



601 Institute Cargo Clauses (B)

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INSURANCE TERMS AND CONDITIONS

1. Risks Covered.

- 1.1 This insurance covers, except as excluded by the provisions of Clauses 2, 3, 4 and 5 below, loss of or damage to the subject-matter insured reasonably attributable to:
 - a. fire or explosion,
 - b. vessel or craft being stranded, grounded, sunk or capsized,
 - c. overturning or derailment of land conveyance,
 - d. collision or contact of vessel, craft or conveyance with any external object other than water,
 - e. discharge of cargo at a port of distress,
 - f. earthquake, volcanic eruption or lightning.
- 1.2 With the same exceptions as specified in paragraph 1, the Insurance covers loss of or damage to the subject-matter insured caused by:
 - a. general average sacrifice
 - b. jettison or washing overboard
 - c. entry of sea or unsalted water from a lake or river into vessel, craft, conveyance, container, wagon or place of storage.
- 1.3 With the same exceptions as specified above, the insurance covers total loss of any package lost overboard or dropped whilst loading on to, or unloading from, vessel or craft.
- 1.4 This insurance covers general average and salvage costs, 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 2, 3, 4 and 5 below and other clauses of this insurance terms and conditions.
- 1.5 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.

2. General Limitations to the Scope of the Insurance.

- 2.1 In no case shall this insurance cover:
 - a. loss, damage or expense attributable to intent or gross negligence of the Assured,
 - b. ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured,
 - c. 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),
 - d. loss, damage or expense caused by inherent vice or nature of the subject-matter insured
 - e. loss, damage or expense caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 1.4 above)
 - f. loss, damage or expense caused by insolvency or financial default of the owners, 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
 - g. deliberate damage to or deliberate destruction of the subject-matter insured, by the wrongful act of any person or persons
 - h. 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.



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3. Limitations to the Scope of the Insurance Concerning a Vessel.

- 3.1 In no case shall this insurance cover loss, damage or expense arising from:
- 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
 - 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.
- 3.2 Exclusion in clause 3.1 item a 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.
- 3.3 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.

4. Limitations to the Scope of the Insurance due to Warfare etc.

- 4.1 In no case shall this insurance cover loss, damage or expense caused by:
- war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power
 - capture, seizure arrest restraint or detainment, and the consequences thereof or any attempt there at,
 - derelict mines, torpedoes, bombs or other derelict weapons of war.

5. Limitations to the Scope of the Insurance due to Strike etc.

- 5.1 In no case shall this insurance cover loss, damage or expense:
- caused by strikers, lockedout workmen, or persons taking part in labour disturbances, riots or civil commotions,
 - resulting from strikes, lockouts, labour disturbances, riots or civil commotions,
 - 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,
 - caused by any person or organisation acting from a political, ideological or religious motive.

6. Duration.

- 6.1 Subject to Clause 9 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, whichever shall first occur:
- 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,
 - 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,
 - 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,
 - on the expiry of 60 days after completion of discharge overside of the subject-matter insured from the oversea vessel at the final port of discharge.
- 6.2 If, after discharging the subject-matter insured at the final port of discharge, but prior to termination of this insurance, it is decided that the subject-matter insured is to be forwarded to a destination other than that to



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which it is insured, this insurance shall be terminated as is specified here above, but no later than at the time the subject-matter insured is first moved for the purpose of transit to such a new destination.

6.3 This insurance shall remain in force (subject to termination as provided for 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 voyage arising from authorisation granted to carriers under the contract of carriage.

7. Termination of Carriage – Request for Continuation of Cover.

7.1 If the contract of carriage is terminated at a port or place before it was supposed to or the transit is otherwise terminated before unloading of the subject-matter insured in the destination, cf. Clause 6 above, and this is beyond the control of the Assured, then this insurance shall also terminate unless the Assured promptly notifies the Insurers and requests the continuation of the coverage. In this case, the insurance shall remain in force (subject to an additional premium if required by the Insurers), either:

- a. until the subject-matter insured is sold and delivered at the place where the transit terminated or 60 days after arrival of the subject-matter insured at such port or place, whichever shall first occur, or
- b. if the subject-matter insured is forwarded within the said period of 60 days to the destination named in the contract of insurance or to any other destination, until the insurance is terminated in accordance with the provisions of Clause 6 above.

8. Change of Voyage.

8.1 If the destination is changed by the Assured after attachment of this insurance, they must promptly notify the Insurers. The Insurers shall then keep the insurance in force with such changes to terms and conditions and premium as agreed on. Should a loss occur prior to such agreement being obtained, continuing cover may be provided only if coverage would have been available at a reasonable and normal market rate and on normal terms.

8.2 If the subject-matter insured commences the transit according to the provisions in these terms and conditions, cf. Clause 6.1, but the ship sails for another destination than the one specified in the insurance contract without the knowledge of the Assured or their employees, this insurance will nevertheless be deemed to have attached at commencement of such transit.

9. Conditions of the Insurers' Compensation Liability.

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 provisions of Paragraph 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.

10. Forwarding Charges.

10.1 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.

10.2 This Clause 10.1, which does not apply to general average contributions and salvage charges, shall be subject to the exclusions contained in Clauses 2, 3, 4 and 5 above, and shall not include charges arising from oversight, negligence, insolvency or financial default of the Assured or their employees.

11. Constructive Total Loss.

11.1 No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either:



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- a. on account of its actual total loss appearing to be unavoidable or,
- b. 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.

