



General Insurance Conditions for Cargo Insurance – Special Section

UCZ/T/18

| | |
|------------|---|
| Article 1 | Introductory Provisions |
| Article 2 | The Insured and the Beneficiary |
| Article 3 | Subject-Matter of Insurance |
| Article 4 | Material and Territorial Scope of Coverage |
| Article 5 | Special Coverage Insurance |
| Article 6 | Insurance Attachment and Termination, Policy Period |
| Article 7 | Exclusions |
| Article 8 | General Obligations and Obligations at the Occurrence of Loss Event |
| Article 9 | Sum Insured, Insured Value and Limit of Indemnity |
| Article 10 | Indemnity |
| Article 11 | Reimbursement of Costs Related to Insured Event |
| Article 12 | Special Cases of Indemnity Provision |
| Article 13 | Premium |
| Article 14 | Insurance Certificate |
| Article 15 | Definition of Terms |
| Article 16 | Final Provisions (Effectiveness of Insurance Conditions) |

Article 1

Introductory Provisions

The insurance shall be governed by this Special Section of General Insurance Conditions (hereinafter referred to as 'UCZ/T/18') and the General Insurance Conditions – General Section – UCZ/15 (hereinafter referred to as 'UCZ/15') and the Insurance Policy that constitute an integral part. This insurance is concluded as insurance against loss and damage.

Article 2

The Insured and the Beneficiary

The Insured/the Beneficiary shall mean the subject bearing the risk of Damage, Destruction or Missing of the transported Cargo at the time the damage occurred. Such a person shall also mean a subject that the right to Indemnity was transferred to by the Insurance Policy or the Insurance Certificate by endorsement.

Article 3

Subject-Matter of Insurance

Cargo defined in the Insurance Policy and transported by usual means of conveyance (by road, rail, air, inland waterways, sea, or a combination thereof).

Article 4

Material and Territorial Scope of Insurance

4.1 The Insurance Policy can define the insurance as all risks insurance or named perils listed therein.

4.1.1 All risks insurance shall apply to Damage to the Cargo insured regardless of the cause of the occurrence unless such Damage or cause thereof is excluded from the scope of coverage, limited or otherwise regulated herein or in the Insurance Policy.

4.1.2 Named perils shall apply to Damage to the Cargo insured occurring as a consequence of one of the following insured perils unless such Damage or cause thereof is excluded from the scope of coverage, limited or otherwise regulated herein or in the Insurance Policy:

- a) Shipwreck;
- b) Vessel Disaster;
- c) General Average Sacrifice;
- d) discharge, intermediate storage, transshipment of cargo at a port of distress as a result of an occurrence of an insured peril;
- e) an accident of a land or air vehicle transporting Cargo;
- f) emergency landing of an aircraft;
- g) overturning or derailment of land conveyance;
- h) an aviation accident/crash/fall, including parts or load thereof;
- i) collapse of warehouse buildings where Cargo was stored; collapse of bridges, roads, tunnels or other constructions;
- j) Fire, Lightning, explosion;
- k) earthquakes, under-water earthquakes, volcanic eruptions, flood, inundation, tornados, hailstorms, tsunamis, typhoons, cyclones, hurricanes and avalanches.

4.2 The material scope of insurance under Paragraph 4.1.2 may be extended to cover the following insured perils:

- a) theft, burglary and robbery;
- b) loading/discharge in consequence of other than the aforementioned perils (under Paragraph 4.1.2).

4.3 Unless explicitly stated otherwise in the Insurance Policy, the scope of coverage shall be agreed pursuant to Paragraph 4.1.2 herein (named perils insurance).

4.4 The territorial scope of coverage shall be specified in the Insurance Policy.

4.5 Irrespective of all other provisions of this contract, this (re-)insurance contract provides coverage insofar as insurance coverage is not conflicting with any economic, trade or financial sanctions and/or embargos of the Security Council of the United Nations (UN), the European Union (EU), or any national legislation which is applicable to the parties of this contract. This also applies to economic, commercial or financial sanctions and/or embargos issued by the United States of America or other countries, insofar as not in conflict with the legislation of the European Union (EU) or local legislation.

