

Cargo Standard Wordings (Annual/Open Contracts) *Cargo Transits – Overseas (Excluding CFR/FOB Exports)*



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SPECIAL MEANINGS OF WORDS

"CIF Purchases" are purchases of Goods made by You on Cost Insurance and Freight (CIF) or similar terms of trade whereby the insurance cover provided by Your supplier/the consignor ceases at arrival of the goods in Australia. Certain restrictions apply to the automatic cover We provide for delivery to final destination in Australia.

"Excess" means the amount of any loss You suffer which You will bear and which is shown in the Policy Schedule, unless otherwise stated under any applicable section of the Policy, and which We will deduct from any settlement of a claim under the Policy.

The Excess is GST exclusive.

"General Average" occurs whenever an extraordinary sacrifice or expenditure is voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property at risk in a sea voyage.

"Goods" means the interest or subject-matter insured as identified in the Policy Schedule.

"Insurer" means Wesfarmers General Insurance Limited ABN 24 000 036 279, trading as Lumley Insurance.

"Limit of Liability" means the amount to which Our liability is limited and is the amount stated in the Policy Schedule as being the limit for any one accident or series of accidents arising from the one event. Certain extensions of cover (see Section 2.1 to 2.3) are given subject to certain further limits.

"Packaging" means packing materials, crates, pallets, or similar receptacles (excluding shipping containers) belonging to You or for which You are responsible.

"Turnover" means the gross value of all Goods, which You have caused to be transported.

"Sendings" means the actual value of Goods at risk during the Policy period as specified in the basis of valuation identified in the Policy Schedule.

"We" "Us" "Our" and "Lumley Insurance" means Wesfarmers General Insurance Limited ABN 24 000 036 279, trading as Lumley Insurance.

"You" "Your" means You, the Insured named in the Policy Schedule.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

Subject to the exclusions, terms and conditions of the Policy, including the Limit of Liability stated in the Policy Schedule, cover is further amended or altered as follows:

1. Extensions

1.1 Shut-Out Clause

In the event of the Goods being "shut-out" from the conveyance at an intermediate place during the course of transit, We cover the Goods while waiting for an alternative conveyance but do not cover any loss or damage caused by delay.

1.2 Acquired Companies Clause

The Policy is extended to include any new group company, subsidiary company or firm formed or purchased by You during the Period of Insurance provided that:

- (a) You hold a controlling interest or have agreed to accept responsibility for insurance;
- (b) You advised Us of the existence of the company or firm not later than 21 days from the date of signing the purchase contract or date of formation;
- (c) You declare to Us the estimated Turnover/Sendings, type of goods to be insured and past claims history;
- (d) You agree to the additional conditions and premium required by Us.

1.3 Delayed Unpacking

Where packages, excluding shipping containers, or the Goods are not opened on arrival/delivery at destination any concealed losses or damage caused in transit by insured perils, but which only come to light when the packages are unpacked, shall be payable under the Policy provided always that the damage has been discovered not later than ninety (90) days after the arrival in store, and also provided that packages or goods bearing outward signs of loss and/or damage at the time of receipt into store are fully inspected for damage immediately.

1.4 Overcarried Clause

In case the Goods are over-carried to a different destination, We will insure the Goods until they are returned to their original destination.

1.5 Onforwarding/Transfer Clause

Where, due to an event covered by this insurance, the transit is terminated short of the intended destination, We will insure all reasonable costs incurred in transferring, storing and forwarding the Goods to the original destination.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS) (continued)

1.6 **Brands/Labels Clause**

In the event of loss or damage to Goods bearing embossed or indented brands or labels or other permanent markings identifying You as the manufacturer or supplier, or exclusive and/or secret formula that may be involved, the Goods may be retained by You to dispose of as You see fit provided, a reasonable allowance is agreed for the value of the Goods. Where only the labels of Goods are affected by the insured event the amount payable by Us is limited to the cost of reconditioning and the cost of relabelling.

1.7 **Loading and Unloading Clause**

The relevant duration clause is amended to include loading and unloading:

1.7.1 Loading attaches from the time the Goods are lifted from the ground or loading dock immediately adjacent to the vehicle or conveyance and terminates when placed there on.

1.7.2 Unloading terminates once the Goods have been lifted from the vehicle or conveyance and placed on the ground or loading dock immediately adjacent there to.

