
TYPE: CARGO INSURANCE

ADMINISTRATOR: ROYALE ASIA

Unit 01-02, 26/F,
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Kowloon Bay

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POLICY NO. SM201028090125

PERIOD: This Open Cover and the protection hereunder is effective in respect of all insurances attaching on or after 1st October 2010 until 30th September 2011, Local Standard Time in Hong Kong, both days inclusive unless cancelled as provided for herein.

INSTITUTE CARGO CLAUSES (AIR)

(excluding sendings by Post)

INSURING CLAUSE 1 ATTACHING TO POLICY NUMBER SM201028090125

1. RISKS CLAUSE

This insurance covers all risks of loss of or damage to the subject-matter insured except as provided in Clauses 2, 3 and 4 below.

2. GENERAL EXCLUSIONS CLAUSE

In no case shall this insurance cover:

- 2.1 Loss damage or expense attributable to wilful misconduct of the Assured
- 2.2 Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
- 2.3 Loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 2.4 Loss damage or expense arising from unfitness of aircraft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unfitness at the time the subject-matter insured is loaded therein
- 2.5 Loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against
- 2.6 Loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the aircraft
- 2.7 Loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

3. WAR EXCLUSION CLAUSE

In no case shall this insurance cover loss damage or expense caused by

- 3.1 War civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 3.2 Capture seizure arrest restraint or detainment (piracy excepted), and the consequences thereof or any attempt thereat
- 3.3 Derelict mines torpedoes bombs or other derelict weapons of war.

4. STRIKES EXCLUSION CLAUSE

In no case shall this insurance cover loss damage or expense

- 4.1 Caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- 4.2 Resulting from strikes, lock-outs, labour disturbances, riots or civil commotions
- 4.3 Caused by any terrorist or any person acting from a political motive.

5. TRANSIT CLAUSE

- 5.1 This insurance attaches from the time the subject-matter insured leaves the warehouse, premises or place of storage at the place named herein for the commencement of the transit, continues during the ordinary course of transit and terminates either
 - 5.1.1 On delivery to the Consignees' or other final warehouse, premises or place of storage at the destination named herein,
 - 5.1.2 On delivery to any other warehouse, premises or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either
 - 5.1.2.1 For storage other than in the ordinary course of transit or
 - 5.1.2.2 For allocation or distribution
 - 5.1.3 On the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge, whichever shall first occur.
- 5.2 If, after unloading from the aircraft at the final place of discharge, but prior to termination of this insurance, the subject-matter insured is forwarded to a destination other than that to which it is insured hereunder, this insurance, whilst remaining subject to termination as provided for above, shall not extend beyond the commencement of transit to such other destination.
- 5.3 This insurance shall remain in force (subject to termination as provided for above and to the provisions of Clause 6 below) during delay beyond the control of the Assured, any deviation, forced discharge, reshipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to the air carriers under the contract of carriage.

6. TERMINATION OF CONTRACT OF CARRIAGE CLAUSE

If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a place other than the destination named therein or the transit is otherwise terminated before delivery of the subject-matter insured as provided for in Clause 5 above, then this insurance shall also terminate *unless prompt notice is given to the Underwriters and continuation of cover is requested when the insurance shall remain in force, subject to an additional premium if required by the Underwriters*, either

- 6.1 Until the subject-matter is sold and delivered at such place or, unless otherwise specially agreed, until the expiry of 30 days after arrival of the subject-matter hereby insured at such place, whichever shall first occur,
or
- 6.2 If the subject-matter is forwarded within the said period of 30 days (or any agreed extension thereof) to the destination named herein or to any other destination, until terminated in accordance with the provisions of Clause 5 above.

7. CHANGE OF TRANSIT CLAUSE

Where, after attachment of this insurance, the destination is changed by the Assured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters*.

8. INSURABLE INTEREST CLAUSE

- 8.1 In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss
- 8.2 Subject to 8.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Underwriters were not.

9. FORWARDING CHARGES CLAUSE

Where, as a result of the operation of a risk covered by this insurance, the insured transit is terminated at a place other than that to which the subject-matter is covered under this insurance, the Underwriters will reimburse the Assured for any extra charges properly and reasonably incurred in unloading storing and forwarding the subject-matter to the destination to which it is insured hereunder. This Clause 9, which does not apply to general average or salvage charges, shall be subject to the exclusions contained in Clauses 2,3 and 4 above, and shall not include charges arising from the fault negligence insolvency or financial default of the Assured or their servants.

10. CONSTRUCTIVE TOTAL LOSS CLAUSE

No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual total loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject-matter to the destination to which it is insured would exceed its value on arrival.

11. INCREASED VALUE CLAUSE

- 11.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured. In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

11.2 Where this insurance is on Increased Value the following clause shall apply:

The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

12. NOT TO INURE CLAUSE

This insurance shall not inure to the benefit of the carrier or other bailee.

13. DUTY OF ASSURED CLAUSE

It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

- 13.1 To take such measures as may be reasonable for the purpose of averting or minimising such loss, and
- 13.2 To ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

14. WAIVER CLAUSE

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

15. REASONABLE DESPATCH CLAUSE

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

16. HONG KONG LAW AND PRACTICE

This insurance is subject to Hong Kong law and practice.

Endorsement to INSTITUTE CARGO CLAUSES (AIR) - (excluding sendings by Post)

It is hereby noted and agreed that clause 2.3 is deleted in its entirety.

