

## **Inland Transportation of Cargo in the Middle East**

### **International Union of Marine Insurance**

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**Presentation by Mr. Max Zaccar  
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Lebanese Insurance Companies Association - ACAL**

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#### **-I- Introduction**

I come from one of the loveliest countries in the world, Lebanon. With one of the oldest histories, my country has been cited several times in the Holy Bible as the « land of milk and honey ». Cana, where Jesus Christ performed his first miracle of transforming water into wine, is located in South Lebanon.

The Old as well as the New Testaments are modern history for our ancestors, the Phoenicians, who were the first traders in the world. The Phoenicians were a highly advanced people who invented the first cuneiform alphabet to communicate with their clients. Recent research has revealed that the Phoenicians also invented marine insurance--with all due respect to my British friends and to Mr. Lloyd.

The Phoenicians were considered the 'Sons of the Sea', as all trade was effected by weak embarkations, which had to brave the wrath of the god of the sea YAM. This tradition of adventure and trade has characterized Lebanon ever since. The country is small in size--only 10452 km<sup>2</sup> with 4 million inhabitants - and is surrounded by the Mediterranean Sea on one side and on the other by the very high summits of Mount Lebanon with altitudes that can reach up to 2500m, covered with snow during the winter.

Constant travel and with it expatriation became a way of life in Lebanon. Today there are more Lebanese living abroad than those living in their home country. As a result of expatriation, a broad and rigorous education constitutes an essential part of our lives. Lebanon is presently host to many universities, among which is the famed American University of Beirut, which provide our children with the necessary background to excel everywhere in the world.

A land of conciliation, my country is the melting pot of 17 recognized religious communities hailing from different parts of the Middle Eastern and Mediterranean areas. This model of peaceful cohabitation, though disrupted for some years by a civil war, was recently redeemed as a result of the good will of its people.

I therefore invite every single one of you to experience the hospitality of my country, its culture, as well as the renowned warmth of its people.

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#### **-II- Lebanon as a Crossroads to the Middle East**

With its culture and history of trade, Lebanon has always been at the forefront of commerce in the region.

When the oil boom started in the Gulf region during the 60s, the Gulf countries entered into a race to build as quickly as possible a modern infrastructure from scratch. Not only did our Lebanese businessmen and contractors play a fundamental role in this transformation, our country became the transit center of the Middle Eastern and Gulf ports which alone could not accommodate all the maritime traffic. Much of the cargo was imported through our Lebanese ports and from there forwarded to the different countries of the Middle East. This trade decelerated as a result of the civil war but has gradually picked up since the mid 1990s.

Based on the historical significance of maritime commerce in my home country, my friend Carlo Franchini, chairman of the Cargo Committee, has invited me to introduce the subject of cargo transiting in the Middle East.

I have therefore requested information on cargo land transits in relation to IMPORTS, EXPORTS, INSURANCE CLAUSES, BORDER CONTROLS, TYPE OF CLAIMS, and PERCENTAGE OF THE INLAND MARINE INCOME TO THE TOTAL MARINE INCOME from the following:

1. Eleven Insurance associations in the Arab World
2. Seven Arab and International Reinsurers considered major players in the Middle East
3. Five large insurance companies in the area .
4. Two international marine surveyors with agencies scattered throughout the Middle East
5. Banque Nationale de Paris Intercontinentale, B.N.P.I.

I would like to thank those very few who took the time to reply in full.

I attribute the lack of greater response to the falling marine income of insurance companies and to the fact that it is difficult to separate the land transit premiums and claims from the total marine portfolio.

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### **-III- Cargo transiting by land in the Middle East**

#### **III – A - Types of Cargo**

These include a variety of foodstuffs, vegetables, steel products, household appliances, paper, IT goods, and petrochemicals. This merchandise is composed of either imported fully produced manufactured goods, which are stored in free zones similar to the one of Jebel Ali in the Dubai Emirate, or goods produced by the light industries of the area.

#### **III – B - Conveyance**

Very little merchandise is carried by railway, which is almost reserved to transportation within towns of the same country, an example of which would be the shipping taking place between Dammam and Riyadh in Saudi Arabia. Trucks are used to carry most of the cargos between countries. In fact you can see a picture of the Arab highway starting in Lebanon which will link all major Arab capitals.

### III – C - Insurance Cover

The Middle Eastern markets, with no exception, utilize the Institute Clauses, which are set up as conditions under the treaties.

Surprisingly there are no Institute clauses for cargo by land.

However, most of the markets have adapted the All Risks clauses to their inland risks, as well as a limited coverage clause for damages sustained by the cargo resulting from accidents to the carrying conveyance.

