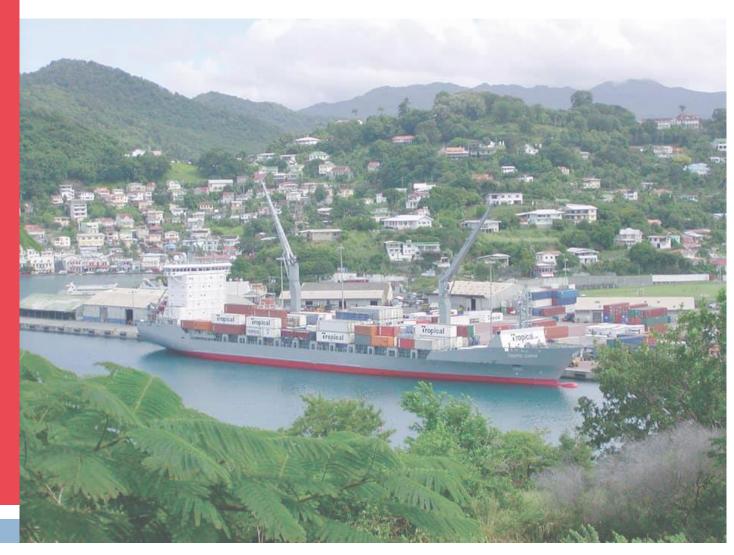




Insuring with Seven Seas





INTRODUCTION

ABOUT SEVEN SEAS INSURANCE COMPANY

Seven Seas Insurance Company has been writing marine cargo coverage since 1967.

Cargo insurance is our focus and specialty.

Customer service excellence and reliable claim service is the foundation of our reputation.

Seven Seas underwrites the insured bill of lading program for the Tropical Shipping group of companies. We also offer cargo insurance programs for other transportation carriers, freight forwarders, importers, and exporters.

Seven Seas holds an A.M. Best Rating of A "Excellent," which is assigned to companies with excellent financial strength, operating performance and market profile. Companies with this rating have a strong ability to meet their ongoing obligations to policyholders.

IMPORTANCE OF CARGO INSURANCE

Cargo insurance protects the cargo owner against physical loss or damage to the shipment. Cargo insurance protects against physical loss or damage caused by a fortuitous event. A fortuitous event is an unforeseen event that is not anticipated.

Importers and exporters are exposed to many financial risks when not insuring.

Here are some reasons why insurance is an important decision:

- Accidents are unexpected.
- Goods in transit are exposed to many risks: theft, accidents on the vessel, water intrusion, handling, and inland transportation accidents, just to name a few.
- Carriers have limits of liability and are usually not responsible for losses beyond their control. For example: Carriers are not responsible for damages caused by natural disasters.

The carrier's limits of liability should not be confused with insurance.

Keep in mind recovery from carriers can be difficult and time consuming.

THE COVERAGE

All Risk Coverage

Coverage commences from the time goods leave the shipper and/or supplier's place of business and continues in force during the ordinary and customary course of transit to the final destination.

Cargo is protected against "All Risk" of physical loss or damage from any external cause irrespective of percentage of loss.

Insurance remains in force for fifteen (15) days after vessel discharge or upon delivery, whichever occurs first. Concealed damage must be reported within three (3) business days of delivery.

There is no deductible.

Other Types of Coverage

Free of Particular Average (FPA)

Seven Seas Insurance Company, Inc. is not liable for partial losses unless the loss is caused by the vessel being stranded, sunk, burnt, on fire, or involved in a collision. Terms are extended to cover the risk of jettison and/or washing overboard.

Named Perils

Coverage will be outlined against specific named perils.

BASIC CONCEPTS

Insured Value

It is customary in cargo insurance to establish the insured value of the goods as the sum of the commercial value of the goods + freight charges + % add on.

Under the Tropical Shipping insured Bill of Lading, we have adjusted the % add-on based on our claim settling experience.

Co-Insurance

In the event of a claim settlement calculation, when a customer has under-declared the value of the shipment, the insurance company will only pay the proportion of the value that was used to insure the shipment.

A misconception is that the insured party will be reimbursed up to the value declared.

Co-insurance calculation example:

Actual value of the goods	\$10,000
Under-declared value	\$5,000
Percent of value insured	50%
Claim Amount (Partial Loss)	\$4,000
Claim Settlement	\$2,000

What is the importance of proper packaging?

It is a condition of insurance for cargo to be properly packaged for export. For example, a thin layer of shrink-wrap around a big sofa is not enough protection considering the handling in and out of delivering trucks, the handling in the warehouse, and the handling during loading/offloading from ocean containers.

Damage to cargo that has not been properly packaged is not covered.

General Average

When a vessel owner declares general average, the general average expenses are shared on a pro-rata basis by all parties involved in the sea venture. Even if your cargo did not suffer damages, as a cargo owner, you will be required to post a bond or cash deposit before your goods can be released.

With cargo insurance, the insurance company assumes responsibility. The involvement of an experienced insurance company is beneficial because the transactions to expedite the release of cargo can be very tedious and complicated.

The following are essential elements of a General Average:

- 1. Due to imminent danger, there must be an extraordinary sacrifice to save the voyage to preserve the other interests involved in the common venture.
- 2. The act must be reasonable, intentional, voluntary, and declared by the vessel owner.
- 3. The sacrifice must be successful.

An example of an act that can trigger a General Average situation would be an engine breakdown or a vessel grounding.

EXCLUSIONS, EXCEPTIONS AND COMMODITY GUIDELINES

Find the list of exclusions, exceptions, and commodity guidelines under Tropical.com/Shipping+/Marine Insurance.

For policy specific questions please contact Seven Seas.

CONTACT INFORMATION

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