

CARGO INSURANCE RULES

1. GENERAL STIPULATIONS.

1.1. INVESTFLOT INSURANCE COMPANY in accordance with these Rules accepts for insurance cargoes to be transported by surface, water and air transport.

1.2. The assured of cargoes may be the owner (consignor and/or consignee) for its own advantage and for the advantage of the third parties.

1.3. The insurance contract may be concluded as for separate installment so for a regular transportation.

2. EXTEND OF LIABILITY

2.1. Under insurance contract concluded in accordance with these Rules are indemnified:

- a) losses and expenses due to total loss of the cargo (or part of it) and/or due to removal of damages to the cargo (or part of it) arising from fortuitous accidents and perils of the carriage as well as due to other sudden and unforeseen reasons except those specified in point 2.2. of these Rules;
- b) cargo's share in losses, expenses and contributions allowed in General Average during the merchant seafaring;
- c) necessary and properly incurred expenses for the salvage of the cargo as well as for preventing and minimizing the loss and ascertaining its extent.

2.2. Losses and expenses arising in consequence of the following are not to be indemnified:

- a) warlike operations and their consequences, piracy, commotion and labour conflicts, acts of sabotage or terrorism;
- b) participation of cargo in smuggling or other illegal activities or due to the attempt of such participation;
- c) actions of governmental authorities against the insured cargo excluding measures to prevent or diminish the risk of pollution;
- d) direct or backhanded affection of atomic explosion and radio-contamination connected with any application of atomic energy;
- e) willful action or rude imprudence of assured or beneficiary or their representatives and infraction by them the rules of transportation and storage of cargo;
- f) effect of usual weather conditions or specific and/or natural internals of cargo;
- g) package or marking of cargoes with infraction of standards or dispatch of cargoes in damaged condition;
- h) shortage/damage of internal quantity/quality if integrate of external package;
- i) fire or explosion of the spontaneously combusting and explosive matters;
- j) damage of cargo by worms, rodents, insects;
- k) any collateral losses.

2.3. Not to be indemnified 10% of losses and expenses arising from one insurance accident. Nevertheless, INVESTFLOT's liability in respect of all losses and expenses is limited by 100% of the insured sum.

3. CONCLUSION OF THE INSURANCE CONTRACT.

3.1. The insurance contract is concluded for one cargo conveyance. INVESTFLOT's liability starts from the moment the cargo is taken from the place of storage including the loading in the point of departure and covers storage/reloading of cargo in the points of transshipments.

3.2. The insurance contract expires at the moment of the cargo's delivery to the point of destination (including discharging) but not more than 30 days from the start out of the insurance. Renewal over 30 days can be provided for additional payment.

3.3. Under a special contract (General Policy) can be insured all or distinct kinds of cargoes which the assured receive or transmit during a certain period. The assured is obliged to inform INVESTFLOT in respect of each transmission of cargo falling under the General Policy even after the delivery of cargo to the point of destination in undamaged condition. If the assured deliberately informed INVESTFLOT untimely, unduly or didn't inform at all, than INVESTFLOT has a rights to cancel the General Policy and to receive all the sums of the insurance premium which INVESTFLOT could receive in the case of a conscientious fulfillment of the General Policy by the assured.

3.4. The insurance contract is concluded on the basis of the assured's declaration in writing and containing the following:

- a) exact description, type of package, number of pieces and weight of the cargo;
- b) numbers and dates of the transportation documents;
- c) kind of vehicle;
- d) points of departure, transshipment and destination of the cargo;
- e) insurance sum;
- f) conditions of insurance;
- g) particular circumstances not stipulated by these Rules.

3.5. If necessary the insurance contract is concluded with inspection of cargo and scheduling of its assessment on the base of consignments, invoices and other documents confirming the presence and the value of the cargo.

3.6. The example of the above declaration is returned to the assured with calculation of the insurance premium to be paid.

3.7. The assured is obliged to communicate any further particulars known to him regarding circumstances of essential importance for judging the extent of the risk.

3.8. The assured is obliged to pay the calculated insurance payment at once, then the insurance contract will entitle in force, unless otherwise stipulated in the insurance contract

4. INSURANCE SUM AND RATE.

4.1. The cargo is considered to be insured in the sum announced by the assured but not higher the value specified in the customer's invoice (including transportation expenses) or other documents specified in point 3.5. of these Rules.

