

TERMS AND CONDITIONS OF INSURANCE

DOMESTIC AND INTERNATIONAL CARGO INSURANCE

Article 1 THE INSURED

1. Cargo which has not been excluded from the contract and is carried by road and is the object of a commercial contract and is covered by the carriage or forwarding service provided by the Policyholder or any of the VGL Group Companies.

Article 2 MODE OF TRANSPORT

- a) Road transport;
- b) Railway transport;
- c) Air transport;
- d) Land transport;
- e) Intermodal land-air transport;
- f) Sea transport;
- g) Intermodal sea-land transport; and
- h) Professional carrier transport.

Article 3 INSURED OBJECT

1. All cargo carried by road, sea, railway or air which is the object of a commercial contract and which is covered by the carriage service (whether on a contractual or actual basis) or by the forwarding service (including on a contractual carrier basis) provided by the Policyholder, except cargo which has been excluded from insurance cover. The goods may be new or used.

2. The following cargo is excluded from the contract:

- a) Cash, securities, cheques, bills of exchange, promissory notes, documents;
- b) Precious stones, jewellery, noble metals;
- c) Antiques, works of art, items of artistic or unique value, collectibles or collections of any description;
- d) Stamp collections;
- e) Live animals;
- f) Human organs, corpses or remains;
- g) Narcotic, psychoactive or psychedelic drugs;
- h) Items carried as hand luggage;
- i) Damaged or incomplete goods;
- j) Dangerous goods ADR Class 1 and 7; or
- k) Arms, military equipment or supplies or dual-use goods.

3. For certain cargo, items listed above may be covered by insurance subject to a request submitted to the Insurer no later than 1 business day before the start of transport to obtain an approval setting out the terms and conditions and the premium.
4. Resettlement Property. Under this Clause, the insurance cover shall be extended to additionally include damage to cargo comprising resettlement property (household movables) in transit; provided that documentation containing detailed evidence of the specifications and condition of the property concerned (including the degree of wear and tear, damage or shortages existing before the start of transport), including the estimated value of that property, is prepared before the start of transport and submitted to the Insurer in the event of loss occurrence.

Article 4 SCOPE OF COVER

1. For road or railway shipments, the following clauses shall apply:

Institute Cargo Clauses (A) 1/1/2009
Institute Strike Clauses 01/01/09

2. For air shipments, the following clauses shall apply:

Institute Cargo Clauses (AIR) 1/1/2009, excluding sending by post Institute War Clauses (Air Cargo) 01/01/2009 Institute War Clauses (Air Cargo) 01/01/2009

3. For sea shipments, the following shall apply:

Institute Cargo Clauses (A)
Institute Classification Clause 01/01/2001
Cargo ISM Endorsement
Institute War Clauses (Cargo) 01/01/2009
Institute War Clauses (Cargo) 01/01/2009

5. For all shipments, the following shall also apply:

Institute Frozen Food
Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical And Electromagnetic Weapons Exclusion Clause 10/11/03
USA and Canada Endorsement to the Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause Institute Cyber Attack Exclusion Clauses 10/11/03
Terrorism Exclusion Clause
Institute Replacement Clause 01/12/2008
Institute Frozen Meat A 1.1.86
Date Recognition Clause
Asbestos Exclusion Clause
Cargo Termination of Storage in Transit Clause

*Joint Cargo Committee Termination of Transit Clause (Terrorism)
War and Strikes Cancellation Clause*

6. In addition, the following shall apply:

*Additional Cover for Duty
Sanctions Clause*

7. Rejection Risk Endorsement: The Insurer shall indemnify for costs of cargo rejection by sanitary authorities in direct relation to the loss. This cover is limited to the cost of return freight and additional costs of temporary storage and forwarding charges, if any. The limit is USD 100,000.00 per occurrence and in the aggregate during the period of insurance.

