



Logistics Protection

GENERAL INSURANCE CONDITIONS





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SECTION 1 Insured Operations and Services

1.1/ OPERATIONS

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

1.1.1/ Main operations

- Freight forwarder
- Road transport operator (carrier)
- NVOCC
- Rolling stock operator
- Warehouse operator

1.1.2/ Ancillary operations

- Ship agent
- Line agent
- Other as may be agreed by the Insurer and listed in the Policy Schedule

1.2/ SERVICES

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

SECTION 2 Policy Composition

2.1/ POLICY COMPOSITION

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

2.1.1/ Liability in respect of clients (§ 4.1)

2.1.2/ Legal 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 or trailers (§ 4.5)

2.1.6/ Liability for tax and duty (§ 4.6)

2.1.7/ Liability for accidental pollution and damage to environment (§ 4.7)

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

2.1.9/ Costs (§ 4.9)

2.1.10/ Physical damage to rolling equipment (§ 4.10)

2.2/ COMPULSORY AND OPTIONAL COVERS

MUS Logistics Protection is a policy with optional extensions. Only contractual liability cover (§ 4.1.1.1) is compulsory. The Assured is only covered in respect of liabilities and/or risks that are specifically mentioned in the Policy Schedule.



SECTION 3 Definitions

3.1/ DEFINITIONS

- **ASSURED:** the corporation or other legal entity named in the Policy Schedule as the party insured under the policy, its executive Officers.
 - **CLIENT:** any party with which the Assured concludes a contract for the provision, by the Assured or any sub-contractor or agent acting on its behalf, of the Insured Services set out in the Policy Schedule.
 - **CMR CONVENTION:** Convention on the Contract for the International Carriage of Goods by Road.
 - **CO-ASSURED:** the corporation or other legal entity named as such in the Policy Schedule. The liability of the Insurer to a Co-Assured shall only extend insofar as such Co-Assured may be found liable to pay in the first instance for liabilities which are properly the responsibility of the Assured and are covered under this policy.
 - **CONDITION PRECEDENT:** a condition which must be fulfilled for the cover to be valid.
 - **CONTAINER:** an article of equipment having a minimum volume of 8 cubic meters designed and constructed for repeated use for the intermodal carriage of goods by road, rail and water and for interchange between these forms of transport.
 - **CONTRACTUAL LIABILITIES:** liabilities incurred under a contract concluded with a client for the provision of the Insured Services.
 - **DEDUCTIBLE:** the part of the claim which is deducted from the amount payable by the Insurer.
 - **EMPLOYEE:** a person having employment relationship with the Assured or Co-Assured or Joint Assured and not falling within definition of Executive Officer.
 - **EVENT:** an occurrence or all occurrences of a series consequent on, or attributable to, one source or original cause.
 - **EXECUTIVE OFFICER:** any director, board member, commissioner, president, vice-president or a managerial employee of the Assured.
 - **EXPLOSION:** sudden and violent action of increased or reduced pressure of gas or vapour.
 - **FINANCIAL LOSS:** any loss in respect of loss of profit, loss of opportunity, or loss of or reduction or future business. Except as specifically provided hereunder this policy only covers financial loss which arises from physical loss or damage to third party property (including cargo) or death, injury or illness of a third party.
 - **FIRE:** combustion with flames outside a normal place for fire.
 - **FREIGHT FORWARDING:** for the purpose of this insurance freight forwarding should be understood as provision of the following services:
 - organization and/or performance of carriage of goods
 - contracting for storage and/or reloading of goods at third party warehouses and/or terminals
 - customs clearance of goods
 - assistance with documents for import and export
- All other services provided by the Assured, which deemed to be covered under this insurance, should be separately listed under “Insured Services” in the Policy Schedule.
- **GROSS NEGLIGENCE** must be defined when person’s conduct is reckless and careless in the highest degree or if he or she acts with less care towards the property of another entrusted to him or her than he or she would apply to his or her own property, or if he or she initiates a course of action, the harmfulness and dangerousness of which could not and should not have been unknown to him or her; or as may be otherwise defined by respective applicable law.
- In conjunction with relationship between the Assured, Co-Assured, Joint Assured and the Insurer gross negligence will not only, but also include:
- driving under influence of any prohibited substance (including alcohol) disregards whenever accident is or is not related to the drivers condition;
 - carrying conveyance is parked for the period longer than two hours at location, which is not dedicated for parking and not customarily used by trucks;
 - driver not being of legal age or is not the holder of a valid driving license as required by current regulations and applicable law disregards whether this occurs with or without the Assured’s knowledge.
- **INSURER:** Company stated in the Policy Schedule as Leading Insurer and the co-subscribing insurers mentioned in the Policy Schedule when the policy is subscribed by more than one Insurer.
 - **INSURED LOCATION** (attributable to liabilities to third parties and agents): the location at which the Assured provides any Insured Services and which is specified in the Policy Schedule.
 - **INSURED OPERATIONS AND SERVICES:** Operations and Services specified in the Policy Schedule in respect of which the Assured is covered.
 - **JOINT-ASSURED:** the corporation or other legal entity named as such in the Policy Schedule. Each Joint Assured shall have an independent right of recovery from the Insurer.
 - **LAFF:** Latvian Association of Freight Forwarders.
 - **LIGHTENING:** direct effects of atmospheric electricity and lightning strike.
 - **NSAB:** Nordic Association of Freight Forwarders.
 - **NVOCC** (non vessel owning 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.
 - **OCCURRENCE:** all the damaging consequences resulting from the same cause or generating circumstance.
 - **POLICY PERIOD:** the period starting and ending on the dates shown in the Policy Schedule.
 - **ROAD TRANSPORT OPERATOR:** for the purpose of this insurance road transport operator should be 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 to for carriage of handling of cargo and listed in the addendum to the Policy Schedule.