I am enclosing hereafter the insurance clauses adopted in the Lebanese market and which the Lebanese insurance association, ACAL recommended:

Land Transit clauses ACAL dated 1.1.2001

Land Transit All Risks Clause ACAL dated 1.1.2001

These clauses are perfectly acceptable to the local bankers.

### III – D - Land Transit Clauses ACAL dated 1.1.2001

Provides a limited cover for damages resulting from an accident to the carrying conveyance, and is limited to a certain number of perils like the Institute Cargo Clause C.

It will not cover breakage, theft or non-delivery.

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The duration is from warehouse to warehouse and or a maximum of two days after arrival.

The other conditions applying are the same that apply to the Institute clauses.

### III – E - Land Transit all Risks clauses ACAL dated 1.1.2001.

It covers all the risks that the cargo faces. Similarly to the Institute cargo clauses A it does cover malicious damage and piracy.

### III – F- Extensions to war and strike risks

There are no limitations that prevent the insurance of strikes on land as per the Institute Cargo Clauses. However, war on land remains uncovered under the Institute War clauses.

Following the request for war coverage after the Iran versus Iraq war, a pool was established among Arab insurance companies to accept war in general including war on land. The retentions of these companies are reinsured by the war special markets in London and Paris .The name of this pool is the AWRIS, which stands for Arab War Risks Insurance Syndicate. Briefly, members of this pool cede to AWRIS all their war and strikes business risks {by sea, air, and land} to the pool at London rates but with an additional overriding commission of 5%. In counterpart, the members have a prorated share of the results based on the amount of premium ceded.

### III – G - “AWRIS” War and SRCC Inland Transport dated 1.12.99

This is a combined coverage for war and strike risks by land.

It excludes the coverage of:

- 4.1. Confiscation, requisition, pre-emption
- 4.2. Capture, seizure, arrest, restraint or detainment of the subject matter, which has to be insured by the government of the country in which the Assured is domiciled.
- 4.3. Hijacking of the subject matter insured and/or the conveyance.
- 4.4. The transportation of armaments, ammunition or explosives manufactured as such.

The duration of coverage must be clearly mentioned on the schedule of the policy. Cover stops anyway at arrival.

This clause covers shipments by trucks and incidental voyage by sea.

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### III – H - Types of claims

1. Overturning of the carrying trucks due to the speed on long dull large highways account for 25% of the claims.
2. Water damage from flash rains, as most of the time the goods will be carried with a minimal of wrapping in countries where the weather is most of the time hot and dry constitute 30% of the claims.
3. Theft and pilferage are rare and involve small amounts, as the driver is usually held responsible at the time of delivery, constitute 10% of the claims.
4. Other claims such as fire, damaged cargos due to dropping from the trucks, as well as damages caused by customs' inspections at borders due to investigations mainly aimed at forbidden items, such as alcohol or armaments, which are carried out unsympathetically at checkpoints without the adequate equipment, account for 35% of the claims.

### III – I Underwriting results

Overall, results are profitable as one can react very quickly to improve a loss situation. This is quite fortunate, as recoveries are nonexistent for small claims where the will of Allah is always invoked to justify an accident.

### IV - Oil for Food

The office of the Iraq programme (OIP) was founded in October 1997 to implement the Oil for Food programme in Iraq, established by United Nations Security Council resolution 986 in 1995.

This formula is a temporary measure to provide for the humanitarian needs of the Iraqi people following the sanctions imposed against their country in August 1990.

Since 1997, \$38 billions worth of contracts for humanitarian supplies and equipments have been approved. Under the procedure, the Iraqi government prepares a list of humanitarian necessities, which it intends to purchase. This list is then submitted to the secretary-general with a distribution plan. After the approval of the latter, this list is forwarded to all states through their permanent missions.

The government of Iraq eventually directly contracts the purchase and concludes the appropriate arrangements.

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Each application must be forwarded to the office of the Iraq programme (OIP) by the exporting state through their permanent United Nation missions. The application is examined and subsequently an 'approval letter' will be provided to the exporter through the permanent mission of the exporter state.

When the parties concerned have been informed that the exporter is eligible for payment, the central bank of Iraq will request the bank holding the UN/Iraq account to open an irrevocable, non-transferable, non-assignable letter of credit for the account of the Iraqi purchaser in favor of the supplier.

The letter of credit will require as condition of payment the submission of the usual commercial documentation in addition to :

1. the 'approval letter' stating that the exporter is eligible for payment
2. a standardized confirmation by the United Nations of the arrival of the humanitarian supplies in Iraq. Independent inspection agents appointed by the United Nations and stationed at relevant entry points and locations in Iraq confirm this arrival.

#### IV – A - Summary

All exports to Iraq are subject to the supervision of the Office of Iraq Programme (OIP).

