

# FREIGHT FORWARDER'S LIABILITY INSURANCE

Insurance terms and conditions

Valid as of 1 January 2011

AKH 02

## 1 PURPOSE OF INSURANCE

On the basis of these terms and conditions and the General Terms of Contract the insurance company undertakes to

- cover the losses referred to under section 3.1 and the other expenses referred to separately in these terms and conditions,
- investigate the grounds for and amount of damages,
- negotiate with the claimant, and
- appear in court or pay the legal expenses if the claim for damages leads to legal proceedings.

## 2 GEOGRAPHICAL SCOPE OF THE INSURANCE

With respect to terminal and warehousing operations the insurance is valid in a terminal or warehousing area located in Finland and entered in the insurance policy.

In other forwarding operations the insurance is valid all over the world.

## 3 COVERABLE LOSSES AND RELATED RESTRICTIONS

### 3.1 Coverable losses

The insurance covers material damage or financial loss caused to a third party in freight forwarding for which the policyholder is held liable according to what the General Conditions of the Nordic Association of Freight Forwarders, valid at any given time, determine on transport, freight forwarding and warehousing, provided that the liability is based on an act committed or an omission that has occurred during the insurance period.

Concerning freight forwarding and transport commissions, the policyholder shall make a binding agreement with his principal to follow the General Conditions of the Nordic Association of Freight Forwarders. If this has not taken place, the maximum indemnity payable under the insurance is in any event the indemnity in accordance with the General Conditions of the Nordic Association of Freight Forwarders.

The insurance also covers the additional expenses incurred by the policyholder in cases where the policyholder has sent the goods to the wrong destination, however, not in excess of EUR 50,000 per insurance event and insurance period.

The insurance does not include the fire, water and burglary insurance referred to in section 27, paragraph C, subparagraph 3 of the General Conditions of the Nordic Association of Freight Forwarders.

### 3.2 Restrictions

3.2.1 Loss or damage sustained by the policyholder

*The insurance does not cover loss or damage sustained by the policyholder.*

3.2.2 Other than forwarding operations

*The insurance does not cover operations where the forwarder undertakes to assemble, install, manufacture or price the goods or performs other such jobs.*

3.2.3 FIATA freight Forwarding Services document

*The insurance does not cover any loss incurred in consequence of a document drawn up in accordance with FIATA Freight Forwarding Services.*

3.2.4 Money and securities

*The insurance does not cover loss of or damage to money, securities, precious metals, jewellery or other such valuables.*

3.2.5 Taxes and fees on tobacco and alcohol products

*The insurance does not cover customs duties, taxes or other similar fees on alcohol or tobacco products in international forwarding or transportation.*

3.2.6 Contractual liability

*The insurance does not cover loss based on the grounds that the policyholder has, without agreeing about it in advance with the insurance company, assumed greater liability than that specified in the General Conditions of the Nordic Association of Freight Forwarders or abandoned a regulation that limits liability and is included in the aforementioned conditions.*

3.2.7 Road carrier's liability

*The insurance does not cover liability for damages as specified under the Road Transport Act or the Convention on the Contract for the International Carriage of Goods by Road (CMR).*

3.2.8 Goods unfit for transport

*The insurance does not cover damage to goods that, according to currently valid regulations, are not allowed to be transported.*

3.2.9 Negligent guarding

*The insurance does not cover loss caused because a transport vehicle, transport unit or goods item was left unguarded.*

Guarding means that the area in which a transport vehicle, container, transport unit or goods item is left is closed and guarded 24 hours a day so that the guard is constantly present in the area. Guarding also means that a vehicle may not be left without continuous supervision except for such business as is

necessary for the completion of the transport assignment or the driver's own indispensable personal needs. However, in such a case the vehicle and the cargo space of the vehicle must be locked and any immobilizers switched on.

