct destination calculated as follows:

- costs of carriage of cargo from the place at which the Assured originally received it to the place where it was misdirected
- plus
- costs of carriage from the place to which it was misdirected to the correct place
- less
- freight and other charges due to the Assured for the carriage

Always warranted that the carriage from the place to which it was misdirected to the correct place will not be by air.

4.10/ DAMAGE TO ROLLING EQUIPMENT

4.10.1/ Risks insured

Subject to prior express separate written agreement of the Insurer, the Assured is covered against the actual total and constructive total loss of handling machines, containers and/or other rolling equipment specified in the Policy Schedule resulting from perils as defined in Appendix 2.

4.10.2/ Special provisions

This insurance cover is subject to provisions, warranties and exclusions as set out in Appendix 2 hereto.

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

SECTION 5

EXCLUSIONS AND RESTRICTIONS

5.1/ GENERAL EXCLUSIONS

The general exclusions applicable to all sections of this insurance 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 use of a vehicle 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 resulting from or caused by intentional or reckless act or omission (gross negligence) by a Director or an executive officer of the Assured.

5.1.4/ Directors and Officers liability

Personal liability of a Director or an executive officer of the Assured arising from actions in connection with his/her corporate position.

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 for cargo.

5.1.7/ Special cargo

Liabilities in respect of the following cargo: 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-obiterated 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.

5.1.8/ Inter-company claims

This insurance policy will not cover any claims presented against the Assured and/or Co-Assured and/or Joint Assured by any parent, associated or subsidiary company unless and to

the extent that the claimant suffered a financial loss due to negligence, error or omission of the Assured and/or Co-Assured. The claim itself must be such that it would constitute a valid claim in circumstances when claimant had no financial interest or corporate connection with Assured and/or Co-Assured. Insurer's decision as to what shall constitute a valid claim in these circumstances shall be final.

5.1.9/ Penalties, punitive, exemplary or multiple damages

Any claims not only but also for damages of an exemplary nature, punitive sanctions, parking tickets, traffic fines, seizures, confiscations.

5.1.10/ Asbestos

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

5.1.11/ 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.

5.1.12/ Cyber risks

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

5.1.13/ 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.

5.1.14/ 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.

5.1.15/ Strikes

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

5.1.16/ Terrorism

Terrorism and/or steps taken to prevent, suppress, control or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism.

5.1.17/ 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.

5.1.18/ Liability without fault

Liabilities incurred under a contractual provision that the Assured may be liable without fault or negligence, liabilities, which are liquidated damages or incurred under penalty or demurrage clauses or Assured is not able to meet productivity requirements.

5.1.19/ Property of the Assured

Any loss or damage to any property owned by the Assured or being in lawful possession of the Assured, unless such property is separately insured in accordance with § 4.10 of Section 4 and reference is made in the Policy Schedule accordingly.

5.1.20/ Employers' Liability

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.

5.1.21/ Warranty on sealed containers

It is a condition precedent that if containers or trailers are accepted for on-carriage sealed, CMR notes or any other relevant waybills should be closed with remark "received sealed; quality and quantity unknown".

5.1.22/ Credit risk

This insurance will not respond to any claim, loss or expense related to such loss due to the fact that the Assured has undertaken to bear credit risk.

5.1.23/ Sanctions and limitations exclusion clause

The Insurer shall not be deemed to provide cover and shall not pay any claim or provide any benefit hereunder to the extent that provision of such cover, payment of such claim or provision of such benefit would expose the Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

5.2/ EXCLUSIONS, WHICH MAY BE WAIVED IF AGREED SEPARATELY

Unless separately agreed with Insurers in writing and reference is made in the Policy Schedule the following additional exclusions will apply.

5.2.1/ Liability in case of declared value (*ad valorem*)

Except and to the extent when prior separate express written agreement of the Insurer had been granted, there is no cover under this insurance policy for liabilities to the extent that the Assured's liability is increased by a declaration of value by their customer.

5.2.2/ Liability for special interest in delivery

Except and to the extent when prior separate express written agreement of the Insurer had been granted, there is no cover under this insurance policy for failing to provide the insured services at/within a time agreed with a customer, including penalties for delay.

5.2.3/ Liability caused by gross negligence

Any liability of the Assured resulting from gross negligence as defined under §3.1 and § 4.4.1 above.

