



Ostrovnaya St., 4, Moscow, 121552  
tel./fax: (495) 785-27-76, 727-44-44; fax: 924-34-34  
e-mail: [info@vsk.ru](mailto:info@vsk.ru); [www.vsk.ru](http://www.vsk.ru)

**“APPROVED”**  
**General Director**  
**IJSC “VSK”**  
**O.Ovsyanitskiy**  
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## **RULES No. 13/3**

### **GOODS IN TRANSIT INSURANCE**

#### **1. INSURANCE PARTIES.**

**1.1.** These Rules for goods in transit insurance (hereinafter referred to as the “Rules”) have been accepted and approved by IJSC VSK in accordance with existing legislation of the Russian Federation and define general conditions and procedure for rendering services of voluntary goods in transit insurance.

Insurance services shall mean financial services rendered by the insurance organization (insurer) to conclude, amend, terminate and execute the insurance contracts (hereinafter referred to as the “Insurance contract”).

The receiver of insurance service is a legal entity or a person who is registered as a self-employed entrepreneur or has contacted the insurance organization to conclude the insurance contract (possible receiver of the insurance service), as well as assured and (or) beneficiary under the concluded insurance contract.

**1.2.** The insurance entities shall include the Insurer, the Assured, and the Beneficiary:

The Insurer shall mean Insurance Joint-Stock Company VSK having a license to carry out the relevant type of the insurance activity, which has been issued in accordance with the established legislation of the Russian Federation (hereinafter referred to as the “Insurer”).

The Assured shall mean a legal entity or a person who is registered as a self-employed entrepreneur or has concluded the goods in transit insurance contract with the Insurer under the terms and conditions specified in these Rules (hereinafter referred to as the “Assured”).

The Beneficiary shall mean a person to the benefit of which the insurance contract has been concluded under these Rules. The Beneficiary shall be the receiver of the insurance payout upon the occurrence of the insured event.

A person to the benefit of which the insurance contract has been concluded shall have the interest to preserve the insured cargo (property interest), which must be provided for by law, another legal enactment or contract. The insurance contract concluded if the assured or beneficiary does not have property interest therein shall be invalid.

The insurance contract can be concluded without the indication of beneficiary’s name (insurance “insurance at the expense of the right person”). Upon conclusion of such contract, the Assured will receive the insurance policy on demand. The interest of the person in the preservation of insured property at the date of the insured event shall be the sign identifying the beneficiary under this contract. To confirm its property interest, the person applying for the insurance payout shall provide the Insurer with the documents confirming its right and (or) use, and (or) disposal of the insured property.

The Insurer shall at its own discretion check if the receiver of insurance services has property interest upon conclusion of the insurance contract or when making a decision on the insurance payout under this contract.

The check of interest shall mean establishment of such attitude of the assured or beneficiary to the insured property with which it aims to protect the property against loss or damage within the scope of the law.

To check if the Assured / Beneficiary has insurable interest, it is required to examine the documents and other sources / data confirming this interest, confirm their authenticity, existence of insurable interest, as well as its grounds and nature as is clear from the law, another legal enactment or transaction.

If the documents provided to the Insurer, which confirm the existence of insurable interest, raise questions regarding their authenticity or appear to be contradictory, the Insurer may contact the external sources, including state information systems and other systems, to receive additional information.

If the property insurance contract is concluded without checking if the receiver of insurance services has property interest to preserve the insured property, then, in accordance with the legislation of the Russian Federation, if the assured or beneficiary does not have any property interest to preserve the insured property, the payout shall not be performed until the validity of contract is confirmed in a judicial procedure.

**1.3.** Under the insurance contract concluded on the basis of these Rules, the Insurer shall assume liability within the amount (sum insured) agreed with the Assured and for the insurance premium specified in the insurance contract, which has been paid by the Assured, to compensate for the losses incurred by the Assured (Beneficiary), which have been caused by the damage or total loss of the insured cargo as a result of the insured event.

**1.4.** The insurance contract shall be considered concluded under these Rules if the insurance contract expressly indicates the need to apply these Rules. The insurance rules must be specified in the insurance contract (insurance policy) or on its reverse side, or attached to the insurance contract (insurance policy) as its integral part, or the contract shall contain a link to the insurer's web-site where the Insurance rules are published, or the Assured shall be informed about the Insurance rules as a result of sending a file containing the text of this document to the e-mail address specified by the assured or delivering of a data storage device with a file containing the text of this document to the Assured. The insurance contract shall specify the signs which help to define clearly the version of the document containing the conditions of insurance (Rules).

After reading the Rules published on the insurer's web-site or receiving them to its e-mail address, or after getting data storage device containing these Rules, the Assured shall indicate this in the insurance contract (insurance policy) using its signature.

Upon conclusion of the insurance contract in the form of an electronic document, the fact that the Assured has read the Rules can be confirmed, without limitation, by special indications (confirmations) made by the Assured in electronic form on the Insurer's web-site.

If the document containing the Insurance rules is given to the Assured without the document in hard copy, the Insurer shall upon the Assured's request provide it with the text of this document in hard copy.

**1.5.** The Insurer may on the basis of these Rules develop and apply insurance products with the assignment of marketing names to them. In this case, these products may contain only specific provisions of these Rules and provisions which are different from the provisions contained in these Rules.

The insurance product (insurance program) shall mean standard insurance conditions developed by the insurer on the basis of insurance rules for one or several types of insurance and intended to conclude standard insurance contracts (with the limited amount of modifiable conditions of the contract) with a certain category of assureds grouped by insurance interests, types of risks, degree of risks and other rate-related factors.

## **2. SUBJECT MATTER INSURED.**

**2.1.** Subject matter insured shall include the property interests of the Assured (Beneficiary), which do not violate the legislation of the Russian Federation and which are related to the risk of loss or damage of cargo. The cargo shall mean the property (goods) accepted for carriage and specified in the bill of lading and/or consignment note.

## **3. INSURANCE RISKS. INSURED EVENTS.**

**3.1.** Insurance risks shall refer to potential events that are insured against in case of their occurrence. Events regarded as insurance risks shall have the signs of likelihood and contingency.

**3.2.** An insured event shall refer to an event which has occurred as provided for in the insurance contract, which occurrence obligates the Insurer to make payout to the Assured (Beneficiary).

**3.3.** Under the insurance contract concluded on the basis of these Rules, an insured event shall mean the loss or damage of cargo as a result of occurrence of the events specified in sub-clauses 3.3.1-3.3.3.

### **3.3.1. Under insurance conditions A “With the liability for all risks”.**

Under the contract concluded under these conditions, the Insurer shall compensate for:

a) the losses incurred by the Assured (Beneficiary) and caused by the damage, loss of the entire cargo or its part (the total loss of the part of cargo shall mean the full loss of the cargo unit, unless otherwise provided for in the insurance contract) as a result of any reason, except for cases specified in sub-clauses 3.4 and 3.5 hereof;

b) the losses, expenses and fees for “general average” within the proportion attributable to the Assured (Beneficiary) as an owner of the insured cargo, which have been incurred to avoid the loss for any reason; (where, in this clause and hereinafter term “general average” shall mean the losses incurred as a result of intentionally and reasonably incurred extraordinary expenses or donations for the purpose of general safety to protect the property used as a part of the marine adventure (i.e. a ship, freight and cargo carried by the ship in accordance with the Merchant Shipping Code of the Russian Federation) against the common danger)

c) all mandatory and reasonably incurred expenses for the cargo salvage, reduction of loss and determination of its amount, provided that the loss is covered under the insurance conditions.

