

# 2021-2022

## INSURANCE TERMS AND CONDITION OF LANDBRIDGE LLC



# INSURANCE TERMS AND CONDITION

## 1. GENERAL PROVISIONS

The terms and conditions are offered in accordance with the insurance contract concluded between “Landbridge” LLC and the Insurer and protects against the risk of cargo and goods transported through Landbridge LLC.

## 2. INSURER

Khaan Daatgal LLC

## 3. INSURED

Legal entity or individual concluding the policy.

## 4. INSURANCE ITEMS

Cargo and goods being transported.

## 5. INSURANCE PERIOD

The insurance must be valid for cargo shipped between 00:00 on November 1, 2021 to 23:59 on October 31, 2022

## 6. INSURANCE LOSS ASSESSMENT

The sum of the amount of invoice cleared through the Customs and the transport cost per damaged cargo.

## 7. SUB-LIMIT

The maximum amount of compensation for one-time transportation or one case is 2,000,000,000 MNT.

## 8. DEDUCTIBLE

The amount of deductible of the Insured shall be 10% or a maximum of MNT 10,000,000 (ten million) and shall be deducted from the one-time compensation;

## 9. FREIGHT FORWARDER’S LIABILITY

- 9.1 Loss of re-transportation of the client's cargo and organizational cost, storage costs related to transportation due to accidental actions or omissions of the freight forwarder's authorized staff while providing the “Freight forwarding service” to the client;
- 9.2 Loss occurred during the process of the Customs clearance provided by the freight forwarder's principal employee;
- 9.3 Loss associated with the customer's cargo by inadvertently failing to load, unload or deliver the cargo at the customs bonded area by the freight forwarder’s principal employee;
- 9.4 Risks due to traffic accidents during delivery from the Customs bonded area to the customer's delivery address by the freight forwarder's own or contracted carrier or vehicle;

9.5 Loss associated with the customer's goods due to accidental negligence in the export transportation organized by the principal employee of the freight forwarder due to substandard loading, unloading, lashing, securing of the goods in the customs control area and warehouse;

9.6 There are risks such as compensation for damages and loss of goods if the customer's cargo is confiscated due to the negligent act of the principal employee and the incorrect processing of the shipping price;

## 10. RIGHTS AND OBLIGATIONS OF INSURED

10.1 As soon as insured event occurred, the insurer shall be notified immediately or within 24 hours (99905892, 94994030, 75757588) and the contract and insurance documents shall be submitted to the insurer in full compliance with the law and handed over within 14 calendar days from the date of the insured event.

10.2 In order to accurately determine the causes and amount of damage caused by the insured event, to be inspected by relevant professional organizations such as law enforcement agencies, police, fire department, hospital, and external evaluation organization and to issue acts and conclusions;

10.3 If the Insured appoints an expert due to an insured event on his / her own initiative, the Insured shall be responsible for reimbursing the related expenses.

10.4 The Insured shall immediately notify the Insurer about the known circumstances that may endanger or affect the occurrence of the insured event, as well as new circumstances that have arisen since the conclusion of the contract, changes in the risk environment, and possible conditions for the occurrence of the insured event.

10.5 As soon as insured event occurred, take immediate action to remove, preserve and reduce the damage to the insured item.

10.6 If the Insured wants to be insured on terms other than the general insurance contract term, the Insured shall conclude a new one-time insurance contract in consultation with the Insurer.



## 11. RIGHTS AND OBLIGATIONS OF INSURER

- 11.1 Visit the site if necessary or mandatory to ensure the safety and security of the insured item;
- 11.2 If the Insured intentionally increases the risk, the Insurer shall propose to the other party to terminate the contract;
- 11.3 Require the Insured to provide all necessary or mandatory information related to the case;
- 11.4 If the Insured falsifies or submits evidence for the purpose of receiving an insurance claim, the Insurer shall terminate the contract and transfer the document to a legal body for criminal liability;
- 11.5 In the insured event, to investigate the causes and conditions, to have it inspected by the competent authority, and to request the necessary information from the Insured;

## 12. INSURANCE PERILS

- 12.1 Sailing on shoal, stucking, sinking, overturning of the ship or any similar event;
- 12.2 Overturning or rollover of the land transport vehicles;
- 12.3 Collision of ships or other means of transport;
- 12.4 Collision with any other objects except for the means of transport (with the exception of water transport);
- 12.5 Forced unloading at airports;
- 12.6 Fire and explosion;
- 12.7 Earthquakes, volcanic eruptions and lightning strikes, floods, hurricanes, and heavy hail;
- 12.8 Malicious acts of the third persons;
- 12.9 Thefts and pilferage (partial or complete theft of goods);
- 12.10 General average;
- 12.11 Forced throwing overboard of vessel/ship (Jettison);
- 12.12 Washing off from the deck;
- 12.13 Piracy;
- 12.14 Water penetration into the ship, place of storage, container, or any other transportation unit;
- 12.15 Loss at loading and unloading of cargo, goods (Partial or complete loss of cargo, goods);
- 12.16 Any other physical risks of cargo loss or damage not defined on above terms and conditions;

