

MARINE INSURANCE

OPEN POLICY No.

MARINE INSURANCE

The Undersigned have insured each in respect of the quota shown under their names for

and affiliated companies – vide separate list.

Duration of Cover : XXXX – XXXX
(first and last day included)

Unless this policy is cancelled three months prior to expiry by registered letter, same is considered to be prolonged from calendar year to calendar year.

Conveyance : All usual means of transport

Geographical limits : Shipments from all places of the world to all places of the world including storage.

Maxima : EUR XXXX per anyone conveyance
EUR XXXX per separated store
(or equivalent in other currency).

Contractual Basis : As per following pages and attachments.

1 Participating Underwriters

1.1 List of Underwriters participating in this Contract:

Leading Underwriter and its share:

Further Underwriters and their shares:

1.2 Litigation against Underwriters

- 1.2.1 The assured will, in case of legal disputes arising out of this contract, present their claim, restricted to its portion, only against the leading company.
- 1.2.2 All companies participating in this contract accept any verdict against the leading company, which has become valid as well as any compromise agreed by the leading company.
- 1.2.3 If the portion of the leading company is too low to apply for a revision to the next higher court, the assured are entitled and if demanded, by the leading and / or participating companies held, to extend their lawsuit to the second, if necessary also to the third and fourth company until the sum needed has been reached. If this warranty is not complied with, contents of article 1.2.1 are not applicable.

1.3 Competency of Court

Competency of court at the option of the assured. Germany or the place where the assured companies are domiciled. German or English law are applicable.

2 Assured Companies

2.1 The Insured

3 **Contractual Basis**

This policy is governed by the German General Rules of Marine Insurance ADS Special Conditions for Cargo (ADS Cargo 1973) as well as all further rules and conditions mentioned typewritten.

Terms and conditions of this contract solely apply if under management of XXXXXX. The transfer of this contract to third parties is not permitted.

3.1 Ranking Order of Conditions

All typed conditions are paramount to the printed wording and clauses, as far as they are more favourable for the assured.

3.2 Printed Conditions and Clauses

- German General Rules of Marine Insurance, Special Conditions for Cargo (ADS Cargo 1973)
- Special Conditions for Open Policies
- Instructions to be followed in case of loss and/or damage
- War Clause
- Strikes, Riots and Civil Commotions Clause
- Classification and Age Clause
- Contingency and DIC Insurance Clause
- Radioactive Isotopes Clause
- Confiscation Clause
- Sanctions Clause

3.3 Validity

Contrary to article 9.1.2 of the Special Conditions for Open Policies the aforementioned clauses are valid until new wordings become operative and the insured has been notified. In case there is no agreement between the parties concerned, they are entitled to render Notice of Cancellation to become valid at the next expiry date.

3.4 International Conditions of Insurance

Instead of the German Conditions agreed upon, the use of other international clauses of marine insurance, especially the Institute Cargo Clauses or American Clauses, may form part of this contract if applied for by consignees or by contents of Letter of Credit. Where this is the case, the respective conditions of this contract remain in force but, for the benefit of the insured companies only.

4 Subject of Insurance

4.1 Interest Insured

Insurance is provided for account of whom it may concern in respect of goods of all kind, valued at invoice value including costs of insurance and such further costs which are incurred until the goods are taken over by the carrier, plus freight charges finally paid and including anticipated profit irrespective of percentage.

As far as the risk of transportation and / or storage does not rest with the assured according to trade terms, and further, where the assureds according to contractual agreement or as per trade terms are not bound to cover the marine / storage cover provided by this policy has a subsidiary character.

4.2 Nature of Goods Covered

All kind of XXXX as well as all other goods, which belong to the production / trade line of the insured companies by any common conveyance - sea, river, terrestrial transport and by air – shipped by or to the assured for their account as principals or as agents for others.

Goods and Voyages not Named

- 4.3 For goods and voyages, which have not been recorded in the premium schedule, arrangements regarding rates and conditions will have to be made from case to case before the risk attaches.

Intermediate Storage at Packers' Warehouses etc.

4.4

- Not applicable -

4.5 Movements within the Group

- Not applicable -

4.6 Movements within the Production Plant of the Assured

- Not applicable -

5 Extent of Cover

5.1 Form of Cover

ADS Cargo 1973 or Institute Cargo Clauses (latest version), the more beneficial conditions for the assured are in force.

Cover is provided to conditions as under:

5.1.1 Material XXXX:

All risks – Cover 'C' ADS Cargo 1973 (resp. ICC 'A') - incl. rust howsoever caused.

Material XXXX:

5.1.2

As per 5.1.1, but excluding rust unless caused by actual contact with seawater or other deleterious substances ex freshwater.

Material XXXX:

5.1.3 FPA – Cover 'A' ADS Cargo 1973 (resp. ICC 'C') - incl. loss of or non-delivery of whole packages as far as enumerated in freight documents, incl. the piracy risk according to cover 'C' ADS Cargo 1973.

