

General Conditions for Marine Cargo Policy

Marine Insurance Policy

GENERAL CONDITIONS FOR MARINE CARGO POLICY

Insurers

The Policy is underwritten by QBE Insurance (Australia) Limited, ABN 78 003 191 035, AFS Licence No. 239545 of 82 Pitt Street, Sydney.

About QBE Australia

QBE Insurance (Australia) Limited is a member of the QBE Insurance Group (ASX: QBE). QBE Insurance Group is Australia's largest international general insurance and reinsurance group, and one of the top 25 insurers and reinsurers worldwide. The company has been operating in Australia since 1886 and continues to provide industry-leading insurance solutions that are focused on the needs of intermediaries and their clients.

QBE is a household name in Australian insurance, backed by sizeable assets, and well known as a strong and financially secure organisation.

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GENERAL CONDITIONS FOR MARINE CARGO POLICY

Section 1 – Definitions

When used in this Policy, the following words have a special meaning assigned to them, as follows:

Word or term	Meaning
Accidental	any occurrence or event which arises during transportation which results in loss or damage to the goods which is unintended and could not have been expected by a person who has actual knowledge of the means of transportation of the goods.
CFR – Cost and Freight	that the seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss or damage to the goods, as well as any additional costs due to events occurring after the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment.
FAS – Free Alongside Ship	that the seller fulfils their obligation to deliver when the goods have been placed alongside the vessel on the quay or in lighters at the named port of shipment. The buyer has to bear all costs and risks of loss or damage from that point.
FOB – Free On Board	that the seller fulfils their obligation to deliver when the goods have passed over the ship's rail at the named port of shipment. The buyer has to bear all costs and risks of loss or damage from that point.
Goods	the interest insured as specified in the Policy Schedule.
We/us/our	QBE Insurance (Australia) Limited ABN 78 003 191 035.
You/your	you, the insured specified in the Policy Schedule.

Section 2 – This insurance contract

We agree to provide insurance as described in this policy subject to the terms, limitations, exclusions and conditions contained in or endorsed on or otherwise expressed in the policy.

This insurance is in consideration of the insured named in the Policy Schedule:

- having paid or agreed to pay the premium to us,
- providing to us a written application.

The policy wording, Policy Schedule (which expression includes any Policy Schedule substituted for the original Policy Schedule) and endorsements (if any) are to be read together.

Section 3 – Benefits

The following additional benefits apply to this insurance, provided you have an insurable interest at the time of loss.

Acquired companies clause

This Policy extends to include any company, subsidiary company or firm formed or purchased by you during the period of insurance provided that:

- you hold a controlling interest or have agreed to accept responsibility for insurance;
- you advise us of the existence of the company or firm not later than 30 days from the date of signing the purchase contract or date of formation;
- you declare to us the estimated turnover, type of goods to be insured and past claims history;
- you agree to the additional conditions and premium required by us.

Automatic reinstatement clause

The indemnity granted by this Policy is limited to the amount specified in the Policy Schedule. This amount will be reduced by any claims paid. Reinstatement shall be automatic subject to the payment of the appropriate additional premium (where applicable).

Brands/labels clause

In the event of loss or damage of goods bearing embossed or indented brands or labels or other permanent markings identifying you as the manufacturer or supplier, or exclusive and/or secret formula that may be involved, the goods may be retained by you to dispose of as you see fit provided a reasonable allowance is agreed for the value of the damaged and undamaged goods.

Where only the labels of the goods are affected by the insured event, the amount payable by us is limited to the reasonable cost of reconditioning and relabelling, subject to our liability not exceeding the value of the goods.

Delayed unpacking clause

Where packages of the goods are not opened immediately upon arrival, loss or damage covered by this Policy which was not immediately apparent at the time of arrival shall be recoverable under this insurance providing:

- the damage is discovered within 90 days of arrival, and
- any packages bearing outward signs of loss or damage at the time of arrival are opened and inspected immediately.