1.8 **Machinery and Equipment Replacement Clause (new and second hand/used)**

Where loss or damage to any part or parts of an insured machine or equipment is caused by an insured event and a new replacement part or parts is used the amount We will pay is limited to:

1.8.1 **New Machines or Equipment**

- The cost of replacement or repair of the part or parts; and
- Additional charges for forwarding and refitting.

We will not pay more than the value of the complete machine or equipment.

1.8.2 **Second Hand or Used Machines or Equipment**

- The proportion of the cost of replacing or repairing the part or parts lost or damaged as the amount insured bears to the value of the new machine or equipment, part or parts when new; and
- Additional charges for forwarding and refitting.

We will not pay more than the value of the complete machine or equipment.

1.9 **Pairs and Sets Clause**

Where Goods consist of a part or parts in a pair or set, We will not pay more than the value of any particular part or parts of the pair or set which may be lost or damaged without reference to any special value which the part or parts may have in making of the pair or set, nor more than a proportionate part of such a pair or set.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

(continued)

1.10 Duty Clause

Including, as part of any claims settlement the increased value of Goods due to the application of Australian custom or import duty paid by You at the port or place of discharge where the increased value of the Goods is declared for adjustment of premium as agreed between You and Us.

Excluding:

1.10.1 Loss damage prior to the duty becoming payable;

1.10.2 General Average, Salvage or Salvage Charges arising from an occurrence prior to the duty becoming payable.

Settlement will be made less any credit, rebate or refund of duty, which may be allowable.

1.11 CIF Purchases (“Tail End” Imports) Clause

Including cover for imported Goods whilst in the ordinary course of transit from the time of cessation of cover under the CIF or supply contract at the port or airport of discharge in Australia until final delivery to Your warehouse or other nominated location.

Cover under this extension is limited to:

Accidental loss or damage to the Goods during transit caused by:

1.11.1 Fire or explosion or flood or lightning;

1.11.2 Collision, jack-knifing, overturning or derailment of the conveyance;

1.11.3 Crashing or forced landing of the conveying aircraft;

1.11.4 Contact of the Goods whilst the conveyance is in motion with any external object or thing not being the conveyance or on the conveyance;

1.11.5 Theft following visible forced entry/removal; or

1.11.6 Where transit is by sea – contact of the vessel with any external object or the vessel being stranded, grounded, sunk or capsized,

unless further extension of cover is granted by Us in writing.

2. Extensions which are further limited as to amount and/or attachment terms

Subject to the terms, clauses and exclusions of the Policy, including the Limit of Liability stated in the Policy Schedule, We also insure You for the following risks which are subject to a further Limit of Liability, or Restricted Attachment Terms.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)
(continued)

2.1 **Debris Removal Clause**

All reasonable costs and expenses incurred in unloading and disposing of damaged Goods and clean-up of the accident site after the Occurrence of an Insured Event, **subject to a limit of A\$10,000** any one loss or series of losses arising from the one event, unless otherwise specified in the Policy Schedule and provided the costs and expenses are not recoverable under any other Policy of Insurance.

2.2 **Packaging**

Loss damage to Packaging of the Goods while carried in transit caused by an Insured Event **subject to a limit of A\$10,000** any one loss or series of losses arising from the one event, unless otherwise specified in the Policy Schedule, and provided the loss or damage is not recoverable under any other Policy of Insurance.

2.3 **Packers' Clause**

From the time that the Goods leave the suppliers' warehouse en route to the packers' warehouse and while there for a period not exceeding thirty (30) days prior to shipment, but excluding loss or damage caused by delay or while the goods are being worked on. **Subject to a limit of A\$100,000** any one loss or series of losses arising from the one event, unless otherwise specified in the Policy Schedule, and provided the loss or damage is not recoverable under any other Policy of Insurance.

3. General Policy Terms, Conditions and Restrictions

3.1 We agree to provide insurance as described in this Policy subject to the terms, limitations, exclusions and conditions contained in or endorsed on, or otherwise expressed in the Policy.

3.2 This insurance is in exchange for You:

3.2.1 having paid or agreed to pay the premium to Us;

3.2.2 providing to Us a written proposal.

3.3 The Policy wording(s), Policy Schedule (which expression includes any Policy Schedule substituted for the original Policy Schedule) and endorsements (if any) are to be read together.

