

ANNEXURE — INSURANCE, CLAIMS & RISK MANAGEMENT

This Annexure sets out the insurance, claims handling, risk allocation and related obligations between BlueSky Logistics Pvt. Ltd. (the “Carrier”) and GreenMart Exports Pvt. Ltd. (the “Shipper”) in respect of goods, services and related operations provided under the Logistics Services Agreement.

A. OBJECTIVE & SCOPE

A.1 This Annexure defines: (a) the types of insurance required; (b) minimum policy limits, endorsements and wording; (c) duties and roles when placing or procuring insurance; (d) claims notification, handling and timelines; (e) subrogation, salvage and recovery principles; and (f) audit, proof and renewal obligations.

A.2 It applies to all shipments, warehousing activities, cross-dock operations and related logistics services performed by the Carrier for the Shipper, unless a separate written insurance arrangement is agreed in an executed Change Order.

B. DEFINITIONS (FOR THIS ANNEXURE)

B.1 All-Risk — Insurance that covers loss or damage from any cause not specifically excluded.

B.2 Declared Value — Value declared to insurer by Shipper (or Carrier procuring insurance) representing the amount for which goods are insured.

B.3 CIF / CIF Value — Cost + Insurance + Freight value for the purpose of calculating declared value or indemnity where applicable.

B.4 Institute Cargo Clauses (A/B/C) — Standard marine cargo wording widely used; referenced in this Annexure for guidance.

B.5 Warehouseman’s Legal Liability — Insurance that covers liability of the warehouse operator for loss/damage while goods are under storage.

B.6 Freight Forwarder’s Liability (FFL) — Liability cover for acts/omissions of the forwarder/agent.

B.7 Inherent Vice — The natural propensity of goods to deteriorate or self-damage (generally excluded unless expressly covered).

B.8 Named Perils — Policies that cover only specified perils (not all-risk).

C. PRINCIPLES & RISK ALLOCATION

C.1 Insurable Interest & Primary Responsibility

- **The Shipper has prima facie insurable interest in the cargo. The Shipper shall procure and maintain cargo insurance unless otherwise expressly agreed.**

- The Carrier remains responsible for performing services with due care and may, if requested and agreed in writing, procure insurance on behalf of the Shipper as an agent only (cost pass-through with an administrative fee).

C.2 Carrier Liability vs. Insurance

- Carrier's contractual liability is separate from insurance. The Carrier's contractual caps/limits (in the main Agreement) remain applicable even if the Shipper holds cargo insurance. Insurance does not increase the Carrier's contractual exposure unless expressly agreed.

C.3 Primary/Secondary Risk

- Cargo insurance is primary for physical loss/damage to goods. Carrier policies (FFL / warehouseman) are secondary and cover Carrier's legal exposure where insurers subrogate.

D. REQUIRED INSURANCE TYPES, MINIMUMS & WORDING

D.1 Cargo Insurance (Shipper's Responsibility unless otherwise agreed)

- **Type:** All-Risk Institute Cargo Clauses (A) or equivalent "All Risks" wording covering physical loss/damage from any external cause, including theft, non-delivery, fire, water damage, collision.
- **Territory:** Door-to-door (including warehouse storage, intermodal transfers, loading/unloading and temporary storage up to 30 days unless otherwise specified).
- **Minimum Limit:** Declared value per shipment; as a contractual minimum the policy must cover a declared value at least equal to the invoice value (selling price + freight + duty) for each consignment.
- **Deductible:** Not to exceed INR [●] per shipment unless agreed in writing.
- **Endorsements:** Institute Cargo Clauses (A) or "All Risk" with additional cover for Consequential Loss (if required), contamination, and shortage (where proof exists).
- **War & Strikes Cover:** Optional — must be procured if shipments transit war/strike risk zones; otherwise the policy should be silent on war-risk exclusion for specified lanes if indicated in Annexure G.
- **Valuation Clause:** Actual invoice value plus insurable freight, insurance and known charges (CIF basis) or declared value as per parties' instruction.

