

MARINE INSURANCE - CARGO CLAUSES



Policy and clause templates
English versions

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FRENCH MARINE CARGO INSURANCE POLICY

“ALL RISKS” COVER

(POLICY FORM DATED JULY 1st, 2009)

APPLICABLE LAW : This contract is governed by French law and in particular by those provisions of Title VII, Book I, of the « Code des Assurances » which affect the marine insurance contract, whether or not reference is made to them in the policy.

CHAPTER I - APPLICATION OF THE INSURANCE

ARTICLE 1. -

This insurance applies, within the limits of the insured voyage, to the cargo designated hereafter and transported or received for shipment by shipping or forwarding companies in accordance with recognized trade practice.

ARTICLE 2. -

This insurance applies to cargo in new condition packed or prepared for transit, loaded on oversea vessels less than 16 years old, over 500 GT and with the highest classification issued by a Classification Society full member of the International Association of Classification Societies (I.A.C.S.).

When, unknown to the Assured, the above requirements for the vessel are not met, the insurance remains in force **subject to the Assured disclosing the circumstances to the insurer as soon as he is aware** and subject to payment of an additional premium if required.

ARTICLE 3. -

1° This insurance does not apply to :

- a) liability for any reason which the Assured or any other beneficiary of this insurance, whether on their own account or on account of the insured cargo, could incur, in respect of third parties or joint contracting parties ;
- b) the consequences of **trade barriers, or hindrance to the commercial transactions** of the Assured or any other beneficiaries of the insurance ;
- c) the illegal or clandestine trading of cargo.

2° This insurance applies only where :

- a) the "safety management certificate" is held by the carrying vessel,
 - b) and the "document of compliance" is held by her company,
- as required under the SOLAS Convention 1974 as amended, establishing the International Safety Management (ISM) Code.

Nevertheless, when the carrying vessel and her company do not hold the above-mentioned documents, such non compliance with the requirements of the ISM Code shall not be opposable either to the assured or to the holder of the insurance certificate, when he proves that, in the ordinary course of business, he was not aware of that situation.

"Company" means the owner of the ship or any other organization or person such as the manager or the bareboat charterer, who has assumed the responsibility for operation of the ship from the owner of the ship and who on assuming such responsibility has agreed to take over all the duties and responsibilities imposed by the International Safety Management Code.

ARTICLE 4. -

The insurance is invalid if it is proved that before the contract had been concluded, news of an event involving the insured cargo had reached the place where the policy was signed or the place where the Assured was without there being any need to prove that the Assured was personally aware of it.

CHAPTER II - EXTENT OF THE INSURANCE

1 – COVER

ARTICLE 5. -

This insurance covers physical loss or damage and loss in weight or quantity of the insured cargo, including the loss or damage resulting from the loading or unloading performed by the Assured or the beneficiary of the insurance.

Nevertheless,

1° **shortage of all or part of the contents of a package** will only be indemnified by the insurer if a forcible opening or breaking has been confirmed in the manner indicated in article 17. **The disappearance** of one or more entire packages is only covered on presentation of a certificate or other document confirming non delivery ;

2° **cargo loaded on deck or on the superstructure of vessels or craft not designed for this purpose** is only covered if the physical loss or damage, or loss in weight or quantity has been caused by one of the following events : sinking, capsizing, stranding or grounding of the vessel or craft ; fire or explosion ; tidal wave ; lightning ; collision or contact of the vessel or craft with a fixed movable or floating object including ice ; falling aircraft ; entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ; the insured package falling or being dropped overboard during loading aboard, transhipment or unloading from vessel or craft. Such cargo is also covered on payment of an additional premium against loss or damage from jettison, or from washing or falling or being dropped overboard on condition that the Assured discloses to the insurer such loading of cargo on deck or on the superstructure as soon as he is himself aware of it.

ARTICLE 6. -

This insurance also covers in full, proportionately to the insured value, any expenses in the following list unless excluded by one of the provisions in article 7 :

- 1° expenses reasonably incurred for the purpose of protecting the insured cargo from insured physical loss or damage or of minimising such loss or damage ;
- 2° expenses reasonably incurred through interruption or termination of the voyage for unloading, warehousing, transhipment or forwarding of the insured cargo to the destination named in the policy, on condition that such expenses have not been incurred as a result of financial default of the owners, managers or charterers of the carrying vessel ;
- 3° general average and salvage charges on the insured cargo, the insurer furthermore agreeing to pay any general average deposit or providing a guarantee of payment of general average or salvage charges.

2 – EXCLUSIONS

ARTICLE 7. -

This insurance excludes physical loss or damage, loss in weight or quantity of the insured cargo resulting from :

- 1° confiscation, sequestration, requisition, blockade running, smuggling, any kind of arrest or seizure, the insurer furthermore not being liable for any security payable for release of the insured cargo in such circumstances ;
- 2° wilful misconduct or gross negligence of the Assured or any other beneficiary of the insurance or their servants, representatives or other authorized persons ;
- 3° inherent vice of the insured cargo ; worm and vermin unless caused by contamination during the insured voyage, effect of atmospheric temperature, ordinary leakage or ordinary loss in weight or volume ;
- 4° absence, inadequacy or unsuitability of :
 - preparation, packing or packaging of cargo,
 - securing or stowing of cargo in a shipping unit, when carried out by the Assured, his representatives or any beneficiary of the insurance, or when carried out prior to attachment of the insurance ;
- 5° delay in forwarding or arrival of the insured cargo unless resulting from sinking, capsizing or stranding or grounding of the vessel or craft, fire or explosion, collision or contact of the vessel or craft with a fixed movable or floating object including ice ; falling aircraft ; entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ;
- 6° any direct or indirect effects of an explosion, release of heat, irradiation or any other nuclear power supply due to the transmutation of atoms or radioactivity as well as any effects of radiation caused by the artificial acceleration of particles, whether through civil or military use or exploitation.
- 7° a) war or civil war, hostilities, reprisals, torpedoes, mines and all other weapons of war, and generally all accidents and misfortunes of war, as well as acts of sabotage or terrorism of a political nature or related to war ;
 - b) capture, takings at sea, arrest, seizure, restraint, molestation or detention by any government or authority ;
 - c) riots, civil commotions, strikes, lockouts and other similar events ;
 - d) piracy of a political nature or related to war.

CHAPTER III - TIME AND PLACE OF THE INSURANCE

ARTICLE 8. -

Unless otherwise agreed, this insurance attaches when the insured cargo as defined in article 2 is moved in the warehouse at the place named herein for the commencement of the insured transit for the purpose of its immediate loading onto the carrying vehicle and terminates at the time of its unloading from the carrying vehicle onto the ground at the warehouse of the consignee, his representatives or authorized persons at the place of destination. Warehouse of the consignee, his representatives or other authorized persons, is deemed to include any place - whether belonging to them or not - where such parties stored cargo on arrival.

ARTICLE 9. -

Without prejudice to the provisions of article 11, this insurance remains in force, subject

to the payment of an additional premium if required, during any change of the insured voyage or extension of its normal duration provided such change or extension of voyage is beyond the control of the Assured or other beneficiaries of the insurance.

ARTICLE 10. -

This insurance terminates on any delivery of the insured cargo to the Assured or to any other beneficiary of the insurance, or to their servants, representatives or other authorized persons before normal termination of cover in accordance with the provisions of this chapter.

