

CARGO INSURANCE TERMS AND CONDITIONS #MC/SME-001/2023

Article 1. Subject of the Agreement

- 1.1. The subject of the Insurance Agreement is the insurance of the Insured's cargos by the "Insurer", upon making the appropriate insurance premium payment by the Insured in compliance with the present terms and conditions.
- 1.2. The Insurance provided for hereunder, shall cover the general average and salvage charges during the cargo transportation period, if they are caused by the risks indicated in **Institute Cargo Clause (A) and Institute Cargo Clause (Air)**, considering the exclusions stated in Article 3 of the present terms and conditions. The insurance relationship provided for by the Insurance Agreement is governed by the present terms and conditions as well as the terms and conditions of the **Institute Cargo Clause (A) and Institute Cargo Clause (Air)**. **Institute Cargo Clause (A) and Institute Cargo Clause (Air)** is appended to and is the integral part of the present terms and conditions.
- 1.3. The individual cargo insurance policies shall be issued on the basis of the given terms and conditions. The requirements established under the given terms and conditions apply fully to the aforementioned policies. The individual insurance policies are issued on the basis of filling the appropriate application and the indication of the desired risks to be covered in the above-mentioned application by the Insured. The Insurance Policies mentioned above and the appropriate applications shall become the integral parts of this terms and conditions.

Article 2. Definitions

The terms used in the given Terms and Conditions shall have the following meanings:

- 2.1. **Insurer** - JSC "Insurance Company Aldagi".
- 2.2. **Insured** – the person who concludes the Insurance Agreement and makes the appropriate Insurance Premium Payment.
- 2.3. **Insurance Agreement** – Insurance Agreement is includes - the **insurance application** filled by the **Insured** (electronically or materially), **insurance policy** and give **insurance terms and conditions**, which regulates the relationship between the insured and the **insurer**.
- 2.4. **Beneficiary** – the person who is authorized to receive the Insurance indemnification in compliance with the requirements of the given terms and conditions and the existing legislation of Georgia.
- 2.5. **Sum Insured** – the sum within the limits of which the Insurance indemnification shall be paid. The sum insured for each insured cargo shall be specified in the appropriate Insurance Policy, to which the provisions and terms of the given terms and conditions shall apply. Additionally, the insurance indemnification limit(s) can be fixed, which likewise shall be reflected in the appropriate insurance policy.
- 2.6. **Insurance Premium** - the sum which is specified in the appropriate insurance policy along with the terms and period of its payment and which is the value of insurance provided for by the Insurance Agreement and the appropriate insurance policy.

signatures of the parties:

Insurer:

Insured:

- 2.7. **Deductible** – the non-reimbursable minimum specified in the appropriate insurance policy, for which the Insurer shall bear no liability and which is deducted from the amount of loss. Separate deductibles may be determined for various insured events, which likewise shall be reflected in the appropriate insurance policy.
- 2.8. **Insurance Period** (term / duration of the Insurance) – the period indicated in the particular Insurance Policy, during which the Insurance shall be deemed in full force and effect and within the duration of which the events occurred shall be the subject to indemnification;
- 2.9. **Insurance Policy** – the document confirming the insurance implemented on the basis of the given terms and conditions.
- 2.10. **Insurance Application** – the questionnaire to be filled in by the Insured according to the form defined by the Insurer, reflecting the circumstances required for implementation of the insurance which interest the Insurer.
- 2.11. **Object of Insurance** – the property interest of the Insured, related to the indemnification of the damage by the Insurer due to the occurrence of the insured event.
- 2.12. **Subject of Insurance** - the cargos of the Insured, the detailed denomination, specification and the quantity of which shall be indicated in the Insured's application and in the appropriate insurance policy.
- 2.13. **Policy Territory** – the territory within the boundaries of which the specific cargo is insured. The concrete policy territory shall be specified in the appropriate individual insurance policy.
- 2.14. **Insured Event** – the loss or damage of the insured cargo, caused by the occurrence of risks specified in the **Institute Cargo Clause (A) and Institute Cargo Clause (Air)**, considering the exclusions stated in Article 3 of the given terms and conditions.
- 2.15. **Insurance indemnification** – the sum paid out by the Insurer to the Beneficiary upon the occurrence of the insured event;
- 2.16. **Earned insurance premium** – amount of premium by particular date within the insurance period which is proportional to the period of time elapsed since the beginning of the insurance period till such date;
- 2.17. **Unearned insurance premium** – amount of premium by particular date within the insurance period which is proportional to the period of time left until the expiration of insurance period.

The terms other than given above used in the present terms and conditions shall have their common meanings. In addition, if the definition of the terms used in the given terms and conditions is obscure, among the various interpretations the preference shall be given to the legal definition, in case such definition is provided for under the existing legislation of Georgia.