D.2 Freight Forwarder's Liability (FFL) / Professional Indemnity (Carrier)

- **Type:** Freight forwarder / transit liability policy covering negligence/omission of the Carrier in performing forwarding services.

- **Minimum Limit:** INR [X] per event and INR [Y] aggregate annually (commonly INR 1 Crore per occurrence / 5 Crore aggregate for medium-sized operations).
- **Wording Requirements:** Must provide cover for legal liability for loss/damage to cargo caused by Carrier's negligence, including costs of defence.
- **Deductible:** As negotiated, not to exceed INR [●] per event.

D.3 Warehouseman's Legal Liability

- **Type:** Warehouse operator's legal liability insurance to cover loss/damage to goods in storage caused by warehouse operations (including fire, theft and negligent handling).
- **Minimum Limit:** INR [X] per location per event.
- **Extensions:** Cover for goods in transit while at the warehouse (door-to-door extensions), spoilage (for temperature-controlled goods if required).

D.4 Employers' Liability & Workmen Compensation

- **Type:** Statutory workers' compensation and employers' liability insurance covering Carrier's employees engaged in operations.
- **Minimum Limit:** As mandated by Applicable Law.

D.5 Public Liability / Third-Party Liability

- **Type:** Public liability insurance covering property damage and bodily injury to third parties arising from Carrier's operations (e.g., accidents at yard, punctured pipelines from spillage).
- **Minimum Limit:** INR [X million] per occurrence.

D.6 Cyber / Technology E&O (if Carrier provides IT/visibility services)

- **Type:** Cyber liability and technology errors & omissions covering data breaches, downtime, and wrongful disclosure caused by carrier systems.
- **Minimum Limit:** INR [X] per occurrence / aggregate.

D.7 Business Interruption (optional for high-value & critical supply chains)

- For critical consignments and warehousing where value of interruption is high, the Shipper may require business interruption cover - specifics to be defined in Annexure D.

E. INSURANCE SPECIFICS — DETAILED REQUIREMENTS & ENDORSEMENTS

E.1 Primary Wording & Clauses

- All policies must include: "Waiver of Subrogation" in favor of the Shipper with respect to storage/transit where the Shipper requests in writing and insurer consents (see F.5).

- **Primary & Non-Contributory Clause:** Where Shipper is an additional insured on Carrier's policy, the policy shall be primary and non-contributory to Shipper's other insurance, where applicable and agreed.
- **Cross-Liability Clause:** Policies covering more than one insured shall include cross-liability wording treating each insured as separate.

E.2 Endorsements Required

- **Certificate of Insurance must evidence:** insurer name, policy number, period of cover, limits, deductibles, scope (all-risk), territory, endorsements (non-contributory, waiver of subrogation where provided) and insurer contact.
- **Subcontractor Coverage:** Carrier must ensure subcontractors/carriers engaged have equivalent minimum insurance or are named insured/endorsed.

E.3 Additional Insured & Named Loss Payee

- When Carrier procures insurance on behalf of the Shipper, the Shipper shall be named as a loss payee or additional insured as appropriate and the policy shall provide direct pay provisions to the Shipper in the event of partial/total loss.

E.4 Deductible & Co-Insurance

- Deductible amounts and co-insurance arrangements must be clearly set out in the Insurance Schedule (Annexure D). The Party bearing deductible responsibility must be expressly stated (typically the principal that procured the policy pays deductible; if Carrier procured on Shipper's behalf, Shipper will reimburse deductible unless otherwise stated).

F. PLACEMENT OF INSURANCE — PROCEDURES & DUTIES

F.1 Primary Duty to Procure

- **Shipper's default obligation:** procure cargo insurance for each consignment unless the parties have a written agreement that Carrier will procure insurance on Shipper's behalf.