Article 5

5 Special Cases of Coverage

5.1 Unless explicitly agreed otherwise in the Insurance Policy, **the following Cargo** shall always be insured within **the material scope of named perils insurance** (under Paragraph 4.1.2 herein):

- a) unpackaged Cargo;
- b) Return Shipments;
- c) Cargo with prior transit or Storage not covered by the Insurer;
- d) used or damaged Cargo;
- e) powder and liquid goods, raw materials and ore transported as loose Cargo and considered to be Bulk Cargo.

5.2 Unless explicitly agreed otherwise in the Insurance Policy, Cargo placed on board a vessel shall be insured only within the scope of Paragraph 4.1.2 named perils including throwing Cargo overboard or washing overboard during marine transit. The aforementioned scope of coverage shall also include insurance of below-deck Cargo that is transported on deck with the Policyholder's knowledge.

5.3 On-deck Cargo stored in containers closed on all sides shall be covered within All Risks (Paragraph 4.1.1, Article 4) except for Cargo listed under b), c) and d), Paragraph 5.1.

Article 6

Insurance Attachment and Termination, Policy Period

6.1 The insurance shall cover Cargo transit commenced in the course of the Policy Period.

6.2 The insurance attaches from the first handling of Cargo in the present place of storage (warehouse/company) specified in the Insurance Policy for the purpose of immediate transit and lasts for the ordinary duration of transit (including loading/discharge, transshipment and Storage).

6.3 The insurance shall terminate upon one of the following, whichever occurs earlier:

- a) upon the discharge of the Cargo to the consignee's final warehouse or place of storage specified in the Insurance Policy;
- b) upon the discharge of the Cargo to any other warehouse or place of storage specified in the Insurance Policy by the Policyholder in advance;
- c) upon the devolution of risk if Cargo is sold prior to the termination of the transit insured as a consequence of an occurrence of an Insured Event;
- d) upon delivery of the Cargo to the destination specified in the Insurance Policy following the discharge of the Cargo from an oversea vessel or an aircraft at the port or airport of discharge.

The insurance shall in any case terminate on the expiry of thirty (30) days after delivery of the Cargo to the destination specified in the Insurance Policy; in respect of marine transits, the insurance shall terminate on the expiry of sixty (60) days after discharge of the Cargo at the port of discharge. The insurance shall not extend beyond sixty (60) days of storage period during transit.

6.4 The insurance of powder and other goods transported as loose cargo as well as liquid goods transported in tanks and tank trucks attaches upon loading/pumping of the goods to the conveyance or tank for the purpose of immediate transit and terminates upon the commencement of discharge/pumping of the Cargo at the destination specified in the Insurance Policy.

Article 7

Exclusions

7.1 The Insurer shall not provide Indemnity for damage caused by:

- a) wilful misconduct of the Policyholder, the Insured or an Entitled Person Acting on Their Behalf;
- b) war (whether it is declared or not), civil war, acts of war and dangers resulting from the use or existence of war weapons regardless of warfare;
- c) strike, interruption, revolution, blockade, plundering, political violence, civil commotion or other events caused by a person acting from a political, religious, social or racial motive, Acts of Terrorism or sabotage;
- d) confiscation, expropriation of Cargo or other like interventions of the state power (whether recognized or not), e.g. by an official decision, judicial measures or the execution thereof;
- e) ionising radiation, radioactive contamination from any nuclear fuel or waste or by burning nuclear fuel;
- f) radioactive, toxic, explosive or any other dangerous materials and contaminants of any nuclear installation, reactor, device or component;
- g) any weapon or device employing atomic power, nuclear fission and/or fusion or other like reaction;
- h) the use or deployment of chemical, biological, biochemical or electromagnetic weapons including substances thereof;
- i) abuse of electronic or computer systems and software; by computer viruses or processes, electronic failure or attack on navigation and communication systems.

