

Cargo Plus Annual and Open Transit Insurance Policy Wording (HT Global Customerized Policy No.003, 15 Endorsements)

(Registration No.: 89OB2022000210383)

In consideration of the premium being paid by the Policyholder to Huatai Property & Casualty Insurance Co., Ltd. (“Huatai”) and in reliance upon the written statements and declarations provided by or on behalf of the Policyholder, Huatai agrees to indemnify the Insured in accordance with Policy A and/or Policy B herein as applicable. The Schedule will show whether the Insured is covered under Policy A and/or Policy B.

Policy A – China-Wide Cover

1. Insuring Agreement

Subject to all of the terms, conditions, exclusions and other provisions applicable to Policy A, Huatai agrees to indemnify the Insured for its loss:

- (a) arising from the accidental loss of, or damage to, the Interest Insured carried in the course of the Insured's operations; and
- (b) which occurs during the ordinary course of Transit within the Geographical Limit; and
- (c) where the applicable coverage for the Interests Insured commences during the Policy Period.

1.1 For shipments by Sea and/or Road and/or Rail Conveyances:

- Overland Transportation Cargo Insurance Clause (Truck/Train) —Overland Transportation All Risks
- Parcel Post Insurance Clauses—Parcel Post All Risks. (Sub-limit: US\$25,000 Per Parcel &/or Occurrence &/or Conveyance)
- Institute Cargo Clauses (A) 1/1/09
- Institute War Clauses (Cargo) 1/1/09
- Institute Strikes Clauses (Cargo) 1/1/09
- Institute Classification Clause 1/1/01
- Institute Replacement Clause 1/1/34
- Institute Radioactive, Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03
- COMMUNICABLE DISEASE EXCLUSION CLAUSE
- MARINE CYBER EXCLUSION (LMA 5403)
- Termination of Transit Clause (Terrorism) 2009

1.2 For shipments by Aircraft:

- Institute Cargo Clauses (Air) (excluding sendings by Post) 1/1/09
- Institute Replacement Clause 1/1/34
- Institute Radioactive, Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03
- COMMUNICABLE DISEASE EXCLUSION CLAUSE
- MARINE CYBER EXCLUSION (LMA 5403)
- Termination of Transit Clause (Terrorism) 2009

1.3 For sendings by Post:

- Parcel Post Insurance Clauses
- Institute Cargo Clauses (A) 1/1/09
- Institute War Clauses (sendings by Post) 1/1/09
- Institute Strikes Clauses (Cargo) or Institute Strikes Clauses (Air Cargo) as appropriate.
- Institute Replacement Clause 1/1/09
- Institute Radioactive, Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03
- COMMUNICABLE DISEASE EXCLUSION CLAUSE
- MARINE CYBER EXCLUSION (LMA 5403)
- Termination of Transit Clause (Terrorism) 2009

2. Additional Benefits Applicable to Policy A

Subject to all of the terms, conditions, exclusions and other provisions applicable to Policy A (including the Insuring Agreement and the Schedule) cover under this Policy A is automatically extended by the following additional benefit extensions. None of these extensions increase the Limit of Liability set out in Item 10(a) of the Schedule unless Huatai otherwise agrees in writing:

2.1 Accumulation

In the event of any accumulation of interests which occurs:

- (a) by reason of or during trans-shipment or after the arrival of the overseas vessel or Conveyance at the port or place of discharge during the ordinary course of Transit arising other than from circumstances within the control of the Insured; or
- (b) by reason of interruption of Transit and/or other circumstances during the ordinary course of Transit beyond the control of the Insured

provided that upon the event of accumulation becoming known to the Insured, notice is immediately provided to Huatai then, notwithstanding General Definitions Applicable to Policy A and/or Policy B 6.12 (Limit of Liability) herein, Huatai shall hold the Insured covered for its Interest Insured to the full amount at risk but in no event shall Huatai be liable under this extension for an amount which exceeds twice the Limit of Liability applicable to Policy A or \$20,000,000, whichever the lesser.

2.2 Brands

Where the Interest Insured consists of branded Goods, such Goods will not be sold or otherwise disposed of as salvage without the consent of the Insured. If the Insured declines to consent, the Insured may retain the Goods but the reasonable salvaged value of the Goods will be deducted from the amount Huatai will pay under this Policy A.

2.3 Civil Authority Clause

It is understood and agreed that the Interest Insured under Policy A is also covered against the risk of damage or destruction by civil authority during a conflagration or for the purpose of retarding the same.

2.4 Containers

The cover provided by Policy A extends to costs or expenses for loss or damage to shipping containers and/or flat racks in the Insured's care, custody or control incurred as a result of an insured peril and for which the Insured is legally liable subject to a limit of \$25,000 any one container or flat rack and \$100,000 in the annual aggregate.

2.5 Container Demurrage Charges

The cover by Policy A extends to cover Demurrage charges and/or late penalties assessed against, and paid by, the Insured for late return of containers when such containers are retained by the Insured at the instruction of Huatai for inspection by a surveyor in investigation of loss or damage recoverable under Policy A, but only to the extent that such charges and/or late penalties are attributable to Huatai's request for survey.

2.6 Debris Removal

Huatai agrees to cover, in addition to any other amount recoverable under this insurance, costs and expenses reasonably and necessarily incurred by the Insured in connection with the removal, disposal and/or destruction of debris of the Interest Insured but excluding absolutely:

- Any expenses incurred in consequence of or to avert or mitigate pollution or contamination or threat or liability thereof
- The costs of removal of cargo from any aircraft or vessel

In no case shall Huatai be liable for more than 10% of the insured value of the Interest Insured or \$1,000,000 whichever the greater.

2.7 Delayed Unpacking Clause (Limit 90 Days)

Any accidental loss or damage to the Interest Insured that is first discovered following the opening and examination of each item of Goods following Transit will be covered, subject to:

- (a) the discovery of the accidental loss or damage to the Interest Insured occurring and being notified to Huatai within ninety (90) days of the completion of its Transit; and

- (b) the Insured establishing to the reasonable satisfaction of Huatai that the accidental loss or damage occurred during Transit

2.8 Deliberate Damage – Pollution Hazard Clause

Any accidental loss or damage to the Interest Insured under Policy A which is directly caused by the actions of governmental authorities to mitigate a pollution hazard or threat thereof, provided the accident or occurrence, which required governmental action, constituted an insured peril herein.