All other terms and conditions remain unchanged

NOTE:- *It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.*

INSTITUTE CARGO CLAUSES (A)

INSURING CLAUSE 2 ATTACHING TO POLICY NUMBER SM201028090125

1. RISKS CLAUSE

This insurance covers all risks of loss of or damage to the subject-matter insured except as provided in Clauses 4, 5, 6 and 7 below.

2. GENERAL AVERAGE CLAUSE

This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in Clauses 4, 5, 6 and 7 or elsewhere in this insurance.

3. "BOTH TO BLAME COLLISION" CLAUSE

This insurance is extended to indemnify the Assured against such proportion of liability under the contract of affreightment "Both to Blame Collision" Clause as is in respect of a loss recoverable hereunder. In the event of any claim by shipowners under the said Clause the Assured agree to notify the Underwriters who shall have the right, at their own cost and expense, to defend the Assured against such claim.

4. GENERAL EXCLUSIONS CLAUSE

In no case shall this insurance cover

- 4.1 Loss damage or expense attributable to wilful misconduct of the Assured
- 4.2 Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
- 4.3 Loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 4.4 Loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)
- 4.5 Loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the vessel
- 4.6 Loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

5. UNSEAWORTHINESS AND UNFITNESS EXCLUSION CLAUSE

- 5.1 In no case shall this insurance cover loss damage or expense arising from unseaworthiness of vessel or craft, unfitness of vessel craft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein.
- 5.2 The Underwriters waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination, unless the Assured or their servants are privy to such unseaworthiness or unfitness.

6. WAR EXCLUSION CLAUSE

In no case shall this insurance cover loss damage or expense caused by

- 6.1 War civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 6.2 Capture seizure arrest restraint or detainment (piracy excepted), and the consequences thereof or any attempt thereat
- 6.3 Derelict mines torpedoes bombs or other derelict weapons of war.

7. STRIKES EXCLUSION CLAUSE

In no case shall this insurance cover loss damage or expense

- 7.1 Caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- 7.2 Resulting from strikes, lock-outs, labour disturbances, riots or civil commotions
- 7.3 Caused by any terrorist or any person acting from a political motive.

8. TRANSIT CLAUSE

- 8.1 This insurance attaches from the time the goods leave the warehouse or place of storage at the place named herein for the commencement of the transit, continues during the ordinary course of transit and terminates either
- 8.1.1 On delivery to the Consignees' or other final warehouse or place of storage at the destination named herein,
- 8.1.2 On delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either
- 8.1.2.1 For storage other than in the ordinary course of transit or
- 8.1.2.2 For allocation or distribution, or
- 8.1.3 On the expiry of 60 days after completion of discharge overseas of the goods hereby insured from the overseas vessel at the final port of discharge, whichever shall first occur.
- 8.2 If, after discharge overseas from the overseas vessel at the final port of discharge, but prior to termination of this insurance, the goods are to be forwarded to a destination other than that to which they are insured hereunder, this insurance, whilst remaining subject to termination as provided for above, shall not extend beyond the commencement of transit to such other destination.
- 8.3 This insurance shall remain in force (subject to termination as provided for above and to the provisions of Clause 9 below) during delay beyond the control of the Assured, any deviation, forced discharge, re-shipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to shipowners or charterers under the contract of affreightment.

9. TERMINATION OF CONTRACT OF CARRIAGE CLAUSE

If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a port or place other than the destination named therein or the transit is otherwise terminated before delivery of the goods as provided for in Clause 8 above, then this insurance shall also terminate *unless prompt notice is given to the Underwriters and continuation of cover is requested when the insurance shall remain in force, subject to an additional premium if required by the Underwriters, either*

- 9.1 Until the goods are sold and delivered at such port or place, or, unless otherwise specially agreed, until the expiry of 60 days after arrival of the goods hereby insured at such port or place, whichever shall first occur, or
- 9.2 If the goods are forwarded within the said period of 60 days (or any agreed extension thereof) to the destination named herein or to any other destination, until terminated in accordance with the provisions of Clause 8 above.

10. CHANGE OF VOYAGE CLAUSE

Where, after attachment of this insurance, the destination is changed by the Assured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters*

11. INSURABLE INTEREST CLAUSE

- 11.1 In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.
- 11.2 Subject to 11.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Underwriters were not.

12 FORWARDING CHARGES CLAUSE

Where, as a result of the operation of a risk covered by this insurance the insured transit is terminated at port or place other than that to which the subject-matter is covered under this insurance, the Underwriters will reimburse the Assured for any extra charges properly and reasonably incurred in unloading storing and forwarding the subject-matter to the destination to which it is insured hereunder.

This Clause 12, which does not apply to general average or salvage charges, shall be subject to the exclusions contained in Clauses 4, 5, 6 and 7 above, and shall not include charges arising from the fault negligence insolvency or financial default of the Assured or their servants.

13. CONSTRUCTIVE TOTAL LOSS CLAUSE

No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual total loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject-matter to the destination to which it is insured would exceed its value on arrival.

14. INCREASED VALUE CLAUSE

- 14.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

- 14.2 Where this insurance is on Increased Value the following clause shall apply:
The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

15. NOT TO INURE CLAUSE

This insurance shall not inure to the benefit of the carrier or other bailee.

16. DUTY OF ASSURED CLAUSE

It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

- 16.1 To take such measures as may be reasonable for the purpose of averting or minimizing such loss, and
16.2 To ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

17. WAIVER CLAUSE

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

18. REASONABLE DESPATCH CLAUSE

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

19. HONG KONG LAW AND PRACTICE

This insurance is subject to Hong Kong law and practice.