Duty clause

This Policy is extended to include the amount of any duty and/or taxes paid or payable by you in respect of the goods at the destination. The increased value shall then attach as an additional insurance on the goods from the time of payment of the duty and/or taxes.

You agree to include in your declaration to us, the amount of duty and/or taxes paid and/or payable on all goods insured under the policy.

Excluding claims for:

- total loss of part of the goods before the duty and taxes become payable;
- general average contributions and salvage charges arising from any casualty occurring before the duty and taxes become payable;
- duty and taxes refunded or rebated by Customs Authorities on lost or damaged goods.

You must take all reasonable steps to obtain a credit for duty and taxes paid or payable on lost or damaged goods.

F.O.B. / C.F.R. (C & F) Preshipment clause – applicable to import shipments only

This Policy is extended to cover goods purchased on F.O.B./C.F.R. (C. & F.) FAS, or similar terms of sale, from the time the goods leave the sellers warehouse for the commencement of transit despite the goods not being at your risk.

If loss or damage occurs which is payable under this cover, you must use all reasonable means to recover the full amount of the loss or damage from the seller under the terms of purchase, before claiming under this Policy.

You must not disclose the existence of this cover to the seller and all rights of recovery against them are to be subrogated to us.

General average and salvage clause

If there is a claim for general average contributions or salvage charges, the goods will be considered as being insured for their full contributory value and the claim will be paid in full regardless of any Policy excess.

Insolvency exclusion clause

The exclusion 'loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of the vessel or aircraft' appearing in the relevant Institute Clauses is amended to read as follows:

Loss, damage or expense arising from the insolvency or financial default of owners, managers, charterers or operators of the vessel where, at the time of loading of the goods on board the vessel, you are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent prosecution of the voyage.

This exclusion shall not apply where this insurance has been assigned to the party claiming under this Policy who has bought or agreed to buy the goods insured under a binding contract.

Livestock risks clauses

Where livestock have been included in the interest insured stated in the Policy Schedule, the following additional benefits will apply:

Livestock agistment expenses

This Policy covers all reasonable costs and expenses necessarily incurred in maintaining the animals at agistment when caused by an insured event.

Subject to a limit of \$500 per animal and \$50,000 in aggregate for any one loss or series of losses caused by the one insured event, unless otherwise specified in the Policy Schedule.

Livestock loading/unloading risks:

- Loading cover commences when the livestock proceed on to the loading ramp of the conveying vehicle from the ground or loading dock adjacent to the conveying vehicle and terminates when the livestock have been positioned on the conveying vehicle.
- Unloading cover commences when the livestock proceed on to the loading ramp and terminates when the livestock are positioned on the ground or loading dock adjacent to the conveying vehicle.

Livestock mustering costs

This Policy covers all reasonable costs and expenses necessarily incurred for mustering of the animals at the scene of the accident when caused by an insured event.

Subject to a limit of \$500 per animal to a maximum of \$50,000 in total for any one loss or series of losses arising from one insured event, unless otherwise specified in the Policy Schedule.

Livestock wandering off clause

This Policy covers loss of animals due to 'wandering off' from the scene of the accident caused by an insured event.

Subject to a limit of \$50,000 any one loss or series of losses arising from one insured event, unless otherwise specified in the Policy Schedule.

Loading and unloading risks clauses

The transit clause of the Institute Cargo Clauses (A) is extended to include cover during loading or unloading of the goods as specified below:

General cargo:

- Loading cover commences when the goods are being loaded on to the conveying vehicle from the ground or loading dock adjacent to the conveying vehicle and terminates when the goods have been placed on the conveying vehicle.
- Unloading cover commences when the goods are being unloaded from the conveying vehicle and terminates when the goods are placed on the ground or loading dock adjacent to the conveying vehicle.

Motor vehicles:

Where a Tilt Tray vehicle is used to convey goods, the following Motor Vehicle wording will apply.