SECTION 4 Coverage

- **STANDARD TRADING CONDITIONS:** such contractual terms and conditions on which the Assured conduct its business, recording the terms on which the services specified in the Policy Schedule are provided.
- **THIRD PARTY:** any party, other than: the Assured, any Joint Assured, Co-Assured, or any of their employees or their clients.
- **TERRORISM:** any act(s) of any person(s) or organisation(s) involving the causing, occasioning or threatening of harm of whatever nature and by whatever means, or putting the public or any section of the public in fear, in circumstances in which it is reasonable to conclude that the purpose(s) of the person(s) or organisation(s) concerned are wholly or partly of a political, religious, ideological or similar nature.
- **TRADING LIMITS:** geographical limitation where policy is valid. Each and every claim occurred or discovered outside trading limits mentioned in Policy Schedule is not recoverable. Trading limits are set as follows:
 - Zone 1: European Union countries, Andorra, Lichtenstein, Norway and Switzerland
 - 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 http://www.lmalloyds.com/Web/market_places/marine/JWC/Joint_War.aspx
 - Zone 6: Other as maybe agreed
- **UNDERWRITING AGENTS:** Marine Underwriting Services SIA acting as underwriting and claims management agents for and on behalf of Insurer. Notices given to Underwriting Agents should constitute notice as being given to Insurer and notice given by Underwriting Agents should constitute notice as being given by Insurer.
- **WAREHOUSE OPERATOR:** for the purpose of this insurance warehouse operator should be owner or manager of warehouse and/or other storage facility, who is providing storage services as principal, under separate agreement.

3.2/ CONSTRUCTION

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

3.2.2/ Words importing the masculine shall include the feminine

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

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.

PREAMBLE

This insurance covers Assured, Co-Assured or Joint Assured against liabilities and/or risks that are specifically mentioned in the Policy Schedule and special conditions expressed in respective paragraphs of Section 4 to apply to such cover, however special terms and conditions of Appendix 1 should always apply irrespective of particularly selected liabilities or risks specifically mentioned in the Policy Schedule.