ARTICLE 11. -

This insurance terminates no later than 60 days after the completion of discharge **overside of the insured cargo from the last oversea vessel.**

CHAPTER IV - INSURED VALUE

ARTICLE 12. -

The insured value, which must be proved in case of loss or damage, shall not exceed the highest of the amounts calculated as follows :

- 1° the cost of the insured cargo at the place of destination, plus the expected profit ;

2° the value at the place of destination on the date of arrival as determined by customary published commodity prices ;

3° the provisions in the contract of sale ;

4° replacement cost in the case of manufactured cargo provided that the corresponding invoices are produced as evidence of such replacement.

CHAPTER V - DUTIES OF THE PARTIES TO THE INSURANCE

1 - DUTIES OF THE ASSURED AND OTHER BENEFICIARIES OF THE INSURANCE.

ARTICLE 13. -

The whole premium is payable to the insurer as soon as cover attaches. It is payable in full to the insurer at the place of underwriting and at the time of issue of this policy. In case of loss or damage, the insurer may deduct the amount of the due premium from the indemnity paid to the beneficiaries of the insurance.

ARTICLE 14. -

1° The Assured shall disclose, on concluding the contract of insurance, all circumstances of which he is aware that would influence the insurer in assessing the risks to be covered.
2° In the same way, he must disclose to the insurer, as soon as he is himself aware of it, any circumstance affecting the risk which occurs during the time of the insurance.

ARTICLE 15. -

The Assured, his representatives and all beneficiaries of the insurance must take all reasonable care to ensure the safety of cargo. They shall also take all reasonable measures to safeguard cargo or avert or minimise loss of or damage to it. In case of failure to comply with these duties, the insurer may intervene in their place to take such measures deemed necessary without prejudice to his liability.

ARTICLE 16. -

The Assured, his representatives and all beneficiaries of the insurance shall also take all measures to preserve the possibility of recovery and other rights against carriers and any other third parties who may be liable and, should the occasion arise, to allow the insurer to institute any proceedings which he may deem necessary.

ARTICLE 17. -

They must on arrival of cargo at the place of destination of the insured voyage and where required by the apparent condition of such cargo, apply to the claims agent (commissaire d'avaries) of the "Comité d'Etudes et de Services des Assureurs Maritimes et Transports de France (CESAM)" or, in the absence of such, to any organisation nominated under the item "claims agent" of the special conditions of this policy, to obtain a contradictory survey ("expertise contradictoire"). Application for survey shall be made within three days of termination of cover, not including non-working days, as determined in chapter III. Any counter-survey ("contre-expertise") must be conducted in the presence of the insurer and of the Assured (or representatives of either party) within fifteen days of the initial survey.

ARTICLE 18. -

Non-compliance with the duties listed above will lead either to avoidance of the policy in the event of non-disclosure or misrepresentation by the Assured (article 14-1°), cancellation of the policy in the event of non-disclosure by the Assured of material circumstances affecting the risk (article 14-2°), reduction of measure of indemnity (articles 15 and 16) or forfeiture of the right to indemnity (article 17). Where, in the cases enumerated in article 14-1° and 2° the utmost good faith of the Assured is proved, only reduction of the measure of indemnity shall apply.

2 - DUTIES OF THE INSURER : CLAIMS ADJUSTMENT AND PAYMENT OF THE INSURANCE INDEMNITY.

ARTICLE 19. -

Claims adjustment and payment of indemnity are made separately on each package except for cargo transported in bulk where it is made per hold, per tank, by individual account or on the total shipment.

ARTICLE 20. -

The amount of loss, ascertained as above, is determined by comparison of the value of the insured cargo in its damaged condition with that which it would have had in sound condition at the same time and place, the percentage of depreciation so calculated to be applied to the insured value. The measure of indemnity shall include surveyors' and claims agents' expenses and fees due as provided in article 17.

ARTICLE 21. -

In the case of sale short of destination which has been agreed as a result of insured physical loss and damage, the indemnity is calculated as the difference between the insured value and the net proceeds.

ARTICLE 22. -

If through insured physical loss or damage, the insurer decides to send all or part of the insured cargo back to the place of manufacture for repair, the resulting expenses and risks are for his account even if he must thereby pay an amount higher than the total insured value.

ARTICLE 23. -

When total profit cannot be proved, it is limited to a maximum of 20 % of the price of the cargo at the place of destination as mentioned in article 12-1°.

ARTICLE 24. -

In respect of adjustment of loss or damage, increased value insurances are subject to the same provisions as double insurance.

ARTICLE 25. -

Where a franchise is agreed, it does not include ordinary leakage or loss in weight or volume.

ARTICLE 26. -

The insured cargo may only be abandoned in the following cases :

- 1° In the case of loss without news of the carrying vessel : after 4 months counting from the date of the last news received ;
- 2° When the carrying vessel is admitted to be clearly unfit to continue the voyage : after 4 months counting from the date of the declaration of unseaworthiness of the vessel made by the carrier if during that time it has not been possible to reforward cargo to the place of destination ;
- 3° When the total of physical loss or damage to be indemnified by the insurer amounts to at least three quarters of the insured value.

ARTICLE 27. -

The indemnity due by the insurer is payable in full at the latest 30 days after production of all necessary documents to the bearer of those documents and on surrender of the original policy document.

No one may recover under this insurance without proof of having suffered loss or damage.

ARTICLE 28. -

After any event leading to indemnity by the insurer the full insured value is automatically reinstated on payment of an additional premium.

ARTICLE 29. -

If this policy is underwritten by several insurers, each shall be liable only for his own respective proportion of the sum insured.

ARTICLE 30. -

The leader is empowered to receive on behalf of all interested insurers all documentation and evidence relating to the operation of this policy, but he does not thereby have any power to represent at law the co-insurers.

CHAPTER VI - PROCEDURAL MATTERS

ARTICLE 31. -

The insurer is vested with the rights of the Assured to the amount of the indemnity he has paid and only on completion of such payment. The Assured undertakes - if asked by the insurer - to restate this transfer of rights in the adjustment, in any receipt of settlement or any other document.

ARTICLE 32. -

Any action under this insurance policy shall be barred at the end of two years.

ARTICLE 33. -

The insurer may only be sued before the Tribunal de Commerce of the place of underwriting of the policy.

| | |
|--|----------------------|
| Assured | Description of cargo |
| Broker | |
| Insured voyage - Place of transit or of possible transshipment | Insured value |
| Oversea vessel | Insurers |
| Conditions of insurance | |
| Claims agent (commissaire d'avaries) | |
| | Signature |
| | Date |

This document is a translation of the French Marine Cargo Insurance Policy. It is issued for the convenience of the parties to the contract, being understood that, in case of difference of interpretation, the French text shall have precedence over this translation.

FRENCH MARINE CARGO INSURANCE POLICY

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(POLICY FORM DATED JULY 1st, 2009)

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ARTICLE 2. -

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When, unknown to the Assured, the above requirements for the vessel are not met, the insurance remains in force **subject to the Assured disclosing the circumstances to the insurer as soon as he is aware** and subject to payment of an additional premium if required.

ARTICLE 3. -

1° This insurance does not apply to :

- a) liability for any reason which the Assured or any other beneficiary of this insurance, whether on their own account or on account of the insured cargo, could incur, in respect of third parties or joint contracting parties ;
- b) the consequences of **trade barriers, or hindrance to the commercial transactions** of the Assured or any other beneficiaries of the insurance ;
- c) the illegal or clandestine trading of cargo.

