

**NZI MARINE CARGO – OPEN**  
INSURANCE POLICY



# CONTENTS

<b>PART A</b>	<b>POLICY STATEMENT</b>	2
<b>PART B</b>	<b>RISKS COVERED ADDITIONAL CLAUSES</b>	3
<b>PART C</b>	<b>EXCLUSIONS</b>	12
	C1 – CLIMATIC CHANGES	12
	C2 – USED AND SECOND-HAND GOODS	12
	C3 – EMBARGO, REJECTION OR PROHIBITION	12
	C4 – PROCESSING OF GOODS	12
	C5 – GENERAL	12
<b>PART D</b>	<b>CLAIMS</b>	12
	D1 – CLAIMS PAYABLE	12
	D2 – CLAIMS PROCEDURE	12
<b>PART E</b>	<b>GENERAL CONDITIONS</b>	14
	E1 – COMMENCEMENT/TERMINATION OF OPEN POLICY & NOTICE PERIOD	14
	E2 – VOYAGES/TRANSITS INSURED	14
	E3 – BASIS OF VALUATION	14
	E4 – LIMITS OF LIABILITY AND DEDUCTIBLES	15
	E5 – SHIPMENTS OF MACHINERY	15
	E6 – CHANGE IN CIRCUMSTANCE	15
	E7 – OTHER INSURANCE	16
	E8 – LAW AND JURISDICTION	16
	E9 – DEFINITIONS	16

# NZI MARINE CARGO – OPEN INSURANCE POLICY



## PART A. POLICY STATEMENT

In consideration of the payment of the premium, as agreed, **We** undertake to insure the **Goods** for the transits, as specified in the **Schedule**, against **Loss** happening during the period of the insurance and will, subject to the terms, definitions, conditions, exclusions, warranties and endorsements, contained herein or enclosed or attached hereto, indemnify **You** in the manner and to the extent agreed.

This policy is to insure **Goods** shipped by or for the account of **You** as specifically named in the **Schedule** or the insurance of which is under **Your** control as selling or purchasing agent unless insured elsewhere prior to inception of this policy or to insurable interest being acquired.

This policy does not cover the interest of any other person, but this shall not prevent a transfer of the insurance by **You** or **Your** Assignee.

This policy is not valid unless the **Schedule** is signed by **Our** issuing Branch.

The conditions of insurance contained in this policy include an amalgamation of the following Institute of London Underwriters Clauses and the Additional Clauses which are listed in Part B. Where there is any conflict or inconsistency between the Institute of London Underwriters Clauses and the Additional Clauses listed, the clause most favourable to **You** shall apply.

### INSTITUTE OF LONDON UNDERWRITERS CLAUSES

- Institute Cargo Clauses (A)
- Institute Cargo Clauses (B) Applies only when noted as an insuring clause on the **Schedule**
- Institute Cargo Clauses (C) Applies only when noted as an insuring clause on the **Schedule**
- Institute Cargo Clauses (Air) (Excluding Sendings By Post)
- Institute Frozen Food Clauses (A) (Excluding Frozen Meat) Applies only when noted as an insuring clause on the **Schedule**
- Institute Frozen Food Clauses (A) (Excluding Frozen Meat) (Amend to read chilled where appropriate as noted on the **Schedule**) Applies only when noted as an insuring clause on the **Schedule**
- Frozen Food Extension Clauses (For use only with the Institute Frozen Food Clauses A) Applies only when noted as an insuring clause on the **Schedule**
- Institute Frozen Meat Clauses (A) (Not suitable for chilled, cooled or fresh meat) Applies only when noted as an insuring clause on the **Schedule**
- Institute Frozen Meat Clauses (A)–24 Hours Breakdown (Not suitable for chilled, cooled or fresh meat) Applies only when noted as an insuring clause on the **Schedule**
- Frozen Meat Extension Clauses – IMTA (For use only with the Institute Frozen Meat Clauses A) Applies only when noted as an insuring clause on the **Schedule**
- Institute Strikes Clauses (Cargo)
- Institute War Clauses (Cargo)
- Institute Strikes Clauses (Frozen Food) (Excluding Frozen Meats) Applies only when noted as an insuring clause on the **Schedule**
- Institute Strikes Clauses (Frozen Meats) (Not suitable for chilled, cooled or fresh meat) Applies only when noted as an insuring clause on the **Schedule**
- Institute Strikes Clauses (Air Cargo)
- Institute War Clauses (Air Cargo)
- Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause
- U.S.A. & Canada Endorsement for the Institute Radioactive Contamination Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause
- Institute Cyber Attack Exclusion Clause
- Institute War Clauses (Sendings by Post)
- Institute Classification Clause
- Institute Replacement Clause

In the event that a claim occurs, the conditions of insurance will be applied as if the individual Institute of London Underwriters Clauses and Additional Clauses had been separately included. The Institute Clauses referred to herein are those current at the inception of this policy. If, during the currency of this policy, such clauses are revised then those current on the date of attachment of risk are deemed to apply.

PART B. RISKS COVERED ADDITIONAL CLAUSES

**ACCUMULATION CLAUSE**

This policy is extended to cover the increase in value of the **Goods** where the **Goods** accumulate at a shipping port or on a connecting **Conveyance** because of interruption or variation in transit beyond **Your** control.

**You** must notify **Us** as soon as **You** are aware of any interruption or variation in transit that may cause the accumulation of **Goods**.

The most **We** will increase the cover to is twice that shown in the **Schedule** up to a limit of NZ\$10,000,000 unless this limit is varied in the **Schedule**.

**ACQUIRED COMPANY CLAUSE**

This policy is extended to cover any company **You** acquire, provided:

1. **You** have a controlling interest in the company, and
2. the **Goods** of the company are not insured elsewhere, and
3. **You** notify **Us** as soon as possible, and no more than 30 days after acquiring the company, if the **Goods** are materially different from those currently insured, and
4. **You** supply to **Us** as soon as possible, and no more than 60 days after acquiring the company, any information **We** request regarding the company, and
5. **You** agree to pay any additional premium **We** require.