Material XXXX:

5.1.4 FPA – Cover 'A' ADS Cargo 1973 (resp. ICC 'C') - but excluding loss of or non-delivery of whole packages and differences in weight, incl. the piracy risk according to cover 'C' ADS Cargo 1973.

Extension for Bulk Cargoes according to article 5.1.4

5.1.5 Cover provided as per articles 5.1.4 is including proven total loss, either due to misconduct, mal-performance or fraud by the warehouse keeper or by the forwarding agent. In case of such a total loss the insured is obliged to make a prompt report to the police / authorities and to provide full assistance to any criminal investigation. Loss in weight and inventory difference are not covered.

5.2 Rust-Warranty

Unless agreed otherwise only covered for goods shipped under deck or in box containers.

5.3 Bulk Cargo

Unless agreed otherwise bulk cargo such as coal, ore etc. are insured excluding theft, pilferage, loss, non- or wrong-delivery, robbery, embezzlement, loss of weight, self-combustion, always Cover 'A' ADS Cargo 1973 / ICC 'C', incl. the piracy risk according to cover 'C' ADS Cargo 1973.

5.4 Dangerous Cargo - Self-Combustion

- Not insured -

5.5 Deck Cargo

5.5.1 Spare-/ Shelter-Deck or Deck Houses

Goods which are carried in spare- or shelter-decks or in deck houses are not considered to have been shipped on deck in the sense of this insurance.

5.5.2 Deck-Cargo without Consent of the Assured

If goods are loaded on deck without consent of the assured cover agreed remains in force.

5.5.3 Deck-Cargo agreed

If goods are shipped on deck with the approval of the assured, cover is restricted to the risk of stranding (cover 'A' ADS Cargo 1973).

5.5.4 Deck-Cargo Disclosure

It is a condition that any shipment on deck must be declared to underwriters immediately.

5.5.5 Container on Deck

Cover as per conditions of this policy also if carried under a B/L with options for carriage on deck. No additional premium becomes payable.

The above is not applicable in respect of open-top containers or if the vessel exempts herself from all liability.

5.6 Returns – Interest of the Insured –

Goods for return are covered at the same condition as other goods.

The obligation of the assured to prove that the damage occurred during the voyage insured remains unaltered.

5.7 Household Removal

- Not applicable -

5.8 Political Risks

5.8.1 Strike, Riots etc.

Strikes, riots and civil commotions etc. are included as per Strikes Riots and Civil Commotions Clause.

5.8.2 Existence of Instruments of War (for terrestrial transport only)

Applicable only where war risk cover has been applied for - vide 5.8.3. This insurance covers the risks which result from the existence of mines, torpedoes, bombs and / or other instruments of war. Excluded are damages caused by new operations of war and damages caused by firing or dropping of such instruments of war in peacetime (in respect of ocean and air trans- ports, vide article 5.8.3).

5.8.3 War, Mines and Torpedoes

Generally included for all shipments. Any additional war premium is included in the agreed premium rates.

These risks are covered in respect of all ocean and air voyages according to the War Clause.

5.8.4 Cancellation due to War

Article 9.3.1 of the Special Conditions for Open Policies applies to the marine risk only. With regard to the war risk, the rules of the respectively valid War Clause are applicable.

6 Risks and Claims not insured by this policy

6.1 Default of the Assured

Contrary to § 33 ADS 1919 the insurance is only excluding all claims which are caused by gross negligence or intend by the assured. This clause is not overruling article 18.

6.2 Insufficiency of Packing

In the event of a claim being made for loss or damage which is alleged to be caused by insufficiency or unsuitability of packing or preparation of the subject matter insured, assurers hereby agree that they will not use such alleged insufficiency or unsuitability as a defence against the claim in any case where the packing or preparation was carried out by a party other than the named assured and the insufficiency or unsuitability arose entirely without the named assured's privity or knowledge. For the purpose of this clause, "packing" shall be deemed to also include stowage in a container or lift-van.

In the event the assurers indemnify the assured in accordance with this clause, and then require that such packing be altered, the future benefit of this clause shall be inoperative on further like consignments where such requirements have not been complied with.

The above agreement is not to interfere with rights of subrogation against packers.

6.3 Loss and Differences in Weight

If not agreed contrary in this policy, ordinary differences in mass and weight are excluded.

6.4 Exclusion "Dirty Bombs"

Exclusion of perils arising from the use of chemical, biological or biochemical substances or electromagnetic waves as weapons which are dangerous to public safety ("dirty bombs") and change of nuclear-energy-exclusion.

As a supplement and amendment of any agreement to the contrary in this policy, the following is agreed:

Cover is not provided for the following perils:

6.4.1 Arising from the use of chemical, biological or biochemical substances or electromagnetic waves as weapons which are dangerous to public safety, irrespective of any other contributory cause;

6.4.2 Nuclear energy or any other ionising radiation

Disregarding the above conditions, losses in respect of the insured goods caused by radioactive isotopes (except nuclear fuel) are covered as far as such isotopes are made available, transported, stored or used for commercial, agricultural, medical, scientific or similar peaceful purposes.