7.2 Unless otherwise agreed in the Insurance Policy, the Insurer shall not provide Indemnity for damage caused:

- a) by Inherent vice or Nature of Cargo and Inherent Deterioration Thereof;
- b) by effects of ordinary weather conditions (e.g. ordinary air humidity, moisture condensation, temperature fluctuations, vessel vapours);
- c) by insects, rodents and microorganisms;
- d) by construction, manufacturing or material defects;

- e) by ordinary leakage, ordinary loss in amount, volume and weight and by ordinary wear and tear of the Cargo;
- f) by an obvious or latent defect that the Cargo had upon the commencement of the transit insured;
- g) by deficiency, absence, insufficiency or unsuitability of Packaging of Cargo with regard to the type thereof, means of conveyance and route if caused by the Policyholder, the Insured or an Entitled Person Acting on Their Behalf;
- h) by unfitness or unsuitability of the conveyance used for safe carriage of Cargo insured if caused by the Policyholder, the Insured or an Entitled Person Acting on Their Behalf;
- i) by incorrect, inexpert or unusual way of handling Cargo by the Policyholder, the Insured or an Entitled Person Acting on Their Behalf, including stowage of the Cargo in conveyance or container;
- j) by violation of customs, safety or other official regulations, as well as freight forwarding and declarations regulations and the shipper's regulations;
- k) to the Packaging unless it is Direct Consumer Packaging or Commercial Packaging of the Cargo;
- l) by a delay in transit; this exclusion shall not apply in the event of General Average;
- m) indirectly in any manner (e.g. by insolvency or financial default of the owner, manager, charterer or operator of the conveyance or by other economic discrepancies with the aforementioned parties).

7.3 Unless otherwise agreed in the Insurance Policy, the transit of the following Cargo shall be excluded from the insurance:

- a) Cargo transported by motor vehicles owned privately by the Insured and on their own behalf;
- b) items of artistic and/or collectible value;
- c) Tokens of Value, Valuables, cash;
- d) drawings and plans of any kind;
- e) storage media records;
- f) motor vehicles used and/or under average, used and/or defective machinery and equipment;
- g) Cargo transported on their own;
- h) livestock;
- i) weapons, explosive substances and agents;
- j) radioactive and fissile materials including waste thereof.

7.4 The list of exclusions named herein may not be complete. Exclusions and limitations of coverage may be applied in other parts herein or in other insurance conditions, or in contractual provisions that constitute an integral part of the Insurance Policy or in the Insurance Policy as such.

Article 8

General Obligations and Obligations at the Occurrence of Loss Event

8.1 In addition to the obligations arising out of general legal regulations and set forth in Article 7 of UCZ/15 and herein, the Policyholder/the Insured shall also:

- a) upon conclusion of the Insurance Policy, inform the Policyholder about any circumstances known to them and significant for the assumption of the insurance risk;
- b) not change the terms and conditions of the transit without the Insurer's consent, or give their consent to a third party to act in a manner that may provide for changes thereof after the Insurance Policy was concluded;
- c) expend all efforts, means and options to avoid an occurrence of a Loss Event and promptly remove any defect or danger that might result in the occurrence of a Loss Event;
- d) use only conveyance fit for purpose;
- e) use only long-term and provenly reliable business partners; as well as check that business partners in road transit are covered under liability insurance against Damage occurred to the Cargo in transit pursuant to relevant legislation and to an appropriate degree;
- f) submit and prove the existence of a written shipping order at the time the shipment was assigned to the shipper confirmed by both contractual parties;
- g) comply with special legislation for shipping dangerous and otherwise specific goods;

- h) comply with other specific obligations contractually agreed upon;
- i) promptly notify the Insurer about the occurrence of an event that may be related to a right to Indemnity, provide a truthful explanation concerning the occurrence of the event and the scope of the consequences thereof, the rights of any third parties and any multiple insurance, submit any necessary documents to the Insurer and proceed according to the Insurer's instructions;
- j) enable the Insurer by means of parties authorised or empowered thereby to ascertain the causes of the damage occurred, the circumstances relevant to the assessment of the claim for Indemnity, the scope and amount thereof, to inspect the Cargo insured, including local investigation of the Loss Event and the audio-visual documentation thereof, as well as to take samples of the Cargo damaged or destroyed for expert investigation, and to submit necessary documents (including accounting documents) requested by the Insurer;
- k) not change the condition caused by the Loss Event without the Insurer's consent until the event that may be considered an Insured Event is properly investigated unless sanitation, ecological or safety reasons require immediate change or unless such change is necessary to prevent extension of the consequences of the Loss Event; in such case the scope of the damage shall be properly documented (e.g. in photo documentation);
- l) be aware of the fact that the Insurer (and/or parties authorised thereby) is entitled to verify the truthfulness and completeness of the information provided and documents presented, also with third parties, as a part of the investigation;
- m) take any measures to avert or mitigate the damage; if circumstances allow, they shall request the Insurer's instructions;
- n) promptly notify the police of any event that occurred under circumstances giving rise to suspicion of a crime and inform the Insurer about the report and the course of official investigation;
- o) promptly file a complaint with a relevant party and secure rights against third parties devolved upon the Insurer, in particular the right to compensation for loss or damage caused by the Loss Event, as well as the right to recourse and settlement;
- p) take measures to prevent that the claim to Indemnity be surrendered without the Insurer's consent;
- q) arrange for a reservation being taken down to the bill of lading or bill of delivery if it is found during transit that the container is damaged or the seals are missing, damaged or are not original;
- r) acknowledge any General Average expenses and contribution only with the Insurer's consent.

