

MARINE
INSURANCE POLICY
ESK 2011/12 MAR

WHEREAS THE Insured named in the Schedule has applied to the Insurer hereon (hereinafter called “the Insurer”) for the insurance herein contained and has paid or agreed to pay the Premium in consideration for such insurance.

THE INSURER HEREBY AGREES to indemnify or compensate the Insured by payment or, at the option of the Insurer by replacement, reinstatement or repair in respect of the happening during the Period of Insurance of any of the contingencies or events specified in this Insurance up to the sums insured, limits of indemnity, compensation and other amounts specified.

THE SCHEDULE

POLICY NUMBER : **ESK 2011/12 MAR**

TYPE : Marine Cargo

INSURED : ESKOM HOLDINGS SOC LIMITED (hereinafter called "Eskom") for whom they have authority to insure for their respective rights and interests provided always Eskom has an insurable interest or a contractor or sub-contractor of Eskom has an insurable interest and Eskom have authority to insure those goods on behalf of:

- All Contractors of Eskom
- All Sub-Contractors employed by the Contractor and all other Sub-Contractors
- Any Local Provincial or Government Department with which Eskom enters into any contract
- Suppliers, manufacturers, vendors or other persons undertaking work for Eskom
- Those for whom Eskom has authority to insure for their respective rights and interests

It is understood that the Insured will include the affiliated subsidiary, associated company(ies)/corporation(s), partnerships, joint ventures, trusts, and the like, and contractor(s) and subcontractor(s) of each Insured listed above, whether nominated or otherwise engaged by Eskom.

All either collectively or individually, for their respective rights and interests, hereinafter referred to as the "Insured"

ADDRESS : P O Box 1091
Johannesburg
Republic of South Africa

ATTACHMENT DATE : To attach for all sailings and/or sendings on and after **1 April 2011 to 31 March 2012** (both days inclusive) and any subsequent period for which the Insurer agrees to renew the policy.

INTEREST : All goods and/or merchandise and/or interests appertaining to the Insured's business and consisting principally of but not restricted to plant, machinery, electronic equipment, generators, steel items, nuclear fuel, spares, timber and household goods and personal effects (subject to a completed valued inventory/proposal form to be forwarded to the Insurer prior to attachment of risk) and motor vehicles, tractomas, tractors, trailers and cranes and as further detailed under "Subject Matter" clause in the policy.

Including all packing materials, receptacles, covers, boxes, purpose-made containers and labels and the like .

LIMIT OF INDEMNITY

:Unless otherwise declared to and accepted by the Insurer prior to attachment or prior to loss, accident or arrival

R1 500 000 000.00 (One Billion Five Hundred Million Rand) any one vessel, aircraft or conveyance.

R3 000 000 000.00 (Three Billion Rand) any one location as per the Institute Location Clause.

or the equivalent in any other currencies.

In the event that the amount at risk in any one vessel, conveyance or location exceeds the limit applicable and the actual value has not been declared prior to attachment or prior to loss, accident or arrival, claims will be settled on a "first loss" basis up to the amount of the policy limit, but premium payable on the full amount at risk.

DEDUCTIBLES

: If the shipment is related to a works contract covered within the Eskom Annual Contractor's All Risks (CAR) insurance policy the deductible is as follows:

10% of loss, minimum R100,000.00 and maximum R500,000.00 each and every loss

: If the shipment is related to a works contract covered within the Eskom 'Floater' Contractor's All Risks (CAR) insurance policy the deductible is as follows:

10% of loss, minimum R100,000.00 and maximum R1,000,000.00 each and every loss

: If the shipment is related to a Distribution works contract covered within the Eskom Distribution Annual Contractor's All Risks (CAR) insurance policy the deductible is as follows:

10% of loss, minimum R100,000.00 and maximum R250,000.00 each and every loss

: For all other contracts:
R100,000.00 each and every loss.

INSURER

: Escap SOC Limited.

GEOGRAPHICAL LIMITS:

At and from ports and/or places anywhere in the world including where applicable transit to and whilst at packers' premises en route for shipment until delivered into warehouse and/or place of storage and/or on site at final

destination anywhere in the Republic of South Africa and visa versa and as more specifically detailed in the policy and subject to the OFAC Clause (Office of Foreign Assets Control).

Excluding shipments to and/or from countries under United Nations sanctions, Burma (Myanmar), Cuba, , Iraq, North Korea, Libya, Liberia Sudan, Syria. Notwithstanding, it is understood and agreed that this list of excluded countries may be amended by the Insurer at any time in accordance with the laws and regulations governing this policy and/or the Insured, it's parent company or its ultimate controlling entity.

Including all customary transshipments at no additional premium.

Cross voyages included from ports and/or places anywhere in the World including where applicable transit to and whilst at packers' premises en route for shipment until delivered into warehouse and/or place of storage and/or on site at final destination anywhere in the World.

LAW AND JURISDICTION

: This Policy is subject to the Laws of South Africa whose courts shall have exclusive jurisdiction. However, English law (excluding prescription) shall apply to the interpretation of the Institute Clauses.