5.2.4/ Liability for containers or trailers

Any liability for containers, trailers and/or other handling equipment in the custody or control of the Assured.

5.2.5/ Liability for fines, taxes and duties

Any liability for financial loss sustained by customers and/or the Assured with regards to fines, taxes, duties, excises or other fiscal charges.

5.2.6/ Liability as agents towards principals

Any liability towards principals in providing ship's agency or any other similar services where the Assured assumes liability under any agency agreements.

5.2.7/ Liability for 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.

SECTION 6

GENERAL PROVISIONS

6.1/ MATERIAL INFORMATION, AUDIT AND LOSS PREVENTION

6.1.1/ Material information

It is a condition precedent that the Assured shall:

- a) provide full and accurate material information on the risks (probability of occurrence of insurance event) prior to inception of this insurance policy, during the period of insurance and for the renewal of the insurance under this insurance policy;
- b) notify the Insurer of any change or addition to the material information on the risks already given (increase of probability of occurrence of insurance event).

6.1.2/ Consequences for non-fulfilment of § 6.1.1 a):

If ordinary negligence of the Assured has been the cause for deception of the Insurer regarding material information on the risks (probability of occurrence of insurance event), the insurance policy shall be in effect.

The Insurer shall, within 15 days from the day of becoming familiar with the factual material information on the risks, offer the Assured to make amendments to the provisions of the insurance policy. Amendments to the provisions of the insurance policy shall come into effect after agreement between the parties is reached.

If the Assured has refused to make amendments to the insurance policy offered by the Insurer, or 15 days have passed from the day of sending the insurance offer and consent of the Assured has not been received, the insurance policy shall be regarded as terminated from the moment when the time period for the insurance offer has expired, unless it is otherwise provided for in the insurance offer. If the insurance policy is terminated, the Insurer shall reimburse the Assured the part of the insurance premium which is calculated in accordance with the provisions of law applicable to this insurance policy.

If the Insurer would not have concluded the insurance policy, if he had known the factual material information on the risk, the Insurer may terminate the insurance policy by sending a notification thereon within 15 days from the day of becoming aware of these circumstances. If the insurance policy is terminated, the Insurer shall reimburse the Assured the part of the insurance premium which is calculated in accordance with the provisions of law applicable to this insurance policy.

If the Insurer has not terminated the insurance policy within the time periods provided for above or offered the Assured to make amendments to provisions of the insurance policy within the time periods provided above, the insurance policy shall remain in effect, and the Insurer may not henceforth use the fact of the failure to notify of the factual material information on the risks as a reason for the termination of the insurance policy or amendment of its provisions.

If the Assured has acted with ordinary negligence, and the insurance event occurs before the termination of the insurance policy or amendments to the provision of the insurance policy comes into effect, the Insurer has the obligation to pay the insurance compensation in the proportion that exists between the insurance premium paid and the insurance premium which should be paid by the Assured if he would have notified of the factual material information on the risk.

If the Insurer would not have concluded the insurance policy in any event if it had known of factual material information on the risk, the insurance benefit may not exceed the paid insurance premium.

If a wrongful intent or gross negligence of the Assured has been the cause for the deception of the Insurer regarding the factual material information on the risks, the insurance policy shall become invalid from the moment it has been concluded. The Insurer shall not reimburse the paid insurance premium.

6.1.3/ Consequences of non-fulfilment of § 6.1.1 b):

If the material information on the risk has changed during the period of insurance (increase of probability of occurrence of insurance event), Insurer may either:

- within 30 days from the day of discovering the increase of the probability of the occurrence of insurance risk, offer the Assured to make amendments to the provisions of the insurance policy and indicate the day of coming into effect thereof. If the Assured has rejected the amendments to the provisions of an insurance policy offered by the Insurer or the 15-day time period of the insurance offer has expired and the offer has not been accepted by the Assured, the Insurer may terminate the insurance contract. The Insurer may exercise these rights within 15 days from the date of receipt of rejection or the date of expiry of the time period of the insurance offer. In such case the Insurer shall reimburse the Assured the part of the insurance premium which is calculated in accordance with the provisions of law applicable to this insurance policy;
- terminate the insurance policy by notifying the Assured thereof not later than within 30 days from the day of discovering the increase of the probability of the occurrence of insurance risk. In such case the Insurer shall reimburse the Assured the part of the insurance premium under provisions of law applicable to this insurance policy.