F.2 Carrier-Procured Insurance (if agreed)

- Carrier may procure insurance as agent for the Shipper provided: (a) prior written instruction from Shipper specifying declared value and coverage scope; (b) Carrier discloses insurer, premium, broker commission and administrative fee; (c) Carrier provides policy/Certificate to Shipper within 48 hours of procurement; and (d) premium and fees are invoiced and payable within the standard payment term.

F.3 Broker & Insurer Selection

- Policies shall be placed with insurers with at least A- / A.M. Best or equivalent rating. Use of un-rated insurers requires written approval.

F.4 Documentation on Placement

- Upon placement, the procuring Party shall deliver to the other Party: (i) Certificate of Insurance; (ii) policy schedule or summary of cover; (iii) copy of endorsements; (iv) proof of premium payment (where Carrier procured on behalf).

F.5 Waiver of Subrogation

- Where requested by the Shipper, Carrier shall obtain waiver of subrogation from its insurer in favor of the Shipper for specific consignment(s), provided the Shipper agrees to bear any increased premium or endorsement fee. If waiver cannot be obtained, Carrier must notify Shipper immediately.

G. CLAIMS HANDLING — NOTIFICATION, INVESTIGATION & SETTLEMENT

G.1 Immediate Notification

- The Party discovering or receiving notice of loss/damage shall notify the other Party within 24 hours of discovery (or, in no event later than 48 hours). Initial notification must include: shipment reference, date/time, location, summary of loss/damage, photographs (if available), and contact details.

G.2 Acknowledgement

- Upon receipt, the notified Party shall acknowledge within 2 Business Days and advise the incident owner and insurer contact details.

G.3 Appointment of Surveyor & Inspection

- For significant losses (>INR [threshold]) an independent surveyor (adjuster) must be appointed within 5 Business Days of notification. Parties will cooperate fully. Surveyor appointment will be either jointly agreed, or where urgent, the notifying Party may appoint a surveyor subject to retroactive consent.

G.4 Evidence Preservation

- Physical evidence (packages, pallets, reels, containers) shall be preserved and not altered until inspection or permission from adjuster. Failure to preserve evidence may reduce or invalidate claims.

G.5 Claim Documentation (Minimum Required)

- Completed claim form (see G.10 template)
- Original invoice, packing list, bill of lading / airway bill
- Proof of value (commercial invoice, purchase order)
- ePOD and delivery notes
- Photos of damage and packaging
- Temperature log for cold chain claims (if applicable)

- Survey report and police FIR (if theft or criminality involved)
- Customs documents if detention or customs loss occurred

G.6 Acknowledgement & Progress Updates

- Insurer shall acknowledge receipt of claim within 5 Business Days, and provide progress/status updates every 10 Business Days thereafter until resolution.

G.7 Settlement Timeline

- For straightforward claims with complete documentation, settlement shall occur within 30 calendar days of insurer's receipt of a complete claim file. For complex claims, the insurer shall provide an estimated finalization date not exceeding 90 calendar days from receipt of full documentation.

G.8 Partial Payments & Advance Payments

- Where loss is evident and liability probable, Carrier's insurer may make partial/advance payments to mitigate hardship subject to recovery of final assessment.

G.9 Disputed Claims

- If parties disagree on liability or quantum, the claim will be subject to the dispute resolution provisions of the Agreement. Parties may agree to binding expert determination limited to quantum where liability is admitted.

G.10 Claim Notification Template (Sample)

Claim Notification — Cargo Loss/Damage

- 1. Claim Reference:**
- 2. Date & Time of Loss:**
- 3. Shipper / Consignee:**
- 4. Carrier:**
- 5. Shipment No / B/L / AWB:**
- 6. Origin / Destination:**
- 7. Description of Goods:**
- 8. Declared Value / Invoice Value:**
- 9. Nature of Loss (theft/damage/spoilage/shortage):**
- 10. Attachments: Photos / ePOD / Invoice / Packing List / Survey Report (if any)**
- 11. Contact for further info:**

H. SURVEY, SALVAGE & RECOVERY

H.1 Survey

- Independent surveyor to inspect goods and provide a detailed report (condition, probable cause, estimated quantum). Survey fee typically borne by insurer; if independent party appointed by Shipper/Carrier, costs will be allocated per liability outcome.

