

*This English version was translated from Vietnamese*  
**CARGO INLAND TRANSIT  
INSURANCE WORDING**

*(The Vietnamese original version was issued in connection with the Decision  
No. : 03QĐ/BH-PAC-13 dated August 23, 2013 of Phu Hung Assurance Corporation)*

## CHAPTER I

### GENERAL PROVISIONS

**Article 1:** These clauses shall apply to insurance on goods transported by land, by railways and by waterways within the territory of the Socialist Republic of Vietnam.

**Article 2:** By specific agreement in the insurance contract these clauses shall also be used to apply to insurance on goods transported from Vietnam to neighboring countries and goods transported from overseas countries to neighboring countries with permission for their transit through Vietnam by the above methods of transport.

## CHAPTER II

### SCOPE OF INSURANCE

**Article 3:** Phu Hung Assurance Corporation (hereafter call Phu Hung), except as provided in Chapter III below, shall be liable for the loss of or damage to the goods insured proximately caused by:

1. fire or explosion,
2. earthquake, typhoon, inundation, cyclone catastrophic, tsunami and lightning,
3. means of conveyance being sunk, overturned, capsized, fallen down or stranded, collision or contact of conveyance with any other external object or derailment,
4. blowing down of tree, collapse of bridge or tunnel and other structures,
5. means of conveyance of goods being missing,
6. general average sacrifice.

**Article 4:** In the event of loss or damage within the scope of cover under this insurance as started above, Phu Hung shall also be liable for the following expenses:

1. Reasonable expenses and costs incurred by the Insured and his servants or agents in averting or minimizing loss of or damage to the insured goods.
2. Charges for unloading, storing and forwarding the insured goods that were properly incurred at an refuge place of call as a result of the operation of a risk covered by this insurance.
3. Reasonable expenses incurred for surveying and ascertaining loss or damage for which Phu Hung is to be liable.
4. General average expenses and salvage charges.

## CHAPTER III

### EXCLUSIONS

**Article 5:** Unless otherwise agreed, Phu Hung shall not be liable for loss damage or expense caused by:

1. war, strikes, civil war, revolution, rebellion, insurrection, or civil strife, mines, torpedoes, bombs or other weapons of war,
2. direct or indirect consequence of radiation or radiation contamination arising from the use of atomic energy or nuclear fission and/or fusion or like reaction or radioactive matter,

3. willful misconduct or unlawful act of the Insured or his servants,
4. inherent vice, or nature of goods insured,
5. overload or inadequate stowage of goods,
6. inadequate packing, unsuitability of packing , or loading of goods in damaged condition,
7. ordinary leakage, ordinary loss in weight or volume of the goods insured in the course of transit,
8. unfitness of conveyance for the safe carriage of traffic,
9. loss damage or expense proximately caused by delay, even though delay caused by a risk insured against,
10. the loss occurred before the contract of insurance was concluded,
11. the goods are to be forwarded to a destination other than place, which they are insured in this insurance

#### **CHAPTER IV**

##### **PERIOD OF INSURANCE**

**Article 6:** Except as provided in Article 5 above, this insurance attaches from the time the insured goods are loaded in the means of conveyance at the place of departure named in the contract of insurance for the commencement of transit, continues during the ordinary course of transit and terminates at the time the goods are discharged from such means of conveyance at the destination named in the contract of insurance.

**Article 7:** In the above course of transit where there occurs any event stated in the Article 3 that leads to an extraordinary transshipment or deviation of voyage, this insurance shall remain in force, provided that a prompt notice is given to Phu Hung and an additional premium shall be paid by the Insured, if required.

#### **CHAPTER V**

##### **INSURANCE APPLICATION, INSURED VALUE AND AMOUNT INSURED**

**Article 8:**

1. To be covered, the applicant shall fill in an Application Form in which the following items to be declared:
  - a) Name of the Insured,
  - b) Description, nature and type of packing, marks of the goods to be insured,
  - c) Weight, quantity and value of the goods to be insured,
  - d) Voyage (place of dispatch – destination and transshipment, if any)
  - e) Name of the carrier, kinds of conveyances and their registration numbers,
  - f) Date of departure of the conveyance and estimated time of arrival.
2. Phu Hung shall issue a “Certificate of Insurance” on the basis of the Application Form.