If an insurance event occurs prior to the amendment of the provisions of the insurance policy or prior to the termination thereof, and the Assured has fulfilled the requirements laid down in § 6.1.1, the Insurer shall pay the insurance compensation provided for in the insurance policy.

If the insurance event occurs prior to the amendment of the provisions of an insurance policy or prior to its termination, and the Assured has not fulfilled the requirements laid down in § 6.1.1, the Insurer shall pay:

- 1) the insurance compensation provided for in the insurance policy - if Assured is not at fault for the failure to notify of the fact of increase of the probability of the occurrence of insurance risk;

- 2) the insurance compensation provided for in the insurance policy in such proportion which exists between the paid insurance premium and the insurance premium which the Assured should have paid if he or she had notified of the increase of the probability of the occurrence of insurance risk - if reason for the failure to notify is ordinary negligence of the Assured.

If the Assured has not fulfilled the requirements laid down in § 6.1.1 due to wrongful intent or gross negligence, the Insurer has the right not to pay the insurance compensation. In such case the Insurer may terminate the insurance policy ignoring the time period laid down in § 6.1.2, and without reimbursing the insurance premium paid by the Assured.

If the Assured has performed actions or permitted inaction which increases the probability of the occurrence of insurance risk due to wrongful intent or gross negligence, the Insurer has the right to cancel the insurance contract at any time without reimbursing the insurance premium paid.

If insurance risk occurs due to wrongful intent of the Assured, the insurance contract shall be deemed to be terminated from the moment of occurrence of the insurance risk. In such case the insurer shall not reimburse the paid insurance premium.

6.2/ INCEPTION, DURATION, CANCELLATION/TERMINATION OF INSURANCE POLICY

6.2.1/ Inception

This insurance policy comes into effect from 00:00 GMT+2 on the commencement date specified in the Policy Schedule unless another time is specified, but:

- a) not before the time when the insurance premium or its first instalment is paid in full amount, or
- b) if it was agreed that the insurance premium or its first instalment will be paid after the commencement of the insurance period, the insurance shall be in effect from the first day of the insurance period. If the insurance premium or its first instalment is not paid or is not paid in the amount laid down in the insurance policy until the deadline specified in the insurance policy, it shall be considered that the insurance policy has not entered into force in accordance with the provisions of law applicable to this insurance policy.

6.2.2/ Duration

Unless otherwise specified in the Policy Schedule, this insurance policy is concluded for a period of one year.

6.2.3/ Cancellation/Termination

The insurance policy may be deemed invalid, cancelled/terminated before its expiry date in the following circumstances in accordance with the provisions of law applicable to this insurance policy:

- a) By the Insurer by 15 days prior written notice to the Assured if another manner isn't prescribed by provisions of law applicable to this insurance policy:
 - In the circumstances specified in § 6.1 above;

- If any of subsequent instalments of the insurance premium is not paid or is not paid in the amount laid down in the insurance policy until the deadline specified in the insurance policy; not received by Insurers in due time the Insurer shall give notice to the Assured requiring payment of the outstanding insurance premium (or the declaration) within 15 (fifteen) days. In absence of such payment or declaration insurance policy shall be regarded as terminated from the first day following the deadline for the payment of the current instalment of the insurance premium which is laid down in the insurance policy.
- The circumstances specified in § 6.11.4 below;
- After settling a claim under this insurance policy;
- Between the day when the insurance contract is concluded and the day when the insurance comes into force. The Assured shall be notified of such termination of the insurance contract not later than within 15 days before its entry into force.

- b) By the Assured by 15 days prior written notice to the Insurer if another manner isn't prescribed by provisions of law applicable to this insurance policy:
 - Between the day when the insurance contract is concluded and the day when the insurance comes into force. The Assured shall be notified of such termination of the insurance contract not later than within 15 days before its entry into force.
- c) Automatically without notice in case of:
 - Insurer has fully fulfilled its obligations under this insurance policy;
 - Assured is liquidated and does not have successor of interest;
 - Termination of the Insured Services by the Assured;
 - The Assured ceases to have an insurable interest in the subject matter of the insurance;
 - Risk insured occurs due to wilful misconduct of the Assured.
- d) On the basis of mutual agreement of the Insurer and the Assured.