Where the policy is based on other approved international conditions such as the Institute Cargo Clauses, the Institute Radioactive Contamination, Chemical, Biological, Biochemical and Electromagnetic Weapons Exclusion Clause (CL 370, 10/11/2003) and / or respective American Clauses, same are considered to be valid.

7 Special Forms of Insurance

Where the commercial contract provides that the marine and / or storage risks have to be borne by the buyer or seller and the assured, as per terms of contract or statutory provision, is not obliged to insure the transportation risks, cover of this policy is of subsidiary character as follows:

7.1 Contingency Cover (Export) – Sellers Interest

7.1.1 Interest Insured

All sales for which the assured according to contractual agreement or as per trade terms are not bound to cover the marine / storage, cover provided by this policy and which have not been paid prior to loading.

7.1.2 The interest of the insured companies is covered whether holding title and ownership or not, e.g.

the buyer tries to avoid the commercial contract because:

- There is an LOI reducing and / or exempting the liability of the vessel
- The bank does not accept L/C documents unconditionally
- The seller fails to open an L/C prior to the sailing of the vessel
- Title or ownership passes back to the insured company

7.1.3 Extent of Cover

As per article 5 agreed for the various materials, but limited to an amount of EUR XXXX per claim except of the following claims:

7.1.3.1 Total loss together with the vessel or complete loss of cargo insured if caused by a peril covered under cover 'A' ADS Cargo 1973 or Institute Car- go Clauses 'C'.

7.1.3.2 General Average - York-Antwerp-Rules and / or applicable law.

7.1.4 FOB Risk

The FOB risk is covered as per warehouse to warehouse clause as per cover 'A' ADS Cargo 1973 respectively ICC 'C' including pre-shipment storage (vide article 8.1.3). This cover has a subsidiary character where this risk as per commercial contract has to be borne by the seller - vide INCOTERMS latest edition.

7.1.5 Non-Disclosure

The existence of this insurance must not to be disclosed to any third party.

7.1.6 Declaration

Vide article 15.1.

7.1.7 Claims

Documents to be submitted:

- Sales contract
- Sales invoice
- Copy of LC if existing
- Bill of Lading
- Evidence that buyer does not pay due to an occurrence covered by this insurance

7.1.8 Subrogation

All rights of the insured companies relating to the commercial contract are subrogated to Underwriters including the right to proceed against the buyer or other parties also in the name of the insured.

7.2 Contingency Cover (Import) – Difference in Condition Cover (DIC)

- Not applicable -

7.3 Domestic Transports and Storage

Domestic transports and storage will be treated as per article 7.1 and 7.2.

7.4 Requirements and Obligations

The assured is obliged to exercise all his rights agreed in the contract for delivery or fulfilment. If, due to a loss in transit, the assured does not succeed to receive the entire invoice amount, all available documentation and papers have to be submitted. If not possible the assured has satisfactorily to show that buyers or sellers have not paid any compensation. After that the claim is payable as per condition of this contract.

All rights of the insured companies relating to the commercial contract are subrogated to underwriters including the right to proceed against the buyer or other parties also in the name of the insured.

8 Insured Period

8.1 Attachment of Risk

Insurance cover attaches from the time and when the insured company have an insurable interest the goods leave the warehouse or place of storage for the commencement of the transit.

For purchases based on

a) Incoterms 2000

EXW, FOB, CFR, FAS, DAF, DES and DEQ

b) Incoterms 2010

EXW, FOB, CFR FAS, DAT, DAP

cover is subsidiary for the interest of the assured only.

8.1.1 Duration of Pre-Shipment Period

If the goods destined to be transported are taken over by the assured prior to the commencement of the actual transportation, this insurance attaches further to article 5.1 of ADS Cargo 1973 with the take-over.

8.1.2 Lash Shipments

- Not applicable -

8.1.3 Warehouse to Warehouse Extension - Export

Cover attaches to goods when they leave the mill / warehouse to commence the voyage insured.

8.1.4 Pre-Shipment Storage – Subsidiary –

- Not applicable -

8.1.5 Pre-Shipment and Transportation – Duration –

The duration is limited to max. X days in respect of unpacked goods and 30 days in respect of goods seaworthy packed with the warranty that same are always protected against climatic influences.

Freshwater / condensation only covered if packing is up to underwriters' requirement, always protected against climatic influences and stored in closed warehouses.

8.1.6 Pre-Shipment – Transfer of Rights –

In case damages are to be attributed to pre-shipment occurrences Insurer is subrogated all rights against the supplier and authorised to take all actions against them deemed to be necessary to recover, also in the name of the insured.

8.1.7 Pre-Shipment – Rights of the Assured –

The assured is entitled to claim from underwriters of the policy also for this type of damages irrespective of recovery chances.

8.1.8 Pre-Shipment – Obligations by the Assured –

It is an obligation for the assured to assist underwriters in all and every respect and also to follow their instructions.