NOTE.-- It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.

Endorsement to INSTITUTE CARGO CLAUSES (A)

It is hereby noted and agreed that clause 4.3 is deleted in its entirety.

All other terms and conditions remain unchanged

NOTE:- *It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.*

INSTITUTE STRIKES CLAUSES (AIR CARGO)

INSURING CLAUSE 3 ATTACHING TO POLICY NUMBER SM201028090125

1. RISKS COVERED

This insurance covers, except as provided in Clause 2 below, loss of or damage to the subject-matter insured caused by

- 1.1 Strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- 1.2 Any terrorist or any person acting from a political motive.

2. GENERAL EXCLUSION CLAUSE

In no case shall this insurance cover

- 2.1 Loss damage or expense attributable to wilful misconduct of the Assured
- 2.2 Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
- 2.3 Loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 2.4 Loss damage or expense arising from unfitness of aircraft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unfitness at the time the subject-matter insured is loaded therein
- 2.5 Loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against
- 2.6 Loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the aircraft
- 2.7 Loss damage or expense arising from the absence shortage or withholding of labour of any description whatsoever resulting from any strike, lockout, labour disturbance, riot or civil commotion
- 2.8 Any claim based upon loss of or frustration of the voyage or adventure
- 2.9 Loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
- 2.10 Loss damage or expense caused by war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power.

3. TRANSIT CLAUSE

- 3.1 This insurance attaches from the time the subject-matter insured leaves the warehouse, premises or place of storage at the place named herein for the commencement of the transit, continues during the ordinary course of transit and terminates either
 - 3.1.1 On delivery to the Consignees' or other final warehouse, premises or place of storage at the destination named herein,
 - 3.1.2 On delivery to any other warehouse, premises or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either
 - 3.1.2.1 For storage other than in the ordinary course of transit or
 - 3.1.2.2 For allocation or distribution, or
 - 3.1.3 On the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge, Whichever shall first occur.
- 3.2 If, after unloading from the aircraft at the final place of discharge, but prior to termination of this insurance, the subject-matter insured is forwarded to a destination other than that to which it is insured hereunder, this insurance, whilst remaining subject to termination as provided for above, shall not extend beyond the commencement of transit to such other destination.
- 3.3 This insurance shall remain in force (subject to the termination as provided for above and to the provisions of Clause 4 below) during delay beyond the control of the Assured, any deviation, forced discharge, reshipment or transhipment and during any variation of the adventure arising from the exercise of a liberty granted to the air carriers under the contract of carriage.

4. TERMINATION OF CONTRACT OF CARRIAGE CLAUSE

If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a place other than the destination named therein or the transit is otherwise terminated before delivery of the subject-matter insured as provided for in Clause 3 above, then this insurance shall also terminate *unless prompt notice is given to the Underwriters and continuation of cover is requested when the insurance shall remain in force, subject to an additional premium if required by the Underwriters*, either

- 4.1 Until the subject-matter is sold and delivered at such place or, unless otherwise specially agreed, until the expiry of 30 days after arrival of the subject-matter hereby insured at such place, whichever shall first occur,
or
- 4.2 If the subject-matter insured is forwarded within the said period of 30 days (or any agreed extension thereof) to the destination named herein or to any other destination, until terminated in accordance with the provisions of Clause 3 above.

5. CHANGE OF TRANSIT CLAUSE

Where, after attachment of this insurance, the destination is changed by the Assured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters.*

6. INSURABLE INTEREST CLAUSE

- 6.1 In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.
- 6.2 Subject to 6.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Underwriters were not.

7. INCREASED VALUE CLAUSE

- 7.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

- 7.2 **Where this insurance is on Increased Value the following clause shall apply:**

The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

8. NOT TO INURE CLAUSE

This insurance shall not inure to the benefit of the carrier or other bailee.

9. DUTY OF ASSURED CLAUSE

It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

- 9.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss, and
- 9.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

10. WAIVER CLAUSE

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

11. REASONABLE DESPATCH CLAUSE

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

12. HONG KONG LAW AND PRACTICE

This insurance is subject to Hong Kong law and practice.

Endorsement to INSTITUTE STRIKES CLAUSES (AIR CARGO)

It is hereby noted and agreed that clause 2.3 is deleted in its entirety.

All other terms and conditions remain unchanged

NOTE:- *It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.*

INSTITUTE STRIKES CLAUSES (CARGO)

INSURING CLAUSE 4 ATTACHING TO POLICY NUMBER SM201028090125

1. RISKS COVERED

This insurance covers, except as provided in Clauses 3 and 4 below, loss of or damage to the subject-matter insured caused by

- 1.1 Strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- 1.2 Any terrorist or any person acting from a political motive.

2. General Average Clause

This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from a risk covered under these clauses.

3. GENERAL EXCLUSIONS CLAUSE

In no case shall this insurance cover

- 3.1 Loss damage or expense attributable to wilful misconduct of the Assured
- 3.2 Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
- 3.3 Loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 3.4 Loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)
- 3.5 Loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the vessel
- 3.6 Loss damage or expense arising from the absence shortage or withholding of labour of any description whatsoever resulting from any strike, lockout, labour disturbance, riot or civil commotion
- 3.7 Any claim based upon loss of or frustration of the voyage or adventure
- 3.8 Loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
- 3.9 Loss damage or expense caused by war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power.