2° This insurance applies only where :

- a) the "safety management certificate" is held by the carrying vessel,
 - b) and the "document of compliance" is held by her company,
- as required under the SOLAS Convention 1974 as amended, establishing the International Safety Management (ISM) Code.

Nevertheless, when the carrying vessel and her company do not hold the above-mentioned documents, such non compliance with the requirements of the ISM Code shall not be opposable either to the assured or to the holder of the insurance certificate, when he proves that, in the ordinary course of business, he was not aware of that situation.

"Company" means the owner of the ship or any other organization or person such as the manager or the bareboat charterer, who has assumed the responsibility for operation of the ship from the owner of the ship and who on assuming such responsibility has agreed to take over all the duties and responsibilities imposed by the International Safety Management Code.

ARTICLE 4. -

The insurance is invalid if it is proved that before the contract had been concluded, news of an event involving the insured cargo had reached the place where the policy was signed or the place where the Assured was without there being any need to prove that the Assured was personally aware of it.

CHAPTER II - EXTENT OF THE INSURANCE

1 – COVER

ARTICLE 5. -

This insurance covers physical loss or damage and loss in weight or quantity of the insured cargo, including the loss or damage resulting from the loading or unloading performed by the Assured or the beneficiary of the insurance.

Nevertheless.

1° **shortage of all or part of the contents of a package** will only be indemnified by the insurer if a forcible opening or breaking has been confirmed in the manner indicated in article 17. **The disappearance** of one or more entire packages is only covered on presentation of a certificate or other document confirming non delivery ;

2° **cargo loaded on deck or on the superstructure of vessels or craft not designed for this purpose** is only covered if the physical loss or damage, or loss in weight or quantity has been caused by one of the following events : sinking, capsizing, stranding or grounding of the vessel or craft ; fire or explosion ; tidal wave ; lightning ; collision or contact of the vessel or craft with a fixed movable or floating object including ice ; falling aircraft ; entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ; the insured package falling or being dropped overboard during loading aboard, transhipment or unloading from vessel or craft. Such cargo is also covered on payment of an additional premium against loss or damage from jettison, or from washing or falling or being dropped overboard on condition that the Assured discloses to the insurer such loading of cargo on deck or on the superstructure as soon as he is himself aware of it.

ARTICLE 6. -

This insurance also covers in full, proportionately to the insured value, any expenses in the following list unless excluded by one of the provisions in article 7 :

- 1° expenses reasonably incurred for the purpose of protecting the insured cargo from insured physical loss or damage or of minimising such loss or damage ;
- 2° expenses reasonably incurred through interruption or termination of the voyage for unloading, warehousing, transhipment or forwarding of the insured cargo to the destination named in the policy, on condition that such expenses have not been incurred as a result of financial default of the owners, managers or charterers of the carrying vessel ;
- 3° general average and salvage charges on the insured cargo, the insurer furthermore agreeing to pay any general average deposit or providing a guarantee of payment of general average or salvage charges.

2 – EXCLUSIONS

ARTICLE 7. -

This insurance excludes physical loss or damage, loss in weight or quantity of the insured cargo resulting from :

- 1° confiscation, sequestration, requisition, blockade running, smuggling, any kind of arrest or seizure, the insurer furthermore not being liable for any security payable for release of the insured cargo in such circumstances ;
- 2° wilful misconduct or gross negligence of the Assured or any other beneficiary of the insurance or their servants, representatives or other authorized persons ;
- 3° inherent vice of the insured cargo ; worm and vermin unless caused by contamination during the insured voyage, effect of atmospheric temperature, ordinary leakage or ordinary loss in weight or volume ;
- 4° absence, inadequacy or unsuitability of :
 - preparation, packing or packaging of cargo,
 - securing or stowing of cargo in a shipping unit, when carried out by the Assured, his representatives or any beneficiary of the insurance, or when carried out prior to attachment of the insurance ;
- 5° delay in forwarding or arrival of the insured cargo unless resulting from sinking, capsizing or stranding or grounding of the vessel or craft, fire or explosion, collision or contact of the vessel or craft with a fixed movable or floating object including ice ; falling aircraft ; entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ;
- 6° any direct or indirect effects of an explosion, release of heat, irradiation or any other nuclear power supply due to the transmutation of atoms or radioactivity as well as any effects of radiation caused by the artificial acceleration of particles, whether through civil or military use or exploitation.
- 7° a) war or civil war, hostilities, reprisals, torpedoes, mines and all other weapons of war, and generally all accidents and misfortunes of war, as well as acts of sabotage or terrorism of a political nature or related to war ;
 - b) capture, takings at sea, arrest, seizure, restraint, molestation or detention by any government or authority ;
 - c) riots, civil commotions, strikes, lockouts and other similar events ;
 - d) piracy of a political nature or related to war.

CHAPTER III - TIME AND PLACE OF THE INSURANCE

ARTICLE 8. -

Unless otherwise agreed, this insurance attaches when the insured cargo as defined in article 2 is moved in the warehouse at the place named herein for the commencement of the insured transit for the purpose of its immediate loading onto the carrying vehicle and terminates at the time of its unloading from the carrying vehicle onto the ground at the warehouse of the consignee, his representatives or authorized persons at the place of destination. Warehouse of the consignee, his representatives or other authorized persons, is deemed to include any place - whether belonging to them or not - where such parties stored cargo on arrival.

ARTICLE 9. -

Without prejudice to the provisions of article 11, this insurance remains in force, subject

to the payment of an additional premium if required, during any change of the insured voyage or extension of its normal duration provided such change or extension of voyage is beyond the control of the Assured or other beneficiaries of the insurance.

ARTICLE 10. -

This insurance terminates on any delivery of the insured cargo to the Assured or to any other beneficiary of the insurance, or to their servants, representatives or other authorized persons before normal termination of cover in accordance with the provisions of this chapter.

ARTICLE 11. -

This insurance terminates no later than 60 days after the completion of discharge **overside of the insured cargo from the last oversea vessel.**

CHAPTER IV - INSURED VALUE

ARTICLE 12. -

The insured value, which must be proved in case of loss or damage, shall not exceed the highest of the amounts calculated as follows :

- 1° the cost of the insured cargo at the place of destination, plus the expected profit ;

2° the value at the place of destination on the date of arrival as determined by customary published commodity prices ;

3° the provisions in the contract of sale ;

4° replacement cost in the case of manufactured cargo provided that the corresponding invoices are produced as evidence of such replacement.

CHAPTER V - DUTIES OF THE PARTIES TO THE INSURANCE

1 - DUTIES OF THE ASSURED AND OTHER BENEFICIARIES OF THE INSURANCE.

ARTICLE 13. -

The whole premium is payable to the insurer as soon as cover attaches. It is payable in full to the insurer at the place of underwriting and at the time of issue of this policy. In case of loss or damage, the insurer may deduct the amount of the due premium from the indemnity paid to the beneficiaries of the insurance.

ARTICLE 14. -

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ARTICLE 15. -

The Assured, his representatives and all beneficiaries of the insurance must take all reasonable care to ensure the safety of cargo. They shall also take all reasonable measures to safeguard cargo or avert or minimise loss of or damage to it. In case of failure to comply with these duties, the insurer may intervene in their place to take such measures deemed necessary without prejudice to his liability.

ARTICLE 16. -

The Assured, his representatives and all beneficiaries of the insurance shall also take all measures to preserve the possibility of recovery and other rights against carriers and any other third parties who may be liable and, should the occasion arise, to allow the insurer to institute any proceedings which he may deem necessary.