PERSON(S) TO WHOM NOTICE OF LOSS SHOULD BE SENT

The Claims Manager (marineinsurance@eskom.co.za)
Escap SOC Limited
Megawatt Park
c/r Maxwell Drive and Witkoppen Rd
Sunninghill
Gauteng

Refer to the Eskom Shipment Policies and Procedures and Claims Handling Procedures on Website:
http://www.eskom.co.za/live/content.php?Item_ID=9248

SIGNED FOR AND ON BEHALF OF INSURER ON

THIS DAY OF 2011

Escap SOC Limited

IMPORTANT NOTICE

PROCEDURE IN THE EVENT OF LOSS OR DAMAGE FOR WHICH THE INSURER MAY BE LIABLE

LIABILITY OF CARRIERS, BAILEES OR OTHER THIRD PARTIES

It is the duty of the Insured and their agents, in the event of loss or damage for which the Insurer may be liable, to take such measures as may be reasonable for the purpose of averting or minimizing a loss and to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised, in particular, the Insured or their agents are required:

1. To claim immediately on the carriers, port authorities or other bailees for any missing packages.
2. In no circumstances, except under written protest, to give clean receipts where goods are in doubtful condition.
3. When delivery is made by container, to ensure that the container and its seals are examined immediately by their responsible official.

If the container is delivered damaged or with seals broken or missing or with seals other than as stated in the shipping documents, to clause the delivery receipt accordingly and retain all defective or irregular seals for subsequent identification.

4. To apply immediately for survey by carriers' or other bailees' representatives if any loss or damage be apparent and claim on the carriers or other bailees for any actual loss or damage found at such survey.
5. To give notice in writing to the carriers or other bailees within 3 days of delivery if the loss or damage was not apparent at the time of taking delivery.

NOTE – The consignees or their agents are recommended to make themselves familiar with the Regulations of the Port Authorities at the port of discharge.

DOCUMENTATION OF CLAIMS

To enable claims to be dealt with promptly, the Insured or their agents are advised to submit all available supporting documents without delay, including when applicable:

1. Original policy or certificate of insurance.
2. Original or copy shipping invoices, together with shipping specification and/or weight notes.
3. Original Bill of Lading and/or other contracts of carriage.
4. Survey report or other documentary evidence to show the extent of the loss or damage.
5. Landing account and weight notes at final destination.
6. Correspondence exchanged with the carriers and other parties regarding their liability for the loss or damage.

CLAIMS NOTIFICATION

In order to claim under this insurance the Insured must have an insurable interest in the insured subject matter at the time of loss.

Warranted all claims/losses (other than hijacking) to be advised to the Insurer within 30 (thirty) days of the occurrence but hijacking claims/losses to be advised within 48 (forty eight) hours of the hijacking taking place.

Failure to notify the Insurer within the above time period will result in such claim being forfeited by the Insured.

In the event of loss or damage hereunder, immediate action must be taken and notice must be given to the Insurer.

1. SUBJECT MATTER:

- 1.1 All goods and/or merchandise and/or interests appertaining to the Insured's business and consisting principally of but not restricted to plant, machinery, electronic equipment, generators, steel items, nuclear fuel, spares, timber and household goods and personal effects (subject to a completed valued inventory/proposal form to be forwarded to the Insurer prior to attachment of risk) and motor vehicles, tractomas, tractors, trailers cranes and all other property where the Insured has an insurable interest to insure such property.
- 1.2 Including all packing materials, receptacles, covers, boxes, purpose-made containers and labels and the like.

Container Damage Clause

This policy extends to include physical loss or damage only to containers and/or rail wagons supplied to the Insured by vessel owners, aircraft owners or others for the insured transit whilst in the custody of the Insured or their agent and whilst at their risk. This policy excludes any liabilities and/or consequential losses arising out of their use.

The indemnity provided by this clause shall be in addition to the indemnity provided elsewhere herein.

1.3 OTHER INTERESTS:

Unless otherwise agreed prior to loss, accident or arrival:

- 1.3.1 Cargo referred to in the Institute Clauses covering commodities or trades is insured as per Clauses 1 (sub-clause 1.2.3. deleted), 2 and 3 only of the Institute Cargo Clauses (B); all other clauses, conditions and exclusions as per the relevant Institute Clauses covering commodities or trades (with Clauses 1.2 and 3 deleted) to apply at a rate of 50% (50 percent) of current policy rate.

Including the risks of War and Strikes as per the relevant Institute Clauses and subject to the scale rate ruling at time of dispatch.

2. CONVEYANCES:

- 2.1 Water (including barges, lighters, craft) Air and Land (including conveyances owned, hired, leased or under the control of Insured) including postal sendings.
- 2.2 Vessels subject to the Institute Classification Clause (when applicable) or held covered.
- 2.3 The terms of the Institute Classification Clause shall not prejudice any claim hereunder when presentation of the advice of such claim to the Insurer is the first indication that transshipment beyond the control of the Insured has been made on a vessel not covered by the Institute Classification Clause. The appropriate additional premium will be paid if required calculated as per the Lloyds Overage rating schedule

Amendments to the Institute Classification Clause

The terms and conditions of this insurance apply only to subject matter carried by mechanically self-propelled vessels of steel construction which are classed in accordance with the requirements of the Institute Classification Clause, including chartered vessels and vessels under **1,000** Gross Register Tonnage (GRT), provided such vessels are,

- a. not Bulk Carriers, Combination Carriers nor Mineral Oil Tankers exceeding **50,000** Gross Register Tonnage, over **15** years of age.
- b. not over **25** years of age.

Subject matter carried by mechanically self-propelled vessels not falling within the scope of the above are covered as per the applicable Policy terms and conditions, subject to an additional premium equivalent to **50%** of the applicable Policy premium rate, subject always to a minimum of **0.075% of the value of Eskom's cargo on the vessel**, if required by the Insurer.

The above requirements do not apply to any craft, raft or lighter used to load or unload the vessels, whilst they are within the port area.

Cargo International Ship Merchants (ISM) Endorsement

Applicable to shipments on board,

- a. passenger vessels transporting more than 12 passengers, and
- b. oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high speed craft of 500 gigatonne or more, and
- c. Ro Ro (Roll on Roll off) passenger ferries.