2.9 Exhibition / Display

Notwithstanding anything to the contrary in this Policy A including but not limited to the definition of Transit, the cover provided by Policy A extends to the Interest Insured whilst it is on exhibition or display, including transit incidental thereto.

The cover provided under this clause 2.9 ('Exhibition/Display') shall not exceed a limit of \$250,000 any one event.

2.10 General Average and Loss Avoidance Expenses

Cover under this Policy A extends to:

- (a) Loss incurred as a result of general average sacrifice; and
- (b) In respect of Transit by sea comprising any costs or expenses incurred in accordance with the contract of affreightment and the governing law and practice, incurred in connection with avoiding a loss covered by this policy.

Where loss or expense of a type covered by this extension is sustained by the Insured, there is deemed to be accidental loss or damage to the Interest Insured for the purposes of satisfying Insuring agreement clause 1 of this Policy.

2.11 Labels

Any costs or expenses incurred in respect of loss or damage affecting labels to Interest Insured only limited to the cost of reconditioning the labels or cost of new labels and relabelling the relevant Goods, whichever is the lesser.

2.12 Landing, Warehousing and Forwarding Charges

Notwithstanding 4.14, if as a result of the operation of an event covered by Policy A or as a result of insolvency or financial default of the owners, charterers, managers or operators of the Conveyance, the insured Transit is terminated at a port or place other than that to which cover is provided for the Goods under this Policy Huatai will reimburse the Insured for any extra charges properly and reasonably incurred in unloading, storing and forwarding the Goods to the destination to which they are insured subject to a limit of \$10,000 any one event.

2.13 Over-carrying

In respect of any part of the Interest Insured that is carried by and under the responsibility of the Insured to a destination that is different from the scheduled place of destination by reason of an error or emergency, the cover provided by Policy A will be extended until such time as the Interest Insured is delivered to its scheduled place of destination or to some other destination requested by the receiver or owner of the Interest Insured.

2.14 Loss of Data

Notwithstanding 4.16, policy A extends to include claims for loss of information/data/media provided there is external visible evidence of damage from an insured event subject to a limit any one loss or series of losses of \$10,000.

2.15 Packing

The cover provided by Policy A is extended for a period of up to thirty (30) days to cover the Interest Insured while it is being delivered by and under the responsibility of the Insured from the warehouse of the Insured or a supplier, to the warehouse of a packer prior to transportation.

2.16 Packaging

Policy A extends to cover accidental loss of, or damage to , packaging while carried in Transit subject to a limit of \$50,000 for any one loss or series of losses arising from the one insured event, unless otherwise specified in the Schedule and provided the costs are not recoverable under any other insurance policy.

2.17 Repacking

Policy A extends to provide cover in the event the original shipping packages arrive at the final destination in a visibly damaged condition and where damage is caused by loss or damage covered under Policy A. The cost of replacing the packages will be paid by Huatai in those instances where it is an established custom of the Insured or the consignee's trade to deliver the Goods to the final customers premises in the original shipping packages.

2.18 Resecuring

Policy A extends to provide cover following an insured peril for all reasonable costs and expenses necessarily incurred in resecuring Goods following movement in transit. Cover is provided even if a claim for cargo loss or damage is not made provided resecuring is as a result of circumstances outside the control of the Insured and subject to a limit of \$5,000 any one event.

2.19 Shut-out

In the event of any part of the Interest Insured being "shut-out" from the Conveyance, the cover provided by Policy A is extended to provide cover while waiting for alternative transportation, but subject to:

- (a) the terms and conditions of cover;
- (b) the Insured notifying Huatai as soon as it becomes aware of the "shut-out";
- (c) any part of the Interest Insured that is "shut-out" being stored in a secure area; and
- (d) there being no cover in respect of any loss or damage caused by delay as a result of the "shut-out".

2.20 Tools of Trade

The cover provided under Policy A is extended to Tools of Trade (excluding mobile/smart phones, laptop computers and personal computers) while removed from the conveying vehicle and kept in a hotel or private residence subject to a limit of \$25,000 any one event and provided that the Tools of Trade remain within the care, custody or control of an Employee of the Insured and the hotel or private residence is securely locked.

2.21 Travellers Samples

The cover provided under Policy A is extended to provide cover for samples in the care, custody and control of an Insured's Employee and subject to a limit of \$25,000 any one claim.

3. What Huatai will Pay under Policy A

3.1 Huatai will at its election pay either:

- 3.1.1 the cost of repairing or replacing all lost or damaged parts of the Interest Insured plus any additional freight costs relating to the Transit; or
- 3.1.2 the Actual Value of all lost or damaged parts of the Interest Insured plus any additional freight costs relating to the Transit.

Subject to clause 3.2 below, for the purpose of this Policy, the 'Actual Value' of any Goods forming part of the Interest Insured is the pro-rata invoice cost or value of the lost or damaged parts of the Interest Insured calculated by reference to the total cost or value of the Interest Insured as specified in the commercial invoice between the Insured and the seller or purchaser (as the case may be) of the Interest Insured.

3.2 Where:

- 3.2.1 there is no invoice cost or value stipulated in the commercial invoice; or
 - 3.2.2 where Huatai, in its discretion, believes that the invoice cost or value provided by the Insured does not fairly and reasonably or otherwise accurately represent its true market value as at the date of commencement of the Transit,
- the Actual Value will be deemed to be the market value of Goods of the same age and condition as at the date of commencement of the Transit and taking into account any depreciation and/or wear and tear.

3.3 Where the repair or replacement of any lost or damaged single item of Goods requires the purchase of a replacement part, Huatai will not pay more than the Actual Value of the complete single item of Goods.

3.4 In the event that any part of the Interest Insured that is lost or destroyed consists of an item of Goods in a pair or set:

- 3.4.1 Huatai will only pay for the Actual Value of the part of the pair or set that is lost or destroyed even if it cannot be replaced with a matching item; and
- 3.4.2 the Actual Value of any single item of Goods in a pair or set will be regarded as spread over the whole of the pair or set and divided in the proportions that it would cost to replace all of the items making up the pair or set.

