

FREIGHT FORWARDERS INSURANCE POLICY

WHEREAS the firm or corporation whilst taking part in any of the insured activities (hereinafter called 'the Insured ') named in the Schedule has made to the Insurers (People's Insurance PLC) a written proposal or declaration bearing the date specified in the schedule, which is hereby agreed to be the basis of this contract and to be considered as incorporated herein.

THE SUBSCRIBING INSURER agree, subject to the terms, conditions, limitations and exceptions contained herein or endorsed or otherwise expressed hereon, to indemnify the insured in respect of :-

INSURED ACTIVITIES:

Freight Forwarders, Shipping Agents or any similar operations subject to the definitions in the General Conditions.

TRADING CONDITIONS:

- a) It is hereby understood and agreed that the Insured will not waive or amend the Trading Conditions declared without the agreement of Insurers
- and
- b) That the Insured shall take all reasonable steps to ensure that the said conditions are incorporated into contracts entered into by the insured in the course of the Insured's business.

SECTION 1: GOODS (CARGO) – LEGAL LIABILITY

- A. The liability of the insured, for, or arising out of loss or destruction of or damage to goods howsoever caused during the period of insurance stated in the Schedule, under Common Law, Contract, National or International Convention, or by Statute.
- B. Additional cost and \ or expense necessarily and reasonably incurred by the insured in consequence of or in order to prevent or minimize a loss or losses, which would be recoverable hereunder including legal costs incurred in the defense or settlement of claims against the Insured, with the consent of the Insurers.

- C. Costs and expenses (including legal costs) necessarily incurred by the insured: With the consent of insurers, or, for which the insured has a legal liability, in removing the goods, or debris of goods, for which the insured has a contract to move or store.

Cover under this paragraph applies regardless of whether liability is admitted or not and irrespective of whether or not a claim is made against the Insured for loss or damage to the goods provided such costs and expenses are a direct result to a sudden and accidental occurrence.

- D. Legal liability for loss of and /or damage to trailers and /or containers in the care custody or control of the insured or for which they are responsible under a contract for carriage or forwarding but excluding trailers / containers owned by or hired / leased by the Insured

- E. Cargo's contribution in general average or salvage for which the Insured is liable and which the Insured is unable to recover from the owners of cargo.

In the event of the insured having to effect any payment under this provision all rights and remedies that the Insured may have against the cargo owners and / or their Marine Insurers shall be subrogated to the Insurers hereon and the Insured shall furnish all documents, information and assistance to the Insurer in recovering such amount from cargo owners and/or their cargo owners.

Subject to the cargo owners through their marine insurers for the relevant cargo furnishing suitable guarantees or bonds as the case may be the Insurers hereon shall at the request of the Insured sign and issue general average guarantee or salvage bond for all group age cargo shipped by the Insured.

However, the liability of the Insurers to furnish such guarantees or bonds shall arise only in the event of the cargo owner and / or their marine Insurers failing to furnish such guarantees or bonds purely due to reasons beyond their control.

- F. QUARANTINE AND DISINFECTION COSTS

This policy includes the Insured's liability for quarantine, fumigation or disinfection cost other than arising in the normal course of business.

EXCLUSIONS: APPLICABLE TO SECTION 1 ONLY

In addition to the General Exclusions contained herein. The Insurers shall not be liable for:

(1)

- (a) wear, tear, scratching, bruising denting and claims for the cost of repainting or,
- (b) Moth, mildew, vermin, mechanical or electrical breakdown, or derangement, or,
- (c) Damage to tyres

Unless consequent upon an accident.

2. Claims by third parties.
3. Claims resulting from currency fluctuations.
4. Mysterious disappearances.

SECTION 2: PROFESSIONAL INDEMNITY

A. ERRORS AND OMISSIONS

Liability in respect of any claim arising during the period of insurance by reason of any negligent act, error or omission in the performance of the Insured's contractual obligations including but not limited to misdirection of goods, failure to insure or comply with specific instructions, faulty arrangements of clerical errors committed or alleged to have been committed by the Insured or any employee of the insured, in the conduct of any business conducted by or on behalf of the Insured, in their professional capacity as defined in Insured Activities.