Article 3. Exclusions

- 3.1. According to the given terms and conditions, the losses, damages or expenses caused by the events listed below, shall not be the subject to indemnification:
 - 3.1.1. A reduction in weight or volume, or a natural wear and tear of the subject of Insurance;
 - 3.1.2. Insufficient or inappropriate packaging or covering of the subject of Insurance; shipment of cargo in a damaged condition;
 - 3.1.3. A defect or the natural characteristics of the subject of Insurance;
 - 3.1.4. A lack of cargo, in case of the integrity of external packaging and/ or unexplained/ mysterious disappearance, except in cases where it is determined by relevant and appropriate evidence that such theft or disappearance (loss) occurred during the insurance period by violent and/or forced entry into the container and/or means of transport;
 - 3.1.5. The influence of temperature or the air of hold or special characteristics of cargo, including desiccation;
 - 3.1.6. By the ambient temperature impact, which is caused by the breach of the temperature mode as a result of failure, malfunction and/or improper operation of refrigeration equipment;
 - 3.1.7. The damage of cargo caused by worms, rodents and insects;
 - 3.1.8. The delay in cargo delivery at the place of destination or the fall in prices; neither shall be indemnified any other indirect damage of the Insured, except for the cases when in accordance with the given terms the above-mentioned damage is the subject to indemnification by the regulation of the general average;
 - 3.1.9. Non-fulfilment of financial obligations by an owner, a manager or an operator of the means of transportation;
 - 3.1.10. Unfitness for the safe shipment of means of transportation, if the Insured (the Insured) or its service personnel was aware of such unfitness of means of transportation while loading the subject of insurance onto it;
 - 3.1.11. In case when the means of transportation is left unsupervised, except for the sites designated for stop and secure places;
 - 3.1.12. Ionizing radiation, any residue of the thermonuclear fuel and radioactive pollution;
 - 3.1.13. Direct or indirect military operations, declared or undeclared by the state, insurrection, mass disorder, diversions, the state of emergency and the martial law declared by the state authorities, the lock-outs of employees and other analogous reasons;
 - 3.1.14. Act of terrorism;
 - 3.1.15. The moistening of ship and wetting of cargo as a result of the atmospheric precipitation;
 - 3.1.16. The deliberate act or gross negligence of the Insured or its representative, as well as the violation of cargo transportation, carriage and storage regulations by them;
 - 3.1.17. Other risks except for those indicated in the Insurance Agreement (or in the appropriate Insurance Policy);
 - 3.1.18. Absence of the cargo within the Policy Territory;
 - 3.1.19. All the exclusions given in the **Institute Cargo Clauses (A) and (Air)**;
 - 3.1.20. Non-fulfilment of obligations by the Insured;
 - 3.1.21. The fall of the cargo overboard (or sweeping overboard by wave) placed on deck or such cargo, the transportation of which is performed by the undecked ship;

Article 4. Insurance Rate; Insurance Premium; Deductible, Sum Insured; Insurance Indemnification

- 4.1. The amount of the Insurance Premium payment to be made by the Insured in favour of the Insurer for the insurance of each particular cargo, the amount of corresponding Sum Insured, the amount of limits of the Insurer's liability, the amount of the Insurance Rate, and the amount of the unconditional deductible shall be determined under the appropriate individual insurance policy, on the basis of the data of the specific Application to be presented by the Insured.
- 4.2. Before making the first or single premium payment provided for under the Policy by the Insured, the Insurer shall be released from fulfillment of obligations.
- 4.3. In case of non-payment of the insurance premium on time, i.e. by the date specified under the Insurance Policy (in case of payment in installments), the Insurer shall set the additional two-week deadline for the Insured to pay the insurance premium. If after the expiration of the aforementioned deadline the insured event occurs and the payment still has not been performed, the Insurer shall be released from obligation to pay out the insurance indemnification. In addition, in case of non-payment of premium on time on the basis of one month prior written notification upon the ineffectual expiration of the aforementioned deadline the Insurer shall reserve the right to terminate the insurance agreement unilaterally.
- 4.4. The amount of the Insurance Indemnification for each Insured Event shall not exceed the sum to which the actual damage (loss) amounts.
- 4.5. In order to receive the Insurance Indemnification, the Insured shall present the following documents to the Insurer:
 - a) the declared claim (in the form of an Application);
 - b) the original of the Insurance Policy (In case of loss of the Insurance Policy within the Insurance Period, the copy of the Policy shall be issued on the basis of the Insured's written request, while the lost Policy shall be deemed invalid and none of claims submitted on its basis shall be the subject to indemnification);;
 - c) the invoice of the damaged cargo, issued at the place of dispatch;
 - d) the original of the Bill of Lading and the Agreement with the Carrier/Transport Company (with shipper, freight forwarder);
 - e) the Damage Assessment Report which confirms the occurrence of the Insured Event and the amount of damage;
 - f) the document confirming the quantity of cargo upon its delivery at the place of destination;
 - g) Any other information and documentation available to the Insured person concerning the occurred Insured Event.
- 4.6. The grounds for payment of the Insurance Indemnification is the Insurance Act, drawn up within 30 (thirty) days after the receipt of all the necessary documents by the Insurer which confirm the occurrence of the Insured Event, wherein the extent and the amount of damage caused by the Insured Event and the sum to be indemnified is determined.
- 4.7. The determination of the amount and the causes of damage and other related circumstances shall be performed by an independent expert, the Insurer or the person authorized by the Insurer.

