

# Freight forwarder's liability insurance HU4

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## 1 Insurance content

### 1.1 Extent of insurance cover

1.1.1 The insurance covers material damage and financial loss caused to clients or equivalent parties in the course of the freight forwarding operations specified in the insurance policy for which the policyholder has a liability to pay compensation in accordance with the General Conditions of the Nordic Association of Freight Forwarders (NSAB 2015) applying to transportation, freight forwarding and warehousing when the liability to pay compensation is based on action or negligence that occurred during the insurance period.

Material damage is only subject to compensation with respect to the property that was the subject of the policyholder's freight forwarding assignment.

1.1.2 The insurance also pays compensation for reasonable excess costs incurred by the policyholder if the policyholder sends freight to the wrong location and the policyholder delivers the freight to an agreed destination in accordance with Section 20, Part B of NSAB 2015. A separate deductible of EUR 2,000 applies to compensation that is payable under this term. The minimum amount of deductible is the basic deductible amount.

1.1.3 This insurance does not include fire, water and burglary insurance in accordance with Section 25, Part A of the General Conditions of the Nordic Association of Freight Forwarders. The insurance does not cover liabilities arising from FIATA's document "Freight Forwarding Services".

1.1.4 The insurance does not cover loss or damage caused by carrying out or by not carrying out shipbroker services (freight contract and port agency services).

1.1.5 The insurance does not cover obligations to pay compensation in accordance with the Finnish Road Transport Contracts Act, equivalent national legislation or the CMR Convention.

Insurance for this liability is available under road transport liability insurance.

1.1.6 Unless otherwise specifically stated in the insurance policy, the insurance does not cover the following:

- Assignments that are carried out by sub-contractors or are to be carried out by subcontractors
- The costs arising from disposing of damaged goods
- Loss or damage caused by goods being at an incorrect temperature during temperature-controlled transportation if the loss or damage is caused by breakdown of the temperature-regulation equipment

## 1.2 Geographical limits

The insurance is valid everywhere in the world unless otherwise specified in the insurance policy.

## 1.3 The policyholder and the insured

Everything that applies to the policyholder in these freight forwarder's liability insurance terms and conditions shall also apply to the insured.

## 2 Amount of compensation

### 2.1 Maximum compensation

2.1.1 The maximum compensation payable under the insurance is that stated in the General Conditions of the Nordic Association of Freight Forwarders (NSAB 2015).

If a shipping agent and a client have made an agreement on special benefits relating to delivering goods, the insurance will not cover compensation for added value as referred to in Section 21, Part D of NSAB.

When the policyholder has a liability to compensate the client for the value of goods on the basis of Section 20, Part B of NSAB 2015, the compensation payable under the insurance is a maximum of SDR 8.33 per kilo of the gross weight of the goods that were not delivered to the correct location.

2.1.2 For loss or damage due to delays, the maximum amount of compensation is the amount corresponding to the fee agreed for the task, the cargo or the compensation for delays as stated in the legislation applying to the specific mode of transport.

2.1.3 When the liability to pay compensation and the amount of compensation payable are based on national legislation that is issued by another state and applies to specific modes of transport in accordance with Section 2 of NSAB 2015, the maximum compensation payable corresponds to the compensation specified in international conventions concerning the mode of transport in question unless otherwise stated in the insurance policy.

## 2.2 Joint and several liability

If several parties are jointly liable to pay compensation for the same incident of loss or damage, the insurance will only cover the share of the loss or damage that corresponds to the liability considered to be the policyholder's fault and the benefit that the policyholder has gained due to the assignment. Subject to the above conditions, the insurance shall in the maximum cover a per-capita proportion of the aggregate loss.

## 2.3 Sum insured

The sum insured entered in the insurance policy is the upper limit of the insurer's liability to pay compensation for each insured event. The sum insured includes the costs of compensation, settlement and legal proceedings costs, as well as reasonable costs for preventing imminent danger. Compensation for preventing danger only covers necessary actions that must be taken to prevent imminent danger.

## 3 Determination of the obligation to pay compensation and expiry of compensation

### 3.1 Determination of the obligation to pay compensation

Upon receiving a notification of claim concerning an insured event, the insurance company will determine whether the policyholder is obliged to pay compensation for loss or damage that is subject to compensation under the insurance and will represent the policyholder in negotiations with the claimant.