### **3.3.2. Under insurance conditions B “With the liability for particular average”.**

Under the contract concluded under these conditions, the Insurer shall compensate for the losses incurred by the Assured (Beneficiary) and caused by the damage, total loss and/or loss of the entire cargo or its part (the total loss of the part of cargo shall mean the full loss of the cargo unit, unless otherwise provided for in the insurance contract) as a result of the following:

- fire or explosion on the transport vehicle;
- stranding, beaching, flooding or inversion of a ship, a lighter or a barge;
- collision or contacting of a ship, a lighter or a barge or another vehicle with some foreign object, excluding water;
- penetration of sea, river or lake water in the ship, lighter or barge, cargo hold, another vehicle, a container, a lift van or a storage area;
- jettison and washing over board of the deck cargo;
- cargo unloading in the harbor of refuge

- donation in case of the “general average”;
- aircraft accident or crash of air vehicle;
- turnover or derailing of the ground vehicle;
- earthquake, volcanic explosion or lightning stroke;
- motor-vehicle accident;
- breakdown of bridges, tunnels (for overland transportation).

Moreover, the following shall be reimbursed:

- a) losses, expenses and fees for the “general average” within the proportion attributable to the Assured (Beneficiary) as an owner of the insured cargo, which have been incurred to avoid the loss for any reason;
- b) all mandatory and reasonably incurred expenses for the cargo salvage, reduction of loss and determination of its amount, provided that the loss is covered under the insurance conditions.

**3.3.3. Under liability conditions “Without the liability for damage, except for wreckage”. “C”**

Under the contract concluded under these conditions, the Insurer shall compensate for the losses incurred by the Assured (Beneficiary) and caused by the total loss and/or loss of the entire cargo or its part (the total loss of the part of cargo shall mean the full loss of the cargo unit, unless otherwise provided for in the insurance contract) as a result of the following:

- fire or explosion on the transport vehicle;
- stranding, beaching, flooding or inversion of a ship, a lighter or a barge;
- collision or contacting of a ship, a lighter or a barge or another vehicle with some foreign object, excluding water;
- cargo unloading in the harbor of refuge
- donation in case of the “general average”;
- aircraft accident or crash of air vehicle;
- turnover or derailing of the ground vehicle;
- earthquake, volcanic explosion or lightning stroke;
- motor-vehicle accident;
- breakdown of bridges, tunnels (for overland transportation).

Moreover, the following shall be reimbursed:

- a) losses, expenses and fees for the “general average” within the proportion attributable to the Assured (Beneficiary) as an owner of the insured cargo, which have been incurred to avoid the loss for any reason;
- b) all mandatory and reasonably incurred expenses for the cargo salvage, reduction of loss and determination of its amount, provided that the loss is covered under the insurance conditions.

**3.4.** Under all the above-mentioned insurance conditions provided for in these Rules, the insured event (unless otherwise provided for in the insurance contract) shall not include the loss and damage of cargo or expenses incurred as a result of:

**3.4.1.** transportation of oversize and heavy cargo, unless the route has been agreed with the road services, and if the dimensions and weight of cargo do not meet (both under the documents and on actual basis) the capacity characteristics of the infrastructure elements and use of unsuitable or inappropriate vehicles.

**3.4.2.** violation of the rules of carriage, forwarding, loading, packaging and storage of cargo, which have been established by the Assured (Beneficiary), if such violation causes damage to the insured cargo;

**3.4.3.** normative loss of weight and/or volume, and/or wear and tear of the insured cargo;

- 3.4.4.** spreading and damage of cargo as a result of bag rupture, unless it is caused by fire, explosion, crash, wreckage or collision of the vehicle with another object, or natural disaster;
- 3.4.5.** terrorist attacks, counterterrorism operations;
- 3.4.6.** carriage of cargo on a broken vehicle and/or vehicle prohibited for use;
- 3.4.7.** shortage of cargo in case of integrity of external package, sealings;
- 3.4.8.** cargo handling;
- 3.4.9.** improper cargo packaging, wrong preparation, stacking, fastening of cargo (“packaging” shall also mean stacking of cargo into the container or lift van)
- 3.4.10.** loading and shipment of damaged cargo;
- 3.4.11.** internal properties and natural properties of cargo (damage, corrosion, oxidation, discoloration, mold formation, breakdown, spontaneous combustion or other factors);
- 3.4.12.** temperature impact;
- 3.4.13.** impact of air in the cargo hold;
- 3.4.14.** cargo damage by worms, rodents, insects or bacteria;
- 3.4.15.** cargo manufacturing defects;
- 3.4.16.** direct delay in the cargo delivery, fall in prices;
- 3.4.17.** Assured’s or Beneficiary’s insolvency or failure to fulfill its obligations under the contracts which differ from the cargo insurance contracts;
- 3.4.18.** dispatch of a ship (a lighter or a barge) which is unseaworthy or unsuitable for carriage of the insured cargo if the Assured or Beneficiary, or their representatives become aware of such unseaworthiness or unsuitability during the loading of insured cargo to this ship;
- 3.4.19.** carriage of cargo through the ice bridge/ winter road, unless the operating companies, local government bodies, the State Road Safety Inspectorate of the Ministry of Internal Affairs and the State Inspection of Small Vessels of the Ministry of the Russian Federation for Civil Defense, Emergency Situations and the Rectification of the Consequences of Natural Disasters gives a permission to use the crossing/ winter road, and/or if the Assured violates the rules of carriage approved enactments and route (borders of the ice crossing) during the carriage;
- 3.4.20.** piracy;
- 3.4.21.** damage or destruction of cargo by bombs, mines, torpedoes and other abandoned weapons of war;
- 3.4.22.** any kind of actions taken by the participants of civil unrest, strikes, labor disputes, public disturbers, as well as civil unrest, strikes, labor disputes, disturbance of public peace;
- 3.4.23.** impact of temperature change caused by the change of temperature conditions as a result of breakage of a refrigeration plant (hereinafter referred to as the “refrigeration risk”);
- 3.4.24.** loading of self-ignitable and explosive substances and objects with the knowledge of the Assured or Beneficiary or their representatives on a single vehicle together with the insured cargo, but without sending a notification to the Insurer;
- 3.4.25.** natural spill and/or natural loss of weight and/or volume of cargo;
- 3.4.26.** cargo contamination;
- 3.4.27.** mixing the cargo with other objects or substances;
- 3.4.28.** theft of the entire cargo or its part as a result of fraud of third parties;
- 3.4.29.** corrosion, oxidation, discoloration, chipping, scratching, indentation (for cargo carried unpacked and if the package does not prevent the negative environmental impact on cargo);
- 3.4.30.** corrosion, oxidation, discoloration, chipping, scratching, indentation, bending, twisting, deformation, damaging of bevel edges, pipe ends (for pipes of different application);

**3.4.31.** upsets in operation of electronic/electrical schemes, mechanical failures, unless they are caused by damaging of cargo and/or package during the transportation (for electronics or equipment of different application);

**3.4.32.** accident (accident shall mean fatal traumatic injuries) (for animals and birds);

**3.4.33.** sun or heat stroke, supercooling, choke (asphyxiation) (for animals and birds);

**3.4.34.** pregnancy and childbirth, some diseases, including, without limitation: as a result of non-epizootic infectious diseases, epizooties, other mass diseases before or during the transportation, invasion diseases, non-contagious diseases, confiscation of animals at the direction of veterinary services as part of the measures to fight against epizooty (for animals and birds);

**3.4.35.** penetration of water/fuel/oil through hatchway covers and/or other hull fittings, unless these hatchway covers and other hull fittings are inspected by an independent surveyor agreed with the insurer and the appropriate certificate confirming the water tightness of hatchway covers is issued by the surveyor before the beginning of cruise (for cargo carriage by waterborne transport).