- 4.8. If the Insurer and the Insured fail to reach an agreement on the final amount of damage, the damage determination shall be performed by an independent expert. Furthermore, the issue concerning the costs on the damage assessment shall be settled in the following manner:
- a) if the assessment (expert examination) is carried out at the will and on the initiative of the Insurer, the Insurer shall bear the expenses of such assessment (expert examination);
 - b) if the assessment (expert examination) is carried out at the will and on the initiative of the Insured, the Insured shall bear the expenses of such assessment (expert examination);
 - c) if the assessment (expert examination) is carried out on the basis of the joint decision and initiative of the Insurer and the Insured, the expenses incurred on such assessment (expert examination) shall be equally distributed between the Insurer and the Insured.
- 4.9. After the payment of the Insurance Indemnification, the Sum Insured shall decrease within the limits of the amount of the paid out Insurance Indemnification.
- 4.10. in case the Insured has the overdue premium payment (in case of payment in installments) for the moment of insurance reimbursement the Insurer has the right to deduct such overdue amount from the reimbursement amount.

Article 5. Subrogation

- 5.1. The right of subrogation against the person liable for the inflicted damage within the limits of the amount of Indemnification shall be transferred to the Insurer who had paid the Insurance Indemnification. The Insured shall be obliged to deliver all the available documents to the Insurer (including the original document certifying the Insured Event issued officially by the competent state authorities (attested by the seal and the signature of the authorized person) wherein there shall be specified the following: the place and the date of the event, the identities of all the participants of the event; person (persons) responsible for the occurrence of the event, as well as the other circumstances relevant to the matter) required for the realization of the subrogation.
- 5.2. The Insured's waiver of claims or the waiver of rights to the person liable for the inflicted damage, which ensure the realization of claims towards this person, as well as the refusal to deliver all the documents to the Insurer which are necessary to make the subrogated claim, shall release the Insurer from the obligation to pay the Insurance Indemnification, and if such insurance indemnification had already been paid, the Insurer shall be entitled to claim the recovery of the sum paid.

Article 6. Rights and Obligations of the Parties

6.1. The Insured shall be obliged:

- 6.1.1. To undeviatingly fulfil the terms and obligations undertaken under the given Terms and Conditions and the appropriate Insurance Policy;
- 6.1.2. To provide the Insurer with the information required for the conclusion of Insurance Agreement and the issuance of appropriate Insurance Policy;
- 6.1.3. To make the Insurance Premium payment timely and fully;
- 6.1.4. To promptly inform the Insurer in writing, in case of any change to the data presented for conclusion of the Insurance Agreement and the implementation of the particular insurance, no later than 2 (two) working days after the acquiring the information on the origins of such change.
- 6.1.5. In case of the occurrence of the Insured Event, to take all reasonable measures for the salvage of the subject of Insurance and for minimizing the extent of damage;
- 6.1.6. To render a due assistance to the Insurer (the representative authorized by the Insurer) and to promote its participation in a complete and objective examination, determination and assessment of the causes and the consequences of the Insured Event, the circumstances evoking the occurrence of the Insured Event and the extent of the inflicted damage; the Insured (the Insured) shall be obliged not to act against the interests of the Insurer;
- 6.1.7. To ensure the preservation of an actual condition on the territory of the Insured Event until the arrival of the Insurer's representative within the limits of reasonable efforts;
- 6.1.8. To inform the Insurer of the occurrence of the Insured Event no later than 48 hours from the moment of the occurrence by the telephone number indicated in the Insurance Policy and to send the written notification about the Insured Event within two (2) working days to the Insurer;
- 6.1.9. To promptly inform the Insurer of any notification or message received regarding the Insured Event;
- 6.1.10. To assist the Insurer within the limits of its authority and scope in realization of the right of subrogation;
- 6.1.11. To promptly inform the Insurer of any lawsuit brought against it regarding the occurred event and/or the legal procedures carried out towards it as well as any asserted claim;
- 6.1.12. To make all efforts for the preservation of safety of the insured cargo;
- 6.1.13. To observe strictly all the provisions of the given Terms and Conditions and to provide the Insurer with all the necessary and appropriate information and documentation which is the grounds for the payment of the Insurance Indemnification;
- 6.1.14. To notify about the occurrence relevant competent bodies Immediately after the occurrence of Insured Event;
- 6.1.15. If the insurable interest provided for by the given Terms and Conditions and the appropriate Insurance Policy is insured by the Insured at several insurers simultaneously, the Insured shall be obliged to inform the Insurer about that in writing and to indicate the names of other insurers and the amount of the sum insured in the corresponding written notification. In this case, i.e. if the insurable interest appears to be insured against the same risks at more than one insurer and the sums insured in total exceed the value of a cargo, the insurers shall be considered liable towards the Insured jointly and severally within the limits of the sum provided for by the corresponding insurance agreement (insurance policy). However, the Insured shall not have the right to receive the sum exceeding the actual damage in total.

