

# PICC PROPERTY AND CASUALTY COMPANY LIMITED

## OCEAN MARINE CARGO CLAUSES

### (2009)

#### I. Scope of Cover

This insurance is classified into the following three Conditions—Free from Particular Average (F.P.A.), With Average (W.A.) and All Risks. Where the goods insured hereunder sustain loss or damage, the Insurer shall undertake to indemnify therefore according to the Insured Condition specified in the Policy and the Provisions of these Clauses:

1. Free From Particular Average (F.P.A.) This insurance covers:

(1) Total or Constructive Total Loss of the whole consignment hereby insured caused in the course of transit by natural calamities—heavy weather, lightning, tsunami, earthquake and flood. In case a constructive total loss is claimed for, the Insured shall abandon to the Company the damaged goods and all his rights and title pertaining thereto. The goods on each lighter to or from the seagoing vessel shall be deemed a separate risk.

“Constructive Total Loss” refers to the loss where an actual total loss appears to be unavoidable or the cost to be incurred in recovering or reconditioning the goods together with the forwarding cost to the destination named in the Policy would exceed their value on arrival.

(2) Total or Partial Loss caused by accidents—the carrying conveyance being grounded, stranded, sunk or in collision with floating ice or other objects as fire or explosion.

(3) Partial loss of the insured goods attributable to heavy weather, lightning and/or tsunami, where the conveyance has been grounded, stranded, sunk or burnt, irrespective of whether the event or events took place before or after such accidents.

(4) Partial or total loss consequent on falling of entire package or packages into sea during loading, transshipment or discharge.

(5) Reasonable cost incurred by the Insured in salvaging the goods or averting or minimizing a loss recoverable under the Policy, provided that such cost shall not exceed the sum insured of the consignment so saved

(6) Losses attributable to discharge of the insured goods at a port of distress following a sea peril as well as special charges arising from loading, warehousing and forwarding of the goods at an intermediate port of call or refuge.

(7) Sacrifice in and Contribution to General Average and Salvage Charges.

(8) Such proportion of losses sustained by the ship-owners as is to be reimbursed by the Cargo Owner under the Contract of Affreightment “Both to Blame Collision” Clause.

## 2. With Average (W.A.)

Aside from the risks covered under F.P.A. condition as above, this insurance also covers partial losses of the insured goods caused by heavy weather, lightning, tsunami, earthquake and/or flood.

## 3. All Risks

Aside from the risks covered under the F.P.A. and W.A. conditions as above, this insurance also covers all risks of loss of or damage to the insured goods whether partial or total, arising from external causes in the course of transit.

## II. Exclusions

This insurance does not cover:

- 1、 Loss or damage caused by the intentional act or fault of the Insured.
- 2、 Loss or damage falling under the liability of the consignor.
- 3、 Loss or damage arising from the inferior quality or shortage of the insured goods prior to the attachment of this insurance.
- 4、 Loss or damage arising from normal loss, inherent vice or nature of the insured goods, loss of market and/or delay in transit and any expenses arising therefrom.
- 5、 Risks and liabilities covered and excluded by the Ocean Marine Cargo War Risks Clauses and Strike, Riot and Civil Commotion Clauses of this Company.

## III. Commencement and Termination of Cover

### 1、 Warehouse to Warehouse Clause:

This insurance attaches from the time the goods hereby insured leave the warehouse or place of storage named in the Policy for the commencement of the transit and continues in force in the ordinary course of transit including sea, land and inland waterway transits and transit in lighter until the insured goods are delivered to the consignee's final warehouse or place of storage at the destination named in the Policy or to any other place used by the Insured for allocation or distribution of the goods or for storage other than in the ordinary course of transit. This insurance shall, however, be limited to sixty (60) days after completion of discharge of the insured goods from the seagoing vessel at the final port of discharge before they reach the above mentioned warehouse or place of storage. If prior to the expiry of the above mentioned sixty (60) days, the insured goods are to be forwarded to a destination other than that named in the Policy, this insurance shall terminate at the commencement of such transit.

2、 If owing to delay, deviation, forced discharge, reshipment or transhipment beyond the control of the Insured or any change or termination of the voyage arising from the exercise of a liberty granted to the ship-owners under the contract of affreightment, the insured goods arrive at a port or place other than that named in the Policy, subject to immediate notice being given to the Company by the Insured and an additional premium being paid, if required, this insurance shall remain in force and shall terminate as hereunder:

(1) If the insured goods are sold at port or place not named in the Policy, this insurance shall terminate on delivery of the goods sold, but in no event shall this insurance extend beyond sixty (60) days after completion of discharge of the insured goods from the carrying vessel at such port or place.

(2) If the insured goods are to be forwarded to the final destination named in the Policy or any other destination, this insurance shall terminate in accordance with Section 1 above.

#### **IV. Duty of the Insured**

It is the duty of the Insured to attend to all matters as specified hereunder:

1. The Insured shall take delivery of the insured goods in good time upon their arrival at the port of destination named in the Policy. In the event of any damage to the goods, the Insured shall immediately apply for survey to the survey and /or settling agent stipulated in the Policy. If the insured goods are found short in entire package or packages or to show apparent traces of damage, the Insured shall obtain from the carrier, bailee or other relevant authorities (Customs and Port Authorities etc.) certificate of loss or damage and /or shortlanded memo. Should the carrier, bailee or the other relevant authorities be responsible for such shortage or damage, the Insured shall lodge a claim with them in writing and, if necessary, obtain their confirmation of an extension of the time limit of validity of such claim. If the Insured fails to fulfill the aforesaid obligations, the Insurer shall not be liable for the indemnity to the loss or damage attributable to such failure.

2. The Insured shall, and the Insurer may also, take reasonable measures immediately in salvaging the goods or preventing or minimizing a loss or damage thereto. The measures so taken by the Insured or by the Insurer shall not be considered respectively, as a waiver of abandonment hereunder, or as an acceptance thereof.

The Insurer shall not be liable for the indemnity to the increased loss or damage attributable to the Insured's failure to fulfill the aforesaid obligations.

3. In case of a change of voyage or any omission or error in the description of the interest, the name of the vessel or voyage, this insurance shall remain in force only upon prompt notice to this Company when the Insured becomes aware of the same and payment of an additional premium if required.

4. The following documents should accompany any claim hereunder made against this Company:

Original Policy, Bill of Lading, Invoice, Packing List, Tally Sheet, Weight Memo, Certificate of Loss or Damage and/or Shortlanded Memo, Survey Report, Statement of Claim.

If any third party is involved, documents relative to pursuing of recovery from such party should also be included.

If the Insured fails to provide the aforesaid claim documents, the Insurer shall not be liable for the indemnity to the parts of the loss or damage which can not be verified due to such failure.

5、 Immediate notice should be given to the Company when the Cargo Owner' s actual responsibility under the contract of affreightment "Both to Blame Collision " Clause becomes known. Otherwise, the Insurer shall not be liable for the indemnity to the loss or damage attributable to such failure.

#### **V. Claims Handling**

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 fulfil the obligation of indemnity to settle the claim within ten days from reaching an agreement on the amount of indemnity with the Insured.

#### **VI. The Time of Validity of a Claim**

The time of validity of a claim under this insurance shall not exceed a period of two years counting from the day on which the peril insured against occurred.

English translation is for reference only. For any disputes from policy interpretation Chinese policy will prevail.