3.4 We will pay You for loss of or damage to the goods subject to:

3.4.1 the terms of the Policy;

3.4.2 the Exclusions and General conditions listed herein;

3.4.3 the Insured Event occurring within the geographical limit (trading warranties) specified in the Policy Schedule;

3.4.4 the Insured Event occurring during the Period of Insurance specified in the Policy Schedule.

3.5 This Insurance is subject to Australian Law and practice.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

(continued)

3.6 Non-Contribution Clause

This insurance does not cover any loss of or damage which at the time of the happening of such loss of or damage the Goods are insured by or would but for the existence of this policy, be insured by any other existing policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected.

3.7 Alteration of Risk

If there is any change in the circumstances or nature of the risks covered by this insurance, You must give Us immediate written notice but only for matters You have not told Us about before. If You do not We may be entitled to decline to pay a claim arising after the change.

3.8 Authorisation

You authorise Us to give to and obtain from any other Insurers, Insurance Reference Bureaus and Credit Reporting Agencies any information relating to Your credit or insurance history as well as insurance claims information.

3.9 Institute Clauses

Institute Clauses referred to in the Policy are those current at the time of attachment of risk(s). In the event of any of these clauses being altered or added to, the new clauses shall automatically form part of this Policy unless the alteration or addition reduces Your cover, in which event We shall advise You in writing.

3.10 Automatic Reinstatement Clause

The amount We are required to pay You under this Policy is limited to the amount in the Policy Schedule. This amount will be reduced by the amount of any claim We pay. Reinstatement of the original amount specified in the Policy Schedule shall be automatic subject to payment of the appropriate additional premium (where applicable).

3.11 Benefit of Insurance

The carrier or any other person(s) who have charge of the goods cannot claim any benefit under this Policy.

3.12 Goods and Services Tax (GST)

All amounts insured by the Policy exclude GST.

Any claim settlements, up to the total of all amounts insured, will exclude GST. However, if there is a shortfall between the GST component of Your claim and the amount of input tax credit You are entitled to, We will pay this shortfall in addition to the claim settlement.

3.13 Third Party Interests

You must inform Us of the interest of all third parties (eg. Financiers, Managers or Charters), to be covered by this Policy. We protect the interest of third parties only if You have informed Us of them and their interest(s) is agreed and noted in the Policy Schedule.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

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3.14 Deposit Premium Clause

Where a deposit premium is payable at the commencement of each Period of Insurance, it shall be calculated with reference to the basis of valuation identified in the Policy Schedule on estimated Turnover or Sending's (whichever is applicable) figures provided by You to Us.

You must declare the actual Turnover or Sending's on expiry of the period of this Policy or any subsequent period for which the policy is renewed. Declarations must be received within thirty (30) days from the expiry of each Period of Insurance. The Turnover or Sending's figures should represent the actual value of all Goods for which We were at risk during the Period of Insurance.

The premium will be adjusted in accordance with the rating factors set out in the Policy Schedule or as otherwise agreed between You and Us.

The difference between the premium for the actual figures at the end of the period and the deposit premium will be paid by You or refunded to You but subject to any minimum premium advised to You being retained by Us.

You are required to, and agree to, keep accurate records of Your entire Turnover or Sending's and, on request, will submit audited copies to Us.

If We request an audited copy of the records of Your Turnover or Sending's and this is not available then We may appoint an auditor. We shall pay for the cost of the audit but if the audit reveals that the figures declared by You are incorrect, You shall reimburse Us for the cost of the audit.

3.15 Errors and Omissions (Open Cover Declaration)

In the event of an error or omission in making an Open Cover Declaration to the Policy which, but for the error or omission, would be covered by the Policy, We agree that the Goods shall be automatically held covered provided the error or omission is advised to Us as soon as practicable but in any event not beyond 180 days from the date of dispatch/commencement of transit.

3.16 Additional Exclusions

We will not pay for loss of or damage to the Goods or expense caused by:

- (a) Ordinary wear and tear, moth, vermin, or through delay or inherent vice or nature of the Goods Insured.
- (b) Mould, mildew and the like arising from atmospheric or climatic conditions, rust, oxidisation or discolouration.
- (c) Mechanical, electrical or electronic breakdown or derangement unless there is reasonable external evidence of the breakage or derangement having been directly caused by an insured risk.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

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- (d) Loss of data or data records.
- (e) Lawful seizure, confiscation, detention or destruction by Customs, Quarantine or other officials or authorities.
- (f) Loss of market or consequential loss of any kind.

