

TRANSPORT OPERATOR COVER

All statements made and information supplied by you or on your behalf for Our consideration are warranted by you to be true, and are incorporated into, and form the basis of your policy. The truth of statements made and information given by you or on your behalf are conditions precedent to Our liability to make any payment under this policy. We will provide the insurance described in your policy (subject to all applicable terms, conditions, clauses, exceptions, exclusions, limits and qualifications) for the Period of Insurance shown in your schedule and any subsequent period for which you shall pay and We shall agree to accept the premium. Unless otherwise defined, capitalised words and expressions used in this document shall have the same meanings as set out in Clause G6 of the General Terms, Conditions, Clauses, Exclusions, Exceptions and Qualifications ("General Terms and Conditions"). Unless specified otherwise, references to Clauses shall mean the Clauses of the Section in which they appear

We have agreed to provide You with liability insurance in respect of services provided by You (or your subcontractor), on a claims made basis in consideration of the payment by You of the due premium, and based upon the statements made by You or on Your behalf in the proposal form, and on any supplementary information provided by You or on Your behalf and on the basis of the terms, conditions, clauses, exceptions, exclusions, limits and qualifications applicable to You provided that:

- (a) any claims made against You are first received by You during the Period of Insurance; *and*
- (b) the incident giving rise to such claims was not known by You prior to the Period of Insurance; *and*
- (c) You give written notification to us of such claims made which is received by us within 90 days of such notification or discovery by you and the date of such receipt by us is during the Period of Insurance.

SECTION 1

CARGO LIABILITIES

1 You are insured on the basis set out in this Section 1 for:

Your liability for physical loss / damage of Cargo and consequential loss arising from this.

2 You are not insured under this Section 1:

- 2.1 To the extent that your liability is incurred / increased by:
 - 2.1.1 a Declaration of value by Your Customer;
 - 2.1.2 an error in or omission from any bill of lading or similar document;
 - 2.1.3 package / unit enumeration in your subcontractors bill of lading for sea, or other contract of carriage, which fails to correspond with the enumeration in your bill of lading.
- 2.2 For liabilities in respect of Bullion, Precious Stones or Cash / Securities.
- 2.3 For liabilities arising from unexplained losses discovered on inventory / stocktaking.

3 Approved Contracts

3.1 You are only insured under this Section 1 for liabilities arising under :

- An international transport convention; *or*
- National transport law which is compulsory applicable to You; *or*
- Any standard trading conditions approved by national freight forwarding, road haulage or warehousing association of which You are a member
- FIATA or COMBICON bill of lading ; *or*
- Your own house bill of lading or standard trading conditions provided such conditions and limitations of carriage or trade accept no greater liability or responsibility on You than those in the FIATA standard bill of lading or national association standard conditions respectively; *or*
- A Contract in a form that is noted as approved by Us in Your Schedule

3.2 If it is established by a court that You are not entitled to rely on any defence or limitation of liability provided for in a law, convention or Contract specified at Clause 3.1, You are insured against the resulting liability (subject to the terms of this Section 1).

4 Uninsured Subcontractors

You are not insured under this Section 1 for liabilities arising from the carriage of Cargo within the following territories:

- Afghanistan;
- Iran;
- Lebanon;
- Syria;
- Yemen (entire territory);
- Africa (except Republic of South Africa);

to the extent that the claim is incurred or increased by the fact that Your subcontractor is uninsured unless before the Accident giving rise to the claim, You obtain written confirmation from the subcontractor's insurer or Broker that the subcontractor is fully insured, on the date of the Accident, for its liability to You under any Contract and under any applicable mandatory law.

