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1 Law and Jurisdiction

Unless otherwise specified in the Schedule, this insurance is subject to English law and practice and to the exclusive jurisdiction of the English courts sitting in London.

2 Utmost Good Faith

Insurance is a contract of the utmost good faith, and if this is not observed by you, we may be entitled to avoid the policy.

3 Material Facts

The information provided in a proposal form or otherwise, by or on behalf of the Insured, forms the basis of this contract.

If at any time after inception of this insurance there is a material change in your business you must advise Underwriters, who reserve the right to amend the rates, terms and conditions of this insurance.

If you are in any doubt as to whether this insurance meets your needs, you should seek independent advice from an insurance professional.

4 Cancellation

This insurance may be cancelled by Underwriters or the Insured giving 30 days' notice in writing, to take effect from midnight on the date of issue.

But, if the premium or any instalment (including under a credit agreement) is not paid by you, then this insurance will be cancelled immediately and no return of premium will be allowed.

5 Non-Contribution

This insurance does not cover liability, expense, loss or damage that is insured by or would, but for the existence of this insurance, be insured by any other existing policy or policies; except in respect of any additional sum beyond the amount which would have been payable under such policy or policies had this insurance not been effected.

6 Insurance Premium Tax

Underwriters will calculate the tax liability of the Insured, who agrees to pay all amounts due.

Late notification by Underwriters of tax due as a result of *de minimis* rules being exceeded or any other reason will not reduce or negate the liability of the Insured to pay the tax.

7 Declaration and Adjustment

For the purposes of premium adjustment, the Insured is bound to declare all revenues and other figures on which premium is based within the time limit specified in the Schedule.

If this Policy requires periodic declarations, then the Insured shall maintain an accurate record of all revenues and other figures on which premium is based and shall make such records available to Underwriters for inspection at any reasonable time.

If declarations are not made within the period specified in the Schedule, then, where applicable, a surcharge on the deposit premium will be made based on estimates given; but, this will not negate the requirement for the Insured to make such declarations.

Subject to the conditions, restrictions and exclusions herein or endorsed hereon, and in connection with your occupation as specified in the Schedule, we will indemnify you up to the limits specified in the Schedule:

1 Third Party Property

against your liability for

- 1) loss of or damage to property whilst in transit or, if specified in the Schedule, in storage, or
- 2) consequential financial loss arising from damage to, accidental delay to or accidental mis-delivery of property in transit, **but only** where you have contracted on terms that exclude such liability or limit it to the carriage charges for the subject movement

arising

- a) under your trading conditions as specified in the Schedule, or
- b) unwittingly under the CMR Convention, by the operation of law, or
- c) if specified in the Schedule, under the CMR Convention by the operation of law, or
- d) if specified in the Schedule, under conditions applicable within and the law of any EU Member State relating to Cabotage, **provided always that** you are properly authorised to carry out such haulage in that State, or
- e) where your trading conditions have been incorporated into the contract for carriage but cannot be enforced at law, or
- f) where you have failed to successfully incorporate your trading conditions, **provided always that**
 - i) you have taken reasonable steps to ensure their incorporation, **and**
 - ii) any failure to notify and incorporate the conditions has resulted solely from a clerical or administrative error;

2 Third Party Containers

against your liability for loss of or damage to containers not owned by, leased to or hired to you, but which are bailed to you;

3 Legal Defence Costs and Expenses

in addition to other limits expressed in the Schedule, for legal costs and expenses incurred with our prior consent in defending any claim against you under this insurance;

4 Third Party Property under Lien

against your liability under your trading conditions as specified in the Schedule for loss of or damage to property in transit or in storage upon which you are properly exercising a lien;

5 Debris Removal and Mitigation Costs

for

- 1) costs and expenses, reasonably incurred, directly in respect of
 - a) removing debris of damaged property, or
 - b) transshipment or recovery of property,
 following a road traffic accident involving the conveying vehicle, **but excluding** any costs incurred solely to avoid a pollution hazard;

and

- 2) additional costs and expenses, necessarily and reasonably incurred for the safe delivery of the property, consequent upon and relating to or incurred to mitigate or avoid any claim or potential claim otherwise recoverable under this insurance;

6 General Average and Salvage Charges

for General Average and Salvage Charges payable according to foreign statement or to York-Antwerp Rules if in accordance with the contract of affreightment;