3.17 Terrorism Exclusion Clause - Marine

This Policy excludes any loss damage liability or expense arising from:

- (a) Terrorism; and/or
- (b) Steps taken to prevent, suppress, control, or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism.

For the purpose of this clause "terrorism" means any act(s) of any person(s) or organisation(s) involving:

- (i) the causing, occasioning or threatening of harm of whatsoever nature by whatever means;
- (ii) putting the public or any section of the public in fear, in circumstances in which it is reasonable to conclude that the purpose(s) of the person(s) or organisation(s) concerned are wholly or partly of a political, religious, ideological or similar nature.

- (c) However, this exclusion will not apply to any loss, damage, liability or expense arising from the operation, ownership, management or chartering of:
 - (i) Vessels, crafts and units whilst afloat, under construction or repair or in dock;
 - (ii) Seawalls, wharves, piers, jetties, docks, berths, pontoons, associated dockside equipment all whilst within the confines of the port, terminal, shipyard, harbour or marina;
 - (iii) Any platform or similar energy risk;
 - (iv) Cargo in the ordinary course of transit as described in the Cargo Termination of Transit Clause (Terrorism);
 - (v) Whilst the subject matter insured is either "waterborne" or "airborne" as defined in the War Risk Waterborne and War Risk Airborne Agreement issued by Lloyd's Underwriters' Association and the Institute of London Underwriters dated 19 December 1997.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)
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3.18 **Termination of Transit Clause (Terrorism)**

This clause shall be paramount and shall override anything contained in this insurance inconsistency therewith.

Notwithstanding any provision to the contrary in this Policy or the Clauses referred to therein, it is agreed that in so far as this Policy covers loss of or damage to the subject-matter insured caused by any terrorist or any person acting from a political motive, such cover is conditional upon the subject-matter insured being in the ordinary course of transit and, in any event, **shall terminate** either:

- (a) as per the transit clauses contained within the Policy;
or
- (b) on delivery to the Consignee's or other final warehouse or place of storage at the destination named herein;
- (c) on the delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either for storage other than in the ordinary course of transit or for allocation or distribution; or
- (d) in respect of marine transits, on the expiry of 60 days after completion of discharge overseas of the goods hereby insured from the overseas vessel at the final port of discharge;
- (e) in respect of air transits, on the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge,

whichever shall first occur.

If this Policy or the Clauses referred to therein specifically provide cover for inland or other further transit following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1.

3.19 **Cargo ISM Endorsement**

This clause is applicable to shipments on board all vessels of 500 gt or more

In no case shall this insurance cover loss, damage or expense where the subject matter (Goods) insured is carried by a vessel that is not ISM Code certified or whose owners or operators do not hold an ISM Code Document of Compliance when, at the time of loading of the subject matter (Goods) insured on board the vessel, the Insured were aware, or in the ordinary course of business should have been aware:

- (a) either that such vessel was not certified in accordance with ISM Code;

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

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- (b) or that a current Document of Compliance was not held by her owners or operators.

As required under the SOLAS Convention 1974 as amended.

This exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought, or agreed to buy, the subject matter (Goods) insured in good faith under a binding contract.

Subject otherwise to the Limit of Liability, exclusions and conditions stated in the Policy Schedule.

3.20 **Institute Extended Radioactive Contamination Exclusion Clause 1/11/02**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

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) ionising 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.

3.21 **Institute Chemical, Biological, Bio-Chemical, Electromagnetic Weapons and Cyber Attack Exclusion Clause 1/11/02**

This clause shall be paramount and shall override anything in this insurance inconsistent therewith

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) any chemical, biological, bio-chemical or electromagnetic weapon;
- (b) the use or operation, as a means for inflicting harm, or any computer, computer system, computer software programme, computer virus or process or any other electronic system.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)
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4. Claims

4.1 What We will pay:
Based on the Sums Insured and/or Basis of Valuation shown in the Policy Schedule, at Our option We will pay either:

4.1.1 the cost of repairing or replacing lost or damaged Goods; or

4.1.2 the actual value of the lost or damaged Goods at the time of loss (ie. unless the Goods were new, an amount for depreciation and wear and tear will be deducted from the claim).