6.2. The Insured shall be authorized:

- 6.2.1. To request the appropriate Insurance Policy as a confirmation of the implemented Insurance; In case of confirmation of the Insured Event, to demand the receipt of the Insurance
- 6.2.2. Indemnification according to the manner established and in the amount determined by the given Terms and Conditions and the appropriate Insurance Policy.

6.3. The Insurer shall be obliged:

- 6.3.1. To deliver the appropriate Insurance Policy to the Insured in order to confirm the implemented insurance, and also to provide the Insured with the appropriate application form for the purposes of the implementation of the insurance;
- 6.3.2. To receive the Insured's Application on the occurrence of the Insured Event for its consideration;
- 6.3.3. To draw up the Insurance Act on the Insured Event and to determine the sum of the Insurance Indemnification;
- 6.3.4. To pay out the Insurance Indemnification according to the manner and terms established under the given Terms and Conditions within 1 (one) calendar month upon signing by both Parties the Insurance Act, drawn up on the basis of the receipt of all documents necessary for the indemnification;
- 6.3.5. To fulfil properly all the obligations undertaken under the given Terms and Conditions.

6.4. The Insurer shall be authorized:

- 6.4.1. To demand from the Insured the information required for the issuance of the Insurance Policy (a thoroughly completed application-questionnaire);
- 6.4.2. To demand from the Insured a full and a timely payment of the Insurance Premium;
- 6.4.3. To control the fulfilment of the terms and requirements of the given Terms and Conditions and of the appropriate Insurance Policy by the Insured;
- 6.4.4. To terminate Insurance Agreement (and/or the appropriate Insurance Policy) and to offer the Insured a conclusion of a new, revised agreement, if the material circumstances related to the subject of Insurance have changed;
- 6.4.5. To unilaterally terminate the Insurance Agreement (Policy) and to inform the Insured about that in writing, if it turns out that the data and the circumstances indicated in the Application presented by the Insured are not true/are false.
- 6.4.6. To send the appropriate inquiry to competent authorities concerning the circumstances relevant to the insurance;
- 6.4.7. After the occurrence of the Insured Event, to demand from the Insured all the information and documentation provided for by the given Terms and Conditions, which in Insurer's consideration is necessary for an unbiased assessment of the Insured Event;
- 6.4.8. To exercise complete control over all kinds of statutory procedures required for the resolution of the claim (the lawsuit);
- 6.4.9. To photograph and examine the damaged cargo;
- 6.4.10. To draw up the Damage Assessment (survey) Report on the amount, nature and causes of the damage, either independently or through the authorized representative (expert);

- 6.4.11. To demand from the Insured a transfer of the title on cargo destroyed due to the occurrence of the Insured Event, and in case of finding the lost cargo to demand from the Insured a transfer of the title on the found cargo provided that the Insurance Indemnification payment was made due to the loss of the cargo. Therefore, the Insured shall bear responsibility to perform all the required actions provided for under the existing legislation of Georgia in order to reach the goal stated above. In addition, the realization of the aforementioned right by the Insurer can be performed via transfer of title to the cargo or in case of realization of the cargo by the Insured - via the receipt of the sum in monetary terms while all issues concerning the realization of the cargo shall be agreed by the Insured with the Insurer in advance. In case of non-fulfillment of the obligation provided for under the given paragraph by the Insured, the Insurer shall be released from obligation to pay out the insurance indemnification while in case such indemnification has already been paid out the Insurer shall be authorized to demand the recovery of sum indemnified;
- 6.4.12. To not indemnify for the damage if the Insured fails to fulfil the obligations established by the given Terms and Conditions and the appropriate Insurance Policy;
- 6.4.13. To enjoy the right of subrogation and to claim the recovery within the limits of the sum insured paid out to the Insured if it appears in course of the indemnification of a beneficiary that the Insured Event was caused by the action of a third party;
- 6.4.14. To postpone a decision on the Insurance Indemnification, if the criminal proceedings in connection with the fact of the occurrence of the insurance risk are instituted against the Insured (the beneficiary) or its authorized representative;
- 6.4.15. To not indemnify the damage if the Insured deliberately caused the Insured Event;
- 6.4.16. To not indemnify the sum exceeding the amount of the damage arisen, even if the Sum Insured at the moment of the occurrence of the Insured Event, exceeds the value of insurance.
- 6.4.17. To not indemnify for the damage, when the double insurance existed with regard to the insured interest but the Insured did not present the information on such double insurance in written form to the Insurer;
- 6.4.18. To not indemnify for the damage for the events during occurrence of which the Insured has debt to the Insurer, i.e. Insured has not paid the insurance premium.
- 6.4.19. The Insurers liability to indemnify the damage shall not arise on the circumstances that increase the risk of occurrence of the insured event known to the Insured or it's representative and he/she didn't report about it to the Insurer in writing or presented false or inaccurate information (documents) to the Insurer to that effect;

Article 7. Dispute Resolution; Indemnification

- 7.1. Any dispute arising out of or relating to the Insurance Agreement shall be settled by the mutual agreement of the parties, and in case of disagreement, the dispute thereto shall be resolved according to the order established by the legislation of Georgia.
- 7.2. For dispute settlement, the Parties are entitled to apply to the “Insurance Mediation” of the Non-entrepreneurial (Non-commercial) Legal Entity “Georgian Insurance Association” (ID 204878481) at the phone number: (+99532) 2555155 or at the email: mediacia@insurance.org.ge, and in case of disagreement through the “Insurance Mediation”, Parties apply the Court according to the paragraph 7.1.
- 7.3. Each party shall be liable to reimburse the second party for the damage caused by its action, according to the order established by the legislation of Georgia.

