



 RLI Marine

# RLI Marine Policy

**CAR0100960**

**for**

**Aeronet, Inc.**





## IMPORTANT NOTICE TO POLICYHOLDERS

### TERRORISM RISK INSURANCE ACT, AS AMENDED

Under the Terrorism Risk Insurance Act, as amended (the "**Act**"), we must make coverage for "**certified acts of terrorism**" available in the policies we offer. We notified you at the time of offer and purchase of the policy to which this Notice is attached that this coverage was available and we gave you the right to reject our offer of such terrorism coverage. If you elected to purchase the coverage, the premium charged for such coverage is shown on the Declarations page of the policy. If you elected to reject the coverage we have not charged your policy for terrorism coverage and have attached a terrorism exclusion to your policy.

PLEASE NOTE: IF YOU REJECTED THE OFFER OF FEDERAL TERRORISM INSURANCE COVERAGE, THAT REJECTION DOES NOT APPLY TO THE LIMITED EXTENT THAT RELEVANT STATE LAW REQUIRES COVERAGE FOR FIRE LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER THE ACT.

You should know that where coverage is provided by this policy for losses resulting from certified acts of terrorism, such losses may be partially reimbursed by the United States government under a formula established by federal law. Under this formula, the United States government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning January 1, 2018; 81% beginning January 1, 2019 and 80% beginning January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

You should also know that the Act contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

Specific coverage terms for terrorism, including limitations and exclusions, are more fully described in endorsements attached to the policy. Your policy may contain an exclusion for losses that are not eligible for federal reinsurance under the Act.

Definitions:

"**Certified act of terrorism**," as defined in Section 102(1) of the Act, means an act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **APPLICABLE FORMS & ENDORSEMENTS**

FORMS AND ENDORSEMENTS LISTED BELOW APPLY TO AND ARE MADE PART OF THIS POLICY AT TIME OF ISSUE. IF LISTED UNDER A SPECIFIC SECTION, THE FORM APPLIES ONLY TO THAT SECTION AND DOES NOT CHANGE TERMS OR CONDITIONS FOR ANY OTHER SECTION. FORMS LISTED UNDER THE GENERAL SECTION APPLY TO ALL SECTIONS OF THE POLICY.

### **General Section**

ILF 0001C (04/16)

Signature Page - Commercial Lines

OMW 101 (12/16)

War Risk

### **Cargo Section**

OMC 101 (04/18)

Cargo Policy

OMC 640 (08/14)

Rate Schedule

OMC 642 (08/14)

Commodities List

OMC 643 (08/14)

Special Insuring Conditions

OMC 601 (04/15)

Domestic Transit

OMC 632A (04/18)

Warehouse and Processing Endorsement

OMC 641 (08/14)

Warehouse Schedule

OMC 633 (01/08)

AIMU S.R. & C.C. Endorsement (Form No. 12)

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

## CARGO DECLARATION

### GOODS INSURED:

To cover all lawful shipments of goods and/or merchandise of every kind and description, consisting principally of, but not limited to approved general merchandise as per commodities list attached, including packing material and similar property incidental to the Assured's business, and including prepaid freight, advanced freight, guaranteed freight and freight payable vessel lost or not lost, under or on-deck, shipped by or consigned to the Assured or by or to others for the Assured's account or control or in which the Assured may have an insurable interest. Also to cover shipments for the account of others on which the Assured may receive instructions to insure, provided such instructions are given prior to shipment or prior to any known or reported loss or incident.

### LIMITS OF LIABILITY:

This Company shall not be liable under this policy for more than:

\$2,000,000	in respect of shipments by any one vessel and connecting conveyance, or in any one place at any one time, EXCEPT that in the following cases, liability shall be further limited to:
\$200,000	in respect of shipments stowed On-Deck of any one vessel and subject to an On-Deck bill of lading;
\$2,000,000	in respect of shipments by any one aircraft and connecting conveyance;
\$5,000	in respect of any one package shipped by mail (including parcel post);
\$25,000	in respect of any one conveyance via express carrier (UPS, FEDEX, etc.).
\$5,000	in respect of merchandise transported by messenger.
\$2,000,000	For Domestic Transit this Company shall not be liable under this insurance for more than the limit indicated in any one loss or disaster, either in case of partial or total loss, or salvage charges, or any other charges, or expense, or all combined.

### GEOGRAPHICAL LIMITS:

To be insured lost or not lost, except to the extent coverage is prohibited by United States of America law, or United States of America governmental decree, at and from ports and/or places in the World to ports and/or places in the World, including the risk of transshipment by land, air, water or otherwise; but excluding shipments beginning and ending within the 48 contiguous states of the United States, and Canada, but including intercoastal and coastwise shipments via water.

For imports into Africa/CIS countries and Mexico: No risk after discharge. On exports from Africa/CIS countries and Mexico: Coverage attaches free on board vessel or aircraft.

### VALUATION:

Unless specifically provided for elsewhere in this policy or instructions to the contrary are given or received by The Assured, the goods and/or merchandise and/or property insured under this policy shall be valued at the total amount of the invoice of the insured shipment (including all charges invoiced therein), plus all charges not included in such invoice, including any prepaid or advanced or guaranteed freight, if any, plus 10% until declared and then at the amount declared, provided such declaration is made prior to any known or reported loss or accident, but in no event

**CARGO DECLARATION**  
**(Cont'd)**

to be less than the foregoing.

**INSURING CONDITIONS:**

Against all risks of direct physical loss or damage from any external cause, but excluding such risks as are excepted by the F.C.&S. (Free of Capture and Seizure) and S.R. & C.C. (Strikes, Riots and Civil Commotions) Warranties except to the extent that such risks may be specifically covered by endorsement.