8.1.9 Pre-Shipment Damage – Payment to the Seller –

Where the purchase price has not yet been paid or becomes payable at a later stage, steps should be taken to withhold payment up to the amounts needed to cover such damages.

8.1.10 Goods Prepaid prior to FOB or against FCR / § 33.2 ADS 1919

- Not applicable -

8.2 End of the Insurance

Cover ceases as per article 5.2 of ADS Cargo 1973 if nothing contrary has been determined under 8.2.1, 8.2.3 and / or 8.3.

Article 5.2 of ADS Cargo 1973 is replaced by the following wording:

- Article 5.2
The insurance terminates, whichever case shall first occur,
- Article 5.2.1
When the goods are delivered to the place at destination named in the sales contract.

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- Article 5.2.2
When the goods following discharge at the port of destination are forwarded to a destination not agreed in the insurance contract.
 - Article 5.2.3
When intermediate storage arranged by the assured exceeds X days.
 - Article 5.2.4
Upon expiry of X days after discharge from delivering conveyance - termination of main voyage, also if used for distribution purposes.
Freshwater / condensation only covered if packing is up to underwriters' requirement, always protected against climatic influences and stored in closed warehouses.
 - Article 5.2.5
Upon transfer of title when the goods are sold on account of a loss arising from a risk insured against.
 - Article 5.2.6
Article 5.2.1 has priority, especially when the assured stores for intermediate storage purposes, such as distribution.
 - Article 5.2.7
In case insurance cover should be granted for storage facilities beyond the time limit and rules and regulations as described above, such facilities have to be declared monthly as to the goods and its value. An additional premium will be charged.
 - Article 5.2.8 - Goods to be insured
All storage insurance are granted only for goods which have been insured for the main voyage. All other goods are excluded from cover.

Damages occurred due to inherent vice or nature of the subject matter insured as well as its reaction to time and environment are not covered.

If warehouses are under control of the assured damages / losses occurring from wrong or short deliveries are not covered.

8.2.1 Shipments to XXXX

- a) X days cover for storage after discharge ex ocean vessel.
- b) For quantities still in store after expiry of the period under 8.2.1 a) lump-sum cover for EUR XXXX is granted for another X days without additional premium.

8.2.2 Machinery

- Not applicable -

8.2.3 Differentiation to Erection Insurance

- Not applicable -

8.3 Periods of Storage - also vide 8.2

Storage for longer periods than described in the ADS are to be declared prior to the commencement of the risk. This also applies in respect of an extension of the total length of time of X days after discharge ex ocean vessel at port of destination in connection with onward transportation (article 5.2.4 ADS Cargo 1973). An additional premium becomes payable. Cover ends irrespective of these conditions in any case latest X months after discharge at port of destination.

8.3.1 Intermediate Storage after Discharge for Distribution Purposes

Storage at such warehouses is included up to a period of max. X days. Prolongations against additional premium to be agreed.

8.4 Pre-Shipment

Pre-shipment voyages and onward transportation irrespective of their routing and conveyances used are always included until FOB ocean vessel.

8.5 FOB-Deliveries

Only valid for the interest of the assured in respect of export shipments.

8.5.1 In extension of article 5.2.1 ADS Cargo 1973 cover ceases only after the goods have been stowed on board of the ocean vessel at port of shipment and when the hatches have been closed.

8.5.2 Pre-shipment storage at port of shipment covered up to max. X days, if required for completion of cargo. In all other instances an extension must be applied for if period exceeds X days.

8.5.3 Where goods have been sold against L/C confirmed and irrevocable the FOB-cover

according to the conditions of this contract is extended until that

time where the Letter of Credit has been honoured against presentation of shipping documents within the normal time needed by the bank.

Where the Letter of Credit has only been honoured against a reserve it is necessary to inform underwriters immediately. Cover will then be transformed into full cover as per this policy. This also applies where a clean B/L has only been issued against submission of an LOI to owners / charterers.

8.6 Interruption by War

In case the goods are discharged as a consequence of war risks (§ 35 III ADS 1919) this insurance remains in force unchanged. This discharge is to be declared to underwriters immediately (article 2.2 ADS Cargo 1973). Also vide 5.8.2 - 5.8.4.

9 Means of Transport

9.1 Classification and Age Clause

It does not affect the cover if shipments take place with second class vessels contrary to the stipulations of articles 3.1 and 3.2.1 ADS Cargo 1973.

9.2 Amendment of Article 3.2.1 ADS Cargo 1973

Cover is granted for transports with all usual means of transport which are suitable to carry the insured goods.

9.3 Alteration of Transportation

- Not applicable -

10 Insured Disbursements and Costs

10.1 Loss mitigation – after damages / losses covered have occurred –

Costs incurred with agreement of underwriters to prevent or lessen losses / damages are covered up to the insured value. Charges of surveyors are also recoverable if it turns out later that the claim as such does not fall under the cover of this policy.

