

Cargo Indemnity Insurance Clauses

ARTICLE 1. (SCOPE OF LIABILITY)

This Company shall be liable to indemnify the Assured, subject to the limit of liability and the deductible/franchise stated in this Policy, for the following loss, costs, expenses, general average contribution and salvage reward.

(1) Loss by reason of the liability to the cargo owner imposed by law upon the Assured, or assumed by the Assured under the contract of carriage as defined in the specimen of Bill of Lading or the like attached hereto, for loss of or damage to cargo intended to be or being or having been carried, by or on behalf of the Assured.

(2)

(a) Costs and expenses reasonably incurred by the Assured for the performance of duties provided in Item(2), Paragraph 1 of Article 5 and the cooperation with the Company in connection with Paragraph 1 of Article 6.

(b) Costs and expenses incurred by the Assured with written consent of this Company for litigation, arbitration, mediation or reconciliation.

(3) General average contribution or salvage reward assessed on or payable by the cargo owner as defined in Item (1) of this Article, which either:

(a) the Assured is legally liable to pay to cargo owner, or

(b) the Assured is not legally entitled to recover from cargo owner solely by reason of a breach of the contract of carriage.

ARTICLE 2. (VALUABLE GOODS & C.)

This Company shall not be liable to pay loss, costs, expenses, general average contribution or salvage reward,

(1) for any amount in the case of the cargo falling within "Valuable Goods" as defined in the contract of carriage, or

(2) for the amount exceeding "Limitation of Liability" as stated in the contract of carriage in the case of the cargo other than "Valuable Goods".

unless the Company shall have consented in writing to the relevant carriage and the Assured shall have paid an additional premium to be arranged.

ARTICLE 3. (EXCLUSION)

This Company shall not be liable to indemnify the Assured for any loss, costs, expenses, general average contribution or salvage reward arising out of or caused by the following matters.

(1) Willful act or gross negligence of the Assured.

(2) War (whether declared or not), riots, rebellions, strikes, lock-outs or the like.

(3) Force Majeure such as earthquake, volcanic eruption, flood, tidal wave and high tide.

(4) Matters stipulated in Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause.

(5) Punitive and/or exemplary damage decided in the Court in excess of physical loss of and/or physical damage to cargo and/or costs, expenses etc.

(6) Consequential loss and/or damage other than physical loss of and/or physical damage to cargo.

(7) Inherent vice or nature of cargo.

(8) Delay.

(9) Errors and/or omissions of the Assured including, but not limited to, delivery of cargo without production of an original bill of lading or waybill or similar contract of carriage, or delivery to an unauthorised or unentitled person.

(10) Insolvency or financial default of the owners, managers, charterers, or the operators of the vessel, aircraft or other conveyance and storage facilities.

(11) Any cause or event other than above on which the Assured have no responsibility under the contract of carriage as defined in the specimen of Bill of Lading or the like attached hereto and/or the Hague Rules Legislation or any other Laws, Statutes or Regulations applicable thereto.

ARTICLE 4. (OTHER INSURANCE)

If the Assured, apart from being insured under this Policy, is insured in any manner whatsoever by any other person or entity association against any or any part of the loss, costs, expenses, general average contribution or salvage reward to be recoverable under this Insurance, no sum shall be paid by this Company on the basis of double insurance or otherwise in respect of such loss, costs, expenses, general average contribution or salvage reward.

ARTICLE 5. (DUTY OF THE ASSURED)

5.1 If any event giving rise to or likely to give rise to a claim under this Insurance comes to his knowledge, the Assured shall give notice to the Insurer immediately and take all necessary and reasonable measures to prevent or minimize the Damage. If the Assured fails to act in the above way due to his willful act or gross negligence, which makes the Insurer not able to ascertain the nature, cause and extent of the loss, the Insurer shall not indemnify the Insured in respect of such uncertain part of Damage, except that the Insurer is aware or ought to be aware of the occurrence timely by other means.

5.2 If any event under this Insurance happens, the Assured shall take all necessary and reasonable measures to prevent or minimize the Damage; If the Assured and/or his representatives or employees fails to act in the above way, the Insurer shall not be liable for any extended or aggravated loss or damage caused hereby;

5.3 If any third party (hereinafter including the Insured and his representatives or employees in case of arranging insurance for others) is held liable for the Damage insured hereby, the Assured

take all necessary procedures to preserve or exercise any right of recourse against other party. The Assured and/or his representatives or employees waives the right to claim against any third party liable for the Damage without the Insurer's consent or due to the Insured's negligence the Insurer cannot exercise the right of subrogation, the Insurer may deduct a corresponding amount when calculating the amount of indemnity or request refund of a corresponding amount from the indemnity paid to the Insured.

5.4 The Assured shall prove the claim under this insurance and the claim amount. The Assured shall submit the claim application, documentary evidence of the claim and other written documents required by the Insurer.

ARTICLE 6. (COMPANY'S DIRECT SETTLEMENT OF CLAIM)

6.1 This Company shall at its own expense undertake directly the settlement of all claims made by the injured party, in case the Company deems it necessary to do so. The Assured shall cooperate with the Company in all matters upon request of the Company.

6.2 This Company shall not be liable to pay any claim if the Assured refuses to cooperate with the Company as provided in the preceding paragraph without any proper reason.

ARTICLE 7. (SUBROGATION)

7.1 In case the Company indemnifies any loss for which the Assured has a right of recourse against any other person, such right of recourse shall be subrogated to the Company to the extent of the claim paid by the Company.

7.2 The Assured shall, upon receiving the claim paid, produce to this Company all the documents necessary to exercise the right referred to in the preceding paragraph.

ARTICLE 8. (GOVERNING LAW)

This Policy shall be construed according to English Law and practice as to claim settlement. Any other aspects of the contract shall be governed by the applicable laws and ordinances of the People's Republic of China.

ARTICLE 9 (JURISDICTION)

Any dispute between the Assured and Insurer shall be submitted to the exclusive jurisdiction of the People's Republic of China.

ARTICLE 10. (ARBITRATION)

All disputes arising from implementing this Policy shall be resolved by the Insured and the Insurer through friendly negotiation. If a dispute cannot be settled through friendly negotiation, either of the following dispute resolution mechanism for settlement of disputes under this insurance should be chosen when binding the insurance.

(1) To be submitted to the arbitration commission listed in the policy for arbitration. The arbitral award is final and binding upon both parties.

(2) To be submitted to the People's Courts in the place where the defendant is domiciled for litigation.

The Insured and Insurer need to choose either of the dispute resolution mechanism for settlement of disputes under this insurance. If the Insured and Insurer haven't chosen one, then the dispute shall be submitted to Arbitration Commission for arbitration.