See also Special Insuring Conditions.

**DEDUCTIBLE:**

nil except for  
specific  
commodities

All Transit

Each claim for loss or damage shall be adjusted separately and from the amount of claim, as adjusted the sum as indicated shall be deducted. This deductible shall not apply to losses arising from General Average or Salvage Charges.

# MARINE OPEN CARGO POLICY

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# MARINE OPEN CARGO POLICY

## INTEREST

For account of whom it may concern.

## PAYEE

Loss, if any, payable to the Assured or order.

## GOODS INSURED

To cover all lawful shipments of goods and/or merchandise as outlined on the declarations.

## ATTACHMENT AND CANCELLATION

This Policy is continuous and covers all shipments while in transit made on and after the effective date of this Policy and is to continue until canceled by either party giving the other thirty (30) days notice in writing. Such cancellation, however, shall not prejudice any risks which shall have attached prior to notice of cancellation.

## FULL VALUE REPORTING

If the total value at risk exceeds the limit of liability provided by this Policy, the Assured shall, nevertheless, report to the Company the full amount at risk and shall pay full premium thereon. The acceptance by this Company of such reports and premium, shall not alter or increase the limits of this Company's liability, but the Company shall be liable for the full amount of loss up to, but not exceeding, the applicable limits of liability.

## GEOGRAPHICAL LIMITS

To be insured lost or not lost, except to the extent coverage is prohibited by United States of America law, or United States of America governmental decree, as outlined on the declarations.

## CONVEYANCES

This Policy covers all shipments made by vessel, barge, and/or land conveyance and/or air conveyance and/or connecting conveyances (by land or otherwise).

Wherever the words "ship," "vessel," "seaworthiness," "ship owner" or "vessel owner" appear in this Policy, they are deemed to include also the words "aircraft," "airworthiness" and "aircraft owner."

## CRAFT, ETC.

This insurance to include transit by craft, raft and/or lighter to and from the vessel; each craft, raft and/or lighter to be deemed a separate insurance. Also to cover any special or supplementary lighterage at additional premium, if required. The Assured is not to be prejudiced by any agreement exempting lightermen from liability.

## ACCUMULATION

Should there be an accumulation of interests beyond the limits expressed in this policy by reason of any interruption of transit beyond the control of the Assured, or by reason of any casualty arising during transit, or at a transshipping point or on a connecting vessel or conveyance, this policy shall attach for the full amount at risk (but in no event for more than twice the limit per vessel or other conveyance contained in the policy) provided written notice be given to this Company as soon as known to the Assured.



## **PERILS**

The adventures and perils which this Company is content to bear and do take upon themselves are: of the seas, fires, rovers, assailing thieves, jettisons, barratry of the master and mariners, and all other like perils, losses and misfortunes, that have or shall come to the hurt, detriment, or damage of the interest insured or any part thereof, except as may be otherwise provided for herein.

## **F.P.A.**

Warranted Free of Particular Average unless the vessel or craft be stranded, sunk, or burnt, but notwithstanding this warranty, the Company is to pay any loss or damage to the interest insured which may reasonably be attributed to fire, explosion, collision or contact of the vessel and/or craft and/or conveyance with any external substance (ice included) other than water, or to discharge of cargo at port of distress. The foregoing warranty, however, shall not apply where broader terms of Average are provided for herein, or in the certificate or special marine policy to which these clauses are attached.

Warranted Free from Particular Average unless the aircraft suffers an accident in takeoff or landing, or comes to earth at a place other than an airfield, or is in a collision with another aircraft; or from being on fire or by jettison.

## **GENERAL AVERAGE & SALVAGE**

General Average and Salvage Charges payable according to United States laws and usage and/or as per foreign statement and/or as per York-Antwerp Rules (as prescribed in whole or in part) if in accordance with the contract of Affreightment.

## **SHORE COVERAGE**

While in transit or otherwise on land this Policy insures against loss and/or damage, irrespective of percentage, caused by fire, smoke, lightning, earthquake, volcanic action, typhoon, hurricane, cyclone, windstorm, landslide, flood, rising waters, sprinkler leakage, collision, upset, overturn, derailment or any other accident to the land conveyance, aircraft damage, falling objects, collapse and/or subsidence of docks, wharves, piers, quays, bridges, culverts and/or other structures, whether the insurance be Free of Particular Average or otherwise; notwithstanding the foregoing however, shipments insured under the waterborne clause by broader than "Free of Particular Average" conditions are insured while in transit or otherwise on land under the same conditions.

## **INSURING CONDITIONS**

1. All goods and/or merchandise as described under the GOODS INSURED clause, and on the Declarations Page, except while ON DECK of an ocean vessel and subject to an ON DECK bill of lading (unless otherwise specifically provided for herein) are insured:

As per insuring conditions specified on Declarations Page.

2. Shipments ON DECK of an ocean vessel without the knowledge and consent of the Assured and subject to an UNDER DECK bill of lading are insured subject to the same insuring terms, conditions, rates and limits of liability as set forth in this Policy for UNDER DECK shipments.
3. Shipments ON DECK and subject to an ON DECK bill of lading (unless otherwise specifically provided for herein) are insured:

Free of Particular Average unless caused by stranding, sinking, burning, explosion, collision or contact of the vessel or craft with any external substance (ice included) other than water, but including the risks of jettison or washing overboard irrespective of percentage.