ARTICLE 17. -

They must on arrival of cargo at the place of destination of the insured voyage and where required by the apparent condition of such cargo, apply to the claims agent (commissaire d'avaries) of the "Comité d'Etudes et de Services des Assureurs Maritimes et Transports de France (CESAM)" or, in the absence of such, to any organisation nominated under the item "claims agent" of the special conditions of this policy, to obtain a contradictory survey ("expertise contradictoire"). Application for survey shall be made within three days of termination of cover, not including non-working days, as determined in chapter III. Any counter-survey ("contre-expertise") must be conducted in the presence of the insurer and of the Assured (or representatives of either party) within fifteen days of the initial survey.

ARTICLE 18. -

Non-compliance with the duties listed above will lead either to avoidance of the policy in the event of non-disclosure or misrepresentation by the Assured (article 14-1°), cancellation of the policy in the event of non-disclosure by the Assured of material circumstances affecting the risk (article 14-2°), reduction of measure of indemnity (articles 15 and 16) or forfeiture of the right to indemnity (article 17). Where, in the cases enumerated in article 14-1° and 2° the utmost good faith of the Assured is proved, only reduction of the measure of indemnity shall apply.

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In the case of sale short of destination which has been agreed as a result of insured physical loss and damage, the indemnity is calculated as the difference between the insured value and the net proceeds.

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If through insured physical loss or damage, the insurer decides to send all or part of the insured cargo back to the place of manufacture for repair, the resulting expenses and risks are for his account even if he must thereby pay an amount higher than the total insured value.

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ARTICLE 24. -

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Where a franchise is agreed, it does not include ordinary leakage or loss in weight or volume.

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The insured cargo may only be abandoned in the following cases :

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ARTICLE 32. -

Any action under this insurance policy shall be barred at the end of two years.

ARTICLE 33. -

The insurer may only be sued before the Tribunal de Commerce of the place of underwriting of the policy.

The clauses below are available to any interested person on request. They are purely illustrative as different policy conditions may be agreed. In relation to any clause which excludes losses from the cover, the parties to the insurance contract may agree a separate insurance policy covering such losses or may extend the clause to cover such events.

FRENCH MARINE CARGO INSURANCE POLICY

“F.A.P. SAUF...” COVER

(Free from Particularity Average unless those attributable to a major event covered by the Policy)

(POLICY FORM DATED JULY 1st, 2009)

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- c) **the illegal or clandestine trading of cargo.**

2° This insurance applies only where :

- a) the “safety management certificate” is held by the carrying vessel,
- b) and the “document of compliance” is held by her company, as required under the SOLAS Convention 1974 as amended, establishing the International Safety Management (ISM) Code.

Nevertheless, when the carrying vessel and her company do not hold the above-mentioned documents, such non compliance with the requirements of the ISM Code shall not be opposable either to the assured or to the holder of the insurance certificate, when he proves that, in the ordinary course of business, he was not aware of that situation.

“Company” means the owner of the ship or any other organization or person such as the manager or the bareboat charterer, who has assumed the responsibility for operation of the ship from the owner of the ship and who on assuming such responsibility has agreed to take over all the duties and responsibilities imposed by the International Safety Management Code.

ARTICLE 4. –

The insurance is invalid if it is proved that before the contract had been concluded, news of an event involving the insured cargo had reached the place where the policy was signed or the place where the Assured was without there being any need to prove that the Assured was personally aware of it.

CHAPTER II – EXTENT OF THE INSURANCE

1 – COVER

ARTICLE 5. –

1° This insurance covers physical loss or damage and loss in weight or quantity of the insured cargo caused by one of the events listed as follows :

- sinking, capsizing, stranding or grounding of the vessel or craft ;
- collision or contact of the vessel or craft with fixed, movable or floating object including ice ;
- entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ;
- the insured package falling or being dropped overboard during loading aboard, transhipment or unloading from vessel or craft ;
- derailment, collision, overturning, falling or breakage of the land conveyance ;
- collapse of buildings, bridges, tunnels or other constructions ;
- breach of dikes or pipelines ;
- falling of trees, cavings-in, avalanches ;
- flooding, overflowing of rivers or streams, breaking-up of ice, tidal waves ;
- volcanic eruption, earthquake, lightning, cyclone or waterspout ;
- fire or explosion ;
- falling aircraft.

2° Cargo loaded on deck or on the superstructure of vessel or craft non designed for such purpose may also be covered on payment of an additional premium against loss or damage from jettison or from washing or falling or being dropped overboard.

ARTICLE 6. –

A - This insurance also covers in full, proportionately to the insured value, any expenses in the following list if resulting from one of the events listed in article 5-1° :

- 1° expenses reasonably incurred for the purpose of protecting the insured cargo from insured physical loss or damage or of minimising such loss or damage ;
- 2° expenses reasonably incurred through interruption or termination of the voyage for unloading, warehousing, transhipment or forwarding of the insured cargo to the destination named in the policy, on condition that such expenses have not been incurred as a result of financial default of the owners, managers or charterers of the carrying vessel ;

B - General Average and salvage charges are covered in full, proportionately to the insured value, unless resulting from an event excluded by article 7, the

insurer furthermore agreeing to pay any general average deposit or providing a guarantee of payment of general average or salvage charges.

2 - EXCLUSIONS

ARTICLE 7. –

This insurance excludes physical loss or damage, loss in weight or quantity of the insured cargo resulting from :

- 1° confiscation, sequestration, requisition, blockade running, smuggling, any kind of arrest or seizure, the insurer furthermore not being liable for any security payable for release of the insured cargo in such circumstances ;
- 2° wilful misconduct or gross negligence of the Assured or any other beneficiary of the insurance or their servants, representatives or other authorized persons ;
- 3° inherent vice of the insured cargo ; worm and vermin : effect temperature ; ordinary leakage or ordinary loss in weight or volume ;
- 4° absence, inadequacy or unsuitability of :
 - preparation, packing or packaging of cargo,
 - securing or stowing of cargo in a shipping unit, when carried out by the Assured, his representatives or any beneficiary of the insurance, or when carried out prior to attachment of the insurance ;
- 5° delay in forwarding or arrival of the insured cargo unless resulting from sinking, capsizing or stranding or grounding of the vessel or craft, fire or explosion, collision or contact of the vessel or craft with a fixed movable or floating object including ice ; falling aircraft ; entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ;
- 6° any direct or indirect effects of an explosion, release of heat, irradiation or any other nuclear power supply due to the transmutation of atoms or radioactivity as well as any effects of radiation caused by the artificial acceleration of particles, whether through civil or military use or exploitation.
- 7° a) war or civil war, hostilities, reprisals, torpedoes, mines and all other weapons of war, and generally all accidents and misfortunes of war, as well as acts of sabotage or terrorism of a political nature or related to war ;
 - b) capture, takings at sea, arrest, seizure, restraint, molestation or detention by any government or authority ;
 - c) riots, civil commotions, strikes, lockouts and other similar events ;
 - d) piracy.

CHAPTER III – TIME AND PLACE OF THE INSURANCE

ARTICLE 8. –

Unless otherwise agreed, this insurance attaches when the insured cargo as defined in article 2 is moved in the warehouse at the place named herein for the commencement of the insured transit for the purpose of its immediate loading onto the carrying vehicle and terminates at the time of its unloading from the carrying vehicle onto the ground at the warehouse of the consignee, his representatives or authorized persons at the place of destination. Warehouse of the consignee, his representatives or other authorized persons, is deemed to include any place - whether belonging to them or not - where such parties stored cargo on arrival.