10.2 Label Clause

In case of damage affecting labels, capsules or wrappers, this company, if liable therefore under the terms of this policy, shall not be liable for more than an amount sufficient to pay the cost of new labels, capsules or wrappers, and the cost of reconditioning the goods, but in no event shall this company be liable for more than the insured value of the damaged merchandise.

10.3 Reconditioning of Packing

Reconditioning if necessary due to damages covered under this policy is included as long as same is necessary to protect the goods for the remainder of the insured voyage.

10.4 Both-to-Blame Collision and New Jason Clause

It is also agreed that this policy covers the assured for his portion of liability according to the Both-to-Blame Collision Clause if part of the B/L to the same extent as for any other claim covered as per policy conditions. In case there is a claim made by the carrier according to the a/m clause, the assured is obliged to inform underwriters who in turn are entitled to defend their assured at their expense against such a claim. The same applies in respect of the New Jason Clause.

10.5 Transit Clause

In case the voyage insured is for reasons beyond the control of the assured frustrated, interrupted and / or terminated, all additional expenses involved thereby by the assured, which are necessary to forward the goods to destination originally intended or to a substitute place of delivery are recoverable.

10.6 Container Damage Clause

On subsidiary and first loss basis damages to containers are covered provided that the insured is compelled by any third party to pay for such damages to achieve final delivery of cargo insured. For such damages to containers the insured may neither be responsible nor liable. The sum insured is limited to EUR XXXX per vessel but maximum EUR XXXX per year.

Against additional premium the assured shall be entitled to ask for an increase of the agreed sums.

10.7 Import Duty

The assured will, in all cases, use reasonable efforts to obtain abatement or refund of duties paid or claimed in respect of goods lost, damaged or destroyed. It is further agreed that the assured shall, when these insurers so elect, surrender the merchandise to the customs authorities and recover duties thereon as provided by law, in which event the claim under this policy shall be only for a total loss of the merchandise so surrendered and expenses.

This insurance on duty and / or increased value shall terminate at the end of the import movement covered under this policy (including the Warehouse to Warehouse if incorporated therein), but nothing contained in this clause shall alter or affect any coverage granted elsewhere in the policy during the storage or transit subsequent thereto.

10.8 General Average

Underwriters are also to pay any contribution which the assured is obliged to pay in connection with General Average, the statement of which has been made up according to law or according to the York Antwerp Rules. In case the contributory value is higher than the insured value, underwriters are to pay fully up to the amount insured. Contrary to article 1.5.1.1 (ADS Cargo 1973) the rules in respect of underinsurance are so far deleted.

Underwriters are also reimbursing costs for general average deposits. The general average deposit receipt is to be sent to underwriters blank endorsed. In case of refunds, same are to be transferred to underwriters immediately.

In case general average contribution together with the actual claim for the cargo exceeds the insured value, underwriters also cover beyond this value, but not exceeding the policy maximum.

10.9 Transit Fees

Where goods insured under this policy travel in transit inside the European Community (EC), this insurance also covers import duty and other levies which may occur in connection with a claim even if the insured value would be exceeded thereby.

Irrespective of the extension the claim calculation is always based on the insured value. All costs and expenses which are not incurred due to such a claim will have to be deducted.

10.10 Airfreight Charges

- Not applicable -

10.11 Costs for Clearing of Debris

This clause does not apply in connection with war and strike risks (Vide also article 16.9)

10.11.1 In addition to article 1.5 ADS Cargo Insurance 1973 also costs for clearing of debris incurred in connection with a claim covered under this policy will be paid.

The above will be paid in addition to the sum insured (vide 16.9.6), subject to

- that the assured acted prudently under prevailing circumstances, or
- that the expense became due in consequence of instructions by the authorities,

or

- that these expenses resulted from instructions given by underwriters.

This policy also pays if the authority based on the law arranges for goods destroyed or damaged to be salvaged, removed or destroyed for account of the assured.

10.11.2 Underwriters are not to pay for additional expense to prevent or to eliminate pollution of the air, water or soil.

10.11.3 This policy only pays if there is no other insurance existing for this type of loss.

10.11.4 A subrogation of rights in respect of damaged or destroyed goods to Under- writers for payments made as per 10.11.1 does not takeplace.

Especially Underwriters are not liable for the existence of damaged or de-
stroyed goods as per article 7.11 ADS Cargo 1973.

10.12 Brands Clause

In case of damage to goods bearing a Brand or Trade Mark, or the sale of which carries or implies a guarantee of the supplier or the assured or the buyer under whose Brand or Trade Mark the goods have been shipped, the salvage value of such damaged goods shall be determined after the removal of all Brands or Trade Marks. Contents in any containers on which the Brand or Trade Mark can- not be removed shall be transferred to plain bulk containers.

The cost of removing Brands or Trade Marks shall be borne by these assurers, but in no event shall these assurers be liable for more than the insured value of the damaged goods.