Each export of goods shall be at the request of the Iraqi government.

Exporting states will submit all contracts for goods to the OIP.

An approval letter will be issued according to the availability of funds.

The central bank of Iraq requests the B.N.P in New York, which is the only bank that holds the UN/Iraq account, to open to the suppliers bank a letter of credit for the account of the Iraqi purchaser.

All exports are exclusively shipped through the following borders;

- by vessel through the port of Umm Qasr
- by land through;
  - 1. Trebil in Jordan
  - 2. Al Waleed in Syria
  - 3. Zakho in Turkey

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All imports are to be checked and authenticated at the above borders by the independent surveyor Cotecna who has the exclusive right of inspection.<sup>a</sup>

Cotecna issues a certificate of authentication that the cargo has entered the Iraqi borders enabling the payment process to be started after a standardized confirmation of arrival is issued by the OIP.

#### IV – B - Remarks

The letter of credit with B.N.P. is original as it is non-transferable and non-assignable and payable only to the beneficiary's bank.

Payment processes can only start when the cargo has arrived inside Iraq, which implies that any claim or damage, even those caused by war, is borne by the supplier. This is one more reason for the supplier to effect a proper insurance coverage including war and strikes.

#### IV – C - Land Transit to Iraq

Since the Iraqi port of Umm Qasr cannot accommodate all the cargo to Iraq, about 25%, which would represent a yearly turnover of \$2 billion of imports, is shipped by land from all the Arab countries (whether manufactured or imported), but must cross the borders of Trebil, Al-Waleed and Zakho.

Goods are usually shipped to the nearest ports of these cross borders, but might also come by land from locations like Lebanese ports and then via Syria.

These cargos are usually insured against all risks land transit.

Regarding war coverage by land, the AWRIS (Arab War Risks Insurance Syndicate) offers its member companies insurance for war and strikes risks on a case-by-case basis. There are other war arrangements worldwide in particular in the French and English markets.

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#### IV – D - Claims Results

They have been so far excellent, and have thus brought about very strong competition.

The only explanation in my view is that the Iraqis are in such extreme need of these supplies that they do not bother reporting claims.

To my knowledge there are still no independent surveyors inside Iraq, however, at the occurrence of accidents, surveyors can be appointed from one of the neighboring countries.

In addition, Cotecna would issue a report with the list of damaged items at the borders.

Finally, the appointment of the National Insurance Company has been recommended:

Contact :  
 Mr. Mohamad Abbas  
 Tel.: 964 18160730 – 8160738 - 8160699  
 Fax.: 964 1 8161486

The services of the latter company were recommended to our insurance association in Lebanon by the insurance federation of Jordan. Unfortunately, contacts by phone and fax have proved to be difficult in the past .

#### IV – E - Overall results

No failures have been reported for the settlement of cargos.

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### (For Use Only With The New Marine Policy Form)

## LAND TRANSIT CLAUSES

#### RISKS COVERED

This insurance covers, except as provided in Clauses 2.3,4 and 5 below.

- LI Loss of or damage to the subject-matter insured reasonably attributable to
  - 1.1.1 Fire (including self ignition, including internal explosion of the conveyance) and lightning
  - 1.1.2 Flood(meaning rise of navigable waters)
  - 1.1.3 Cyclone, Tornado, Windstorm, Hailstorm, Earthquake, Landslide and/or Volcanic Eruption
  - 1.1.4 Collision (i.e. accidental collision of the conveyance with any other vehicle or object)
  - 1.1.5 Overturn of the conveyance
  - 1.1.6 Collapse of bridge or culvert
  - 1.7 Stranding, sinking, burning and/or collision of any regular ferry
  - 1.1.8 Derailment

#### EXCLUSIONS

- 2 In no case shall this insurance cover
  - 2.1 loss damage or expense attributable to wilful misconduct of the Assured
  - 2.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
  - 2.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this Clause 2.3 "packing" shall be deemed to include stowage in a container or liftvan hut only when such stowage is carried out prior to attachment of this insurance or by the Assured or their servants)
  - 2.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured
  - 2.5 loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against
  - 2.6 loss damage or expense arising from insolvency or financial default of the owners managers or operators of the conveyance.
  - 2.7 deliberate damage to or deliberate destruction of the subject-matter insured or any part thereof by the wrongful act of any person or persons;
  - 2.8 loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- 3 In no case shall this insurance cover loss damage or expense arising from
  - unfitness of vessel conveyance container or liftvan for the safe carriage of the subject-matter Insured, where the Assured or their servants are privy to such unfitness, **at** the time the subject-matter insured is loaded therein.
- 4 In no case shall this insurance cover Loss damage or expense caused by
  - 4.1 war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power
  - 4.2 capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat
  - 4.3 derelict mines, torpedoes, bombs or other derelict weapons of war.
- 5 In no case shall this insurance cover Loss damage or expense
  - 5.1 caused by strikers, locked-out workmen, or persons taking part in Labour disturbances, riots or civil commotions
  - 5.2 resulting from strikes, lock-outs, labour disturbances, riots or civil commotions
  - 5.3 caused by any terrorist or any person acting from a political motive.