6.3/ PERIOD OF INSURANCE

Insurance cover under this insurance policy is provided on a claims-made basis. The insurance covers liabilities and costs arising 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 insurance policy in respect of any event, occurrence, claim or potential claim occurred or made before the inception of the policy and which were known or should reasonably have been known to the Assured prior to the inception date of this insurance policy.

6.4 / INDEMNITY INSURANCE

Unless otherwise separately expressly agreed with the Insurer, the Insurer pays insurance compensation to the Assured who in the first place has paid compensation of damages to a third

party, or has incurred costs covered under this insurance policy.

6.5 / DOUBLE INSURANCE

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

- a) Physical damage (as per § 4.10) cover:
each Insurer shall pay insurance compensation in the proportion to the amount specified by each insurance contract;
- b) Liability (as per § 4.1 – 4.8) cover:
each Insurer shall pay insurance compensation in the proportion to the liability limit specified by each insurance contract.

6.6/ SERVICE OF INSURANCE POLICY RELATED DOCUMENTS TO THE ASSURED

6.6.1/ Insurance policy related documents under provisions of this insurance policy shall be served:

- by post or email to the Assured or the Assured's insurance broker, to the address specified in the Policy Schedule or to e-mail address last recorded by the Insurer
- or
- personally to legal representative or employee of the Assured.

6.6.2/ Insurance policy related documents shall be deemed served:

- if sent by post, on the seventh day after sending;
- if sent by email, on the third day after sending.

6.7 / JOINT ASSURED AND CO-ASSUREDS

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

An applicant for Joint Assured or Co-assured:

- must comply fully with § 6.1 above;
- is deemed to have appointed the Assured as its his agent;
- if the Insurer accepts such application: insurance will be subject to all the provisions of the Assured's insurance and to terms relating to the joint insurance.

6.7.1/ Cancellation/Termination of insurance

If the Assured's insurance is deemed invalid, is cancelled/terminated, the insurance of all Joint Assureds and Co-Assureds will also cease at the same time.

6.7.2/ Payment of premium

The Assured, Joint Assureds and Co-Assureds are jointly and severally liable for payments due to the Insurer under this insurance policy.

6.7.3/ Claim settlement

Payment by the Insurer to the Assured or any one Joint Assured or Co-Assured or to party filing a claim against the Assured in respect of any claim under this insurance policy shall fully discharge the Insurer of any further liability towards the Assured, any one Joint Assured or Co-Assured or any party

filing a claim in connection with such claim. For the avoidance of doubt claim settlement by the Insurer is always full and final.

6.7.4/ Conduct

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

6.7.5/ Customer

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

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

Unless otherwise separately expressly agreed with Insurers in writing, there is no cover under this insurance pol-icy for any claims or liabilities between the Assured and/or Joint Assured, and/or Co-Assured.

6.7.7/ Service of notifications

Service of notice on the Assured or the Assured's insurance broker is deemed to be serviced on the Assured, the Joint Assured and Co-assured.

6.8 / LIMITS OF LIABILITY

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

6.8.1/ General limits

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

6.8.2/ Sub-limits

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

6.9 / DEDUCTIBLES

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

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

In case more than one deductible is applicable, it is agreed that highest deductible shall apply, unless otherwise stated in the Policy Schedule.

In case several claims are being presented to the Assured, which all are originating from the same proximate cause of loss, one deductible shall apply to all such claims.

The general and special deductibles are specified in the Policy Schedule.

6.10/ INSURANCE PREMIUM

The insurance premium and the terms of payment are as specified in the Policy Schedule. The insurance premium is due

in full to the Insurer immediately upon the date commencement of period of insurance under this insurance policy.

6.10.1/ Insurance premium calculation may be:

- a) A lump sum premium: a premium which is not subject to adjustment by means of application of an adjustment rate.
- b) An adjustable premium:
 - a deposit which may be subject to a minimum premiumand
 - adjustable at the end of the period of insurance by application of an adjustment rate specified in the Policy Schedule.