4. UNSEAWORTHINESS AND UNFITNESS EXCLUSION CLAUSE

- 4.1 In no case shall this insurance cover loss damage or expense arising from unseaworthiness of vessel or craft, unfitness of vessel craft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded wherein.

5. TRANSIT CLAUSE

- 5.1 This insurance attaches from the time the goods leave the warehouse or place of storage at the place named herein for the commencement of the transit, continues during the ordinary course of transit and terminates either
 - 5.1.1 On delivery to the Consignees' or other final warehouse or place of storage at the destination named herein,
 - 5.1.2 On delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either
 - 5.1.2.1 For storage other than in the ordinary course of transit or
 - 5.1.2.2 For allocation or distribution, or
 - 5.1.3 On the expiry of 60 days after completion of discharge oversea of the goods hereby insured from _____ the oversea vessel at the final port of discharge, whichever shall first occur.
- 5.2 If, after discharge oversea from the oversea vessel at the final port of discharge, but prior to termination of this insurance, the goods are to be forwarded to a destination other than that to which they are insured hereunder, this insurance, whilst remaining subject to termination as provided for above, shall not extend beyond the commencement of transit to such other destination.

- 5.3 This insurance shall remain in force (subject to termination as provided for above and to the provisions of Clause 6 below) during delay beyond the control of the Assured, any deviation, forced discharge, reshipment or transhipment and during any variation of the adventure arising from the exercise of a liberty granted to shipowners or charterers under the contract of affreightment.

6. TERMINATION OF CONTRACT OF CARRIAGE CLAUSE

If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a port or place other than the destination named therein or the transit is otherwise terminated before delivery of the goods as provided for in Clause 5 above, then this insurance shall also terminate *unless prompt notice is given to the Underwriters and continuation of cover is requested when the insurance shall remain in force, subject to an additional premium if required by the Underwriters*, either

- 6.1 Until the goods are sold and delivered at such port or place, or, unless otherwise specially agreed, until the expiry of 60 days after arrival of the goods hereby insured at such port or place, whichever shall first occur, or
- 6.2 If the goods are forwarded within the said period of 60 days (or any agreed extension thereof) to the destination named herein or to any other destination, until terminated in accordance with the provisions of Clause 5 above.

7. CHANGE OF VOYAGE CLAUSE

Where, after attachment of this insurance, the destination is changed by the Assured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters*.

8. INSURABLE INTEREST CLAUSE

- 8.1 In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.
- 8.2 Subject to 8.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Underwriters were not.

9. INCREASED VALUE CLAUSE

- 9.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured. In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.
- 9.2 **Where this insurance is on Increased Value the following clause shall apply:**
The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

10. NOT TO INURE CLAUSE

This insurance shall not inure to the benefit of the carrier or other bailee.

11. DUTY OF ASSURED CLAUSE

It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

- 11.1 To take such measures as may be reasonable for the purpose of averting or minimising such loss, and
- 11.2 To ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

12. WAIVER CLAUSE

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

13. REASONABLE DESPATCH CLAUSE

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

14. Hong Kong LAW AND PRACTICE

This insurance is subject to Hong Kong law and practice.

Endorsement to INSTITUTE STRIKES CLAUSES (CARGO)

It is hereby noted and agreed that clause 3.3 is deleted in its entirety.

All other terms and conditions remain unchanged

NOTE:- *It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.*

INSTITUTE WAR CLAUSES (AIR CARGO)

(excluding sendings by Post)

INSURING CLAUSE 5 ATTACHING TO POLICY NUMBER SM201028090125

1. RISKS CLAUSE

This insurance covers, except as provided in Clause 2 below, loss of or damage to the subject-matter insured caused by

- 1.1 War civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 1.2 Capture seizure arrest restraint or detainment, arising from risks covered under 1.1 above, and the consequences there of or any attempt thereat
- 1.3 Derelict mines torpedoes bombs or other derelict weapons of war.

2. GENERAL EXCLUSION CLAUSE

In no case shall this insurance cover

- 2.1 Loss damage or expense attributable to wilful misconduct of the Assured
- 2.2 Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
- 2.3 Loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 2.4 Loss damage or expense arising from unfitness or aircraft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unfitness at the time the subject-matter insured is loaded therein
- 2.5 Loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against
- 2.6 Loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the aircraft
- 2.7 Any claim based upon loss of or frustration of the voyage or adventure
- 2.8 Loss damage or expense arising from any hostile use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

