

SPECIAL CLAUSES OF INLAND TRANSIT

AND STORAGE (A)

I . PROPERTY INSURED

Property Insured

This policy is hereby extended to cover all kinds of finished products, products under processing and raw materials

Property Excluded

This Policy does not insure:

a. Accounts, bills, deeds, evidences of debt, notes, securities, currency, money, coins or stamps,

b. Jewelry, precious stones, fine arts, bullion, specie or other precious metals,

c. Real estate, utensils, fixtures, motor vehicles of firm, rental materials (including lending materials), materials not for sales,

d. The cargo after carried out of warehouse or factory for export,

e. The cargo, which the assured have an insurable interest, before discharging from overseas vessel or aircraft for import,

f. Liability, which should be charged with bailee and/or carrier for storage processing transit and etc. and

g. Manuscripts, specifications, designs, patterns, models, forms, bonds and things like above.

h. Machinery &/or Equipments

II . ATTACHMENT AND TERMINATION

Notwithstanding anything contained to the contrary, commencement and termination is applied as below.

Commencement:

This insurance attaches from the time when the goods are delivered to the warehouse, store or any other place of storage, or factory of the Assured or when the property in the goods are legally vested in the Assured or when the Assured are held responsible to arrange insurance, whichever shall first occur.

Termination:

This insurance terminates when the goods are delivered to any consignees &/or buyers or when the property in the goods is legally transferred to any consignees &/or buyers or when the Assured

are relieved from the responsibility to arrange insurance, subject to the sales or other contract.

But in case of export shipment under FOB, FAS, C&F, or similar contract, commencement and termination is specially applied as below.

This insurance is extended to cover from the time the goods and/or merchandise and/or property, or any portion thereof, depart from the warehouse, store, factory, or other location at the initial point of shipment (including while loaded in railroad cars while in or on private sidings prior to the issuance of the railroad bill(s) of lading) and continuing thereafter until all of the goods and/or merchandise and/or property are delivered alongside the overseas vessel or other conveyance or loaded on board the overseas vessel or conveyance as per the terms of sale.

It is agreed that the coverage provided under the terms of this Clause shall be subject to the applicable terms, conditions and warranties set forth elsewhere in this policy.

Territorial Limit: Within China (Excluding Hongkong, Macau, Taiwan, China)

III. FULL VALUE REPORTING

If the total value at risk in any one location exceeds the limit of liability provided, the assured will nevertheless report to the Representative Co. full amount at risk in such location and will pay premiums thereon at the rates agreed upon.

IV. PERILS EXCLUDED

Notwithstanding anything contained herein to the contrary

This company shall not be liable for any claim in respect of loss of or damage to the goods hereby insured (except the loss or damage caused by fire in consequence of (a) and (b) as below) caused by or resulting from

- a. fault or defect of processing operating, or**
- b. derangement, stoppage, defect or breakdown of assembling &/or processing machinery &/or facilities, unless such failure is caused by fire or explosion within the premise, or**
- c. missing or inventory loss, or**
- d. theft and/or pilferage due to or caused by willful act or gross negligence of the process manufacturer or his employees.**
- e. theft and/or pilferage of which the trace of forcing an entrance into factory from outside cannot be proved, or**
- f. war and S.R.C.C.**
- g. earthquake, volcanic eruption and/or accidents (including tidal waves and fire) arising therefrom;**
- h. loss of or damage to the goods insured caused by interruption or failure or abnormal supply of public utilities, such as: electricity, gas or water supply or other energy sources, except loss or damage to the goods insured caused by fire or explosion arising.**

V. APPROVED WAREHOUSES & FACTORIES

The warehouse to which the Representative Co. hereby extends approval, the Limit of Liability at each location and monthly rates of premium applicable thereto are listed in the policy.