### 3.2 Compensation contract

**3.2.1** If the policyholder agrees to pay partial or total compensation for the loss or damage or to postpone the deadline for taking legal action, this agreement shall not be binding upon the insurance company unless the insurance company has explicitly accepted the agreement.

**3.2.2** If the insurance company is willing to settle the claim with the injured party within the limits of the insured sum and the policyholder does not agree to this, the insurance company shall have no further liability for additional costs incurred thereafter nor the liability to conduct any additional assessment of the matter.

### 3.3 Lost goods

The insurance company must be informed if goods for which the insurance company has paid compensation are subsequently found or recovered. Should something of economic value remain of goods that have been compensated for in their entirety, the insurance company may use its right to decide on the goods.

### 3.4 Expiration of right to compensation

In derogation of the general terms and conditions, the policyholder must claim compensation from the insurance company within six months of receiving the claim.

Should the claim not be presented to the insurance company within this period, the claimant shall forfeit the right to compensation. There is no entitlement to compensation if the policyholder has paid a claim that had expired in accordance with Section 28 of the General Conditions of the Nordic Association of Freight Forwarders (NSAB 2015).

## 4 Compensation of legal expenses

If a claim concerning an insured event is taken to court, the insurance company shall handle the legal proceedings and pay for the essential and reasonable legal expenses involved as well

as the interest on the compensation as imposed by the court.

Legal expenses are only subject to compensation in the event and extent of the following:

- The claim for compensation presented to the insured concerns loss or damage coverable under freight forwarder's liability insurance
- The insured informed the insurance company that it has received a summons without delay and before responding to it
- The insurance company has had the opportunity to appoint a lawyer to represent the insured and decide on measures relating to the legal proceedings

The claim must be higher than the policyholder's deductible.

## 5 Compensation of salvage costs

**5.1** Compensation is paid for reasonable costs incurred by fulfilling the obligation to prevent or mitigate damage or loss that is subject to compensation under the insurance specified in the general terms and conditions in the event and extent of the following:

- Goods for which the freight forwarder is liable are in immediate danger of damage or destruction and, to avoid the immediate danger, the goods are guarded, transferred, reloaded or transported to the nearest storage facilities
- The costs were incurred by taking measures to prevent or eliminate the threat of loss or damage to the client and to prevent the occurrence of loss or damage subject to compensation under freight forwarder's liability insurance.

No compensation is paid for costs incurred by taking measures after the immediate threat is eliminated. Such costs are not considered costs of preventing or mitigating loss or damage.

**5.2** Salvage work carried out by the policyholder or a party for whose actions the policyholder is liable shall be compensated at cost price.

**5.3** Any advice provided by the insurance company in regard to salvaging goods or limiting loss or damage shall not affect the insurance company's ultimate liability for compensation.

## 6 Deductible

### 6.1 Basic deductible

In each insured event, a basic deductible as defined in the insurance contract shall be deducted from the amount of compensable loss.

If the compensation is reduced because of a failure to follow the precautionary guidelines, this reduction will be carried out after the deductible is subtracted from the compensation.

### 6.2 Separate deductible

#### 6.2.1 Costs of rectifying situations in which goods have been delivered to the wrong location

A special deductible of EUR 2,000 applies to compensation that is payable under Section 1.1.2. The minimum amount of deductible is the basic deductible amount.

#### 6.2.2 Deductible in the Commonwealth of Independent States

A special deductible applies to compensation that is payable when deliveries are made to the Commonwealth of Independent States and the loss, damage or liability to pay compensation is due to one of the following:

- Delivery error (too much, too little or the wrong goods)
- Erroneous delivery amounts or types recorded in documentation

The separate deductible shall be 25 per cent of the amount of loss or damage. The minimum amount shall be the basic deductible or EUR 1,700, whichever is greater.

### 6.3 Other separate deductibles

In the insurance policy, it has been possible to specify special terms and conditions where the deductible differs from the basic deductible. Based on these special terms and conditions, a

deductible as per the special terms and conditions in question shall be deducted from loss or damage covered by the insurance.

## 7 Restrictions

As an exception to Section 31 of the Insurance Contracts Act (28.6.1994/543), subsections 7.1–7.27 under Section 7 of this document are not precautionary guidelines but exclusions that remove the insurance company's liability for damages.