**ADDITIONAL EXPENSES CLAUSE**

**We** will pay the costs incurred by **You** for the use of external experts or labour:

1. in substantiating any claim for rebate of duty and/or sales tax, and
2. in preparing or obtaining documents in support of any such claim,

provided a claim is payable under this policy for **Loss** of the **Goods**.

The most **We** will pay is the limit stated in Part E4 of this policy.

**AIRCRAFT CLAUSE**

Where the words 'ship', 'vessel', 'watercraft', 'seaworthiness', 'ship-owners', 'vessel owner' or 'bill of lading' appear in this policy or its attachments, they are deemed to include also the words 'aircraft', 'airworthiness', 'aircraft owner' or 'air waybill'. 'Owner', for the purposes of describing any carrier in this policy or its attachments, is deemed to include 'operator'.

**BRANDS CLAUSE**

If the **Goods** carry a trademark or brand, and suffer **Loss** covered by this policy, the value of the **Goods** will be determined after removal of the trademark or brand.

If the **Goods** are transported in containers that carry an irremovable trademark or brand, and suffer **Loss** covered by this policy, the value of the **Goods** will be determined after the **Goods** have been transferred to plain containers.

If it is not practical to remove the trademark or brand **We** will confirm this in writing to **You** at which time **You** may destroy the damaged **Goods**. **We** will deduct an allowance for salvage from the claim settlement which will be equal to the amount **We** would have been entitled to, had **You** sold the damaged **goods**.

**CONCEALED DAMAGE CLAUSE**

This policy is extended to cover **Loss** of the **Goods** which is not found immediately at the place of final destination because of a delay in unpacking, provided:

1. the **Loss** is discovered within 60 days of arrival, and
2. the packaging, case or container did not show any sign of **Loss**, damage or staining, and
3. the packaging, case or container is kept by **You** so **We** can inspect it.

This clause does not cover **Loss** of the **Goods** that occurred after delivery at the place of final destination.

This clause only applies to cargo that is not temperature sensitive.

**CONSOLIDATION AND OTHER HANDLING CLAUSE**

This policy is extended to cover the **Goods** if they are stopped prior to their final destination at the premises of any consolidator or handler for the purpose of:

1. consolidation or deconsolidation, or
2. packing or repacking, or
3. containerisation or de-containerisation, or
4. distribution or redistribution.

This clause will operate for a period of no more than 30 days from the first stoppage unless **You** have requested, and **We** have agreed to, an increase in time up to 60 days.

This clause does not modify any relevant Institute Clauses or similar Clauses that control the length of time the **Goods** may continue in the ordinary course of transit from discharge from the overseas vessel or aircraft.

**CONTAINER LIABILITY CLAUSE**

This policy is extended to cover liability incurred by **You** for **Loss** to shipping containers, crates, pallets or the like when carried by an insured transit and caused by an insured event, provided these costs are not recoverable under any other policy.

The most **We** will pay is the limit stated in Part E4.

A deductible of \$1000 applies, additional to any other deductible stated in the **Schedule**.

**CONTAMINATION CLAUSE**

This policy is extended to cover **Loss** of the **Goods** that can be attributed to the risk of contamination during the transit.

The **Goods** must be first covered by the Institute Cargo Clauses (A) or similar All Risk Clauses at the time of the **Loss**.

Cover is subject to the Deck Cargo Clause in this policy.

**CONTROL OF DAMAGED PROPERTY CLAUSE**

**You** may keep control of all damaged **Goods** in the event of **Loss**. Where possible, **You** must recondition and sell the damaged **Goods** after removal of any trademark, brand or label, and distribute the proceeds between **You** and **Us** equitably.

If **You** consider the disposal or sale of the damaged **Goods** would be harmful to **Your** interest, or in breach of an agreement with any trade association, **We** may treat the damage as a total **Loss**.

**We** will confirm this to **You** in writing at which time **You** may destroy the damaged **Goods**.

**We** will deduct an allowance for salvage from the claim settlement which will be equal to the amount **We** would have been entitled to, had **You** sold the damaged **Goods**.

**CURRENCY DEVALUATION CLAUSE**

If the New Zealand currency fluctuates and devalues against the currency of purchase by more than 5%, after the declaration and before completion of the transit, **We** will automatically adjust the declaration to reflect the new rate of exchange.

This clause applies to imports only.

**DAMAGE BY FUMIGATION CLAUSE**

This policy is extended to cover **Loss** caused by a fumigant or any fumigation process if, by order of a statutory authority exercising their power of jurisdiction granted by legislation:

1. the **Goods** are fumigated and fumigation is not normally required, or
2. the **Goods** are normally fumigated once and the authority requires a second fumigation.

This clause does not cover **Loss** arising from insufficient packing, preparation, stowage, markings or incorrect paperwork.

**You** agree to provide **Us** with any assistance **We** require to pursue **Our** rights of recovery.

**DEBRIS REMOVAL CLAUSE**

This policy is extended to cover the costs of disposal, removal and destruction of damaged **Goods** provided a claim is payable elsewhere in this policy.

This extension does not cover:

1. any liability, cost, or expense, relating to pollution, contamination, or pollution clean-up, or
2. any fines or penalties.

The most **We** will pay is the limit stated in Part E4 of this policy.

**DECK CARGO CLAUSE**

This policy does not cover **Loss** caused by water of any kind when the **Goods** are transported on the deck of a vessel or craft.  
 This clause does not apply if the **Goods** are transported in fully enclosed ISO containers of solid wall and roof construction.