3.2.10 Negligent protection

*The insurance does not cover loss or damage arising from the goods not being properly covered up during carriage or outdoor storage.*

3.2.11 Right of lien or retention

*The insurance does not cover obligation to pay damages when it arises from the exercise of right of lien or retention.*

3.2.12 Fines and other measures taken by the authorities

*The insurance does not cover any fine, contractual penalty or forfeiture, or loss arising from a writ of confiscation or from other such orders of the authorities.*

3.2.13 Fire and liquid leakage

*The insurance does not cover loss caused by fire, by eruption of liquid, steam or gas, or by an unexpected streaming from water, sewer, gas or heating pipes, when goods are being stored in the policyholder's warehouse or terminal.*

3.2.14 Dangerous goods

*The insurance does not cover the liability to compensate for actions the policyholder has assumed as the sender, carrier or warehouseman of dangerous goods.*

3.2.15 Delay in storage

*The insurance does not cover loss caused by a delay in connection with storage.*

3.2.16 Time guarantee

*The insurance does not cover loss incurred because the policyholder exceeds the given transport time (the time guarantee) as specified under section 6, paragraph 2 of the General Conditions of the Nordic Association of Freight Forwarders.*

3.2.17 Other delay

*In losses due to delay, other than those indicated in sections 3.2.15 to 3.2.16, the maximum indemnity is an amount that corresponds with the agreed freight for the commission.*

3.2.18 Neglect of insurance of stocks

*The insurance does not cover loss incurred when the policyholder has fully or partly neglected his insurance obligation as specified under section 27, paragraph C, subparagraph 3 of the General Conditions of the Nordic Association of Freight Forwarders and the loss would have been coverable under the aforementioned insurance.*

### 3.2.19 Cleaning and disposal expenses

**The insurance does not cover expenses arising from the disposal or removal of damaged goods, or from the cleaning of a vehicle, load carrier or environment.**

### 3.2.20 Undefined theft and loss identified during inventory

**The insurance does not cover loss in storage arising from theft or if the goods are lost or have disappeared and the theft cannot be defined or the loss or disappearance of goods is not identified until during an inventory.**

### 3.2.21 Intent or gross negligence

**The insurance does not cover loss caused willfully or through gross negligence by the policyholder or a third party for whom the policyholder is liable.**

### 3.2.22 Temperature

**Unless otherwise stated in the insurance policy, the insurance does not cover loss or damage caused by excessive heat or cold or otherwise by temperature, unless the loss is a direct consequence of a traffic accident for which the policyholder is liable.**

### 3.2.23 Erroneous deliveries in CIS countries

**Unless otherwise agreed with in the insurance company, the insurance does not cover for loss or damage arising from erroneous delivery of the goods to the wrong recipient or to anyone other than the one entitled to receive the goods in CIS countries.**

### 3.2.24 Non-collection of cash on delivery

The insurance does not cover the liability to pay damages resulting from non-collection of cash on delivery.

### 3.2.25 Neglect of the obligation to insure

**Unless otherwise agreed with the insurance company, the insurance does not cover loss or damage caused by the freight forwarder's fault or neglect to take out a necessary and sufficient cargo insurance or any other insurance on behalf of the principal.**

## 4 SAFETY REGULATIONS

The policyholder or the party on whose behalf the policyholder is liable, must observe the Forwarding (S 960) safety regulation and the safety regulations entered in the insurance policy or issued in writing elsewhere.

## 5 POLICYHOLDER'S OBLIGATIONS IN AN INSURANCE EVENT

### 5.1 Notifying the insurance company

The policyholder is obliged to notify the insurance company without delay and provide it with the opportunity to inspect the damaged goods.

### 5.2 Prevention and limitation of loss or damage

In case of loss or damage or immediate threat of loss or damage, the policyholder is obliged to take any necessary action to prevent or limit the loss or damage.

This obligation only refers to action which prevents an immediate threat of transport loss to another party, but not subsequent action after the event, unless such action has not been agreed on separately with the insurance company. Reasonable costs arising from such immediate action are covered under the insurance (See section 7.3 of the terms and conditions).

### 5.3 Notifying the police of a crime

In case of a crime the policyholder or a representative of the policyholder must immediately notify the local police of the area where the loss or damage has occurred.

### 5.4 Claims settlement

The policyholder shall

- participate in the investigation into the loss at his/her own expense,
- provide the insurance company with all information, documents and other material in his/her possession that are relevant to the claim settlement,
- obtain or compile any necessary clarifications available to him/her at reasonable expense, and
- allow the insurance company to bring about an amicable settlement.