**3.5.** Unless otherwise provided for in the insurance contract, the occurrence of events as a result of the following shall be the ground for exemption of the Insurer from insurance indemnity:

**3.5.1.** criminal intent or gross negligence (where provided for by law) of the Assured or Beneficiary or their representatives, where the existence of willful acts or crime shall be established on the basis of documents of court or relevant bodies which have carried out investigation into the loss or damage of cargo;

**3.5.2.** direct or indirect impact of the nuclear explosion, radiation or radioactive contamination associated with any use of nuclear power and fissionable materials

**3.5.3.** seizure, confiscation, requisition, arrest, or destruction of the insured property under the direction of government authorities

**3.5.4.** any kind of military activities or events, civil wars, revolutions, riots and their consequences, rebellions or civil unrest caused by these rebellions, or any hostile acts by or against belligerent states

**3.6.** When it comes to the insurance under the conditions set out in clause 3.3.2 and 3.3.3 hereof (unless otherwise provided for in the insurance contract), except as provided for in clauses 3.4 and 3.5. of these Rules, the loss or damage of cargo or expenses occurred as a result of the following shall not be considered an insured event:

**3.6.1.** ship sweating and cargo wetting as a result of precipitation;

**3.6.2.** cargo damage in case of package integrity;

**3.6.3.** theft of the entire cargo or its part as a result of stealing, robbery, brigandage;

**3.6.4.** willful destruction or damage of cargo by third parties;

**3.6.5.** loss of the vehicle carrying cargo;

**3.6.6.** fractured or broken glass, porcelain, pottery, ceramics, marble and products made of them, any kind of bricks, quern stones, grindle and lithographic stones, blacklead crucibles, electrodes and other objects prone to fracture and breakage, except for shipwreck or wreckage of another vehicle.

**3.7.** Cargo insurance for the period of intermediate storage.

If the insurance contract concluded in accordance with clauses 3.3.1. - 3.3.3. hereof provides for the Insurer's liability for the cargo for the period of its intermediate storage at warehouses/in storage areas in the points of transfer and transshipment, shipment and destination, unless otherwise provided for in the insurance contract, the insurance coverage during this period shall be used as a result of loss or damage or the entire cargo or its part during its storage as a result of the following:

**3.7.1.** an event qualified as burglary to the premises or another storage area, robbery, brigandage, willful destruction or damage of cargo by third parties by the authorized bodies of the relevant country, provided that the insurance contract envisages cargo

insurance against these risks during the transportation.

**3.7.2.** fire, explosion, impact of combustion products and application of fire-fighting measures;

**3.7.3.** soil collapsing, wetting or flooding with ground waters;

**3.7.4.** warehouse collapse;

**3.7.5.** breakdown of water supply, heating, sewerage, fire protection systems and overflowing from adjacent premises;

**3.7.6.** natural disasters.

Cargo shall be insured for the period of its temporary storage only subject to the cargo insurance during its transportation.

During cargo storage in the shipment or destination points, the cargo shall be considered insured only if this is expressly provided for in the insurance contract

**3.8.** Disposal expenses.

If it is expressly provided for in the insurance contract, the insurance may also cover the expenses for clearing of waste and destruction of damaged cargo which is not subject for restoration, provided that these expenses are caused by an insured event, are reasonable and have been preliminarily agreed with the Insurer.

#### **4. SUM INSURED.**

**4.1.** The sum insured shall mean a sum of money established by the insurance contract and determining the amount of the insurance premium and insurance payout upon occurrence of the insured event.

**4.2.** The sum insured shall be determined under the contract between the Assured and Insurer and, unless otherwise provided for in the cargo insurance contract, the sum insured shall not exceed the insured value of cargo in its location on the day of conclusion of the insurance contract.

**4.3.** The insurance cost shall mean the actual cost of cargo, which is confirmed by documents, with possible inclusion of expenses for transportation, customs fees and duties at the date of conclusion of the insurance contract.

**4.4.** If the sum insured specified in the insurance contract is less than the insured value, the Insurer shall upon the occurrence of insured event compensate the Assured (Beneficiary) for the losses incurred by it in proportion to the ratio between the sum insured and insured value, unless otherwise provided for in the insurance contract.

**4.5.** If the sum insured indicated in the insurance contract exceeds the insured value, the contract shall be deemed null and void for that part of the sum insured that exceeds the insured value. In this case the part of the insurance premium which has already been overpaid shall be non-refundable.

#### **5. INSURANCE CONTRACT EXECUTION.**

**5.1.** The cargo insurance contract shall be concluded on the basis of the written Application for cargo insurance (Schedule No. 1).

The Application for cargo insurance shall contain the following data:

- exact name of the cargo, type of package, number of cargo units and cargo weight;
- numbers and dates of bills of lading or other shipping documents (consignment note CMR waybill, railway bill of lading, air waybill, SMGS waybill etc.);
- points of cargo shipment, transfer and transshipment and destination;
- transport mode (for sea transportation: name, year of ship construction and ship tonnage);

- date of cargo shipment and duration of transportation, approximate date of delivery;
- method of cargo shipment (in bulk, cargo hold, on the deck, in a container, refrigerator etc.);
- sum insured (cargo value according to the documents);
- terms of insurance;
- statistics of the losses of Assured;
- name of the organization responsible for cargo carriage;
- other information and circumstances specified in Schedule No. 1.

Upon the Assured's request and according to oral information provided by it, the application for insurance can be completed by the Insurer's representative in view of the following requirements:

- use of wordings which do not allow varying interpretation;
- when completed in handwriting, the document must be legible.

**5.2.** When concluding a cargo insurance contract, the Assured shall provide the Insurer with information about any circumstances known to the Assured, which are crucial to determine the likelihood of an insured event and size of possible losses caused by such event (insurance risks), unless these circumstances are known and must be known to the Insurer.

In any case, the circumstances expressly stated by the Insurer in the standard form of insurance contract (insurance policy) or its written request shall be treated as crucial. If upon the conclusion of the cargo insurance contract it is established that the Assured has provided the Insurer with knowingly false information about the circumstances which indicate the degree of risk, the Insurer may require to render the insurance contract invalid and the recovery of incurred losses.

**5.3.** The Assured shall bear full responsibility for the reliability of information provided to the Insurer.

**5.4.** To evaluate the insurance risks, the Insurer may inspect the cargo claimed for insurance and, if necessary, commission an expert evaluation to determine the actual cost of property, its technical condition, terms of transportation and storage and request the copies of shipping documents, in which case the Insurer shall contact the Assured beforehand to agree upon the date (time if necessary) of inspection and the place of inspection. The Assured (potential receiver of insurance service) shall provide the Insurer's representative with the opportunity to carry out such inspection, i.e. shall grant access to the cargo and appoint the accompanying person.

Taking the measures specified in this clause shall be the right, but not the obligation of the Insurer and shall not relieve the Assured from the need to send the data specified in clause 5.2 of the Insurance rules.

**5.5.** The parties may indicate the deductible in the insurance contract. The deductible can be conditional (the Insurer shall be released from the recovery of losses if its amount does not exceed the deductible, however, it shall fully reimburse it if the amount of loss exceeds the deductible) and unconditional (sum of insurance payout shall be defined as the difference between the amount of loss and deductible).

Unless the type of deductible is specified in the insurance contract, it is considered that unconditional deductible has been approved. The deductible is approved in the form of a certain percentage of the insured amount or in a fixed amount.

Unless otherwise set out in the insurance contract, the deductible shall be established for each insured event. Should several insured events happen, the deductible shall be deducted for each of them.



**5.6.** If “refrigeration risk” is included in the insurance contract, a claim-free period can be established, i.e. the Insurer shall not be held liable for the loss or damage (loss of merchantability) of cargo during 24 hours from the date of breakdown of a refrigeration plant.

**5.7.** The cargo insurance contract shall be concluded in written form with the use of one document (clause 2 of Article 434 of the Civil Code of the Russian Federation) or by delivering of insurance policy signed by the Insurer to the Assured. Upon conclusion of the cargo insurance contract without the indication of the name of Beneficiary, the Insurer shall issue an insurance policy on demand to the Assured (the insurance “at the expense of the right person”). If the Assured or Beneficiary executes rights under this contract, this certificate must be provided to the Insurer.