**DECLARATIONS CLAUSE**

**You** are bound to declare, without exception, consignments coming within the terms of this policy, as and when required. **We** are bound to accept such declarations but **Our** maximum liability shall not exceed the Policy Limits stated in the **Schedule**. However, **We** will not be relieved of liability by reason of any late declaration or no declaration providing **You** make the declaration immediately upon becoming aware that it has not been made.

Premium due may be debited and charged by either of the following methods:

1. Declaration Basis – **You** are required to declare to **Us**, without exception, at the time of sailing/ departure or as near to that time as practicable, all consignments that come within the terms of this policy, in accordance with the basis of valuation(s) stated in the **Schedule**. The premium due on such declarations will be calculated by **Us** and debited to the account of **Yours** at the close of each month or as agreed.
2. Annual Declaration Basis – **You** are required to declare, in writing, to **Us**, the estimated total insurable value, in accordance with the basis of valuation(s) stated in the **Schedule**, of all the consignments that come within the terms of this policy, for the twelve month period immediately following the attachment date.

The estimated premium due on such declaration will be calculated and debited, as agreed, to the account of **Yours**. The premium amount debited is the Deposit Premium.

At the completion of each twelve-month period **You** are required to declare to **Us** the actual insurable value, in accordance the basis of valuation(s) stated in the **Schedule**, of all the consignments that come within the terms of this policy. The premium owing on such declaration will be calculated by **Us** and the Deposit Premium paid for the period deducted. **You** are required to pay any additional premium due.

For each subsequent twelve month period the estimated insurable value, in accordance with the basis of valuation stated in the **Schedule**, of all consignments that come within the terms of this insurance must be declared by **You**, in writing, to **Us** no later than 30 days after the commencement of the period.

**DELIBERATE DAMAGE –  
 POLLUTION HAZARD CLAUSE**

This policy is extended to cover **Loss** of the **Goods** by order of any government or statutory authority exercising their power of jurisdiction granted by legislation to prevent or reduce a pollution hazard or threat of such hazard, provided:

1. the **Goods** are being transported on water at the time of **Loss**, and
2. the hazard that required the intervention by the authority would have caused **Loss** to the **Goods** had the authority not intervened.

**DESTINATION CLAUSE**

This policy is extended to continue to cover the **Goods**:

1. when the destination is changed, and
2. until the **Goods** arrive at the final destination,

regardless of the destination stated in the Certificate of Insurance, Application, or Bill of Lading.

This clause does not modify any relevant Institute Clauses or similar Clauses that control the length of time the **Goods** may continue in the ordinary course of transit from discharge from the overseas vessel or aircraft.

**DIFFERENCE IN COVERAGE CLAUSE**

This policy is extended to cover the difference between any insurance arranged by the seller of the **Goods**, or their agent, and the insurance provided by any Institute Clauses within this policy, provided:

1. the **Goods** are being imported by **You**, and
2. the seller is bound by a duty, by contract or trade custom, to arrange insurance for the transit.

**You** must value and declare all **Goods** covered by this clause.

**We** will charge an appropriate premium based on the same valuation provided by the seller’s insurance.

**DUTY CLAUSE**

This policy is extended to cover the increased value of the **Goods** when additional Duty or other taxes at the port or final destination is imposed by a Customs Authority or similar, provided:

1. a claim is payable under this policy for **Loss** of the **Goods**, and
2. **You** had insurable interest in the **Goods** at the time of the **Loss**.

This extension does not cover:

- a. total or partial **Loss** of the **Goods**, or
- b. general average, salvage and/or salvage charges,

arising before the Duty or other taxes are payable.

**You** must attempt to recover the Duty or other taxes in writing from the Customs Authority or similar.

**We** will pay the same percentage as that applicable to the **Loss** claim.

The most **We** will pay is the limit stated in Part E4 of this policy.

This clause applies to imports only.

**ERRORS AND OMISSIONS CLAUSE**

This policy will not be biased by:

1. an error or omission, or
2. incorrect valuation or description of the:
  - a. **Goods**, or
  - b. vessel, or
  - c. risk, or
  - d. voyage,

provided **You** tell **Us** about the error or omission as soon as **You** discover it.

This clause will not alter the clauses, conditions or limits of this policy.

**EXPEDITING EXPENSES CLAUSE**

This policy is extended, subject to **Our** written approval, to cover the costs of expediting the:

1. repair, and/or
2. replacement, and/or
3. restoration,

of damaged **Goods** provided a claim is payable elsewhere in this policy.

The most **We** pay is the value of the Goods or the policy limit stated in Part E4 of this policy, which ever is less.

This clause will not alter the clauses, conditions or limits of this policy.

**EXTENDED ATTACHMENT CLAUSE**

This clause applies to imports only.

Where the **Goods** are purchased under a contract that transfers risk after the **Goods** have left for the commencement of the international transit then this policy begins when the **Goods** are first lifted onto any **Conveyance** for the commencement of international transit, at the seller's warehouse or place of storage.

**You** must use all available means to recover the full amount of any **Loss** from the exporter or their insurer, as allowed under the contract, before activating this policy in the event of **Loss** to the **Goods** covered by this clause.

**You** must assist **Us** in pursuing **Our** rights of recovery. This clause does not waiver **Our** subrogation rights.

**GENERAL AVERAGE, SALVAGE CHARGES AND 'BOTH TO BLAME COLLISION' CLAUSE**

This policy covers general average and salvage charges in full and any contribution **You** are legally liable for under any contract of affreightment.

**INSOLVENCY OR FINANCIAL DEFAULT CLAUSE**

This policy is extended to cover any additional expenses incurred in forwarding the **Goods** to the original, or a suitable substitute destination, as a result of insolvency or financial default of the:

1. owners, or
2. managers, or

3. charter party, or
4. operators,

of the aircraft or vessel used to transport the **Goods**, provided:

- a. the additional expenses total no more than it would have cost to forward the **Goods** to their original destination, and
- b. **You**, in the ordinary course of business, could not have been aware of the impending insolvency or financial default, or that the insolvency or financial default would prevent the normal transit of the **Goods**.