8. Accident of the Means of Transport: this shall mean an incident involving a sudden action of a mechanical force on contact of the means of transport with another means of transport, people, animals, objects or permanent structures; falling over; tipping over; overturning; derailling; running off track; falling down, slipping down an embankment; or drowning of the means of transport; as well as a collapse of a bridge or a fly-over or a tunnel causing damage to the cargo in transit/means of transport; an aircraft crash; accidental disconnection of a trailer or semitrailer; stranding; or washing ashore.

9. Additional Cost Clause: The Insurer shall indemnify for the following additional costs above the sum insured:

- a) Costs of litigation;
- b) Costs of measures taken to protect the goods and mitigate the loss even if failed;
- c) Cost of disposal and debris removal after a loss, up to 10% of the loss amount;
- d) Cost of goods handling and replacement transport to the destination or to other place agreed with the Insurer;
- e) Costs of sending a delegation to the place of loss, covering only documented costs of sending a delegation, provided that the loss exceeds USD 50,000.00, subject to a limit of USD 1,000.00 per person per trip, upon the Insurer's approval;
- f) Cost of expert opinions prepared with the Insurer's consent, subject to a common limit of USD 50.000 per occurrence and USD 100,000 in the aggregate during the period of insurance.

10. Thawing and Temperature Excursion Risk Clause: Without prejudice to the provisions or the terms and conditions of insurance not otherwise amended by this Clause, this insurance cover shall include losses to cargo caused by thawing or exposure to temperatures outside the range prescribed for transport; provided that the (professional) carrier is given written instructions by the Policyholder/Insured with the following recommendations:

- a) The temperature for transport and the type of the means of transport is stated in the shipping instruction;
- b) The means of transport is equipped with an operable refrigeration unit and an operable and calibrated thermostat and temperature data logger device; and
- c) The vehicle engine is not switched off during stops if the refrigeration unit depends on the engine running for its operation; and/or
- d) The refrigeration unit is connected to an external power supply during stops if the unit so requires for its operation.

11. **Loss of Merchantability Clause:** In the event of damage to the goods to the extent that they are fit for resale at reduced prices, according to the difference between the value of those goods before the loss occurrence and their discounted value; the Policyholder shall notify the Insurer of each discount of the goods no later than 3 days before it becomes effective and shall submit documents evidencing such discount. The Insurer or the Insurer's representative is authorised to participate in the discounting process. The requirement to notify no later than 3 days before the discount becomes effective may be omitted if the difference between the goods value before the loss occurrence and the discounted value does not exceed 30% and, at the same time, is not more than USD 25,000 (this restriction will not apply to perishable foodstuffs). Whenever a discount is made, the Policyholder shall provide the following documents in addition to the documents required under the Loss Adjustment Clause:

- a) Transport of the original sales invoice;
- b) Invoices for the discounted goods; and
- c) The buyer's confirmation that they are aware of the loss in the goods subject to a discount.

12. **72-Hour Clause:** The parties agree that all losses of or damage to the insured goods arising during any one period of 72 consecutive hours and caused by a typhoon, storm, tempest, flood or damage by water, subsidence or earthquake shall be deemed as a single event and as such they shall constitute one occurrence with regard to the deductibles. For the purposes of the above provision, the commencement of any such 72-hour period shall be defined as the moment of first loss occurrence in the cargo aboard the given means of transport and the Parties acknowledge and agree that two or more 72-hour periods may not overlap if losses occur over a long period of time. This clause shall apply to each means of transport separately (losses caused by the same reason in the cargo carried by one single means of transport).

13. The following provisions and clauses shall apply to cargo with special requirements (temperature-controlled):

- a) ATP: Agreement on the International Carriage of Perishable Foodstuffs 01/09/1970;
- b) Thawing and Temperature Excursion Risk Clause.

