

**AIMU FPA and WA CARGO CLAUSES (1/1/2004) COMPARED WITH THE LONDON INSTITUTE CARGO CLAUSES (B) and (C) (1/1/2009)**

<b>AIMU TERMS <sup>1</sup></b>	<b>LONDON INSTITUTE DIFFERING TERMS <sup>2</sup></b>	<b>COMMENTS</b>
With Average	Coverage for particular average and total loss.	
<b>CAUSES OF LOSS</b>		
Basic Perils (and Average Terms)	Express coverage for explosion, grounding and capsizing. No express “ice included” language in “collision or contact of vessel” clause. No express coverage for: “loss overboard of . . . containers;” for “assailing thieves;” and for “barratry of master and mariners.” No “like perils” clause. No “peril of the sea” language, but coverage for “entry of sea, lake or river water into vessel craft hold conveyance container or place of storage.”	
Aircraft	No express reference to aircraft.	London ICC (Air) is a separate form providing all risks coverage.
<b>ADDITIONAL PERILS</b>		
Shore Perils	No express language for: “including during land transportation;” or “other accident;” or “sprinkler leakage;” or “cyclones, hurricanes, floods;” or “collapse or subsidence of docks and wharves.” Express coverage for volcanic eruption or lightning.	London ICC (B) does expressly cover: 1) overturning or derailment of land conveyance; 2) collision or contact of conveyance with any external object other than water; 3) earthquake, volcanic eruption, or lightning; and 4) entry of sea, lake or river water into conveyance, container or place of storage.
Packages Totally	Clauses are Ssimilar terms	

<sup>1</sup> The AIMU FPAAC, FPAEC and WA Cargo Forms contain identical clauses with the exception of the terms of average that begin each form. The FPAAC and FPAEC forms are warranted free from particular average unless specified circumstances occur. The FPAAC terms require that a vessel stranding, sinking or burning be causative of the damage; while the FPAEC terms merely require that the stated event occur. The WA terms of average are warranted free from average under a percentage stated in the Declaration unless specified circumstances occur. The remainder of the language in the WA terms of average clause is identical to the FPAEC terms of average, in other words, merely requiring that the stated event occur.

<sup>2</sup> London Institute Cargo Clauses (B) and (C) contain identical clauses with the exception of Risks Covered, Clause 1.3 “total loss of any package . . .” which has been deleted from London Institute Cargo Clauses ICC(C). ICC London Institute Cargo Clauses (B) provides coverage for particular average and total loss.

Lost		
Inchmaree	No express clause	
Explosion	Clauses are similar Similar terms, but London clauses ICC states “reasonably attributable to,” while AIMU clauses states “caused by.”	
Pollution Damage/ Deliberate Damage	No express clause.	
<b>ADDITIONAL COVERAGES</b>		
General Average & Salvage Charges	Clauses are similar; London clauses Similar coverage terms, but expressly subject to stated exclusions from coverage.	
Landing, Warehousing & Forwarding Charges	Clauses are similar Similar coverage terms, but London clauses expressly covers only “extra charges properly and reasonably incurred.”	
Brands & Trademarks	No express clause	
“Both to Blame”	Clauses are similar Similar terms	
Sue & Labor Charges	Clauses are similar, London clauses have Similar terms, but no express statement regarding whether “successful or not.,” and Nno express coinsurance waiver.	
Craft/Lighter	No express clause, but London Transit Clause states “carrying vehicle or other conveyance”.	
<b>EXCLUSIONS</b>		
Basis Exclusions	Similar clauses for Basic Exclusions Clauses are similar. London Insolvency exclusion restricted to “assured’s knowledge.” London clauses provide that Ffault, negligence, insolvency or financial default is excluded, with an exception for good faith purchasers. London clauses include Eexpress exclusion for “deliberate damage” by “wrongful act” of any person. Similar terms of exclusion London clauses exclude coverage for improper packing, except excludes “priorpacking “prior to attachment of insurance” rather than “prior to commencement of voyage”. instead of “prior to commencement of voyage.”	
<b>PARAMOUNT WARRANTIES</b>	Stated as exclusions, not warranties.	U.S. courts construe these AIMU form warranties as exclusions.
F.C.& S. Warranty <sup>3</sup>	Clauses are similar. London clauses haveFC&S Exclusion contains similar provisions, but less express terms. Nno express exception to the War exclusion for “collisions . . . with rockets . . . or . . . floating objects .	Certain perils can be bought back through war risk coverage. These exceptions to the War exclusion must be

<sup>3</sup> Coverage can be bought back.