Article 8. Force Majeure

- 8.1. The Parties shall be temporarily released from the fulfilment of their obligations undertaken by the Insurance Agreement, if non-fulfilment or improper fulfilment of the above-mentioned obligations was caused by the insuperable force of Force Majeure circumstances.
- 8.2. In the event of the occurrence of Force Majeure circumstances, the obligations of the Parties shall suspend only temporarily and shall be fully revived upon the cessation or the elimination of the above-mentioned circumstances.
- 8.3. The occurrence and the cessation of the Force-Majeure circumstances must be confirmed by the appropriate competent body.

Article 9. TERMINATION OF INSURANCE/AGREEMENT

- 9.1. The following may serve as a ground for termination of the insurance provided for under the given Terms and Conditions:
 - a) complete fulfillment of obligations undertaken by the Insurer according to the corresponding Insurance Policy;
 - b) default of another party;
 - c) expiration of the term provided for under the Policy;
 - d) if the subject of insurance does not exist anymore, except the results provoked by the insurance risk (this shall be applied to with respect to the particular Insurance Policy);
 - e) if the Insured stops his/her activity according to the procedure established by law;
 - f) if the limit of insurance indemnification determined by the sum insured has expired (this shall be applied to with respect to the particular Insurance Policy);
 - g) if the increase of the insurance risk is caused by the negligent or intentional act of the Insured, its representative or any person acting on behalf of the Insured;
 - h) preliminary written agreement of the parties;
 - i) other cases provided under the law of Georgia.

- 9.2 if the Insurer terminates the Insurance Policy (except for subparagraphs a, c, d, and f of paragraph 9.1 of the given Terms and Conditions, when the insurance shall be terminated upon the moment of occurrence of such fact), it shall send a 9-day prior written notice to the Insured to that effect to its legal address. The unearned part of the insurance premium shall be paid back to the Insured provided that he/she returns the Insurance Policy within 14 days upon termination thereof, also considering the condition stated under paragraph 9.4.
- 9.3. if the Insured terminates the Insurance Policy, a 10-day prior written notice shall be sent to the Insurer's legal address. The Insured, upon its written request, shall be paid back the unearned insurance premium pro rate.
- In addition, in case of indemnification of any loss by the Insurer with regard to particular cargo upon the termination of the insurance, the unearned premium with regard to such cargo shall not be the subject of return, while in case of payment by installments; the unearned premium shall be the subject of full coverage by the Insured.

Article 10. Final Provisions

- 10.1. Any amendment and addendum/addition to the Insurance Agreement shall be effective only if it is made in writing and signed by both parties after which it will become an integral part of the Insurance Agreement.
- 10.2. The cancellation of any paragraph of the Agreement will not cause the cancellation of the entire Agreement, if the Agreement could have been concluded without such invalid paragraph.
- 10.3. All the notifications required for the execution of the Insurance Agreement, shall be delivered to the parties in writing or shall be sent by fax or registered mail according to the locations of the parties. In case of failure of immediate provision of information to the Insurer about the change to an address/location, any correspondence/notification sent by the Insurer shall be deemed received by the Insured.
- 10.4. According to this Terms and Conditions, all the provisions shall be confidential. Any information related to the Insurance Agreement shall be disclosed to a third person (persons) only in the cases provided under the applicable law and/or by written agreement of the parties. Notwithstanding the aforementioned, by signing the Insurance Agreement (Insurance Policy) the Insured grants the Insurer the unconditional right to submit any information about the Insured available to the Insurer without any additional consent of the Insured to JSC 'Creditinfo Georgia' (registered by Mtatsminda-Krtsanisi regional court on February 14, 2005, No. of register: #06/5-51, Identification No.:204470740), which shall lead to the registration of the Insured in the database of 'Creditinfo Georgia'.
- 10.5. The given Terms and Conditions along with all obligations shall apply to the assignees, representatives and the persons authorized by the Parties;
- 10.6. By signing the Insurance Policy, the Insured confirms that has become fully aware of all terms and conditions of this Terms and Conditions and the Institute Cargo Clauses (A) and (Air) and acknowledges their content.

INSTITUTE CARGO CLAUSES (A)

RISKS COVERED

Risks

1. This insurance covers all risks of loss of or damage to the subject-matter insured except as excluded by the provisions of Clauses 4, 5, 6 and 7 below.

General Average

2. This insurance covers general average and salvage charges, adjusted or determined according to the contract of carriage and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in Clauses 4, 5, 6 and 7 below.