4. Exclusions Applicable to Policy A

The cover provided under Policy A does not cover any loss or damage:

- 4.1** arising out of or in any way connected with asbestos or materials that contain asbestos;
- 4.2** arising out of or in any way connected with an Act of Terrorism or any action taken in preventing, controlling or suppressing an Act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage;
- 4.3** arising out of or in any way connected with war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power;
- 4.4** arising out of or in any way connected with:
 - a) any ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; and
 - b) any radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; and
 - c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; and
 - d) any radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. This exclusion 4.4(d) 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; and
 - e) any chemical, biological, bio-chemical, or electromagnetic weapon
- 4.5** arising out of carriage in any Conveyance that is unroadworthy, unseaworthy, unairworthy or unsafe unless the condition of the Conveyance:
 - (a) could not reasonably have been detected by the Insured; or
 - (b) did not contribute to the loss, damage or expense;
- 4.6** attributable to any wilful misconduct or illegal act of the Insured or anyone acting on the Insured's instructions;
- 4.7** arising out of an insufficiency or deficiency of packing and/or packaging unless such matter:
 - (a) was undertaken without the knowledge or involvement of the Insured; or
 - (b) did not contribute to the loss, damage or expense;
- 4.8** caused by any ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the Interest Insured;
- 4.9** caused by the inherent vice or nature of the Interest Insured;
- 4.10** caused by delay even though the delay may have been caused by an insured event;
- 4.11** caused by rust, oxidation and/or discolouration unless resulting from an insured event;
- 4.12** arising from mechanical, electrical or electronic failure unless there is visible external physical damage that occurred during Transit as a result of an insured event;

- 4.13** caused by the failure of the Insured, the Insured's Employees, agents or any sub-contractors to take all reasonable precautions in relation to the carriage of the Interest Insured.
- 4.14** arising from the insolvency, bankruptcy or financial default of any carrier, courier or transport operator unless in the context of an owner the Insured did not know and could not have reasonably have been expected to have knowledge of it in the ordinary course of business.
- 4.15** caused by loss or damage to the Interest Insured sustained while the Interest Insured is in use and/or while the Interest Insured being worked upon and directly resulting therefrom;
- 4.16** to or of any electronic records, software or data information;
- 4.17** arising out of any liability assumed by the Insured under an agreement unless such liability would have attached in the absence of that agreement;
- 4.18** arising out of the lawful seizure, confiscation or detention of any part of the Interest Insured;
- 4.19** of or to the following:
- (a) Accompanied baggage
 - (b) Fine art, antiques and collectables with a value greater than \$10,000 any one Load;
 - (c) Tobacco or tobacco products with a value greater \$10,000 any one Load;
 - (d) Bullion and precious metals in bars or bulk form, precious jewellery, or other precious stones;
 - (e) Cash securities, money or other equivalents; and
 - (f) Live plants or animals
- 4.20** of or to, or arising out of the Transit of:
- (a) any nuclear, ionising or radioactive substances;
 - (b) any chemical, biological, bio-chemical or electromagnetic weapon; or
 - (c) any dangerous goods, except if the Insured ensures compliance with all relevant regulations issued by an authority

4.21 Sanction Limitation and Exclusion Clause

Huatai shall not be deemed to provide cover and Huatai shall not 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 Huatai, or its parent company, affiliate or ultimate holding company, 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, United States of America and/or China.

4.22 Marine Cyber Exclusion LMA5403

Subject only to paragraph 3 below, in no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.

Subject to the conditions, limitations and exclusions of the policy to which this clause attaches, the indemnity otherwise recoverable hereunder shall not be prejudiced by the use or operation of any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.

Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, paragraph 1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

4.23 COMMUNICABLE DISEASE EXCLUSION CLAUSE

4.23.1 Notwithstanding and superseding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum whatsoever, directly or indirectly arising out of, or in any way attributable or related to, connected with or contributing concurrently or in any sequence with: (a) a Communicable Disease; or (b) the fear or threat (whether actual or perceived) of a Communicable Disease.

4.23.2. For the purposes of this exclusion, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

(a) for a Communicable Disease, or

(b) any Insured Location or Property Insured that is or may be affected either directly or indirectly by a Communicable Disease.

4.23.3. As used in this Policy, a Communicable Disease means any:

(a) physical distress, illness, or disease caused or transmitted directly or indirectly by any virus, bacterium, parasite, fungus or other organism or any variation thereof, whether deemed living or not, and regardless of the means of transmission or whether it was discovered at the Insured Location, or whether it was, or is, occurring at the Insured Location, or in respect of which there is an occurrence or an outbreak elsewhere; or

(b) any virus, bacterium, parasite, or other organism or any variation thereof, whether deemed living or not which causes, or is likely and/or expected to cause, physical distress, illness or disease; or

(c) any disease which is a quarantinable disease or a listed human disease under Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases, as may be amended from time to time and any replacement, successor or functionally similar legislation of China irrespective of whether it was discovered at the Insured Location, or was, or is, occurring at the Insured Location or in respect of which there is an occurrence or outbreak elsewhere; or

(d) any mutation of the illnesses, diseases or organisms described in clauses 4.23.3-(a),(b),(c).

4.23.4. This Exclusion applies to all coverage extensions, additional coverages, exceptions.

5 Specific Conditions Applicable to Policy A

In addition to the General Conditions herein, the following additional conditions apply to the cover provided under Policy A.

5.1 Other Insurance

- (a) If any loss, damage, costs or expenses sustained is insured under any other policy entered into by the Insured, whether prior or current, then to the extent permitted by the applicable laws, Policy A, subject to its limitations, conditions, provisions and other terms, will only cover such loss, damage, costs or expenses to the extent that the amount involved is in excess of the amount of such other insurance.
- (b) If any loss, damage, costs or expenses sustained is insured under any other policy effected on behalf of the Insured or under which the Insured is a third party beneficiary (but not a policy to which clause 5.1 (c) applies), whether prior or current, then to the extent permitted by the applicable laws, Policy A, subject to its limitations, conditions, provisions and other terms, will only cover such loss, damage, costs or expenses to the extent that the amount involved is in excess of the amount of such other insurance.
- (c) Neither sub-clauses 5.1(a) nor 5.1(b) apply to such other insurance that is written specifically as excess insurance over the Limit of Liability provided in this Policy A.

Policy B – Imports and Exports Cover

1. Insuring Agreement

Subject to the Institute Clauses specified below (which are hereby incorporated into this Policy B) and all of the other terms, conditions, exclusions and other provisions applicable to Policy B, Huatai agrees to indemnify the Insured against loss or damage to the Interest Insured occurring within the Geographical Limits during the Policy Period resulting from the insured perils specified by the Institute Clauses herein.

