

Cover Note

Date: 01 February 2017

Cover Note Number: STP101730858

Insured: Connoisseur International Fine Art Limited and/or Sotheby's as agents and/or for whom they have instructions to insure

Period: 12 months with effect from 1st February, 2017

This Cover Note confirms the insurance that has been effected with the Underwriters as detailed below and is subject to the Policy Terms and Conditions as set out in the attached cover wording.

Security: 100% Lloyd's Underwriters per Northern Marine Underwriters Ltd

**For and on behalf of
Bluefin Insurance Services Limited**



Authorised Signatory
Errors & Omissions Excepted

Policy No: STP101730858

Type: Marine Cargo Insurance

Form: MAR 91 (Slip Policy)

Insured:

Connoisseur International Fine Art Limited and/or Sotheby's as agents and/or for whom they have instructions to insure.

**Unit 4, Heathrow International Trading Estate
Green Lane,
Hounslow
Middlesex TW4 6HB**

Period:

12 months open cover to accept all interests attaching on and after 1st February 2017 at 00:00:01 Local Standard Time at the address of the Insured

Conveyance:

Conveyance(s) and/or vessel(s) and/or air and/or post and/or road and/or rail and/or conveyance(s) of any kind and including storage

Voyage:

At and from ports and/or places in the World to ports and/or places in the World excluding Afghanistan, Angola, Cuba, Ethiopia, Iran, Iraq, Liberia, Libya, Myanmar, Nicaragua, Nigeria, North Korea, Rwanda, Sierra Leone, Somalia, Sudan, Syria, Uganda and Zimbabwe and any other Country where their local legislation decrees insurance must be effected locally, unless specially declared and accepted by Underwriters prior to shipment.

Including internal transits within U.K. and including unpacking and hanging of pictures

Cover to attach at and from the time the subject matter becomes at the Insured's risk or the Insured assumes interest and continues until final destination or the Insured's interest ceases.

Including all transits within or between any storage or warehouse location.

Including in store whether or not in the course of transit.

Including risks of loading prior to dispatch and unloading after arrival at final destination.

Including F.O.B./F.O.A. and/or other similar terms of sale shipments.

Interest:

All goods and/or merchandise of every description incidental to the Insured's business and/or for which they are responsible including but not limited to paintings, drawings, prints, tapestries, books, manuscripts, carpets, rugs, glass, marble, porcelain, pottery and other fragile items, furniture, bronzes, stoneware, woodware and other non-fragile items, jewellery and watches and/or accessories and/or the like.

Including goods held in trust or on commission or for which the Insured have received instructions to insure.

Including increased value by way of duties, taxes and expenses incurred in respect thereof.

Including buyers/sellers interest insurance

Sum Insured:

£5,000,000 any one vessel and/or conveyance

£3,000,000 any one article

£7,500,000 any one location at Unit 4, Heathrow International Trading Estate, Green Lane, Hounslow, Middlesex TW4 6HB

The above limits are on a First Loss Basis in respect of storage only.

Basis of Valuation:

Hammer price plus auctioneers buyers premium, insurance and freight or value as declared plus insurance and freight

In addition to the declared value to the shipper this policy will also provide cover following an insured loss for freight, duty and claims for VAT which are made by HMC&E.

Conditions:

As attached

Information: (NLOW)

Items are usually collected from London and returned to the Insured's warehouse (soft wrapped for transport only). They would then be measured for cartons or cases and often be put into racks. The items would then be packed for despatch.

Survey Fees

In the event of the Insured and/or consignee complying with the instruction contained in the Policy or on the certificate of insurance to call for a survey in respect of loss or damage which may result in a claim hereunder, it is hereby understood and agreed that reasonable expenses incurred and fees charged in respect of that survey are for Underwriters' account even though a claim may not subsequently result hereunder.

CONDITIONS

This insurance covers all risks of loss or damage to the subject matter insured subject to:

Institute Cargo Clauses (A) CL.252 1/1/82 and/or
Institute Cargo Clauses (Air) CL.259 1/1/82 as far as applicable
Including War, Strikes, Riots and Civil Commotions as per
Institute War Clauses (Cargo) CL.255 1/1/82 and/or
Institute War Clauses (Air Cargo) CL.258 1/1/82 and/or
Institute War Clauses (Sendings by Post) CL.257 1/1/82 and/or
Institute Strikes Clause (Cargo) CL.256 1/1/82 and/or
Institute Strikes Clauses (Air Cargo) CL.260 1/1/82 as applicable.

and/or Trade Clauses as may be customary or as may be agreed on individual risks.

Institute Classification Clause CL. 354 1/1/2001

Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical, Electromagnetic Weapons
CL.370 10/11/03

Institute Cyber Attack Exclusion Clause CL.380 10/11/03

For the purposes of claims for general average contribution and salvage charges recoverable hereunder the subject matter insured shall be deemed to be insured for its full contributory value

On deck shipments are covered hereunder including the risks of jettison, loss and washing overboard.

New Machinery is subject to Institute Replacement Clause CL. 161 1.1.34.