## **CONTAINER SHIPMENTS**

Goods and/or Merchandise shipped and/or carried in enclosed containers and/or vans, and/or trailers, and/or Seabee barges or lighters, and/or other barge-ship systems shall be insured subject to the under-deck terms, conditions and limits of liability as set forth in this Policy, whether or not such goods are stowed under- and/or on-deck, provided such goods are carried under a tariff and/or bill of lading permitting the carrier to stow the goods on-deck or under-deck or providing that goods stowed on-deck are considered or deemed stowed under-deck.

Goods and/or Merchandise shipped and/or carried in or on flat racks, and/or open top containers are considered to be shipped on deck, and subject to on deck bill of lading, thus subject to on deck insuring conditions.

## **WAREHOUSE TO WAREHOUSE**

This insurance attaches from the time the goods leave the warehouse and/or store and/or location at the place named in the Policy, Certificate or Declaration (if the Policy requires individual reporting of shipments) for the commencement of the transit and continues during the ordinary course of transit, including customary transshipment, if any, until the goods are discharged overside from the vessel at the final port. Thereafter the insurance continues while the goods are in transit and/or awaiting transit until delivered to the final warehouse at the destination named in the Policy, Certificate or Declaration, or until the expiry of fifteen (15) days or thirty (30) days if the destination to which the goods are insured is outside the port limits, whichever shall first occur. The time limits referred to above to be reckoned from midnight of the day on which the discharge of the goods hereby insured from the overseas vessel is completed. Held covered at a premium to be arranged in the event of transshipment, if any, other than as above and/or in the event of delay in excess of the above time limits arising from circumstances beyond the control of the Assured.

It is necessary for the Assured to give prompt notice to the Company when they become aware of an event for which they are "held covered" and the right to such cover is dependent on compliance with this obligation.

## **MARINE EXTENSION**

This Policy is extended to cover all shipments which become at risk hereunder in accordance with the following clauses:

1. This insurance attaches from the time the goods leave the warehouse and/or store and/or location at the place named in the Policy, Certificate or Declaration for the commencement of the transit and continues during the ordinary course of transit, including customary transshipment, if any, until the goods are delivered to the final warehouse at the original destination named in this Policy, Certificate or Declaration, or a substituted destination as provided in Clause 3. hereunder.
2. This insurance specifically to cover the goods during deviation, delay, forced discharge, reshipment and transshipment and any other variation of the adventure arising from the exercise of a liberty granted to the ship owner or charterer under the contract of affreightment.
3. In the event of the exercise of any liberty granted to the ship owner or charterer under the contract of affreightment whereby such contract is terminated at a port or place other than the destination named herein, the insurance continues until the goods are sold and delivered at such port or place; or, if the goods be not sold but are forwarded to the destination named herein or to any other destination this insurance continues until the goods have arrived at final warehouse as provided in Clause 1., above.
4. If while this insurance is still in force and before the expiry of fifteen (15) days from midnight of the day on which the discharge overside of the goods hereby insured from the overseas vessel at the final port of discharge is completed, the goods are re-sold (not being a sale within the terms of Clause 3.) and are to be forwarded to a destination other than that covered by this insurance, the goods are covered hereunder while deposited at such port of discharge until again in transit or until the expiry of the aforementioned fifteen (15) days, whichever shall first occur. If a sale is effected after the expiry of the aforementioned fifteen (15) days while this insurance is still in force, the protection afforded hereunder shall cease as from the time of sale.
5. Held covered at a premium to be arranged in case of change of voyage or of any omission or error in the description of the interest, vessel or voyage.
6. This insurance shall in no case be deemed to extend to cover loss, damage or expense proximately caused by delay or inherent vice or nature of the subject matter insured, unless otherwise specifically provided for herein.

7. It is a condition of this insurance that there shall be no interruption or suspension of transit unless due to circumstances beyond the control of the Assured.

### **SOUTH AMERICAN CLAUSE**

With respect to shipments insured in U.S. currency and shipped to South America, and notwithstanding anything contained elsewhere herein to the contrary, particularly the Warehouse to Warehouse and Marine Extension clauses, this insurance shall continue to cover for sixty (60) days, [ninety (90) days on shipments via the Magdalena River] after completion of discharge of the overseas vessel at port of destination or until the goods are delivered to the final warehouse at destination, whichever may first occur, and shall then terminate.

The time limit referred to above to be determined from midnight of the day on which the discharge of the overseas vessel is completed.

### **DEVIATION/TRANSSHIPMENT**

This insurance shall not be vitiated by any unintentional error in description of vessel, voyage, or interest, or by deviation, over-carriage, change of voyage, transshipment or any other interruption of the ordinary course of transit, from cause beyond the control of the Assured. It is agreed, however, that any such error, deviation or other occurrence mentioned above shall be reported to the Company as soon as known to the Assured, and additional premium paid if required.

### **VESSEL CLASSIFICATION CLAUSE**

Shipped on regular line metal-hulled, self-propelled vessels which are not over twenty (20) years of age nor less than one thousand (1,000) net registered tons operating in their regular trade and which are classed A1 American Record, or equivalent, by a Member of the International Association of Classification Societies, but excluding however, **(a)** vessels built for service on the Great Lakes and, **(b)** vessels built for military or naval service and, **(c)** vessels built for the carriage of dry bulk or liquid bulk cargoes, and which are more than fifteen (15) years of age.

### **BILL OF LADING/SEAWORTHINESS ADMITTED**

The Assured is not to be prejudiced by the presence of the negligence clause and/or latent defect clause in the bills of lading and/or charter party and/or contract of affreightment. The seaworthiness of the vessel and/or craft as between the Assured and this Company is hereby admitted, and the Company agrees that in the event unseaworthiness or a wrongful act or misconduct of ship owner, charterer, their agents or servants, shall directly or indirectly, cause loss or damage to the cargo insured by sinking, stranding, fire, explosion, contact with seawater, or by any other cause of the nature of any of the risks assumed in the Policy, the Company will (subject to the terms of average and other conditions of the Policy) pay the resulting loss to the Assured. With leave to sail with or without pilots, and to tow and assist vessels or craft in all situations and to be towed.