- Loading cover commences when the motor vehicle's wheels/tracks are driven on to the loading ramps of the conveying vehicle from the ground or loading dock adjacent to the conveying vehicle and terminates when the motor vehicle have been positioned on the conveying vehicle.
- Unloading cover commences from the time the motor vehicle commences to drive off the loading ramps and terminates when the motor vehicle is parked on the ground or loading dock adjacent to the conveying vehicle.

Loss of information/data/media clause

This Policy is extended to include all claims for loss of information/data/media where there is external visible evidence of damage from an insured event.

The amount we pay will be the reasonable cost of rewriting the information or data.

Subject to a limit of \$50,000 any one loss or series of losses arising from the one insured event, unless otherwise specified in the Policy Schedule and provided these costs are not recoverable under any other Policy of insurance.

Overcarried clause

Should the goods be overcarried to a different destination, this Policy covers the goods until returned to the original destination.

Packers' clause

The goods are covered from the time of leaving the suppliers' warehouse en route to the packers' warehouse and while there for a period not exceeding one month prior to shipment, but excluding any loss or damage caused by delay.

Packaging clause

This Policy covers accidental loss of or damage to packaging while carried in transit caused by an insured event.

Subject to a limit of \$50,000 any one loss or series of losses arising from the one insured event, unless otherwise specified in the Policy Schedule and provided the costs are not recoverable under any other Policy of insurance.

'Packaging' means packing materials, shipping containers, crates, pallets, or similar receptacles belonging to you or for which you are responsible.

Reconsigned or reshipped clause

If the goods are reconsigned or reshipped direct from the wharf or airport at the intended destination to another destination, cover under this Policy will continue until arrival at the final destination.

Removal of debris/cleanup costs

This Policy covers all reasonable costs and expenses incurred in unloading, removing and disposing of damaged goods and cleanup of the accident site caused by an insured event.

Subject to a limit of \$50,000 any one loss or series of losses arising from the one insured event, unless otherwise specified in the Policy Schedule and provided the costs are not recoverable under any other Policy of insurance.

Replacement by airfreight clause – (imports of machinery only)

Where there is a claim for loss or damage to machinery, we will pay the reasonable costs of:

- airfreighting the machine or damaged parts back to the manufacturers of suppliers for repair and return;
- airfreighting of replacement parts from the manufacturer or suppliers to destination,

where necessary to prevent interruption to your business, despite the machine not being originally despatched by airfreight.

The maximum amount we will pay under this clause is \$50,000 for any one loss or series of losses arising from the one insured event, unless otherwise specified in the Policy Schedule.

Resecuring

This Policy covers all reasonable costs and expenses incurred in resecuring the goods where there has been movement of the goods in transit, which makes resecuring necessary, even though there may be no claim resulting from the incident provided these circumstances were outside the your control and you could not be reasonably be expected to have knowledge of them in the normal course of your business.

Subject to a limit of \$5,000 any one incident, unless otherwise specified in the Policy Schedule and provided these costs are not recoverable under any other Policy of insurance.

Shut-out clause

In the event of the goods being 'shut-out' from the conveyance at an intermediate place during the course of transit, this insurance covers the goods whilst waiting for an alternative conveyance provided the goods are stored in a secure area, but excluding any loss or damage caused by delay.

Unseaworthiness and unfitness exclusion clause

The unseaworthiness and unfitness exclusion clause where appearing under 'Exclusions' in the relevant Institute Clauses is deleted and replaced by the following:

In no case will this Policy cover loss damage or expense caused by the following :

- (a) unseaworthiness of vessel or craft or unfitness of vessel, craft or aircraft for the safe carriage of the goods, where you are aware of the unseaworthiness or unfitness at the time the goods are loaded;
- (b) unfitness of a container, liftvan or conveyance for the safe carriage of the goods where loading is carried out by you or your employees.

However, exclusion (a) will not apply where the cover provided by this Policy has been assigned to the party claiming under it who has brought or agreed to buy the goods in good faith under a binding contract. We waive any breach of the implied warranties of seaworthiness of the vessel and fitness of the vessel or aircraft to carry the goods to destination.