The insurance shall not cover the following:

**7.1** Loss or damage that is caused to the policyholder itself, to companies within the same group of companies, or to subcontractors of these companies, with the exception of loss or damage described in Section 1.1.2

**7.2** Liability for compensation due to the exercise of liens or rights of retention

**7.3** Loss or damage based on the policyholder committing to more extensive liability than that specified in NSAB 2015 when accepting an assignment or relinquishing conditions that limit liability as provided for in NSAB 2015 or other regulations applying to the assignment after an insured event has occurred

**7.4** Loss or damage affecting money, securities, precious metals, precious stones, works of art or other comparable valuables

**7.5** Fines, contractual sanctions, procedural consequences, or loss or damage due to confiscation by authorities or other similar regulations

**7.6** Loss or damage resulting from excessive heat or cold or fluctuations in the air temperature or humidity unless the loss or damage is a direct consequence of a traffic accident for which the policyholder is liable

**7.7** Loss or damage resulting from goods not being appropriately covered

**7.8** Loss or damage resulting from the vehicle, container, tank, trailer, cargo hold, warehouse or terminal not being appropriately closed and locked

**7.9** Loss or damage when the vehicle, transportation unit or goods are left in an area that is not securely closed to third parties and guarded at all times

**7.10** Loss or damage caused when the vehicle was left without the driver's uninterrupted supervision. However, the supervision may be interrupted for the duration of short official business (such as customs) necessary for fulfilling the transport assignment.

**7.11** Liability for compensation in the Commonwealth of Independent States arising from the goods being

- handed over to an incorrect recipient
- handed over without the agreed counterpart
- stolen while the driver was misled by incorrect recipients to leave the vehicle/cargo

**7.12** Loss or damage to goods that are not permitted for transportation in accordance with valid regulations

**7.13** Loss or damage caused by fire, liquid, steam or gas or unexpected emissions from water, sewage, gas or heating mains with regard to goods that are being stored in a warehouse or terminal belonging to the policyholder or its subcontractor

**7.14** Loss or damage that occurs when the freight forwarder has partially or totally neglected its obligation to take out insurance in accordance with Section 25, Part A of NSAB 2015 and the loss or damage would have been subject to compensation under this insurance

**7.15** Loss or damage caused by delays while storing goods

**7.16** Loss or damage due to the freight forwarder exceeding the pledged transportation time (time pledge) in accordance with Section 7, Part 2 of NSAB 2015.

**7.17** Loss or damage caused by theft, loss or disappearance when the incident cannot be specified or the loss or disappearance of the goods is discovered when taking inventory

**7.18** Costs of cleaning the location in which loss or damage occurred or costs of disposing of goods, unless otherwise stated in the insurance policy

**7.19** Loss, damage, liability or costs that are directly or indirectly caused by any of the following:

- War, civil war, insurgency, revolution, coup d'état, sabotage or comparable
- Nuclear damage as referred to in the Finnish Nuclear Liability Act or corresponding foreign legislation, nuclear weapons, radiation or radioactive contamination, or comparable incidents
- Chemical, biological, biochemical or electromagnetic weapons
- Strike, industrial stoppage or lockout
- Terrorist attack

**7.20** Liability for compensation, loss or damage due to products provided to another party (product liability)

**7.21** Loss or damage caused by the policyholder or a party for whose actions the policyholder is liable if the loss or damage was caused deliberately or through gross negligence

**7.22** Loss or damage if the policyholder or a party for whose actions the policyholder is liable has driven a vehicle or handled goods under the influence of alcohol, medication, narcotics or other intoxicants or in an overstressed state if this could have given rise to the loss or damage

**7.23** Liability for compensation, loss or damage that is due to or is a consequence of breaching the rules of Section 13 (confidentiality and information security) of NSAB 2015

**7.24** Liability for compensation, loss or damage that is a direct or indirect consequence of data communication viruses, malware, online attacks, hacking or other ICT-related risks

**7.25** Liability for compensation, loss or damage that is due to or is a consequence of insufficient human resources

**7.26** Liability for compensation, loss or damage due to inadequate orientation, training or work guidance provided to an employee, a leased employee or a person in a similar role if this has had an impact on the cause and extent of the loss or damage

**7.27** Loss or damage if granting insurance or paying compensation contravenes United Nations resolutions or trade or economic sanctions, laws or regulations issued by the European Union, the United Kingdom or the United States of America.

## 8 Appealing an insurance company's decision

In addition to the clauses set out in the general terms and conditions in relation to appeals, it should be noted that disputes relating to claims under marine insurance contracts must be submitted to the Average Adjuster in Finland (Act on Average Adjuster's Specification of Claims Settlement in Marine Insurance). The Average Adjuster's fee is paid by the losing party.