10% of any claim under this clause will be deducted from any payout offered by **Us**.

The most **We** will pay is the limit stated in Part E4 of this policy.

This clause will not alter the clauses, conditions or limits of this policy.

This clause altogether replaces any exclusion clause within the Institute Clauses or other similar clauses incorporated in this policy, relating to insolvency or financial default.

**INSUFFICIENCY OR UNSUITABILITY OF PACKING CLAUSE**

This policy does not cover **Loss of Goods** caused by insufficiency or unsuitability of packaging, or preparation of the **Goods**, unless:

1. the packaging and preparation was in accordance with **Your** usual custom and the custom of **Your** industry, and
2. any insufficiency or unsuitability of packaging or preparation occurred without **Your** knowledge.

For the purpose of this clause, ‘packing’ includes stowage in any container or liftvan.

This clause does not waive **Our** subrogation rights.

This clause altogether replaces any exclusion clause within the Institute Clauses or other similar clauses incorporated in this policy, relating to insufficiency or unsuitability of packaging.

**LABELS CLAUSE**

This policy is extended to cover the costs of new:

1. labels, and/or
2. capsules, and/or
3. wrappers,

and the costs of:

- a. re-labelling, and/or
- b. re-conditioning,

of **Goods** that suffer a **Loss**, provided:

- i. the **Loss** is only to the labels, wrappers or capsules of the **Goods**, and
- ii. a claim is payable elsewhere in this policy.

If new labels, wrappers or capsules cannot be obtained, **We** will treat the **Loss** as a total **Loss** and **You** must dispose of the **Goods** appropriately, or have the **Goods** destroyed in the presence of a representative of both **You** and **Us**.

**LOADING AND UNLOADING CLAUSE**

This policy is extended to include cover during loading and unloading; from the time the **Goods** are lifted from the ground or loading dock immediately adjacent to the **Conveyance**, to the time the **Goods** are lifted from the **Conveyance** and placed on the ground or loading dock immediately adjacent to the **Conveyance**.

**MACHINERY EXTENDED DELIVERY CLAUSE**

This policy is extended to cover machinery insured under this policy until it is sited on its final bed, provided:

1. the machinery is not otherwise insured, and
2. it was purchased by **You**, for use on **Your** premises, and
3. the unloading and siting are carried out in one uninterrupted movement.

This clause does not cover any **Loss** arising from assembling, dismantling, installation, construction and/or erection of the machine.

	<p>The most <b>We</b> will pay is the limit stated in Part E4 of this policy.</p> <p>This clause will not alter the clauses, conditions or limits of this policy.</p>
<b>MECHANICAL AND/OR ELECTRICAL DERANGEMENT EXCLUSION CLAUSE</b>	<p>This policy does not cover mechanical and/or electrical derangement to the <b>Goods</b> unless caused by a risk covered by this policy resulting in visible <b>Loss</b> to the <b>Goods</b>.</p>
<b>MUTUALLY ACCEPTABLE SURVEYORS CLAUSE</b>	<p><b>We</b> may wish to appoint an assessor or surveyor in the event of a claim. <b>Our</b> appointee is to be acceptable to both <b>Us</b> and <b>You</b>.</p>
<b>NEW ZEALAND GOODS AND SERVICES TAX CLAUSE</b>	<p>If <b>You</b> are required to pay GST after receiving any indemnity payment under this policy, <b>We</b> will reimburse <b>You</b> the cost of that tax.</p> <p>Where <b>We</b> are able to recover that tax, any monetary limit stated in this policy is deemed to be exclusive of GST.</p> <p>For the purpose of this clause, GST means tax payable under section 5(13) of the Goods and Services Tax Act 1985 or under any statutory amendment to, or re-enactment of, the Section or Act.</p>
<b>PACKING CLAUSE</b>	<p><b>Your</b> rights under this policy will not be prejudiced by <b>Your</b> acceptance of a Claused Bill of Lading or delivery docket endorsed '<b>Goods</b> insufficiently packed' or similar.</p>
<b>PROGRESS CLAIM PAYMENTS CLAUSE</b>	<p>At <b>Your</b> request, <b>We</b> will make progress claim payments provided:</p> <ol style="list-style-type: none"> <li>1. a claim is payable under this policy, and</li> <li>2. <b>You</b> submit documentation to <b>Us</b> for the amount of the progress claim payment prior to such a payment being made.</li> </ol> <p><b>We</b> will not make a payment until <b>We</b> have confirmed the amount of the <b>Loss</b> is more than any deductible applicable.</p> <p>The deductible will be applied to the first progress claim payment.</p>
<b>PROOF OF QUANTITY CLAUSE</b>	<p>With reference to all consignments of the <b>Goods</b>; a clean Bill of Lading, or shipper's load and count, shall be sufficient confirmation that the stated quantity of <b>Goods</b> was consigned.</p>
<b>REFUSED OR RETURNED GOODS CLAUSE</b>	<p>This policy is extended to continue to cover the <b>Goods</b> wherever they are in the event the consignee of the <b>Goods</b> refuses to take or accept the <b>Goods</b>.</p> <p>Cover for the same risks as for the original transit will continue until the <b>Goods</b> are:</p> <ol style="list-style-type: none"> <li>1. eventually delivered, or</li> <li>2. otherwise disposed of, or</li> <li>3. returned to <b>You</b>.</li> </ol> <p><b>You</b> must advise <b>Us</b> as soon as <b>You</b> are aware of the refusal to take or accept delivery by <b>Your</b> consignee.</p> <p>If the <b>Goods</b> are returned to <b>You</b>, <b>We</b> may adjust the insured value of the <b>Goods</b> by:</p> <ol style="list-style-type: none"> <li>1. removing the policy plusage, and/or</li> <li>2. adding additional freight, or charges incidental to shipping, incurred by <b>You</b>.</li> </ol> <p>This clause does not modify any relevant Institute Clauses or similar Clauses that control the length of time the <b>Goods</b> may continue in the ordinary course of transit from discharge from the overseas vessel or aircraft.</p>
<b>REPACKING CLAUSE</b>	<p>This policy is extended to cover the costs of re-packing the <b>Goods</b> even if the <b>Goods</b> have not sustained <b>Loss</b>, provided <b>You</b> incur the re-packing costs to avert or minimise any <b>Loss</b> covered by this policy.</p> <p>For the purpose of this clause, re-packing may include re-labelling, re-bagging, re-baling or re-cartoning (including sterilisation or any similar process).</p>