12. Increased Value Insurance.

- 12.1 If any Increased Value insurance is effected by the Assured on the subject-matter insured under this insurance certificate, the value of the subject-matter insured shall be deemed to be increased and amount henceforth to the total amount insured under this insurance and all Increased Value insurance policies that have been purchased for the subject-matter insured.
- 12.2 In the event of a claim, the Assured shall notify the Insurers of all other insurance policies that cover the subject-matter insured and the insurance amount of each of them. The Insurers then cover the loss or damage proportionally to their responsibility for the loss or damage.
- 12.3 Where this insurance is on Increased Value, the following provisions shall apply:
 - a) 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.
 - b) In the event of a claim, the Assured shall provide the Insurers with evidence of the amounts insured under all other insurances that cover the subject-matter insured. The Insurers then cover the loss or damage proportionally to their liability for the loss or damage

13. Benefit of Insurance.

- 13.1 This insurance is for the benefit of the Assured mentioned in the insurance certificate or those who have received rights under this insurance as an assignees.
- 13.2 This insurance shall not extend to or otherwise benefit the carrier or other bailee.

14. Duty of Assured.

- 14.1 If there is a risk that a liable loss or damage might occur or has occurred, it is the duty of the Assured and their employees and agents to:
 - a. take such measures as may be reasonably requested for the purpose of averting or minimising such loss or damage, and
 - b. 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.
- 14.2 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.

15. Duty of the Assured to prevent delays.

- 15.1 In all cases, the Assured shall act as soon as possible and in such a manner that can reasonably be expected of them, to prevent delays of the subject-matter insured.

16. Payment of Compensation.

- 16.1 Compensations may be claimed 14 days after the Insurers had the opportunity to gather the information required to assess the insurance event and to determine the compensation amount. The Insured is entitled to interest of his or her claim pursuant to Article 50 of the Act on Insurance Contracts.



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17. Act on Insurance Contracts.

17.1 Unless otherwise provided for in these terms and conditions, the insurance certificate or other documentation on which the insurance contract is based, the provisions of Act No. 30/2004 on Insurance Contracts shall apply.

18. Dispute Resolution and Venue.

18.1 Disputes related to this insurance contract and the Company's liability in other respects may be appealed to the Insurance Complaints Committee. Information on the Committee and the rules governing its work may be obtained from the Company.

18.2 Despite the provisions of Paragraph 1, the parties are entitled to bring the dispute before the courts. Such disputes, as well as other disputes arising from this insurance, shall be brought before the District Court of Reykjavík. The Company may, however, also initiate proceedings arising from the insurance in the jurisdiction of the Policyholder.

18.3 The Company's domicile and venue are in Reykjavík.

Registration in the Claims Database Creditinfo Lánstraust hf.

Claims submitted to insurance companies are registered in a specialized claims database which is run by Creditinfo Lánstraust hf. according to an agreement with Finance Iceland (Samtök fjármálafyrirtækja, SFF), of which the Company is a member, and according to authorization of the Icelandic Data Protection Authority (Persónuvernd). The Company is the party responsible as defined by Act No. 90/2018 on Data Protection and the Processing of Personal Data regarding the registration of data in the database and the searches carried out therein. The objective of the registration in the claims database is to counter insurance fraud and overpayment of insurance benefits. Registered is the information about the Claimant's ID number (kennitala), the insurance claim number, the kind of loss or damage and of the insurance, the date of the insurance event and of the registration, the location of the insurance event and, where applicable, the unique number of the insured item, such as a car's registration number. When registering a claim, the Company receives a summary of all claims that the Claimant has filed, regardless of with which insurance company, and that have been registered in the claims database. Only those employees of the Company who register damages and work on damages settlement have access to the database. The data shall be deleted from the database when it is no longer needed for the purpose of processing, at the latest when 10 years have passed since the registration of the data.

NOTE:

If such circumstances occur that make it necessary to request that this Insurance be kept in force, cf. Clause 7 of these terms and conditions, or to notify the Company about the change of destination, cf. Clause 8, it is necessary that it is done without undue delay. The right to continuing insurance coverage according to these provisions is subject to these obligations being fulfilled.

EXCLUSION CLAUSE REGARDING RADIOACTIVE CONTAMINATION, CHEMICAL WEAPONS, BIOLOGICAL AND BIOCHEMICAL WEAPONS, AND ELECTROMAGNETIC WEAPONS

This subclause shall be paramount and shall override anything contained in this insurance that might contradict it.

1. In no case shall this Insurance cover loss, damage, or expense that is directly or indirectly, in whole or in part, caused by, contributed to by, or arising from:
 - a. ionizing radiation or contamination from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,



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- b. the radioactive, toxic, explosive, or other hazardous or contaminating properties of any nuclear facility, reactor or other nuclear equipment or component thereof,
- c. any weapon or device employing atomic or nuclear fission and/or fusion or other similar nuclear reaction, radioactive force or matter,
- d. the radioactive, toxic, explosive, or other hazardous or contaminating properties of any radioactive matter. The exclusion in this clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific, or other similar peaceful purposes,
- e. any chemical, biological, biochemical, or electromagnetic weapons.

Special endorsement limiting the Insurance's scope of compensation due to sanctions.

The Company is neither obligated to insure nor to pay out any claims or compensation pursuant to this Insurance to the extent that such insurance and the payment of such claims or compensation could result in the Company being subject to any disciplinary actions, bans, or limitations on the basis of resolutions of the United Nations, or trade or economic pressures, laws or regulations determined by the European Union, the United Kingdom, or the United States of America. This endorsement shall be paramount and shall override anything contained in this insurance that might contradict it.

These terms and conditions are valid from 15 January, 2019.