### **BAILEE**

Warranted that this insurance shall not inure, directly or indirectly, to the benefit of any Carrier or Bailee.

### **BOTH-TO-BLAME COLLISION**

Where the goods are shipped under a bill of lading containing the so called "Both-to-Blame Collision" clause, or similar clause, this Company agrees, as to all losses covered by this insurance, to indemnify the Assured for any amount (up to the amount insured) which the Assured may be legally bound to pay to the ship owners under such clause. In the event that such liability is asserted the Assured agrees to notify the Company who shall have the right, at its own cost and expense, to defend the Assured against such claim.

### **INCHMAREE**

This insurance is extended to cover any loss of or damage to the interest insured hereunder caused through the bursting of boilers, breakage of shafts, pipes and/or connections or through any latent defect in the machinery, hull or appurtenances; also from faults or errors in the navigation or management of the vessel by the master, mariners, mates, engineers or pilots; provided, however, that this clause shall not be construed as covering loss arising out of delay, deterioration or loss of market, unless otherwise provided herein.

## **MACHINERY**

On shipments of machinery or other manufactured products consisting when complete for sale or use of several parts, the liability under this insurance is limited to the insured value of the part or parts lost or damaged, or, at the Assured's option, the cost and expense of repairing, replacing, assembling or duplicating the lost or damaged part, including forwarding charges, labor and installation charges necessary to restore the damaged machine or product to its condition at time of shipment.

## **LANDING, WAREHOUSING, FORWARDING**

Notwithstanding any average warranty contained herein, this Company agrees to pay any landing, warehousing, forwarding and special charges or other expenses and/or particular charges, if incurred, also any partial loss arising from transshipment and loss, damage or expense reasonably attributed to discharge at port of distress. Also to pay the insured value of any package, piece or unit totally lost in loading, transshipment or discharge.

## **EXPLOSION**

The risks covered by this insurance are to include loss, damage or expense resulting from explosion and/or fire, howsoever or wheresoever occurring, irrespective of percentage, whether the insurance be Free of Particular Average or otherwise, but excluding risks excepted by the Free of Capture & Seizure and Strikes, Riots & Civil Commotions Warranties.

## **LABELS**

In case of damage from perils insured against affecting labels, capsules, wrappers or cartons, liability under this insurance is limited to an amount sufficient to pay the costs of reconditioning and re-labeling the goods, and the cost of new labels capsules, wrappers or cartons, but in no event shall the Company be liable for more than the insured value of the damaged goods and/or merchandise.

## **BRANDS OR TRADEMARKS**

At the option of the Assured, in case of loss or damage to property insured hereunder bearing a brand or trademark, or the sale of which carries or implies a guarantee of the supplier or the Assured, the salvage value of such damaged property shall be determined after removal, in the customary manner, of all brands or trademarks. On packages where the brand or trademark cannot be removed, the contents shall be transferred to plain packages. With respect to any property and/or packages where it is impractical to destroy all evidence of the Assured's connections therewith, this Company agrees to consult with the Assured with respect to the disposition of said property and/or packages.

## **CONTROL OF DAMAGED MERCHANDISE**

Notwithstanding anything to the contrary contained elsewhere herein, it is understood and agreed that in case of damage to goods insured under this Policy, the Assured is to retain control of all damaged goods. The Assured, however, agrees wherever practicable to recondition and sell such goods after removal of all brands and trademarks.

Where the disposal or sale of such damaged goods is, in the opinion of the Assured, detrimental to their interests (or which they are unable to sell or dispose of under their agreement with any trade association), such damage shall be treated as a constructive total loss and the Assured shall dispose of the damaged goods to the best advantage, underwriters being entitled to such proceeds, or they shall be destroyed in the presence of a representative of underwriters and the Assured.

## **PAIRS AND SETS**

Loss of or damage to any one item of the goods and/or merchandise insured under this Policy which consist of items in a pair or set, shall constitute a total loss of such pair or set.

## **FUMIGATION**

In the event of loss or damage of the interest insured caused by fumigation, the Company agrees to indemnify the Assured for such loss or damage, and the Assured hereby agrees to subrogate to this Company any recourse they may have for recovery of such loss or damage from others.

## **DEBRIS REMOVAL**

This Policy is extended to cover expenses incurred for the removal of all debris of insured property which may be occasioned by loss caused by any of the perils insured against under this Policy. It is further agreed that such expenses are limited to ten percent (10%) of the policy limit of the shipment contained herein, subject to a maximum of one million dollars (\$1,000,000). With respect to shipments of liquids in bulk, in no event shall there be a recovery for clean-up expenses associated with the prevention or mitigation of a pollution hazard or threat thereof.

## **DELIBERATE DAMAGE – POLLUTION HAZARD**

This Policy is extended to cover, but only while the property insured is on board a waterborne conveyance, loss of or damage to said property directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard 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 insured would have sustained physical loss or damages as a direct result of such accident or occurrence. This clause shall not increase the Limits of Liability provided for under this Policy.

## **DELIBERATE DAMAGE – CUSTOMS SERVICE**

This Policy is also specifically to cover, notwithstanding the Free of Capture & Seizure Warranty contained herein, loss of or damage to the goods insured arising out of the performance of inspection duties by Customs Service Agents or other duly constituted governmental agencies who are performing inspection duties of or for the Customs Service. This clause shall not increase the Limits of Liability provided for under this Policy.