The Assured has an obligation to provide the Insurer with the adjustment factors (turnover, insured values, etc.) within 30 days after the end of the period of insurance. In case Assured fails to provide the Insurer with adjustment factors within the time limits specified above, the Insurer is entitled to use information publicly available and the Assured is deemed to have given his consent for such use.

6.10.2/ Effect of cancellation/ termination of Insurance Policy:

If the event of termination of this insurance policy due to the Assured's failure to pay many of subsequent instalments of the insurance premium or failure to provide a declaration by the time they are due:

- this insurance policy shall be regarded as terminated from the first day following the deadline for the payment of the current part of the insurance premium which is laid down in the insurance policy;
- the Insurer shall be entitled to interest in accordance with provisions of law applicable to this insurance policy;
- the Insurer shall be entitled to 20% of deposit premium for the purpose of covering administrative expenses in connection with administration of this insurance policy of the Assured.

6.11/ CLAIMS HANDLING

6.11.1/ Notification

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

The Assured must report any circumstances of a criminal nature giving rise to a claim under this insurance policy to the competent authorities within 24 (twenty-four) hours following discovery of such circumstances.

The Assured must take all reasonable measures to reduce the loss.

The Assured must always comply the Insurer's instructions, if such have been given.

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:

- Immediately take all reasonable measures to avoid or minimise loss;
- Immediately give notice of loss to the person liable for the loss and in no case release from the liability directly of indirectly;
- Provide the Insurer with all the available information and documents in order to establish and assess the amount of the loss;
- Upon request of the Insurer request information and documents from third parties;
- Upon request of the Insurer fulfil other formalities;
- Take all necessary measures to obtain recovery from a third party and avoid time bars;
- Not admit liability directly or indirectly or settle a claim without the Insurer's prior written agreement;
- Use rights of defence against a claimant (time bar, limit of liability etc).

6.11.3/ Rights of the Insurer

The Insurer has the following rights:

- to verify the occurrence of the risk insured under this insurance policy and the amount of losses. In this respect the Insurer has the right to verify the information necessary for fulfilment of its obligations under to this insurance policy by requesting information from the state and local government institutions or other entities who may have such information and/or knowledge at their disposal;
- to lead the claims handling procedure and/or to choose strategy in legal proceedings in respect of the risk which is insured under this insurance policy;
- to choose lawyers, surveyors and others on behalf of the Assured;
- to settle, compromise or finalize claims as per the Insurer's own discretion.

6.11.4/ Failure to comply

- a) The Insurer is entitled to refuse to pay insurance compensation if the Assured has not fulfilled any of the obligations laid down in § 6.11.2 due to wilful misconduct or gross negligence. In such case the insurer has the right to unilaterally terminate this insurance policy from the moment of the occurrence of the risk insured without reimbursing the insurance premium.
- b) The Insurer is entitled to reduce the insurance compensation, but for not more than 50 per cent, if the Assured has not fulfilled any of the obligations laid down in § 6.11.2 due to ordinary negligence.
- c) If the Assured has not participated in the procedural investigation activities or court proceedings due to him acting with wilful misconduct or gross negligence, the Assured shall reimburse to the Insurer all losses caused by this action or lack thereof.
- d) The Insurer may refuse to pay insurance compensation and unilaterally terminate this insurance policy without reimbursing the insurance premium, if the insured person has not performed any of the activities referred to in §

6.11.4 c) due to wrongful intent or gross negligence, and therefore the following actions cannot be taken:

- 1) the circumstances of the accident which were the basis for the claim by the third party cannot be fully established;
- 2) the procedural actions necessary to justifiably reject the claim of the third party cannot be taken.

6.11.5/ Settlement of claims

The Insurer has an obligation to inform the Assured not later than within 30 (thirty) days from the day when an application for insurance compensation is received of the documents which are necessary in order to take a decision on the payment of insurance compensation. If after receipt of any requested document or all requested documents the Insurer finds that additional documents are still required, the Insurer has an obligation to notify the Assured of the necessity additional documents within 1 (one) month after the day of receipt of the documents.

The insurer shall take the decision on the payment of insurance compensation within 30 days after the day of receipt of all the necessary documents requested thereby. If the Insurer cannot comply with this time period due to objective reasons, it may be extended for a time period not longer than 6 (six) months from the date of receipt of an application for insurance compensation.