ARTICLE 9. –

Without prejudice to the provisions of article 11, this insurance remains in force, subject

to the payment of an additional premium if required, during any change of the insured voyage or extension of its normal duration provided such change or extension of voyage is beyond the control of the Assured or other beneficiaries of the insurance.

ARTICLE 10. –

This insurance terminates on any delivery of the insured cargo to the Assured or to any other beneficiary of the insurance, or to their servants, representatives or other authorized persons before normal termination of cover in accordance with the provisions of this chapter.

ARTICLE 11. –

This insurance terminates no later than 60 days after the completion of discharge overside of the insured cargo from the last oversea vessel.

CHAPTER IV – INSURED VALUE

ARTICLE 12. –

The insured value, which must be proved in case of loss or damage, shall not exceed the highest of the amounts calculated as follows :

- 1° the cost of the insured cargo at the place of destination, plus the expected profit ;

2° the value at the place of destination on the date of arrival as determined by customary published commodity prices ;

3° the provisions in the contract of sale ;

4° replacement cost in the case of manufactured cargo provided that the corresponding invoices are produced as evidence of such replacement.

CHAPTER V – DUTIES OF THE PARTIES TO THE INSURANCE

1 – DUTIES OF THE ASSURED AND OTHER BENEFICIARIES OF THE INSURANCE.

ARTICLE 13. –

The whole premium is payable to the insurer as soon as cover attaches. It is payable in full to the insurer at the place of underwriting and at the time of issue of this policy. **In case of loss or damage, the insurer may deduct the amount of the due premium from the indemnity paid to the beneficiaries of the insurance.**

ARTICLE 14. –

1° The Assured shall disclose, on concluding the contract of insurance, all circumstances of which he is aware that would influence the insurer in assessing the risks to be covered.

2° In the same way, he must disclose to the insurer, as soon as he is himself aware of it, any circumstance affecting the risk which occurs during the time of the insurance.

ARTICLE 15. –

The Assured, his representative and all beneficiaries of the insurance must take all reasonable care to ensure the safety of cargo. They shall also take all reasonable measures to safeguard cargo or avert or minimise loss of or damage to it. In case of failure to comply with these duties, the insurer may intervene in their place to take such measures deemed necessary without prejudice to his liability.

ARTICLE 16. –

The Assured, his representative and all beneficiaries of the insurance shall also take all measures to preserve the possibility of recovery and other rights against carriers and any other third parties who may be liable and, should the occasion arise, to allow the insurer to institute any proceedings which he may deem necessary.

ARTICLE 17. –

They must on arrival of cargo at the place of destination of the insured voyage and when one of the events named in article 5 has occurred or is deemed have occurred, apply to the claims agent (commissaire d'avaries) of the "Comité d'Etudes et de Services des Assureurs Maritimes et Transports de France (CESAM)" or in the absence of such, to any organisation nominated under the item "claims agent" of the special conditions of this policy, to obtain a contradictory survey ("expertise contradictoire"). Application for survey shall be made within three days of termination of cover, not including non-working days, as determined in chapter III. Any counter-survey ("contre-expertise") must be conducted in the presence of the insurer and of the Assured (or representatives of either party) within fifteen days of the initial survey.

ARTICLE 18. –

Non-compliance with the duties listed above will lead either to avoidance of the policy in the event of non-disclosure or misrepresentation by the Assured (article 14-1°), cancellation of the policy in the event of non-disclosure by the Assured of material circumstances affecting the risk (article 14-2°), reduction of measure of indemnity (articles 15 and 16) or forfeiture of the right to indemnity (article 17). Where, in the cases enumerated in article 14-1° and 2° the utmost good faith of the Assured is proved, only reduction of the measure of indemnity shall apply.

2 – DUTIES OF THE INSURER : CLAIMS ADJUSTMENT AND PAYMENT OF THE INSURANCE INDEMNITY.

ARTICLE 19. –

Claims adjustment and payment of indemnity are made separately on each package except for cargo transported in bulk where it is made per hold, per tank, by individual account or on the total shipment.

ARTICLE 20. –

The amount of loss, ascertained as above, is determined by comparison of the value of the insured cargo in its damaged condition with that which it would have had in sound condition at the same time and place, the percentage of depreciation so calculated to be applied to the insured value.

The measure of indemnity shall include surveyors' and claims agents' expenses and fees due as provided in article 17.

ARTICLE 21. –

In the case of sale short of destination which has been agreed as a result of insured physical loss and damage, the indemnity is calculated as the difference between the insured value and the net proceeds.

ARTICLE 22. –

If through insured physical loss or damage, the insurer decides to send all or part of the insured cargo back to the place of manufacture for repair, the resulting expenses and risks are for his account even if he must thereby pay an amount higher than the total insured value.

ARTICLE 23. –

When total profit cannot be proved, it is limited to a maximum of 20 % of the price of the cargo at the place of destination as mentioned in article 12-1°.

ARTICLE 24. –

In respect of adjustment of loss or damage, increased value insurances are subject to the same provisions as double insurance.

ARTICLE 25. –

Where a franchise is agreed, it does not include ordinary leakage or loss in weight or volume.

ARTICLE 26. –

The insured cargo may only be abandoned in the following cases :

1° In the case of loss without news of the carrying vessel : after 4 months counting from the date of the last news received ;

2° When the carrying vessel, as a result of an event insured against, is admitted to be clearly unfit to continue the voyage : after 4 months counting from the date of the declaration of unseaworthiness of the vessel made by the carrier if during that time it has not been possible to reforward cargo to the place of destination ;

3° When the total of physical loss or damage to be indemnified by the insurer amounts to at least three quarters of the insured value.

ARTICLE 27. –

The indemnity due by the insurer is payable in full at the latest 30 days after production of all necessary documents to the bearer of those documents and on surrender of the original policy document.

No one may recover under this insurance without proof of having suffered loss or damage.

ARTICLE 28. –

After any event leading to indemnity by the insurer the full insured value is automatically reinstated on payment of an additional premium.

ARTICLE 29. –

If this policy is underwritten by several insurers, each shall be liable **only for his own respective proportion** of the sum insured.

ARTICLE 30. –

The leader is empowered to receive on behalf of all interested insurers all documentation and evidence relating to the operation of this policy, **but he does not thereby have any power to represent at law the co-insurers.**

CHAPTER VI – PROCEDURAL MATTERS

ARTICLE 31. –

The insurer is vested with the rights of the Assured to the amount of the indemnity he has paid and only on completion of such payment. The Assured undertakes - if asked by the insurer - to restate this transfer of rights in the adjustment, in any receipt of settlement or any other document.

ARTICLE 32. –

Any action under this insurance policy shall be barred at the end of two years.

ARTICLE 33. –

The insurer may only be sued before the Tribunal de Commerce of the place of underwriting of the policy.

| | | |
|--|----------------------|------|
| Assured | Description of cargo | |
| Broker | | |
| Insured voyage - Place of transit or of possible transshipment | Insured value | |
| Oversea vessel | Insurers | |
| Conditions of insurance | | |
| Claims agent (commissaire d'avaries) | | |
| | Signature | Date |

This document is a translation of the French Marine Cargo Insurance Policy. It is issued for the convenience of the parties to the contract, being understood that, in case of difference of interpretation, the French text shall have precedence over this translation.

The clauses below are available to any interested person on request. They are purely illustrative as different policy conditions may be agreed. In relation to any clause which excludes losses from the cover, the parties to the insurance contract may agree a separate insurance policy covering such losses or may extend the clause to cover such events.