7 Own Goods

for loss of or damage to

- a) your own sheets, ropes, chains and toggles whilst on or in any vehicle owned or operated by you or under your control;
- b) your own goods whilst on or in any vehicle;

but, we will not indemnify you for loss or damage

- i) of or to vehicles or containers;
- ii) of or to mobile telephones, computer equipment and peripherals, laptop and handheld computers, PDAs and the like and associated software and accessories;
- iii) of or to goods carried for reward;
- iv) of or to unpacked or unprotected goods caused by rust, oxidation, discolouration, scratching, chipping, denting or bruising, or the cost of repainting;
- v) caused by ordinary leakage loss in weight or volume or wear and tear, or gradual deterioration, or depreciation;
- vi) caused by unsuitability or inadequacy of packing or preparation of the goods to withstand the ordinary rigours of transit;
- vii) caused by inherent vice or the nature of the goods;
- viii) caused by delay;
- ix) caused by electrical or mechanical derangement or disturbance;
- x) caused by atmospheric or climatic conditions;

8 Loading and Handling Equipment

for loss of or damage whilst on any vehicle owned or operated by you to equipment belonging to you or hired, loaned or leased to you, specifically designed for the handling, loading or unloading of such vehicles, up to the market value at the time of loss, subject to the limits in the Schedule;

but, we will not indemnify you for

- i) loss of or damage to containers or trailers;
- ii) Road Traffic Act liabilities;
- iii) damage to or bursting of tyres;
- iv) loss or damage caused by electrical or mechanical breakdown or derangement;
- v) loss or damage caused by wear and tear or gradual deterioration, or depreciation;
- vi) loss or damage caused by rust, oxidation, discolouration, scratching, chipping, denting or bruising, or the cost of repainting;

9 Drivers' Effects

for loss of or damage to your own personal effects or those of the driver in your employ whilst in any vehicle owned or operated by you or under your control;

but, we will not indemnify you for loss or damage

- i) of or to mobile telephones, laptop and handheld computers, portable electronic games, PDAs, MP3 players and the like and associated software and accessories;
- ii) of or to watches, jewellery, monies or documents of every description;
- iii) caused by wear and tear;
- iv) caused by electrical or mechanical derangement or disturbance.

It is a condition precedent to your right to indemnity under this insurance that:

1 Conditions of Business

you must during the period of this insurance continuously trade under the trading conditions identified in the Schedule or such other conditions as may be approved in writing by us;

and ***you must*** take all reasonable steps to ensure that such conditions are incorporated into all contracts entered into by you with your customers and (as the case may be) subcontractors;

2 Due Diligence

you must act with due diligence, taking reasonable precautions for the safety of the property and to ensure that the incidence and effect of any claim are minimised;

for the avoidance of doubt, but without prejudice to the generality of this provision:

you must maintain all vehicles and equipment in an efficient and roadworthy condition;

you must only use vehicles that are fit to carry any particular load;

you must ensure that you have access to an adequate supply of fuel for the vehicle or any refrigeration machinery, to complete the intended journey or custody period;

3 Reasonable Precautions

you must at your own expense take all reasonable precautions to prevent or diminish any liability, expense, loss or damage that falls within the indemnity provided by this insurance;

4 Own Vehicle Locking and Anti-Hitching

whenever vehicles or trailers owned or operated by you or in your care custody or control are left unattended ***you must*** ensure that

- a) all doors, windows and other access points have been securely shut and locked, ***and***
- b) all security devices have been put into effect, ***and***
- c) the keys have been removed from the vehicle, ***and***
- d) unattached or detached trailers have an anti-hitching device attached and in effect;

for the purposes of this clause,

"unattended" shall mean all times when the driver or other employee to whom goods are entrusted does not have the vehicle, container or goods under direct observation and is not close enough and fit and able to have a reasonable prospect of deterring or attempting to prevent any interference with or theft of the goods;

5 Subcontractors

you must ensure that all subcontractors

- 1) are fully insured and agree in writing to fully indemnify you for any loss, damage, liability or expense, and are financially able to do so if such insurance does not respond to any claim; ***and***

- 2) do not accept a lesser liability than you;

but these conditions 5(1) and 5(2) shall not apply

- a) to any sub-contractor acting as a shipping line, airline, railway or port operator; or
- b) where you have failed to comply with them, ***provided always that:***
 - i) you have taken reasonable steps to ensure compliance, ***and***
 - ii) any failure to comply has resulted from a clerical or administrative error;

additionally, where required, by the CMR Convention or otherwise, ***you must*** ensure that a consignment note in proper form is passed to any subcontractor along with the property;

6 Employee References

you must obtain and retain satisfactory references from reliable sources for all your employees engaged after inception of this insurance and prior to entrusting them with administration, vehicles or property;

any verbal references must be recorded in writing at the time given;

all references must be made available to us on request.