**5.8.** To identify the receiver of insurance services, the following data about the Assured and Beneficiary under the insurance contract must be provided to the Insurer upon the conclusion of the insurance contract (with documentary confirmation):

- for a person registered as a self-employed entrepreneur: surname, name, patronymic, passport details, certificate of registration as self-employed entrepreneur, taxpayer identification number;
- for a legal entity: name, taxpayer identification number or code of foreign organization, state registration number, place of state registration and location address.

**5.9.** During the conclusion of the insurance contract, the Insurer may request the following documents required to identify the clients (assured persons) in accordance with the legislation of the Russian Federation on combating money laundering, financing of terrorism and proliferation of weapons of mass extermination:

**5.9.1.** A document identifying an Assured, a person, representative of the Assured, Insured party:

**5.9.1.1.** for the citizens of the Russian Federation:

- internal Russian passport;
- internal Russian passport, diplomatic passport, official passport which identify a citizen of the Russian Federation abroad;
- birth certificate of the citizen of the Russian Federation (for the citizens of the Russian Federation under the age of 14);
- temporary ID of the citizen of the Russian Federation, which is issued for the period of preparation of the passport of the citizen of the Russian Federation;

**5.9.1.2.** for foreign nationals:

- passport of foreign national;

**5.9.1.3.** for persons without citizenship:

- a document issued by the foreign country and recognized in accordance with the international treaty concluded by the Russian Federation as the document identifying a person without citizenship;
- temporary residence permit, residence permit;
- a document identifying a person without a valid document which could confirm his/her identity for the period of consideration of the application for recognition as a citizen of the Russian Federation or conferment of citizenship of the Russian Federation;
- refugee certificate, certificate of consideration of the petition for recognition as a refugee in the Russian Federation as a matter of fact;
- other documents recognized as documents identifying a citizen of the Russian Federation in accordance with the legislation of the Russian Federation and documents identifying a foreign national and persons without citizenship in accordance with the legislation of the Russian Federation and international treaty concluded by the Russian Federation.

**5.9.1.4.** For foreign nationals and persons without citizenship who are present in the Russian Federation, if these persons must have an arrival-departure record in accordance with legislation of the Russian Federation, the arrival-

departure record shall contain the following data: card number, date of the beginning and end of period of stay in the Russian Federation.

**5.9.1.5.** For foreign nationals and persons without citizenship who are present in the Russian Federation, if these persons must have a document confirming the right of a foreign national or a person without citizenship to stay (live) in the Russian Federation in accordance with the legislation of the Russian Federation, the document confirming the right of a foreign national or a person without citizenship to stay (live) in the Russian Federation shall contain the following data: series (if any) and number of document, date of beginning of the period of stay (living), date of end of the period of stay (living) if the need to indicate this data is set out in the legislation of the Russian Federation.

**5.9.1.6.** The documents confirming the following data with regard to an Assured (a person) can be additionally required to execute the legislation of the Russian Federation on combating money laundering, financing of terrorism and proliferation of weapons of mass extermination:

- a) Address of residence (registration) or place of stay.
- b) Taxpayer identification number (if any).
- c) Information about the insurance number of the individual personal account of the insured person in the mandatory pension insurance system (if any).
- d) telephone and fax numbers (if any).
- e) the title of client if the client is a foreign public official, an official at public international organizations, as well as a person filling the public positions in the Russian Federation, positions of the members of the Board of Directors of the Central Bank of the Russian Federation, and positions at the federal public service, the appointment to which or termination of this appointment shall be performed by the President of the Russian Federation or Government of the Russian Federation, positions at the Central Bank of the Russian Federation, state corporations and other organizations created by the Russian Federation on the basis of federal laws, which are included in the lists of positions, which are determined by the President of the Russian Federation, name and address of the client's employer.
- f) degree of relationship or status (a spouse) of the client with regard to a person indicated in sub-clause e)
- g) data confirming that a person is authorized to act as a client's representative: name, date of issue, period of validity, number of document which justifies the powers of the client's representative.
- h) data on the purposes and expected nature of business relationship with the Company, data on the goals of financing and operating activities.
- i) information about the financial position.
- j) information about the commercial goodwill
- k) data on the sources of origin of funds and (or) another property of the client.
- l) data on the client's beneficiary, including the decision of the Company to recognize another person as a client's beneficiary with the justification of the decision (in case of identification of such beneficiary).

**5.9.2.** Documents requested to identify the clients (assured persons), i.e. legal entities or a foreign structure with no separate legal identity:

- Articles of Association
- Certificate of incorporation (if any)
- Certificate of registration
- Certificate of registration with the Tax Authority
- Letter of the Federal Service of State Statistics on the code assignment

- Minutes of the general meeting of founders on the incorporation of a legal entity;
- Documents confirming the powers of the sole executive body (Resolution / Minutes of meeting);
- Documents confirming the powers of other persons with signatory right (an appointment order with the indication of provision of the signatory right or an appointment order with the Power of Attorney with the indication of provision of the signatory right)
- Order of appointment and accession to the head's office.
- A document confirming the location of the organization at the address where activities are carried out (certificate of proprietorship or lease/sub-lease contract)
- Certificate of entry into the Unified State Register of Legal Entities (if the company is registered before July 1, 2002);
- Information (documents) on the financial position (accounting reports (balance sheet, statement of financial results), annual (quarterly) tax return, auditor's opinion on the annual report for the previous year, which confirms the reliability of financial (accounting) reports and compliance of the accounting procedures with the legislation of the Russian Federation, attestation of fulfillment of the taxpayer's (levy payer's, revenue agent's) obligation to pay taxes, levies, penalties, fines)
- Information about the commercial goodwill (letters of reference)
- Copies of documents of the head of organization, beneficiaries (documents requested upon identification of a person, clause 2.1)

**5.9.2.1.** The documents confirming the following data with regard to an Assured (a legal entity or a foreign structure with no separate legal identity) can be additionally required to execute the legislation of the Russian Federation on combating money laundering, financing of terrorism and proliferation of weapons of mass extermination:

- a) Code (codes) (if any) of the foreign structure with no separate legal identity in the state (within the territory) of its registration (incorporation) as a taxpayer (or its (their) equivalents).
- b) Information about state registration:
  - Primary State Registration Number (for a resident);
  - number of entry on accreditation of branch, representative office of a foreign legal entity in the state register of accredited branches, representative offices of a foreign legal entity , registration number of the legal entity at the place of establishment and registration (for a non-resident);
  - place of the state registration (location);
  - registration number (numbers) (if any) assigned to the foreign structure with no separate legal identity in the state (within the territory) of its registration (incorporation) during the registration (incorporation) (for a foreign structure with no separate legal identity).
- c) Legal address.
- d) Code in accordance with the All-Russian Classifier of Administrative-Territorial Entities (if any).
- e) Place of carrying out main activities by the foreign structure with no separate legal identity.
- f) Composition of property managed (owned) by surname, name, patronymic (if any) (name) and address of residence (place of stay) of the founders and trustee (administrator) (for trusts and other foreign structures with no separate legal identity of equivalent structure or function).
- g) Information about the bodies of a legal entity, a foreign structure with no separate legal identity (a structure and personnel of the management bodies of a legal entity, excluding data on the personnel of shareholders (members) of a legal entity, which own less than one percent of shares in a legal entity, structure and personnel of the management bodies of a foreign structure with no separate legal identity (if any).

- h) Telephone and fax numbers (if any).
- i) Data on the purposes and expected nature of business relationship with the Company, data on the goals of financing and operating activities (information about the planned operations).
- j) Data on the sources of origin of funds and (or) another property of the client.
- k) Code of legal entity in accordance with the All-Russian Classifier of Enterprises and Organizations (if any).
- l) Information about a license for the right of carrying out the licensable activities (type, number, date of licensing, issuing authority, validity period, the list of licensable activities).
- m) Bank Identification Code (for resident credit organizations).