8.2 If an obligation hereunder is breached, the Insurer is entitled to reduce the Indemnity proportionally to the impact that the breach had on the extent of the Insurer's obligation to indemnify.

Article 9

Sum Insured, Insured Value and Limit of Indemnity

9.1 Sum Insured shall be specified for each separate transit based on the Declared Value. The Declared Value of the Cargo shall be considered a usual trade price. Unless otherwise agreed, a usual trade price shall mean the invoiced value of the Cargo insured. If the Declared Value cannot be specified in such a manner, it shall mean a General Price. The Declared Value of the Cargo may not include the sentimental value (subjective evaluation).

9.2 The Insurance Policy may specify a maximum Limit of Indemnity for all Insured Events occurring in the course of the Policy Period.

9.3 If agreed in the Insurance Policy, the Declared Value of the Cargo may also include:

- a) Carriage Charges and customs;
- b) the expected profit of the consignee of up to 10% of the Cargo value, unless otherwise agreed.

Article 10

Indemnity

10.1 The right to Indemnity shall arise if an event that the formation of the Insurer's obligation to indemnify is related to occurs.

10.2 The maximum expenditure of Indemnity for each Insured Event occurring during the Policy Period shall be the Sum Insured; such expenditure for all Insured Events occurring during the Policy Period shall be the maximum Limit of Indemnity, if specified.

10.3 The Indemnity shall be reduced by the Deductible amount agreed upon.

10.4 The Indemnity shall be payable in the currency of the Czech Republic unless otherwise agreed. If Indemnity is to be paid in a foreign currency (including General Average Contribution), the amount shall be calculated based on the foreign exchange market rate of the Czech National Bank on the day the damage occurred.

10.5 The Insurer shall pay a General Average Contribution determined under general average adjustment in full with no deductible, even if the Sum Insured agreed upon is exceeded, provided that the Sum Insured corresponds to the Declared Value of the Cargo.

10.6 The Insurer shall also pay reasonably incurred expenses necessary to ascertain the extent of damage (including General Average expenses) of an Insured Event as well as expenses incurred upon their instruction or explicit consent, even if they exceed the Sum Insured agreed upon.

Article 11

Reimbursement of Costs Related to Insured Event

11.1 The Insurer shall reimburse the Policyholder, the Insured or another party for costs reasonably incurred to avert an imminent Insured Event or to mitigate the consequences of an Insured Event already occurred or to fulfil their obligation to remove the Cargo or the remnants thereof for sanitation, ecology or safety reasons, in particular costs:

- a) for necessary temporary Storage in consequence of an Insured Event and additional costs related to transit to the nearest convenient place of storage; substitute transit shall be carried out in a similar manner to previous transit; the Insurer shall pay no express service fees;
- b) to tow the vehicle carrying the Cargo insured in consequence of an Insured Event to the nearest place of repair or transshipment;
- c) to re-package the Cargo if the original Packaging does not prove to be sufficient protection for further transit due to damage; the same applies to the replacement of a container.

11.2 Reimbursement of salvage costs incurred if life or health is being salvaged shall not exceed 30% of the Sum Insured/Limit of Indemnity. Reimbursement of other such incurred salvage costs shall not exceed 5% of the Sum Insured agreed upon. Salvage costs incurred by the Policyholder/the Insured or another party following the Insurer's written consent shall be paid by the Insurer without limitation.