**REPLACEMENT OF USED AND/OR SECOND-HAND MACHINERY AND/OR THEIR SPARE PARTS CLAUSE**

If the **Goods** are:

1. used, and/or
2. second-hand machinery, and/or
3. their spare parts,

and suffer **Loss** covered by this policy, the sum recoverable shall not exceed such proportion of the cost of replacement or repair of such part or parts as it bears to the value of a new machine or part.

**SEALED CONTAINER CLAUSE**

When **Goods** are shipped in shipping containers, claims for **Loss** by:

1. theft, or
2. pilferage, or
3. shortage, or
4. non-delivery,

will not be invalidated by the fact that the seal on the container is intact at the point of unload, provided **You** are able to provide **Us** with documentation to prove the quantity of **Goods** loaded into the container.

**SEGREGATION CLAUSE**

This policy is extended to cover:

1. **Your** additional costs, and/or
2. **Your** liability for others' costs,

where damaged **Goods** require sorting from undamaged **Goods**, provided a claim is payable elsewhere in this policy.

The costs must only be incurred to prove value of **Loss** for the claim.

The most **We** will pay is the limit stated in Part E4 of this policy.

This clause will not alter the clauses, conditions or limits of this policy.

**SELLER'S INTEREST CLAUSE**

This clause applies to **Your** exports only.

The existence of the insurance provided by this clause shall not be disclosed to the buyer(s), customer or any other party interested in the consignment.

Consignments sold by **You** on FOB or CFR or equivalent Incoterms shall be subject to the following pre-FOB and contingency cover:

1. Cover for **Loss** to the consignments commences in accordance with the Duration Clauses of the relevant Institute Clauses or other similar Clauses incorporated in this insurance, and continues during the ordinary course of transit and terminates when the risk in the **Goods** transfers to the buyer(s), as agreed.
2. Thereafter cover re-attaches from the time of the occurrence of any one of the following:
  - a. the buyer(s) fails or refuses to accept the shipping documents, or
  - b. **You** exercise a lien on the **Goods** or interrupt their transit or suspend the sale contract whilst in transit when this is reasonable to safeguard **Your** interests, or
  - c. the buyer(s) fails or refuses to accept the **Goods** where such failure or refusal arises:
    - i from or in connection with any error or omission on **Your** part with respect to the contract of sale, or
    - ii from the failure or the inability of the buyer(s) to obtain authority to import the **Goods** where it is necessary under the regulations of the country of import in force at the date of the sale contract to obtain due authority to import the **Goods** and/or pay for them as contracted and invoiced.
3. In any event, cover as described in 1. above, applies while **You** have a financial interest in the **Goods** but only to the extent of that financial interest.
4. Cover under this clause is subject to the following conditions:
  - a. **You** must use all reasonable and usual care, skill and forethought and take all practical measures including those required by **Us** to prevent or minimize a **Loss** and to enforce the contract of sale.
  - b. **You** must immediately advise **Us** of the occurrence of any of the contingencies in 2. above.

- c. Any monies payable or paid are not assignable without **Our** written consent.
- d. That evidence of the terms and conditions of the contract of sale shall be submitted in substantiation of any claim.

**SHELF LIFE EXPIRY EXCLUSION  
CLAUSE**

This policy does not cover **Loss** caused by any process of:

- 1. maturing, or
- 2. ripening, or
- 3. aging,

unless caused by a risk covered elsewhere in this policy.

**SPONTANEOUS COMBUSTION  
CLAUSE**

This policy is extended to cover **Loss** of the **Goods** by spontaneous combustion during the transit.

**STRIKES DIVERSION EXPENSES  
CLAUSE**

This policy is extended to reimburse the additional cost incurred by **You** by reason of:

- 1. the exercise by the Ship-owners or Charterers of any liberty granted by the legally binding contract of affreightment, and
- 2. where such additional cost is incurred solely in consequence of strikes, riots, civil commotions, lockouts or labour disturbances or caused solely as a direct consequence of these conditions, and
- 3. if the **Goods** are over carried to or discharged at a port other than their port of discharge under the contract of affreightment, and
- 4. such costs being payable irrespective of any other **Loss**, whether total or partial, recoverable under the terms of any other insurance on the **Goods**.

It is a condition of this clause that in no case shall **We** be liable for any claims unless the liberty referred to in 1. above is exercised within 15 days from midnight of the day on which said strikes, riots, civil commotions, lockouts or labour disturbances cease to be in active operation.

**Our** liability under this clause shall be 20% of the insured value of the **Goods** up to the maximum as stated in section E4 of this policy.

A deductible of 10% of the claim will be applied to all claims payable under this clause. It is a condition precedent that for cover to operate under this clause this deductible must be uninsured and remain at the risk of **You**.

This clause will not alter the clauses, conditions or limits of this policy.

**SURVEY FEE CLAUSE**

Where the policy requires that **You** appoint a Claims Settling Agent and/or surveyor whenever **You** become aware of any **Loss** likely to result in a claim under this insurance, but subsequent investigation reveals that a claim will not result, **We** agree to pay for, or reimburse **You**, for fees incurred.