**5.10.** The Assured who has concluded the Insurance contract with the Insurer under these Rules and in accordance with the provisions of Federal Law No. 152-FZ dated July 27, 2006, "On Personal Data" (hereinafter referred to as the "FL") shall give its consent to the Insurer (IJSC VSK, address: Ostrovnaya St., 4, Moscow, 121552, to the mixed (automated and non-automated) processing (including all actions listed in Article 3 of the FL) of its personal data and shall confirm that it has and is obliged to provide its consent to the processing of personal data of the Insured parties, Beneficiaries, Vehicle operators by the Insurer, which are included in the application for insurance /insurance contract (certificate) and other documents submitted upon the conclusion of the insurance contract (certificate), in order to ensure proper execution of the insurance contract, inclusion of personal data in the informational system of personal data (company's client database), transfer of risk to the reinsurance and to file the subrogation claims in accordance with the procedure established by the existing legislation and to ensure the information support of the performance of insurance contract, including by sending notifications with the use of sms messages, via e-mail or using other available methods.

The Assured shall guarantee that the transfer of personal data of the Insured parties, Beneficiaries, Vehicle operators to the Insurer shall occur with their written consent.

The transfer of personal data shall be performed in compliance with all required procedures and contracts in strict adherence to the existing legislation.

This consent shall be valid throughout the term of the insurance contract (certificate) and during 5 years after the expiration of the term of the insurance contract (certificate).

The consent to the processing of personal data can be provided by sending a written notification to IJSC VSK.

**5.11.** In accordance with the existing legislation and standards of the Bank of Russian and All-Russian Union of Insurers, the Insurer shall permanently ensure the protection of information, including its integrity, availability and confidentiality, in the course of its activity, regardless of the form of its provision, and protection of personal data of the receivers of financial services.

**5.12.** The provisions of the insurance contracts concluded on their basis, which deviated from the Rules, cannot anyway fall outside the list of insurance risks and unconditional coverage exclusions specified in the Rules

## **6. AMOUNT, PERIOD, PAYMENT ORDER.**

**6.1.** Insurance premium refers to the fee payable by the Assured (Beneficiary) to the Insurer as and when specified in the insurance contract.

**6.2.** The amount of insurance premium shall be defined by the Insurer depending of the insurance amount and insurance rate. The insurance rate is a rate of insurance premium in percentage of the sum insured. The insurance rate depends on the conditions and specifics of cargo transportation, method and period of its transportation, insurance conditions, as well as other factors which impact the likelihood of insured event and amount of possible damage.

**6.3.** The insurance premium can be paid out in cash or by wire transfer.

If insurance premium is paid by wire transfer, the payment can be made by a lump sum or in installments which shall be paid in accordance with the procedure specified in the insurance contract.

**6.4.** If the Assured fails to pay the insurance premium for each shipment within the time frames specified in the insurance contract, the insurance contract shall not come into force with regard to the unpaid shipment.

In case of failure to pay the insurance premium (its first installment), the insurance contract shall not enter into force (unless otherwise provided for in the insurance contract).

If the insurance contract provides for payment of insurance premium in installments, in case of failure to fully pay another installment for the insurance premium within the time frames established by the insurance contract, the insurance contract shall be deemed to have been early terminated at the initiative of the Assured from the date following the date of expiration of the term of payment of this installment of insurance premium, unless otherwise provided for in the insurance contract. The events occurred after the early termination of the insurance contract cannot be treated as insured events.

In case of failure to fully pay another installment of the insurance premium within the time frames set out in the insurance contract, the Insurer shall immediately inform the Assured of the fact that the provision of the insurance contract, which envisages payment of insurance premium, has not been fulfilled, which in accordance with the Rules shall lead to the early termination of the insurance contract. This information message to the Assured shall contain the date of termination of the insurance contract. The Assured shall be informed by any possible method which allows to record the sending of message (email, sms, written notification etc.) using the contact data specified upon the conclusion of the insurance contract.

## **7. ENTRY OF THE INSURANCE CONTRACT INTO FORCE. INSURANCE PERIOD.**

**7.1.** The insurance contract shall come into effect at the day of payment of the insurance premium or its first installment unless specified otherwise therein.

The following shall be regarded as the date of payment of insurance premium:

- in case of cashless payment: the date when insurance premium arrives to the Insurer's settlement account;
- in case of payment in cash: the date when the Insurer's representative receives the insurance premium under the documents in a prescribed format.

**7.2.** The dates of occurrence and termination of the Insurer's liability shall be agreed upon in the insurance contract. The Insurer's liability under the cargo insurance contract shall start from the date when cargo is accepted for shipment from the warehouse and place at the destination point specified in the insurance contract, continue throughout the entire transportation along the route specified in the insurance contract, including transfers and temporary storage in the points of transfer and transshipments, subject to the payment of insurance premium by the Assured and unless otherwise provided for in the insurance contract.

**7.3.** Unless otherwise provided for in the insurance contract, the Insurer's liability under the insurance contract shall terminate when:

- a) the cargo is delivered to the point of destination specified in the consignment note (to the consignee's warehouse);
- b) period of storage at the intermediate warehouse exceeds 60 days;
- c) the Certificate of cargo acceptance by the consignee is signed or a record on the receipt of cargo is made in the consignment note.

**7.4.** If after the cargo is unloaded in the point of destination, but before the expiration of the term of the insurance contract, cargo is sent to a different point of destination than is indicated in the insurance contract, this contract shall be valid only until the date of shipment of cargo to another point of destination.

**7.5.** The insurance period can be extended by the Insurer if the cargo is delayed due to the circumstances beyond the control of the Assured or due to the execution of its rights by the carrier, which derive from the contract of carriage or conditions of carriage.

## **8. ALTERATION OF THE RISK LEVEL.**

**8.1.** During the term of the contract the Insurer (Beneficiary) shall within one day notify the Insurer of any material changes (of which the Assured becomes aware) in any circumstances communicated to the Insurer during the conclusion of the contract if such changes may cause significant increasing of the degree of insurance risks.

The change in the degree of insurance risks shall include, in particular:

- delay in the shipment or delivery of cargo above the terms indicated in the contract;
- deviation from the route specified in the insurance contract;
- change of the points of transfer, unloading and destination of cargo, transfer to another mode of transport;
- change of the cargo cost on the basis of which the Parties agree upon the sum insured;
- replacement of carrier;
- replacement of vehicle;
- change of other circumstances specified in the application for insurance/insurance contract.

**8.2.** After receiving the information about the circumstances which lead to the increasing of risk degree, the Insurer may require to change the insurance conditions or pay additional premium in proportion to the increased risk. If the Assured (Beneficiary) does not give its consent to change the insurance conditions or refuses to pay additional premium, the Insurer may require to terminate the insurance contract, of which the Insurer shall notify the Assured in written form, except when the circumstances leading to the increasing of risk have already ceased to exist.

**8.3.** If the Assured or Beneficiary fails to fulfill its obligations set out in clause 8.1 hereof, the Insurer may require to terminate the insurance contract and compensate for losses caused by the termination of the contract.

## **9. CONDITIONS OF TERMINATION OF THE INSURANCE CONTRACT. SPECIAL TERMS AND CONDITIONS.**

**9.1.** The insurance contract shall terminate in the following cases:

- a) upon expiration of the insurance period;
- b) upon full discharge of the Insurer's obligations towards the Assured under the cargo insurance contract;
- c) upon failure of the Assured to pay regular installments of insurance premium as provided for by the insurance contract;
- d) liquidation of the Assured which represents a legal entity;
- e) liquidation of the Insurer in the manner set forth in the legislative acts of the Russian Federation;
- f) in other cases provided for by the legislation of the Russian Federation.

**9.2.** The insurance contract can be terminated earlier. If after the entry of the insurance contract into force there is no chance of occurrence of the insured event and insurance risks cease to exist due to the circumstances other than an insured event, specifically, due to the damage/loss of the insured event for the reasons other than the occurrence of insured event. In this case the Insurer is entitled to a part of the insurance premium in proportion to the time during which the insurance has been valid.