1.1 For Shipments by Sea and/or Road and/or Rail Conveyances:

- Institute Cargo Clauses (A) 1/1/09
- Institute War Clauses (Cargo) 1/1/09
- Institute Strikes Clauses (Cargo) 1/1/09
- Institute Classification Clause 1/1/01
- Institute Replacement Clause 1/1/34
- Cargo ISM Endorsement 1/8/98
- Cargo ISM Forwarding Charges Clause 1/8/98
- Institute Radioactive, Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03
- COMMUNICABLE DISEASE EXCLUSION CLAUSE
- MARINE CYBER EXCLUSION (LMA 5403)
- Termination of Transit Clause (Terrorism) 2009

1.2 For Shipments by Aircraft:

- Institute Cargo Clauses (Air) (excluding sendings by Post) 1/1/09
- Institute War Clauses (Air Cargo) (excluding sendings by Post) 1/1/09
- Institute Strikes Clauses (Air Cargo) 1/1/09
- Institute Replacement Clause 1/1/34
- Institute Radioactive, Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03
- COMMUNICABLE DISEASE EXCLUSION CLAUSE
- MARINE CYBER EXCLUSION (LMA 5403)
- Termination of Transit Clause (Terrorism) 2009

1.3 For Sendings by Post:

- Institute Cargo Clauses (A) 1/1/09
- Institute War Clauses (sendings by Post) 1/1/09
- Institute Strikes Clauses (Cargo) or Institute Strikes Clauses (Air Cargo) as appropriate.
- Institute Replacement Clause 1/1/09
- Institute Radioactive, Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause 10/11/03
- COMMUNICABLE DISEASE EXCLUSION CLAUSE
- MARINE CYBER EXCLUSION (LMA 5403)
- Termination of Transit Clause (Terrorism) 2009

2 Additional Benefits Applicable to Policy B

Subject to all of the terms, conditions, exclusions and other provisions applicable to Policy B (including the Insuring Agreement and the Schedule) cover is automatically extended by the following additional benefit extensions. Except where specified herein, none of these extensions increase the Limit of Liability set out in Item 10(b) of the Schedule unless Huatai otherwise agrees in writing:

2.1 Accumulation

In the event of any accumulation of interests which occurs:

- (a) by reason of or during trans-shipment or after the arrival of the overseas vessel or Conveyance at the port or place of discharge during the ordinary course of Transit arising other than from circumstances within the control of the Insured; or
- (b) by reason of interruption of Transit and/or other circumstances during the ordinary course of Transit beyond the control of the Insured

provided that upon the event of accumulation becoming known to the Insured, notice is immediately provided to Huatai then, notwithstanding General Definitions Applicable to Policy A and/or Policy B 6.12 (Limit of Liability) herein, Huatai shall hold the Insured covered for its Interest Insured to the full amount at risk but in no event shall Huatai be liable under this extension for an amount which exceeds twice the Limit of Liability applicable to Policy B or \$20,000,000, whichever the lesser.

2.2 Airfreight Replacement (Imports Only)

In the event of a claim covered under Policy B and the Insured considers it necessary to forward replacement machinery or electrical components or appliances by air, Huatai will pay the extra costs involved, notwithstanding that the original consignment was not despatched by air. Any cover provided under this extension is subject to a sub-limit of \$100,000 in respect of any one loss or series of losses arising from one insured event, or such other amount specified by endorsement.

2.3 Brands

Where the Interest Insured consists of branded goods, such goods will not be sold or otherwise disposed of as salvage without the consent of the Insured. If the Insured declines to consent, the Insured may retain the goods but the reasonable salvaged value of the goods will be deducted from the amount Huatai will pay under this Policy B.

2.4 Buyer's Interest

Where Goods are purchased on terms under which the seller or supplier rather than the Insured as buyer is responsible for insurance of the Goods then:

- (a) in the event that the seller or supplier fails to arrange insurance or fails to arrange insurance to a level consistent with the policy conditions under this Policy B; and
 - (b) property in the Goods has passed to the Insured
- such Goods shall be covered under this Policy B on a difference in conditions basis only.

In all such cases Huatai will be subrogated to corresponding rights and remedies of the Insured including under the contract of supply or purchase and in no case shall this insurance contribute in double insurance.

2.5 Civil Authority Clause

It is understood and agreed that the Interest Insured under Policy B is also covered against the risk of damage or destruction by civil authority during a conflagration or for the purpose of retarding the same, provided that neither such conflagration nor such damage or destruction is caused or contributed to by relevant Institute War Clauses or Institute Strikes Clauses perils elsewhere excluded herein.

2.6 "Claused" Bills of Lading

The cover provided by Policy B is not prejudiced solely by the reason of marking of the Bill of Lading (or like document) with a clause indicating Goods or any of them are insufficiently packed.

2.7 Containers

The cover provided by Policy B extends to costs or expenses for loss or damage to shipping containers and/or flat racks in the Insured's care, custody or control incurred as a result of an insured peril and for which the Insured is legally liable subject to a limit of \$25,000 any one container or flat rack and \$100,000 in the annual aggregate.

2.8 Container Demurrage Charges

The cover by Policy B extends to cover Demurrage charges and/or late penalties assessed against, and paid by, the Insured for late return of containers when such containers are retained by the Insured at the instruction of Huatai for inspection by a surveyor in investigation of loss or damage recoverable under Policy B, but only to the extent that such charges are attributable to Huatai's request for survey.

2.9 Debris Removal

Huatai agrees to cover, in addition to any other amount recoverable under this insurance, costs and expenses reasonably and necessarily incurred by the Insured in connection with the removal, disposal and/or destruction of debris of the Interest Insured but excluding absolutely:

- (a) Any expenses incurred in consequence of or to avert pollution or contamination or threat or liability thereof; and
- (b) The costs of removal of cargo from any aircraft or vessel
In no case shall Huatai be liable for more than 10% of the insured value of the Interest Insured or \$1,000,000 whichever the greater.

2.10 Delayed Unpacking Clause (Limit 90 days)

Any accidental loss or damage to the Interest Insured that is first discovered following the opening and examination of the Interest Insured following Transit will be covered, subject to:

- (a) the discovery of the accidental loss or damage to the Interest Insured occurring and being notified to Huatai within ninety (90) days of the completion of its Transit; and
- (b) the Insured establishing to the reasonable satisfaction of Huatai that the accidental loss or damage occurred during Transit.