## **CONSTRUCTIVE TOTAL LOSS**

No recovery for a constructive total loss shall be had hereunder unless the property insured is reasonably abandoned on account of its actual total loss appearing to be unavoidable, or because it cannot be preserved from actual total loss without an expenditure which would exceed its value when the expenditure had been incurred.

## **PARTIAL LOSS**

In all cases of damage caused by perils insured against, the loss shall, as far as practicable, be ascertained by a separation and a sale or appraisalment (cost of which to become part of the claim) of the damaged portion only of the contents of the packages so damaged and not otherwise.

## **RETURNED OR REFUSED SHIPMENTS**

In the event of refusal or inability of the Assured or consignee or others to accept delivery of the property insured hereunder, this insurance is extended to cover such property at its original insured value and subject to the original insuring conditions of this Policy during return and/or until otherwise disposed; provided, however, the goods and/or merchandise are properly packed for the return voyage.

## **EXPEDITING EXPENSE**

Coverage is extended to indemnify the Assured for the reasonable and necessary additional expenses incurred following a covered loss to obtain repairs or replacement on an expedited basis. These costs are limited to the following expediting costs:

1. The additional cost to ship replacement property or replacement parts by express freight;

2. The increased costs of repairs due to the cost of overtime labor to effect repairs more quickly than would otherwise have been possible;
3. The increased costs to obtain replacement documentation and customs clearance more quickly than would otherwise have been possible;
4. The costs to fly repair personnel to repair site in order to effect repairs on site;
5. The accommodation expenses incurred by repair personnel repairing property which is damaged, and covered hereunder, while being repaired on site.

The costs referred to in **4.** and **5.** above shall only be recoverable if capable repair personnel cannot be obtained locally.

This coverage extension is applicable immediately upon discovery of loss for property sustaining physical damage; instances involving non-delivery or lost shipments are subject to a seven (7) day waiting period before this coverage becomes available.

The most this Company will pay under this coverage extension is \$25,000 in any one occurrence. This limit is in addition to any other limit of liability that is provided by this Policy.

### **CARRIER INSOLVENCY EXTRA EXPENSE**

In the event of the termination of the insured voyage at a place other than the final destination due to insolvency and/or financial default of the carrier, the additional freight charges to forward the goods and/or merchandise to the final destination are a recoverable expense under this Policy, subject to a maximum expense of \$50,000.

### **SUE AND LABOR**

In case of any imminent or actual loss or misfortune, it shall be lawful and necessary for the Assured, their factors, servants and assigns, to sue, labor and travel for, in, and about the defense, safeguard and recovery of the interest insured, or any part thereof, without prejudice to this insurance, the charges whereof this Company shall bear in proportion to the sum hereby insured. It is expressly declared and agreed that no acts of this Company or the Assured in recovering, saving, or preserving the property insured shall be considered as a waiver or acceptance of abandonment.

### **SUBROGATION**

In all cases of loss the Assured shall, at the request of the Company or its Agents, assign and subrogate to the Company at the time of payment and to an amount not exceeding the sum paid by the Company, all their rights and claims against others and permit suit to be brought in the Assured's name but at the Company's expense; the Assured further agrees to render all reasonable assistance in the prosecution of said suit or suits.

### **EXCLUSIONS**

The following exclusions shall apply unless modified or superseded elsewhere herein or endorsed heron:

This policy does not cover:

1. Ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear.
2. Loss of market.
3. Loss, damage, or expense attributable to willful misconduct of the Assured.

## **PARAMOUNT WARRANTIES**

The following warranties shall be paramount and shall not be modified or superseded by any other provision included herein, or stamped, or endorsed hereon unless such other provision refers specifically to the risks excluded by these warranties and expressly assumes the said risks:

### **1. F.C. & S. (Free of Capture and Seizure) Warranty**

Notwithstanding anything herein contained to the contrary this insurance is warranted free from:

- a.** Capture, seizure, arrest, restraint, detainment, confiscation, preemption, requisition or nationalization, and the consequences thereof or any attempt thereat, whether in time of peace or war and whether lawful or otherwise.
- b.** All loss, damage or expense, whether in time of peace or war, caused by:
  - (i)** Any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter or;
  - (ii)** Any mine or torpedo.
- c.** All consequences of hostilities or warlike operations (whether there be a declaration of war or not), but this warranty shall not exclude collision or contact with aircraft, or with rockets or similar missiles (other than weapons of war) or with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather, fire or explosion unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power; and for the purpose of this warranty "power" includes any authority maintaining naval, military or air forces in association with a power.
- d.** The consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom; or from the consequences of the imposition of martial law, military or usurped power or martial law; or piracy.

### **2. S.R. & C.C. (Strikes, Riots & Civil Commotions) Warranty**

Notwithstanding anything herein contained to the contrary, this insurance is warranted free from loss, damage or expense caused by or resulting from:

- a.** Strikes, lockouts, labor disturbances, riots, civil commotions, or the acts of any person or persons taking part in any such occurrences or disorders.
- b.** Vandalism, sabotage or malicious act, which shall be deemed also to encompass the act or acts of one or more persons, whether or not agents of a sovereign power, carried out for political, terroristic or ideological purposes and whether any loss, damage or expense resulting therefrom is accidental or intentional.

### **3. Delay Warranty**

Warranted free of claim for loss of market or for loss, damage or deterioration arising from delay, whether such delay be caused by a peril insured against or otherwise.