Conditions
Precedent
to
Liability

1 Theft-Attractive Goods

Liability for loss of or damage to theft-attractive goods, such as:

- i) audio, visual, audio visual equipment or accessories, including all such portable or hand-held devices;
- ii) photographic equipment, lenses; components, parts or accessories;
- iii) computer equipment, components, parts or accessories and associated software;
- iv) laptop and handheld computers, portable electronic games, PDAs and the like and associated software;
- v) mobile telephones, components, parts or accessories;
- vi) clothing, apparel or footwear;
- vii) jewellery, watches or perfumes;
- viii) non-ferrous metals in raw, scrap or ingot form;
- ix) precious stones or metals;
- x) prescription pharmaceutical products;
- xi) processed tobacco or tobacco products;
- xii) spirits or fortified wines;

is covered only to the Theft Attractive Goods limit specified in the Schedule, **unless** carried unwittingly by you either in sealed containers or as part of a groupage load.

2 Number of Parties Insured

Where the Insured named in the Schedule comprises more than one party, each of the parties shall for the purpose of this insurance be considered as a separate and distinct entity and the words "the Insured" shall be construed as applying to each party in the same manner as if a separate insurance had been issued to each of the said parties and Underwriters agree to waive all rights of subrogation or action which they may have or acquire against any of the aforesaid parties arising out of any event in respect of which any claim is made hereunder.

Nevertheless each and every Insured agrees that they shall each be jointly and severally liable for any monies due under this insurance even though there may otherwise be deemed to be separate insurances.

Limits of Liability

Notwithstanding the number of parties who may claim under this insurance, the total amount payable, including interest and legal costs and expenses, in respect of all claims arising out of any event shall not exceed such amount as would be payable if there were one party constituting the Insured.

3 Conduct

We will not indemnify you to the extent that your deliberate or reckless conduct increases the degree of risk.

We will not indemnify you if, at the time of loss or damage, your Transport Operator's Licence has been revoked.

4 Fraud

Underwriters shall be entitled to terminate this insurance from the date on which:

- a claim is made by fraudulent means or is intentionally exaggerated, or
- any false statement or declaration is made

by you or any party acting for you with the intention of obtaining benefit from this insurance.

5 Contracts (Rights of Third Parties) Act

The right of any individual, firm or company who is not party to this contract of insurance under the Contracts (Rights of Third Parties) Act 1999 (or any successive legislation) to enforce any term of this insurance is hereby excluded, but this does not affect any right or remedy of such third party that is otherwise available to them.

No indemnity will be provided for:**1 Excluded Goods**

loss of, or damage to

- i) passports, documents, monies of every description, securities, negotiable documents or instruments, deeds, bonds, bullion, precious metals and stones, jewellery, tickets, stamps, pre-pay vouchers, credit, charge debit or fuel cards;
- ii) goods forming in whole or part any household, factory or office removal;
- iii) goods being towed using their own axle;
- iv) trailers, **unless** mounted upon another vehicle and being carried for reward or noted as covered in the Schedule;
- v) goods classified as hazardous by regulatory authorities, **unless** you and any driver to whom such goods are entrusted are properly licensed and trained in their handling and carriage **and** all applicable rules and regulations are complied with at all times;
- vi) living creatures;

2 War and Similar Risks

loss or damage caused by

- i) war, invasion, terrorism, politically-motivated acts, act of foreign enemy, hostilities (whether war be declared or not), military or usurped power, civil commotion, revolution, rebellion, insurrection or civil war;
- ii) any weapon or device employing atomic or nuclear fission or fusion or other like reaction or radioactive force or matter;
ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter;
but, the exclusion in this sub-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;
- iii) pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds;
- iv) any chemical, biological, bio-chemical or electromagnetic weapon;
- v) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or malicious code, process or any other electronic system;
- vi) confiscation, requisition, embargo, nationalisation or destruction by any Government or Local Authority;

