

603 Institute War Clauses (Cargo)

This is a translation of the authoritative Icelandic text. Should there be any discrepancy between the translation of these terms and the Icelandic version, the original Icelandic terms apply.

INSURANCE TERMS AND CONDITIONS

1. Risks Covered.

- 1.1 This insurance covers, except as excluded by the provisions of Clauses 2 and 3 below, loss of or damage to the subject-matter insured caused by:
- a. war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power,
 - b. capture seizure arrest restraint or detainment, arising from risks covered under item a. here above, and the consequences thereof or any attempt thereat,
 - c. derelict mines, torpedoes, bombs or other derelict weapons of war.
- 1.2 This insurance covers general average contributions 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 a risk covered under these Clauses.

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 1.2 here 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. any claim based upon loss of or frustration of the voyage or adventure,
 - h. loss damage or expense directly or indirectly caused by or arising from any hostile use of any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

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

- 3.1 In no case shall this insurance cover loss damage or expense arising from:
- a. 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
 - b. 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.

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- 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. Duration.**
- 4.1 This insurance attaches from the time the subject-matter insured is loaded on an oversea vessel.
- 4.2 This insurance terminates, cf. though paragraph 5 to 8 here below, either as:
- the subject-matter insured is discharged from an oversea vessel at the final port or place of discharge, or
 - on expiry of 15 days counting from midnight of the day of arrival of the vessel at the final port or place of discharge, whichever shall first occur.
- 4.3 Nevertheless, subject to prompt notice to the Insurers and to an additional premium if requested, such insurance reattaches when, without having discharged the subject-matter insured at the final port or place of discharge, the vessel sails therefrom.
- 4.4 If the insurance has reattached according to paragraph 3, it will terminate, cf. though paragraph 5 to 8 here below, either as:
- the subject-matter insured is discharged from the vessel at the final (or substituted) port or place of discharge, or
 - on expiry of 15 days counting from midnight of the day of re-arrival of the vessel at the final port or place of discharge or arrival of the vessel at a substituted port or place of discharge, whichever shall first occur.
- 4.5 If during the insured voyage the oversea vessel arrives at an intermediate port or place to discharge the subject-matter insured for on-carriage by oversea vessel or by aircraft, or the subject-matter insured is discharged from the vessel at a port or place of refuge, the Assured must notify the Company immediately. Then, though subject to paragraph 7 below and to an additional premium if required and agreed changes on the terms, this insurance continues until the expiry of 15 days counting from midnight of the day of arrival of the vessel at such port or place. but thereafter reattaches as the subject-matter insured and as to any part as that part is loaded on an on-carrying oversea vessel or aircraft. During the period of 15 days the insurance remains in force after discharge only whilst the subject-matter insured is at such port or place.
- 4.6 If the subject-matter insured is on-carried within the said period of 15 days according to paragraph 5, the following shall apply regarding the on-carriage:
- where the on-carriage is by oversea vessel this insurance continues subject to the terms of these Clauses, or
 - where the on-carriage is by aircraft, the current Institute War Clauses (Air Cargo) shall apply.
- 4.7 If the voyage in the contract of carriage is terminated at a port or place other than the destination agreed therein, such port or place shall be deemed the final port of discharge and this insurance terminates in accordance with paragraph 2. If the subject-matter insured is subsequently reshipped to the original or any other destination, then provided notice is given to the Insurers before the commencement of such further transit and subject to an additional premium, this insurance reattaches as soon as:
- in the case of the subject-matter insured having been discharged, as the subject-matter insured is loaded on the on-carrying vessel for the voyage,
 - in the case of the subject-matter not having been discharged, when the vessel sails from such deemed final port of discharge.
- 4.8 The insurance according to paragraph 7, thereafter terminates in accordance with paragraph 4.
- 4.9 The insurance against the risks of mines and derelict torpedoes, floating or submerged, is extended whilst the subject-matter insured is on craft whilst in transit to or from the oversea vessel, but in no case beyond the expiry of 60 days after discharge from the oversea vessel unless otherwise specially agreed by the Insurers.



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4.10 Subject to prompt notice to Insurers, and to an additional premium if required, this insurance shall remain in force within the provisions of these Clauses during any deviation, or any variation of the adventure arising from the exercise of a liberty granted to carriers under the contract of carriage.

4.11 For the purpose of Clause 4 "arrival" shall be deemed to mean that the vessel is anchored, moored or otherwise secured at a berth or place within the Harbour Authority area. If such a berth or place is not available, arrival is deemed to have occurred when the vessel first anchors, moors or otherwise secures either at or off the intended port or place of discharge. "Oversea vessel" shall be deemed to mean a vessel carrying the subject-matter insured from one port or place to another where such voyage involves a sea passage by that vessel.

5. Change of Voyage.

5.1 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.

5.2 If the subject-matter insured commences the transit according to the provisions in these terms and conditions, cf. Clause 4.1, 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.

6. Inconsistency of Clauses.

6.1 Anything contained in this contract, which is inconsistent with Clause 2.1, item g. and h. or Clause 4, shall, to the extent of such inconsistency, be null and void.

7 Conditions of the Insurers' Compensation Liability.

7.1 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.

7.2 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.

8. Increased Value Insurance.

8.1 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.

8.2 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.

8.3 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.

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9. Benefit of Insurance.

9.1 This insurance is for the benefit of the Assured mentioned in the insurance certificate or those who have received rights under this insurance as assignees.

9.2 This insurance shall not extend to or otherwise benefit the carrier or other bailee.

10. Duty of Assured.

10.1 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.

10.2 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.

11. Duty of the Assured to Prevent Delays.

11.1 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.

12. Payment of Compensation.

12.1 Compensations may be claimed 14 days after the Company 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.

13. Act on Insurance Contracts.

13.1 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.

14. Dispute Resolution and Venue.

14.1 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.

14.2 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 policy in the jurisdiction of the Policyholder.

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

NOTE:

1. If such circumstances occur that make it necessary to request that this Insurance be kept in force, cf. Clause 4 of these terms and conditions, or to notify the Company about the change of destination, cf. Clause 5, it is necessary that it is done without undue delay. The right to

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continuing insurance coverage according to these provisions is subject to these obligations being fulfilled.

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 policy, 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.

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