

## **Inland Waterage and Overland Transportation Cargo Insurance Clause**

### **General Provisions**

**Article 1.** The insurance is to indemnify for the loss of insured cargo caused by covered natural disaster or accident during the waterage, railway, road, or multimodal transportation, and to enforce the cargo transportation's loss prevention measures in favor of commodity production and circulation.

### **Scope of Cover**

**Article 2.** The insurance contains basic insurance and comprehensive insurance. When the insured cargo suffers loss, the insurer will pay correspondingly.

#### 1. Basic Insurance

- (1). Loss caused by fire, explosion, lightning, hail, windstorm, rainstorm, flood, earthquake, tsunami, earth sinking, cliff slide, landslide, mud flow.
- (2). Loss caused by collision, grounding, running into rocks, overturn, sinking, derauling, or collapse of tunnel or yard.
- (3). Loss arising when loading, unloading, or trans-loading, other than inappropriate package or malpractice of loading staff.
- (4). General Average that shall be shared as per relevant regulation or general convention.
- (5). Direct and reasonable expenses arising out of disperse or disappearance of cargo caused by mess or rescuing or protecting the cargo upon the above disaster or accident.

#### 2. Comprehensive Insurance.

Besides those coverages provided under Basic Insurance, the insurer will also pay for:

- (1). Loss arising out of disperse of cargo caused by breakup, bending, sinking or shrinking, break-off, crack, package crack because of quake, collision, or pressure.
- (2). Loss arising out of leakage of cargo caused by container (including seal) damage because of quake, collision, or pressure, or arising out of rot and deterioration of preserved cargo caused by leakage of the preserving liquid.
- (3). Loss because of theft, pilferage and non-delivery.
- (4). Loss because of water damage, in the case of obeying all the safety rules.

### **Exclusions**

**Article 3. The insurer will not pay for loss because of the following:**

- 1. war, military act.**

2. nuclear event or explosion.
3. instinct defect or natural wear and tear of the cargo, and inappropriate package.
4. insured's intentional behavior or negligence.
5. theft, pilferage and non-delivery, if the entire transportation is on land.
6. other loss not within the cover.

#### **Commencement and Termination of cover**

**Article 4.** The insurance begins from the time when the certificate of insurance is issued and the insured cargo leaves the last warehouse or storage of the shipper at departure, and ends from the time when the consignee specified on the certificate of insurance receives the cargo at the first warehouse or storage at destination. However, when the insured cargo reaches the destination, if the consignee fails to pick up the cargo on time, the insurance liability will at most extend for another 15 days after the consignee receives the <Delivery Notification>, subject to the mail registration.

#### **Insurance Amount**

**Article 5.** The insurance value is the cargo's actual value which shall be determined by the cargo's actual value or cargo's actual value plus freight. The amount insured be determined by the Applicant and specified in the policy. The amount insured shall not exceed the Insurable Value. If it exceeds the Insurable Value, the part in excess shall be invalid, and correspondingly the Insurer shall return the premium of the part in excess to the Applicant.

#### **Obligations of the Applicant and/or Insured**

**Article 6.** When entering an insurance contract, if the Insurer makes inquiries on the Subject-matter Insured or the Insured himself, the Applicant shall make true representations.

If the Applicant fails to comply with the obligations of making honest representation aforementioned due to his willful act and/or gross negligence, which may affect the Insurer's decision as to whether he accepts the risk or raises the premium rate, the Insurer has the right to cancel the Policy.

**If the Applicant willfully fails to comply with the obligations of making honest representations, the Insurer shall not be liable for any loss of or damage to the Subject-matter Insured prior to the cancellation of the Policy and no premium shall be refunded.**

**If the Applicant fails to comply with the obligations of making true statement due to gross negligence, the Insurer shall not be liable for any loss of or damage to the Subject-matter Insured prior to the cancellation of the Policy, but the premium shall be refunded.**

**Article 7.** When issuing the Certificate, the Applicant shall pay the premium in a lump as agreed in Policy. **If the Applicant fails to pay the premium, the Insurer shall not be liable for loss of or damage to the Subject-matter Insured prior to premium payment.**

**Article 8.** The insured is obligated to observe all laws and regulations of the state pertaining to transportation safety by the government transportation department, assist the insurer in examining the cargo and loss prevention. The cargo's package should be in conformity with relevant standard.

**If the Insured fails to fulfill the obligations aforementioned which causes the insured event , the Insurer shall not be liable for the loss or damage attributable to such failure. If the Insured fails to fulfill the obligations aforementioned, the Insurer shall not be liable for the increased loss or damage attributable to such failure.**

**Article 9.** In the case of an insured event, the insured is obligated to carry out necessary measure to eliminate loss, report the accident to the insurer as soon as possible.

**If the Applicant and/or Insured fail to notify the Insurer in time due to his willful act or gross negligence, which makes the Insurer can not make sure the nature, cause and extent of the loss, the Insurer shall not indemnify the Insured in respect of the uncertain part,** except that the Insurer has known the occurrence timely by other means or should have known the occurrence timely.

### **Claims Handling**

**Article 10.** When claiming, the insured is obligated to provide the following materials:

1. certificate of insurance, waybill, bill of lading, invoice.
2. transportation record, normal record, transfer and check record, identification issued by the transportation carrier.
3. storage record, examination report, loss details, and list of direct expense for rescuing cargo.

The Insurer shall upon receipt of a claim from the Insured, check and ascertain without delay whether this insurance covers the loss or damage, then notify the Insured of the result. Where in the circumstances of complicated claim, the Insurer fails to ascertain the facts within thirty days after receiving the claim and the relevant documents from the Insured, the Insurer shall discuss and agree on a reasonable claim handling period with the Insured according to the actual situation. Then the Insurer shall ascertain the facts and notify the insured of the result within this period. Where the loss or damage is covered by the insurance, the Insurer shall fulfill his obligations of indemnity to settle the claim within ten days from reaching an agreement on the amount of indemnity with the Insured.

**Article 11.** In the event of a covered loss, if the insurance amount is determined by the cargo's value, the insurer will pay the actual loss based on the cargo's value at departure. If the insurance amount is determined by the cargo's value plus freight, the insurer will pay the actual loss based on the cargo's value plus freight at departure. However, the most that the insurer will pay shall not exceed the insurance amount.

**Article 12.** If the insured underinsures, that is, the insurance amount is lower than the cargo's value, the insurer will pay the loss and sue and labor cost by the proportion of the insurance amount to the cargo's value. The loss and sue and labor cost will be calculated separately, subject to the insurance amount respectively.

**Article 13.** If the carrier or other third party is entirely or partially held liable for the cargo loss or damage insured against hereby, the insured shall lodge a claim with the carrier or other third party first. The insurer also may effect payment at the request of the insured, and insured shall sign a letter of

subrogation to the insurer and cooperate with the insurer in recovering from related responsible party.

**Article 14.** The residual parts of the vessel suffering total or partial loss will be disposed of as negotiated and agreed by the insured and insurer. If the residual parts are agreed to belong to the insured, the parties shall negotiate and agree on their value, which will be deducted from the indemnity.

**Article 15.** Disputes arising from the execution and performance of the Policy shall be settled through negotiation between the parties hereto. Should no settlement be reached, the case in dispute shall be submitted to the arbitration institution or be brought to relevant Court.

The insurance contract shall be governed by the Laws of the People's Republic of China, but except Hong Kong SAR, Macau SAR, and Taiwan area.