5 Commonwealth of Independent States (CIS)

5.1 You are not insured for any liability arising from delivery of Cargo within the following territories :

- Abkhazia;
- Chechnya;
- Dagestan;
- Ingushetia;
- Kabardino – Balkariya
- Nagorno Karabakh
- Osetia (North and South)
- Tajikistan

6 Iraq

You are only insured for liabilities arising from carriage of goods to Iraq *if*:

- 6.1 The carriage within Iraq is subcontracted, or arranged as stated at Clause 6.2.2; *and*
6.2 You Contract with Your Customer on the following terms:

- 6.2.1 You will have full benefit of all rights, limitations and exclusions of liability available to Your subcontractor in its Contract with Your and Your liability will not exceed the amount, if any, which You recover from the subcontractor; *or*
- 6.2.2 You act only as Your Customer's agent in obtaining the services of a carrier in Iraq and You are not liable for any loss, damage or claim which does not directly arise from Your own negligent act or omission.

7 Personal Effects

You are only insured for liabilities in respect of personal effects *if*:

- You could not, with reasonable care, have known that the consignment consisted or personal effects; *or*
- Your Customer is a Transport Operator; *or*
- You specifically offer in writing to arrange Cargo Insurance

8 Special Limit : Valuable Cargoes

Unless otherwise stated in Your policy, a special limit of **USD100,000** each Accident and in the aggregate each Account Year applies to claims in respect of:

- Processed tobacco / tobacco products;
- Bottled spirits;
- Precious Jewellery / Precious Metal;
- Valuable Works of Art
- Thoroughbred horses;
- Computers / handheld electronic products / mobile telephones (and Electronic Components of these).

SECTION 2

ERRORS & OMISSIONS LIABILITIES

1 You are insured on the basis set out in this Section 2 for:

- 1.1 Financial loss incurred by Your Customer arising from :
1.1.1 Delay in performing Your Contractual obligations; *or*
1.1.2 Failure to perform Your Contractual obligations – but not for liabilities for financial loss arising from physical loss / damage of Cargo or property.
- 1.2 Financial loss incurred by:
1.2.1 Your Customer; *or*
1.2.2 The person entitled to delivery under a bill of lading or similar document arising from delivery of Cargo contrary to Your Contractual obligations.
- 1.3 Physical loss / damage of cargo – to the extent that Your liability is incurred or increased by an incorrect statement or omission in any bill of lading or similar document.

2 You are not insured under this Section 2:

- 2.1 To the extent that Your liability for delay is increased by special instructions by Your Customer
2.2 For Your own operational loss (unless in mitigation of a claim as specified at Section 5, Clause 1.1).

3 Intentional or Reckless Conduct

A claim may be reduced or rejected if it appears that You or Your Employee have acted (or failed to act) intentionally or recklessly.

4 Reference to Section 1

The following Clauses of Section 1 also apply to this Section 2

4.1	2.1.3	Package enumeration;
4.2	2.2	Valuable Cargo (exclusions);
4.3	2.3	Inventory / stocktaking;
4.4	3	Approved Contracts;
4.5	4	Uninsured subcontractors;
4.6	5	Commonwealth of Independent States;
4.7	6	Iraq;
4.8	7	Personal effects;
4.9	8	Valuable Cargo (special limit).

5 Special Limit

Special limit: **USD100,000** each Accident and in the aggregate each Account Year – unless otherwise stated in Your policy.

SECTION 3

THIRD PARTY LIABILITIES

1 You are insured on the basis set out in this Section 3 for:

Your liability:

- 1.1 For physical loss / damage of Third Party Property.
- 1.2 For Death, Injury or Illness of any Third Party.
You are *not* insured for your liability to Your Employee except as stated at Clause 3 below.
You are not insured in any case as specified at Clause 2.3.
- 1.3 (Insofar as the same arises out of Your Contractual liability) to compensate a Third Party for its liability:
 - 1.3.1 For physical loss / damage of Third Party Property;
 - 1.3.2 For Death or Injury of any Third Party, including Your Employee unless excluded at Clause 2.3.
- 1.4 (Insofar as the same arises out of Your Contractual liability) to compensate:
 - 1.4.1 A Third Party for its own Third Party Liabilities *if* your liability arises solely under a Contract:
 - For lease / sale of equipment for use in Your Insured Services; *or*
 - With Your subcontractor or Joint Service Partner / Joint Venture Partner; *or*
 - 1.4.2 Your subcontractor or Joint Service Partner / Joint Venture Partner for physical loss / damage to its own property *if* Your liability arises solely under a Contract with the subcontractor or Joint Service Partner / Joint Venture Partner.
- 1.5 For consequential loss arising from Clauses 1.1-1.3 and 1.4.1.