If criminal proceedings or administrative proceedings or proceedings in an administrative violation case have been initiated regarding the event occurred and the establishment of circumstances in accordance with the procedures of criminal proceedings or administrative proceedings, or proceedings in an administrative violation case is significant for the Insurer to take a decision, the time period laid down above shall not apply and the Assured and/or claimant shall be informed thereof. The Insurer shall take a decision not later than within 30 days from the day when the final judgment is received in such criminal proceedings or administrative proceedings or proceedings in an administrative violation case.

6.11.6/ Survey fees

In case the Assured in compliance with the provisions of this insurance policy has an obligation to order a survey and/or testing in respect of loss or damage, which may result in a claim it is hereby agreed that reasonable expenses incurred and fees charged for such survey and/or testing are for the Insurers' account, even though a claim will not be presented.

6.11.7/ Subrogation and recoveries

a) Subrogation

Upon payment of insurance compensation the Insurer has a subrogation right against the person liable for the loss. In terms of legal consequences, the subrogation right of the Insurer is equal to cession. The limitation period specified for the claim of the Assured against the person liable for the loss is applicable to the subrogation right of the Insurer.

If it is not or will not be possible to bring an action in favour of the Insurer against the person liable for the loss

due to the Assured's wilful misconduct or gross negligence, the Insurer is entitled to refrain from paying insurance compensation in the amount for which the action cannot be brought or will be impossible to be brought, or, if insurance compensation has been paid, request the Assured to refund the paid insurance compensation.

b) Distribution of recoveries

The net amounts (i.e. amounts after deducting the costs of making the recovery) recovered will be distributed between the Insurer and the Assured in proportion to their respective interest.

6.11.8/ Set off

The Insurer is entitled to set off any amounts due to the Assured in respect of a claim against payments due by the Assured in respect of this insurance policy.

6.12/ CURRENCY

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

- in respect of liability (as per § 4.1 – 4.8) claims: on the date of payment by the Assured;
- in respect of physical damage (as per § 4.10) claims: on the date of the loss.

6.13/ INSURANCE BROKERS

Insurance broker:

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

6.14/ SEVERAL LIABILITY OF INSURERS

If this insurance policy is concluded by more than one insurer, the insurers' liabilities under this insurance policy are several and not joint, and are limited solely to the extent of their individual share. The insurers are not liable for the shares of any co-insurers who for any reason do not fulfil all or part of their liabilities.

6.15/ LAW AND JURISDICTION

This insurance policy is subject to the following provisions in respect of applicable law and jurisdiction:

6.15.1/ Law

This insurance policy shall be governed by and construed in accordance with Latvian law.

6.15.2/ Jurisdiction

Any dispute between the Assured (or anyone else, including the Assured's broker) and the Insurer under this insurance 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/ Term

The claims arising from this insurance policy shall lapse within 3 (three) years. The right to submit a notification to the Insurer on the occurrence of an insurance risk (occurrence of insurance event) shall terminate if the Assured does not exercise it within three years from the day of occurrence of the insurance event.

APPENDIX 1

LIABILITY FOR ACCIDENTAL POLLUTION

ARTICLE 1. RISKS INSURED

Within the framework of Insured Services, the financial consequences of the Assured's legal liability by reason of bodily injuries, material and consequential losses caused to third parties and resulting from accidental damages to the environment due to fortuitous acts are covered, subject to exclusions set out below and within the limits set out in the policy.

In case this additional insurance is applicable and reference is made in Policy Schedule, exclusion as per § 5.2.7 of Section 5 of insurance conditions is waived. All other exclusions, including exclusion 5.1.14, remain in force.

ARTICLE 2. DEFINITIONS

Accidental damage to environment is defined as:

- the release, dispersion, sending out or depositing of any solid, liquid or gaseous substance, diffused by the atmosphere, soil or water;
- the production of smells, noises, vibrations, vibrations of temperature, waves, radiation and x-rays exceeding the normally accepted measures according to any applicable laws or regulations whose occurrence results from and is simultaneous to a sudden and unforeseen cause which does not occur in a slow, deliberate, gradual, foreseen or preventable manner.

The following shall be considered one single occurrence:

- all bodily injuries, material and consequential losses connected with one single accident;
- all bodily injuries, material and consequential losses connected with several accidents causing damage to environment arising from the same cause.