2.11 Deliberate Damage – Pollution Hazard Clause

Any accidental loss or damage to the Interest Insured under Policy B which is directly caused by the actions of governmental authorities to mitigate a pollution hazard or threat thereof, provided the accident or occurrence, which required governmental action, constituted an insured peril herein.

2.12 Duty (Imports Only)

Cover for any increase in the value of the Interest Insured during the course of Transit due to the imposition of customs duty, or any other similar levy, either in the country of destination or in any country through which the Goods pass.

However, duty and/or any other similar levy is not recoverable if the Interest Insured is totally or partially lost prior to the duty and/or levy becoming payable.

2.13 Errors and Omissions

In the event of an inadvertent error or omission in making any declaration under Policy B, it is agreed that the undeclared Goods shall automatically be covered provided such error or omission is advised to Huatai immediately upon the Insured becomes aware.

2.14 Exhibition / Display

Notwithstanding anything to the contrary in this Policy B including but not limited to the definition of Transit, the cover provided by Policy B extends to the Interest Insured whilst it is on exhibition or display, including transit incidental thereto.

The cover provided under this clause 2.14 ('Exhibition/Display') shall not exceed a limit of \$100,000 any one event.

2.15 Extension to the Institute Classification Clause

Shipments by steamers and /or motor vessels are subject to the Institute Classification Clause. Subject to the payment of additional premium required by Huatai, any shipments that would be covered but for the provisions of the Institute Classification Clause are held covered, and the terms of such Institute Classification Clause shall not prejudice any claim.

This clause will only apply when the provision of notice of the claim to Huatai is the first indication to the Insured that a shipment had been made by a vessel which is not covered within the terms of such Institute Classification Clause, and that these circumstances were outside the control of the Insured.

2.16 Free On Board (F.O.B) / Cost and Freight (C.F.R) Pre-Shipment (Imports Only)

- (a) Notwithstanding the provisions of the contract of sale, where the property insured is purchased on an F.O.B., C.F.R. or similar basis, the cover provided by Policy B attaches from the time the Interest Insured leaves the warehouse or place of storage for the commencement of transit.
- (b) If loss or damage occurs which is payable under this clause, the Insured agrees to use all reasonable means to first recover the full amount of loss or damage from the exporter or supplier in accordance with the terms of purchase, before calling on this Policy B for payment.
- (c) In the event of a claim being settled under this Policy B, Huatai is entitled to become subrogated to the Insured's rights of recourse against the exporter or suppliers.
- (d) It is a condition precedent to the availability of cover under this additional benefit that the Insured has not informed the seller of the existence of this additional benefit clause 2.16 ('FOB/CFR Pre-Shipment (Imports Only)') at any time prior to the loss or damage giving rise to a claim.

2.17 Fumigation

In the event of loss or damage to the Interest Insured which is caused by fumigation, Huatai agrees to indemnify the Insured for such loss or damage, and the Insured agrees to subrogate to Huatai any recourse they may have for the recovery of such loss or damage from others but this clause does not extend to cover loss or damage caused by customary fumigation applied prior to or at inception of risk.

2.18 General Average

Cover under this Policy B extends to:

- (a) Loss incurred as a result of general average sacrifice; and
- (b) In respect of Transit by sea, loss comprising any costs or expenses incurred in accordance with the contract of affreightment and the governing law and practice, incurred in connection with avoiding a loss covered by this policy.

Where loss or expense of a type covered by this extension is sustained by the Insured, there is deemed to be accidental loss or damage to the Interest Insured for the purposes of satisfying the insuring agreement of Policy B.

2.19 Insolvency of Ship Owners

It is agreed that the exclusion contained within the Institute Clauses of "loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the vessel" is deleted and replaced with the following exclusion:

"In no case shall this insurance cover loss damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of the vessel where the Insured is unable to show that prior to the loading of the Interest Insured on board the vessel, all reasonable practicable and prudent measures were taken by the Insured, its servants and/or agents to establish the financial reliability of the party in default"

2.20 Interruption of Damaged Goods

It is agreed that Goods taken out of ordinary transit upon instructions of surveyors appointed by or on behalf of Huatai for the purpose of establishment of loss or damage shall be held covered, subject to original terms and conditions applying to such shipment, without payment of additional premium or advice to Huatai, during such interruption or suspension of transit until disposed of by delivery to and acceptance by the original consignee or by sale to others or otherwise, provided that during such interruption or suspension the Insured complies with the surveyor's instructions.

2.21 Jettison

Cover under this Policy B extends to accidental loss or damage to the Interest Insured caused by the act of Jettison.

2.22 Labels

Any costs or expenses incurred in respect of loss or damage affecting labels to the Interest Insured only limited to the cost of reconditioning the labels or the cost of new labels and relabelling the relevant Goods, whichever is the lesser.

2.23 Landing, Warehousing and Forwarding Charges

If as a result of the operation of an event covered by Policy B or as a result of insolvency or financial default of the owners, charterers, managers or operators of the Conveyance, the insured Transit is terminated at a port or place other than that to which cover is provided for the Goods under Policy B, Huatai will reimburse the Insured for any extra charges properly and reasonably incurred in unloading, storing and forwarding the Goods to the destination to which they are insured subject to a limit of \$10,000 any one event.

2.24 Loss of Data

Policy B extends to include claims for loss of information/data/media provided there is external visible evidence of damage from an insured event subject to a limit of \$10,000 any one loss or series of losses.

2.25 Over-carrying

In respect of any part of the Interest Insured that is carried by and under the responsibility of the Insured to a destination that is different from the scheduled place of destination by reason of an error or emergency, the cover provided by this Policy B will be extended until such time as the Interest Insured is delivered to its scheduled place of destination or to some other destination requested by the receiver or owner of the Interest Insured.

2.26 Packaging

Policy B extends to cover accidental loss of, or damage to, Packaging while carried in transit subject to a limit of \$50,000 for any one loss or series of losses arising from the one insured event, unless otherwise specified in the Schedule and provided the costs are not recoverable under any other insurance policy.

2.27 Packing

The cover provided by Policy B is extended for a period of up to 30 days to cover the Interest Insured while it is being delivered by and under the responsibility of the Insured from the warehouse of the Insured or a supplier, to the warehouse of a packer prior to transportation.