**9.3.** The Assured (Beneficiary) may at any time repudiate the insurance contract if a chance of occurrence of the insured event still exists at the date of repudiation for the above-mentioned reasons, in which case the insurance premium shall not be refunded, unless otherwise provided for in the insurance contract.

**9.4.** The insurance contract can be early terminated as agreed upon between the parties in accordance with the legislation of the Russian Federation.

## **10. RELATIONSHIP BETWEEN THE PARTIES UPON OCCURRENCE OF THE INSURED EVENT.**

**10.1.** Upon the occurrence of an event which has the signs of insured event, the Assured (Beneficiary) or their representatives shall:

- a) immediately, but within three days after it (they) becomes (become) aware of the occurrence of event which can be referred to an insured event, notify the Insurer thereof in written form by fax against the acknowledgment of receipt by the Insurer;
- b) take all possible measures to reduce the damage, save and preserve the insured cargo;
- c) notify the relevant services based on their competency about the insured event and call in an expert as agreed upon with the Insurer;
- d) if possible, retain all property which has remained after the event before the arrival of the Insurer's representative or representative of the expert service;
- e) provide the Insurer's representative or representative or representative of the expert service with an opportunity to conveniently inspect the damaged cargo or its remains, identify reasons, amount of damage and other circumstances of the event which can be referred to an insured event;
- f) transfer all required original documents on the losses or their certified copies to the Insurer.

**10.2.** The Insurer or its representatives may participate in the salvage and preservation of the insured cargo by taking or indicating the required measures. However, their actions shall not serve as a ground for recognizing the Insurer's obligation to make a payout.

**10.3.** Unless otherwise specified, all expenses for the salvage and preservation of cargo, determination of the amount of loss and prevention of its further damage shall be covered by the Assured (Beneficiary). The expenses to be reimbursed under the insurance conditions shall be included by the Insurer in the insurance payout.

The Insurer shall be exempt from its liability to compensate for the damages resulting from the deliberate failure of the Assured to take reasonable and available measures with a view to reduce any potential damages.

**10.4.** Upon occurrence of loss, the Insurer may recommend average commissioners (surveyors), or the Assured (Beneficiary) shall contact the average commissioners (surveyors) agreed upon with the Insurer. If disagreement regarding the amount of loss arises between the parties, either party may require the determination of losses by the way of independent expert examination. The cost of expert examination shall be paid by the party which has required its performance.

**10.5.** To request the insurance payout, the Assured (Beneficiary) shall provide the following documents:

**10.5.1.** a copy of insurance policy or another document agreed with the Insurer, which confirms the acceptance of a separate shipment for insurance; documents on the payment of insurance premium;

**10.5.2.** Application for the payment of insurance indemnity to the Insurer from the Assured or Beneficiary with the calculation of the amount of damage and indication of bank details to transfer the insurance indemnity (original).

**10.5.3. Documents confirming the transportation:**

**10.5.3.1.** Depending on the mode of transport: Bill of Lading, Charter, Railway Bill of Lading, Air Waybill, CMR, Consignment Note or other document in accordance with the existing legislation, which confirm the transportation and which are marked to show the damage or preparation of the commercial report;

**10.5.3.2.** agreement for provision of freight forwarding services, contract of carriage, Application for this transportation, which is accepted by the carrier or forwarding agent, and, upon the Insurer's additional request, copies of documents confirming the payment for freight, forwarding agent's receipt, power of attorney issued to the driver, which authorizes him to receive cargo, copies of the driver's regular passport and driver's license, a copy of the certificate of registration of a truck tractor and a semi-trailer, certificate of acceptance and delivery of cargo;

**10.5.4. Documents confirming the occurrence of insured event:**

**10.5.4.1.** Certificate of the unsafe carriage (certificate in any/general form, commercial report, certificate according to form TORG-2 or TORG-3 etc.), Certificate of internal investigation carried out by the Assured upon the occurrence of event with the description of reasons and circumstances accompanying this event, as well as persons responsible for what has happened.

**10.5.4.2.** List of damaged/destroyed/stolen/lost property;

**10.5.4.3.** Technical conclusion of the specialized organization, manufacturer and/or conclusion of the independent expert organization about the condition of the damage/destroyed property, its fitness for use and possibility to restore it;

**10.5.4.4.** Report of the independent expert organization about the condition of the damaged cargo and amount of damage caused to it by the accident, photographs of the damaged cargo;

**10.5.4.5.** In case of road traffic incident, the certificate issued by competent bodies upon the occurrence of accident, protocol and resolution or ruling, and similar documents prepared in the course of the accident investigation;

**10.5.4.6.** In case of fire: a certificate from the fire department, certificate of fire, technical conclusion of the testing fire laboratory or fire expert on the reason of ignition, decree on institution of criminal proceedings or refusal to initiate criminal proceedings;

**10.5.4.7.** In case of breakdown of water supply, heating, sewerage, fire protection systems and overflowing from adjacent premises: certificate issued by the managing/operating organization/ emergency service;

**10.5.4.8.** Certificates and documents issued by competent authorities, which confirm the occurrence of natural disasters or another extraordinary situation;

**10.5.4.9.** In case of burglary, robbery, armed assault, fraudulence with regard to cargo, stealing of cargo together with the motor vehicle: decree on institution of criminal proceedings or refusal to initiate criminal proceedings, decree on recognition as a victim, notifying coupon, decree on suspension or termination of criminal case;

**10.5.4.10.** In case of general average: captain's protest, extract from the ship's log, certificate of average, information letters from the forwarding agent or ship operator

**10.5.4.11.** Explanatory notes of the persons who have identified the damage and persons responsible for transportation.

**10.5.4.12.** If the insured cargo is damaged during the railway transportation: commercial report, railway bill of lading marked to show the loss, statement of loss addressed to the station master and/or other documents which help to reliably establish the fact and circumstances of the event;



**10.5.4.13.** If the insured cargo is damaged during the air transportation: commercial report, air waybill marked to show the accident and/or other documents which help to reliably establish the fact and circumstances of the event.

**10.5.4.14.** If the ship or another vehicle is lost: authentic evidences of the time of its exit from the place of shipment and time of its non-arrival to the point of destination within the time frames established to recognize the ship or vehicle as lost;

**10.5.5. Documents confirming the property interest of the Assured or Beneficiary in the insured cargo:**

**10.5.5.1.** Purchase/supply agreement, contract, bill (invoice) issued by the supplier with the indication of the conditions of cargo supply and date when the risk of cargo loss or damage shall be transferred, payment documents, copy of the purchase order, packing list, specification, price list, bill of entry;

**10.5.5.2.** A delivery note and a certificate certified by the enterprise's accountant, which indicates the inclusion of insured cargo to the books of the Assured (if the loss occurs during the cargo transportation between business units of the Assured and (Beneficiary)); consignment note for internal handling of tangible assets.

**10.5.6. Documents confirming the insurance value of property:**

**10.5.6.1.** The supplier's invoice, consignment note and/or invoice or contract for cargo loading (if such contract specifies the cost of cargo), certificate of the book value of insured cargo, expert finding, minutes of meeting of the expert fund and procurement committee, customs documents and/or other documents which help to reliably establish an actual cost of cargo;

**10.5.6.2.** If the insurance value of cargo includes the expenses for transportation, customs processing etc., the Assured shall provide the Insurer with the copies of documents confirming the incurred expenses (under the relevant agreements, applications, invoices, work acceptance statements, payment orders).