3 Certain CMR and Similar Liabilities

your liability

- i) under article 7(3) of the CMR Convention, where the consignment note does not contain the prescribed statement that the carriage is subject to the provisions of the Convention;
- ii) for failure to collect any "cash on delivery" charge, under article 21 of the CMR Convention or otherwise;
- iii) for any agreed value exceeding the prescribed limitation, under article 24 of the CMR Convention or otherwise under any equivalent provision of any applicable legal regime;
- iv) for any special interest in delivery, under article 26 of the CMR Convention or otherwise;
- v) under article 40 of the CMR Convention, by reason of derogation from the provisions of articles 37 (compensation) and 38 (insolvency), unless otherwise agreed by us in writing;

4 Deterioration

loss of or damage to property in transit arising from variation in temperature, **unless** carried in temperature-controlled vehicles, trailers or containers and consequent upon an accident thereto;

5 Delay and Consequential Loss

- i) claims for delay or consequential loss (including loss of market), or arising from inadequate or inaccurate documentation, unless otherwise provided for herein;
- ii) liability arising from late delivery where the delivery time or date is agreed by you;

6 Theft from Storage Premises

theft from storage premises, unless consequent upon forcible or violent entry to or exit from such premises;

7 Chartering, Management or Operation

your chartering of, or your interest in, the whole or part of any vessel or aircraft, or any liability arising from the management or operation of any vessel or aircraft;

8 Currency Fluctuations

any financial loss due to currency fluctuations;

9 Date Recognition Failure

loss, damage, liability or expense caused by or contributed to or arising from failure of any computer or similar equipment, programme or system to identify, enter or otherwise correctly deal with any changes in date;

10 Insolvency

loss, damage, expense or liability arising from your insolvency or financial default;

11 Fraud

loss, damage, expense or liability arising from any malicious, dishonest, fraudulent or criminal act or omission of the Insured, its partners or directors;

12 Contamination

contamination or taint of any property.

1 Northern Marine Underwriters Limited

Northern Marine Underwriters Limited is authorised and regulated by the Financial Services Authority.

We aim to provide you with a high quality service. If you are dissatisfied in any way, then please write to or telephone the office that issued this Policy and we will do our best to resolve the problem.

If you are unhappy with the reply or explanation received, we ask that you contact:

The Compliance Manager	0161 236 3380
Northern Marine Underwriters Limited	fax 0161 236 0633
Faulkner House, Faulkner Street, Manchester, M1 4DY	

We will acknowledge your communication within 5 business days of receipt, letting you know who will be dealing with your problem and when you can expect a response.

We will let you have a formal response within 20 business days. If that is not our final response, we will let you know the reason why and when you can expect to receive our final response.

2 Munich Re Underwriting Limited

In issuing this insurance, Northern Marine Underwriters Limited acts as agent for Watkins Syndicate (WTK/457) at Lloyd's.

If we cannot resolve any problem to your satisfaction, you may contact the Managing Agent for the Syndicate, Munich Re Underwriting Limited:

The Compliance Director	020 7886 3900
Munich Re Underwriting Limited	fax 020 7886 3901
St Helens, 1 Undershaft, London, EC3A 8EE	

3 Lloyd's of London

Lloyd's is regulated by the Financial Services Authority.

Lloyd's has strict guidelines as to how complaints should be dealt with. You may, if the matter is still not resolved to your satisfaction, or at any time, take your concerns to Lloyd's:

Complaints Department	020 7327 5693
Lloyd's	fax 020 7327 5225
One Lime Street, London, EC3M 7HA	

4 Financial Services Authority

The Financial Services Authority is an independent non-governmental body established to regulate the financial services industry, under statutory powers granted by the Financial Services and Markets Act 2000.

Financial Services Authority	020 7066 1000
25 The North Colonnade, Canary Wharf, London, E14 5HS	

Further information about your rights as a policyholder and guidance about making complaints can be obtained by calling their consumer helpline: 0845 606 1234, or from their website: www.fsa.gov.uk/consumer.

5 Financial Ombudsman Service

Where appropriate, the Managing Agent and Lloyd's will also give you details of the independent arbitration scheme administered by the Financial Ombudsman Service.

However, the Financial Ombudsman Service will only consider referral of your complaint if you have given us the opportunity to resolve it and we have not, or if we do not resolve it within 40 working days (in which case you may contact them directly) **and you are**

- a private policyholder; or
- a business with a group annual turnover of less than £1million; or
- a charity with an annual income of less than £1million; or
- a trust with a net asset value of less than £1million.