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

- d. that such vessel was not certified in accordance with the ISM Code, or
- e. that a current Document of Compliance was not held by her owners or operators.

As required under the Safety of Life at Sea (SOLAS) Convention 1974 as amended.

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

3. GEOGRAPHICAL LIMITS:

At and from ports and/or places anywhere in the world including where applicable transit to and whilst at packers' premises en route for shipment until delivered into warehouse and/or place of storage and/or on site at final destination anywhere in the Republic of South Africa and visa versa.

In the event of goods covered under this Policy being forwarded to the declared destination and there refused and/or sent to another destination (other than a destination excluded above) or returned to the Insured, it is agreed that this insurance continues until such goods are finally disposed of, provided full details of the subsequent transit and/or storage risks are given to the Insurer as soon as they become known to the Insured and an additional premium paid if required.

Cross voyages included from ports and/or places anywhere in the World including where applicable transit to and whilst at packers' premises en route for shipment until delivered into warehouse and/or place of storage and/or on site at final destination anywhere in the World. Subject to the OFAC clause:

Office of Foreign Assets Control (OFAC) CLAUSE

The coverage provided by this policy shall be null and void if it violates any U.S. economic or trade sanctions such as, but not limited to, the sanctions administered and enforced by the Office of Foreign Assets Control ("OFAC") of the U.S. Treasury Department.

Insurance coverage provided by a binder, certification of insurance or other evidence of insurance that violates U.S. economic or trade sanctions, as defined above, shall be null and void. Similarly, any claims arising under any policy, binder, certificate of insurance or other evidence of insurance issued to any party, entity or beneficiary that violates U.S. economic or trade sanctions shall be barred pursuant to the requirements of the sanction.

This exclusion applies pari passu to coverage directly affected by any sanctions issued by any other country.

Excluding shipments to and/or from countries under United Nations sanctions, Burma (Myanmar), Cuba, , Iraq, North Korea, Libya, Liberia Sudan, Syria. Notwithstanding, it is understood and agreed that this list of excluded countries may be amended by the Insurer at any time in accordance with the laws and regulations governing this policy and/or the Insurer, it's parent company or its ultimate controlling entity

Including all customary transshipments at no additional premium

Other voyages and/or journeys covered at rates and on conditions to be agreed, but excluding voyages where South Africa is neither the port of loading nor the port of discharge unless agreed with the Insurer prior to shipment.

4. VOYAGE CLAUSE:

4.1 Imports:

From the time of attachment of the Insured's risk including loading onto the carrying vehicle for the commencement of transit anywhere in the world including where applicable transit to and whilst at packers' premises including loading and/or unloading and/or discharge operations, and in respect of containerized shipments, during the stuffing and unstuffing thereof, en route for shipment and to terminate when offloaded and safely delivered into warehouse and/or place of storage at final destination anywhere in the Republic of South Africa.

4.2 Exports:

From the time of attachment of the Insured's risk including loading onto the carrying vehicle for the commencement of transit anywhere in the Republic of South Africa including where applicable transit to and whilst at packers' premises including loading and/or unloading and/or discharge operations, and in respect of containerized shipments, during the stuffing and unstuffing thereof, en route for shipment and to terminate when offloaded and safely delivered into warehouse and/or place of storage at final destination anywhere in the world.

4.3 All Shipments:

Including whilst in customs as required and all transshipments, craft and barge risks whether customary or otherwise.

Including subject matter taken to temporary storage for the purpose of allocation or distribution and until subject matter is safely delivered to final destination.

Including in the case of short shipment in whole or part by the vessel.

The risks of loss or damage during the course of loading and/or discharge operations, prior to dispatch and unloading after arrival at Insured's premises or consignee's premises including containers and/or contents, caused by contact with other containers/packages/cargoes and/or by handling equipment including loss or damage as a result of cargo being dropped from or by lifting equipment during loading or offloading from and/or onto the carrying conveyance.

Other voyages and/or journeys covered at rates to be agreed prior to attachment of risk.

5. BASIS OF VALUATION:

As declared and accepted by the Insurer but in the event of total loss, accident or arrival prior to declaration the basis of valuation shall be as follows:

5.1 Imports:

Delivered cost at final destination (including duty where incurred) plus 20%.

In the event of total loss prior to landing the basis of valuation shall be:

The prime cost of the goods plus expenses of and incidental to shipping, the freight for which the Insured is liable, the charges of insurance all plus 20%.

Also to pay duty and/or landing and similar charges, if incurred in anticipation of arrival.

The Insured agrees to take all reasonable steps to obtain a refund of such charges and return the net amount to Insurer.

5.2 Exports:

Cost Insurance and Freight Plus 10% or as varied by Letters of Credit or Other instructions of buyers.

5.3 Household Goods and Personal

Replacement Value at destination as declared on the Valued Inventory.

5.4 Motor Vehicles

Market Value as declared to Insurer.

5.5 New Plant and Machinery:

Imported delivered cost plus 20%.

5.6 Second hand or Refurbished or Reconditioned Machinery:

Used/second hand and/or refurbished machinery, plant and/or parts

Under 5 years of age:

New replacement cost i.e. new cost price, insurance and freight value plus maximum 20% (twenty percent) mark-up

Any item over 5 years of age:

Current Used/Second-hand/Market Value at the time of loss, insurance and freight plus maximum 20% (twenty percent) markup

Notwithstanding the foregoing it is hereby agreed that, in respect of second-hand plant, machinery, equipment and/or specially fabricated components, this Clause shall apply provided that the declaration of the insured value is based on the new replacement cost of similar subject matter.