FRENCH MARINE CARGO INSURANCE POLICY

“F.A.P. SAUF...” COVER

(Free from Particularity Average unless those attributable to a major event covered by the Policy)

(POLICY FORM DATED JULY 1st, 2009)

APPLICABLE LAW : This contract is governed by French law and in particular by those provisions of Title VII, Book I, of the « Code des Assurances » which affect the marine insurance contract, whether or not reference is made to them in the policy.

CHAPTER I – APPLICATION OF THE INSURANCE

ARTICLE 1. –

This insurance applies, within the limits of the insured voyage, to the cargo designated hereafter and transported or received for shipment by shipping or forwarding companies in accordance with recognized trade practice.

ARTICLE 2. –

This insurance applies to cargo packed or prepared for transit, loaded on oversea vessels less than 16 years old, over 500 GT and with the highest classification issued by a Classification Society full member of the International Association of Classification Societies (I.A.C.S.).

When, unknown to the Assured, the above requirements for the vessel are not met, the insurance remains in force **subject to the Assured disclosing the circumstances to the insurer as soon as he is aware** and subject to payment of an additional premium if required.

ARTICLE 3. –

1° This insurance does not apply to :

- liability** for any reason which the Assured or any other beneficiary of this insurance, whether on their own account or on account of the insured cargo, could incur, in respect of third parties or joint contracting parties ;
- the consequences of **trade barriers, or hindrance to the commercial transactions** of the Assured or any other beneficiaries of the insurance ;
- the illegal or clandestine trading of cargo.**

2° This insurance applies only where :

- the “safety management certificate” is held by the carrying vessel,
- and the “document of compliance” is held by her company, as required under the SOLAS Convention 1974 as amended, establishing the International Safety Management (ISM) Code.

Nevertheless, when the carrying vessel and her company do not hold the above-mentioned documents, such non compliance with the requirements of the ISM Code shall not be opposable either to the assured or to the holder of the insurance certificate, when he proves that, in the ordinary course of business, he was not aware of that situation.

“Company” means the owner of the ship or any other organization or person such as the manager or the bareboat charterer, who has assumed the responsibility for operation of the ship from the owner of the ship and who on assuming such responsibility has agreed to take over all the duties and responsibilities imposed by the International Safety Management Code.

ARTICLE 4. –

The insurance is invalid if it is proved that before the contract had been concluded, news of an event involving the insured cargo had reached the place where the policy was signed or the place where the Assured was without there being any need to prove that the Assured was personally aware of it.

CHAPTER II – EXTENT OF THE INSURANCE

1 – COVER

ARTICLE 5. –

1° This insurance covers physical loss or damage, and loss in weight or quantity of the insured cargo caused by one of the events listed as follows :

- sinking, capsizing, stranding or grounding of the vessel or craft ;
- collision or contact of the vessel or craft with fixed, movable or floating objects including ice ;
- entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ;
- the insured package falling or being dropped overboard during loading aboard, transhipment or unloading from vessel or craft ;
- derailment, collision, overturning, falling or breakage of the land conveyance ;
- collapse of buildings, bridges, tunnels or other constructions ;
- breach of dikes or pipelines ;
- falling of trees, cavings-in, avalanches ;
- flooding, overflowing of rivers or streams, breaking-up of ice, tidal waves ;
- volcanic eruption, earthquake, lightning, cyclone or waterspout ;
- fire or explosion ;
- falling aircraft.

2° Cargo loaded on deck or on the superstructure of vessel or craft non designed for such purpose may also be covered on payment of an additional premium against loss or damage from jettison or from washing or falling or being dropped overboard.

ARTICLE 6. –

A - This insurance also covers in full, proportionately to the insured value, any expenses in the following list if resulting from one of the events listed in article 5-1° :

- expenses reasonably incurred for the purpose of protecting the insured cargo from insured physical loss or damage or of minimising such loss or damage ;
- expenses reasonably incurred through interruption or termination of the voyage for unloading, warehousing, transhipment or forwarding of the insured cargo to the destination named in the policy, on condition that such expenses have not been incurred as a result of financial default of the owners, managers or charterers of the carrying vessel ;

B - General Average and salvage charges are covered in full, proportionately to the insured value, unless resulting from an event excluded by article 7, the

insurer furthermore agreeing to pay any general average deposit or providing a guarantee of payment of general average or salvage charges.

2 - EXCLUSIONS

ARTICLE 7. –

This insurance excludes physical loss or damage, loss in weight or quantity of the insured cargo resulting from :

- confiscation, sequestration, requisition, blockade running, smuggling, any kind of arrest or seizure, the insurer furthermore not being liable for any security payable for release of the insured cargo in such circumstances ;
- wilful misconduct or gross negligence of the Assured or any other beneficiary of the insurance or their servants, representatives or other authorized persons ;
- inherent vice of the insured cargo ; worm and vermin ; effect temperature ; ordinary leakage or ordinary loss in weight or volume ;
- absence, inadequacy or unsuitability of :
 - preparation, packing or packaging of cargo,
 - securing or stowing of cargo in a shipping unit, when carried out by the Assured, his representatives or any beneficiary of the insurance, or when carried out prior to attachment of the insurance ;
- delay in forwarding or arrival of the insured cargo unless resulting from sinking, capsizing or stranding or grounding of the vessel or craft, fire or explosion, collision or contact of the vessel or craft with a fixed movable or floating object including ice ; falling aircraft ; entry of water causing the vessel or craft to enter a port of refuge and there discharge all or part of its cargo ;
- any direct or indirect effects of an explosion, release of heat, irradiation or any other nuclear power supply due to the transmutation of atoms or radioactivity as well as any effects of radiation caused by the artificial acceleration of particles, whether through civil or military use or exploitation.
- war or civil war, hostilities, reprisals, torpedoes, mines and all other weapons of war, and generally all accidents and misfortunes of war, as well as acts of sabotage or terrorism of a political nature or related to war ;
 - capture, takings at sea, arrest, seizure, restraint, molestation or detention by any government or authority ;
 - riots, civil commotions, strikes, lockouts and other similar events ;
 - piracy.

CHAPTER III – TIME AND PLACE OF THE INSURANCE

ARTICLE 8. –

Unless otherwise agreed, this insurance attaches when the insured cargo as defined in article 2 is moved in the warehouse at the place named herein for the commencement of the insured transit for the purpose of its immediate loading onto the carrying vehicle and terminates at the time of its unloading from the carrying vehicle onto the ground at the warehouse of the consignee, his representatives or authorized persons at the place of destination. Warehouse of the consignee, his representatives or other authorized persons, is deemed to include any place - whether belonging to them or not - where such parties stored cargo on arrival.

ARTICLE 9. –

Without prejudice to the provisions of article 11, this insurance remains in force, subject

to the payment of an additional premium if required, during any change of the insured voyage or extension of its normal duration provided such change or extension of voyage is beyond the control of the Assured or other beneficiaries of the insurance.

ARTICLE 10. –

This insurance terminates on any delivery of the insured cargo to the Assured or to any other beneficiary of the insurance, or to their servants, representatives or other authorized persons before normal termination of cover in accordance with the provisions of this chapter.

ARTICLE 11. –

This insurance terminates no later than 60 days after the completion of discharge overside of the insured cargo from the last oversea vessel.