#### DURATION

- 6 6.1 This insurance attaches from the time the subject-matter insured leaves the warehouse, premises or place of

storage at the place named herein for the commencement of the transit continues during the ordinary course of transit and terminates either

6.1.1 on delivery to the Consignees' or other final warehouse, premises or place of storage at the destination named herein,

6.1.2 on delivery to any other warehouse, premises or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either

6.1.2.1 for storage other than in the ordinary course of transit or

6.1.2.2 for allocation or distribution

or

6.1.3 on the expiry of two days after arrival of the land conveyance at the final place of destination, whichever shall first occur

The risk of transshipment at junctions is included

- 7 If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a port or place other than the destination named therein or the transit is otherwise terminated before delivery of the goods as provided for in clause 6 above, then this insurance shall also terminate unless prompt notice is given to the Underwriters and continuation of cover is requested when the insurance shall remain in Force, subject to an additional premium if required by





**ACAL 1.1.2001**

7.1 until the goods are sold and delivered at such port or place, or, unless otherwise specially agreed, until the expiry of 60 days after arrival of the goods hereby insured at such port or place, which shall first occur.  
or

7.2 If the goods are forwarded within the said period of 60 days (or any agreed extension thereof) to the destination named herein or to any other destination, until termination in accordance with the provisions of Clause 6 above.

8 Where, after attachment of this insurance, the destination is changed by the Assured, held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters.

**CLAIMS**

9 9.1 In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss

9.2 Subject to 9.1 above, the Assured shall be entitled to recover for insured losses occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded,

unless the Assured were aware of the loss and the Underwriters were not.

10 Where as a result of the operation of a risk covered by this insurance, the insured transit is terminated at a port or place other than that to which the subject-matter is covered under this insurance, the Underwriters will reimburse the Assured 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.

This clause 10, shall be subject to the exclusions contained in clauses 2,3,4 and 5 above, and shall not include charges arising from the fault, negligence, insolvency or financial default of the Assured or their servants.

11 No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual total Loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject-matter to the destination to which it is insured would exceed its value on arrival.

12 12.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased to the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

12.2 Where this insurance is on Increased Value the following clause shall apply:

The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

**BENEFIT OF INSURANCE**

13 This insurance shall not inure to the benefit of the carrier or other bailee.

**MINIMISING LOSSES**

14 It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

14.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss, and

14.2 to ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised and the

Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

15 Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

**AVOIDANCE OF DELAY**

or

**ACAL 1.1.2001**

L6 It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

**LAW AND PRACTICE**

17 This insurance is subject to English Law and Practice.

NOTE: It is necessary for the Assured when they become aware of an event which is "Held Covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.

**(For Use Only With The New Marine Policy Form)**  
**LAND TRANSIT ALL RISKS CLAUSES**

**RISKS COVERED**

This insurance covers all risks of loss of or damage to the subject-matter insured except as provided in Clauses 2,3,4 and 5 below.

**EXCLUSIONS**

- 2 In no case shall this insurance cover
  - 2.1 loss damage or expense attributable to wilful misconduct of the Assured
  - 2.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured
  - 2.3 loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this Clause 2.3 "packing" shall be deemed to include stowage in a container or liftvan but only when such stowage is carried out prior to attachment of this insurance or by the Assured or their servants)
  - 2.4 loss damage or expense caused by inherent vice or nature of the subject-matter insured
  - 2.5 loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against
  - 2.6 loss damage or expense arising from insolvency or financial default of the owners managers or operators of the conveyance.
  - 2.7 loss damage or expense arising from the use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- 3 In no case shall this insurance cover loss damage or expense arising from  

unfitness of conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Insured are privy to such unfitness, at the time the subject-matter insured is loaded therein.
- 4 In no case shall this insurance cover loss damage or expense caused by
  - 4.1 war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power
  - 4.2 capture, seizure, arrest, restraint or detainment (piracy excepted) and the consequences thereof or any attempt thereat
  - 4.3 derelict mines, torpedoes, bombs or other derelict weapons of war.
- 5 In no case shall this insurance cover loss damage or expense
  - 5.1 caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
  - 5.2 resulting from strikes, lock-outs, labour disturbances, riots or civil commotions
  - 5.3 caused by any terrorist or any person acting from a political motive.