10.13 Additional Freight

In consideration of the premium charged, this policy shall pay additional expenses for freight incurred to the extent and subject to the conditions as set forth below:

10.13.1 In the event additional freight charges be incurred by the assured in returning cargo to country of origin or for transshipment to substituted destination, by reason of any one of the following:

- a) Total or partial frustration of the voyage (except as may be construed due to war perils or warlike operations) due to the act of any government or agency, thereof, such act having its inception subsequent to the sailing of the vessel;
- b) Inability to complete delivery to consignee due to exchange and / or im- port restrictions or regulations imposed by Governments, their agents or an international organization, provided such restrictions or regulations be imposed subsequent to the sailing of the vessel.

10.13.2 In the event additional freight expenses are incurred by the assured forward- ing the goods to port of destination named in the policy (or other port of des-

mination in lieu thereof) arising out of liberties granted under the bill of lading or contract of affreightment.

- 10.13.3 Excluding any freight expense incurred due to refusal of consignee to accept the merchandise and / or non-payment of draft by consignee due to failure on the part of the assured to ship the goods in accordance with the specifications of the consignee.
- 10.13.4 Unless otherwise agreed, the amount insured in respect of additional expense shall be the actual amount of return freight charges which would have been charged to return the goods to the original port of shipment.
- 10.13.5 It is understood and agreed that this insurance also applies to import shipments purchased on CIF terms.
- 10.13.6 The insurance granted under this section shall insure only to the named assured within policy.

11 Maxima

11.1 Liability of Underwriters

Maxima mentioned on the cover page of this policy are always the maximum liability of underwriters.

11.2 Agreed Maxima

11.2.1 Maximum per anyone conveyance EUR XXXX

11.2.2 Maximum separate storage EUR XXXX

12 Obligation and Responsibility of the Assured and Insured

12.1 Declaration in Freight Documents

In case the carrier inserts a reserve in the B/L because the nature / condition of the goods deviates from the declaration made to the carrier or if the insured is asked to sign a letter of indemnity, same must be disclosed to underwriters immediately (vide 7.1).

12.2 Recoveries

The insured and / or the assured are bound to secure all rights against third parties in connection with loss / damage and to safeguard same by necessary action, e.g. holding the carrier responsible etc.

12.3 Loading Supervision

Underwriters are entitled to ask for packing / pre-shipment / loading supervision on shipments for which the assured is bearing the risk. X % of costs are borne by the policy, X % by the Insured (also vide 19.6).

12.4 Discharge Supervision / Hatch Opening Survey

At the opinion of insurers. Costs are for the account of the policy.

12.5 Exceeding Maximum

In case these sums are exceeded in other instances then as per article 7.2 of Special Conditions for Open Policies the same are only covered after mutual agreement prior to commencement of the risk.

12.6 Goods and Voyages not Named

For goods and voyages, which are not named in this policy insurers have to be informed from case to case before the risk attaches.

12.7 Blank insurance Certificates

Where blank-endorsed insurance certificates – in hardcopy or digital form - are handed to the assured, same binds themselves to act as under:

To use these insurance certificates only in conformity with this contract and, also, to consider the maximum values as per this policy.

To indemnify underwriters for any losses incurred by wrongful use of those blank certificates as far as the error falls under the responsibility of the assured.

To return those blank forms if requested to do so by underwriters.

13 Insured value and claim value

13.1 Insured Value

The insured value is: DDU Invoice + X %
FOB Invoice X %
CFR Invoice X %
CIF Invoice + X %

or, if not available the insurable value of the goods is their ordinary trade value or, if there is no such special value, the common value current at the place of shipment at the time the risk attached, plus the charges which have to be borne for final delivery, the freight paid independent of delivery plus imaginary profit up to X % as well as duties, if declared before attachment of the risk.

13.2 Imaginary Profit as per 13.1

The Assured is entitled to request the coinsurance of an imaginary profit up to X % of the invoice value for the benefit of receivers. Higher values have to be agreed prior to attachment of the risk. An additional premium may have to apply.

13.3 Insured Value - Without Invoice -

In case that no invoice has been issued, the invoice value is replaced by the normal trading value or common value applicable at place of origin at the time of shipment, which, if necessary, has to be assessed by experts.

13.4 Claim Value

If nothing contrary is agreed in the following, article 7 of ADS Cargo Insurance 1973 is applicable.

Under the terms of this policy recoverable is:

13.4.1 (Bought and) Already Sold and Invoiced Goods prior to Discharge

The invoice value plus freight, duties and all other transport related expenses up to final destination. For purchases an imaginary profit up to X % for the benefit of receivers is recoverable. An imaginary profit for sales, however, is only recoverable if there is a contractual obligation behind. Notwithstanding article 7.3.1 ADS Cargo 1973 in case of a partial loss the invoice value represents the applicable sound value.

13.4.2 Returns

- Ex purchases the invoice value
- Ex sales the cost price

13.4.3 Goods not Invoiced

The reproduction costs at the day of the insured event less saved costs. The claim value is limited to the sales value at the day of the insured event.

13.4.4 Replacement and Warranty Deliveries – Free of Charge –

Current market value plus repair and freight charges.

13.4.5 Costs of Return Journey

Reproduction costs at the day of the insured event.