## 9 Premium

In addition to the "Insurance premium" section of the general terms and conditions, the following principles are observed:

If the policyholder does not provide the insurance company with the information required to calculate the insurance premium within one month of the insurance company's request, the company shall be entitled to set the insurance premium at an amount deemed reasonable.

## 10 Revision and termination of the insurance contract

In addition to the grounds defined in the general terms and conditions, the insurance company has the right during the period of insurance to

- revise the insurance premium and other terms and conditions to correspond to the new circumstances if the policyholder's liability for damages has increased because of changes in legislation, or

- terminate the contract on the basis of an occurrence of an insured event.

## 11 Obligations of the policyholder to prevent, limit and assess damage

The policyholder or the party for whose actions the policyholder is liable must follow the guidelines set out in the insurance policy, the insurance terms and conditions or other written documentation. If the policyholder or the party for whose actions the policyholder is liable deliberately or through negligence that cannot be considered minor fails to follow the guidelines, compensation may be reduced or denied. In considering whether the compensation should be reduced or denied, account shall be taken of the extent to which the failure to follow the guidelines has affected the occurrence or the amount of loss or damage.

The policyholder or the party for whose actions the policyholder is liable must

**11.1** Whenever possible, participate in investigating the damage and contribute to discovering the actual cause of the damage and the liable party

**11.2** Notify the police without delay if the insured event is caused by a traffic accident or can be assumed to be related to a crime

**11.3** Take care of the damaged goods, notify the insurance company of any damage without delay and follow the insurance company's instructions

**11.4** Reserve an opportunity for the insurance company to inspect the goods.

## 12 Precautionary guidelines

### 12.1 Obligation to follow precautionary guidelines

The policyholder or the party for whose actions the policyholder is liable must follow the precautionary guidelines set out in the insurance policy, the insurance terms and conditions or other written documentation.

If the policyholder or the party for whose actions the policyholder is liable deliberately or



through negligence that cannot be considered minor fails to follow the precautionary guidelines, compensation may be reduced or denied.

In considering whether the compensation should be reduced or denied, account shall be taken of the extent to which the failure to follow the precautionary guidelines has affected the occurrence or the amount of damage.

**12.2** When taking receipt of goods, the policyholder or the party for whose actions the policyholder is liable must inspect the condition and amount of goods. If any of the goods are damaged or missing, a reservation must be noted in the transportation documentation.

**12.3** Agreements must always be confirmed in writing. This may take place via email. Agreements must contain highly detailed information regarding the extent of the freight forwarder's liability and the freight forwarder's role, meaning that it should be stated whether the freight forwarder is to operate with the liability of a contractual party in accordance with NSAB 2015, with the liability of an agent, or as a warehouse. If the assignment includes retrospective billing for the task (CAD or COD), the freight forwarder must require the client to provide detailed written instructions regarding the terms by which the goods will be handed over, as well as the CAD documentation against which the goods may be handed over. Additional assignments and new additional instructions must also be confirmed in writing.

**12.4** The freight forwarding company must

- Take care of marked reservations and complaints by the deadlines prevailing for each mode of transport
- Ensure that partners are provided with instructions to act in the same way
- Ensure that correct, up-to-date laws, regulations and tariffs are in use and that they are complied with
- take other necessary action without delay to secure the insurance company's right, after compensation has been paid, to demand compensation from the party that is or can be assumed to be liable to indemnify on the basis of the damage.

**12.5** As a warehouse and terminal operator, the freight forwarding company must ensure that the warehouse building and field area are suitable in all regards for the purpose of storing the intended goods. This should be taken to mean the following:

- The warehouse area must be clearly marked
- Third parties must only be able to enter the warehouse area under supervision
- Goods being stored outside must also be protected against moisture affecting them from beneath
- When goods are released, the identity of the person collecting the goods must be verified to ensure that he/she is entitled to receive them
- The loading and unloading equipment must be suitable for handling the freight in question
- The freight is loaded and secured against predictable stresses that may occur during transportation
- When hazardous goods are transported, the following must be taken into consideration:
  - The sender named in the transportation documentation must be the original sender of the goods
  - The documents must be correct
  - Official regulations must be complied with when goods are loaded and stored
  - Freight handlers must be provided with appropriate training

## 13 Differences in terms and conditions

Insofar as these insurance terms and conditions deviate from the general terms and conditions, these insurance terms and conditions shall be applied.