In the event of loss or damage prior to final destination, indemnity shall be current used/second-hand market value at the time of loss at destination including expenses of and incidental to shipping actually incurred, the freight which the Reinsured is liable, the charges of insurance all plus 20% (twenty percent)

Declarations must be received prior to shipment.

5.7 Claims Settlement Clause:

It is understood and agreed that the Insurer will settle claims as per policy terms and conditions applicable plus the VAT factor where the Insured is obliged to pay such in terms of the South African Legislation current at the time of settlement.

6 CONDITIONS:

6.1 Conditions applicable to breakbulk cargo (shipped under deck) and/or in ISO fully enclosed shipping containers (shipped on or under deck) and/or cargo conveyed in containers which are open-topped, open-sided, open-ended, canvas and/or tarpaulin covered (shipped under deck) by vessel: and/or sendings by parcel post and/or airfreight and/or land conveyances:

Against All Risks of physical loss or damage subject to the Institute Cargo Clauses (A) or Institute Cargo Clauses (Air) (excluding sending by post), as applicable.

6.2 Conditions applicable to breakbulk cargo (shipped on deck) and/or unpacked and/or unprotected and/or loose cargo (shipped on or under deck) and/or cargo conveyed in containers which are open-topped, open-sided, open-ended, canvas and/or tarpaulin covered (shipped on deck) by vessel:

Insured as per Institute Cargo clauses (B) as amended

Amendments to the Institute Cargo Clauses (B)

It is hereby agreed that Clause 1 of the Institute Cargo Clauses (B) is extended to include loss of or damage to the subject matter insured reasonably attributable to the following:

- a. actual total loss and/or constructive total loss proximately caused by heavy weather (the extraordinary action of wind and waves), windstorm, the shifting of cargo during a storm, ship's sweat and seawater damage to subject matter on the quay
- b. piracy and barratry
- c. theft and/or pilferage and/or non-delivery of an entire shipping package and/or container, including theft accompanied by forcible and violent breaking into and out of the ship, conveyance, lift van, container or place of storage
- d. deliberate damage, deliberate destruction, malicious acts, vandalism and/or sabotage by the wrongful act of any person(s)

The following Clauses of the Institute Cargo Clauses (B) are amended herein as follows:

Clause 1.1.3

Overturning, derailment or other accident to land conveyances including impact of the load with any obstruction or projection on the carriageway or loss of or damage to the load directly resulting from the carrying conveyance avoiding or attempting to avoid an accident or collision,

Clause 1.1.6

Earthquake, subsidence, landslides, volcanic eruption, lightning, floods, cyclones, hurricanes, sprinkler damage, objects falling from aircraft and the collapse or subsidence of docks, wharves or structures,

Clause 1.2.2

Jettison, washing overboard and/or loss overboard,

Clause 1.2.3

Deleted.

Clause 1.3

Loss or damage during the course of loading and/or discharge operations caused by contact with other containers/packages/cargoes and/or by handling equipment including loss or damage as a result of the subject matter insured being dropped from or by lifting equipment during loading or offloading,

Clause 4.7

Deleted.

6.3 Conditions applicable to subject matter covered on Restricted Conditions, whilst such subject matter is on Land (Shore Clause):

Notwithstanding that subject matter insured under this Policy may be subject to the following conditions of cover,

- a. Institute Cargo Clauses (B) as amended herein, or

- b. Institute Cargo Clauses (A) excluding loss, damage or expense caused by rust, oxidation, discolouration and water damage, unless arising as a result of a peril insured against in terms of the Institute Cargo Clauses (B) as amended herein, or
- c. Institute Cargo Clauses (C),

it is hereby agreed that where such subject matter is insured under this Policy whilst on docks, wharves or elsewhere on land (including whilst in storage and during land transportation), the protection afforded hereunder shall include loss or damage reasonably attributable to the ingress of water provided such subject matter is adequately protected.

6.4 Deleted as agreed with the Insurer

6.5 Motor Vehicles:

Special Conditions applying to Motor Vehicles:

a) Conditions:

To cover all risks of physical loss or damage in terms of the Institute Cargo Clauses (A) so far as applicable but subject to the following additional exclusions.

- (i). Excluding scratching, chipping, denting, bruising and repainting of used and/or secondhand vehicles unless the declaration is supported by a satisfactory pre-shipment condition report from a recognized surveyor.
- (ii). Excluding claims for rust, oxidation and discoloration in respect of vehicles carried on deck unless stowed in a fully enclosed ISO shipping container.
- (iii). Excluding loss of tools, fittings and accessories unless stolen with the vehicle.
- (iv). Warranted no risk whilst the vehicle is under own power or in tow, except during loading and unloading operations.
- (v). Excluding mechanical derangement unless caused by external and visible impact, which is covered by an insured peril.

6.6 Survey Warranty:

It is understood and agreed that, any wording contained herein notwithstanding, the Insured is obligated to advise the Insurer of the loading and stowage surveys conducted for the following shipments (break bulk only):

1. A shipment value of US\$ 5,000,000 or greater,
or
2. An individual item with a value of US\$4,000,000 or greater,
or
3. A weight of 75 metric tonnes or greater,
or
4. With a size greater than a 40 foot container in any direction and a value greater than US\$250,000,
or
5. Carried as on deck cargo.

In the absence of such surveys, the particular coverage, at the discretion of the Insurer, will be reduced to Institute Cargo Clauses (B).

6.7 Conditions applicable to Household Goods and Personal Effects (including the deliberate storage thereof prior to delivery at final destination):

It is hereby agreed that in respect of Household Goods and Personal Effects (including the deliberate storage thereof prior to delivery at final destination), professionally packed items are insured as per the Institute Cargo Clauses (A) or Institute Cargo Clauses (Air) (excluding sendings by post) as applicable.