2 You are *not* insured under this Section 3 for liabilities:

- 2.1 Incurred under a provision in a Contract that You incur liability without Your fault or negligence.
- 2.2 Which are Liquidated Damages
- 2.3 For Death, Injury or Illness of Your Employee which You incur as an employer
- 2.4 Which would normally be insured under an Employers Liability Insurance – except as specified at Clauses 1.4 or 3
- 2.5 Arising from ownership, lease or operation by You / Your Employee of a road vehicle which is required to be licensed.
- 2.6 Arising from an Accident in USA / Canada involving Your owned or leased Chassis / Trailer for use on public roads.
- 2.7 in respect of Your owned or leased equipment leased to someone else other than to Your Joint Service Partner / Joint Venture Partner for use in the joint service.
- 2.8 In respect of Your Handling Equipment used with Your consent by someone else.
- 2.9 in respect of Your owned or leased Carrying Equipment not insured for loss or damage

- 2.10 As owner / lease of land which is not an insured location
- 2.11 Arising from erection or dismantling of insured Handling Equipment – unless for inspection, maintenance or repair (or relocation if not excluded under Clause 2.12).
- 2.12 Arising from relocation of insured Handling Equipment – other than within the same terminal, port or depot.
- 2.13 Which are Contractual liabilities to compensate someone else for physical loss / damage to Your owned or leased property.

3 Employees

The following are insured as specified at Clause 1.2 :

- The assured for liabilities directly to an Employee of a joint assured and conversely
- A joint assured for liabilities directly to an Employee of the assured or another joint assured.

4 Transfer of Interest in Equipment under Contract of Sale

You are only insured under this Section 3 for liabilities in respect of equipment after Your interest in it has been transferred under a contract of sale *if*:

- 4.1 We insured it immediately before the transfer *and*
- 4.2 The contract of sale :
 - Provides that the equipment is sold “as is where is”; *and*
 - Includes no warranty except that the equipment is as described and that the purchaser has Quiet Use; *and*
 - Expressly excludes any other warranty, including fitness of use and merchantability;

and

- 4.3 The Accident occurs during Your Period of Insurance. The date of the Accident for these purposes is the date of the loss / damage (or Death, Injury or Illness) – not the date of sale.

5 Limit of Liability

In the event that it is held in any court or tribunal that, under the applicable law, anyone, other than the assured, a named joint assured or co-assured, using or legally responsible for the use of a Chassis or Trailer, is entitled to be insured under this insurance, then the general limit of liability for this insurance for such a person will not exceed the minimum insurance requirements under the applicable law for Injury to or Death of a person or damage to property.

6 Special Limits

Special limit: **USD500,000** – each Accident and in the aggregate each Account Year – unless otherwise stated in Your policy applies to claims:

- 6.1 Under Clauses 1.3.2 and 3 above (and consequential loss arising from these claims under Clauses 1.5).

SECTION 4

FINES & DUTY

1 You are insured on the basis set out in this Section 4 for:

1.1 The following arising from a breach of regulations specified at 1.2:

1.1.1 Your liability for :

- Fines and other penalties;
- Duty and sales / excise tax and similar fiscal charges imposed on You (or anyone acting for You) by an Authority and which would not have been payable except for the breach of regulations specified at Clause 1.2.

1.1.2 Confiscation by an Authority of property including Your insured equipment.

1.2 The regulations referred to at 1.1 relate to:

- 1.2.1 Import / export and carriage of Cargo, Conveyances or equipment;
- 1.2.2 Immigration;
- 1.2.3 Safety at work;
- 1.2.4 Security / anti-Terrorism;
- 1.2.5 Pollution – only if arising from physical loss / damage of Cargo or equipment.