4.1/ LIABILITY IN RESPECT OF CLIENTS

4.1.1/ Risks insured

The Assured is covered for liability in respect of clients due to the non-performance or poor performance of the Assured's contractual obligations in accordance with applicable international conventions, national laws and/or regulations relating to the carriage of merchandise or any other agreements or contracts concluded by the Assured with his clients and for which the Insurer (directly or through Underwriting Agents) has given his prior agreement, as follows

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

4.1.1.2/ Professional liability for direct damages and/or loss incurred by the clients of the Assured resulted from breach of duty 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 Assured's clients resulted 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 only if they are incurred under:

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

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

4.2/ LEGAL LIABILITY IN RESPECT OF THIRD PARTIES

4.2.1/ Risks insured

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



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

4.3/ LIABILITY FOR INCREASED CONTRACTUAL OBLIGATIONS

Subject to prior written agreement of the Insurer, the liability of the Assured can be covered when:

4.3.1/ Declared value (ad valorem)

The Assured receives from its client a request to waive limitations of liability allowed to him by International Conventions by declaring value of merchandise in the transportation document (CMR note, bill of lading, etc).

In case this additional insurance is applicable and reference is made in Policy Schedule exclusion as per § 5.2.1 of Section 5 is waived.

4.3.2/ Special interest on delivery

The Assured receives from a client a request to cover special interest in delivery. In case this additional insurance is applicable and reference is made in 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 written agreement of the Insurer, this insurance covers liability of the Assured caused by gross negligence of the truck drivers and/or other employees involved in cargo handling and/or forwarding activities.

4.4.2/ Limitation of liability

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

4.4.3/ Special provisions

In case this additional insurance is applicable and reference is made in Policy Schedule exclusion as per § 5.2.3 of Section 5 is waived.

It is noted and agreed that irrespective if the Assured is covered for liability caused by gross negligence under § 4.4 the conditions expressed in Appendix 1 (Liability resulting from the risk of theft) will prevail, however special limits and special deductible applicable for § 4.4 to apply for calculations.

4.5/ LIABILITY FOR CONTAINERS AND/OR TRAILERS

4.5.1/ Risks insured

Subject to prior written agreement of the Insurer, this insurance 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 assumes contractual liability.

4.5.2/ Contracts

Warranties expressed in the § 4.1.2 also to apply to this cover. For avoidance of doubt cover under § 4.5 is not ap-

plicable to containers and/or trailers in being in lawful possession of the Assured under lease or any other 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 Policy Schedule exclusion as per § 5.2.4 of Section 5 is waived.

4.5.4/ Pre-acceptance check list warranty

It is warranted that, unless otherwise agreed with 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, TAX AND DUTY

4.6.1/ Risks insured

Subject to prior written agreement of the Insurer, this insurance covers contractual liabilities of the Assured on the basis of the approved conditions and/or international transport law regulations for any financial loss sustained by their clients in connection with taxes, duty, excises and similar fiscal charges.

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.

4.6.2 / Liability in respect of fines, taxes or similar fiscal charges imposed on the Assured by an authority as a consequence of a breach of regulations as to immigration, import or export of cargo and to the extent that such insurance is permitted under the law of the country where insured services are provided.

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 Policy Schedule exclusion as per § 5.2.5 of Section 5 is waived,

4.6.5 / Warranty on bonds or guarantees

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.

4.7/ LIABILITY FOR ACCIDENTAL POLLUTION AND DAMAGE TO ENVIRONMENT

4.7.1/ Risks insured

Subject to prior written agreement of the Insurer, this insurance 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 Policy Schedule, the wording of Appendix 2 will apply and shall prevail over the terms of exclusion as per § 5.2.7 of Section 5.

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

4.8.1/ Risks insured

Subject to prior written agreement of the Insurer, this insurance 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 minimising a claim recoverable under this policy.

4.9.2/ Investigation and defence

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

Such costs are recoverable 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/ PHYSICAL DAMAGE TO ROLLING EQUIPMENT

4.10.1/ Risks insured

Subject to prior 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 3.

4.10.2/ Special provisions

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

SECTION 5

EXCLUSIONS AND RESTRICTIONS

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

5.1/ GENERAL EXCLUSIONS

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

5.1.1/ Mandatory insurance

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

5.1.2/ Insolvency and failure to pay debts

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

5.1.3/ Intentional or reckless act or omission.