1 Claims Procedure

You must

- give immediate notice by telephone to the broker or (if applicable) the Claims Managing Company named in the Schedule of any loss of or damage to property, or any clerical error or omission, having the potential to give rise to a claim under this insurance; if necessary, the attendance of a surveyor will be arranged to protect your position;
- give notice in writing with full particulars to the broker or (if applicable) the Claims Managing Company named in the Schedule of any other incident having the potential to give rise to a claim under this insurance, even if you think that liability will not attach to you;
- notify the police immediately (on happening or discovery) of loss or damage resulting from theft, attempted theft or malicious damage having the potential to give rise to a claim under this insurance, even if you think that liability will not attach to you;

then

- provide to us, at your expense, as much information as possible (including approximate costs) about the claim, within thirty days,
but you should not delay reporting a claim while gathering documentation;
- provide to us all reasonable assistance in handling the claim;
- forward to the broker or (if applicable) the Claims Managing Company named in the Schedule, unanswered and the same day or next working day, all legal proceedings (whether formally served or not) and communications from other parties in connection with the claim;

You must not admit or repudiate liability, or offer to settle, make any payment for, or compromise any claim.

2 Control of Claims

We may

- begin or take over the defence of a claim or a prosecution made against you or any other party entitled to be indemnified by this insurance;
- make a claim in your name to recover a sum paid under this insurance;
- represent you or any other party entitled to be indemnified by this insurance at any inquiry, inquest or similar proceedings;
- appoint a legal or expert representative to protect or pursue our rights.

3 Subrogation

You or any other party entitled to be indemnified by this insurance **must**, at our request and expense do everything we reasonably require to enforce a right or remedy or to obtain relief or indemnity to which we will become entitled or subrogated because of payment or making good loss or damage.

We may require you to carry out such actions before or after we make any admission of liability for or payment of a claim.

You must not waive any rights of recourse without our prior written agreement.

4 Counterclaims (Unpaid Freight)

If you sue for payment of freight or charges and the defendant puts forward a counterclaim that may give rise to a claim under this insurance, then we may at our option immediately take over the conduct of both your claim for payment and the defence of the counterclaim, but you shall nevertheless be responsible for paying such legal costs as relate to your claim for payment.

5 Settlement Options

In the case of claims for loss of or damage to goods, trailers or equipment owned by you, **we may** at our option indemnify you by means of repair, replacement or cash settlement.

For the purposes of this insurance, these words and phrases shall always be taken as having the following meanings:

1 Contractual CMR

Non-statutory use and application of the CMR Convention by you in your contract with your customer.

2 Event

Any event or series of events attributable to one originating cause or series of causes.

3 Excess

The amount for which you are responsible as the first part of each claim.

4 Geographical Descriptions

British Isles The United Kingdom of Great Britain and Northern Ireland, including its offshore islands, plus the Isle of Man, the Channel Islands and the Republic of Ireland.

Europe **British Isles** plus:
Andorra, Austria, Belgium, Denmark, Finland, Faroe Islands, France, Germany, Gibraltar, Greece, Iceland, Italy, Liechtenstein, Luxembourg, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland.

Wider Europe **Europe** plus:
Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.

5 In Storage

During the period when you are legally responsible for the storage of property.

6 In Transit

During the period when you are legally responsible for property, between collection and delivery, including temporary storage on or off the vehicle (in your buildings) during the course of such transit, **but excluding** whilst in storage (as defined).

7 Insured

As stated in the Schedule. And **you** and **your** shall be construed accordingly.

8 Own Goods

Goods, belonging to you in connection with your occupation as specified in the Schedule.

9 Period

As stated in the Schedule.

If notice of cancellation is given, then the end of the period will be midnight on the last day before cancellation becomes effective.

10 Property

Goods that are not owned by, leased to or hired to you, but which are bailed to you, in your occupation as stated in the Schedule, for reward.

11 Subsidiary Company

As defined in section 736 of the Companies Act 1985 and any statutory amendment thereto.

12 Underwriters

Northern Marine Underwriters Limited, as agent for Watkins Syndicate (WTK/457) at Lloyd's. And **we, us** and **our** shall be construed accordingly.

13 Vehicle

Motor vehicle, articulated trailer, trailer, or semi-trailer, as referred to in article 1(2) of the CMR Convention.