Article 12

Special Cases of Indemnity Provision

12.1 Recovered Cargo

The Policyholder shall promptly notify the Insurer about the recovery of lost Cargo/part of such Cargo the right to Indemnity of which is being claimed. **Proprietary rights for the recovered Cargo shall not be transferred to the Insurer. However, the Insurer has the right to receive back the amount paid out as Indemnity reduced by expenses to recover the Cargo and Damage caused to the Cargo in connection therewith.**

12.2 Damage to Cargo or a part thereof

If Damage to Cargo or a part thereof occurs as a result of an Insured Event, the Insurer shall provide Indemnity in the amount of the difference between the value of the Cargo prior to the dispatch and following the Damage.

The value of the damaged Cargo may also be determined as proceeds from free or public sale if the Insurer requires so based on circumstances substantial for the loss evaluation. Should the Cargo become fully depreciated, the Indemnity shall be reduced by the value of salvaged assessable items ('Salvage Value'). Damaged Cargo may never be transferred to

the Insurer without their consent. The failure to receive Cargo insured by the consignee shall not give rise to the right of the Insured for compensation and the Insurer's account shall not be debited with costs related thereto. Unsuitability of using the Cargo for its original purpose due to business reasons shall not give rise to the right for compensation by virtue of the insurance, either.

The Insurer shall pay reasonable repair costs necessary to bring the damaged Cargo or a part thereof to the condition it was in prior to the Insured Event, including disassembly and assembly costs, transport to and/or from the repair shop and other reasonably incurred costs. The Insurer shall reduce such costs by the value of redeemable and reusable remnants of replaced parts. Above-standard costs incurred to repair or to bring the damaged Cargo to the original condition (enhancement or renovation of the goods) that increase the Declared Value thereof shall be debited to the account of the Insured.

12.3 Total Loss, inaccessibility, Absence of Cargo

In the event of Loss, inaccessibility or Absence of entire Cargo or a part thereof, the Insurer shall pay a corresponding part of the Sum Insured reduced by the Salvage Value of the Cargo.

12.4 Sale of Cargo prior to termination of transit insured

If a commenced transit is abandoned or cannot be terminated for legitimate reasons without the Insurer being released from their obligation to indemnify, the Insurer may request that the Insured, with the Insurer's assistance, promptly sell the Cargo in free or public sale, provided the Cargo cannot be further transported without unreasonable costs being incurred or in an unreasonable time period.

12.5 Not yet actual interest, saved costs

If an interest concerning a reasonably expected profit, added value, customs, Carriage Charges or other costs connected to transit was not yet actual at the occurrence of the Insured Event, such part of expenses shall not be included in the Indemnity. In loss evaluation, the part of the Sum Insured that falls upon such interest shall be taken into consideration. The same applies to costs saved in consequence of the Insured Event.

Article 13

Premium

13.1 Paragraph 5.2, Article 5 of UCZ/15 is amended as follows: **Insurance under an Insurance Policy concluded for a period shorter than one year shall attach only if the Premium is paid not later than on the insurance commencement date unless otherwise agreed in the Insurance Policy.**

13.2 Paragraph 5.5, Article 5 of UCZ/15 is amended as follows: The Insurer may adjust the Premium amount if any of the following occurs:

- a) there is a change in legislation affecting the Indemnity provided by the Insurer or the Insurer's tax obligations against the State or organisational units thereof;
- b) from the actuarial perspective, the Insurer's ability to fulfil their obligations may be otherwise compromised;
- c) there is an increase in the price index of the items insured, or of work for the reproduction thereof, as published by the Czech Statistical Office, of more than 5% during a reporting period.

The Premium may also be increased on an individual basis if the frequency of losses claimed by the Insured proves to be statistically above average.

Article 14

Insurance Certificate

14.1 The Insurer shall issue an Insurance Certificate upon the request of the Policyholder/the Insured. Unless otherwise agreed, **an Insurance Certificate shall not be issued if the Policyholder is in default of the Premium payment.**

14.2 The Insurer shall be released from their covenants resulting from the policy if, in good faith, they have fulfilled their obligation to provide Indemnity to a party that first presents the original of the Insurance Certificate.