H.2 Salvage

- Salvageable goods shall be handled in accordance with insurer instructions. Salvage proceeds shall be divided after deducting salvage costs: insurer recovers indemnity paid; any net balance returned to the insured (Shipper) or as agreed.

H.3 Mitigation

- All Parties have an express duty to mitigate loss; failure to take reasonable mitigation steps (e.g., segregating damaged units, arranging rework) may reduce recoverable amounts.

I. SUBROGATION, RIGHTS OF RECOVERY & THIRD-PARTY RECOVERIES

I.1 Subrogation

- Upon payment, insurers succeed to the insured's rights against third parties. The insured and Carrier shall cooperate with subrogation actions.

I.2 Waiver of Subrogation

- Parties may contractually waive subrogation for specified risks if endorsed on policy and premium paid; waiver must be explicit and evidenced on Certificate.

I.3 Recovery Procedures

- Any recovery from third parties (carrier, supplier, warehouse subcontractor) will first be applied to reimburse insurers; net recoveries distributed per the indemnity and policy agreements.

J. PREMIUM PAYMENT, TAXES & COST PASS-THROUGHS

J.1 Who Pays Premiums

- Unless the Parties agree that Carrier will procure insurance, the Shipper pays premiums. Where Carrier procures, Carrier shall invoice for premium + administration fee (disclosed).

J.2 Taxes & Duties

- Payment of any insurance premium taxes, stamp duty on insurance documents and similar charges are the responsibility of the premium payer as per Applicable Law.

J.3 Adjustment & Reimbursements

- If a claim causes insurer to charge increased premium or retrospective adjustment, the party who requested procurement or benefited from the cover shall be liable for the incremental cost.

K. RENEWAL, CANCELLATION & LAPSE

K.1 Renewal Notices

- Insurers shall issue renewal certificates at least 30 days prior to expiry. Procuring Party shall supply renewed proof within 7 Business Days of receipt.

K.2 Cancellations

- Any cancellation or material change to cover must be notified to the other Party immediately (and in any event within 2 Business Days). Non-receipt of notice does not prejudice the rights of the Party affected.

K.3 Coverage Lapse

- If coverage lapses, the Party responsible for procurement shall be liable for any losses during lapse period and indemnify the other Party.

L. AUDIT, RECORDS & COMPLIANCE

L.1 Certificate of Insurance & Policy Copies

- On commencement of the Agreement and annually thereafter, Carrier must provide current Certificates of Insurance for all required covers and supply full policy wording on request within 10 Business Days.

L.2 Audit Rights

- The Shipper shall have the right to audit insurance placement and claims handling procedures once per Contract Year with 10 Business Days prior notice. Audits to be conducted in a manner that protects commercially sensitive information.

L.3 Record Retention

- All insurance, policy, claims and communications records to be retained for 7 years (or longer if required by law).

M. SPECIAL COVERS & SUPPLEMENTARY CONDITIONS

M.1 War / Strikes / Riots & Civil Commotion (SRCC)

- If shipments transit politically unstable territories, the Shipper must procure War / SRCC cover. Carrier must notify Shipper of war/SRCC exposure at booking.

M.2 Terrorism Cover

- If required by route/commodity, terrorism cover to be included.

M.3 Temperature Excursions & Cold Chain

- For refrigerated shipments: policies must cover spoilage due to temperature excursion where evidence (calibrated temperature logger) demonstrates excursion attributable to Carrier's negligence or equipment failure. Liability triggers when excursion exceeds agreed tolerance (e.g., 2°C for 15 minutes).

M.4 Transit Extensions & Storage

- Storage at consolidation hubs for up to 30 days is included in standard door-to-door cover. Extended storage to be insured separately.

M.5 High-Value / Valuable Cargo

- For jewellery, artwork, electronics, pharmaceuticals etc., agreed special coverage and security measures required (armoured transport, GPS tracking, dual custody).