4.2 We will not pay:

4.2.1 Your Excess being that amount shown in the Policy Schedule.

4.2.2 Your claim where it is not covered by the terms, clauses and conditions of the Policy.

5. Procedures in the Event of a Claim

5.1 What You must do:
Following an event that is likely to give rise to a claim under this Policy. You must take the following steps:

5.2 Immediate Action

5.2.1 Take all reasonable measures to avoid or minimise any loss, damage or expense (the reasonable and necessary cost of doing this will be payable by Us).

5.2.2 Inform the Police as soon as possible after a theft or malicious damage is discovered.

5.2.3 Where delivery is made by container, ensure that the container and seals are examined immediately by a responsible official of the receiver. If the container is delivered damaged or with seals broken or missing or with seals other than stated in the shipping documents, note the delivery docket accordingly and retain all defective or irregular seals for subsequent identification.

5.2.4 If the loss or damage was not immediately apparent at the time of delivery, apply immediately for surveys to be performed by the carrier or other person(s) who had charge of the goods. Survey must be conducted within three (3) days of delivery.

5.2.5 Inform Us of the circumstances and let Us have a copy of all relevant documents.

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

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5.3 Notification

- 5.3.1 Inform Us what has happened.
- 5.3.2 Submit to Us full written particulars as soon as possible.
- 5.3.3 Send to Us all relevant correspondence and documents.
- 5.3.4 Provide, or arrange for Us to be provided with, invoice statements and other documents evidencing and amount of the loss.

5.4 When other parties may be liable

When another person or persons may be liable to You for the loss or damage, You must:

- 5.4.1 not agree to release them from liability;
- 5.4.2 send them a letter holding them liable and informing them of Your intention to make a claim on them;
- 5.4.3 in **No** circumstances, except under written protest, give clean receipts where the Goods are in doubtful condition.

5.5 Subrogation

- 5.5.1 We, in circumstances in which We pay in a claim under the Policy, may exercise all Your legal rights relating to the loss or damage. We may prosecute or defend any legal proceedings in Your name and have full discretion in the exercise of Your legal rights. You must assist in any recovery action We commence or defence We undertaken on Your behalf.
- 5.5.2 Measures taken by You or Us with the object of saving, protecting, or recovering the Goods shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either Us or You.

5.6 Claims Documentation

To enable claims to be dealt with promptly, please submit all available supporting documents without delay including: (where applicable);

- 5.6.1 original Policy or certificate of insurance (if required);
- 5.6.2 original contract of carriage, consignment note or other contract of carriage;
- 5.6.3 original or copy shipping invoices, shipping specifications, weight notes, or sales invoice or other document evidencing value;
- 5.6.4 survey report or other documentary evidence to show the extent of the loss or damage;
- 5.6.5 delivery docket and weight notes at final destination;

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)
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5.6.6 correspondence exchanged with carriers and other person(s) regarding their liability for the loss or damage.

5.7 **Important Note on Procedures in the Event of a Claim - Your failure to comply with the above conditions concerning claims procedures and documentation (Section 5.1 to 5.6) may prejudice Your claim under the Policy.**

6. Other Important Details

6.1 General Average

In the event of a General Average contribution arising under this Policy, contact Us before signing any General Average Bond/Guarantee.

6.2 Fraudulent Claims

If any claim is fraudulent or false in any respect, We may refuse to pay the whole or part of the claim to the extent permitted by law.

We may also be entitled to cancel this Policy as if it never existed and You did not have insurance.

6.3 Cooling Off

If You are not completely satisfied with Your Policy You may cancel it by notifying Us in writing within 21 days of cover having commenced. You will receive a refund of the amount You have paid unless something has occurred for which a claim may become payable under the Policy.

6.4 Confirming Transactions

You may contact Us or Your adviser, in writing (which is always required if You are advising cancellation) or by phone, to confirm any transaction under Your Policy. Any transaction will be documented by Us as quickly as possible.

6.5 Code of Practice

A self-regulatory Code of Practice exists for the general insurance industry, designed to raise overall standards. Lumley has adopted the Code, details of which can be obtained from Your insurance Agent or Broker or any of Our Offices.