14.3 If the Insurance Certificate contains the right of the Insured to transfer the right therein from the Insurance Policy by endorsement, including blank endorsement, to other parties that are entitled to further transfer, such parties shall also be entitled to further transfer (certificate to order). Such transfer by endorsement shall have the effect of surrendering a claim even if the Insurer was not informed about such procedure. The Insurer is not obliged to examine the validity of the endorsement.

Article 15

Definition of Terms

For the purpose of this insurance, the following terms shall have the following meanings:

(1) **Market Price**

Price common in the place and at the time, i.e. a price at which the same or a similar item can be purchased in the place and at the time the Cargo was dispatched.

(2) **Tokens of Value**

Means of payments used as a substitute of money in payments. Tokens of Value shall mean in particular postal stamps, tax stamps, cheques, shares, bonds, bills of exchange, tickets, road tax stickers, meal, gift and other vouchers, lottery tickets, phone cards and other cards of value.

(3) **Valuables**

Precious metals, semi-precious stones, gemstones, pearls (both processed and unprocessed) and items made thereof or items they are incorporated in.

(4) **Explosion**

A sudden, destructive expression of pressure power consistent with the ability of gases and vapours to expand. Explosion shall not mean sudden under-pressure compression (implosion), the impact of waves produced by the operation of flying objects (sonic boom) or cases in which energy triggered by the explosion is used purposefully.

(5) **Container**

A large-capacity waterproof transport case of standard dimensions, strength, storage and load parameters in compliance with ISO regulations. It is used for transport of Cargo the dimensions and nature of which are suitable for such means of conveyance.

(6) **Absence of Cargo**

Cargo shall be deemed absent if the conveyance carrying the Cargo fails to reach the destination within 60 days, in respect of European domestic routes within 30 days, from the scheduled arrival, or if no information is known about the conveyance by the date the Loss Event is reported. The period may be extended in the event of war, imminent war, civil war and internal commotion but it shall not exceed a maximum period of 6 months.

(7) **Packaging**

a) **Suitable and Common for the Cargo**

Such a type and manner of Cargo Packaging that prevents Damage or Destruction of the Cargo during the ordinary course of transit, given the type and nature thereof, the means of conveyance and transit route.

b) **Direct Consumer Packaging/Commercial Packaging**

is included in the total Insured Value of the Cargo and shall be deemed a part thereof. This shall not mean a container or another returnable, reusable transport case.

(8) **Entitled Person Acting on the Behalf of the Policyholder or the Insured**

A party authorised to act on behalf of the Policyholder or the Insured. This party shall not mean the freight forwarder nor the carrier.

(9) **Missing Cargo**

Loss or theft of Cargo or a part thereof.

(10) **Insurance Certificate**

A specific type of certificate, a negotiable instrument. In the event of damage, the rightful owner of the original thereof shall be entitled to the payment of Indemnity. The contents of the certificate for the purpose of international shipment is governed by conventions of this insurance and requirements of international trade connections, the Insurance Certificate shall not mean a certificate within the meaning of Czech law.

(11) **Insurance Policy**

An Insurance Policy may be concluded for a single shipment (Single Policy) or multiple shipments (Open Cover Policy):

- a) Single Policy: an Insurance Policy concluded for a single transport of specific Cargo;
- b) General Policy: a long-term Insurance Policy concluded for all (or selected) transits of Cargo carried out during the Policy Period (declaration of single shipments, monthly declaration, turnover policy or contract policy).

(12) **Insured Event**

Material damage to the subject-matter of the insurance caused as a result of an insured peril covered under the Insurance Policy and hereunder that gives rise to a right to Indemnity under the Insurance Policy and hereunder. The material damage must occur randomly, i.e. as a result of a sudden and unforeseeable event occurred in a short period of time that the Insured cannot have prevented.

(13) **Damage to Cargo**

A change to the state of Cargo or a part thereof that can objectively be repaired or such a change that cannot be objectively repaired, yet the Cargo is still usable for its original purpose.

(14) **Fire**

Undesirable fire in the form of a flame that occurred or autonomously spread beyond a designated fire ring. Effect of fire shall also mean effects of smoke or fire fumes, fire extinguishing or demolition of building components in the course of fire extinguishing or removing the consequences thereof.

(15) **Carriage Charges**

Price of shipment as specified in a table of rates or agreed upon by the contractual parties to the contract of carriage.