**SURVEY REPORTS CLAUSE**

All survey reports are to be the joint property of **You** and **Us**.

**TERMINATION OF TRANSIT CLAUSE  
(TERRORISM) – 1/1/02**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

Notwithstanding any provision to the contrary contained in this policy or the Clauses referred to within, it is agreed that in so far as this policy covers **Loss** to the **Goods** caused by any terrorist or any person acting from a political motive, such cover is conditional upon the **Goods** being in the ordinary course of transit and, in any event, shall terminate,

- 1. as per the transit clauses contained within this policy, or
- 2. on delivery to the consignee's or other final warehouse or place of storage at the destination named herein, or
- 3. on delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which **You** elect to use either for storage other than in the ordinary course of transit or for allocation or distribution, or
- 4. in respect of marine transits, on the expiry of 60 days after completion of discharge over-side of the goods hereby insured from the overseas vessel at the final port of discharge, or
- 5. in respect of air transits, on the expiry of 30 days after unloading the **Goods** from the aircraft at the final place of discharge,

whichever occurs first.

If this policy or the Clauses referred to within specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with 1. above. This clause is subject to English law and practice.

**UNSEAWORTHINESS OF VESSEL OR CRAFT CLAUSE**

The exclusion clause pertaining to unseaworthiness and unfitness contained in the Institute Clauses, or other similar Clauses, incorporated in this policy is deleted and replaced by: This policy does not cover **Loss** arising from the,

1. unseaworthiness of vessel or craft or unfitness of vessel or craft for the safe carriage of the **Goods**, where **You** are privy to such unseaworthiness or unfitness at the time the **Goods** are loaded therein, or
2. unfitness of container liftvan or land **Conveyance** for the safe carriage of the **Goods**, where the loading therein is carried out prior to the attachment of this insurance or by **You** or **Your** servants.

Where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the **Goods** in good faith under a binding contract, then 1. above shall not apply.

**We** waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the **Goods** to destination.

**WAIVER OF ABANDONMENT CLAUSE**

Any attempted measures taken by **You** or **Us** with the intention of:

1. saving, or
2. protecting, or
3. recovering,

the **Goods**, shall not:

- a. be considered a waiver or acceptance of abandonment, or
- b. otherwise prejudice the rights of either party.

**WAIVER OR RELEASE CLAUSE**

This policy will not be invalidated by **Your** acceptance of waiver or release of liability contained in a contract of:

1. carriage, or
2. charter party, or
3. bill of lading, or
4. waybill, or
5. receipt from any:
  - a. carrier, or
  - b. owner or operator,

of any vessel, terminal or storage facility,

provided **Your** acceptance is made innocently prior to **You** becoming aware of any occurrence of **Loss** to which the waiver or release applies.

**WAR AND/OR STRIKES PREMIUM CLAUSE**

Notwithstanding anything to the contrary stated in the rates/premium applicable to the policy into which this Clause is incorporated, it is agreed that in the event of a transit to or from or within the geographical areas as listed as Elevated, High or Severe in the Global Watch List (GCWL), war and/or strikes risks in respect of such transits are held covered in accordance with the applicable war and/or strikes clauses contained in the policy at rate(s) to be agreed.

Where storage and/or other static exposures are also covered by the policy, this clause shall also apply to strikes risks from the time the relevant geographical area changes in the GCWL.

The applicable GCWL designated category for any particular transit/risk shall be that which is in force at the time transit/risk commences.

*Your attention is drawn to the list of excluded countries in General Conditions E2.*

PART C. EXCLUSIONS

- C1. CLIMATIC CHANGES** In no case shall this insurance cover **Loss** arising from normal atmospheric or climatic changes during the transit.
- C2. USED OR SECOND-HAND GOODS** When the **Goods** are used or second-hand this insurance does not cover:
1. rust, oxidation and discoloration unless proximately caused by entry of sea, lake or river water into the vessel, craft, hold, **Conveyance**, container, liftvan or place of storage;
  2. scratching, chipping and denting, unless proximately caused by any package or container being dropped whilst loading onto or unloading from the vessel, craft or **Conveyance**.
- C3. EMBARGO, REJECTION OR PROHIBITION** This insurance does not cover **Loss** caused by embargo or by rejection, prohibition or detention by the government of the country of import or their agencies or departments, but does not exclude **Loss** to the **Goods** caused by risks insured hereunder and sustained prior to any such embargo, rejection, prohibition or detention.
- C4. PROCESSING OF GOODS** This insurance does not cover **Loss** to the **Goods** caused by:
1. undertaking any normal production process where the damage is directly caused by the process. Production process means any process of producing, making, treating or servicing the **Goods**.
  2. the **Goods** insured being used as a tool of trade and/or while functioning and/or while working for the purpose of its intended use.
- C5. GENERAL** This insurance does not cover **Loss** to the **Goods** caused by:
1. unexplained disappearances and/or shortages revealed by the taking of an inventory, or clerical or accounting errors,
  2. exposure to weather conditions where the **Goods** are not normally left in the open unless reasonable precautions have been taken to protect them from those conditions.
- C6. SANCTION LIMITATION AND EXCLUSION CLAUSE – THIS CLAUSE SHALL BE PARAMOUNT** No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

PART D. CLAIMS

- D1. CLAIMS PAYABLE** Claims are payable in New Zealand dollars, or other currencies as agreed with **You**. When claims are to be paid in an overseas currency the rate of exchange to be used is the bank selling rate set for the day that the claim is ready for settlement.
- D2. CLAIMS PROCEDURE**
- DUTY OF THE CLAIMANT**  
It is the duty of **You** and **Your** agents, in all cases, to take such measures as may be reasonable for the purpose of averting or minimising a **Loss** and to ensure that all rights against Carriers, Bailees or other third parties are properly preserved and exercised.
- NOTIFICATION OF CLAIM**  
As soon as **You** are aware of any **Loss** that is likely to result in a claim under this insurance **You** or **Your** agent must:
1. immediately notify **Us** or the claims settling agent named on the marine insurance certificate or, if no agent is specified, the nearest Lloyd’s Agent. It is highly probable they will want to engage the services of an independent surveyor to oversee the handling of the claim and guide **You** through the procedures;
  2. lodge a preliminary claim (Pro-forma Claim) on the ship-owner, airline operator, road or rail carriers, port authorities and any other bailee associated with the transit. The preliminary claim needs to be just a general advice containing sufficient information to identify the **Goods** and the nature of the **Loss**.