6.6 Complaints - Internal and External Complaints Procedure

If You do not agree with any decision We make in relation to Your insurance, please write to Us stating what You disagree with and why.

We will then either resolve or attempt to resolve Your complaint immediately or refer the matter to Our Internal Dispute Resolution Committee (IDRC).

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If You are not satisfied with a claim decision by the IDRC, the matter may be referred to an independent alternate dispute resolution body, Financial Ombudsman Service provided it falls within their jurisdiction.

6.7 Privacy

Privacy laws protect Your personal information. Please refer to the Privacy Statement that was issued to You with Your proposal or quotation for insurance. If You require another Privacy Statement, the Lumley Insurance Privacy Policy or for further information please contact Your nearest Lumley Insurance office and ask for the Compliance Manager.

7. Variation to War and Strikes Rates

Even though the War and Strikes Premium may have been prepaid, We retain the right to cancel this insurance in accordance with the Institute War Cancellation Clause Cargo 1/12/82 (Clause 8) or Clause 9 (Cancellation) below, whichever is applicable.

In the event of a variation to the War and/or Strikes rates or conditions by the London Market War Risk Committee, We reserve the right to alter pricing and conditions of cover for War and Strikes risks or change terms to a "Held Covered" basis (rates and terms to be agreed) for shipments to specific countries or areas which We will advise to You in writing.

Any additional premium will be calculated by applying the difference between the pre-existing and the amended War and/or Strikes rate.

8. Institute War Cancellation Clause (Cargo) 1/12/82

The cover against war risks (as defined in the relevant Institute War Clause) may be cancelled by either the Underwriters or the Assured except in respect of any insurance which shall have attached in accordance with the conditions of the Institute War Clauses before the cancellation becomes effective. Such cancellation shall however only become effective on the expiry of 7 days from midnight of the day on which notice of the cancellation is issued by or to the Underwriters.

9. Cancellation

9.1 You or We may cancel the overseas section of the Policy at any time by giving thirty (30) days written notice of cancellation.

9.2 War risks cover may be cancelled subject to the provisions of the Institute War Cancellation Clause (Cargo).

9.3 Strikes risks cover may be cancelled by giving You seven (7) days written notice of cancellation with the exception of shipments to, from or within the United States of American (USA) where forty eight (48) hours written notice of cancellation will apply.

9.4 We shall refund any unexpired portion of the premium subject to the minimum premium provisions of the policy (where applicable).

CARGO TRANSITS - OVERSEAS (EXCLUDING CFR/FOB EXPORTS)

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- 9.5 Cancellation shall become effective on the expiry of the requisite period of time from midnight of the day on which notice of cancellation is issued but shall not apply to risks, which have attached before the cancellation becomes effective.

10. Duty of Disclosure

This contract of insurance will be governed by either the Marine Insurance Act 1909 ("MIA") or the Insurance Contracts Act 1984 ("ICA"). As the test of materiality is stricter under the MIA and Our remedies for breach of that duty can be more far-reaching under the MIA, We set out below Your duties of disclosure and the consequences of non-disclosure under both Acts:

Your Duty of Disclosure under the Marine Insurance Act 1909

Your attention is drawn to Sections 23 to 27 of the MIA and, in particular, that any contract of marine insurance is based on utmost good faith and in the absence of such good faith, may be avoided. Further, You have an obligation to disclose to Us every material circumstance which is known to You and/or which in the ordinary course of business ought to be known to You. Every circumstance is material if it would influence the judgement of a prudent insurer in fixing the premium or determining whether he will take the risk. If there is a failure to make such disclosure, We may avoid the contract.

Your Duty of Disclosure under the Insurance Contracts Act 1984

Before You enter into a contract of general insurance with an insurer, You have a duty at law to disclose to the insurer anything that You could reasonably be expected to know is relevant to the insurer's decision whether to accept the risk of insurance and if so, on what terms.

You have the same duty to disclose those matters to the insurer before You renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of matter:

- that diminishes the risk to be undertaken by the insurer;
- that is of common knowledge;
- that Your insurer knows or, in the ordinary course of business, ought to know;
- as to which compliance with Your duty is waived by the insurer.

If You fail to comply with Your duty of disclosure, the insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract.

If Your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

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