Items, which are not professionally packed, are covered against the total loss of an entire carton, trunk, suitcase, package or similar container reasonably attributable to a peril insured in terms of the Institute Cargo Clauses (B) as amended herein.

Storage beyond **30** days is subject to an additional premium equivalent to **20%** of the Policy premium rate applicable to the original voyage insured hereunder, per month or part thereof.

Cover hereunder is subject always to the following conditions:

- a. A full valued inventory to be submitted prior to despatch.
- b. Household Goods and Personal Effects insured hereunder must be valued at the new replacement cost at destination.
- c. In the event of loss of or damage to any article(s) not separately valued, Insurer's liability shall be restricted to the same proportion as the total insured value of such article(s) bears to the total insured value declared hereunder.
- d. In the event that the actual total value at risk exceeds the insured value declared hereunder by more than **25%**, Insurer's liability shall be restricted to such proportion of the loss as the insured value declared hereunder bears to the actual total value.
- e. Unless separately declared and valued, Insurer's liability in respect of glass, china and/or similar fragile articles shall be limited to **25%** of the total insured value declared hereunder.
- f. Unless supported by a recognised valuation certificate and declared accordingly hereunder, works of art, antiques, oriental rugs, furs and silverware shall not be covered by this insurance.
- g. Where any insured item consists of any article(s) in a pair or set, Insurer's liability shall not exceed the value of any part(s) which may be lost, without reference to any special value which such article(s) may have as part of such pair or set; nor more than a proportionate part of the insured value of the pair or set.
- h. In the event of a loss recoverable hereunder, the Insurer shall be entitled to repair or replace any article(s) (whether partially or in full) or to make a payment in respect thereof up to the amount of the insured value declared hereunder.
- i. Where practical, notice of any loss of or damage to subject matter insured is to be given to the Insurer.

- j. This insurance shall always be deemed to be the primary insurance policy in terms of which the subject matter is insured.

And subject to the following exclusions:

- k. Loss or damage caused by gradual deterioration, depreciation, mechanical or electronic derangement (unless resulting from an insured peril), atmospheric or climatic conditions, moth, insects or vermin.
- l. Damage or deterioration occasioned by any process of cleaning, repairing or restoring.
- m. Loss of or damage to plants, perishables, alcohol, fire arms and ammunition.

ALL SHIPMENTS will be subject to:

6.8 Survey Requirements in respect of Secondhand or Refurbished or Reconditioned and/or Returned Interests:

The conditions under 6.1 above are only applicable where the Insurer has been provided with an independent pre-shipment survey report or technical report by the Insured's technician at the Insured's expense and accepted by the Insurer prior to attachment of risk.

In the absence of such a report or agreement of condition by the Insurer prior to loss, accident or arrival cover shall be:

Except as otherwise agreed with the Insurer, subject to the Institute Cargo Clauses (B) as amended including Malicious Damage as stated in the policy.

Above is also subject to Survey Warranty as detailed in 6.6.

6.9 Institute Replacement Clause:

In the event of loss of or damage to any part or parts of an insured machine caused by a peril covered by the Policy the sum recoverable shall not exceed the cost of replacement or repair of such part or parts plus charges for forwarding and refitting, if incurred, but excluding duty unless the full duty is included in the amount insured, in which case loss, if any, sustained by payment of additional duty shall also be recoverable.

Provided always that in no case shall the liability of the Insurer exceed the insured value of the complete machine.

6.10 Secondhand or Refurbished or Reconditioned Machinery Replacement Clause:

In the event of loss of or damage to any part or parts of second-hand plant, machinery, equipment and/or specially fabricated components in consequence of a peril covered by the Policy, the amount recoverable hereunder shall not exceed such proportion of the cost of replacement of the part or parts lost or damaged as their new insured value bears to the value of a new machine, plus additional charges for forwarding by sea or by air and refitting the new part or parts if incurred.

Notwithstanding the foregoing it is hereby agreed that, in respect of machinery, which is less than 5 years old, this Clause shall not apply provided that the declaration of the insured value is based on the new replacement cost of similar subject matter.

Provided always that in no case shall the liability of the Insurer exceed the declared insured value of the complete machine.

6.11 Excluding Mechanical, Electrical or Electronic derangement unless caused by an insured peril.

6.12 Inflation and Additional Expenses (imports only):

In respect of all imports of plant, machinery, equipment and/or specially fabricated components (new and/or second-hand), Insurer shall in the event of loss or damage resulting in the necessity to replace the subject matter or part(s) thereof, pay any reasonable additional costs reasonably incurred by the Insured or claimant in replacing the subject matter or part(s) thereof.

Subject to the payment, if required by the Insurer, of an additional premium equivalent to **200%** of the difference in premium between the insured value and the full value of the claim hereunder.

Provided always that Insurer's liability shall not exceed **150%** of the insured value.

Provided always that nothing herein shall be held to increase the limits stipulated in this policy for any one vessel, conveyance or location.

Subject to the Institute Replacement Clause with the last paragraph deleted.

These provisions, as far as they apply to secondhand or refurbished or reconditioned machinery under 5 years old, plant, equipment and/or specially fabricated components, are on the proviso that the declaration of insured value is based on new replacement cost of similar equipment failing which the Second-Hand Machinery Replacement Clause shall operate.

6.13 Conditions applicable to Subject Matter otherwise Excluded Herein:

In respect of all subject matter otherwise excluded herein, including those interests excluded in terms of the Household Goods and Personal Effects Clause(s) of this Policy, it is hereby agreed that such subject matter is insured under this Policy as per the Institute Cargo Clauses (C), and at a premium equivalent to **50%** of the applicable Policy premium rate.