**DURATION**

- 6 6.1 This insurance attaches from the time the subject-matter insured leaves the warehouse, premises or place of storage at the place named herein for the commencement of the transit, continues during the ordinary course of  

transit and terminates either

  - 6.1.1 on delivery to the Consignees' or other final warehouse, premises or place of storage at the destination named herein,
  - 6.1.2 on delivery to any other warehouse, premises or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either
    - 6.1.2.1 for storage other than in the ordinary course of transit or
    - 6.1.2.2 for allocation or distribution or
  - 6.1.3 on the expiry of two days after arrival of the land conveyance at the final place of destination, whichever shall first occur

The risk of transshipment at junctions is included

- 7 If owing to circumstances beyond the control of the Assured either the contract of carriage is terminated at a port or  
or

**ACAL 1.1.2001**

place other than the destination named therein or the transit is otherwise terminated before delivery of the goods as provided for in clause 6 above, then this insurance shall also terminate unless/prompt notice is given to the Underwriters and continuation of cover is requested when the insurance shall remain it force, subject to an additional premium if required by the Underwriters, either

- 7.1 until the goods are sold and delivered at such port or place, or, unless otherwise specially agreed, until the expiry of 60 days after the arrival of the goods hereby insured at such port or place.  
which shall first occur.

**ACAL 1.1.2001**

or

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7.2 if the goods are forwarded within the said period of 60 days (or any agreed extension thereof) to the destination named herein or to any other destination, until termination in accordance with the provisions of Clause 6 above.

8 Where, after the attachment of this insurance, the destination is changed by the Assured, held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Underwriters.

#### CLAIMS

9.1 In order to recover under this insurance the Assured must have an insurable interest at the time of the loss

9.2 Subject to 9.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded, unless the Assured were aware of the loss and the Underwriters were not.

10 Where as a result of the operation of a risk covered by this insurance, the insured transit is terminated at a port or place other than that to which the subject-matter is covered under this insurance, the Underwriters will reimburse the Assured 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.

This clause JO, shall be subject to the exclusions contained in clauses 2,3,4 and 5 above, and shall not include charges arising, from the fault, negligence, insolvency or financial default of the Assured or their servants.

11 No claim for Constructive Total Loss shall be recoverable hereunder unless the subject-matter insured is reasonably abandoned either on account of its actual total loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject-matter to the destination to which it is insured would exceed its value on arrival.

12 No claim for theft shall be recoverable hereunder unless such theft was caused by forcible and/or violent entry into and/or exit from the carrying conveyance.

13.1 If any Increased Value insurance is effected by the Assured on the cargo insured herein the agreed value of the cargo shall be deemed to be increased tri the total amount insured under this insurance and all Increased Value insurances covering the loss, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the Underwriters with evidence of the amounts insured under all other insurances.

13.2 Where this insurance is on Increased Value the following clause shall apply:

The agreed value of the cargo shall be deemed to be equal to the total amount insured under the primary insurance and all Increased Value insurances covering the loss and effected on the. cargo by the Assured, and liability under this insurance shall be in such proportion as the sum insured herein bears to such total amount insured.

In the event of claim the Assured shall provide the underwriters with evidence of the amounts insured under all other insurances.

#### BENEFIT OF INSURANCE

14 This insurance shall not inure to the benefit of the carrier or other bailee.

#### MINIMISING LOSSES

15 It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder

15.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss, and

15.2 to ensure that all rights against carriers, hailees or other third parties are properly preserved and exercised and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

#### AVOIDANCE OF DELAY

16 It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their or

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control.

## LAW AND PRACTICE

17 This insurance is subject to English Law and Practice.

NOTE: It is necessary for the Assured when they become aware of an event which is "Held Covered" under this insurance to give prompt notice to the Underwriters and the right to such cover is dependent upon compliance with this obligation.

or



AWBIS CARGO CLAUSES  
WAR AM) S.R.&C.C . INLAND TRANSPORT

### RISKS COVERED

1. This insurance COVERS, except as provided in Clauses 3,4 and 5 below, loss of or damage to the subject matter insured caused by
  - 1.1 war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power
  - 1.2 capture, seizure, arrest, restraint or detainment arising from risks covered under 1.1 above, and the consequences thereof or any attempt thereat
  - 1.3 derelict mines, missiles, bombs or other derelict weapons of war
  - 1.4 strikers, locked-out workmen or persons taking part in labour disturbances, riots or civil commotions
  - 1.5 any terrorist or any person acting from a political motive.
2. This insurance covers recovery and/or repair costs (limited to the sums insured hereunder) adjusted or determined according to the contract of carriage and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from a risk covered under these clauses.