N. SAMPLE INSURANCE SCHEDULE & CERTIFICATE TEMPLATES

N.1 Insurance Schedule (To be completed & annexed)

- Policy Type | Insurer | Policy No. | Period | Limit | Deductible | Endorsements | Named Insured(s) | Remarks

N.2 Certificate of Insurance — SAMPLE WORDING

Certificate of Insurance

Insurer: [Name]

Policy No: [Number]

Insured: BlueSky Logistics Pvt. Ltd. / GreenMart Exports (as applicable)

Policy Period: [From] to [To]

Cover: Institute Cargo Clauses (A) / All Risk — Door to Door including Warehouse storage up to 30 days

Limit: Declared value per shipment (as per invoice)

Deductible: INR [●] per shipment

Endorsements: Waiver of Subrogation (where applicable); Non-contributory; Cross-liability

Insurer Contact for Claims: [Name, Email, Phone]

This is to certify that the above described policy is in force and provides the coverage as indicated.

Authorized Signatory: [Broker/Insurer]

N.3 Claim Form (Concise)

- **Claim Reference | Date Occurred | Shipment No. | Value | Description | Attachments list**
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O. EXCLUSIONS (COMMON & SPECIFIC)

O.1 Policy wordings may exclude:

- **Wear & tear, gradual deterioration, inherent vice, infestation, rust, corrosion, vermin.**
- **Losses arising from willful misconduct by the insured.**
- **Nuclear risks, war (unless war risk is purchased), punitive damages (usually excluded).**
- **Consequential losses unless specifically endorsed.**

O.2 Parties should negotiate cover for specific exclusions as needed for the route/commodity.

P. SUBCONTRACTOR INSURANCE & FLOW-DOWN CLAUSES

P.1 Carrier must ensure subcontractors (carriers, warehouse operators, drayage providers) carry equivalent insurances and that flow-down contractual obligations are included in subcontracts.

P.2 Carrier shall produce evidence of subcontractor insurance upon request and shall remain primarily liable to Shipper for subcontractor performance.

Q. EXAMPLES & ILLUSTRATIVE CALCULATIONS

Example 1 — Cargo Claim Calculation

- **Invoice value: ₹10,00,000**
- **Declared value insured: ₹10,50,000 (includes freight)**
- **Deductible: ₹25,000**
- **Insured loss: ₹10,50,000 – salvage (₹50,000) = ₹10,00,000 payable minus ₹25,000 = ₹9,75,000 net paid**

Example 2 — Temperature Excursion

- **Perishable value: ₹2,00,000**
- **Temperature excursion attributable to Carrier: yes**

- **Insurer pays full value less deductible INR 10,000; Carrier may also pay penalty per Annexure C.**
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R. DISPUTES RELATING TO INSURANCE

R.1 Disputes as to coverage, settlement quantum, or subrogation shall follow the Agreement's dispute resolution mechanism. Parties may agree to expert appointment limited to the technical dispute (e.g., surveyor arbitration on quantum).

R.2 Each Party retains the right to approach courts for interim relief (injunctive or preservative measures) pending arbitration.

S. MISCELLANEOUS INSURANCE PROVISIONS

S.1 Severability of Cover: If any insurance requirement is held unenforceable, Parties will confer to agree alternate protective measures.

S.2 Confidentiality of Insurer Details: Insurer information shall be treated as confidential commercial information; disclosure limited to necessary regulatory requirements or as agreed.

S.3 Continuous Review: Parties shall review insurance limits and cover annually (QBR) and adjust to market and trade changes.

T. FINAL PROVISIONS & ACCEPTANCE

T.1 The Parties acknowledge that the insurance arrangements are a key component of risk allocation and performance; failure to comply with procurement, certification, or claims handling obligations constitutes a material breach.

T.2 By signing the main Agreement, the Parties accept and agree to be bound by the terms of this Annexure unless a written amendment is agreed.