2.28 Repacking

Policy B extends to provide cover in the event the original shipping packages arrive at the final destination in a visibly damaged condition and where damage is caused by loss or damage covered under Policy B. The cost of replacing the packages will be paid by Huatai in those instances where it is an established custom of the Insured or the consignee's trade to deliver the Goods to the final customers premises in the original shipping packages.

2.29 Resecuring

Policy B extends to provide cover following an insured peril for all reasonable costs and expenses necessarily incurred in resecuring Goods following movement in transit. Cover is provided even if a claim for cargo loss or damage is not made, provided resecuring is as a result of circumstances outside the control of the Insured and subject to a limit of \$5,000 any one event.

2.30 Sea/Air Worthiness Admitted Clause

The seaworthiness of the vessel or craft and the fitness of the vessel, craft, Conveyance, liftvan / container or aircraft for the safe carriage of the Interest Insured is admitted as between the Insured and Huatai. In the event of loss, the Insured's rights of recovery hereunder shall not be prejudiced by the fact that the loss may have been attributable to the wrongful act or misconduct of the shipowners, or their servants, committed without the knowledge or involvement of the Insured.

2.31 Sellers' Interest

Where the Interest Insured comprises or includes Goods sold on terms whereby the Insured as seller is not responsible for insurance and/or under insured bills of lading, then in the event that the buyer fails to arrange insurance or fails to arrange insurance to a level consistent with the policy conditions under Policy B and property in the Goods remains with the Insured such Goods shall be covered under this Policy B as if primary insurance on a difference in conditions basis only and is to cease when the interest is paid for by the buyer.

In all such cases Huatai will be subrogated to corresponding rights and remedies of the Insured under the contract of sale and in no case shall this insurance contribute in double insurance.

2.32 Shipments in Sealed Containers

In respect of full container load (FCL) shipments, provided documentary evidence is produced to substantiate the quantity loaded into the container, the fact that the container's seal is intact at unloading point shall not invalidate claims of theft, pilferage, shortage and/or non-delivery.

2.33 Shut-out

In the event of any part of the Interest Insured being "shut-out" from the Conveyance, the cover provided by Policy B is extended to provide cover while waiting for alternative transportation but subject to:

- (a) the terms and conditions of cover;
- (b) the Insured notifying Huatai as soon as it becomes aware of the "shut-out";
- (c) any part of the Interest Insured that is "shut-out" being stored in a secure area; and
- (d) there being no cover in respect of any loss or damage caused by delay as a result of the "shut-out".

2.34 Sorting Charges

In the event of the Insured and/or consignee complying with the surveyor's instructions to separate shipping packages showing signs of external damage from the sound packages to ascertain possible loss arising from loss or damage covered by this Policy, cover under this Policy B is extended to such costs or expenses as approved by the surveyor even though a claim may not subsequently result.

2.35 Strikes Diversion (Imports Only)

Huatai will pay additional expense necessarily and reasonably incurred by the Insured when importing the Interest Insured following the exercise by the shipowners or charterers of any liberty granted by the contract of affreightment where solely in consequence of strikes, riots, civil commotions, lockouts or labour disturbances, or conditions arising from them, the Interest Insured is over carried to or discharged at a port other than the intended port of discharge under the contract of affreightment.

The additional expense is payable irrespective of any other loss, whether partial or total, recoverable under this Policy. However, Huatai will not be liable for any claims unless the liberty referred to is exercised prior to the expiry of 15 days from midnight on the day on which the strikes, riots, civil commotion, lockouts or labour disturbances cease to be in active operation.

Liability under this extension is limited to 20% of the insured value of the Interest Insured or \$25,000 whichever is lesser and \$100,000 in the annual aggregate any one loss or occurrence in addition to the sum insured and is subject to a deductible of 10% of the amount recoverable for claims made under this extension.

2.36 Tools of Trade

The cover provided under Policy B is extended to Tools of Trade (excluding mobile/smart phones, laptop computers and personal computers) while removed from the conveying vehicle and kept in a hotel or private

residence subject to a limit of \$25,000 any one event and provided that the Tools of Trade remain within the care, custody or control of an Insured's Employee and the hotel or private residence is securely locked.

2.37 Travellers Samples

The cover provided under Policy B is extended to provide cover for samples in the care, custody and control of an Insured's Employee and subject to a limit of \$25,000 any one claim.

3 What Huatai will Pay under Policy B

Huatai will pay a claim covered under Policy B in the manner specified below.

3.1 Imports

Insured's sales value as stated on the commercial invoice for the Interest Insured. In the event of no such value, then valuation as follows:-

Cost Insurance Freight (CIF) plus percentage stipulated (but in the event of no such stipulation plus ten percent) plus duty payable, if applicable.

3.1 Exports

Insured's sales value as stated on the commercial invoice for the Interest Insured. In the event of no such value, then valuation as follows:

Cost Insurance Freight (CIF) plus percentage stipulated (but in the event of no such stipulation plus ten percent)

3.2 Exhibitions

- (d) New Items:
New replacement value plus all carriage and, where incurred, exhibition and/or ancillary costs but excluding consequential loss absolutely.
- (e) Used Items:
Current market value plus all carriage and, where incurred, exhibition and/or ancillary costs but excluding consequential loss absolutely.

4 Exclusions Applicable to Policy B

Each of the exclusions specified in the Institute Clauses referred to in the Insuring Agreement of Policy B apply to the cover provided under this Policy B, except where expressly modified by agreement between the parties in writing. In addition to those exclusions:

4.1 Policy B does not cover any loss or damage:

- (a) arising out of or in any way connected with asbestos or materials that contain asbestos;
- (b) attributable to any wilful misconduct or illegal act of the Insured or anyone acting on the Insured's instructions;
- (c) caused by rust, oxidation and/or discolouration unless resulting from an insured event;
- (d) arising from mechanical, electrical or electronic failure unless there is visible external physical damage that occurred during Transit as a result of an insured event;
- (e) arising out of any liability assumed by the Insured under an agreement unless such liability would have attached in the absence of that agreement;

4.2 Policy B does not cover any loss or damage of or to the following:

- (a) Accompanied baggage
- (b) Fine art, antiques and collectables with a value greater than \$10,000 any one Load;
- (c) Tobacco or tobacco products with a value greater \$10,000 any one Load

- (d) Bullion and precious metals in bars or bulk form , precious jewellery, or other precious stones
- (e) Cash securities, money or other equivalents;
- (f) Live plants or animals; and
- (g) to Interest Insured which may be sustained while the Interest Insured is in use and/or while being worked upon and directly resulting therefrom.