## 13. SPECIAL TERMS OF COMPENSATION

- 13.1 In the event of a total loss: The compensation will be provided based on the cost of the insured cargo/goods and the freight cost.
- 13.2 In the event of a partial loss: Compensation is determined as a percentage of the total insurance value of the accident caused by the insured item.
- 13.3 If the entire insured item is stolen and not delivered to its final destination within the time specified in the contract and is not found within 60 days, the full compensation shall be determined as the total loss.
- 13.4 The cost of reimbursing the insured item without agreement with the insurer shall not serve as a basis for determining the amount of compensation.
- 13.5 If the Insurer considers that the Insured item is completely destroyed and pays the insurance compensation to the Insured, the ownership right of the destroyed insured item shall be transferred to the Insurer.
- 13.6 The compensation officer shall receive the compensation documents in full and issue them within 15 working days from the date of making the relevant documents in the amount agreed in this policy. If the Insurer needs to collect additional information during the review of the documents requesting insurance compensation and to have it checked by the state authorities, this period may be extended in consultation with the Insured.
- 13.7 If the case related to insurance compensation is being reviewed by the state administrative body or is being considered by the court, the period may be extended in accordance with the process.
- 13.8 If the Insurer pays the indemnity after the occurrence of the insured event, the right of the insured to claim from the guilty party shall be transferred to the Insurer in the amount of the compensation paid and the related expenses.
- 13.9 Insurance compensation shall be paid to the Insured in accordance with the relevant procedures, and if it is determined that the Insured has compensated by the guilty party, the Insured shall reimburse the Insurer in full without dispute.
- 13.10 If the Insurer's liability is insured in whole or in part by another insurance policy, the compensation shall be calculated as a percentage of the insurer's liability limits as a sum of the maximum liability limits of all valid insurance policy.
- 13.11 In all cases, the compensation will be included in the insurance assessment and will be paid on a policy basis. From the amount of compensation which is decided to be paid, the CIT will be deducted from the 10 percent tax specified in the Law.

- 13.12 The cost of the remaining part of the insurance item that can be used shall be deducted from the estimated compensation. Alternatively, the remainder of the insured item is the property of the Insurer. The Insured shall be obliged to transfer the remaining part of the insured item to the Insurer and the Insured shall not be responsible for the expenses until the transfer.
- 13.13 The maximum one-time compensation shall be MNT 5,000,000 (five million) during the term of this agreement, for the loading, unloading, lashing, securing damage of small cargoes such as LCL/LTL/AIR/AIR combined shipments;

#### 14. NON-INSURED TERMS, CONDITIONS

*Conditions related to the insured's below actions:*

- 14.1 Insured items transported, stored in non-purpose, unsuitable vehicles, as well as in non-designated containers, boxes and warehouses;
- 14.2 Damage caused by transportation of products regardless of time, temperature and seasonal characteristics, or transportation of unused special containers and vehicles, as well as negligence of the relevant documents of the cargo and failure to perform customs clearance;
- 14.3 If the Insured fails to fulfill his / her obligations under the insurance contract and relevant legislation;
- 14.4 Damage caused to the cargo due to intentional or negligent actions or omissions of the Insured and his / her employee;

*Conditions related to features of the insure item and its packaging:*

- 14.5 Normal depreciation, evaporation, loss and weight loss of the insurance item;
- 14.6 Self-destruction and loss of character of the insurance item without external influence;
- 14.7 Storage mode loss, expiration, production damage or defect of the insurance item;
- 14.8 Damage to the product packaging label, protective and packaging protected from external influences;
- 14.9 In case of damage to the insured item due to damage to the packaging protected from external influences for the purpose of protection and transportation of the insured item due to non- insurance event;

*Conditions related to the carrier and overall transportation*

- 14.10 Delays in transportation, damages caused by them, insolvency and financial difficulties of the carrier that may delay the transportation process;