3. TRANSIT CLAUSE

- 3.1 This insurance:
 - 3.1.1 Attaches only as the subject-matter insured and as to any part as that part is loaded on the aircraft for the commencement of the air transit insured and
 - 3.1.2 Terminates, subject to 3.2 and 3.3 below, either as the subject-matter insured and as to any part as that part is discharged from the aircraft at the final place of discharge or on expiry of 15 days counting from midnight of the day of arrival of the aircraft at the final place of discharge, whichever shall first occur; nevertheless, *subject to prompt notice to the Underwriters and to an additional premium*, such insurance
 - 3.1.3 Reattaches when, without having discharged the subject-matter insured at the final place of discharge, the aircraft departs there from, and
 - 3.1.4 Terminates, subject to 3.2 and 3.3 below, either as the subject-matter insured and as to any part as that part is thereafter discharged from the aircraft at the final (or substituted) place of discharge, or on expiry of 15 days counting from midnight of the day of re-arrival of the aircraft at the final place of discharge or arrival of the aircraft at a substituted place of discharge, whichever shall first occur.
- 3.2 If during the insured transit the aircraft arrives at an intermediate place to discharge the subject-matter insured for on-carriage by aircraft or oversea vessel, then, subject to 3.3 below and to an additional premium if required, this insurance continues until the expiry of 15 days counting from midnight of the day of arrival of the aircraft at such place, but thereafter reattaches as the subject-matter insured and as to any part as that part is loaded on an on-carrying aircraft or oversea vessel. During the period of 15 days the insurance remains in force after discharge only whilst the subject-matter insured and as to any part as that part is at such intermediate place. If the goods are on-carried within the said period of 15 days or if the insurance reattaches as provided in this Clause 3.2
 - 3.2.1 where the on-carriage is by aircraft this insurance continues subject to the terms of these clauses, or
 - 3.2.2 where the on-carriage is by oversea vessel, the current Institute War Clauses (Cargo) shall be deemed to form part of this insurance and shall apply to the on-carriage by sea.
- 3.3 If the air transit in the contract of carriage is terminated at a place other than the destination agreed therein, that place shall be deemed to be the final place of discharge and such insurance terminates in accordance with 3.1.2. If the subject-matter

- insured is subsequently consigned to the original or any other destination, then, provided notice is given to the Underwriters before the commencement of such further transit and subject to an additional premium, such insurance reattaches
- 3.3.1 in the case of the subject-matter insured having been discharged, as the subject-matter insured and as to any part as that part is loaded on the on-carrying aircraft for the transit;
- 3.3.2 in the case of the subject-matter insured not having been discharged, when the aircraft departs from such deemed final place of discharge;
thereafter such insurance terminates in accordance with 3.1.4.
- 3.4 *Subject to prompt notice to Underwriters, and to an additional premium if required*, this insurance shall remain in force within the provisions of these Clauses during any deviation, or any variation of the adventure arising from the exercise of a liberty granted to the air carrier under the contract of carriage.
- (For the purpose of Clause 3) "oversea vessel" shall be deemed to mean a vessel carrying the subject-matter from one port or place to another where such voyage involves a sea passage by that vessel)

4. CHANGE OF TRANSIT CLAUSE

Where, after attachment of this insurance, the destination is changed by the Assured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters.*

5. **Anything contained in this contract which is inconsistent with Clauses 2.8, 2.9 or 3 shall, to the extent of such inconsistency, be null and void.**

6. INSURABLE INTEREST CLAUSE

- 6.1 In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.
- 6.2 Subject to 6.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this Insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Underwriters were not.

7. INCREASED VALUE CLAUSE

- 7.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured. In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.
- 7.2 Where this insurance is on Increased Value the following clause shall apply:
The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.
In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

8. NOT TO INURE CLAUSE

This insurance shall not inure to the benefit of the carrier or other bailee.

9. DUTY OF ASSURED CLAUSE

It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

- 9.1 to take such measures as may be reasonable for the purpose of averting or minimizing such loss, and
- 9.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

10. WAIVER CLAUSE

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

11. REASONABLE DESPATCH CLAUSE

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

12. HONG KONG LAW AND PRACTICE

This insurance is subject to Hong Kong law and practice.

Endorsement to INSTITUTE WAR CLAUSES (AIR CARGO) (excluding sendings by Post)

It is hereby noted and agreed that clause 2.3 is deleted in its entirety.

All other terms and conditions remain unchanged

NOTE:- *It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.*

INSTITUTE WAR CLAUSES (CARGO)

INSURING CLAUSE 6 ATTACHING TO POLICY NUMBER SM201028090125

1. RISKS CLAUSE

This insurance covers, except as provided in Clauses 3 and 4 below, loss of or damage to the subject-matter insured caused by

- 1.1 war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 1.2 capture seizure arrest restraint or detainment, arising from risks covered under 1.1 above, and the consequences thereof or any attempt thereat
- 1.3 derelict mines torpedoes bombs or other derelict weapons of war.

2. GENERAL AVERAGE CLAUSE

This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from a risk covered under these clauses.

3. GENERAL EXCLUSIONS CLAUSE

In no case shall this insurance cover

- 3.1 Loss damage or expense attributable to wilful misconduct of the Assured
- 3.2 Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
- 3.3 Loss damage or expense caused by inherent vice or nature of the subject-matter insured
- 3.4 Loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)
- 3.5 Loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the vessel
- 3.6 Any claim based upon loss of or frustration of the voyage or adventure
- 3.7 Loss damage or expense arising from any hostile use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

4. UNSEAWORTHINESS AND UNFITNESS EXCLUSION CLAUSE

- 4.1 In no case shall this insurance cover loss damage or expense arising from unseaworthiness of vessel or craft, unfitness of vessel craft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein.
- 4.2 The Underwriters waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination, unless the Assured or their servants are privy to such unseaworthiness or unfitness.

5. TRANSIT CLAUSE

- 5.1 This insurance:
 - 5.1.1 attaches only as the subject-matter insured and as to any part as that part is loaded on an oversea vessel and
 - 5.1.2 terminates, subject to 5.2 and 5.3 below, either as the subject-matter insured and as to any part as that part is discharged from an oversea vessel at the final port or place of discharge, or on expiry of 15 days counting from midnight of the day of arrival of the vessel at the final port or place of discharge, whichever shall first occur; nevertheless, *subject to prompt notice to the Underwriters and to an additional premium*, such insurance
 - 5.1.3 reattaches when, without having discharged the subject-matter insured at the final port or place of discharge, the vessel sails therefrom, and
 - 5.1.4 terminates, subject to 5.2 and 5.3 below, either as the subject-matter insured and as to any part as that part is thereafter discharged from the vessel at the final (or substituted) port or place of discharge, or on expiry of 15 days counting from midnight of the day of re-arrival of the vessel at the final port or place of discharge or arrival of the vessel at a substituted port or place of discharge, whichever shall first occur.

