

## FINANCIAL TRADING RISKS (2017)

Subject to the provisions of P&I Rule 46 (Forbearance) and FD&D Rule 35 (Forbearance), the following applies to every risk insured by the Association and overrides any part of the Rules which may be inconsistent with their application.

### Owned Cargo

- (1) Excluding liabilities, losses, costs and expenses in respect of cargo owned, sold and/or purchased by the Member, Joint Member or Co-Assured or any person affiliated to or associated with the Member, Joint Member or Co-Assured ("Relevant Person") when it is determined by the Association in its absolute discretion that:
  - (a) the liabilities, losses, costs or expenses:
    - (i) constitute or arise out of price or currency fluctuation, any hedging or derivative transactions, loss of market or any other similar losses howsoever caused; or
    - (ii) constitute or arise out of general monetary, financial or economic loss not caused directly by a failure of the carrier to properly carry the cargo; or
    - (iii) do not arise out of operations or activities ordinarily carried on by, or ordinarily at the risk and responsibility of, a charterer of a vessel carrying a cargo owned by a third party; or
    - (iv) are covered by any public or private insurance required by any applicable legislation, or which would have been covered if such insurance had been taken out; or
  - (b) the liabilities, losses, costs and/or expenses arise out of:
    - (i) any inherent defects in the cargo or reliance upon any warranty or representation with respect to the cargo or the processing or manufacture of the cargo or any issue whatsoever of a similar nature; or
    - (ii) any damage to or shortage or loss of or reduction in the value of the cargo arising out of the condition, quality or specification of the cargo existing prior to the cargo being received by the carrier for shipment for the expected voyage; or
    - (iii) any damage to or shortage or loss of or reduction in the value of the cargo or any change to or deterioration in the condition or quality of the cargo not caused directly by a failure of the carrier to properly carry the cargo, including without limitation any damage, shortage, loss, reduction in value, change or deterioration which occurs or manifests itself as a result of or in connection with:
      - (A) any delays attributable to breaches of any contract for the sale or purchase of the cargo to which the Relevant Person is a party ("Sale Contract") or to acts or omissions of a party to a Sale Contract or the receiver of the cargo; or
      - (B) any disputes or issues arising out of the performance or non-performance (in part or in whole) of a Sale Contract; or
      - (C) any delays or deviations at the load port, discharge port or during the voyage where the Relevant Person has not paid or been paid for the cargo or has not provided or been provided with a letter of credit or other finance or security document relating to the cargo; or
      - (D) any delays or deviations at the load port, discharge port or during the voyage attributable to actions, decisions, orders, bans, sanctions, decrees, regulations, laws or rules in force, issued or imposed in any jurisdiction hindering or preventing, temporarily or otherwise, the import, export, loading, discharging, sale or purchase of the cargo whether generally or to/from a particular person; or
    - (iv) any treatment or processing, including without limitation blending or additivation, of the cargo other than such treatment necessary solely for its safe carriage; or
  - (c) the Relevant Person has not acted prudently as the owner, seller or buyer of the cargo and/or as charterer of the vessel, including without limitation where any damage to or loss of or reduction in the value of the cargo or any change to or deterioration in the condition or quality of the cargo could have been avoided, mitigated or reduced by discharging the cargo whether at the discharge port or another place and/or by the exercise by the Relevant Person of any rights or remedies under a Sale Contract; or
  - (d) the Relevant Person has obtained additional revenue, made a profit, saved costs or expenses or avoided a liability or loss that would otherwise have been incurred and covered by this insurance and to the extent that the Relevant Person has obtained any such benefit, the value of such benefit shall be deducted from the liability, losses, costs and expenses otherwise payable under this insurance; or
  - (e) the Relevant Person has purchased or sold the cargo on terms which are not reasonable or standard in the industry; or
  - (f) the Relevant Person has not protected any right of recovery against the buyer and/or seller of the cargo.

### Sale Contracts

- (2) Excluding liabilities, losses, costs and expenses arising under any Sale Contracts.
- (3) Excluding any disputes or claims arising under any Sale Contracts.