3. The Insured shall pay the insurance premium to Phu Hung at the time of receipt of the Certificate of Insurance. This insurance shall not attach until the premium is paid properly, unless otherwise agreed.
4. After issuing the Certificate of insurance if there occurs any change in the declaration made by the Insured in connection with the goods insured, the Insured shall be bound to give immediate notice to Phu Hung of such change or occurrence upon being aware thereof.

Phu Hung shall, upon receipt of such notice, issue an Endorsement and may demand for an additional premium.

**Article 9:** In the event of an error or omission in making any declaration or concealment by the Insured of the items as specified in the Application Form or of the change or occurrence as notified to Phu Hung, Phu Hung shall not be liable for loss or damage should be covered under this insurance but has the right to receive the insurance premium.

**Article 10:** A Certificate of Insurance may be assigned to another party upon endorsement by the Insured or his legally authorised representative.

**Article 11:** The amount insured of the insured goods shall be the value declared by the Insured and agreed to by Phu Hung.

If the Insured fail to declare the amount insured, the insurable value shall be applicable and computed as follows: The insurable of the insured goods shall be the aggregate of the invoice value, freight and insurance premium of the goods hereby insured.

Unless otherwise agreed, an anticipated profit may be incorporated in the amount insured declared by the Insured. It shall, however, not exceed 10% (ten percent) of the insurable value.

## **CHAPTER VI**

### **OBLIGATION OF THE INSURED IN CASE OF LOSS**

**Article 12:** In case of loss or damage within the scope of this insurance as mentioned in Article 3 and 4, the Insured, his servants or representatives shall

1. inform immediately the local authorities of the occurrence in order to fulfil their formalities related to the case in accordance with the current legislation,
2. notify Phu Hung immediately for survey arrangement,
3. take all necessary measures to rescue and preserve the goods for the purpose of preventing and minimizing further loss or damage,
4. execute necessary procedures to ensure that all rights against responsible carriers or other third parties are properly preserved and exercised.

If the Insured fail to fulfil the above obligations, Phu Hung shall have the rights to repudiate the claim entirely or partly.

**Article 13:** The Insured shall, when filling a claim with Phu Hung in respect of loss or damage under this insurance, submit a complete set of following documents:

1. Original Certificate of Insurance,
2. Original of Contract of carriage, Bill of Lading or Waybill of Lading issued by the carrier,
3. Invoice together with specifications, weight/quantities notes,

4. Survey report showing the extents of the loss or damage,
5. Investigating report on casualty issued by the local authority,
6. Correspondence exchanged between the Insured and the carriers or other third parties regarding their liability for the loss or damage,
7. Claims Application,
8. Others documents as PAC's request (if any).

## **CHAPTER VII**

### **TOTAL LOSS AND PARTIAL LOSS**

**Article 14:**

1. Total loss herein shall be deemed to include an actual total loss and a constructive total loss
  - a) If, after having sustained loss or damage coverable under this insurance, insured goods are totally destroyed or so seriously damaged as to cease to be the thing of the original species or the Insured is irretrievably deprived of possession thereof, it shall be deemed to be an actual total loss.
  - b) Where the loss of or damage to the insured goods is coverable under this insurance, and an actual total loss appears to be unavoidable or because the costs of recovering, reconditioning and forwarding the goods to the destination specified in the Certificate of Insurance may exceed the sum insured, it shall be deemed to be a constructive total loss.
2. Any loss or damage which does not belong to the categories as provided in two above paragraphs should be deemed to be a partial loss.