- 5.2 If during the insured voyage the overseas vessel arrives at an intermediate port or place to discharge the subject-matter insured for on-carriage by overseas vessel or by aircraft, or the goods are discharged from the vessel at a port or place of refuge, then subject to 5.3 below and to an additional premium if required, this insurance continues until the expiry of 15 days counting from midnight of the day of arrival of the vessel at such port or place, but thereafter reattaches as the subject-matter insured and as to any part as that part is loaded on an on-carrying overseas vessel or aircraft. During the period of 15 days the insurance remains in force after discharge only whilst the subject-matter insured and as to any part as that part is at such port or place. If the goods are on-carried within the said period of 15 days or if the insurance reattaches as provided in this Clause 5.2
- 5.2.1 where the on-carriage is by overseas vessel this insurance continues subject to the terms of these clauses, or
- 5.2.2 where the on-carriage is by aircraft, the current Institute War Clauses (Air Cargo) (excluding sendings by Post) shall be deemed to form part of this insurance and shall apply to the on-carriage by air.
- 5.3 If the voyage in the contract of carriage is terminated at a port or place other than the destination agreed therein, such port or place shall be deemed to be the final port of discharge and such insurance terminates in accordance with 5.1.2. If the subject-matter insured is subsequently reshipped to the original or any other destination, then, *provided notice is given to the Underwriters before the commencement of such further transit and subject to an additional premium*, such insurance reattaches
- 5.3.1 in the case of the subject-matter insured having been discharged, as the subject-matter insured and as to any part as that part is loaded on the on-carrying vessel for the voyage;
- 5.3.2 in the case of the subject-matter not having been discharged, when the vessel sails from such deemed final port of discharge; thereafter such insurance terminates in accordance with 5.1.4.
- 5.4 The insurance against the risks of mines and derelict torpedoes, floating or submerged, is extended whilst the subject-matter insured or any part thereof is on craft whilst in transit to or from the overseas vessel, but in no case beyond the expiry of 60 days after discharge from the overseas vessel unless otherwise specially agreed by the Underwriters.
- 5.5 *Subject to prompt notice to Underwriters, and to an additional premium if required*, this insurance shall remain in force within the provisions of these Clauses during any deviation, or any variation of the adventure arising from the exercise of a liberty granted to shipowners or charterers under the contract of affreightment.

(For the purpose of Clause 5)

"arrival" shall be deemed to mean that the vessel is anchored, moored or otherwise secured at a berth or place within the Harbour Authority area. If such a berth or place is not available, arrival is deemed to have occurred when the vessel first anchors, moors or otherwise secures either at or off the intended port or place of discharge

"overseas vessel" shall be deemed to mean a vessel carrying the subject-matter from one port or place to another where such voyage involves a sea passage by that vessel)

6. CHANGE OF VOYAGE CLAUSE

Where, after attachment of this insurance, the destination is changed by the Assured, *held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters*.

7. Anything contained in this contract which is inconsistent with Clauses 3.7, 3.8 or 5 shall, to the extent of such inconsistency, be null and void.

8. INSURABLE INTEREST CLAUSE

- 8.1 In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.
- 8.2 Subject to 8.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Underwriters were not.

9. INCREASED VALUE CLAUSE

- 9.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

- 9.2 Where this insurance is on Increased Value the following clause shall apply:
The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.
In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

10. NOT TO INURE CLAUSE

This insurance shall not inure to the benefit of the carrier or other bailee.

11. DUTY OF ASSURED CLAUSE

It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

- 11.1 To take such measures as may be reasonable for the purpose of averting or minimizing such loss,
and
11.2 To ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

12. WAIVER CLAUSE

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

13. REASONABLE DESPATCH CLAUSE

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

14. HONG KONG LAW AND PRACTICE

This insurance is subject to Hong Kong law and practice.

Endorsement to INSTITUTE WAR CLAUSES (CARGO)

It is hereby noted and agreed that clause 3.3 is deleted in its entirety.

All other terms and conditions remain unchanged

NOTE:- *It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.*

INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE 10/11/2003 CL 370

ADDITIONAL EXCLUSIONS FORM POLICY SM201028090125

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

1. In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from
 - 1.1 Ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
 - 1.2 The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
 - 1.3 Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
 - 1.4 The 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
 - 1.5 Any chemical, biological, bio-chemical, or electromagnetic weapon.

INSTITUTE CYBER ATTACK EXCLUSION CLAUSE 10/11/03 CL 380

- 1.1 Subject only to clause 1.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
- 1.2 Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 1.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

INSTITUTE REPLACEMENT CLAUSE

In the event of loss of or damage to any part or parts of an insured machine caused by a peril covered by the Policy the sum recoverable shall not exceed the cost of replacement or repair of such part or parts plus charges for forwarding and refitting, if incurred, but excluding duty unless the full duty is included in the amount insured, in which case loss, if any, sustained by payment of additional duty shall also be recoverable.

Provided always that in no case shall the liability of Underwriters exceed the insured value of the complete machine.