Section 4 – Optional benefits

The following additional cover benefits apply where stated in the Policy Schedule:

Cargo ISM forwarding charges clause

This insurance is extended to reimburse you, up to the limit of the sum insured for the voyage, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the goods to the destination to which is it insured, following release of goods from a vessel arrested or detained at or diverted to any other port or place (other than the intended port of destination) where the voyage is terminated due either:

- (a) to the vessel not being certified in accordance with the ISM Code, or
- (b) to a current Document of Compliance not being held by her owners or operators

as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to GENERAL AVERAGE or SALVAGE CHARGES, is subject to all other terms conditions and exclusions contained in the policy.

Exhibition and/or demonstration clause

This Policy, subject to existing cover terms and conditions, is extended to cover the goods while at any exhibition or premises for demonstration for a period not exceeding 14 days. However, this insurance does not cover damage while the goods are in use for the purposes of demonstration or otherwise. Subject to a limit of \$50,000 any one loss or series of losses arising from the one insured event, unless otherwise specified in the Policy Schedule and provided these costs are not recoverable under any other Policy of insurance.

Insufficiency of packing clause

The Insufficiency of Packing Exclusion Clause where appearing under 'Exclusions' in the relevant Institute Clauses is deleted and replaced by the following:

In no case will this Policy cover loss, damage or expense caused by insufficiency or unsuitability of packing or preparation of the goods. For the purpose of this clause, 'packing' is to include stowage in a container or other similar intermodal methods of unit load but only where the stowage is carried out by you or your servants.

This exclusion will not apply where:

- (a) the packing or preparation was carried out by a party other than you, and
- (b) the insufficiency or unsuitability arose entirely without your privity or knowledge.

You undertake to follow all reasonable measures to pursue rights of recovery against sellers or other third parties responsible for the loss or damage.

The above agreement is not to interfere with insurer's rights of subrogation against packers or their insurers.

Strikes diversion/forwarding charges clause

This Policy will pay any additional reasonable expenditure incurred by you where shipowners, charterers or managers exercise a liberty granted to them by the contract of affreightment where solely in consequence of strikes, riots, civil commotions, lockouts of labour disturbances:

- (a) The goods are overcarried to or discharged at a port other than the scheduled port of discharge under the contract of affreightment,
- (b) Additional expenditure is necessarily incurred in unloading, storing and forwarding the goods to the final destination.

The additional expenditure is payable irrespective of any other loss whether totally or partially recoverable under the terms of any other insurance.

In no case shall we be liable for any claims unless the liberty referred to in this clause be exercised prior to the expiry of 15 days from midnight of the day on which the strikes, riots, civil commotions, lockouts or labour disturbances cease to be in active operation.

The maximum amount we will pay under this clause is \$50,000 for any one loss or series of losses arising from the one insured event, unless otherwise specified in the Policy Schedule.

Section 5 – Cover limitations

Antiques, paintings and pictures clause

We will not be liable for loss or damage or expense caused by:

1. Delay, confiscation or detention by Customs or other Officials or Authorities,
2. Wear and tear, moth, vermin, normal atmospheric or climatic conditions;
3. Inherent vice of the goods.

Basis of settlement – the amount we pay will be:

- the reasonable cost of repair excluding any depreciation, or
- the market value of the goods as established by an independent and qualified valuer.

Cargo ISM clause

Applicable to shipments on board Ro-Ro passenger ferries.

Applicable with effect from 1 July 1998 to shipments on board:

1. passenger vessels transporting more than 12 passengers and
2. oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high-speed craft of 500 Gt or more.

Applicable with effect from 1 July 2002 to shipments on board all other cargo ships and mobile offshore drilling units of 500 GRT or more.

In no case shall this insurance cover loss, damage or expense where the goods insured is carried by a vessel that is not ISM Code certified or whose owners or operators do not hold an ISM Code Document of Compliance when, at the time of loading of the goods insured on aboard the vessel, you are aware, or in the ordinary course of business should have been aware:

- (a) either that the vessel was not certified in accordance with the ISM Code, or
- (b) that a current Document of Compliance was not held by her owners or operators

as required under SOLAS Convention 1974 as amended.