**10.5.7. Documents confirming the amount of loss:**

**10.5.7.1. Upon loss (actual and constructive) of cargo:**

- a) Certificate of damage, fracture, breakage, certificate of unserviceability, certificate of the disposal of lost cargo;
- b) documents confirming the cost of salvage material (if any);
- c) Weighing certificate;

**10.5.7.2. Upon cargo damage:**

- a) calculation/bill (invoice) of the manufacturer and/or specialized organization for the restorative maintenance; conclusion of the independent expert organization with the calculation of the amount of damage;
- b) in case of maintainability: contracts with the organizations for the performance of repair and restorative works, damage statements, cost estimates, documents confirming the cost of performed works and expenses, documents confirming the cost of acquired materials / equipment, work completion statements, payment documents;
- c) documents confirming the costs for restoration of marketable condition, reduction of the cost of damaged goods and/or sales cost with trade price reduction etc.

**10.5.7.3. For expenses for cargo salvage and reduction of damage caused to cargo:**

documents confirming the amount and reasonability of incurred expenses;

**10.5.8. Documents ensuring the rights of claim against the party responsible for damage:**

**10.5.8.1.** Claim against a person or an organization responsible for the occurrence of loss with the demand to recover the damage caused as a result of the claimed event with the receipt acknowledgement or return receipt of this claim, answer to a claim. The claim must be filed until the expiration of the terms set out in the appropriate codes, conventions and applicable and existing legislation;

**10.5.8.2.** An answer to a claim if any.

**10.5.9. Other documents which may be required to establish the occurrence of insured event, exercise of the subrogation right and/or establish the reasons and amount of damage:**

**10.5.9.1.** Agreement for the provision of warehousing or other logistic services of cargo storage and processing;

**10.5.9.2.** Quality certificate;

**10.5.9.3.** Certificate of the issue of goods from warehouse/certificate of the vehicle loading;

**10.5.9.4.** Information letters from harbor authorities;

**10.5.9.5.** On-site inspection report;

**10.5.9.6.** Certificate of acceptance (delivery) of cargo containers/cars, container/car acceptance receipt;

**10.5.9.7.** Certificate of customs inspection/clearance, certificate of customs monitoring;

**10.5.9.8.** Standards of quality and technical conditions established by the manufacturer;

**10.5.9.9.** Buyer's letter about the non-receipt of cargo.

The Insurer shall indicate the list of documents required to consider and settle a specific loss in the list sent to the Assured or Beneficiary upon the receipt of notification on loss (hereinafter referred to as the "List"). The documents specified in the List shall be sent by the Assured to the Insurer in a scanned legible format to its e-mail address indicated in the insurance contract and/or List, and scanned copies of the documents and the statement of loss can be transferred and/or published via "Personal account" of IJSC VSK. The Insurer may consider and settle the loss, including, under the scanned document copies.

If the provided document copies are sufficient to make a decision with regard to the claimed event, the Insurer shall perform the actions described in clause 11.2 of the Insurance rules.

If the provided document copies are insufficient or illegible, and if there is need to compare them with originals and find out additional circumstances, the Insurer shall within three business days send the request for the provision of documents according to the generated list to the Assured (Beneficiary). In this case, the terms set out in clause 11.2 of the Insurance rules shall be calculated from the date of provision of all requested original documents.

**10.6.** Based on the circumstances of insured event, the Assured may provide additional documents (apart from the list specified in clause 10.5. hereof) which are required to establish the reasons and circumstances of insured event and amount of inflicted damage.

**10.7.** All documents must be provided within the time frames required to execute the right of claim by way of subrogation from the Insurer to the person responsible for damage.

**10.8.** The Insurer and Assured may agree upon the plan (scheme) of actions in the insurance contract, which must be taken upon occurrence of the events and which have the signs of insured event.

## **11. TERMS AND CONDITIONS OF THE INSURANCE PAYOUT.**

**11.1.** Insurance payout shall mean a monetary amount which is defined in accordance with insurance contract and paid to the Assured or Beneficiary by the Insurer upon occurrence of the insured event.

The insurance contract may provide for the replacement of the insurance payout within the limits of the sum insured by provision of the Assured (Beneficiary) with the property similar to the lost property (cargo), and in case of property damage which does not lead to its total loss, by arrangement and (or) payment of the repair of damaged property (compensation of damage in kind) by the Insurer against the insurance indemnity.

**11.1.1.** If the sum of insurance indemnity is insufficient to compensate for damage in kind and if the Assured (Beneficiary) does not give its consent to pay the remainder of the difference between the cost of compensation in kind and sum of insurance indemnity, the insurance indemnity shall be paid in monetary form.

**11.1.2.** Compensation for damage in kind can be performed, without limitation, by funding:

- repair (renovation) works;
- acquisition of similar property;

**11.1.2.1.** In case of funding repair (renovation) works, the performed works shall be accepted by the Assured (Beneficiary), unless otherwise set out in the existing legislation or insurance contract. The selection of organization to perform repair (renovation) works, determination of the place and terms of repair (renovation) works shall be done by the Insurer, unless otherwise expressly provided for in the insurance contract. In this case, the claims for the quality of works shall be filed directly against the Insurer, unless otherwise provided for in the existing legislation. To ensure its liability for the quality of works towards the Assured (Beneficiary), the Insurer shall envisage the appropriate liability in its agreements with repair contractors.

**11.1.2.2.** In case of funding of the acquisition of similar property in exchange for the lost or damaged property, the damage shall be compensated for by transferring the amount of insurance payout to the seller's account. The Insurer shall select a seller, unless otherwise provided for by the federal law or insurance contract.

**11.1.3.** When the Assured (Beneficiary) files the claim against the Insurer for the failure to comply with the procedure for payment of compensation for damage in kind, the Insurer shall consider this claim within the term not exceeding 3 business days.

**11.2.** The Insurer shall make a decision regarding the insurance payout or refusal to pay the insurance indemnity within 10 business days, unless another term is specified in the insurance contract, after the receipt of application from the Assured and all the documents listed in clause 10.5. hereof and required to clarify the circumstances of the case and shall draw up the Claim report.

The insurance payout shall be made or written substantiated refusal shall be provided within 5 business days after the Insurer makes the appropriate decision and draws up the Claim report, unless another term is specified in the insurance contract.

The date when funds are debited from the Insurer's settlement account with the confirmation by payment order marked by the bank as executed or the date when funds are dispensed from the cash account shall be considered the date of payment.

**11.3.** In case of total loss of the entire cargo or its part, or if according to the expert opinion total damage of cargo has occurred, the loss shall be calculated to the cost of lost cargo in accordance with the documents confirming its actual cost and documented losses associated with cargo carriage if it is provided for in the insurance contract.

**11.4.** In case of total/constructive loss of the insured cargo (cargo shall be considered lost if it has totally and irreparably lost its marketability and cannot be used for the intended purpose (actual loss) or if the cost of cargo restoration exceeds its insured value (constructive total loss), the Insurer shall use one of the following options to pay the insurance indemnity:

**11.4.1.** The Assured (Beneficiary) will receive payment equal to the sum insured with the deduction of salvage material, which is confirmed by the opinion of the public adjuster;

**11.4.2.** The Assured (Beneficiary) will receive payment equal to the sum insured, where the title of ownership shall pass to the Insurer, and salvage material will be transferred to the Insurer by the Assured under the abandonment contract;

**11.4.3.** Otherwise, as agreed upon between the Parties.

**11.5.** If the lost or stolen cargo for which the Insurer makes the payout has been found, the Assured shall within 10 days refund the insurance payout after the deduction of expenses for the return of cargo.

This conditions shall not apply if the Assured has earlier waived its title of ownership to the benefit of the Insurer (abandonment).

**11.6.** If the Assured gets compensated for the loss by third parties, the Insurer shall make the insurance payout to the amount equal to the difference between the amount of insurance payout under the contract and amount received from third parties.

**11.7.** In case of damage/loss of cargo during the transportation, the Insurer shall reimburse the damage to the following amounts:

**11.7.1.** for the loss or shortage of cargo: to the amount of actual cost of lost or missing cargo, but no more than the sum insured under the contract;

**11.7.2.** for the damage of cargo: to the amount by which its cost has decreased and/or to the amount of expenses for the restoration of the damaged parts of cargo.