WORDINGS ATTACHING TO POLICY NUMBER SM201028090125

1. ACCUMULATION CLAUSE

Should there be an accumulation of interest beyond the limits expressed in this contract by reason of any interruption of transit and/or occurrence beyond the control of the Assured, or by reason of any casualty and/or at a transshipping point and/or in a connecting vessel or conveyance, then, the Insurers shall be liable for the full amount at risk, but In no event shall they be liable for more than twice the Contract limit.

2. CARGO ISM ENDORSEMENT

Applicable to all shipments on board Ro-Ro passenger ferries.

Applicable with effect from 1 July 1998 to shipments on board passenger vessels transporting more than 12 passengers; and oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high-speed craft of 500 gt or more. Applicable with effect from 1 July 2002 to shipments on board all other cargo ships and mobile offshore drilling units of 500gt or more.

In no case shall this insurance cover loss, damage or expense where the subject matter Assured is carried by a vessel that is not ISM Code certified or whose owners or operators do not hold an ISM Code Document of Compliance when, at the time of loading of the subject matter Assured on board the vessel, the Assured were aware, or in the ordinary course of business should have been aware:-

- 1) Either that such vessel was not certified in accordance with the ISM Code; or
- 2) That a current Document of Compliance was not held by her owners or operators

as required under the SOLAS Convention 1974 as amended.

This exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject matter Assured in good faith under a binding contract.

3. CARGO ISM FORWARDING CHARGES CLAUSE

This insurance is extended to reimburse the Assured, up to the limit of the sum Assured for the voyage, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the subject-matter to the destination to which it is Assured hereunder following release of cargo from a vessel arrested or detained at or diverted to any other port or place (other than the intended port of destination) where the voyage is terminated due either:

- 1) to such vessel not being certified in accordance with the ISM Code; or
- 2) to a current Document of Compliance not being held by her owners or operators;

as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms, conditions and exclusions contained in the policy.

4. CARGO ISPS ENDORSEMENT

In no case shall this insurance cover loss, damage or expense where the subject matter Assured is carried by a vessel that does not hold a valid International Ship Security Certificate as required under the International Ship and Port Facility Security (ISPS) Code when, at the time of loading of the subject matter Assured on board the vessel, the Assured were aware, or in the ordinary course of business should have been aware that such vessel was not certified in accordance with the ISPS Code as required under the SOLAS Convention 1974 as amended.

This exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject matter Assured in good faith under a binding contract.

5. CARGO ISPS FORWARDING CHARGES CLAUSE (AMENDED)

This insurance is extended to reimburse the Assured, up to the limit of the sum Assured for the voyage, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the subject-matter to the destination to which it is Assured hereunder following release of cargo from a vessel arrested or detained at or diverted to any other port or place (other than the intended port of destination) where the voyage is terminated due to such vessel not being certified in accordance with the ISPS Code as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms conditions and exclusions contained in the policy and to the Cargo ISPS Endorsement

6. CARGO ISM AND/OR ISPS ENDORSMENT – QUALIFICATIONS

The Cargo ISM Endorsement and/or the Cargo ISPS Endorsement are incorporated hereunder and subject always to the Assured satisfying the requirements of the clauses it is agreed that the full benefit of the policy terms, clauses and conditions remain in full force and effect.

(a) The aforementioned exclusion clauses shall not apply with respect to any insurance as hereunder provided where the Assured is buying or has agreed to buy the subject-matter Assured in good faith under a binding contract on CIF, CFR, Ex-ship and/or similar terms of purchase where they are not directly responsible for the fixing of any vessel on which the subject-matter Assured is carried.

(b) The aforementioned exclusion clauses shall not apply with respect to any insurance as hereunder provided where the Assured is selling or has agreed to sell the subject-matter Assured in good faith under a binding contract on EXW, FCA, FAS, FOB and/or similar terms of sale where they are not directly responsible for the fixing of any vessel on which the subject-matter Assured is carried.

(c) Notwithstanding anything to the contrary contained in the above, where the BIMCO Standard ISM and ISPS Clauses for Voyage and Time Charterparties are included under any charterparty entered into by the Assured such action alone negates the test of awareness as provided for in the aforementioned exclusion.

(d) For clarification purposes the aforementioned exclusion is not applicable to shipments between countries whose legal and/or regulatory regimes have not ratified the SOLAS Convention 1974 as amended.

7. CUSTOMS AND/OR IMMIGRATION AUTHORITY INSPECTION(S)

This insurance is also specially to cover (notwithstanding the War Exclusion Clause contained herein) physical loss of or damage to the subject-matter Assured arising out of the performance of inspection duties by the relevant Customs and/or Immigration Authorities or another duly constituted governmental agency of any State or Territory who are performing inspection duties in accordance with any governmental law, statute, mandate, rule or regulation covering the import or export of said subject-matter into or from the applicable State or Territory, or covering whilst said subject-matter is passing through such State or Territory prior to coming within the jurisdiction of the State or Territory of destination.

8. DELIBERATE DAMAGE - POLLUTION HAZARD

This policy covers, but only while the property Assured is on board a waterborne conveyance, loss of or damage to said property directly caused by governmental or civil authorities acting for the public welfare to prevent or mitigate a pollution hazard or other civil disaster or threat thereof, provided that the accident or occurrence creating the situation which required such governmental action would have resulted in a recoverable claim under the Policy (subject to all of its terms, conditions and warranties) if the property Assured would have sustained physical loss or damage as a direct result of such accident or occurrence.