"Both to Blame Collision Clause"

3. This insurance indemnifies the Assured, in respect of any risk insured herein, against liability incurred under any Both to Blame Collision Clause in the contract of carriage. In the event of any claim by carriers under the said Clause, the Assured agree to notify the Insurers who shall have the right, at their own cost and expense, to defend the Assured against such claim.

EXCLUSIONS

4. In no case shall this insurance cover
 - 4.1. loss damage or expense attributable to wilful misconduct of the Assured
 - 4.2. ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
 - 4.3. loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subjectmatter insured to withstand the ordinary incidents of the insured transit where such packing or preparation is carried out by the Assured or their employees or prior to the attachment of this insurance (for the purpose of these Clauses "packing" shall be deemed to include stowage in a container and "employees" shall not include independent contractors)
 - 4.4. loss damage or expense caused by inherent vice or nature of the subject-matter insured
 - 4.5. loss damage or expense caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)

- 4.6. loss damage or expense caused by insolvency or financial default of the owners managers charterers or operators of the vessel where, at the time of loading of the subject-matter insured on board the vessel, the Assured are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the voyage
This exclusion shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract
- 4.7. loss damage or expense directly or indirectly caused by or arising from the use of any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
5. 5.1. In no case shall this insurance cover loss damage or expense arising from
- 5.1.1. unseaworthiness of vessel or craft or unfitness of vessel or craft for the safe carriage of the subject-matter insured, where the Assured are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein
- 5.1.2. unfitness of container or conveyance for the safe carriage of the subject-matter insured, where loading therein or thereon is carried out prior to attachment of this insurance or by the Assured or their employees and they are privy to such unfitness at the time of loading.
- 5.2. Exclusion 5.1.1 above shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract.
- 5.3. The Insurers waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination.
6. In no case shall this insurance cover loss damage or expense caused by
- 6.1. war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
- 6.2. capture seizure arrest restraint or detainment (piracy excepted), and the consequences thereof or any attempt thereat
- 6.3. derelict mines torpedoes bombs or other derelict weapons of war.
7. In no case shall this insurance cover loss damage or expense
- 7.1. caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
- 7.2. resulting from strikes, lock-outs, labour disturbances, riots or civil commotions
- 7.3. caused by any act of terrorism being an act of any person acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted
- 7.4. caused by any person acting from a political, ideological or religious motive.

DURATION

- 9.2. **Transit Clause**
8. 8.1. Subject to Clause 11 below, this insurance attaches from the time the subject-matter insured is first moved in the warehouse or at the place of storage (at the place named in the contract of insurance) for the purpose of the immediate loading into or onto the carrying vehicle or other conveyance for the commencement of transit, continues during the ordinary course of transit and terminates either
- 9.3.
- 8.1.1. on completion of unloading from the carrying vehicle or other conveyance in or at the final warehouse or place of storage at the destination named in the contract of insurance,
- 8.1.2. on completion of unloading from the carrying vehicle or other conveyance in or at any other warehouse or place of storage, whether prior to or at the destination named in the contract of insurance, which the Assured or their employees elect to use either for storage other than in the ordinary course of transit or for allocation or distribution, or
- 8.1.3. when the Assured or their employees elect to use any carrying vehicle or other conveyance or any container for storage other than in the ordinary course of transit or
- 8.1.4. on the expiry of 60 days after completion of discharge overseas of the subject-matter insured from the overseas vessel at the final port of discharge, whichever shall first occur.
- 8.2. If, after discharge overseas from the overseas vessel at the final port of discharge, but prior to termination of this insurance, the subject-matter insured is to be forwarded to a destination other than that to which it is insured, this insurance, whilst remaining subject to termination as provided in Clauses 8.1.1.to 8.1.4, shall not extend beyond the time the subject-matter insured is first moved for the purpose of the commencement of transit to such other destination.
- 8.3. This insurance shall remain in force (subject to termination as provided for in Clauses 8.1.1 to above and to the provisions of Clause 9 below) during delay beyond the control of the Assured, any deviation, forced discharge, re-shipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to carriers under the contract of carriage.

Termination of Contract of Carriage

9. If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a port or place other than the destination named therein or the transit is otherwise terminated before unloading of the subject-matter insured as provided for in Clause 8 above, then this insurance shall also terminate unless prompt notice is given to the Insurers and continuation of cover is requested when this insurance shall remain in force, subject to an additional premium if required by the Insurers, either
- 9.1. until the subject-matter insured is sold and delivered at such port or place, or, unless otherwise specially agreed, until the expiry of 60 days after arrival of the subject-matter insured at such port or place, whichever shall first occur,
or

- 9.2. if the subject-matter insured is forwarded within the said period of 60 days (or any agreed extension thereof) to the destination named in the contract of insurance or to any other destination, until terminated in accordance with the provisions of Clause 8 above.