As an exception to Section 30, Subsection 2 of the Insurance Contracts Act and the section in the general terms and conditions regarding the causes of insured events, no compensation shall be paid if loss or damage is caused through gross negligence.

## 14 Special terms and conditions subject to separate agreement

### 14.1 General information about special terms and conditions

If separately agreed with the insurance company, special terms and conditions can be added to freight forwarder's liability insurance. Any special terms and conditions are specified in the insurance policy. Insofar as the special terms and conditions specified in the insurance policy differ from the terms and conditions of freight forwarder's liability insurance (HU4) or the general terms and conditions, the special terms and conditions specified in the insurance policy shall apply.

### 14.2 Special condition HU1.2 temperature-controlled transportation

Deviating from section 7.6 of the terms and conditions of freight forwarder's liability insurance (HU4), if it has been separately agreed and specified in the insurance policy, the insurance cover is also in force when goods are damaged due to a sudden and unexpected technical fault in the heat-regulation equipment of the vehicle or unit during transportation. This does not apply, for example, to cases in which the fuel runs out or solidifies.

Compensation requires that

- A suitable vehicle and container or other transport unit are used for transportation
- The transport equipment has valid ATP classification if food is being transported and the classification is suitable for the transport temperature in question, unless it has been separately agreed and specified otherwise in the insurance policy
- When goods other than food are being transported, the technical and temperature-regulation features and efficiency of the equipment are equivalent to those of ATP-classified equipment
- The heat-regulation device is in appropriate condition at the beginning of transport
- The heat-regulation device has been serviced according to the instructions of the manufacturer or importer and the

measures taken have been recorded in the device-specific service book or log

- After the occurrence of loss or damage, a fault report prepared by the repair shop must be provided to the insurance company, along with one copy of the service book or log, as well as a report on the temperature of the goods when transportation began

For each insured event subject to compensation on the basis of this special condition, the deductible is 10 per cent of the compensable amount of loss and at least EUR 2,000, unless the basic deductible specified in the insurance policy is higher.

### 14.3 Special condition SL5 for subcontractors

If it has been separately agreed and specified in the insurance policy, the insurance also covers the policyholder's obligation to pay compensation when the loss or damage was caused by the policyholder's subcontractor.

Compensation requires that

- The subcontractor is able to carry out the given task
- The subcontractor has presented a valid insurance certificate for liability insurance covering damage to goods being transported or handled (e.g. CMR insurance, forwarder's liability insurance). An insurance certificate must always be requested when the policyholder begins working with a new subcontractor. In addition, the insurance certificates of current subcontractors must not be more than six months old. The timeframe is calculated from the commencement of transport.
- The extent of the subcontractor's insurance (insured amount and compensable damage) corresponds to the policyholder's own insurance
- The subcontractor's insurer must be a well-reputed insurance company.

For loss or damage caused by subcontractors, the policyholder must attach a clarification of the subcontractor's insurance to the notification of damage.



For insured events caused by subcontractors, the maximum compensation payable under this insurance shall correspond to the amount payable under the subcontractor's insurance. If the subcontractor's valid insurance cover is not as extensive as the insurance cover defined in the insurance certificate, or if the insurance cover is not valid at the time of occurrence, compensation is paid in an amount corresponding to the amount that would have been payable under the subcontractor's insurance providing the insurance certificate is less than six months old.

#### **14.4 Special condition SL2.2 Costs of disposing of damaged goods**

If separately agreed upon and stated in the insurance policy, the insurance covers reasonable direct costs incurred in disposing of damaged goods following the occurrence of loss or damage subject to compensation in deviation to Section 7.18 of the terms and conditions of

freight forwarder's insurance (HU4) if the costs have arisen from the following:

- Loading the destroyed goods and transporting them to a waste disposal facility
- Waste disposal fees
- Official supervision fees

Compensation for which the policyholder is liable under law, regulations or agreements

The insurance shall not cover the costs of cleansing polluted soil.

The insurance shall not cover loss, damage or costs for which compensation is paid under other insurance policies.

Unless otherwise specified in the insurance policy, the maximum amount of compensation payable for primary liability on the basis of this condition is EUR 50,000 for each occurrence of loss or damage and EUR 100,000 per insurance period.

In case of any dispute under these terms and conditions the original Finnish wording shall prevail.