The coverage afforded here shall not increase the Limits of Liability provided for hereunder.

9. DUTY CLAUSE

This Insurance is also to cover Increased Value of Cargo by reason of payment of duty or other charges on arrival at port of discharge as may be required by the Assured subject to the same terms and conditions as Cargo and to pay as may be paid thereon.

10. GENERAL AVERAGE CLAUSE

This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice (or, if there is no contract of affreightment, according to Foreign Statement or to York-Antwerp Rules) incurred to avoid or in connection with the avoidance of loss from any cause except those specifically excluded herefrom.

For the purpose of claims for general average contributions and salvage charges recoverable hereunder, the subject-matter Assured shall be deemed to be Assured for its full contributory value.

General average deposits shall be payable on production of general average deposit receipts. Insurers also agree to provide a general average Bond upon the request of the Assured.

11. INNOCENT ASSURED CLAUSE

It is hereby agreed that the Assured's right to recover losses under this contract of insurance will not be prejudiced by any fraudulent or dishonest acts of the ship owners, ship managers, ship operators, contractual carriers or actual carriers, subject to the Assured notifying Insurers as soon as possible after he becomes aware of the fraudulent or dishonest act.

12. OTHER INSURANCE

Notwithstanding that a third party may have arranged insurance covering the Assured's goods and/or merchandise with or without the Assured's instructions to so insure, at the sole option of the Assured, the Assured may deem this Policy to be primary insurance with full rights of subrogation against any such other insurance to be maintained. In no case shall this insurance contribute in double insurance.

13. PREMIUM PAYMENT CLAUSE LSW3000 (Amended)

The Assured undertakes that premium will be paid in full to Royale Asia within 30 days of inception of this policy (or, in respect of instalment premiums or declaration premiums, when due).

If the premium due under this policy has not been so paid by the 30th day from the inception of the certificate Insurers shall have the right to cancel the Insurance certificate by notifying the Assured via Royale Asia in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period the Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than 15 days prior notice of cancellation to the Assured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Payment to Insurers will be deemed to occur on the day of receipt of premium by the broker.

In addition to the premium payment, a copy of the form in Addendum two shall be completed and submitted to insurers on a monthly basis.

14. SECOND-HAND REPLACEMENT CLAUSE

In the event of loss of or damage to any part or parts of an Assured machine caused by a peril covered by this insurance, the amount recoverable hereunder shall not exceed such proportion of the cost of replacement or repair of such part or parts as the Assured value bears to the value of a new machine (on the date of attachment of cover hereunder in respect of the Assured machine), plus additional charges (including duty, if applicable) for forwarding and refitting the new part or parts, if incurred.

Provided always that in no case shall the liability of Insurers exceed the Assured value of the complete machine.

15. TERMINATION OF TRANSIT CLAUSE (TERRORISM)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

1. Notwithstanding any provision to the contrary contained in this Policy or the Clauses referred to therein, it is agreed that in so far as this Policy covers loss of or damage to the subject matter Assured caused by any terrorist or any person acting from a political motive, such cover is conditional upon the subject-matter Assured being in the ordinary course of transit and, in any event, SHALL TERMINATE:

Either

1.1 As per the transit clauses contained within the Policy,

or

1.2 on delivery to the Consignee's or other final warehouse or place of storage at the destination named herein,

1.3 on delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either for storage other than in the ordinary course of transit or for allocation or distribution,

or

1.4 in respect of marine transits, on the expiry of 60 days after completion of discharge overseas of the goods hereby Assured from the overseas vessel at the final port of discharge,

1.5 in respect of air transits, on the expiry of 30 days after unloading the subject-matter Assured from the aircraft at the final place of discharge,

whichever shall first occur.

2. If this Policy or the Clauses referred to therein specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1.

16. SEVERABILITY CLAUSE

It is hereby expressly noted and agreed that all insuring clauses under this policy are several and not joint.

CLAIMS PROCEDURES

1. Notice of Claims

The Assured shall advise Royale Asia, as soon as reasonably practicable, and no more than 30 days, notice in writing of any claim that may fall under the terms, conditions and endorsements of this policy.

As soon as possible the assured should provide Insurers with:

1. Certificate number
2. Survey report of loss –if required/available
3. Documentary evidence of loss or damage to cargo
4. Completed claim form

Any Claim or Claims arising out of circumstances first notified to Royale Asia (whether such circumstances are notified as part of an actual Claim made against the Assured or any intimation thereof or otherwise) during the Period of Insurance or within 30 days of the expiration of the Period of Insurance, shall be deemed to have been made during the same period of insurance in which such notice was given irrespective as to whether such subsequent Claim or Claims are made after the expiry of the Policy.

2. Notices and Co-operation

The Assured shall provide Royale Asia with all information, documentation and assistance they require relating to a claim or a matter which might give rise to a claim under the Policy; as soon as possible to Royale Asia.

Receipt of such communication by the Insurance Broker shall be deemed to be good and sufficient receipt by the Insurers.

3. Disputes and Reference to Arbitration

All disputes or disagreements between the Assured and Insurers arising out of or in connection with this Policy shall, at the request of either of them, be referred to the sole arbitration of a person to be appointed by them or failing agreement by them by The Hong Kong International Arbitration Centre, and the decision of the Arbitrator shall be final and binding upon both parties.

4. Neither Royale Asia or any of its subsidiaries or agents shall be held liable in event of non payment of claim by insurance company.