### EXCLUSIONS

3. In no case shall this insurance cover
  - 3.1 loss, damage or expense attributable to wilful misconduct of the Assured
  - 3.2 ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject matter insured
  - 3.3 loss, damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject matter insured (for the purpose of this Clause 3.3 "packing" shall be deemed to include stowage in a container or liftvan but only when such stowage is carried out prior to attachment of this insurance or by the Assured or their servants
  - 3.4 loss, damage or expense caused by inherent vice or nature of the subject matter insured
  - 3.5 loss, damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above)
  - 3.6 loss, damage or expense arising from insolvency or financial default of the owners, managers, hirers or operators of the conveyance
  - 3.7 arty claim based upon loss of or frustration of the transit and/or adventure
  - 3.8 loss, damage or expense arising from any hostile use of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
  - 3.9 loss, damage or expense arising from the absence, shortage or withholding of labour of any description whatsoever resulting from any strike, lockout, labour disturbance, riot or civil commotion,
4. In no case shall this insurance cover loss, damage or expense arising from
  - 4.1 confiscation, requisition, pre-emption
  - 4.2 capture, seizure, arrest, restraint or detainment of the subject matter insured by the Government of the Country in which the Assured is domiciled
  - 4.3 hijacking of the subject matter insured and/or the conveyance
  - 4.4 the carriage by the conveyance of arms, ammunition or explosives manufactured as such.
5. 5.1 In no case shall this insurance cover loss, damage or expense arising from:
  - unroadworthiness of truck, lorry, tractor, trailer, or similar conveyance.
  - unfitness of truck, lorry, tractor, trailer, conveyance, container or liftvan for the safe carriage of the subject matter insured, where the Assured or their servants are privy to such unroadworthiness or unfitness, at the time the subject matter insured is loaded therein.
- 5.2 It is warranted that the truck, lorry, tractor, trailer or similar conveyance is roadworthy and that the truck, lorry, tractor, trailer, conveyance, container or liftvan is fit to carry the subject matter insured to destination. However, the Insurers waive any breach of this warranty unless the Assured or their servants are privy to such unroadworthiness or unfitness

### DURATION

6. 6.1 This insurance attaches from the time the subject matter insured and as to any part as that pan leaves the warehouse, premises or place of storage at the place named herein for the commencement of the land transit and continues during the ordinary course of transit and terminates either
  - 6.1.1 on delivery to the consignees or other final warehouse, premises or place of storage at the destination named herein or
  - 6.1.2 on delivery to any other warehouse, premises or place of storage, whether prior to or at the destination named herein, which the Assured elects to use either
    - 6.1.2.1 for storage other than in the ordinary course of transit
      - or
      - 6.1.2.2 for allocation or distribution
- 6.2 If the departure from the warehouse, premises or place of storage at the place named herein for the commencement of the transit has been delayed beyond the time stated when the insurance was effected, the Assured shall inform the Insurers of such delay as soon as he becomes aware thereof Where an increase of the risk has occurred prior to the departure, the Insurers shall be entitled to an increase of premium corresponding to the increase of the risk.
- 6.3 This insurance shall remain in force (subject to termination as provided for above and to the provisions of Clause 7 below) during delay beyond the control of the Assured, any diversion, forced unloading, reshipment or transshipment and during any variation of the transit arising from the exercise of a liberty granted to carriers or other bailees or forwarding agents under the contract of carriage.

or

6.4 For the purpose of this Clause 6, land transit shall be deemed to include any waterborne crossing not exceeding 15 kilometers of any waterways, channels or straits en route provided that no other insurance policy is or shall be effected to cover any such waterborne crossing.

If any other insurance policy has been, is, or shall be effected covering any or all of the perils enumerated in Causes 1.4 and 15 for part or all of the transit covered hereunder, then coverage hereunder in respect of those perils insured elsewhere only to attach. (subject always to Clauses 6.1 and 6.2 above) as and provided that coverage ceases under such other policy.