**TAKING DELIVERY**

**You** or **Your** agent must:

1. examine the **Goods** closely and, in the event of any obvious **Loss**, suitably note the delivery receipt;
2. if **Goods** are missing, note the number of packages short on the delivery receipt;
3. not, under any circumstances, issue a clean receipt for obviously damaged or missing **Goods**;
4. if the **Goods** are packed in a full container (FCL), examine the exterior of the container and note any damage;
5. if the **Goods** are packed in a full container (FCL), examine the seal affixed to the door and check that:
  - a. it is intact, and
  - b. it has the same number as recorded on original shipping documents.
 Seals should be removed only by a responsible official and, in the event of **Loss**, should be retained as evidence;
6. if the **Goods** are perishable and the **Loss** is caused by temperature irregularity, retain any temperature recording charts;
7. if the **Loss** is apparent on taking delivery, request, in writing, the attendance of the carrier or bailee at a joint inspection. If it is possible, do not unload or unpack the **Goods** until a joint inspection has been carried out;
8. if the **Loss** is not apparent from the external appearance of the **Goods**, lodge a preliminary claim against all carriers and bailees within 3 days of delivery and request their attendance at a joint inspection.

**AFTER DELIVERY**

1. If the **Loss** has arisen from water damage and the **Goods** were packed in a container, check for leaks. If it is not clear where water entered, identify the place by using a hose. Remember to water test rubber door seals if the water-damaged **Goods** were stowed near the door end of the container. The location of a leak can sometimes be identified by standing in the container, closing the door and looking for spots of light.
2. Take photographs of the damage and, if container delivery is involved, endeavour to film the **Loss** in situ. If a camera is not available, draw a sketch plan.
3. Retain all packing materials for independent inspection. In the event of the container being defective, if possible, do not return it until independent inspection has been carried out.
4. Take all reasonable measures to reduce the **Loss** and safeguard the **Goods** from further harm.
5. Maintain a record of any costs **You** incur in reducing or safeguarding the **Goods** from further **Loss**. Retain all invoices and vouchers associated with the **Loss**.
6. Once all costs are known complete a valued claim against the carrier and any other bailee involved with the carriage. The claim should be based on actual **Loss** suffered.
7. Assemble full documentation (refer below) on the claim and send to **Us** or to the appointed independent surveyor.

**DOCUMENTATION**

Provision of full and complete documentation assists in decisions on claims and speeds up their processing.

To enable claims to be dealt with promptly, **You** or **Your** servants or agents are advised to submit all documentation without delay, including as applicable:

1. original certificate or policy of insurance;
2. original Bill of Lading, Airwaybill, consignment note or other contract of carriage. It is important to ensure that the document of carriage is an original or a copy containing all the conditions of transport (usually on the reverse);
3. supplier's invoice for the full shipment. If this does not specify the terms of sale this information should be separately provided;
4. shipping invoice together with the shipping specifications, weight dockets and packing lists;

5. delivery dockets. This will include tally notes, delivery receipts and EWP notes ('Examined Without Prejudice' - this is a delivery docket issued by a ship-owner acknowledging that the **Goods** have been examined and deficiencies found but is not admitting liability);
6. original or copy of any temperature recording chart;
7. invoices for repair and other costs incurred in remedying or preventing **Loss**;
8. sale notes or auction receipts where damaged **Goods** are sold;
9. copy of the preliminary (Pro-forma) claim and final, valued claim on the carrier or bailee and the responses received;
10. copy of the invitation to the carrier or bailees to attend a joint inspection of the **Goods** and the response received;
11. copies of any other correspondence exchanged with the carrier or bailee.

## PART E. GENERAL CONDITIONS

- E1. COMMENCEMENT/TERMINATION OF OPEN POLICY AND NOTICE PERIOD FOR CANCELLATION** The inception date of this open policy is the 'FROM' date specified in the **Schedule**. The policy may be cancelled by either **You** or **Us** giving 60 days notice, in writing, to take effect from the date of such notice but risks covered under War may be cancelled at seven (7) days notice, risks covered under Strikes may be cancelled at seven (7) days notice or at 48 hours notice in respect of shipments to or from the United States of America. Notice shall commence from midnight on the day when it is issued but cancellation shall not apply to any risks that have attached in accordance with the cover granted hereunder before the cancellation becomes effective. **We** may give notice to **Your** insurance agent or representative. The 'TO' date specified in the **Schedule** is a review date.
- E2. VOYAGES/TRANSITS INSURED** This insurance specifically excludes voyages/transits beyond the customs border to, from, or within the following countries unless otherwise specified within the **Schedule**. For countries other than those named voyages/transits from ports and/or places worldwide to destinations worldwide are insured.
- Afghanistan
  - Congo – including Kinshasa (DR Congo)
  - Cote d'Ivoire
  - Eritrea
  - Iran
  - Iraq
  - Nigeria
  - North Korea
  - Somalia
  - Sudan
  - Yemen
- E3. BASIS OF VALUATION** Unless otherwise specified in the **Schedule** or agreed in writing prior to transit commencing, the basis of valuation for the purpose of declarations and the settling of claims shall be:
- (a) EXPORTS AND IMPORTS**
- The prime cost of the **Goods** at the time of transit plus the expenses incurred of and incidental to shipping, the freight for which **You** are liable, the charges of insurance and the percentage specified in the contract of sale providing such percentage does not exceed the percentage stated in the **Schedule** and in no case shall exceed 25% of the C.I.F. value and for imports may be added the cost of Duty if applicable.
- (a-1) YOUR OWN MACHINERY AND PLANT**
- The current market valuation of the machinery and/or plant insured at the time of the transit plus shipping costs, insurance and freight for the export and re-import, if incurred by **You**.
- (b) INTER-NEW ZEALAND SENDINGS**
- The selling price to the purchaser or purchase price from the seller plus insurance, freight and incidental shipping charges incurred by **You**, if not already included.