2 You are *not* insured under this Section 4:

- 2.1 In respect of regulations relating to tariffs competition or regulations of companies.
- 2.2 In respect of Your owned / leased Carrying Equipment not insured for loss / damage.
- 2.3 For liability / confiscation arising from Your making Your customs bond / guarantee available to another Operator – unless this arises from :
 - Assistance which the Operator provides to You in Your Insured Services;
 - or
 - Insured Services which You provide to the Operator

3 Joint Service Partner / Joint Venture Partner

You are also insured for Your liability to compensate Your Joint Service Partner / Joint Venture Partner for its liability as specified at Clause 1 above which arises from Your failure to perform Your Contractual obligations.

4 Intentional or Reckless Conduct

A claim may be reduced or rejected for breach of regulations if it appears to Us (in our sole discretion) that You or Your Employee have acted (or failed to act) intentionally or recklessly.

5 Illegality

If insurance for any of the matters specified at 1 above is held to be illegal, this will apply only to the matters concerned and will not affect other insurance under this Section or elsewhere in Your policy.

6 Reference to Section 1

The following Clauses of Section 1 also applies to fines & duty :

6.1	2.2	Valuable Cargo (exclusions);
6.2	4	Uninsured subcontractors;
6.3	5	Commonwealth of Independent States;
6.4	6	Iraq;
6.5	8	Valuable Cargo (special limit).

7 Special Limit

Special limit: **US\$100,000** – each Accident and in the aggregate each Account Year – unless otherwise stated in Your Policy as follows:

- 7.1 all claims under this Section, except as specified at Clause 7.2;
- 7.2 for liability / confiscation arising from Your Customer's failure to pay properly assessed duty / tax – either to an Authority or to You.

SECTION 5

COSTS

1 You are insured on the basis set out in this Section 5 for:

The following costs :

1.1 Mitigation

Costs of minimising a claim under Your policy

1.2 Investigation & Defence

Costs arising from investigating an accident which may give rise to a claim under this cover and protecting Your interests in relation to it (including legal and survey fees) – including the costs of recovering a debt if payment is withheld solely because of a claim under this cover.

1.3 Disposal

Costs, additional to costs which You would have incurred in any event, of disposing of Cargo or insured equipment / property after an accident to it.

1.4 Quarantine & Disinfection (including fumigation) – other than in the normal course of Business.

1.5 Misdirection

Extra costs incurred in sending misdirected Cargo to the correct destination – calculated as at Clause 5 below.

1.6 General Average & Salvage

Cargo's contribution for which You are liable and which You cannot recover from Your Customer.

1.7 Uncollected Cargo

Extra costs incurred solely by the total failure of the consignee to collect or remove Cargo at the place of delivery less:

- Costs which you would have incurred in any event;
- Proceeds from sale of Cargo;
- Sums which you can recover from anyone else.

1.8 Completion of carriage

Costs, additional to costs that you would have incurred in any event, incurred to complete your Contractual obligation to transport the Cargo to the place of delivery – and arising solely from the failure of your subcontractor (or person acting on its behalf) to pay its debts (or pay promptly)

2 Approval / Agreement

Except for costs specified at Clause 1.6, you are only insured *if*:

- 2.1 We have agreed to the costs; or
- 2.2 We decide (in Our sole discretion) that the costs were properly incurred.

3 Limits

Unless otherwise stated in your policy claims under this Section 5 are subject to limits as below:

- 1.1-1.2 : as for the claim being investigated / defended, or mitigated, and costs will be included in this claim for this purpose;
- 1.3-1.6 : Your general limit;
- 1.7-1.8 : **US\$25,000** each accident and in the aggregate each Account Year.

4 Deductibles

Unless otherwise stated in your policy claims under this Section 5 are subject to deductibles as below:

- 1.1 : as for the claim being mitigated
- 1.2-1.8 : nil

5 Calculation of Misdirection Costs

5.1 Misdirection costs are calculated as follows:

- Costs of carriage of Cargo from the place at which you 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 you for the carriage

5.2 Carriage from the place to which the Cargo was misdirected to the correct place will not be by air unless :

- The original carriage was agreed to be by air; *or*
- We (in our sole discretion) agree

5.3 Where the costs as calculated above do not exceed a minimum of US\$500, there is no claim under this Section 5.