### **4. Nuclear/Radioactive Contamination Exclusion Warranty**

Notwithstanding anything to the contrary herein, it is hereby understood and agreed that this Policy shall not apply to any loss, damage or expense due to or arising out of, whether directly or indirectly, nuclear reaction, radiation, or radioactive contamination, regardless of how it was caused. However, subject to all provisions of this Policy, if this Policy insures against fire, then direct physical damage to the property insured located within the United States, or

any territory of the United States or Puerto Rico, by fire, directly caused by the above excluded perils, is insured, provided that the nuclear reaction, radiation, or radioactive contamination was not caused, whether directly or indirectly, by any of the perils excluded by the F.C. & S. clause of this Policy. Nothing in this clause shall be construed to cover any loss, damage, liability or expense caused by nuclear reaction, radiation or radioactive contamination arising directly or indirectly from the peril of fire mentioned above.

#### **5. Extended Radioactive Contamination Exclusion Warranty (March 1, 2003)**

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a. Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b. The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c. Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d. 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.

#### **Radioactive Contamination Exclusion (U.S.A.)**

This insurance is subject to the Extended Radioactive Contamination Exclusion Clause (March 1, 2003) provided that if fire is an insured peril

and

where the subject matter insured or, in the case of a reinsurance, the subject matter insured by the original insurance, is within the U.S.A., its islands, onshore territories or possessions

and

a fire arises directly or indirectly from one or more of the causes detailed in Sub-Clauses a., b., and d. of the Extended Radioactive Contamination Exclusion Clause March 1, 2003 any loss or damage arising directly from that fire shall, subject to the provisions of this insurance, be covered, EXCLUDING however any loss, damage, liability, or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

#### **6. Chemical, Biological, Bio-Chemical, and Electromagnetic Exclusion (March 1, 2003)**

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from an actual or threatened act involving a chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material when used in an intentionally hostile manner.

#### **U.S. ECONOMIC AND TRADE SANCTIONS**

Whenever coverage provided by this Policy would be in violation of any U.S. economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.



Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void.

## **DUTY & COLLECT FREIGHT**

This insurance also covers, subject to policy terms of average, the risk of partial loss by reason of perils insured against on the duties and/or excise taxes imposed on goods and/or collect freight and insured hereunder, it being understood and agreed, however, that when the risk upon the goods continues beyond the time of landing from the overseas vessel or conveyance, the increased value, consequent upon the payment of such duties, shall attach as an additional insurance upon the goods from the time such duty is paid or becomes due, to the extent of the amounts thereof actually paid or payable.

Any limit of liability expressed in this insurance shall be applied separately to such increased value.

The Assured will, in all cases, use reasonable efforts to obtain abatement or refund of duties paid or claimed in respect of goods lost, damaged or destroyed. It is further agreed that the Assured shall, when this Company so elects, surrender the merchandise to the customs authorities and recover duties thereon as provided by law, in which event the claim under this Policy shall be only for a total loss of the merchandise as surrendered and expenses.

This insurance on duty, excise taxes, collect freight, and/or increased value shall terminate at the end of the transit movement covered under this insurance, but nothing contained in these clauses shall alter or affect any coverage granted elsewhere in the Policy during the storage or transit subsequent thereto.

## **D.I.C., INCREASED VALUE, CONTINGENCY**

It is agreed that shipments purchased C.I.F., or on other terms including insurance, or shipments insured and carried under tariffs providing insurance are covered hereunder (the Assured's interest being hereby admitted), subject to any or all of the following clauses:

### **1. Difference in Conditions**

This insurance is to cover the risks not covered in the insurance furnished by the shipper, carrier or others but which would be covered had the insurance been originally declared hereunder.

### **2. Increased Value**

This insurance is to cover any difference between the value insured in the insurance furnished by the shipper, carrier or others and the value which would have been declared in accordance with valuation clauses herein. Also to cover such proportion of excess General Average and/or Salvage Charges as shall not be recoverable under the insurance furnished by the shipper, carrier or others but this Company shall not be liable for a greater proportion of such charges than the value insured hereunder (less a Particular Average for which this Company is liable) bear to the difference between the value insured under the insurance provided by the shipper, carrier or others and the contributory value or to the total value insured against excesses if the total value insured against excesses exceeds such difference.

### **3. Contingency Interest**

This Policy is extended to cover the interest of the Assured in shipments bought or sold on terms which do not require the Assured to provide insurance. Property insured under this clause shall be valued at the Assured's invoice amount. In the event of nonpayment from shipper, buyer, carrier or others, this Company agrees, in the event of physical loss or damage to the property insured, to advance as a loan such sum as would be recoverable under this Policy had the property been insured according to the terms of this Policy customarily used in respect of the property at risk. Such loan to be repayable only in the event of payment to the Assured or to the extent of any recovery received by the Assured from the insurance of the buyer or otherwise.

## **F.O.B., F.A.S., C & F SALES**

This Policy is extended to cover export shipments sold on terms which do not require the Assured to provide insurance. Insurance provided by this clause shall cover loss or damage which would be recoverable under this Policy had the property been sold C.I.F. and insured according to the terms of this Policy customarily used in respect to the property at risk. On all such shipments, this insurance shall attach as per the terms and conditions of this Policy and shall continue until the property is delivered on board the overseas conveyance or until the Assured's interest ceases, whichever shall first occur.

## **F.O.B./F.A.S. PURCHASES**

It is hereby understood and agreed that this Policy is extended to cover shipments purchased F.O.B. or F.A.S. port of arrival, (where the Assured is not obligated to supply ocean marine insurance) while in transit from the port of arrival in the United States by railroads, or railroad express and connecting conveyances and by licensed public motor truck carriers.