Change of Voyage

- 10.10.1. Where, after attachment of this insurance, the destination is changed by the Assured, this must be notified promptly to Insurers for rates and terms to be agreed. Should a loss occur prior to such agreement being obtained cover may be provided but only if cover would have been available at a reasonable commercial market rate on reasonable market terms.
- 10.2. Where the subject-matter insured commences the transit contemplated by this insurance (in accordance with Clause 8.1), but, without the knowledge of the Assured or their employees the ship sails for another destination, this insurance will nevertheless be deemed to have attached at commencement of such transit.

CLAIMS

Insurable Interest

- 11.11.1. In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.
- 11.2. Subject to Clause 11.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Insurers were not.

Forwarding Charges

12. Where, as a result of the operation of a risk covered by this insurance, the insured transit is terminated at a port or place other than that to which the subject-matter insured is covered under this insurance, the Insurers will reimburse the Assured for any extra charges properly and reasonably incurred in unloading storing and forwarding the subject-matter insured to the destination to which it is insured.

This Clause 12, which does not apply to general average or salvage charges, shall be subject to the exclusions contained in Clauses 4, 5, 6 and 7 above, and shall not include charges arising from the fault negligence insolvency or financial default of the Assured or their employees.

Constructive Total Loss

13. No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual total loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject-matter insured to the destination to which it is insured would exceed its value on arrival.

Increased Value

14. 14.1. If any Increased Value insurance is effected by the Assured on the subject-matter insured under this insurance the agreed value of the subject-matter insured shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured.
In the event of claim the Assured shall provide the Insurers with evidence of the amounts insured under all other insurances.
- 14.2. Where this insurance is on Increased Value the following clause shall apply:
The agreed value of the subject-matter insured shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the subject-matter insured by the Assured, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured.
In the event of claim the Assured shall provide the Insurers with evidence of the amounts insured under all other insurances.

BENEFIT OF INSURANCE

15. **This insurance**
- 15.1. covers the Assured which includes the person claiming indemnity either as the person by or on whose behalf the contract of insurance was effected or as an assignee,
- 15.2. shall not extend to or otherwise benefit the carrier or other bailee.

MINIMISING LOSSES

Duty of Assured

16. It is the duty of the Assured and their employees and agents in respect of loss recoverable hereunder
- 16.1. to take such measures as may be reasonable for the purpose of averting or minimizing such loss, and
- 16.2. to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Insurers will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

Waiver

17. Measures taken by the Assured or the Insurers with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

AVOIDANCE OF DELAY

18. It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

LAW AND JURISDCITION

19. This insurance is subject to Georgian law and jurisdiction.

NOTE:- Where a continuation of cover is requested under Clause 9, or a change of destination is notified under Clause 10, there is an obligation to give prompt notice to the Insurers and the right to such cover is dependent upon compliance with this obligation.

INSTITUTE CARGO CLAUSES (AIR)

(excluding sendings by Post)

RISKS COVERED

Risks

1. This insurance covers all risks of loss of or damage to the subject-matter insured except as excluded by the provisions of Clauses 3, 4 and 5 below.

Salvage Charges

2. This insurance covers salvage charges incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in Clauses 3, 4 and 5 below.

EXCLUSIONS

3. In no case shall this insurance cover
 - 3.1. loss damage or expense attributable to wilful misconduct of the Assured
 - 3.2. ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
 - 3.3. loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured to withstand the ordinary incidents of the insured transit where such packing or preparation is carried out by the Assured or their employees or prior to the attachment of this insurance (for the purpose of these Clauses "packing" shall be deemed to include stowage in a container and "employees" shall not include independent contractors)
 - 3.4. loss damage or expense caused by inherent vice or nature of the subject-matter insured
 - 3.5. loss damage or expense arising from unfitness of aircraft conveyance or container for the safe carriage of the subject-matter insured, where loading therein or thereon is carried out prior to attachment of this insurance or by the Assured or their employees and they are privy to such unfitness at the time of loading. This exclusion shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract.
 - 3.6. loss damage or expense caused by delay, even though the delay be caused by a risk insured against
 - 3.7. loss damage or expense caused by insolvency or financial default of the owners managers charterers or operators of the aircraft where, at the time of loading of the subject-matter insured on board the aircraft, the Assured are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the transit
This exclusion shall not apply where the contract of insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract

- 3.8. loss damage or expense directly or indirectly caused by or arising from the use of any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- 4. In no case shall this insurance cover loss damage or expense caused by
 - 4.1. war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power
 - 4.2. capture seizure arrest restraint or detainment (piracy excepted), and the consequences thereof or any attempt thereat
 - 4.3. derelict mines torpedoes bombs or other derelict weapons of war.
- 5. In no case shall this insurance cover loss damage or expense
 - 5.1. caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
 - 5.2. resulting from strikes, lock-outs, labour disturbances, riots or civil commotions
 - 5.3. caused by any act of terrorism being an act of any person acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted
 - 5.4. caused by any person acting from a political, ideological or religious motive.