13.4.6 Consignment Deliveries

The reproduction or replacement costs at the day of the insured event, but not more than the sales value at the day of the insured event.

13.4.7 Self Repairs

- Not applicable -

13.4.8 Repairs by Contractors

Claims will be settled as per repair bills approved by surveyors.

14 Premium

14.1 Basis of Premium Calculation

Premiums will be computed according to the schedule attached to this policy.

14.2 War, Mines, Torpedos

The war risk premium has been included in the cargo premium shown in the premium schedule – vide 5.8.3 and 23.1.

For shipments to and fro destinations which appear as "Severe Risk" in the JCC-Cargo-Watch-List, however, notice must be given to insurers. An additional premium will become applicable

14.3 Overage Premium

For shipments on vessels older than X years insurers are entitled to charge an additional premium according to the age of the vessel.

The Classification and Age Clause has to apply.

14.4 Dangerous Cargo

The Error and Omission Clause as per article 3.2 of the Special Conditions for Open Policies is not applicable.

15 Declaration

15.1 Declaration of Turnover

Monthly within X days for the preceding month:

- a) For FOB and CFR shipments incl. contingency cover.
- b) For all transports by rail / road / barge within the geographical limits of Europe.

15.2 Declaration from Case to Case

Individual declarations to be made from case to case for all shipments sold on CIF basis.

15.3 Error and Omission Clause

The error- and omission-clause according to article 3.2 of the Special Conditions for Open Policies is not valid where it has been expressly stated that the declaration is to be made prior to the commencement of the risk and / or where special agreements are to be made prior to the commencement of the risk.

15.4 Declaration prior to Attachment of the Risk

Transports of dangerous goods and other risks for which no premium has been agreed, have to be declared prior to attachment of the risk.

In case of doubt the date as per official mail stamp is paramount unless declaration has been made by phone, fax or e-mail.

16 Claims

16.1 Instructions

The attached instructions are to be obeyed.

16.2 Assessment

For assessment of damages surveyors named in the insurance certificate or in the list handed over to the assured are to be employed. As an exception, it is not harmful if other surveyors are employed.

16.3 Payment of Loss

Losses shall be payable no later than X days after filing proof of loss and proof of interest in the property hereby insured.

Claims payable in the same currency in which declarations have been made.

16.4 Presumptive Loss / Overdue Means of Conveyance

If X days lapse after anticipated arrival of the carrying conveyance and no news has been received then the goods insured under this policy will be considered lost. Underwriters agree to pay the insured value of the missing items.

If the goods are located after the time limitation noted above the assured may still avail themselves of the protection afforded by the Brands and / or Labels and / or Control of Damaged Goods Clause noted elsewhere in this policy.

Notwithstanding the above, in the event the goods are located in an undamaged condition the assured has the option to accept the goods (returning underwriters payment less any Sue and Labor Expenses (vide 10.1) and / or particular charges), or assist underwriters in disposing of the goods, said proceeds will be for the account of underwriters.

16.5 Surveys

In case where claims are considered not to exceed EUR XXXX it is not compulsory to employ a surveyor.

16.6 Casualty during handling of goods

In terms of 5.1 it is considered to be a stranding case where due to an accident during loading, trans-shipment or discharge operations goods get damaged or lost.

16.7 Hidden Damages (Material Seaworthy Packed in Packages or Coils)

In case the outer packing does not give reason to suspect damages by wetting, underwriters grant a grace period of max. X days after arrival at the insured place of destination for reporting of such a claim.

Final assessment of such claims may be deferred until a later date as agreed with the surveyor to be appointed by underwriters.

This clause does apply only for the interest of the assured or co-insured company.

16.8 Container Clause

This policy is to pay for shortage of contents (meaning the difference between the number of packages per shipper's and / or supplier's invoice and / or packing list and / or any other accepted document of the assured's trade and / or business, loaded or alleged to have been laden in the container and the count of packages removed there from by the assured and / or their agent), notwithstanding the container seals may appear to be intact.

16.9 Consequential Losses

Not applicable for contingency / sellers interest.

16.9.1 Subject of the Insurance

16.9.2

Contrary to paragraph 1.4.2 ADS Cargo 1973 consequential losses are included if same result from cargo damage which is basically covered as per condition of the cargo policy.

16.9.3

Contrary to 1.4.1.1 and 1.4.2 ADS Cargo 1973 consequential losses are also covered if not directly connected with cargo damage, e.g. if a carrier (forwarding agent, carrier, warehousing company, river transport, railway, aircraft, ocean vessels) or their agents have liability according to the usual wording of contracts with

them.

16.9.4 Interest Insured

16.9.4.1

Covered are only the interests of the assured. Interests of the insured are also claims of cargo interests against the assured for damages as per article 16.9.1 which are brought forward by the cargo interests as a consequence of non-compliance with a condition of the contract of delivery.

16.9.4.2

From case to case the assured may request the extension to include all persons if they have an interest on the cargo insured.