This exclusion shall not apply where this insurance has been assigned to the party claiming who has bought or agreed to buy the goods insured in good faith under a binding contract.

Cargo termination of transit (terrorism) clause

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

1. Notwithstanding any provision to the contrary contained in this Policy or the clauses referred to within it, it is agreed that in so far as this Policy covers loss of or damage to the goods caused by terrorism or 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, will terminate either:
 - (a) as per the transit clauses contained within the Policy; or
 - (b) on delivery to the consignee's or other final warehouse or place of storage at the destination named herein; or
 - (c) 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
 - (d) in respect of marine transits, on the expiry of 60 days after completion of discharge overside of the goods from the overseas vessel at the final port of discharge; or
 - (e) 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 shall first occur.
2. If this Policy or the clauses referred to in this Policy 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 paragraph 1 above.
3. For the purpose of this insurance, 'terrorism' means any act(s) of any person(s) or organisation(s) involving:
 - (i) the causing, occasioning or threatening of harm of whatever nature and by whatever means, and/or

- (ii) putting the public or any section of the public in fear, in circumstances in which it is reasonable to conclude that the purpose(s) of the person(s) or organisation(s) concerned are wholly or partly political, religious, ideological or similar nature.

'Terrorism' shall also include steps taken to prevent, suppress, control or reduce the consequences of any actual, attempted, anticipated, threatened, suspected or perceived terrorism.

4. This clause is subject to Australian law and practice.

Consequential loss/delay exclusion

This Policy does not cover loss of market and loss arising from delay or consequential loss of any description.

Electrical mechanical & electronic failure exclusion clause

This Policy excludes loss or damage to goods caused by electronic, electrical or mechanical failure where there is no external visible evidence of damage from an insured event.

On deck shipments clause

Cover for goods carried on deck as deck cargo not carried in fully enclosed containers is restricted to Institute Cargo Clauses (C) including the risks of jettison and washing overboard.

No cover is provided for the risks of loading or unloading when this clause applies.

Pairs and sets clause

Where any item is part of a pair or set, the Policy will only pay for the part of the pair or set which is lost or destroyed even if it cannot be replaced with a matching item. The insured value of the goods shall be regarded as spread over the whole of the pair or set, divided in the proportions that it would cost to replace each of the items making up the pair or set.

Rust/oxidisation/discolouration exclusion clause

This Policy specifically excludes claims for loss or damage to the goods due to rust, oxidisation and/or discolouration unless caused by an insured event.

Secondhand machinery replacement clause

Where there is a claim for loss or damage to any part or parts of a second-hand or used machine caused by an insured event, we will not pay more than a proportion of the reasonable cost of replacing or repairing the part or parts lost or damaged. This proportion will be calculated by comparing the insured value of the machine with the value of a new machine, plus charges for forwarding and refitting if incurred.

We will not pay for more than the insured value of the complete machine.

Section 6 – General conditions

Alteration of risk

Where the Marine Insurance Act 1909 applies:

You must give us immediate notice if there is any material change in the circumstances or nature of the risks covered by this insurance. No claim arising after the change shall be payable unless the insurers have agreed to the change in writing.

Where the Insurance contracts Act 1984 applies:

If you do or omit to do something which materially changes the risk that increases the chances of future loss, you must give us immediate notice in writing.

Authorisation

We may give to and obtain from any other insurers, insurance reference bureaus and credit reporting agencies any information relating to your credit or insurance history as well as insurance claims information.

Cancellation

This Policy may be cancelled by either you or us acting on our behalf in writing as set out below.