CHAPTER IV – INSURED VALUE

ARTICLE 12. –

The insured value, which must be proved in case of loss or damage, shall not exceed the highest of the amounts calculated as follows :

- the cost of the insured cargo at the place of destination, plus the expected profit ;

2° the value at the place of destination on the date of arrival as determined by customary published commodity prices ;

3° the provisions in the contract of sale ;

4° replacement cost in the case of manufactured cargo provided that the corresponding invoices are produced as evidence of such replacement.

CHAPTER V – DUTIES OF THE PARTIES TO THE INSURANCE

1 – DUTIES OF THE ASSURED AND OTHER BENEFICIARIES OF THE INSURANCE.

ARTICLE 13. –

The whole premium is payable to the insurer as soon as cover attaches. It is payable in full to the insurer at the place of underwriting and at the time of issue of this policy. **In case of loss or damage, the insurer may deduct the amount of the due premium from the indemnity paid to the beneficiaries of the insurance.**

ARTICLE 14. –

1° The Assured shall disclose, on concluding the contract of insurance, all circumstances of which he is aware that would influence the insurer in assessing the risks to be covered.

2° In the same way, he must disclose to the insurer, as soon as he is himself aware of it, any circumstance affecting the risk which occurs during the time of the insurance.

ARTICLE 15. –

The Assured, his representative and all beneficiaries of the insurance must take all reasonable care to ensure the safety of cargo. They shall also take all reasonable measures to safeguard cargo or avert or minimise loss of or damage to it. In case of failure to comply with these duties, the insurer may intervene in their place to take such measures deemed necessary without prejudice to his liability.

ARTICLE 16. –

The Assured, his representative and all beneficiaries of the insurance shall also take all measures to preserve the possibility of recovery and other rights against carriers and any other third parties who may be liable and, should the occasion arise, to allow the insurer to institute any proceedings which he may deem necessary.

ARTICLE 17. –

They must on arrival of cargo at the place of destination of the insured voyage and when one of the events named in article 5 has occurred or is deemed have occurred, apply to the claims agent (commissaire d'avaries) of the "Comité d'Etudes et de Services des Assureurs Maritimes et Transports de France (CESAM)" or in the absence of such, to any organisation nominated under the item "claims agent" of the special conditions of this policy, to obtain a contradictory survey ("expertise contradictoire"). Application for survey shall be made within three days of termination of cover, not including non-working days, as determined in chapter III. Any counter-survey ("contre-expertise") must be conducted in the presence of the insurer and of the Assured (or representatives of either party) within fifteen days of the initial survey.

ARTICLE 18. –

Non-compliance with the duties listed above will lead either to avoidance of the policy in the event of non-disclosure or misrepresentation by the Assured (article 14-1°), cancellation of the policy in the event of non-disclosure by the Assured of material circumstances affecting the risk (article 14-2°), reduction of measure of indemnity (articles 15 and 16) or forfeiture of the right to indemnity (article 17). Where, in the cases enumerated in article 14-1° and 2° the utmost good faith of the Assured is proved, only reduction of the measure of indemnity shall apply.

2 – DUTIES OF THE INSURER : CLAIMS ADJUSTMENT AND PAYMENT OF THE INSURANCE INDEMNITY.

ARTICLE 19. –

Claims adjustment and payment of indemnity are made separately on each package except for cargo transported in bulk where it is made per hold, per tank, by individual account or on the total shipment.

ARTICLE 20. –

The amount of loss, ascertained as above, is determined by comparison of the value of the insured cargo in its damaged condition with that which it would have had in sound condition at the same time and place, the percentage of depreciation so calculated to be applied to the insured value.

The measure of indemnity shall include surveyors' and claims agents' expenses and fees due as provided in article 17.

ARTICLE 21. –

In the case of sale short of destination which has been agreed as a result of insured physical loss and damage, the indemnity is calculated as the difference between the insured value and the net proceeds.

ARTICLE 22. –

If through insured physical loss or damage, the insurer decides to send all or part of the insured cargo back to the place of manufacture for repair, the resulting expenses and risks are for his account even if he must thereby pay an amount higher than the total insured value.

ARTICLE 23. –

When total profit cannot be proved, it is limited to a maximum of 20 % of the price of the cargo at the place of destination as mentioned in article 12-1°.

ARTICLE 24. –

In respect of adjustment of loss or damage, increased value insurances are subject to the same provisions as double insurance.

ARTICLE 25. –

Where a franchise is agreed, it does not include ordinary leakage or loss in weight or volume.

ARTICLE 26. –

The insured cargo may only be abandoned in the following cases :

1° In the case of loss without news of the carrying vessel : after 4 months counting from the date of the last news received ;

2° When the carrying vessel, as a result of an event insured against, is admitted to be clearly unfit to continue the voyage : after 4 months counting from the date of the declaration of unseaworthiness of the vessel made by the carrier if during that time it has not been possible to reforward cargo to the place of destination ;

3° When the total of physical loss or damage to be indemnified by the insurer amounts to at least three quarters of the insured value.

ARTICLE 27. –

The indemnity due by the insurer is payable in full at the latest 30 days after production of all necessary documents to the bearer of those documents and on surrender of the original policy document.

No one may recover under this insurance without proof of having suffered loss or damage.

ARTICLE 28. –

After any event leading to indemnity by the insurer the full insured value is automatically reinstated on payment of an additional premium.

ARTICLE 29. –

If this policy is underwritten by several insurers, each shall be liable **only for his own respective proportion** of the sum insured.

ARTICLE 30. –

The leader is empowered to receive on behalf of all interested insurers all documentation and evidence relating to the operation of this policy, **but he does not thereby have any power to represent at law the co-insurers.**

CHAPTER VI – PROCEDURAL MATTERS

ARTICLE 31. –

The insurer is vested with the rights of the Assured to the amount of the indemnity he has paid and only on completion of such payment. The Assured undertakes - if asked by the insurer - to restate this transfer of rights in the adjustment, in any receipt of settlement or any other document.

ARTICLE 32. –

Any action under this insurance policy shall be barred at the end of two years.

ARTICLE 33. –

The insurer may only be sued before the Tribunal de Commerce of the place of underwriting of the policy.

FRENCH MARINE CARGO INSURANCE POLICY

SPECIAL PROVISIONS FOR OPEN POLICIES

(POLICY FROM DATED JULY, 1st 2009)

ARTICLE 1 - POLICY RULES

1. The Assured undertakes to declare to the insurer and the insurer undertakes to cover during the currency of the policy and as far as applicable thereto:

a) **All shipments for account of the Assured** or in performance of a contract of sale or purchase where insurance must be taken out by the Assured. These shipments are covered automatically from the moment when they are first exposed to the perils insured against on condition that shipments are declared to the insurer within eight days at the latest from the time the Assured is aware of their despatch.

b) **All shipments made for account of third parties** regularly authorizing the Assured to take out insurance on their behalf provided that the Assured has insurable interest as shipper, consignee or other contracting party. Those shipments are only covered on declaration to the insurer, cover attaching at departure from the warehouse in accordance with the provisions of Article 8 of the Standard French Marine Cargo Insurance Policy.

2. Insurable interest confined to performance of an order to insure on behalf of a third party does not qualify for cover under this policy.

3. Failure by the Assured to comply with the duties imposed on him by the provisions of this article, and in consideration of which the open policy has been granted, renders any claim within the purview of this policy void no matter the when the date of the event in question.

The insurer may in consequence of such failure cancel the contract forthwith without prejudice to his rights to payment of premiums in respect of undeclared shipments and to reimbursement of moneys paid by him in settlement of losses occurring after such failure by the Assured.