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

5.1.4/ Directors and Officers liability

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

5.1.5/ Interest in ship or aircraft

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

5.1.6/ Liability in USA and Canada

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

5.1.7/ 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-obliterated postal and fiscal stamps, cheques (including travellers' cheques, restaurant vouchers, holiday vouchers and unused cheque books), bank cards, tax discs, horse-betting and lottery tickets, telephone cards, postal parcels and the fraudulent use that can be made of these.

5.1.8/ Inter-company claims

This insurance will not respond to any claim made against the Assured and/or Co-Assured and/or joint Assured by any



parent, associated or subsidiary company, unless and to the extent that such party making a claim suffered financial loss by reason of negligence, error omission of the Assured and/or Co-Assured. The claim itself must be such that it would constitute a valid claim by a principal against the agent (or subcontractor) in circumstances when the principal has no financial interest or corporate connection with such agent. The Insurer's decision as to what shall constitute a valid claim shall be final.

5.1.9/ Penalties, punitive, exemplary or multiple damages

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

5.1.10/ 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 programme, malicious code, computer virus or process or any other electronic system; fraud, malicious damage, error in programming including loss of computer data.

5.1.13/ 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, lock-outs, 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 damage or incurred under penalty or demurrage clauses.

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 warranted that in case 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 carry 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 that the contractual provisions have been approved in writing by the Insurer, there is no cover under this policy for liabilities to the extent that the Assured's liability is increased by a declaration of value by their client.

5.2.2/ Liability for special interest in delivery

Except and to the extent that the contractual provisions have been approved in writing by the Insurer, there is no cover under this policy for failing to provide the Insured Services at/within a time agreed with a client, including penalties for delay.

5.2.3/ Liability resulted from gross negligence

Any liability of the Assured resulted from gross negligence as defined in this insurance conditions under §3.1 of Section 3.

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, tax and duty

Any liability for financial loss sustained by customers with regards to taxes, duty, 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 to liability under this policy that the Assured shall:

- a) provide full and accurate information prior to inception of the policy, during the policy period and for the renewal of the insurance provided under this policy;
- b) advise the Insurer of any material change or addition to information already given. If the Assured fails to comply, the Insurer shall have the right to:

- avoid the insurance;
- reject a claim which relates to circumstances which should have been disclosed, but were not disclosed due to bad faith of the Assured or their insurance broker, or which is the subject of misleading/inaccurate information provided by the Assured in bad faith. If the Insurer deems that the information specified in § 6.1.1 b) affects the nature of the risk under the insurance, the Insurer may either increase the premium or cancel the insurance policy as this is defined under Law on Insurance Contract of Latvia.

6.2/ INCEPTION, DURATION, CANCELLATION AND TERMINATION OF INSURANCE

6.2.1/ Inception

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

6.2.2/ Duration

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

6.2.3/ Cancellation

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

- a) By the Insurer
 - In the circumstances specified at §6.1 above;
 - If the Assured does not pay a premium or provide a declaration by the time they are due. In case first instalment of premium is not received by Insurers on or before the due date cover is cancelled automatically from inception. If any of subsequent instalments are not received by Insurers in due time the Insurer will give notice to the Assured or their insurance broker requiring that the premium is paid (or the declaration made) within 15 (fifteen) days. The insurance will be automatically cancelled without further notice if such payment or declaration is not received within that period;
 - After settling a claim under this insurance policy: 15 (fifteen) days after the Insurer gave written notice to the Assured or their insurance broker and in accordance with Law on Insurance Contract of Latvia.
- b) By the Assured
 - By giving 30 days notice in writing. In case of such cancellation the Assured should pay 20% of deposit premium for Insurer's administrative expenses in addition to pro-rata premium for period covered by this insurance.



6.2.4/ Termination

This policy shall terminate automatically without notice in case of:

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

6.3/ PERIOD OF INSURANCE

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

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

6.4/ INDEMNITY INSURANCE

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

6.5/ DOUBLE INSURANCE

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

a) Physical damage (as per § 4.10) cover:

Each Insurer shall pay insurance compensation in 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 proportion to the liability limit specified by each insurance contract.