4.3 Sanction Limitation and Exclusion Clause

Huatai shall not be deemed to provide cover and Huatai shall not 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 Huatai, or its parent company, affiliate or ultimate holding company, 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, United States of America and/or China.

5 Specific Conditions Applicable to Policy B

In addition to the General Conditions herein the following conditions apply to the cover provided under Policy B.

5.1 Deck Cargo Clause

Where the Interest Insured under this Policy B is carried in fully enclosed cellular containers as on deck cargo, coverage under this Policy B is on the same terms and conditions as if it were under deck cargo.

Unless otherwise agreed in writing, all other deck cargo shall be subject to the Institute Cargo Clauses (C) including the risks of Jettison and loss overboard of the whole or part of the deck cargo.

5.2 Institute Clauses

The Institute Clauses incorporated into this Policy B are those current at the inception of the Policy and should the clauses be subsequently revised then (subject to 30 days written notice having been provided) the revised Institute Clauses shall apply to all risks which attach on or after the date of the expiry of the notice; and

In the event of any inconsistency between the conditions, exclusions and other provisions applicable to Policy B and the limitations of the relevant Institute War Clauses dated 1 January 2009, the Institute War Clauses shall prevail.

5.3 Letters of Credit

It is agreed that certificates and/or policies may be issued hereunder to enable the Insured to comply with the insurance requirements of any letter of credit and/or sales contract concerned. Nevertheless, the policy terms, limits and conditions stated herein shall be regarded as paramount.

6 General Definitions Applicable to Policy A and/or Policy B

Wherever appearing in Policy A and/or Policy B as applicable, the following definitions apply:

6.1 Act of Terrorism means any act, including but not limited to the use of force or violence and/or threat thereof, of any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government which from its nature or context is done for, or in connection with, political, religious, ideological or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

6.2 Huatai means Huatai Property & Casualty Insurance Co., Ltd.

6.3 Conveyance means any mode of road, rail, air or waterborne transport.

6.4 Demurrage means a charge for the detention or late return of shipping containers, flat racks or similar equipment charged by the owner of the same.

6.5 Employee means

- (f) each person who was, is or becomes employed by the Insured and who is paid by the Insured by way of salary or wages; or
- (g) a volunteer working without fee or reward provided that the performance of whose duties is subject to the direction and control of the Insured.

6.6 Geographical Limit means the Geographical Limit relevant to the applicable Policy as specified in Item 8 of the Schedule.

6.7 Goods means items of merchandise, equipment or other property that belong to the Insured except to the extent that such items are excluded from cover under the Policy.

6.8 Insured means:

- (h) The Insured named in Item 3 of the Schedule; or
- (i) any existing Subsidiary (including Subsidiaries thereof) of the Insured or any existing organisation under the control and active management of the Insured that is notified in writing and accepted by Huatai for cover under this Policy; or
- (j) any new Subsidiary that is created, acquired or controlled by the Insured during the Policy Period, provided that:
 - i) the creation, acquisition or control is notified to Huatai in writing within 90 days of it taking effect;
 - ii) Huatai gives notice in writing to the Insured that the new Subsidiary shall be covered by the Policy and of any amendments to the cover which shall apply to the new Subsidiary; and
 - iii) the Insured pays any additional premium that may be required by Huatai within the time for payment specified by Huatai.

6.9 Insured's Operations means the operations specified in Item 4 of the Schedule.

6.10 Interest Insured means the interest insured as specified in Item 7 of the Schedule.

6.11 Jettison means the act of casting goods overboard from a ship undertaken as a reasonable means to address some danger or distress to such ship.

6.12 Limit of Liability means

- (k) For cover under Policy A, the amount stated in Item 10(a) of the Schedule, which is the maximum amount Huatai shall indemnify the Insured in respect of all amounts payable by Huatai under Policy A arising out of any one occurrence.
- (l) For cover under Policy B, the amount stated in Item 10(b) of the Schedule, which is the maximum amount Huatai shall indemnify the Insured in respect of all amounts payable by Huatai under Policy B arising out of any one occurrence.

6.13 Load means Goods comprising the Interest Insured that are laid on or placed in or on any Conveyance for Transit.

6.14 Policy means the contract of insurance between Huatai and the Insured that comprises the terms applicable to Policy A and/or Policy B (as applicable), the Schedule issued by Huatai (including any schedule substituted for the Schedule) and any document issued by Huatai that varies the policy coverage.

6.15 Policy Period means the period stated in Item 5 of the Schedule and any agreed renewal period.

6.16 Schedule means the Schedule applicable to Policy A and/or Policy B of this Policy issued with and forming part of such policy wordings.

6.17 Tools of Trade means tools utilised as part of the Insured's business

6.18 **Transit**, in relation to each Load:

- (m) means the period of time commencing from when the Goods are first moved for the purpose of conveyance to a destination outside the originating location and ending when the Goods are last moved in being delivered at the destination location.
- (a) does not include any period of dismantling, erection, commissioning, testing or storage other than that required in, and for the purpose of, the movement of the Goods to their destination location.

7 General Conditions applicable to Policy A and Policy B

7.1 Duty of disclosure

Where Huatai makes inquiries about the interest insured or the circumstances of the Insured when concluding this Policy, the Policyholder shall make a truth disclosure.

If the Policyholder deliberately, or due to gross negligence, fails to fulfil the obligation as aforementioned duty of disclosure, which may adversely affect the underwriting decisions or premium rate assessment of Huatai, Huatai is entitled to terminate this Policy. The said right of termination shall be extinguished if it is not exercised within 30 days from the date which Huatai is aware of a reason for termination or two years from the conclusion of this Policy, whichever is earlier, or Huatai will be liable to pay any loss in connection with a claim to which this Policy applies.

If the Policyholder deliberately fails to perform the duty of disclosure, Huatai shall not be liable to pay the indemnity for any loss or damage to the interest insured occurring or claim first made before the termination of this Policy and Huatai will not refund the premium. If the Policyholder fails to perform the duty of disclosure due to gross negligence and such failure had a material impact on the occurrence, Huatai shall not be liable to pay the indemnity for any loss of an occurrence which occurred before the termination of this Policy but Huatai will refund the premium.