Inland/import/export risks:

You may cancel this Policy at any time by giving written notice to us. We shall refund a proportion of the premium paid relating to the unexpired period of insurance, subject to the Minimum Premium (at pro-rata for the period) referred to in the Premium Adjustment Clause, irrespective of any premium funding arrangement by you. We acting for and on behalf of the insurers may cancel this Policy by giving thirty (30) days notice in the event of non payment of Premium, or for any other reason available at law. On cancellation by the insurers, we will refund to you a proportion of the premium paid relating to the unexpired period of insurance subject to the minimum premium (at pro-rata for the period) referred to in the Premium Adjustment Clause, irrespective of any premium funding arrangement by you.

War risks:

Subject to the Institute War Cancellation Clause (currently 7 days).

Strike risks:

At seven (7) days notice with the exception to and from U.S.A. which are 48 hours notice.

Cancellation shall become effective on the expiry of the requisite period of time from midnight of the day on which notice of cancellation is issued by or to us but shall not apply to risks which have attached before the cancellation becomes effective.

Claims procedures

If there is any loss or damage which may result in a claim under this Policy, you must take the following steps:-

Immediate action

- Take all reasonable measures to avoid or minimise any loss, damage or expense (the reasonable and necessary cost of doing this will be payable by the insurers).
- Ensure that all rights against Carriers, Bailees or other Third Parties are properly preserved and exercised
- Inform the police as soon as possible after a theft is discovered.

Notification

- Inform us of the event as soon as possible.
- Submit to us full written particulars as soon as possible.
- Send to us all correspondence and documents relating to the event.
- Provide or arrange for us to be provided with invoices, statements and other documents evidencing the amount of the loss.

When other parties may be liable

When other parties may be liable to you for the loss, damage or liability, you must:

- not agree to release those parties from liability,
 - hold the parties liable by delivering a notice of intention to claim within 3 days of delivery,
 - in no circumstances, except under written protest, give clean receipts where the goods are in doubtful condition.
1. When delivery is made by container, ensure that container and seals are examined immediately by the responsible official. If the container is delivered damaged or with seals broken or missing or with seals other than stated in the shipping documents, note the delivery docket accordingly and retain all defective or irregular seals for subsequent identification.
 2. If the loss or damage was not immediately apparent at the time of delivery, apply immediately for surveys by the carriers or other bailees to be conducted within 3 days of delivery.
 3. Inform us of the circumstances and let us have a copy of all relevant documents.

We may exercise all your legal rights relating to the loss or damage. We may prosecute or defend any legal proceedings in your name and have full discretion in the exercise of your legal rights.

Measures taken by you or us with the object of saving, protecting or recovering the goods shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

Claims documentation

To enable claims to be dealt with promptly, you are advised to submit all available supporting documents without delay, including, where applicable:-

1. Original Policy or certificate of insurance.
2. Original contract of carriage, consignment note or other contract of carriage e.g. Bill of lading, Air waybill.
3. Original or copy shipping invoices, shipping specifications, weight notes, separate sales invoice or other document evidencing value.
4. Survey report or other documentary evidence to show the extent of the loss or damage.
5. Delivery docket and weight notes at final destination.
6. Correspondence exchanged with carriers and other parties regarding their liability for the loss or damage.

Note:

Failure to comply with the above conditions concerning claims procedures and documentation may prejudice any claim under the Policy.

General average

In the event of a general contribution arising under this Policy consult us or our nominated settling Agent before signing any general average bond.

Declaration of shipments (where applicable)

To be made to us or our nominated Agents by way of:

- (a) Individual declaration, or
- (b) Self issuing Certificate of Insurance

as soon as possible after departure of vessel or as mutually agreed upon.

It is agreed that you will declare each and every shipment or dispatch falling within the scope of the Policy without exception whether arrived or not and we will accept the declaration up to but not exceeding the limits of liability specified in the Policy Schedule.

Errors and omissions

In the event of an error or omission in making any declaration under this Policy, it is agreed that the goods shall automatically be covered by the Policy, however, you must advise us as soon as possible after you become aware of the error or omission.

Duty of Disclosure – What you must tell us

Your duty of disclosure

Before you enter into a contract of general insurance with us, you have a duty, under both the Insurance Contracts Act 1984 and the Marine Insurance Act 1909, to disclose to us every matter that you know, or could reasonably be expected to know, that is relevant to our decision on whether to insure you and, if so, on what terms.