DURATION

Transit Clause

- 6. 6.1. Subject to Clause 9 below, this insurance attaches from the time the subject-matter insured is first moved in the warehouse, premises or at the place of storage (at the place named in the contract of insurance) for the purpose of the immediate loading into or onto the carrying vehicle or other conveyance for the commencement of transit, continues during the ordinary course of transit and terminates either
 - 6.1.1. on completion of unloading from the carrying vehicle or other conveyance in or at the final warehouse, premises or place of storage at the destination named in the contract of insurance,
 - 6.1.2. on completion of unloading from the carrying vehicle or other conveyance in or at any other warehouse, premises or place of storage, whether prior to or at the destination named in the contract of insurance, which the Assured or their employees elect to use either for storage other than in the ordinary course of transit or for allocation or distribution, or
 - 6.1.3. when the Assured or their employees elect to use any carrying vehicle or other conveyance or any container for storage other than in the ordinary course of transit or
 - 6.1.4. on the expiry of 30 days after completion of unloading of the subject-matter insured from the aircraft at the final place of discharge, whichever shall first occur.
- 6.2. If, after unloading from the aircraft at the final place of discharge, but prior to termination of this insurance, the subject-matter insured is to be forwarded to a destination other than that to which it is insured, this insurance, whilst remaining subject to termination as provided in Clauses 6.1.1 to 6.1.4, shall not extend beyond the time the subject-matter insured is first moved for the purpose of the commencement of transit to such other destination.

- 6.3. This insurance shall remain in force (subject to termination as provided for in Clauses 6.1.1 to above and to the provisions of Clause 7 below) during delay beyond the control of the Assured, any deviation, forced discharge, reshipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to the air carriers under the contract of carriage.

Termination of Contract of Carriage

7. If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a place other than the destination named therein or the transit is otherwise terminated before unloading of the subject-matter insured as provided for in Clause 6 above, then this insurance shall also terminate unless prompt notice is given to the Insurers and continuation of cover is requested when this insurance shall remain in force, subject to an additional premium if required by the Insurers, either
- 7.1. until the subject-matter insured is sold and delivered at such place, or, unless otherwise specially agreed, until the expiry of 30 days after arrival of the subject-matter insured at such place, whichever shall first occur,
- or
- 7.2. if the subject-matter insured is forwarded within the said period of 30 days (or any agreed extension thereof) to the destination named in the contract of insurance or to any other destination, until terminated in accordance with the provisions of Clause 6 above.

Change of Transit

8. 8.1. Where, after attachment of this insurance, the destination is changed by the Assured, this must be notified promptly to Insurers for rates and terms to be agreed. Should a loss occur prior to such agreement being obtained cover may be provided but only if cover would have been available at a reasonable commercial market rate on reasonable market terms.

Where the subject-matter insured commences the transit contemplated by this insurance (in accordance with Clause 6.1), but, without the knowledge of the Assured or their employees the aircraft leaves for another destination, this insurance will nevertheless be deemed to have attached at commencement of such transit.

CLAIMS

Insurable Interest

9. 9.1. In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.
- 9.2. Subject to Clause 9.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Insurers were not.

Forwarding Charges

10. Where, as a result of the operation of a risk covered by this insurance, the insured transit is terminated at a place other than that to which the subject-matter insured is covered under this insurance, the Insurers will reimburse the Assured for any extra charges properly and reasonably incurred in unloading storing and forwarding the subject-matter insured to the destination to which it is insured.
This Clause 10, which does not apply to salvage charges, shall be subject to the exclusions contained in Clauses 3, 4 and 5 above, and shall not include charges arising from the fault negligence insolvency or financial default of the Assured or their employees.

Constructive Total Loss

11. No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual total loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject-matter insured to the destination to which it is insured would exceed its value on arrival

Increased Value

12. 12.1. If any Increased Value insurance is effected by the Assured on the subject-matter insured under this insurance the agreed value of the subject-matter insured shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured.
In the event of claim the Assured shall provide the Insurers with evidence of the amounts insured under all other insurances.
- 12.2. Where this insurance is on Increased Value the following clause shall apply:
The agreed value of the subject-matter insured shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the subject-matter insured by the Assured, and liability under this insurance shall be in such proportion as the sum insured under this insurance bears to such total amount insured.
In the event of claim the Assured shall provide the Insurers with evidence of the amounts insured under all other insurances.

BENEFIT OF INSURANCE

13. **This insurance**
- 13.1. covers the Assured which includes the person claiming indemnity either as the person by or on whose behalf the contract of insurance was effected or as an assignee,
- 13.2. shall not extend to or otherwise benefit the carrier or other bailee.

MINIMISING LOSSES

14. Duty of Assured

It is the duty of the Assured and their employees and agents in respect of loss recoverable

14.1. hereunder

to take such measures as may be reasonable for the purpose of averting or minimising such

14.2. loss, and

to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the Insurers will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

Waiver

15.

Measures taken by the Assured or the Insurers with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

AVOIDANCE OF DELAY

16.

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

LAW AND JURISDCITION

19.

This insurance is subject to Georgian law and jurisdiction.

NOTE:- Where a continuation of cover is requested under Clause 7, or a change of destination is notified under Clause 8, there is an obligation to give prompt notice to the Insurers and the right to such cover is dependent upon compliance with this obligation.