**(b-1) STOCK TRANSFERS**

The indemnity value, being the costs of raw materials and the costs of manufacture of the **Goods** at the time of **Loss** plus any additional costs of local storage and shipping incurred by **You**.

**(b-2) YOUR OWN MACHINERY AND PLANT**

The current market valuation of the machinery and/or plant insured at the time of the transit plus shipping costs, insurance and freight for the consignment and return, if incurred by **You**.

**(c) SECOND-HAND AND RETURNED GOODS**

Notwithstanding anything contained herein to the contrary the basis of valuation shall be the indemnity value plus shipping costs insurance and freight incurred by **You**.

**(d) AGREED VALUE PRIOR TO DECLARATION**

In the event of **Loss**, or arrival occurring before a declaration of value is made, it is agreed that the basis of valuation shall be the prime cost of the **Goods** plus the expenses of and incidental to shipping, the freight for which **You** are liable, the charges of insurance and the percentage as provided in the basis of valuation.

The prime cost is the cost at or about the time of shipment. The usual evidence is an invoiced price current at the time of the **Loss**. In the absence of any invoice at the time of the **Loss**, the prime cost shall be the market price at the time and place of the **Loss**.

**E4. LIMITS OF LIABILITY AND DEDUCTIBLES**

This policy is for an open amount but:

1. the amount declarable in respect of any one vessel, aircraft, **Conveyance** or location, and
2. the amount payable in respect of any one accident or series of accidents arising from the same event in any one location,

shall not exceed the sum insured as specified in the **Schedule** other than in respect of the following automatic extensions of cover for which the maximum limits of liability shall apply as follows:

Additional Expenses Clause	NZ\$ 25,000
Container Liability Clause	NZ\$ 15,000
Debris Removal Clause	NZ\$100,000
Duty Clause	NZ\$ 50,000
Expediting Expenses Clause	NZ\$ 50,000
Insolvency or Financial Default Clause	NZ\$ 25,000
Machinery Extended Delivery Clause	NZ\$500,000
Segregation Clause	NZ\$ 25,000
Strikes Diversion Expenses Clause	NZ\$ 50,000

**DEDUCTIBLES**

Deductibles, where applicable, will be set out in the policy **Schedule**.

The deductible shall be applied to each and every claim. All **Loss** occurring during any one insured transit that results in a claim payable under this policy shall be treated as one claim.

Claims under the General Average clause, the 'Both to Blame Collision' clause, and the Duty of Assured clause, shall not be subject to a deductible.

**E5. SHIPMENTS OF MACHINERY**

Applicable to new machinery or similar goods.

In the event of **Loss** to any part or parts of an insured machine caused by a peril covered by the policy occurring, the sum recoverable shall not exceed the cost of replacement or repair of such part or parts plus charges for forwarding and refitting, if incurred, provided always that in no case shall **Our** liability exceed the insured value of the complete machine.

- E6. CHANGE IN CIRCUMSTANCE** In the event of any change in circumstances since the inception of the policy, or subsequent renewals which will materially increase the risk of claim, **You** shall immediately notify **Us** of such change. **We** shall then be entitled to adjust the premium and/or the terms of this policy with immediate effect.  
Failure to comply with this obligation shall render the policy void at **Our** option from the date **You** knew, or ought to have known, of the change in circumstance.
- E7. OTHER INSURANCE** **You** shall immediately give notice to **Us** of any other policy of insurance covering the **Goods** for any of the same risks or liability as this insurance. If at the time any claim arises under this policy there is any other insurance covering the **Goods** for the same risks or liability, **We** shall only pay over and above the sum payable under that other insurance.
- E8. LAW AND JURISDICTION** The Law of New Zealand applies to disputes about this policy, and the New Zealand Courts have exclusive jurisdiction.
- E9. DEFINITIONS** The definitions apply to the plural and any derivatives of the bolded words. *For example, the definition of 'We', also applies to the words 'Us' and 'Our'.*
- Conveyance:** The Vessel, Aircraft or land transportation used to transit the **Goods**.
- Goods:** The insured items, including their packaging, as advised by **You** and as listed on the current **Schedule**.
- Loss:** Physical Loss, physical damage, expense.
- Schedule:** The latest version of the **Schedule We** issued to **You** for this policy.
- We:** NZI, a business division of IAG New Zealand Limited.
- You:** The person(s) or entity named in the **Schedule** as 'Insured', including any subsidiary, or any associated managed company, or new company or organisation formed by you whilst this policy is current or agent of yours, or any company or organisation you have instructions to insure or are responsible for arranging insurance for.



**NZI MARINE CARGO – OPEN INSURANCE POLICY**

Form #:	NZ798/7	Underwritten by NZI, a business division of IAG New Zealand Limited
Wording #:	MOCNZM2	IMPORTANT: PLEASE EXAMINE THIS POLICY AND IF IT DOES NOT MEET YOUR REQUIREMENTS, KINDLY RETURN IT AT ONCE TO YOUR BROKER.
Issued:	JULY 2011	This wording is subject to copyright. <a href="http://www.nzi.co.nz">www.nzi.co.nz</a>

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