**Article 15:** Where the means of conveyance is missing, the insured goods shall be deemed to be an actual total loss.

The means of conveyance shall deemed to be missing where it fails to reach the destination named in the Certificate of insurance, and no news of it is received. The period of time required to constitute the missing of a conveyance shall not be less than three months counting from its estimated time of arrival at such destination.

## **CHAPTER VIII**

### **CLAIMS SETTLEMENT AND PAYMENT**

**Article 16:** Where there is a partial loss, the claim amount is calculated by multiplying the extent of loss by the amount insured. The extent of loss is ascertained by comparing the difference between the gross sound and remained values at the place of arrival bears to the gross sound value.

**Article 17:** The liability of Phu Hung shall limited to the amount insured.

- Where the amount insured of the insured goods is lower than the insurable value, the indemnity to be paid by Phu Hung for loss, damage and expenses as specified in Clause 3 and 4 above shall be of such proportion as the amount insured bears to the insurable value.
- Where the amount insured of the goods is in excess of the insurable value, the part by which the amount insured exceeds the insurable value shall be void.

**Article 18:** Phu Hung shall have the right to be discharged from all liabilities under this insurance by waiving the interest in the insured goods and the right of recovery from the third party and paying the amount insured in full.

**Article 19:** In case of compliance of Phu Hung's instruction by the Insured for the purpose of averting or minimizing loss or damage, Phu Hung shall be liable to reimburse the Insured for necessary and reasonable expenses incurred by him for that purpose even though the aggregate amount of expenses together with the indemnity for the loss may exceed the amount insured.

**Article 20:**

1. After consideration and confirmation for the validity and legality of the claim documents submitted by the Insured, Phu Hung shall effect payment of the claim within fifteen (15) days of receipt of such claim documents.

Where the claim documents are found unsuitable or required further verification or the loss or damage if proved to be out of the cover, Phu Hung shall notify the Insured in writing of such cases within fifteen (15) days of receipt of the claim documents.

Where no comment is given in writing by the Insured within thirty (30) days of receipt of notice of claim payment or notice of claim refusal, such claim shall be deemed to be terminated.

2. Upon payment of the claim, Phu Hung may deduct from the claim amount thereof such credit items as the proceeds realized from a sale of the saved goods and the amount recovered from the third party by the Insured.
3. Where the conveyance was missing and the insured goods were deemed to be an actual total loss, or the goods were lost, and after the payment of the claim amount those goods are found out not to have perished, such finding goods shall be possessed by Phu Hung and processed according to the current regime of government.

## **CHAPTER IX**

### **SUBROGATION AND ABANDONMENT**

**Article 21:**

1. Upon the payment of the claim amount all the claims and rights against third party of the Insured is to be subrogated to Phu Hung, to the extent of the claim amount paid, together with the whole set of necessary documents relating to such claims and rights.
2. If the Insured renounces such rights or if to realize the recourse would become impossible through his fault (lapse of term for presenting the claim against party liable for the loss etc...), Phu Hung is discharged to the appropriate extent from obligation to pay the claim amount and in the event of this claim has already been paid under this insurance, the Insured is obliged to refund to Phu Hung a part or full claim amount received according to the specific circumstance.

**Article 22:** Where paying for a total loss (either of the whole or a part of the insured goods), Phu Hung thereupon becomes entitled to take over the interest of the Insured from the remained goods so paid for in accordance with the current legislation.

**Article 23:**

1. Where the Insured elects to claim for a constructive total loss of the insured goods he must give notice of abandonment to Phu Hung. If he fails to do that, the loss can only be treated as a partial loss.
2. Notice of abandonment must be given in writing and in any case which must indicate the intention of the Insured to abandon his interest in the insured goods unconditionally to Phu Hung.
3. Where the notice of abandonment is properly given, the rights of claim of the Insured are not prejudiced by the fact that Phu Hung refuses to accept the abandonment is accepted the abandonment is irrevocable.

**CHAPTER X**

**TIME BAR AND SETTLEMENT OF DISPUTE**

**Article 24:**

Time bar and settlement of dispute settle in accordance with the Law of the Socialist Republic of Vietnam.