Conditions applicable to any other Voyage not specifically provided for herein:

In respect of any sailings and/or sendings and/or storage incidental to transit which may be undertaken but which have not been specifically defined or provided for herein, it is hereby agreed that such voyages are insured under this Policy as per the Institute Cargo Clauses (C) and at a premium equivalent to **50%** of the applicable Policy premium rate.

7. WAR AND/OR STRIKES:

Including the risks of war in terms of the relevant Institute War Clauses for waterborne and airfreight shipments and strikes riots and civil commotions risks in terms of the relevant Institute Strike Clauses in respect of all shipments and sendings.

8. CONTRIBUTORY VALUE (GENERAL AVERAGE AND SALVAGE):

This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment, (according to foreign statement or to the York – Antwerp Rules) incurred to avoid or in connection with the avoidance of loss from any cause except those specifically excluded here from.

For the purpose of claims for general average contributions and salvage charges recoverable hereunder, the subject matter insured shall be deemed to be insured for its full contributory value.

General average deposits shall be payable on production of general average deposit receipts.

9. CARGO International Ship Merchants (ISM) FORWARDING CHARGES CLAUSE:

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

to such vessel not being certified in accordance with the ISM Code

OR

to a current Document of Compliance not being held by her owners or operators as required under the Safety of Life at Sea (SOLAS) Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms, conditions and exclusions contained in the policy and to Cargo ISM Endorsement.

It is further agreed that no additional premium will be required for the addition of cover provided under the ISM Forwarding Charges Clause.

10. TERMINATION OF TRANSIT CLAUSE (TERRORISM):

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

Notwithstanding any provision to the contrary contained in this Policy or the Clauses referred to therein, it is agreed that in so far as this Policy covers loss of or damage to the subject matter insured caused by any terrorist or any person acting from a political motive, such cover is conditional upon the subject matter insured being in the ordinary course of transit and, in any event, SHALL TERMINATE:

either

as per the transit clauses contained within the Policy,

or

on delivery to the Consignee's or other final warehouse or place of storage at the destination named herein,

on delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which

the Insured elect to use either for storage other than in the ordinary course of transit or for allocation or distribution,

or

in respect of marine transits, on the expiry of 60 days after completion of discharge overseas of the goods hereby insured from the overseas vessel at the final port of discharge,

in respect of air transits, on the expiry of 30 days after unloading the subject matter insured from the aircraft at the final place of discharge,

whichever shall first occur.

If this Policy or the Clause referred to therein specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1.

This clause is subject to English law and practice but South African Jurisdiction.

11. EXTENSIONS:

11.1 Aircraft Clause:

Wherever the words "ship", "vessel", "seaworthiness", "shipowner" or "vessel owner" appear in this policy, they are deemed to also include the words "aircraft", "airworthiness" and "aircraft owner".

11.2 Airfreight Replacement Clause:

It is agreed that where there is loss or damage, which is the subject of a claim hereunder, and the Insured considers it necessary to forward replacements by Air, the Insurer will pay the reasonable costs so involved, notwithstanding that the original consignment was not dispatched by Air.

Provided always that the above liability of the Insurer shall not exceed 20% of the insured value of the original shipment.

11.3 Apportionment of Recoveries:

In the event of a recovery from a carrier or other third party it is agreed that such recovery/ies shall be apportioned between the Insured and the Insurer in the same proportion as the respective parties hereto have borne the loss.

11.4 Brand Names / Trade Marks:

In the case of damage to property bearing a brand or trade mark the sale of which carries or implies the guarantee of the supplier or the Insured, if required by the Insured the salvage value of such property shall be determined only after the removal of brand or trade marks and, if applicable, repacking into plain containers. The cost of removal or repacking shall be borne by the Insurer.

11.5 Cargo carried on Deck on Under Deck Bills of Lading:

It is hereby agreed that cargo carried on deck without the prior knowledge or consent of the Insured whilst subject to an "Under Deck" Bill of Lading shall be insured in terms of the applicable "Under Deck" conditions.

11.6 Claused Bills of Lading:

It is hereby agreed that this insurance shall not be prejudiced solely by reason of the marking of the Bill of Lading (or like document) with a clause indicating subject matter insufficiently packed.

11.7 Conditions applicable to Returned Subject matter:

It is hereby agreed that in respect of subject matter upon which delivery to the Consignee and/or the Insured cannot be accomplished because,

- a. of refusal of acceptance, and/or
- b. the integrity of the subject matter has been compromised,

and which are returned for these or any other reason are covered hereunder.

If the integrity of the subject matter to be returned has been compromised and is the subject of a claim hereunder then, provided the subject matter is being returned with the consent of the Insurer, cover hereunder shall be as per the applicable Policy conditions. Unless the subject matter being returned was originally second-hand, the Pre-Shipment Survey Clause and Second-hand Replacement Clause, as stated elsewhere in this Policy, shall not apply in respect of the return voyage. No premium shall be payable to the Insurer in respect of the return voyage.

If the integrity of the subject matter to be returned has been compromised and is not the subject of a claim hereunder, cover hereunder shall be as per the applicable Policy terms and conditions but subject always to the conditions applicable to second-hand subject matter as stated elsewhere in this Policy.

11.8 Concealed Damage:

Subject otherwise to the terms and conditions of the insurance, it is agreed that in the event of delay in opening containers, cases or other packages, any loss and/or damage discovered on opening shall be deemed to have occurred during transit and shall be paid for accordingly unless proof conclusive to the contrary be established. It is agreed that any container and/or package showing signs of damage shall be opened immediately on arrival at final destination.