- 14.11 Damage caused by non-compliance with the laws and regulations of the country and international traffic and international treaties and conventions related to the vehicle being transported;
- 14.12 All types of fines, interest and penalties related to the costs and expenses in case of storage costs due to the fault of the Insured's employee;
- 14.13 Transported regardless of the time, temperature or seasonality of the product or did not use special purpose vehicles or containers, transported conflicting cargoes and products together, used special purpose vehicles but did not meet the above conditions, did not follow manufacturer's instructions and warnings. Damage caused by transportation of products that do not meet Mongolian and international standards for transportation, shutdown of vehicles, negligence of relevant cargo documents and failure to perform customs clearance;

*Conditions related to societal circumstances*

- 14.14 Wars, riots, protests, terrorist acts, strikes, kidnappings, detentions, imprisonment, and piracy (piracy is not covered under condition A);
- 14.15 Direct and indirect damage and costs due to the use of torpedoes, explosive charges, bombs and war-torn weapons, as well as nuclear and nuclear fission, compounds and similar reactions, and the use of radioactive weapons and equipment;
- 14.16 Damage caused by seizure, confiscation, transfer to state property, confiscation or transfer by court decision;

*Conditions related to special circumstances*

- 14.17 Damage due to electronic and mechanical damage, as well as damage due to uninsured risk;

*Conditions related to geographical circumstances*

- 14.18 Damage caused to or transit of any goods transported or transported to or from the following regions or countries;
- 14.19 East Africa, West Africa, Central Africa, South Africa;
- 14.20 Countries listed by the Joint Cargo Committee (JCC) as having high, very high, very high, severe, extreme risk;

*Other conditions*

- 14.21 Third party political, ideological, religious or violent acts;
- 14.22 Damage to the environment, to the vehicle being transported and to a third party;
- 14.23 Unless otherwise provided in the contract, damage caused by change of the permitted location of the insurance item, pledge, lease, loan, and use of others;

- 14.24 Economic damage caused by the insured event;
- 14.25 The cost of repairing the insured item exceeds the cost of the item;
- 14.26 All taxes, fees and VAT paid or payable in connection with customs operations are not subject to insurance risk and will not be reimbursed. However, in case of complete destruction of the cargo and payment of the above customs duties and taxes in connection with the necessary rescue, the insurer must be consulted, and the Insurer shall not reimburse the relevant expenses if the transaction is not made and paid without the consent of the Insurer.
- 14.27 In case of storage costs due to the fault of the Insured and his / her employees, all kinds of fines, interest, penalties and any damage to the cargo related to the costs and expenses;
- 14.28 Incomplete shipment from the consignor, incomplete shipment during transshipment, changes in the packaging and seals of the original sender, and in case of damage to the cargo, its consequences;
- 14.29 Instructions, warnings and related instructions issued by the manufacturer and the carrier for non-compliance with standards and regulations related to the transportation of goods, non-compliant containers, vehicles, packaging of goods, containers for protection and transportation, and cargo fasteners shall be Mongolian and international. Damage caused by non-compliance with the requirements of the contract and standards;
- 14.30 If the insured fails to fulfill his / her obligations under this contract, no compensation shall be paid;
- 14.31 The Freight Forwarder shall not be liable for all risks and damages arising from the shipment and fastening of the consignor in the case of a closed container, a closed cab truck or a cargo transported by a closed vehicle.

## 15. UNINSURED CARGO

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### *Foreign freight insurance*

- 15.1 All types of liability insurance;
- 15.2 Banknotes, currencies, stocks, and bonds;
- 15.3 Pets and wild animals;
- 15.4 Explosives and prohibited goods;
- 15.5 Packaging and containers;
- 15.6 Jewelry, treasures, historical monuments, and archeological finds;
- 15.7 Letter, stamp, and seal

### *Freight forwarder's liability insurance*

- 15.8 Cash, Stocks, Bonds, Treasures;
- 15.9 Animals;
- 15.10 Letter, Official paper, Stamp;
- 15.11 Mobile phone;
- 15.12 Prohibited cargo, goods;
- 15.13 Explosions with fireworks, explosives, tablets and liquids;
- 15.14 Perishable food product