### 5.5 Notifying the insurance company of legal proceedings

If the claim for damages leads to legal proceedings and concerns a loss or damage that is justifiably coverable under this insurance, the policyholder must notify the insurance company of the matter as soon as he/she has been informed of the legal proceedings.

If the claim for damages concerns a loss or damage that in its amount and grounds is coverable under the insurance, the insurance company will pay the costs incurred by legal expenses provided that

- the claim notification was submitted before the rejoinder and
- the insurance company has approved the attorney being used.

If the legal proceedings also concern other issues, the insurance shall only cover that part of the expenses arising from the claim for damages covered by the insurance.

The insurance company is always entitled to appear in court assume the policyholder's defence at the legal proceeding.

## 6 THE INSURANCE COMPANY'S OBLIGATIONS

The insurance company shall investigate whether the policyholder is liable to pay damages for the reported loss covered under the insurance, the amount of which exceeds the deductible, and shall negotiate with the claimant.

**If the policyholder makes good the loss, agrees or accepts the claim, this will not be binding on the insurance company, unless the amount and basis of the damages are manifestly correct.**

**If the insurance company has informed the policyholder that it is willing to make an indemnification agreement with the party who has suffered the loss under the General Conditions of the Nordic Association of Freight Forwarders and the policyholder is not agreeable to this, the insurance company will not be held liable to indemnify for any subsequent expenses or to pay any more than it would have under the above-mentioned agreement. Nor is the insurance company liable to conduct any further investigations into the matter.**

## 7 INDEMNIFICATION REGULATIONS

### 7.1 Damages

With the restrictions specified in these terms and conditions the insurance covers the policyholder's liability to pay damages in accordance with the General Conditions of the Nordic Association of Freight Forwarders.

**It is a precondition for indemnification that the liability is based on an act, neglect or circumstance, which has occurred during the insurance period. Losses and damages caused by the same act, neglect or circumstance are considered to be a single insurance event.**

**If several parties are jointly liable to indemnify the same loss, the insurance only covers that part of the loss which corresponds with the policyholder's share of the liability. If no other grounds exist the indemnity is paid per capita.**

### 7.2 Maximum amount of indemnity

**The maximum amount of all indemnities complies with the General Conditions of the Nordic Association of Freight Forwarders, but will not exceed EUR 500,000.**

**However, as regards expenses from goods sent to the wrong destination referred to in section 3.1, the maximum amount of indemnity is EUR 50,000 per insurance event and insurance period.**

**The costs arising from the prevention and limitation of loss are indemnified even if the sum insured entered in the insurance policy is exceeded.**

### 7.3 Costs arising from the limitation and prevention of loss

The costs arising from the limitation and prevention of loss are indemnified in the manner described in section 5.2.

### 7.4 Investigation and legal expenses

The insurance also covers reasonable and necessary expenses arising from the investigation of the loss, but not those investigation expenses which are the liability of the policyholder under the insurance terms and conditions or which have not been separately agreed with the insurance company.

Legal expenses are indemnified in the manner described in section 5.5.

### 7.5 Deductible

#### 7.5.1 Basic deductible

**For each and every loss covered by the insurance, the basic deductible entered in the insurance policy will be subtracted from the total amount of damages, prevention costs and expenses arising from the investigations, consultations, interests and legal proceedings.**

No deductible is applied for the costs of limiting or preventing loss.

#### 7.5.2 Special deductibles

##### 7.5.2.1 Special deductible: obstacle above the road

As an exception to section 7.5.1, if the damage occurs because a vehicle or its cargo strikes an obstacle above the road, the policyholder's deductible is what has been entered in the insurance policy.

#### 7.5.2.2 Special deductible: insurance events in CIS and Baltic countries

As an exception to section 7.5.1, in insurance events taking place in the CIS and Baltic countries the policyholder's deductible is what has been entered in the insurance policy.

#### 7.5.2.3 Other deductibles

In addition to the deductibles mentioned above, any other deductibles entered in the insurance policy will apply. These include special deductibles under the supplementary cover of the insurance.

#### 7.5.2.4 Several deductibles

If two or more deductibles apply to one and the same insurance event, only one deductible, the biggest, will be subtracted from the indemnity.