You have the same duty of disclosure to us when you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of matters:-

- that diminishes the risk;
- that is of common knowledge;
- that we know or should know in the ordinary course of our business as an insurer;
- which we indicate we do not want to know.

Non-disclosure

Where the Marine Insurance Act 1909 applies:

If you fail to comply with your duty of disclosure, we may avoid the contract of insurance from its beginning.

Where the Insurance Contracts Act 1984 applies:

If you fail to comply with your duty of disclosure we may be entitled to reduce our liability under the contract in respect of a claim or, in certain circumstances, we may cancel the contract. If your non-disclosure is fraudulent, we may also have the option of avoiding the contract from its beginning.

Underinsurance

We require you to insure for the full value or maximum potential risk. If you do not do so, and you are underinsured, we may pay you less in the event of a claim, calculated in accordance with either the policy wording or the Marine Insurance Act 1909 where applicable, which takes into account the degree of underinsurance.

Privacy

Privacy legislation regulates the way private sector organisations can collect, use, keep secure and disclose personal information. We are bound by the Privacy Act 1988 (Cth.), when collecting and handling your personal information. QBE has developed a privacy policy which explains what sort of personal information we hold about you and what we do with it.

We will only collect personal information from or about you for the purpose of assessing your application for insurance and administering your insurance policy, including any claims you make. We will only use and disclose your personal information for a purpose you would reasonably expect.

We may need to disclose personal information to our reinsurers, (who may be located overseas), insurance intermediaries, insurance reference bureaux, credit reference agencies, our advisers and those involved in the claims handling process (including assessors and investigators), for the purposes of assisting us and them in providing relevant services and products, or for the purposes of litigation. We may disclose personal information to people listed as co-insured on your policy and to family members or agents authorised by you. We may also disclose information to organisations which conduct customer service surveys on our behalf. We will request your consent to any other purpose.

By providing your personal information to us, you consent to us making these disclosures. Without your personal information we may not be able to issue insurance cover to you or process your claim.

You also have the opportunity to find out what personal information we hold about you and, when necessary, correct any errors in this information. Generally we will do this without restriction or charge. For further information about our Privacy Policy or to access or correct your personal information, please contact The Compliance Manager, QBE Insurance (Australia) Limited, GPO Box 82 Sydney NSW 2001. Telephone: (02) 9375-4656, Fax: (02) 8275-9022 or Email: compliance.manager@qbe.com.au

The General Insurance Code of Practice

QBE Insurance (Australia) Limited is a signatory to the General Insurance Code of Practice. The Code aims to:

- promote more informed relations between insurers and their customers; and
- improve consumer confidence in the general insurance industry;
- provide better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- commit insurers and the professionals they rely upon to higher standards of customer service.

Dispute resolution

We will do everything possible to provide a quality service to you. However, we recognise that occasionally there may be some aspect of our service or a decision we have made that you wish to query or draw to our attention.

We have a Complaints and Dispute Resolution Procedure which undertakes to provide an answer to your complaint within 15 working days.

If you would like to make a complaint or access our internal dispute resolution service please contact your nearest QBE office and ask to speak to a dispute resolution specialist.

Excess (Deductible)

The amount stated in the Policy Schedule as the deductible will be deducted from each and every loss.

Fraudulent claims

If any claim is fraudulent or false in any respect, to the extent permitted by law, we may refuse to pay the whole or part of the claim.

They may also be entitled to cancel this Policy.

How the Goods and Services Tax affects payment we make

The amount of premium payable by you for this policy includes an amount on account of the GST on the premium.

When we pay a claim, your GST status will determine the amount we pay.

When you are:

- not registered for GST, the amount we pay is the sum insured/limit of indemnity or the other limits of insurance cover including GST.