Without prejudice to the provisions or the terms and conditions of insurance not otherwise amended by this Clause, this insurance cover shall include losses to cargo caused by thawing or exposure to temperatures outside the range prescribed for transport; provided that the (professional) carrier is given written instructions by the Policyholder/Insured with the following recommendations:

- a) The temperature for transport and the type of the means of transport is stated in the shipping instruction;
- b) The means of transport is equipped with an operable refrigeration unit and an operable and calibrated thermostat and temperature data logger device; and
- c) The vehicle engine is not switched off during stops if the refrigeration unit depends on the engine running for its operation; and/or
- d) The refrigeration unit is connected to an external power supply during stops if the unit so requires for its operation.

14. Provisions on carriage of medicines requiring cold transport:

- a) The Policyholder/Insured shall comply with the Good Distribution Practice Standards as set out in the Regulation of the Minister of Health of 26 July 2002;
- b) The Policyholder/Insured and all persons acting on their behalf shall carefully check each shipment on receipt at the place of shipment (if the shipment is not damaged or if the medicinal product is packed in accordance with the requirements and prepared for transport as instructed in the shipping document).

Article 4 EXCLUSIONS OF INSURER'S LIABILITY

1. In addition to the exclusions of liability under the Terms and Conditions of Insurance underlying the insurance contract, the insurance cover provided under this Clause shall not include losses or damage:

- a) Involving further escalation of damage existing before the start of transport or any new further damage to the goods which has occurred as a consequence of any damage existing before the start of transport, or the degree of wear and tear of the goods before the start of transport;
- b) Involving depreciation of the goods by virtue of the goods being incomplete if the remaining elements not affected by the loss or damage are fit for the intended use;
- c) Occurring to documents, works of art or other items of considerable collectable value, stamp or coin collections or other similar collections, designs or
- d) prototypes; or d) Involving loss of sentimental value of any damaged, destroyed or lost items.

Article 5 ASSESSMENT BASE OF SUM INSURED

1. The net invoiced sales value (without VAT) for new goods or the actual value of the cargo accepted for transport for used goods.

2. The insurable value may be increased by:

- a) Shipping costs;
- b) Cargo insurance costs;
- c) Expected profit of up to 10%;
- d) Taxes (VAT, excise tax);
- e) Customs duty payable in the country of destination or, where damaged goods are sold in transit, customs duty in the country of transit as set out in the Additional Cover For Duty 5/8/97.

Article 6 APPLICATION FOR INSURANCE AND PREMIUM PAYMENT

1. In order for the insurance cover to be provided, the cargo must be notified to the relevant VGL member by email within the following timeline, counted from the transport start date: up to 10 days of the start of the sea transport or multimodal transport including sea transport but no later than before the ship with the cargo arrives at the sea port of destination.

2. To make a valid application for insurance of the shipment as described above, the Policyholder must provide the following information:
 - a. Details of the Policyholder (name, address, tax identification number (NIP));
 - b. Product name;
 - c. Country and place of transport start;
 - d. Country and place of transport end;
 - e. Mode of transport;
 - f. Required cover;
 - g. Amounts and currencies of sums insured for the cargo;
 - h. Amounts and currencies of shipping costs if to be covered.

Article 7 FINAL PROVISIONS

1. For political risk insurance, i.e. strike insurance, the cover excludes countries affected by ongoing hostilities and/or wars which are marked as High Risk or above on the Global Cargo Watch List published at <http://watch.exclusive-analysis.com/jccwatchlist.html>.
2. For containerised shipments by sea, the insurance cover shall include shipments of goods by vessels older than 15 years but not older than 25 years. At the Policyholder's/Insured's request and subject to the approval of, and on the terms and conditions agreed by, the Insurer and on payment of additional premium, shipments by vessels older than 25 years may be covered by insurance. The above stipulation does not apply to feeder vessels which collect containers from different ports and transport them to a central container terminal where they are loaded to bigger vessels.
3. Any matters not explicitly provided for in the provisions of this Clause shall be governed by the provisions of the Terms and Conditions of Insurance underlying the insurance contract.