**11.8.** The amount of insurance payout shall include the expenses incurred by the Assured (Beneficiary) for the salvage, preservation of cargo, reduction and determination of damage caused by the insured event, as well as losses, expenses and installments associated with "general average" in the proportion attributable to the Assured (Beneficiary) as the owner of the insured cargo, but no more than the sum insured.

**11.9.** A person applying for the insurance payout shall provide the Insurer with bank details, as well as another information required to make the insurance payout in non-cash form. This data shall be indicated in the written application for recovery of damage or can be provided additionally in written form. If the person applying for the insurance payout fails to provide the above-mentioned data, the period of insurance payout shall be extended (suspended) by the Insurer until the receipt of such data. In this case, the Insurer shall notify the applicant of the suspension and request him to provide the missing information.

**11.10.** Should it be revealed that the documents provided by the Assured (Beneficiary) are not sufficient for the Insurer to make a decision to recognize (or refuse to recognize) the infliction of damage to the insured property (cargo) as a result of the insured event and (or) to make the insurance payout, and/or improperly executed documents in accordance with these Rules and (or) the insurance contract, the Insurer shall:

- accept them, in which case the time limit specified in clause 11.2 of these Rules does not commence until the last of such necessary and duly executed documents is provided;
- give notice thereof to the person filing a payout application specifying the list of missing and/or improperly executed documents.

The period of sending the notification to the Assured (Beneficiary) of the provision of documents which are insufficient for the Insurer to make a decision to recognize (or refuse to recognize) the infliction of damage to the insured property as a result of the insured event and

(or) to make the insurance payout, and (or) improperly executed documents shall not exceed three business days.

**11.11.** The Insurer may not refuse to make insurance payout due to the loss of the provided documents on the insurance payout (any of them) if there are evidences that the Insurer has received these documents. If the Insurer has lost the documents on the insurance payout, it may not repeatedly require them from the person who has provided them.

**11.12.** If at the Insurer's discretion prompt inspection of the damaged insured property by the Insurer (its representative) is required, the Insurer shall within one business hour send an e-mail message with the indication of place, date and time of the inspection of damaged insured property to the person who has notified the Insurer of the event which has the signs of insured event or applied for insurance payout (the Assured, the Beneficiary), at least two time options to choose from, in which case the date of inspection carried by the Insurer shall occur within two business days from the date when the event is claimed.

**11.12.1.** Inspection of the insured property by the Insurer (its representative) shall be performed at the place of location of this property in compliance with the agreed period of inspection, unless another inspection procedure is expressly defined in the insurance contract or supplementary agreement between the Insurer and Assured (Beneficiary).

**11.12.2.** If the person applied for the insurance indemnity (the Assured / Beneficiary) fails to provide the property or its remains for inspection to the Insurer at the agreed date, the Insurer shall agree upon the different inspection date with this person when the latter contacts the Insurer. In this case, if the period when the Insurer should make a decision to recognize (or refuse to recognize) the infliction of damage to the insured property as a result of the insured event begins before the inspection, this period shall be suspended until the date of inspection.

**11.12.3.** If the person applied for the insurance indemnity repeatedly fails to provide the property or its remains for the inspection at the date agreed with the Insurer, the Insurer shall return the unreviewed application for insurance indemnity, which has been submitted by such person, along with the documents attached thereto (whether filed together with such application or submitted later), unless otherwise is agreed upon between the Insurer and Assured / Beneficiary.

**11.12.4.** If the Insurer (its representative) fails to attend the inspection within the agreed time frames, the Assured (Beneficiary) shall provide the Insurer with the photographs of the damaged property, and the Insurer shall make a decision to recognize the event as the insured event without carrying out the inspection.

**11.13.** The insurance indemnity shall not include (unless otherwise provided for in the insurance contract):

**11.13.1.** loss of profit, which is associated with the contractual obligations;;

**11.13.2.** fines, penalties and other types of forfeit as provided for in the contract of carriage, supply, sale and purchase.

**11.14.** Upon the oral or written request of the receiver of insurance services, including the request received in electronic form, within the period not exceeding thirty days from the date of receiving such request, subject to the identification of receiver of insurance services in accordance with Federal Law No. 152-FZ dated June 27, 2006, "On Personal Data", the Insurer shall provide the information regarding the calculation of the insurance payout sum after deciding to make insurance payout

Upon the written request of the receiver of insurance services, the Insurer shall within the period not exceeding thirty days shall provide it with the comprehensive information and documents (including the copies of documents and (or) extracts from them) in written form, on the basis of which the Insurer shall make a decision to perform insurance payout (excluding the documents which confirm possible unlawful acts of the receiver of insurance services, which are

aimed to receive the insurance payout), free of charge once in a month for each insured event. This information and documents shall be provided to the extent not contradicting with the existing legislation.

## **12. REFUSAL TO MAKE INSURANCE PAYOUT.**

**12.1.** The Insurer may refuse to make insurance payout in the following cases:

- 12.1.1.** as provided for clauses 3.4, 3.5 and 3.6 hereof, unless otherwise provided for in the insurance contract;
- 12.1.2.** if the event claimed as the insured event occurs before the conclusion of the Insurance contract / acceptance of cargo for transportation, and upon the expiration of the Insurance contract / after the events specified in clauses 7.3, 7.4 of the Insurance rules;
- 12.1.3.** if the Assured (Beneficiary) fails to fulfill some of the requirements set out in clauses 10.1 and 10.5 hereof, and therefore it is not possible to determine the reasons and actual amount of damage;
- 12.1.4.** if the Assured (Beneficiary) deliberately does not take reasonable and feasible measures to reduce possible losses and fails to notify the Insurer of the insured event;
- 12.1.5.** if the Assured / Beneficiary waives its right to assert claims against the person responsible for losses, or the exercise of such right becomes impossible due to the fault of the Assured (Beneficiary).

**12.2.** The Insurer shall notify the Assured (Beneficiary) about its refusal to make insurance payout with the justification of the reasons for such refusal.

**12.3.** If there are no legal grounds for making insurance payout (hereinafter referred to as the "Refusal"), the Insurer shall within three business days after making a decision on refusal inform the receiver of insurance services in written form of the grounds for making such decision with references to the rules of law and (or) conditions of the insurance contract and insurance rules, on the basis of which this decision on refusal is made. This information shall be provided to the extent not contradicting with the existing legislation. Upon the written request of the receiver of insurance services, the Insurer shall within the period not exceeding thirty days provide the documents (including the copies of documents and (or) extracts therefrom) justifying the decision on refusal free of charge.

## **13. TRANSFER OF RIGHTS FOR RECOVERY OF DAMAGE FROM THE ASSURED (BENEFICIARY) TO THE INSURER.**

**13.1.** The right of claim within the limit of the paid out amount, which the Assured (Beneficiary) has towards the person responsible for the damages reimbursed by insurance, shall pass to the Insurer who has made the insurance payout.

**13.2.** The Assured (Beneficiary) shall hand over to the Insurer all documents and evidences and provide all information required to the Insurer to exercise the right of claim that has passed to it, including those documents and evidences that are sufficient for consideration in a judicial procedure.

**13.3.** If the Assured (Beneficiary) waives its right of claim against the person responsible for the losses indemnified for by the Insurer, or of the exercise of this right becomes impossible due to the fault of the Assured (Beneficiary), the Insurer shall be exempt from liability to make insurance payout in full or in its respective part and shall be entitled to demand the refund of the excessive amount of the indemnity paid.

## **14. DISPUTE RESOLUTION.**

**14.1.** Disputes arising during the fulfillment of the terms and conditions of the insurance contract shall be resolved by way of negotiations. If it is impossible to reach the agreement, the dispute shall be transferred to the court in accordance with the existing legislation, unless otherwise provided for in the insurance contract.