(b) registered for GST, we will pay the sum insured/limit of indemnity or the other limits of insurance and where you are liable to pay an amount for GST in respect of an acquisition relevant to your claim (such as services to repair a Damaged item insured under the Policy) we will pay for the GST amount.

We will reduce the GST amount we pay for by the amount of any input tax credits to which you are or would be entitled if you made a relevant acquisition. In these circumstances, the Input Tax Credit may be claimable through your Business Activity Statement (BAS).

You must advise us of your correct Australian Business Number & Taxable Percentage.

Any GST liability arising from your incorrect advice is payable by you.

Where the settlement of your claim is less than the sum insured/limit of indemnity or the other limits of insurance cover, we will only pay an amount for GST (less your entitlement for Input Tax Credit) applicable to the settlement. This means that if these amounts are not sufficient to cover your loss, we will only pay the GST relating to our settlement of the claim.

We will (where relevant) pay you on your claim by reference to the GST exclusive amount of any supply made by any business of yours which is relevant to your claim.

GST, Input Tax Credit (ITC), Business Activity Statement (BAS) and Acquisition have the same meaning as given to those expressions in A New Tax System (Goods and Services Tax) Act 1999 and related legislation as amended from time to time.

Taxable Percentage is your entitlement to an Input Tax Credit on your premium as a percentage of the total GST on that premium.

Institute clauses

All Institute Clauses referred to in this Policy are those current at the time of attachment of risks. In the event of any of these clauses being altered or added to, new clauses shall automatically form part of this Policy, unless the alteration or addition reduces your protection, in which event you shall be advised in writing.

Limit of liability

Our liability is limited to the amount stated in the Policy Schedule any one loss or series of losses arising from the one insured event.

Non contribution clause

If, at the time of any loss or damage to the goods, there is any other current insurance, whether effected by you or by any other person or persons, covering the same goods, we will not be liable (where legally entitled) for more than the rateable proportion of the loss, damage or expense.

Third party interests

You must inform us of the interests of all third parties (e.g. financiers or lessors) to be covered by this insurance. We protect the interest of third parties only if you have informed them and the interest(s) are noted in the Policy Schedule.

Turnover/sendings and premium calculation

The deposit premium calculated and payable at the commencement of each period of insurance is based on estimated turnover/sendings figures provided by you.

You must declare the actual turnover/sendings on expiry of the period of this Policy or any subsequent period for which the Policy is renewed within one month from the expiry of each period of insurance. This figure should represent the actual value of all goods for which we were at risk during the period of insurance.

The premium will be adjusted in accordance with the rating factors set out in the Policy Schedule or as otherwise agreed.

The difference between the premium for the actual figures at the end of the period and the deposit premium will be paid by or refunded to you but subject to a minimum premium of 75% of the deposit premium being retained by us.

If the deposit premium is \$2,000 or less, the deposit premium shall be regarded as the minimum premium for the period of insurance shown in the Policy Schedule, and no adjustment or declaration of actual figures is required.

You are required and agree to keep accurate records and, on request, will submit audited copies to us.

If we request an audited copy of the records and this is not available then we may appoint an auditor. We shall pay for the cost of the audit but if the audit reveals that the figures declared by you are incorrect, you shall reimburse us for the cost of the audit.

Variation war and strikes rates

If the war and strikes rate for a country or area is amended by the London War Risks Rating Committee, the insurers will give seven (7) days notice (forty-eight (48) hours for strikes risks on shipments to or from the USA) of the amendment in accordance with the Institute War Cancellation Clause (Cargo).

The amended rate will apply from the end of the period of notice that begins at midnight of the day that the notice is issued by us. It will not apply to transits where cover under this Policy has attached before the amended rate applies.

Our rights to cancel cover for war and strikes risks are not prejudiced by prepayment of the war and strikes premium.

Waiver of rights

Where another person(s) is liable to compensate you for any loss or damage which is covered by this Policy but where you have agreed not to seek recovery of any monies from that person(s), then we will not provide cover under this Policy for such loss or damage, or may reduce their liability under the Policy contract as permitted by law.