4. The insurer may at any time demand sight of the Assured's accounts and correspondence to examine whether the Assured has complied with his duties.

5. Declaration of shipment is subject to all conditions of this insurance, no exceptions being permitted.

6. The term « Assured » applies to the person signing the policy as well as the person giving instructions for the insurance to be taken out or to the beneficiary of the insurance.

ARTICLE 2 - ATTACHMENT OF RISK

This insurance is invalid if no declaration of shipment has been made to the insurer within two months of its attachment unless another such waiting period has been expressly agreed in the policy.

ARTICLE 3 - LIMIT PER SHIPMENT AND PER VESSEL

Without prejudice to Article 28 of the Standard French Marine Cargo Insurance Policy the insurer's liability does not exceed the maximum stipulated per shipment and per vessel. Should such limits be exceeded for any reason - including force majeure - in any place before loading at the port of shipment or after discharge at the final port of destination the insurer's liability remains limited to the stipulated maximum.

Where cargo is loaded without the Assured's knowledge on a vessel other than that named in the bill of lading or is transhipped before or after departure of the vessel, it nevertheless remains covered to the full insured value even though the limit may thereby be exceeded ; the same applies if the limit should be exceeded in any place other than those described in the previous paragraph.

ARTICLE 4 - CARRYING VESSELS

Article 2 of the Standard French Marine Cargo Insurance Policy is amended as follows :

1. Shipment by liner ships is covered without additional premium.

By « liner ships » are meant vessels belonging to a shipowner and sailing according to a published schedule of dates and ports of call.

2. Shipment by other vessels is held covered on payment of additional premiums based on age, tonnage, classification or flag.

3. Shipment by vessels chartered wholly or in part for account of the Assured is covered only on prior agreement of the insurer.

By « chartered wholly or in part for account of the Assured » is meant a contract concluded in pursuance of a contract of sale or purchase where freight must be arranged by the Assured.

However, it is agreed that when a vessel so chartered meets the requirements of Article 2 paragraph 1 of the Standard French Marine Cargo Insurance Policy, prior agreement of the insurer needs not be obtained.

ARTICLE 5 - SUSPENSION AND CANCELLATION OF THE POLICY

1. Non-payment of premium

In case of non-payment of any premium, coverage will be suspended eight days after a demand for payment has been sent by registered post by the insurer to the Assured at the last address where he was known to the insurer. Suspension will take effect automatically at the expiry of such eight days, for any cover which has already attached, and for any later shipments until 00.00 hour of the day following payment of the delayed premium. Therefore, the insurer will have no liability for any loss or damage occurring during this suspension of coverage. Nevertheless all rights of the insurer against the Assured - and in particular his right to full payment of the premium - remain expressly preserved. The insurer may also in such cases cancel the entire contract if he so wishes under the same conditions and period of notice.

2. Choice of domicile

Any receiver resident outside mainland France will, if the Assured has dealt through a broker, be presumed to be domiciled at the address of such broker.

3. Withdrawal of official authorization

Where any insurer's authorization to trade is revoked by the authorities the policy becomes invalid as far as provided under Articles L326-12 and R326-1 of the Code des Assurances in respect of the cover granted by such insurer.

4. Third parties acting in good faith

Suspension or cancellation notified by the insurer does not affect third parties acting in good faith to whom the insurance has been assigned before the occurrence of loss and before notification of suspension or cancellation, but the insurer retains the right to reimbursement by the original Assured of any claims paid by him to such third party. The insurer is entitled to the premium incurred on the certificate of insurance assigned to such third party.

All provisions of this article apply also to policies taken out on behalf of third parties.

ARTICLE 6 - PRESUMPTION OF KNOWLEDGE OF EVENTS MATERIALLY AFFECTING THE INSURED CARGO

Shipments in transit at the time of attachment of the cover granted under this open policy and any shipments declared for account of third

parties are subject to the provisions of Article 4 of the Standard French Marine Cargo Insurance Policy.

ARTICLE 7 - DURATION OF COVER UNDER THE POLICY

Unless otherwise agreed the policy is of one year's duration and is subject to tacit renewal at the end of each policy year.

The insurer and the Assured retain the right to cancel at any time by giving one month's notice (unless otherwise agreed) in a telex or registered letter, such notice running from the time of posting of the

letter. The policy would thereafter remain valid only for risks attaching before expiry of notice.

If the Assured has dealt through a broker, notice of cancellation may validly be given to such broker.

ARTICLE 8 - FLOATING POLICIES

Floating policies are subject to the same provisions as open policies.

PROCEDURE IN CASE OF LOSS OR DAMAGE

The Assured must :

1. Take all reasonable care to ensure the safety of cargo and to avert or minimize loss or damage to it.
2. Apply for survey to the surveyor named on the face of this certificate within three days of termination of cover, not including non-working days. The duration of cover shall not exceed 60 days after completion of discharge overseas of the insured cargo from the last overseas vessel.
3. Take all measures to preserve the possibility of recovery and other rights against carriers and any other parties who may be liable and take any necessary action to obtain an extension of the time limit.
4. Send claim for indemnity to the insurer as soon as possible. Any action under this certificate of insurance shall be barred at the end of two years.

PRESERVATION OF RIGHTS OF RECOVERY

The Assured must comply with International Conventions, laws and local usages. In any case, the following requirements shall be met with :

1. APPARENT DAMAGE

- a) When goods are delivered, note exceptions on the delivery order including marks, numbers, quantities and weights of damaged packages.
- b) Send a registered notice of exception to the carrier at the time of taking delivery.

2. DAMAGE NOT APPARENT AT THE TIME OF TAKING DELIVERY

Send a registered notice of exception to the carrier within 3 days of delivery.

3. IN ALL CASES

- a) Apply immediately for survey.
- b) Jointly with the surveyor named on this certificate, invite the carrier and/or any other liable party, by registered letter if necessary, to attend survey. Should they refuse to be present or to send representatives, a surveyor could be, if the damage is extensive, appointed by the Court.

GENERAL AVERAGE

In case of general average, jointly with the surveyor named on this certificate, ensure that the following endorsement appears before signature "Subject to the right to contest, if need be, the admissibility of General Average and the amounts".

DOCUMENTS TO BE SUPPLIED IN SUPPORT OF CLAIMS

FOR ALL CLAIMS :

- Original certificate of insurance.
- Original invoice of goods and of the various expenses incurred.
- Original bill of lading, waybill, etc.

THE FOLLOWING DOCUMENTS ARE TO BE ADDED :

1. PARTICULAR AVERAGE

- Survey report.
- If possible, certified report of the carrier, weight note, etc.
- Notice of exception and relevant correspondence sent to liable parties.

2. NON-DELIVERY

- Certificate or any other documentary evidence showing non-delivery.

3. GENERAL AVERAGE

a) Deposit

- Deposit receipt duly endorsed in blank by the person who has paid the general average deposit.

b) Contribution

- Extract from the General Average adjustment signed by the average adjuster.
- Contribution receipt.

4. TOTAL LOSS OF CARGO AS A CONSEQUENCE OF LOSS OF VESSEL

- Letter from the carrier advising the consignee of the loss of the vessel.
- Extract from the manifest showing that the goods were duly shipped or, if not available, certificate from the carrier.

It is a common practice that the claimant pays the fees and expenses of the surveyor on presentation of the survey report. The claimant can recover these charges from the insurer only if the damage concerned is covered under this policy.

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