The date of the occurrence is the date of the first verifiable acknowledgement of the damage of any objective fact (witness evidence, report, third party notice etc.) showing for the first time the physical occurrence or existence of a covered bodily injury, material or consequential loss, whatever the number of injured parties and the spreading of damage over time.

ARTICLE 3. SPECIAL EXCLUSIONS

Without prejudice to any exclusion specified elsewhere in this insurance policy, the following are excluded:

- damage resulting from SEVESO classified installations operated by the Assured, when such installations are subject to an operating licence from the relevant authorities;
- damage caused or aggravated by any failure to comply with legal or regulatory provisions in force at the time of the occurrence, by the bad condition, the lack of or defective maintenance of the installations provided such circumstances were known to, or could not be unknown to the Assured before the occurrence;
- damage suffered by the natural elements such as air, soil, fauna, flora, the use of which is shared by all as well as any aesthetic or amenity loss pertaining thereto;
- damage whose possibility could not be identified with the technical and scientific knowledge prevailing at the time of the relevant occurrence;
- fines levied on the Assured pursuant to laws and regulations in force at the time of the incident, even if those fines are intended to remedy a situation resulting from damage covered under this policy, including any fine likened to legal redress.

ARTICLE 4. LIABILITY OVER TIME

Cover specified herein applies to damage whose first verifiably is made during the period of validity of this insurance policy and results from accidental damage to the environment that commenced during that same period.

APPENDIX 2

ROLLING EQUIPMENT INSURANCE

ARTICLE 1. RISKS INSURED

Subject to prior separate express written agreement of the Insurer, the Assured is covered against the actual total and constructive total loss of handling machines, containers and/or other rolling stock specified in the Policy Schedule resulting from:

- Destruction, derailment, overturning, falling, accidental breakage;
- Impact or collision of the insured equipment with another vehicles or other fixed or movable object;
- Fire, lightning or explosion;
- Falling aircraft;
- Collapse of buildings, bridges, tunnels, dams or other civil engineering works, sudden and fortuitous subsidence of the road;
- Falling trees, collapse of sea walls, dams or pipes;
- Landslide, avalanche, lightning, flooding, overflowing of rivers, disruption due to ice, tidal wave, cyclone, tornado, volcanic eruption and earthquake;
- Theft, burglary or malicious acts.

ARTICLE 2. SPECIFIC EXCLUSIONS

In addition to the exclusions specified in Section 4, the Insurer does not cover:

- Any cost or expense incurred in respect of rolling equipment insured hereunder in use by a party other than the Assured;
- Mechanical or other damage originating from normal wear and tear, absence of maintenance by the Assured, or inherent, visible or hidden defects;
- Use or operation outside or contrary to the manufacturer's specifications or limits;
- Seizure, requisition or deprivation from use by the Assured pursuant to any order or direction of any governmental authority;
- Any damage caused to the rolling equipment insured hereunder when the driver or any other employee of the Assured or subcontractor:
 - driving under influence of any prohibited substance (including not only, but also alcohol, drugs) disregards accident is or is not related to this fact, disregards allowed or prohibited concentration;
 - driving without valid licence or during the period of driving prohibition as required by current regulations and applicable law disregards accident is or is not related to this fact; disregards whether this occurs with or without the Assured's knowledge;
 - acts with gross negligence or wilful misconduct.

ARTICLE 3. GENERAL PROVISIONS

3.1/ For the purpose of this insurance constructive total loss is defined as physical damage to subject-matter insured resulting from perils insured against, amounting more than 80% of the market value of the subject-matter insured hereunder on the date of the accident. The decision is made by consulting three independent repair facilities licensed to perform repairs of the subject-matter insured.

3.2/ In case of actual total loss, compensation is payable after 30 days from the date of notice given to the Insurer and the Insurer has exercised a right to find subject-matter lost or stolen.

3.3/ In case of constructive total loss recoverable hereunder the Insurer will receive a right for wreck if the Insurer so desires.

3.4/ It is further warranted that in case of theft insurance compensation is only payable if the Assured provides the Insurer with two original sets of keys of the vehicle stolen and two original sets of keys of anti-theft system of the vehicle stolen, as well as original of vehicle's technical passport.