6.6/ SERVICE OF NOTICES

6.6.1/ Notices required by this insurance shall be served:

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

or

- personally to a director or officer of the Assured.

6.6.2/ Notices shall be deemed served:

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

6.7/ JOINT ASSURED AND CO-ASSURED

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

An applicant for joint or co-assurance:

- must comply fully with § 6.1 above. Failure to do so may avoid the insurance of the Assured and all Joint and Co-Assureds;
- is deemed to have appointed the Assured (or applicant for insurance) as its agent;

- if the Insurer accepts its application: the insurance will be subject to all the provisions of the Assured's insurance and to terms relating to the joint insurance.

6.7.1/ Cessation or cancellation of insurance

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

6.7.2/ Payment of premium

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

6.7.3/ Claim settlement

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

6.7.4/ Conduct

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

6.7.5/ Client

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

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

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

6.7.7/ Service of notice

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

6.8/ LIMITS OF LIABILITY

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

6.8.1/ General limits

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

6.8.2/ Sub-limits

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



6.9/ DEDUCTIBLES

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

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

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

6.10/ PREMIUM

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

6.10.1/ Premium calculation

Premium may be:

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

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

6.10.2/ Effect of cancellation and termination of the Policy

a) Cancellation

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

- the Insurer shall not be liable in respect of any claim whatsoever, whether arising before or after such cancellation;
- the Insurer shall be entitled to interest, at a rate of 2% over the official rate of the country in which the policy is issued, for any premium or part of the premium which is unpaid;
- the Insurer shall be entitled to 20% of deposit premium for the administrative expenses of the Assured.

b) Termination

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

6.11/ CLAIMS

6.11.1/ Notification

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

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

6.11.2/ Obligations of the Assured

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

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

6.11.3/ Powers of the Insurer

The Insurer may:

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

6.11.4/ Failure to comply

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

6.11.5/ Settlement of claims

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

6.11.6/ Survey fees

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

6.11.7/ Subrogation and recoveries from third parties

a) Subrogation

The Insurer shall be subrogated to all rights which the Assured may have against any third party in respect of any payment made under the policy to the extent of such payment, and the Assured shall, at the request of the Insurer, execute forthwith any document required by the Insurer for the purpose of exercising such rights.

b) Distribution of recoveries

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



6.11.8/ Set off

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

6.12/ CURRENCY

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

- in respect of liability (as per § 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

The insurance broker is:

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

6.14/ SEVERAL LIABILITY OF INSURERS

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

6.15/ LAW AND JURISDICTION

The policy is subject to the following provisions:

6.15.1/ Law

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

6.15.2/ Jurisdiction

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

6.16/ TIME BAR

6.16.1/ Presentation of claims

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

6.16.2/ Amounts due

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



APPENDIX 1

Rolling equipment insurance

Article 1. RISKS INSURED

Subject to prior 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 manufacturers 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 their subcontractor:

- drives under influence of any prohibited substance (including alcohol) disregards whenever accident is or is not related to the drivers condition;
- is not of legal age or is not the holder of a valid driving license as required by current regulations and applicable law disregards whether this occurs with or without the Assured's knowledge;
- performs any other action or activity, which could be interpreted as gross negligence in conjunction with applicable legislation.

Article 3. GENERAL PROVISIONS

3.1 / For the purpose of this insurance constructive total loss defined as physical damage to subject-matter insured resulted 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 Insurer and they exercised their rights to find subject-matter lost or stolen.

3.3 / In case of constructive total loss recoverable hereunder Insurers will receive a right for wreck in they so desire.

3.4 / It is further warranted that in case of theft compensation is only payable if the Assured can provide Insurer with two originals key sets from the vehicle itself and anti-theft system as well as original of vehicle's technical passport.



APPENDIX 2

Liability for accidental pollution and damage to environment

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...) 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 the policy and insurance conditions, 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

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





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