For the purpose of this insurance, the expression 'the Insured' shall include any partner thereof, if the Insured is a firm; any executive officer or director thereof if the Insured is a Corporation. It is noted and agreed that the indemnity provided herein shall not be restricted by the financial limits of liability incorporated into the Insured's trading conditions, but shall not exceed the limit specified in the Schedule.

EXCLUSIONS - APPLICABLE TO SECTION 2 ONLY

In addition to the General Exclusions contained herein, the Insurers shall not be liable for any claim which would otherwise be recoverable under Section 1.

CONDITIONS - APPLICABLE TO SECTION 2 ONLY

In addition to the General Conditions contained herein if, during the Period of Insurance, the Insured shall become aware of any circumstance which may subsequently give rise to any claim being made against the Insured, by a reason of any matter in respect of which indemnity is afforded under this Section 2, and shall, during the period of insurance, give written notice as soon as possible to the Insurers pursuant to General Condition 2 hereof such circumstance, then any such claim which may subsequently be made against the Insured, arising out of that circumstance, shall, for the purpose of this policy be deemed to have been made during the period of insurance.

SECTION 3: THIRD PARTY LIABILITY

Insured's non-contractual liability for;

- A. Physical loss of or damage to third party property
- B. Death, bodily injury or illness of any third party
- C. Costs and Expenses necessarily incurred by the Insured with the consent of the Insurers in respect of any claim against the Insured for compensation to which indemnity under this section applies.

EXCLUSIONS - APPLICABLE TO SECTION 3 ONLY

- 1. Liability consequent upon death or bodily injury or illness of any Insured's workmen and /or employees and those under contracts of apprenticeship and property owned or managed by or under the control of the Insured.
- 2. Liability assumed by contract.
- 3. Liability for accidents arising outside the jurisdiction of the Courts of Sri Lanka.
- 4. Liability caused by or in connection with or arising from use of vehicles licensed for general road use or by waterborne vessels or aircraft.
- 5. Liability for which losses falling within any other section of this insurance.
- 6. Liability to property owned or managed by or for which the Insured or his employees are responsible.
- 7. Additional expenses incurred for the presentation or clean-up of damage to the environment in particular pollution to air, water or ground.

SECTION 4: FINES AND DUTY

Indemnity in respect of legal liability to any claim arising from unintentional breach of any regulation, legal or statutory provisions resulting in fines, customs duty, sales, excise tax, value added tax or similar fiscal charged or other penalty imposed by any Authority on the insured or any other person acting within their authority on insured's behalf.

Provided that such breach directly relates to ;

Import or export of Cargo or Equipment of Insured's Customers; or Immigration

EXCLUSIONS - APPLICABLE TO SECTION 4 ONLY

This policy will not cover any claim, arising directly or indirectly;

1. That has not been properly established, proved or held by an authority acting within its powers and duties;
2. For commercial fines and penalties in respect of freight tariffs, competition or the structure or operation of your business or that of any person acting on the Insured's behalf.
3. For any breach of any regulation arising from the weight of cargo or carrying equipment on the public road if such breach appears to have been caused recklessly or intentionally by the insured or insured's employees.
4. If any Authority determines that it is illegal for the insured to be insured for any cover given under this section, then the other parts of this section shall remain effective, although no indemnity will be given with respect to any claim arising from the coverage under this section which is held to be illegal;
5. For any amount that would have been payable by the insured notwithstanding any breach;
6. In the case of the United States – Enforced by the federal maritime commission, Department of Justice or Federal Trade commission of the United States of America or Drug Enforcement Agency or any such successors.

GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS

The Insurers shall not be liable for;

1. Any claim or loss resulting from any inability of the Insured to pay, or pay promptly, accounts or collect accounts.
2. Any claim resulting from the insolvency or financial default of the Insured.
3. Any liability, costs or expenses brought about or contributed to by any dishonest, fraudulent or criminal act or omission or willful negligence of the partners or directors or the Insured.
4. Any liability, costs or expenses for which the Insured are entitled to any indemnity or recovery under any other Contract of Insurance.
5. Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or any activity calculated or directed towards the overthrow or influencing of the government de jure or de facto with force or by means of fear, terrorism or violence or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

6. Any consequential loss of what so ever nature arising from loss or destruction of or damage to any property whatsoever of any loss or expenses what so ever resulting or arising there from.
7. Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from;
 - i) ionizing radiations or contamination by radioactivity from nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
 - ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
8. Loss, destruction or damage directly occasioned by pressure waves caused by aircraft and other aerial devices traveling at sonic or supersonic speeds.
9. Punitive, exemplary or multiple damages awarded against the insured or any person or persons for whom the insured may be held legality responsible.
10. Cover in respect of delay in performing the Insured's contractual obligations shall be confined to delay resulting from the negligence of the insured or not.

GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS

(1) ADMISSION OF LIABILITY

The insured shall not admit liability for, or settle any claim or agree the loss or incur any costs or expenses in connection therewith, for which the insured is seeking indemnity costs or expenses in connection there under, without the written consent of the company, who shall be entitled to takeover and conduct in the name of insured the defense or settlement of any claims.

Nevertheless, the insured shall not be required to contest any legal proceedings unless a president's council (to be mutually agreed upon by the insured and the insurers) shall advise that there are reasonable prospects of a successful defense being maintained by the insured.

(2) IMPORTANT CLAUSE - NOTIFICATION OF CLAIMS

In the event of a happening likely to give rise to claim under this policy the insured shall, as soon as possible.

Take all necessary steps to minimize or prevent a loss.

Give prompt notice to any third party who is responsible for or may be responsible for the loss

Give notice to the Company specified in the schedule hereon, and shall furnish full particulars thereof. Every letter, notice, write, summons and process relating thereto shall be notified to and forwarded to the Company immediately upon receipt and insured shall co-operate with the Company at all times.

(3) LIMITS

The company's liability shall be limited

(a) In respect of: -

(i) Anyone loss or claim or

(ii) Any number of losses of claims arising out of one accident or event in aggregate to the figure stated in the schedule or elsewhere in the policy's the limit of indemnity.

(b) in respect of losses or claims arising in the year of this policy (whether arising out of one or more accidents or occurrences) to the figure stated in the schedule as the limit of indemnity in the aggregate.

(4) CANCELLATION

This Policy may be cancelled at any time by the Company giving thirty (30) days notice, but seven (7) days in respect of the risks strikes, riots, civil commotion, in writing by pre-paid letter post properly addressed to the last known address of the insured. The Company giving notice shall receive and retain pro-rata contribution.

(5) EXCESS

The Excess (es) referred to in the schedule shall be deducted from any loss or claim or series of losses or claims arising out of one occurrence.

The Company shall have no liability for losses or claims below the specified excess stated in the schedule hereto.

(6) FALSE OR FRAUDULENT CLAIMS

If the Insured shall make any claim knowing the same to be false or fraudulent as regards the amount or otherwise, this Policy shall become void.

(7) SUBROGATION

The Insured shall, at the request and at the expense of the Company do any concur in doing and permit to be done all such acts and things as may be necessary or required by Company for the purposes of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated upon paying any claim arising under this Policy, whether such acts and things shall be or become necessary or required before or after indemnification of the Insured or such other Claimant by the Insurers.

(8) ADJUSTMENT

The insured undertakes to furnish to the Company within three months of the expiry of each period of Policy such particulars and information as the Company may require, relating to carriage or other charges or values in respect of such period. The contribution for such period shall thereupon be adjusted in the manner agreed between the Company and the Insured and any difference in contribution to be met by a further payment to the Company or a refund by the Company as the case may be.

(9) JURISDICTION CLAUSE

It is hereby understood and agreed that this Policy shall be governed by Laws of Sri Lanka and that the Sri Lanka court alone shall have jurisdiction, in any dispute arising hereunder.