To attach and cover from the moment the merchandise and/or goods leave from the port of arrival, and to cover continuously thereafter in due course of transit until delivered to final warehouse or until the Assured's interest ceases, whichever may first occur.

This Company shall not be liable for more than the conveyance limit stated on the Declarations page.

The coverage granted under this endorsement shall cease simultaneously with the cancellation of the open Policy to which it is attached.

## **GUARANTEE OF COLLECTIBILITY**

Shipments made by the Assured on terms whereby the assured is not obligated to furnish marine insurance, the Company will guarantee to the Assured the prompt collection of losses which come within the terms of this insurance. In the event of such payment as provided herein, this Company will advance to the Assured such payments as a loan, repayable only to the extent of any amount subsequently collected from the insurance provided by the buyer or otherwise.

The Assured agrees that in no case shall this coverage be divulged to the buyer or any other party. Disclosure of this coverage to the buyer or other interested party will void coverage under this clause. Any loan so prejudiced shall be repayable immediately by the Assured.

## **DROP SHIPMENTS**

This Policy is extended to cover shipments where the Assured has an insurable interest and arranges for shipment, but may never take actual title to or possession of the goods and/or merchandise.

## **CONSOLIDATION AND PACKAGING**

It is hereby understood and agreed that notwithstanding anything contained elsewhere herein to the contrary (particularly the Warehouse to Warehouse and Marine Extension clauses), the insurance provided hereunder shall cover property while on the premises of the Assured, freight forwarders, consolidators, truckers, warehousemen or others for the purpose of consolidation, deconsolidation, containerization, decontainerization, distribution, redistribution or otherwise anywhere in the world whether prior to loading and/or after discharge from overseas vessel or at any transshipment point for a period not exceeding sixty (60) days after arrival at such premises. The Assured's interest being at all times admitted regardless of terms of purchase and/or sale. Held covered in the event of delay in excess of the above time limit at additional premium if required, provided Assured gives notice of such delay as soon as practicable.

## **CONCEALED DAMAGE**

In the event of delay in opening cases, packages, crates, containers, etc. any loss or damage discovered in opening within ninety (90) days after arrival at final destination shall be deemed to have occurred in transit and shall be paid for accordingly unless proof conclusive to the contrary be established. It is a condition of this insurance that where original shipping packages arrive at the final destination in a visibly damaged condition, they shall be opened immediately and the contents inspected. Violation of this condition shall void the insurance provided by this clause.

## **CONSEQUENTIAL REDUCTION IN VALUE**

In the event of a partial loss occurring hereunder, which cannot be repaired to the original preshipment condition, this policy will respond for the reduction in value due to the loss of the original manufacturer's warranty.

In no event shall this Company be liable for more than the insured value of the goods and/or merchandise damaged.

## **NON-DELIVERY**

In the event the goods and/or merchandise are overdue and unaccounted for, for a period of thirty (30) days, this Company will consider said shipment, in whole or in part, a recoverable loss under this Policy.

## **UNPAID VENDOR**

It is hereby understood and agreed that this policy, subject to its terms and conditions, is extended to cover the Assured's interest as an unpaid vendor on shipments sold by the Assured on F.O.B., F.A.S., C&F, or similar terms, from the time the goods leave the warehouse at the place named in the declarations and covering until such time as the Assured shall receive payment for such goods from the purchaser, but in no event longer than thirty (30) days following the discharge from the ocean vessel.

In the event of loss hereunder, if the seller is unable to collect the purchase price of the goods in regular course this Company shall advance the amount of such loss pending collection from the buyer and the seller shall use reasonable means to collect the full amount due from the buyer and reimburse this Company.

Losses payable to the Assured and for account of the Assured only.

Warranted by the Assured that the existence of this insurance is confidential as between the Company and the Assured and the existence of such shall not be revealed to consignees or others outside this Company including their agents.

## **SHORTAGE FROM CONTAINERS**

With respect to shipments in containers, and provided there is documentary evidence to substantiate the quantity loaded into the container, the fact that the container's seal is intact at unloading shall not invalidate claims of theft, pilferage, shortage and/or non-delivery.

## **FRAUDULENT DOCUMENTS**

This insurance also covers direct physical loss or damage to the property insured through the unknowing acceptance by the Assured and/or their Agents and/or Shippers of fraudulent shipping documents, including but not limited to bills of lading, shipping receipts, messenger receipts or warehousemen's receipts. Also to cover physical loss or damage to property insured through the utilization of legitimate shipping documents without the authorization and/or consent of the Assured and/or their Agents and/or Shippers.

## **CONTAINER DEMURRAGE CHARGES**

If the Assured is instructed by this Company or its Agents or Surveyors, to hold an intermodal container, van, flat rack or trailer, and if the Assured is assessed a late penalty and/or demurrage charge for holding said equipment past the return date, this Company will pay the late penalties and/or demurrage charges. The amount this Company will pay shall be the charges assessed from the time the Assured is directed to hold said equipment until the time the Assured is informed that the equipment can be released. Coverage under this clause is separate from and in addition to the limits of liability provided elsewhere herein.

The Company shall not be liable for any demurrage charges which may be assessed against the Assured caused by strike, lockout, stoppings or restraint of labor for Master, Offices and crew of the vessel or tugboat or pilots.

## **INSUFFICIENCY OF PACKING**

In the event of a claim being made for loss or damage which is alleged to be caused by insufficiency or unsuitability of packing or preparation of the subject matter insured, underwriters hereby agree that they will not use such alleged

insufficiency or unsuitability as a defense against the claim in any cases where the packing or preparation was carried out by a party other than the named Assured and the insufficiency or unsuitability arose entirely without the named Assured's privity or knowledge. For the purpose of this clause "packing" shall be deemed to include stowage in a container or liftvan.