16.9.5 Exclusions

Excluded are damages caused by:

16.9.5.1

If delivery term's guarantees are not commonly used.

16.9.5.2

If liability is extended by contract beyond legal liability, especially if penalties form part of such a contract unless they are especially accepted by underwriters against additional premium.

16.9.5.3

Claims directly resulting from the misuse of advance payments, refunds and collection on delivery.

16.9.5.4

In connection with custom duties or other taxes / levies imposed by authorities.

16.9.5.5

In connection with the refunding or granting of subventions as per EU market rules.

16.9.5.6

Issues falling under the criminal law in respect of taxation, levies, fines and enforcements or which have a punitive character.

16.9.5.7

Third party claims of all kind as per the public liability law or other financial claims which may be raised against the assured, e.g. personal injury, environmental damages (especially contamination of air, water or soil).

Title in respect of lost or damaged goods and ownership in respect of these goods are not transferred with the claim settlement to underwriters. Underwriters especially do not accept any rights or obligations in relationship to the assureds or third parties due to the existence or the condition of the goods lost and / or damaged.

16.9.5.8

Claims which are directly or indirectly connected with a failure or malfunction of computer systems, software, programs and / or microchips, integrated function and / or other electronic systems, also without direct connection with computers.

16.9.6

Underwriters' liability is limited to the insured value of the cargo, max. however XXXX EUR.

16.10 Loss Payees

- Not agreed -

17 Forwarding Agent Clause

It is harmless for the assured to accept waivers of liability or limitation of liability if they are contained in the common conditions of forwarding agents, carriers, stockholders, railroad administration and / or ocean carriers.

18 Responsibility Clause

Only the following count as legal representatives:

- For Joint Stock Corporations,
 - Registered cooperatives and associations.
 - The Board of Directors and Members of the Executive Board.

- For Limited Liability Companies
 - The managing directors.

- For Limited Commercial Partnerships
 - The general partners.

- For Civil-Law Associations
 - The partners and senior management.

- For One-Man Businesses
 - The proprietor.

- For Companies under foreign law
 - The relevant group of persons.

- For Private Individuals
 - Only the owner.

19 Loss Prevention

19.1 Plastic Sheeting

All products whether packed or unprotected are to be fully covered by plastic foil - sufficiently overlapping - and taped after completion of stow.

Respective instructions are to be incorporated in purchase and shipping instructions.

Cover is not prejudiced if in spite of instructions as above are not complied with by third parties involved with shipping.

Not applicable in case alien cargo is stowed underneath.

19.2 Shipping at Low Temperatures

Special instructions from case to case.

19.3 Packed Material

Packing recommendations of X should form part of all purchase contracts.

19.4 Ram-Neck Taping of Hatch Covers

To be incorporated in all charter parties for full cargoes / hatches. If purchased CFR to be incorporated in the purchase order.

19.5 Shipping and Purchase Contracts

Both contracts should contain a clause:

- a. Shipping
It is a provision of this charter party that the vessel is fully P&I covered - premium paid.
- b. Purchase
It is a condition of this contract that the vessel selected by the seller has full P&I cover - premium paid - and further, that any overage premiums are for their account.

19.6 Loading and Discharge Supervision

According to 12.3 and 12.4 insurers are entitled to arrange for loading and discharge supervisions.

19.6.1 Loading supervision to be arranged for:

XXXX

19.6.2 No loading supervision requested for

XXXX

19.6.3 Discharge supervision

To be arranged for all shipments with more than XXXX MT and where already a loading survey was compulsory – vide 19.6.1.

20 Alteration of Contract

20.1 Documentation

Alterations will be documented by replacement pages unless for special reasons it is necessary to issue an official addendum. Such changes become valid with the date inserted on such replacement pages.

20.2 Alteration of Insurers

The leading and / or participating companies may be exchanged and / or the distribution of the proportionate shares can be changed without the necessity to give notice of cancellation.

21 Information Protection Clause

The assured agree that underwriters are transferring information which originate out of this policy and / or the normal handling of this policy (premiums, claims, changes in the risk / policy situation) to re-insurers for judgement of the risk and to handle the re-insurance as well as to their organization in respect of risk calculation and claim settling.

The assured further agree that the insurance companies have a collection of information in respect of general contract conditions, methods of accounting and claims record.

If applied for, the assured are entitled to ask for additional information regarding such dates.

19 Further Agreements

19.1 Profit Commission – Calculation Scheme

./ Loss carried forward	EUR -
Premium without war	EUR
X % therefrom	EUR
Less paid claims	EUR -
Less pending claims reserves	EUR -

Profit / Loss (-)	EUR

If profit, X % profit commission	EUR
	=====

19.2 Profit Commission

Where the policy record is yielding good results a profit commission may become payable according to the calculation scheme shown in article 22.1.

A profit commission will only be granted if the premium amount (without war) will be at least EUR XXXX p.a.

In case the contract has been cancelled by the assured there will be no profit commission for the last year of contract.

20 Premiums

20.1 Premium Schedule – effective with XXXX

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21 Glossary