4.2. Rates of the insurance payments are established by INVESTFLOT in per cents of the insurance sum in relation of the value and kind of the cargo, kind of vehicle and range of transportation and other essential data for judging the extent of the risk. The sum of insurance payments is determined by multiplication of the insurance sum and the established rates.

4.3. The assured is obliged immediately he becomes aware thereof inform INVESTFLOT of any essential modifications in the risk, for instance: delay of the cargo's shipment, modification of the route, places of loading, transshipment, discharging, method of shipment etc.. Modifications increasing the extent of the risk give INVESTFLOT the right to demand the additional insurance payment. If the assured refuses to pay the additional insurance payments the insurance contract ceases from the moment of the increasing in the risk appeared. If the assured didn't inform about the increasing in the risk INVESTFLOT has the right to cancel the insurance contract and to demand the indemnity of the incurred losses.

5. Mutual relations between the parties if accident occurred.

5.1. If accident occurred the assured or its representatives are obliged to inform INVESTFLOT immediately, and:

- a) to apply all possible measures for salvage of the cargo and also to prevent its further damage;
- b) within 24 hours to declare INVESTFLOT in writing about the circumstances of the accident and the expected losses;
- c) to present INVESTFLOT with the damaged cargo or its strays;
- d) to ensure INVESTFLOT with the right of regress.

5.2. INVESTFLOT is obliged to:

- a) direct its representative or independent expert within 2 days after receiving the information in respect of the accident for determination the extent of damage and adjustment of the cargo damage (loss) act;
- b) decide on the payment of the insurance indemnity within 10 days after receiving the documents sustaining the insurance accident.

5.3. INVESTFLOT has the right to refuse the payment of the insurance indemnity if the assured:

- a) advised wrong information about the circumstances of essential importance for judging the extent of the risk;
- b) didn't inform about the essential changers in the risk;
- c) didn't apply measures for salvage of the cargo and prevention its further damage;
- d) didn't inform INVESTFLOT immediately about the accident;
- e) didn't provide INVESTFLOT with documents sustaining the insurance accident;
- f) concealed the person guilty in infliction of damages;
- g) damaged the cargo deliberately.

5.4. If the assured received indemnity of losses from the third party INVESTFLOT pays only the difference between the sum that is to be paid-up upon the insurance conditions and the indemnity received from the third party.

5.5. All expenses connected with the insurance accident are primarily paid-up by the assured and only then are indemnified by INVESTFLOT.

5.6. While merchant seafaring the average adjusters should determine the General Average and make computation on its assignment according to the declarations of the parties concerned. All documents must be opened for revue and the average adjuster has to hand out the deposed copies of these documents to the parties concerned on their demand and for their own account. For composition of the average statement the tax is levied and included into the average statement and then proportioned between all parties concerned in accordance with their shares in the General Average.

5.7. The assured can declare to INVESTFLOT the refusal of his rights on the insured cargo (abandonment) and to be indemnified in full insurance sum, if:

- a) missing (complete lost) of the transportation vehicle;
- b) economical inexpedience in removal of damages or delivery of the insured cargo to place of destination;
- c) grip of cargo (insured from this risk) which lasts more then 2 months.

The abandonment must be declared within 3 months from the moment of the insurance accident occurred. At the expiration of this period the assured can demand the indemnity of losses on the common base. The abandonment can't be declared by the assured provisionally and can't be taken back.

6. SUBROGATION.

6.1. INVESTFLOT that paid-up the insurance indemnity receives within the ambit of this sum the right of pretence to the guilty party; the insured is obliged at the receiving of the insurance indemnification circulate all his documents necessary for realization of the subrogation.

6.2. If on the fault of insured the subrogation can't be realized then insurer in the congruous size disengage from the obligation to pay insurance indemnification, in case it has been paid-up already the insured is obliged to return to insurer the insurance indemnification.

6.3. Any disputes in connection with the insurance contract concluded in accordance with these Rules are subject to the decision of Russian Law.

<http://investflot.samara.ru/eng/ships/>