(10) ARBITRATION

- (i) In the event of any dispute or difference arising in respect of any questions in claim on this policy during such dispute or difference shall be referred to arbitration by a notice in writing as provided for herein.
- (ii) The party who seeks to refer such dispute or difference to arbitration (“The first Party”) shall name an arbitrator appointed by him in the said notice in writing and send to the other party (‘The Other Party’) making such reference and request the ‘Other Party’ to appoint another arbitrator.
- (iii) In the event of such dispute or difference arising in respect of any claim as aforesaid has not been referred to Arbitration within twelve(12) calendar months from the date of arising of such dispute or difference, such dispute or difference shall for all purpose be deemed to have been abandoned and shall not thereafter be continued hereunder.
- (iv) In the event of the “Other Party” falling to appoint another arbitrator (“The second arbitrator”) within thirty (30) days from the date of dispatch of the said notice, the arbitrator appointed by the First Party shall act as the sole arbitrator and make a final award as if the parties hereto have jointly appointed him to act as such sole arbitrator. If the Other Party appoints another arbitrator then the two arbitrators shall within twenty (20) days of the appointment of the second arbitrator, appoint a Chairman as provided for in the section 6(3) of the Arbitration Act No 11 of 1995 of Sri Lanka. ‘The date of dispatch’ shall mean the date on which such notice is dispatched by registered post and the postal frank or postal receipt shall be the conclusive proof thereof.
- (v) The Arbitration Tribunal shall before the commencement of the arbitration set out the procedure to be followed at the hearing but the following steps shall be mandatory before the hearing commences.
 - (a) Both parties shall within the time stipulated by the Arbitrators or with such further time as may be allowed by the Arbitrators file their respective evidence by way of affidavits with supporting documents.
 - (b) Thereafter, time may be given by the Arbitrators to file affidavits in reply, with supporting documents.
 - (c) Oral evidence shall be confined only to the matters, which shall be specified by the Arbitrators.
- (vi) The Arbitration proceedings shall be held in the city of Colombo, the language of the proceedings shall be in English and applicable laws shall be the laws of Sri Lanka.
- (vii) Only a retired judge of the Supreme Court or Court of Appeal of Sri Lanka or a lawyer with knowledge and expertise in Commercial Laws of at least 15 years standing qualified to practice in Sri Lanka can be appointed as an arbitrator or chairman as both parties recognize that the applicable laws are the laws of Sri Lanka.
- (viii) The award made at an arbitration held as provided herein shall be final, conclusive and binding on the parties hereto.
- (ix) It is hereby mutually agreed that the making of an award upon a reference to arbitration shall be condition precedent to any right of action of either party against the other party in respect of such difference or dispute.

(11) OBSERVANCE OF POLICY TERMS & CONDITIONS

The due observance and fulfilment of the terms conditions and endorsements of this Policy in so far as they relate to anything to be done or not to be done by the insured and the truth of the statements and answers in the proposal shall be a condition precedent to any liability of the company to make any payment under this Policy.

(12) COMPLAINTS PROCEDURE

We are committed to serve you with passion and willing to receive your feedback. If you are not satisfied with our services, you can lodge a complaint by below methods;

- By telephone - Customer Care Officer - 011 2126136
- By email - piassist@peoplesinsurance.lk
- By WhatsApp - 0716230048
- By fax - 011 2126109
- By post - Customer Care Officer, People's Insurance PLC, No. 07, Havelock Road, Colombo 05
- Via online - Complaint Submission Form is available on our website www.peoplesinsurance.lk → Please click on the "Complaints" tab

By visiting

- Below information to be provided when lodging a complaint;
- Complaint in brief
- Your name and contact details
- References: Policy No. / Vehicle No. / Claim No.
- Any supporting documents

The Trilingual Complaints Handling Procedure can be downloaded from our website - www.peoplesinsurance.lk → Please click on the "Complaints" tab

(13) DISPUTE RESOLUTION

If you are not satisfied with the resolution given by us for a complaint lodged, you have the option to use following Alternative Dispute Resolution (ADR) mechanisms.

I. Address your concerns to: Insurance Ombudsman of Sri Lanka

No. 143A, Vajira Road, Colombo 05

info@insuranceombudsman.lk

011 2505542 / 011 250 5041

II. Arbitration

As per the Arbitration Clause in the Policy Wording

III. Address your concerns to: Director Investigations

Insurance Regulatory Commission of Sri Lanka

Level 11, East Tower, World Trade Centre

Colombo 01

011 2396184-9 / 011 2335167

investigation@ircsl.gov.lk / info@ircsl.gov.lk

Authorized Signatory

People's Insurance PLC