

## **BACKGROUND EXPLANATION FOR AIMU'S GEOGRAPHIC TERRITORIES EXCLUSION (CARGO) CLAUSE**

AIMU has released the Geographic Territories Exclusion (Cargo) Clause (February 17, 2023), which has been drafted by the Cargo Committee at the request of its members. This new clause addresses all coverage forms, parts, and endorsements within the cargo policy and war risk policy. It is a paramount and absolute exclusion intended to exclude any loss, damage, liability, or expense to goods located in and/or while in transit to/from/within/between scheduled named territories.

The scope of the Clause currently applies to Russia, Ukraine and Belarus. Other territories may be added by members.

The outbreak of hostilities could result in claims potentially beyond the resources of any insurer or indeed the industry to pay, and therefore could cause an insured loss that likely would impair the solvency of an (re)insurance company and potentially the industry overall. Because it is not possible to assess such exposures, (re)insurers therefore may wish to exclude them from coverage.

As is the case with all AIMU clauses, this clause is made available for voluntary use by underwriters, and underwriters should determine the appropriateness of any specific clause in relation to the policy or policy section to which it may be attached.