7. If, owing to circumstances beyond the control of the Assured, either the contract of carriage is terminated at a place other than the destination named therein, or the transit is otherwise terminated before delivery of the goods as provided for in Clause 6 above, held covered for a maximum of 144 hours after arrival at such place of termination at a premium and on conditions to be arranged, subject to prompt notice being given to insurers. Thereafter, if continuation of cover is requested, the insurance shall remain in force, on the same conditions as may have been agreed for the "held covered" period. subject to an additional premium if required by Insurers, either
  - 7.1 until the goods are sold and delivered at such place or until the expiry of 14 days (and thereafter one further period of up to 14 days if requested by the Assured and agreed by Insurers subject to a further additional premium if required) after arrival of the goods hereby insured at such place whichever shall first occur
  - or
  - 7.2 if within the said period of 14 days (or within any further period in so far as such further period may have been agreed within the terms of 7.1 above) the goods are either returned to the place named herein for the commencement of the transit or forwarded to the destination named herein, or to any other destination, until terminated in accordance with the provisions of Clause 6 above.
8. For the purposes of Clauses 6 and 7 above, delivery is defined as the time of signing of the delivery note (or similar document) or on the expiry of 24 hours after arrival at the point of destination named herein or at such time as the subject matter insured and as to any part as that part is loaded on/in any aircraft and/or any waterborne vessel or craft and/or any railway rolling stock, whichever is the earlier.
9. Where, after attachment of this insurance, the destination is changed by the Assured, held covered at a premium and on conditions to be arranged subject to prompt notice being given to the Insurers.



#### BASIS OF VALUATION

10. 10.1 The insurable value of cargo is, unless otherwise expressly agreed, the value of the goods at the place where the liability of the insurers attaches with the addition of: freight and other costs of carriage at the risk of the cargo owner, costs of insurance, 10% profit calculated on the sum of all items mentioned above.
- 10.2 The value of the goods shall be calculated on the basis of the price stated in the invoice covering the goods, unless it is agreed that some other basis of calculation shall be used.

#### CLAIMS

11. 11.1 In order to recover under this insurance the Assured must have an insurable interest in the subject matter at the time of the loss.
- 11.2 Subject so 11.1 above, the Assured shall be entitled to recover for insured loss occurring during the period covered by this insurance, notwithstanding that the loss occurred before the contract of insurance was concluded unless the Assured was aware of the loss and the Insurers were not.
12. 12.1 When loss or damage is imminent or has occurred, the Assured shall immediately notify the Insurers or the Avenge Agent named.
- 12.2 On receiving information that any measure mentioned in Clause 1.2 above has been taken against the insured goods, and/or against the conveyance, the Assured shall give notice to the Insurers.
13. 13.1 Where, as a result of the operation of a risk covered by this insurance, the insured transit is terminated at a place other than that to which the subject matter is covered under this insurance, the insurers will reimburse the Assured for any extra charges properly and reasonably incurred in unloading, storing and either forwarding the subject matter to the destination to which it is insured hereunder, or returning the subject matter to the place named herein for the commencement of the transit.
- 13.2 In any event the amount recoverable under Clause 13.1 shall not exceed 50% of the sum insured hereunder.
- 13.3 This Clause 13, which does not apply to expenses in Clause 2, shall be subject to the exclusions contained in Causes 3, 4 and 5 above, and shall not include charges arising from the fault, negligence, insolvency or financial default of the Assured or their servants,
14. No claim for Constructive Total Loss shall be recoverable hereunder unless the subject matter insured is reasonably abandoned, either on account of its actual total loss appearing to be unavoidable or because the cost of recovering, reconditioning and forwarding the subject matter to the destination to which it is insured would exceed its value on arrival.

#### BENEFIT OF INSURANCE

15. This insurance shall not insure to the benefit of the carrier or other bailee.

#### ADDITIONAL INSURANCES

16. Warranted that in respect of land war and strikes, riots and civil commotions risks no increased value insurance or any other insurance P.P.I., F.I.A., or subject to any other like term is, or shall be, effected to operate during the duration of this policy, by or for account of the Assured without prior agreement of Insurers.

#### MINIMISING LOSSES

17. It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder
- 17.1 to take such measures as may be reasonable for the purpose of averting or minimising such loss and
- 17.2 to ensure that all rights against carriers, bailees, or other third parties are properly preserved and exercised, and the Insurers will, in addition to any loss recoverable hereunder, reimburse the Assured up to the sum insured hereunder for any charges properly and reasonably incurred in pursuance of these duties.
18. Measures taken by the Assured or the Insurers with the object of saving, protecting or recovering the subject matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

#### AVOIDANCE OF DELAY

19. It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control.

#### ARBITRATION

20. If any dispute shall arise between the Assured and the Insurers with reference to the interpretation of this policy, the dispute shall be submitted to the decision of two arbitrators, one to be chosen by each party, and in the event of

the arbitrators failing to agree, to the decision of an umpire to be chosen by the arbitrators before entering upon the reference. If either of the parties fails to appoint an arbitrator within one month after being required by the other party in writing to do so or if the arbitrators fail to appoint an umpire within one month of their nomination, such arbitrators or umpire as the case may be shall at the request of either party be appointed by the Chairman of the International Chamber of Commerce. The arbitrators and umpire are relieved from all judicial formalities and may abstain from following the strict rules of law. They shall settle any dispute under this policy according to an equitable rather than a strictly legal interpretation of its terms, and their decision shall be final. The costs of the arbitration and award shall be paid as the arbitrators and umpire may direct. The arbitration shall be delivered in