The period under this extension is limited to 180 (one hundred and eighty) days after arrival at final destination.

11.9 Cover after Discharge:

Notwithstanding Clauses 8.1.3, 9.1 and 9.2 of the Institute Cargo Clauses (A) and Clauses 5.1.3, 6.1 and 6.2 of the Institute Strike Clauses (Cargo), reference to 60 days is amended to 120 days. It is understood that this extension applies only if delay in effecting delivery is beyond the control of the Insured.

Additional periods held covered subject to prior notice being given by the Insured to the Insurer and payment of an additional premium if required.

Notwithstanding clauses 5.1.3, 6.1 and 6.2 of the Institute Cargo Clauses (Air) and Clauses 3.1.3, 4.1 and 4.2 of the Institute Strikes Clauses (Air Cargo) reference to 30 days is amended to 60 days. It is understood that this extension applies only if delay in effecting delivery is beyond the control of the Insured.

Additional periods held covered subject to prior notice being given by the Insured to the Insurer and payment of an additional premium if required

11.10 Cutting Clause:

In the event of a pipe or any items being damaged but being reasonably usable for the purpose for which it was originally intended if the damaged part is cut off, the Insurer's liability shall be for the proportion of the insured value which the length of the part cut off bears to the length of the complete pipe but they shall have the benefit of any salvage in respect thereof. In addition the Insurer shall be liable for the costs of cutting the pipe, cutting and refitting flanges, re-cutting bevels or otherwise rendering the pipe usable for its original purpose.

11.11 Debris Removal Clause:

This insurance is extended to cover, in addition to any other amount recoverable under this insurance, extra expenses reasonably incurred by the Insured for the removal and disposal of debris of subject matter insured, or part thereof, by reason of damage thereto caused by an insured risk to the maximum value of R5 000 000.00 per claim, but excluding absolutely

1. any expenses incurred in consequence of or to prevent or mitigate pollution or contamination, or any threat or liability therefore
2. the cost of removal of cargo from any vessel or craft

In no case shall the Insurer be liable under this clause for more than R5 000 000.00 under this policy of the damaged subject matter removed.

11.12 Destruction of Salvage:

In the event of loss of or damage to the subject matter insured the Insured has the option to destroy and/or dispose of the salvage subject to agreeing market value for crediting to the Insurer.

11.13 Hijacking/Skyjacking Clause:

The cover under this insurance is extended to include loss of or destruction of or damage to the goods directly or indirectly arising out of unlawful seizure or wrongful exercise or control of the carrying conveyance, vessel or aircraft (including any attempt at such seizure or control) made by any person or persons. Including the costs of storage and re-forwarding the goods should they be landed at a place other than their scheduled destination.

11.14 Insolvency Extension:

It is hereby agreed that wherever the Institute Clauses attached to this Policy exclude loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of the vessel, such exclusion will be amended to read as follows:

"In no case shall this insurance cover loss, damage or expense caused by insolvency or financial default of the owners, managers, charterers or operators of the vessel where, at the time of loading of the subject matter insured on board the vessel, aircraft or conveyance, the Insured are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the voyage.

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

11.15 Malicious Damage Extension:

It is hereby agreed that Clause 4.7 of the Institute Cargo Clauses (B) is deemed to be deleted and further that this insurance covers loss of or damage to the subject matter insured caused by malicious acts, vandalism or sabotage, subject always to the other exclusions contained in this insurance.

11.16 Deleted as agreed with Insurer.

11.17 Repacking Clause:

It is hereby agreed that should the outer packing be damaged from any cause which renders the subject matter insured unfit for on-shipment or distribution, irrespective of the final destination, the Insurer agrees to pay the reasonable cost of repacking the subject matter insured.

Provided always that such damage occurred during the currency of this insurance.

11.18 Repairers Clause:

Where, following the operation of a peril insured against in terms of the cover conditions prevailing at the time of the occurrence subject matter insured is damaged and/or has been exposed to circumstances that have or may have led to its integrity being breached, then the damaged and/or compromised items are to be repaired and/or their integrity verified by a suitably qualified independent technical expert and cost of such repair and/or verification shall subject otherwise to the terms and conditions of this cover be recoverable hereunder.

Notwithstanding the above, if in the opinion of the Insured and supported by the Insurer's surveyor where appointed, repair of the subject matter insured would not restore its integrity (deemed to be inclusive of any manufacturer's warranty or guarantee) and/or such integrity cannot be satisfactorily verified then subject to the consent of the Insured the damage and/or compromised items are to be sold or otherwise disposed of and the proceeds paid to the Insurer against the settlement of a claim for constructive total loss.

Always provided that the Insurer's liability does not exceed the insured value of the damaged and/or compromised subject matter.

11.19 **Unexplained Loss from Sealed Full Container Load (FCL) Containers:**

In respect of consignments shipped in FCL Containers, claims in respect of theft, shortage and non-delivery of whole packages will not be invalidated by the fact that the seals appear intact and such claims will be settled in full on the production of, in addition to the applicable claim documentation, loading and discharge tallies and subject to the Insured:

- * Reporting such discrepancies to the Insurer immediately upon such discrepancies being noticed;
- * Retaining the container seals for inspection by the Insurer's nominated surveyors;
- * Claiming against the relevant carriers, suppliers and/or bailees.
- * Claims under this section shall be subject to the Insured's rights against carriers, suppliers and/or bailees being subrogated to the Insurer.

11.20 **Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause:**

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

1. In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from

ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel.

the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof

any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter

the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

any chemical, biological, bio-chemical, or electromagnetic weapon.