## 16. UNINSURED CARGO

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- 16.1 The insured has falsely reported to the insurer, submitted false documents or attempted to file;
- 16.2 If the information related to the insured item was false or inconsistent at the time of insurance and the insurance questionnaire was not submitted accurately;
- 16.3 If it is not possible to prove the occurrence of the insured event;
- 16.4 Unless stated otherwise in this contract, any damage caused by the Insured's actions committed with the nature and purpose of the crime;
- 16.5 Unless stated otherwise in the contract, economic loss due to damage to the insurance item;
- 16.6 Damage caused to the land, soil, subsoil, air and environment where the insured item is located due to the insurance risk;
- 16.7 In case of failure to submit the documents specified in the contract and insurance terms within 30 calendar days from the date of occurrence of the insured event without a valid reason;
- 16.8 If the Insured reimburses the insured item without the agreement of the insurer, which makes it impossible to determine and confirm the actual damage assessment;
- 16.9 Any damage caused by the actions of the Insured and its employees due to mental illness or legal incapacity;
- 16.10 Damage caused by the Insured's use of alcohol, drugs and psychotropic substances and actions taken during the use;
- 16.11 Damage caused by the use of weapons, atomic and nuclear explosions, and radioactive charges;
- 16.12 Damage from wars, revolutions, disputes, conquests, hostages, arrests, mines, and bombings;



- 16.13** Unless stated otherwise in this contract, damages caused by social unrest, civil uprisings, riots, criminal attacks, terrorist and political activities;
- 16.14** If the Insured has not fulfilled or has not properly fulfilled its obligations under this contract;
- 16.15** Damage caused when the Insurer is not notified within 30 days of the change in the ownership of the insured item;
- 16.16** Other cases specified in the legislation and relevant legal acts;
- 16.17** Damage caused by a factory defect in the goods being transported;

**17. DOCUMENTS REQUIRED FOR INSURANCE INDEMNITY**

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- 17.1** Insured's application for compensation and official letter;
- 17.2** Copy of transport document and copy of freight invoice;
- 17.3** Photographs proving the occurrence of the insured event, and, if possible, on-the-spot evidence and physical evidence;
- 17.4** If the Insurer deems it necessary, damage act, conclusion, description, materials and documents of the professional organization on the cause and amount of damage to the insured item; (Expert opinion of the Mongolian National Chamber of Commerce and Industry, reference from the Police, NEMA, courts, prosecutors, investigators, relevant administrative organizations and external evaluation organizations, etc.);
- 17.5** Additional documents and materials deemed necessary by the Insurer;
- 17.6** The Insurer shall demand the invoice for the price of the goods, the quantity information and, if necessary, the commercial invoice in a stamped form;
- 17.7** Application form, statements, necessary information of the victim and consignee related to the damage;

**18. GLOSSARY OF TERMS**

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- 18.1** "Accident" means the process of changing the shape, size, nature and condition of any solid physical insurance item in a sudden and mechanical manner externally;
- 18.2** "Type of goods" means goods other than those prohibited in international transportation and included in insurance exclusions;
- 18.3** "Cargo being transported" means the insured's client, its imported and exported freight;

- 18.4** "Validity period of the cargo insure being transported" means the insurance protection from the moment the cargo is transported to the end point or to the possession of the consignee;
- 18.5** "Insurance coverage" means the list of countries other than those with high, very high, severe, extreme risk in the list published by the Joint Cargo Committee (JCC) , to transport cargo from and to Mongolia;
- 18.6** "Sender" means the one who sends the package of goods, which meets the conditions of transportation to the consignee, meets the requirements of the safety instructions, placed in appropriate and suitable packaging in accordance with the requirements, does not lose its quality requirements and original condition;
- 18.7** "Insurance certificate" means a document issued by an insurer confirming that the insured item is insured for each shipment in the case of an annual contract.
- 18.8** "Recipient" means a person who receives the insured item from the sender at the final point or place specified in the order, makes a Delivery Receipt and informs the insurer about the damage.
- 18.9** "Inspection survey report" means an official external expert's verified review report, which contains the condition, characteristics, and photographs of the goods just before and after shipment, during the shipment, and at the time of receipt of the shipment;
- 18.10** "Claims to be paid" means the amount of claims calculated by the insurer in accordance with the insurance contract for the damage caused to the insurance item due to the insured event.
- 18.11** "Deductibles" means that the insured is responsible for a certain part of the damage caused to him/her.
- 18.12** "General average" occurs at sea when the condition of the cargo threatens the safety of other cargo or the ship, the captain of the ship announces the general average and changes direction to the nearest port. The costs incurred in connection therewith are the liability of the owner of the goods on board the ship in proportion to his share of the total damage.
- 18.13** "Jettison" means the removal of cargo from an aircraft or ship as a matter of urgency to ensure the balance of the aircraft if the cargo poses a threat to the safety of other cargo or aircraft.
- 18.14** "One-time incident" means the sum of damages caused by an accident caused by the same reason during the transportation of goods by one vehicle in a one-time shipping.
- 18.15** The terms and condition of this insurance are in Mongolian and English, and in case of discrepancy, the final version is considered to be the Mongolian version.