### 7.6 Deduction of value added tax

If the insured is entitled, under the Value Added Tax (1501/93), to deduct the value added tax included in the invoice or claim for compensation under the insurance, the value added tax is deducted from the compensation paid under the insurance.

## 8 INSURANCE PREMIUMS

### 8.1 Insurance premium

The amount of the insurance premium is determined in accordance with a separate tariff. The amount of the premium is dependent, for example, on the turnover of the forwarding operations, the length of the insurance period, whether the forwarder is liable for the carriage as an intermediary or a freight forwarder and the deductible.

### 8.2 Calculating the premium in advance

If, owing to the nature or extent of the business practised, the insurance premium is estimated in advance, the final premium will be determined after the expiry of the insurance period, at which time the difference between the final premium and the advance premium shall immediately be paid by or returned to the policyholder.

If the policyholder does not, within one month, provide the insurance company with the information it has requested for the purpose of calculating the final insurance premium, the company will be entitled to set the final premium at an amount it considers reasonable.

## 9 SPECIAL TERMS AND CONDITIONS

As an exception to the provisions of section 31 of the Insurance Contracts Act (534/94), section 3.2.9 and 3.2.10 is a restriction and not a safety regulation.

As an exception to sections 4 and 8 of the General Terms of the Contract and §§ 31 (observing safety regulations) and 33 (identification) of the Insurance Contracts Act, sections 4 and 3.2.21 of these insurance terms and conditions apply not only to the policyholder and the insured but also to the person for whom the policyholder or the insured is liable

## FORWARDER'S LIABILITY INSURANCE SPECIAL TERMS AND CONDITIONS, 1 JANUARY 2011

These special terms and conditions apply together with the Freight Forwarder's Liability Insurance AKH 02 terms and conditions. The validity of the insurance cover can be extended by these special terms and conditions in compliance with the company's guidelines and additional premiums by separate agreement with the insurance company. Special conditions apply to the insurance if this has been separately agreed with the insurance company and the matter has been entered in the insurance policy. Otherwise AKH 02 insurance terms and conditions will apply.

### 101 VEHICLES EQUIPPED WITH THERMOREGULATORS

Irrespective of section 3.2.22 of the insurance terms and conditions, the following will apply:

The insurance covers damage if the carriage is performed in a vehicle with a cargo space appropriately equipped with thermoregulators and the damage arises from a sudden, unforeseen breakdown of the thermoregulator in the cargo space.

The thermoregulators in the cargo space refer to cooling or heating equipment whose cooling or heating effect can be regulated by thermostat so that the temperature in the cargo space remains constant and as intended.

Breakdown refers to a sudden, unforeseen breakage or technical fault in the thermoregulator or a part thereof.

After the damage, the insurance company must be given an opportunity to inspect the faulty thermoregulator and the cargo space used for the carriage without delay.

The policyholder shall provide the insurance company with a statement by a repair shop or by other reliable quarter on any such breakdown of a thermoregulator.

The special deductible entered in the insurance policy will be subtracted from the indemnity.

Otherwise, AKH 02 terms and conditions will apply.

### 102 ERRONEOUS DELIVERY

As an exception to section 3.2.23 of these insurance terms and conditions, the insurance also covers any loss arising from erroneous delivery of the goods to the wrong recipient or to anyone other than the one entitled to receive the goods in CIS countries.

The special deductible entered in the insurance policy will be subtracted from the indemnity.

Otherwise, AKH 02 terms and conditions will apply.

### 103 NON-COLLECTION OF CASH ON DELIVERY

As an exception to section 3.2.24 of these insurance terms and conditions, the insurance does cover the liability to pay damages resulting from non-collection of cash on delivery.

The special deductible entered in the insurance policy will be subtracted from the indemnity.

Otherwise, AKH 02 terms and conditions will apply.

### 104 NEGLECT OF THE OBLIGATION TO INSURE

As an exception to section 3.2.25 of these insurance terms and conditions, the insurance does cover a loss caused by the freight forwarder's fault or neglect to take out a necessary or sufficient cargo insurance on behalf of the principal.

The special deductible entered in the insurance policy will be subtracted from the indemnity.

Otherwise, AKH 02 terms and conditions will apply.