#### AUTOMATIC TERMINATION

21. Cover hereunder shall terminate automatically

21.1 upon the occurrence of any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter, wheresoever or whensoever such detonation may occur, whether or not the insured cargoes may be involved, and this insurance excludes loss, damage or expense arising from such occurrence

21.2 upon the outbreak of war (whether there be a declaration of war or not):

21.2.1 between any of the following countries:

United Kingdom, United States of America, France,  
the Russian Federation, the Peoples Republic of China

or

21.2.2 between any of the countries in 21.2.1 and the country of domicile of the Assured.

and this insurance excludes loss, damage or expense arising from such outbreak of war

21.3 in the event of the subject matter insured being requisitioned either for title or use, or in the event of the conveyance being requisitioned for title or use in circumstances where the subject matter insured is not unloaded therefrom.

22. This Insurance shall not become effective, if, prior to the Intended time of Its attachment, there has occurred any event which would have automatically terminated this Insurance under the provisions of Clause 21 above had this Insurance attached prior to such occurrence.

#### METHOD OF TRANSPORTATION

23. It is warranted that the subject matter insured is not conveyed within the duration of this policy by air or by sea (except as provided for in Clause 6.4) or by rail other than within the confines of any port, terminal, park or other storage area.

*NOTE:- It is necessary for the Assured, when they become aware of an event which is 'held covered' under this insurance, to give prompt notice to Insurers and the right to such cover is dependent upon compliance with this obligation*

1/12/99

UNITED NATIONS



NATIONS UNIES

SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990)  
CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT

27 November 2000

Sir,

In reply to your communication dated 09/11/2000 (S / AC.25 / 2000 / 986 / Comm.702452 / Ext.1, ref. 1184/00), I have the honour to inform you that the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait has been duly notified of the intention to send the following shipment of supplies through the border crossing point/port of Al Walid to Iraq.

See the attached notification/request to ship goods

The exporter is eligible for payment from the Iraq account as the financing arrangements specified in your communication appear to be consistent with the procedures adopted by the Committee pursuant to Security Council resolution 986 (1995).

It is hereby stipulated that the goods to be supplied shall be delivered within the time defined by the contract.

Accept, Sir, the assurances of my highest consideration.

Jagdish D. Koonjul  
Acting Chairman

Security Council Committee established by resolution 661(1990)  
concerning the situation between Iraq and Kuwait

His Excellency  
Mr. Selim Tadmoury  
Ambassador Extraordinary and Plenipotentiary  
Permanent Representative of Lebanon to the United Nations  
New York, NY

Date of issuance:	06 DECEMBER 2000
Not valid after:	04 DECEMBER 2002
Issuing officer:	<i>[Signature]</i>

**REPORT CONCERNING REQUEST TO SHIP GOODS TO IRAQ IN ACCORDANCE WITH RESOLUTIONS 986 (1995) & 1284 (1999)**

**MISSION:** LEBANON

**EXPORTER:**

**RECEIVING COMPANY:**

**GOODS:** 100 KVA GENERATORS SETS

.....  
This application has been examined to determine its conformity with the provisions of paragraphs 17 and 25 of Security Council resolution 1284 (1999) and all related procedures and guidelines. In addition the application has been examined, taking into account paragraphs 32 and 33 of the Procedures of the Security Council Committee established by Resolution 661 (1990) concerning the situation between Iraq and Kuwait in the discharge of its responsibilities as requested by paragraph 12 of Security Council Resolution 986 (1995). Specifically, the application has been examined to establish whether the price and value are credible; whether the items to be exported are in the distribution plan annexes; whether all relevant details have been submitted with the application; and whether the application includes items which are included in the list to which the export/import mechanism approved by resolution 1051 (1996) applies.  
.....

**SCR 1284 (1999):**

The application has been examined in accordance with paragraph 25 of Security Council resolution 1284 (1999) and the goods are not included in the list to which the export/import mechanism approved by Security Council resolution 1051 (1996) applies

**GOODS ON THE DISTRIBUTION PLAN :** Yes, and are within the amounts requested.

**PRICING :** The item price and value have been examined as per paragraph 33 of S/1996/636 and appear reasonable and acceptable.

**COMMENT :** This contract is for the supply of 20 100KVA Generator Sets and the end user is the State Company for implementation of Transport and Communications projects in 15 Governorates.

**DATE OF CUSTOMS OFFICER'S REPORT:** 28.06.00

**DATE SUBMITTED FOR CIRCULATION:** 05.07.00

Reporting Officer: Maurizio Zuccone

Check Officer : Verna Kulik

1/12/99

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