Huatai is not entitled to cancel this Policy if Huatai was aware at the time when entering into this Policy that the Policyholder had made any misrepresentations or non-disclosures, and shall be liable to pay loss in connection with a claim to which this Policy applies.

7.2 Applicable law

This insurance shall be governed by the law of the People's Republic of China (Exclusive of Tai Wan, Hong Kong and Macau) notwithstanding any other provision in the Institute Clauses incorporated under 1.1, 1.2 or 1.3. Each party agrees to submit to the exclusive jurisdiction of the courts of competent jurisdiction in that state or territory.

7.3 Cancellation

(a) The Policyholder may cancel this Policy by giving notice in writing to Huatai. If such notice is given, the cancellation will take effect on the day the notice is received by Huatai.

(b) Huatai may cancel this Policy by giving 30 days' prior notice in writing to the Policyholder, without prejudice to coverage under the Policy for the Interest Insured which has already commenced before the date of cancellation.

(c) Upon cancellation by the Policyholder or Huatai, the Insured will receive a pro rata refund of premium for the unexpired period of insurance subject to the Policyholder complying with sub-clause 7.4(d).

(d) When the premium is subject to adjustment, cancellation will not affect the obligation of the Policyholder to supply to Huatai such information as is necessary to permit the premium adjustment to be calculated and to pay the amount of the adjustment applicable up to the effective date of cancellation.

7.4 Claims Procedure

The Insured shall inspect immediately following delivery at their destination any packages containing the Interest Insured that show obvious signs of damage.

In the event of any loss or damage to the Interest Insured occurring for which Huatai may be liable, the Insured:

- (a) must give immediate notice of such loss or damage in writing to Huatai;
- (b) must provide details of any other current policy of insurance effected by the Insured or on its behalf that covers the same loss or damage either alone or together with any other goods;
- (c) shall co-operate with Huatai's investigations and provide, or arrange to be provided, with correspondence, documents, statements, invoices and other items documenting the incident and the amount of the loss; and
- (d) must not act in any way to the detriment or prejudice of the interests of Huatai.

Huatai will make a determination as to its coverage position on any claim in a timely manner after receiving the claim request and full supporting documents. If Huatai determines that the supporting documents are incomplete according to this Policy, Huatai will, in a timely manner and at one time, notify the Insured to supplement such documents. Should the circumstances of the claim be complicated to the extent that Huatai is unable to determine its coverage position within 30 days of receiving full information, then Huatai shall advise the Insured of a reasonable longer period required, and notify the Insured in a timely manner once the determination is made within that period. For any claim covered by this Policy, Huatai shall make the payment within 10 days after the settlement agreement is reached or the period stated in the settlement agreement. If it is determined that such claim is not covered by this Policy, a notice with explanation shall be sent to the Insured within 3 days after our coverage determination is made.

If the final amount of loss cannot be determined within 60 days after Huatai receives the claim request and full supporting information and materials, Huatai will advance the payment for the part of loss that may be determined at that time. When the final settlement of loss is determined, Huatai shall make the payment for any outstanding amount.

7.5 Deductible

The deductible is the amount stated in Item 11(a) and (b) of the Schedule that is payable by the Insured. The deductible applies to each and every loss save that the deductible shall not apply to a claim for total loss (actual or constructive or compromised) or to salvage charges or sue & labour expenses.

7.6 Interpretation

The documents comprising Policy A and/or Policy B are to be read together and any word or expression that is defined has that meaning throughout this Policy. All defined words and expressions are capitalised. The use of the singular includes the plural and the converse.

7.7 Material Changes

Every change that materially affects the facts or circumstances that exist at the commencement of this insurance, or at any subsequent renewal date, must be notified to Huatai in writing immediately after such change comes to the notice of the Insured's officer responsible for insurance.

The Insured must advise Huatai in writing of any apparent increase in exposure of the Interest Insured during the Policy Period of this Policy. Upon receipt of such advice, Huatai may, at its sole discretion, increase the insurance premium applicable to this Policy or terminate this Policy immediately. If Huatai decides to terminate this Policy, the Policyholder will receive a pro rata refund of premium from Huatai for the unexpired Policy Period.

Huatai shall not be liable for any loss resulting from the apparent increase in exposure if the Insured has failed to give Huatai notice of such apparent increase in exposure as described above.

7.8 Notifications to the Insured's Broker

The parties agree that Huatai may provide any written communication or notification to the Insured via its appointed broker and may do so by electronic communication, including email.

7.9 Premium Adjustment

The premium paid by the Insured is provisional and is calculated on the Insured's estimate of the total value of Goods to be shipped or carried during the Policy Period.

Within thirty (30) days of the expiration of the Policy Period, the Insured must declare the actual total value of Goods shipped or carried during the Policy Period and the premium shall be adjusted by Huatai accordingly. Such additional premium as applicable shall be paid by the Insured.

Huatai shall be entitled to retain, as minimum premium, the premium calculated on the Insured's provisional estimate of total value of Goods to be shipped or carried.

7.10 Reasonable Care

The Insured must take all reasonable precautions to avoid or minimise any loss, damage or expense covered by the applicable Policy.

7.11 Subrogation

In the event of any payment under this policy, Huatai will be subrogated to all of the Insured's rights of recovery against any person or organisation and the Insured shall execute and deliver any appropriate instruments and papers and do whatever else is necessary to secure such rights.

7.12 Subrogation Waiver

If the Insured has been compensated for loss or damage to the Interest Insured by any third party liable for the same, Huatai may deduct the corresponding amount from the payment. Where the Insured waives such rights after an occurrence occurs, Huatai shall not be liable to make any payment for the loss or damage to the Interest Insured in connection with such occurrence. Any such waiver made without Huatai's prior consent after Huatai makes such payment is void. If Huatai is not able to exercise its rights of recovery as a result of any Insured's intentional act or gross negligence, Huatai may reduce the payment or request a refund of any such payment made.

7.13 Value Added Tax

If the Insured is registered for Value Added Tax and would be entitled to a credit to Input Tax if it was to incur the cost to which a claim under this Policy relates, the amount of the payment will be reduced by the amount of any input tax credit to which the Insured is or may, in the opinion of Huatai, be entitled to claim.

Value Added Tax and Input Tax shall have the same meaning as defined under the laws of China as from time to time amended.

The amount of the applicable Deductible is calculated after deduction of the amount of any Input Tax credit that the Insured is or may, in the opinion of Huatai, be entitled to claim.