12. **South African Insurance Association (SAIA) EXCEPTIONS:**

Wherever this insurance includes any agreement to cover risks, which fall, outside the transit clause of the relevant Institute Strikes Clauses, the S A I A Exceptions as attached are deemed to apply to risks within the Republic of South Africa.

In particular the following SAIA Exceptions are applicable:

- When goods are delivered to final named destination, or

- When the goods are taken into storage other than in the ordinary course of transit or for purposes of allocation or distribution, or
- On expiry of 60 days (sea freight), 30 days (air freight) or any other period stipulated in Institute Trade Clauses after discharge from the overseas vessel or aircraft whichever of these shall occur first.

In respect of export shipments, the applicable Institute Strikes Clauses may reinstate when the goods leave storage premises to recommence the export journey.

The application of the SAIA Exceptions in the above circumstances is not to be construed as extending the cover provided by the relevant Institute Strikes Clauses when these are in force.

13. South African Special Risks Association (SASRIA) REGULATIONS:

Annexure 18

Notwithstanding anything contained herein to the contrary it is hereby declared and agreed that the within policy is the underlying policy against which a SASRIA coupon is issued to apply to all sailings and/or sendings on or after **1 April 2011**.

It is further agreed that the value of the Insured's projected annual sum insured for the year commencing **1 April 2011** follows the underlying policy.

14. RATES:

As agreed with Insurer.

15. OVERAGE:

Subject to the Schedule of basic scale additional premiums for shipments held covered in the Institute Classification Clause as amended.

16. SHIPMENT REGISTER:

The Insured undertake to maintain their Register of Shipments or similar domestic record of all shipments in such a manner as to enable the Insurer, if so required, on examination thereof, to check individual vessel names, countries of loading and sums insured per vessel.

17. CONTRIBUTION CLAUSE – MARINE AND ENGINEERING:

It is noted that in the event of loss or damage to the property insured due to a peril insured against being discovered after cover under this policy has terminated and if after investigation it is not possible to ascertain whether the cause of such loss or damage happened prior to termination of the marine venture or subsequently, it is understood and agreed that the Insurer hereon shall make every effort to agree with the relevant Engineering Insurer/s that the Insurer hereon shall contribute 50 percent less 50 percent of the applicable Engineering deductible. Such contribution to be without prejudice and adjusted subsequently in accordance with the final apportionment of the claims as may be agreed between the Insurer hereon and the Engineering Insurer/s. Should agreement not be reached then neither the Insurer of this policy nor the Engineering Insurer/s will contribute to the loss. The Insured shall make reasonable effort to ensure that the property insured be visually examined as soon as reasonably possible after arrival at the contract site.

18. ERRORS AND OMISSIONS:

Unintentional errors or omissions in the making of declarations and/or issuing of certificates shall not invalidate this insurance provided steps be taken to rectify these as soon as they come to the notice of the Insured.

19. SURVEYS:

Surveying companies will be appointed to conduct all surveys for the account of Eskom with respect to supervising loading and off-loading of breakbulk/secondhand cargo.

In the event of a claim, which requires a survey, a surveyor will be appointed if the claim exceeds the deductible as specified above.

Where a claim falls within the deductible, Eskom will appoint the surveyor and the survey fees will be for the account of Eskom.

It is hereby noted and agreed that no survey is required where the claims estimate falls below R50 000.00

20. CLAUSES:

The following clauses issued principally by the Institute of London Insurers and the South African Insurance Association current at date of issue of this insurance are deemed to form part of this insurance so far as applicable.

INSTITUTE CARGO CLAUSES (A) CL 252 dated 1.1.82 (time limit amended as per Standard Conditions).

INSTITUTE CARGO CLAUSES (B) CL 253 dated 1.1.82 (time limit amended as per Standard Conditions).

INSTITUTE CARGO CLAUSES (AIR) (EXCLUDING SENDINGS BY POST) CL 259 dated 1.1.82 (time limit amended as per Standard Conditions).

INSTITUTE CLASSIFICATION CLAUSE CL dated 1.1.2001

INSTITUTE REPLACEMENT CLAUSE CL 161 dated 1.1.34.

INSTITUTE WAR CLAUSES (CARGO) CL 255 dated 1.1.82.

INSTITUTE WAR CLAUSES (AIR CARGO) (excluding sendings by post) CL 258 dated 1.1.82.

INSTITUTE WAR CLAUSES (sendings by post) CL 257 dated 1.1.82.

INSTITUTE STRIKES CLAUSES (CARGO) CL 256 dated 1.1.82.

INSTITUTE STRIKES CLAUSES (AIR CARGO) CL 260 dated 1.1.82.

INSTITUTE WAR CANCELLATION CLAUSE (CARGO) CL 271 dated 1.12.82.

INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIOCHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE CL 370 dated 10.11.03

INSTITUTE CYBER ATTACK EXCLUSION CLAUSE CL 380 dated 10.11.03

INSTITUTE LOCATION CLAUSE CL 66 dated 26.3.80.

STANDARD S.A.I.A. EXCEPTIONS

21. AMENDING CLAUSES:

Any amending and/or replacing Clause and/or Clauses issued by the Institute of London Insurers shall, subject to 30 (thirty) days notice as provided for herein, amend and/or replace these Clauses.

22. IMPORTANT NOTE:

It is necessary for the Insured when they become aware of an event, which is "held covered", under this insurance to give prompt notice to the Insurer and the right to such cover is dependent on compliance with this obligation.

If through circumstances beyond the Insured's or their Agent's control or through others' negligence, advice is not given, cover will attach.