

Special Conditions for Open Policies

1. Basis of Contract

German General Rules of Marine Insurance, Special Conditions for Cargo (ADS Cargo 1973 - Edition 1984).

2. Subject of Insurance

- 2.1 The insurance covers goods of all kinds of all goods of the class designated in the contract, which the Assured is bound, by virtue of commercial principles, to insure either for his own or for another's account. The insurance does not accordingly cover goods, which the Assured was bound - without legal or economic interest on his part - to insure by special agreement, even if he is specially paid for on this account.
- 2.2 In an insurance on goods and merchandise of any kind the following goods are, unless specially agreed, excluded:
- 2.2.1 Precious metals or precious stones, objects made of precious metals or precious stones (excepting industrially utilised products), jewels, pearls, bijouterie, money, coins, securities and works of art;
 - 2.2.2 Radioactive materials and nuclear fuels, insofar as they exceed the legally permissible limits;
 - 2.2.3 Explosive goods as per Sect. 1.1 of the ordinance on the Carriage of Dangerous Goods by Sea;
 - 2.2.4 Weapons and ammunition (excepting hunting and sporting weapons and ammunition),
 - 2.2.5 Livestock and living plants;
 - 2.2.6 Drugs, to which the currently valid version of the Law on Traffic in Narcotics (Opium Law) of the 10-12-69 applies

3. Declaration

- 3.1 The assured is under obligation to immediately declare to Underwriters all shipments and storage under the open policy individually, together with the insurable value. In doing so, he must specify the goods, the type of packing, the means of conveyance and the transport route, indicate loading in containers or oversea vessel lighters and further notify all facts expressly requested by Underwriters.
- 3.2 In the event of the Assured omitting to make a declaration or making a faulty declaration in respect of the goods, Underwriters are discharged from liability, unless the Assured has not neglected due commercial diligence and has made or rectified such declaration with retrospective effect immediately upon discovery of the omission or error.
- 3.3 If the Assured wilfully infringes the obligation to declare, Underwriters are at liberty to cancel the contract of insurance without notice; in such case, Underwriters are entitled to claim the amount of premium which would have been due if the contract had been duly fulfilled up to the time the cancellation became effective.

4. Goods transhipped and returned

Goods transhipped and returned are insured on the same conditions as other goods. They must, however, be specially designated upon declaration. The obligation of the Assured to prove that loss or damage sustained occurred on the voyage covered by the insurance remains unaffected.

5. Selection of owners, charterers or operators of the vessel

The risks of insolvency or financial default of the owners, charterers or operators of the vessel or other financial disputes with the parties mentioned above, which are excluded by sect. 1.1.2.5 ADS Cargo 1973 - Edition 1984, are covered if

- the Assured proves that he or his authorised employees resp. have selected the parties named with the necessary prudence and foresight or have instructed the forwarding agent accordingly,
- the Assured is buyer of the goods and as per the stipulations of the contract of sale could not have had any influence on the selection of the parties concerned with the transport.

6. Duration of insurance

Insofar as the own insured interest of the Assured is concerned, the risk shall not terminate upon expiry of the 60 days' period as per Sect. 5.2.4 of the Special Conditions of Cargo (ADS Cargo 1973) if, after the goods have been discharged from the oversea vessel at the port of destination, the voyage has been delayed by a peril insured against and the Assured has given notice of such delay immediately. Underwriters shall be entitled to charge an additional premium.

7. Policy

- 7.1 The Assured is deemed to have approved of the terms of the open policy, unless he contests them immediately upon receiving the document. An open policy is not a policy within the meaning of the law and the ADS.
- 7.2 Underwriters, shall deliver, at the request of the Assured, a document signed by themselves and embodying the declaration for each single transport (single policy, certificate). This single policy is a policy within the meaning of the law and the ADS; the provisions governing approval of the terms of the policy shall, however, not apply to the single policy.

8. Limits

- 8.1 The agreed limits are the maximum sums insured. They apply per means of conveyance and per fire-protected separate store. In the event of the total sum insured of all goods insured under the contract on one means of conveyance or in one fire-protected separate store exceeding the agreed limit, the individual sums insured shall be reduced in such proportion as the limit bears to the total sum insured.
- 8.2 This provision, however, does not apply where goods have been additionally loaded or stored - beyond the Assured's control - at a port of transshipment thereby exceeding the agreed limit. Such exceeding of limit must be notified immediately.

9. Premium due

The premium is due upon inception of the risk and payable upon delivery of the premium debit note.

10. Cancellation

10.1 Effective upon the period of insurance

10.1.1 The contract of insurance shall be renewed automatically for a further year, unless cancelled by one of the parties to the contract giving 3 month's notice prior to expiry of the period of insurance.

10.1.2 In the event of the contract not being cancelled, the latest version of the DTV Clauses on which this contract is based shall apply to the new period of insurance. The next of the new clauses must be notified to the Assured not later than one month prior to expiry of the period of insurance. The Assured shall be entitled to cancel the contract, effective upon expiry of the period of insurance, within 14 days following such notification.

10.2 Procedure in the event of loss or damage

Following the occurrence of loss or damage insured against, either party is entitled to cancel the contract. Notice of cancellation must be given in writing and be delivered to the receiving party not later than one month after the conclusion of negotiations on the indemnification. After notice of cancellation by the Underwriter the contract terminates one month after such notice. In case the Assured cancels the contract he may state whether the cancellation shall become effective immediately or at a later date, at the latest however, by the expiry of the current period of insurance.

10.3 In event of war

10.3.1 If the open policy also covers the carriage or storage of goods to, from or in a country which is in a state of war or involved in warlike operations, Underwriters are at liberty to cancel that part of the contract of insurance at any time by giving one week's notice.

10.3.2 Within 4 weeks of such cancellation by Underwriters, the Assured is at liberty to cancel the whole contract of insurance by giving one week's notice.

10.4 Termination of insurance following cancellation

10.4.1 Where the insurance of goods has attached prior to cancellation taking effect, such insurance shall remain in force until the time provided for termination of the insurance cover.

10.4.2 For goods in storage, excepting intermediate storage in the ordinary course of transit, the insurance shall terminate by virtue of such cancellation on the next declared expiry date, but not later than one month following cancellation.

11 Insolvency of Underwriters

In the event of insolvency or impending insolvency of Underwriters, the Assured is entitled to cancel the contract and to insure anew at the expense of Underwriters. Underwriters can prevent the operation of this right by issuing a guarantee.