	<p>. . . , stranding, heavy weather, fire or explosion . . . .”  Also, no express “whether in peace or war” term .  London clauses concerning “capture, seizure,”  “nuclear,” and “mine” exclusions. have no express  “whether in peace or war” term.</p>	bought back under War Risk coverage. The “capture, seizure” exclusion may be deemed to be applicable in times of peace.
S.R.&C.C. <sup>4</sup> Warranty	Clauses are similar. Similar terms	Certain perils can be bought back though S.R.&C.C. coverage.
Delay Warranty	Clauses are similar; London clauses do not include term Similar terms for delay, stated as an exclusion. No express exclusion for “loss of market.”	The exclusion for loss due to delay may be deemed to include market loss.
Nuclear/ Radioactive Contamination Exclusion Warranty	The London exclusion for “nuclear” contains no exception for fire.	Full nuclear exclusion
<b>ADDITIONAL CLAUSES</b>		
Seaworthiness (admitted as to innocent as insured)	Unseaworthiness of the vessel is excluded in London clauses if assured has knowledge at time of loading, subject to an exception for good faith purchasers. Unfitness of container or conveyance is excluded if loading is prior to attachment, or if assured has knowledge prior to loading. Express exclusion if the the assured waives the breach of implied warranty of seaworthiness of the ship.	
Carrier Clause	Clauses are similar. Similar terms	
Economic & Trade Sanctions	No similar clause.	May be excluded as an illegal adventure
<b>DURATION OF RISK</b>		
Transit Clause – Commencement	Clauses are similar Similar Terms – commences when first moved in the warehouse or place of storage for “immediate” loading.	
Transit Clause – Termination	<p>Similar Clauses are similar. Details of ICC London clauses termination provisions follow:</p> <ol style="list-style-type: none"> <li>1) on completion of unloading or at final warehouse or place of storage: <ol style="list-style-type: none"> <li>a) at named destination, or</li> <li>b) whether prior to or at destination – when insured elects to store (not in course of transit or for allocation or distribution);</li> </ol> </li> <li>2) when assured elects to use vehicle for storage</li> </ol>	AIMU Clauses include additional language regarding “delivery,” and the assured’s “control of the insured property.” The AIMU 60- day clause contains a “held covered” provision allowing for an additional 30 days of

<sup>4</sup> Coverage can be bought back.

	(not in course of transit) 3) expiry of 60 days after discharge from oversea vessel at final port of discharge Whichever occurs first.	coverage.
Transit Clause – Deviation, Delay, etc.	Clauses are similar terms, but the London additional “Termination of Contract of Carriage” clause contains a 60- day “held covered” provision when the contract of carriage is terminated prior to the intended destination or the unloading of cargo; and the cargo is sold and delivered, or forwarded.	
Transit Clause – Re-sale of Insured Property w/i 15 days of discharge	The London Transit Clause provides that if the cargo is forwarded to a different destination, after the cargo is discharged from the oversea vessel and prior to the termination of insurance – the insurance does not extend beyond the time cargo is first moved to the different destination. See note above, regarding the “Termination of Contract of Carriage” clause.	
Transit Clause – No interruption of transit by assured	No similar clause, but London “Change of Voyage” clause requires notice if assured changes destination. Also, the assured must act with reasonable dispatch.	
Transit Clause – Change of Voyage - Held Covered	Clauses are similar terms, but London clauses include express notification requirements with restrictions. See note above, regarding “Change of Voyage” clause.	
Transit Clause – Surveyor’s inspection	No similar clause.	
Shipments returned or refused	No similar clause, but London “Change of Voyage” clause provides coverage in the event the assured changes the destination, subject to notice requirements.	
Consolidation/ Deconsolidation	No similar clause.	London Institute Cargo Clause ICCs (B) Transit Clause terminates coverage when the carrying vehicle or conveyance is used for storage, or for allocation or distribution.
<b>LOSS ADJUSTMENT CLAUSE</b>		
Constructive Total Loss	Clauses are similar terms, except “expenditures” exceeding value in the AIMU form are expressly stated in the ICCLondon clauses form as: cost of recovering, reconditioning and forwarding.	
Partial Loss	No similar clause.	
General Average	Clauses are similar terms, except London	

& Salvage Charges	clauses are expressly stated as subject to the exclusions from coverage.	
Machinery Clause	No similar clause.	
Labels Clause	No similar clause.	
Brands & Trademarks	No similar clause.	
Subrogation	London clauses have No express subrogation clause, but there is a “Duty of Assured” Clause ensuring that all rights against third parties are exercised.	
Notice of Loss	London clauses have No express notice clause, but do a clause does r require the assured to act with reasonable dispatch.	
Payment of Loss	No similar clause.	
Notice of Suit	London clauses have No contractual limitation on time to file suit.	
Choice of Law	English Law and Practice.	AIMU: provides for application of federal maritime common law or, in its absence, New York law.
<b>OPERATING CLAUSES</b>		
Report of Shipments	No similar clause, but London clauses include an express Insurable Interest Clause requiring the assured to have an insurable interest at the time of the loss, and also clarifying the period of insurance coverage.	In the U.K., these considerations are usually addressed in the contract terms while specific additional clauses are being negotiated.
Inspection of Records	No similar clause.	In the U.K., these considerations are usually addressed in the contract terms while specific additional clauses are being negotiated.
Special Cargo Policies	No similar clause.	In the U.K., these considerations are usually addressed in the contract terms while specific additional clauses are being negotiated.
Other Insurance	London clauses have No general “Other Insurance” Clause, but include an “Increased Value” Clause which calls for the apportionment of primary and increased value insurance.	