The Assured agrees to assist underwriters in all respects to pursue rights of recovery against seller and/or other responsible third parties.

The above agreement is not to interfere with rights of subrogation against packers' insurers.

### **RIGHT OF FIRST REFUSAL**

In the event of damage to goods and/or merchandise covered under this Policy and said goods and/or merchandise are to be sold as salvage, the Assured shall have the right of first acceptance of the damaged merchandise providing that their offer is fair and reasonable in the opinion of this Company.

### **NOTICE OF LOSS**

The Assured shall report to this Company, or to the agents of this Company if there be one at or near the place where the loss occurs or the expenses are incurred, or if there be none in the vicinity, to the correspondent of the American Institute of Marine Underwriters, every loss or damage which may become a claim under this insurance as soon as may be practicable after it becomes known by the Assured's risk management department or equivalent. Failure to report loss or damage promptly shall invalidate any claim under this Policy.

### **PAYMENT OF LOSS**

In case of loss, such loss to be paid in thirty (30) days after proof of loss, proof of interest, and adjustment thereof (the amount of the premium, if unpaid, and all sums due to the Company from the Assured when such loss becomes due being first deducted, and all sums coming due being first paid or secured to the satisfaction of this Company). Proof of loss to be authenticated by the Agent of this Company, if there be one where such proofs are taken; otherwise by a correspondent of the American Institute of Marine Underwriters, if there is one where such proofs are taken, but if neither is represented, then by some other recognized insurance authority.

### **COMPANY'S OPTION TO ADVANCE LOSS**

This Company shall at its option have the right of advancing to the Assured the amount of the loss otherwise recoverable hereunder as a loan without interest pending a determination of Carrier's or Bailee's liability; the Company further agrees to bear all the expenses of any suit brought in the name of the Assured or of the owner of the insured merchandise, or otherwise to enforce the liability of the Carrier or Bailee. The repayment of the loan to the Company is conditional upon, and only to the extent of, any net recovery from the Carrier or Bailee received by the Assured or owner of the insured merchandise.

### **SUIT**

No suit or action for the recovery of any claim arising under this Policy by virtue of this insurance shall be sustained in any Court of Law unless commenced within two (2) years from the date of loss, or if such limitation is not valid by the law of the place where the Policy is issued, within the shortest contractual period of limitation permitted by law.

### **DECLARATION OF RISKS/CERTIFICATES OF INSURANCE**

Authority is hereby given the Assured and/or their duly authorized representatives to issue this Company's certificates and/or special policies and/or endorsements on any or all risks applying hereunder. Such certificates, special policies and endorsements are to be issued in accordance with the terms and conditions of this insurance and are not to be valid unless countersigned by a representative of the Assured. If the printed terms and/or conditions of this Company's certificates and/or special policies are less favorable to the Assured than the terms and/or conditions of this Policy the terms and conditions of this Policy shall prevail unless, in consideration of a rate adjustment, less favorable terms and/or conditions have been specifically agreed.

It is agreed that with respect to certificates of insurance issued with no deductible amount, underwriters hereby agree to pay the claim in full for loss or damage covered hereunder and the original Assured named herein agrees to reimburse the Assured for any Policy deductible amount so paid.

In the event certificates or special policies are not required, the Assured may report such risks by declaration.

The Assured agrees to forward copies of all certificates, special policies, endorsements and declarations of insurance to his Insurance Broker for transmittal to this Company. This insurance shall not be vitiated, however, by an unintentional delay, error, omission or oversight in making reports, provided the same be communicated to this Company as soon as known or discovered by the Assured's Corporate Risk Management Department or equivalent, and an additional premium paid, if required, or deficiency of premium made good.

#### **OTHER INSURANCE**

In case the interest hereby insured is covered by other insurance (except as hereinafter provided), the loss shall be collected from the several policies in the order of the date of their attachment, insurance attaching on the same date to be deemed simultaneous and to contribute pro rata; provided, however, that where any fire insurance, or any insurance (including fire) taken out by any Carrier or Bailee is available to the beneficiary of this Policy, or would be so available if this insurance did not exist, then this insurance shall be void to the extent that such other insurance is, or would have been, available.

It is agreed, nevertheless, that where this Company is thus relieved of liability because of the existence of other insurance, this Company shall receive and retain the premium payable under this Policy, and in consideration thereof, shall guarantee the solvency of the companies and/or underwriters who issued such other insurance and the prompt collection of the loss hereunder to the same extent (only) as this Company shall have been relieved of liability under the terms of this clause, but not exceeding, in any case, the amount which would have been collectible under this Policy if such other insurance did not exist.

#### **BROKERS**

It is a condition of this Policy, and it is agreed that the Assured's Brokers, or any substituted Brokers, shall be deemed to be exclusively the agents of the Assured and not of this Company in any and all matters relating to, connected with or affecting this insurance. Any notice given or mailed by or on behalf of this Company to the said Brokers in connection with or affecting this insurance or its cancellations, shall be deemed to have been delivered to the Assured.

#### **CANCELLATION**

This insurance is deemed to be continuous and to cover all shipments as provided herein until cancelled by either party giving the other thirty (30) days written notice to that effect, but such cancellation shall not affect any risk on which this insurance has attached prior to the effective date of such notice.

Notwithstanding the foregoing notice period, however, the Company may effect immediate cancellation by giving written notice thereof at any time when premium have been due and unpaid for a period of sixty (60) days or more.