(16) **Inherent Nature of Cargo and Inherent Deterioration Thereof**

Inherent Nature of Cargo shall mean a natural physical or chemical property that is typical thereof. Damage caused thereby manifests itself as Inherent Deterioration (i.e. in particular putrefaction, chemical decomposition, implosion, induction, corrosion (rust), fermentation, fracture, oxygenation, oxidation, mould, distortion, overstrain, breaking, dispersion, dissolution, spilling, melting, autoignition, perishment of plants, evaporation, vaporisation, expulsion, drying out, dampening).

(17) **General Average Contribution**

An amount that the Policyholder is obliged to pay under general average adjustment approved by an average adjusting office pursuant to inland waterways law or to the York Antwerp rules.

(18) **Cargo Storage**

Storage of Cargo in transit that is necessary and common due to transshipment, awaiting conveyance, administration related to the transit etc.

(19) **General Average**

An institute of maritime law or inland waterways law that dictates how losses and financial expenses caused by saving the vessel and Cargo transported on board the vessel from a joint peril are shared. Parties responsible for transported (saved) Cargo are charged to contribute to general average pursuant to an average statement devised under law effective for the contract of carriage.

(20) **Deductible**

An amount in which the Insured participates in each Insured Event Indemnity and which the Insurer deducts from each Insured Event Indemnity awarded.

(21) **Damage Caused Intentionally**

Damage caused by a wilful act or negligence attributable to the Policyholder, the Insured or an Entitled Person Acting on Their Behalf. A wilful act or intentional negligence shall mean an act done by such persons knowing that their behaviour would result in damage, intending to cause such damage, or knowing that they might cause such damage and in that particular situation were aware of such possibility.

(22) **Act of Terrorism**

An unlawful and intentional act committed by any individuals or organisations resorting to violence or threatening to use violence, pursuing political, religious, ideological or other such

motives, with the intention to overthrow or exert influence on any government (whether recognized or not), to intimidate a population or to destabilise or subvert basic state structures.

(23) **Lightning**

Immediate transition of lightning with obvious destructive effects on the Cargo insured.

(24) **Cargo Fault**

A condition of Cargo that fails to meet the required parameters (quality, quality class, weight, dimensions, structure, stability, composition etc.).

(25) **Cargo**

One or more material items or packaging/handling units which contain such material items specified by the type and amount thereof in a commercial document or a bill of delivery, transported from a place of dispatch to a destination. Cargo may also be loose (Bulk Cargo).

(26) **Return Shipment**

Cargo transported back to the consignor after having been delivered but refused by the consignee, or after a decision had been made to return the Cargo to the consignor prior to delivery due to Damage/Destruction thereof.

(27) **Destruction**

A change to the state of Cargo that cannot be objectively repaired and the Cargo is no longer usable for its original purpose.

(28) **Conveyance Fit for Purpose**

Officially approved and rightfully operated conveyance for the loading and transport of Cargo with respect to the nature thereof, route and means of conveyance.

The following vessels shall be deemed fit for purpose:

- 1) marine transits: a vessel with a valid certificate issued by a member of the International Association of Classification Societies (IACS, iacs.org.uk) that is also:
 - a) not older than 35 years if operated on a regular sea route; or
 - b) not older than 25 years if operated irregularly on a variety of routes.

The above mentioned shall not apply to vessels loading and discharging Cargo to/from oversea vessels while being in a port zone.

- 2) inland transits: the vessel shall be classified as Class 1 under an international classification register.

(29) **Loss**

Termination of the possibility to physically handle Cargo insured, occurring without a provable act of violent suppression of protection thereof. Cargo shall also be deemed lost if it proves to be **inaccessible**, i.e. although it continues to exist, it is impossible to handle it physically, or recovery/repair costs would be economically unreasonable/unprofitable.

(30) **Vessel Disaster**

A state when a vessel is destroyed or lost, or a state when salvage/repair costs would exceed the value of the vessel.

(31) **Shipwreck**

A state when a vessel transporting Cargo strikes the bottom, is overturned, sinks, breaks up, collides with another vessel or object or is damaged by ice.

Article 16

15 Final Provisions

These General Insurance Conditions come into effect as of 1st August 2018.