Used Machinery is subject to Secondhand Replacement Clause as follows:-

In the event of loss of or damage to any part or parts of an insured machine caused by a peril covered by the policy, the sum recoverable shall not exceed such proportion of the cost of replacement of the part or parts lost or damaged as such proportion of the cost of replacement of the part or parts lost or damaged as the insured value bears to the value of a new machine plus additional charges for forwarding and refitting the new part or parts, if incurred. Provided always that in no case shall the liability of underwriters exceed the insured value of the complete machine
Excluding loss or damage due to mechanical, electrical, or electronic derangement unless there is evidence of external damage to the insured item or its packing.

Waiver

It is agreed that rights of recourse and/or subrogation are waived against the Insured but rights or recourse against all other Sub-Contractors and other Third Parties to remain.

Replacement By Air Clause

It is agreed that where there is loss or damage which is the subject of a claim hereunder and the Insured can demonstrate the necessity to forward the replacements by air, Underwriters will pay the extra costs so involved up to a maximum amount of twice the original sea freight charges, notwithstanding that the original consignment was not despatched by air.

Concealed Damage Clause

In respect of shipments insured hereunder which are received at final destination and placed in storage but not unpacked, this insurance also covers losses discovered upon the opening of the case, container or package which are deemed to have occurred during transit and shall be paid for accordingly unless conclusive proof to the contrary be established, provided the case, container or package is opened not later than 90 days after arrival in store.

Cases, containers or packages showing outward signs of loss and/or damage are to be opened immediately on arrival at site.

Unexplained Loss Clause

It is agreed that in respect of consignments shipped in containers or curtain sided trailers or full vehicle loads, claims in respect of theft, shortage or non-delivery of a whole or part of a consignment will not be invalidated by the fact that the seal(s) appear intact and that such claims will be settled in full on production of loading and discharge tally sheets.

Packing Clause

It is agreed that alleged insufficiency or unsuitability or packing and/or stowage will not be used as a defence against any claim where the packing or preparation was carried out by a party other than the Insured and/or their employees and the insufficiency or unsuitability arose entirely without the Insured's privity or knowledge. Packing shall be deemed to include stowage in a Container and/or other similar inter-modal methods of unit load.

For the purpose of this Clause "Insured" is deemed to include Shippers and/or Customers and/or Principals but not the named Insured herein.

Brands and Trade Marks Clause

In the case of damage to goods insured bearing embossed or indented brands or other permanent marking identifying the Insured as the manufacturer and carrying or implying the guarantee of the Assured then such damage shall be treated as a constructive total loss.

This extension in cover shall only apply where it is not possible to remove the embossed or indented brand or permanent marking and the Insured is able to demonstrate to Underwriters that sale of such damaged goods will be detrimental to the Insured's good name. Subject to prior agreement by Underwriters the Insured shall dispose of the damaged goods to the best advantage or they shall be destroyed in the presence of both a representative of Underwriters and the Insured.

Removal of Debris Clause

This policy shall indemnify the Insured against costs and expenses necessarily incurred by the Insured in connection with the removal of debris and site clearance arising from any incident caused by an insured peril, irrespective of whether such incident results in a claim for loss or damage under this policy.

The limit of liability hereunder shall not exceed 10% of the sum insured as specified herein in respect of any one loss or series of losses.

Duty Clause

This insurance also covers, subject to declaration, increased value of cargo, by reason of imposition of import duties and/or taxes at the place of destination.

Subject to the same conditions as the insurance on cargo and to pay the same proportion of loss but excluding claims in respect of total loss of whole or part of cargo prior to the duties and/or taxes becoming payable.

In the event of loss the insured should in all cases make reasonable efforts to obtain abatement or refund of duties and/or taxes paid or claimed by Customs and Excise Authorities.

Returned Shipments

In the event of shipments insured under this Policy being returned for any reason, such shipments are covered continuously hereunder, including whilst in warehouse or elsewhere until finally disposed of by the Insured.

Reports of such return shipments to be made to the Insurers by the Insured as soon as practicable after they have knowledge of same.

These risks are held covered at rates to be agreed, subject to details of each case as may arise.

In those cases where returned goods were not insured under this Policy for the outward voyage or where cover under this Policy has not been continuous, then it is agreed that shipments are held covered subject to the Institute Cargo Clauses (B) including heavy weather damage and loss overboard and the Institute War and Strikes Clauses at rates to be agreed.

Accumulation Clause

Should there be an accumulation of interests beyond the limits expressed in this policy by reason of any interruption of the transit and/or an occurrence beyond the control of the Assured and/or by reason of any casualty and/or at a transshipping point and/or on a connecting vessel or conveyance, it is agreed that such excess interest is covered hereunder subject to Underwriters' liability being limited to a maximum of 200% of the policy limits contained herein.

Pairs and Sets Clause

Where any insured item consists of articles in a pair or set this policy will pay the value of the pair or set without any deduction being made for the undamaged or lost item.

Glass exclusion for paintings pictures and photographs

This policy excludes breakage of glass but not damage to the painting, picture or photograph caused by the breakage of glass

STANDARD CONDITIONS

It is a condition of this insurance that the Insured is bound to declare hereunder every shipment without exception, underwriters being bound to accept up to but not exceeding the amount specified herein.

It is also agreed that this Insurance shall not be prejudiced by any unintentional delay or omission in reporting hereunder or any unintentional error in the amount or the description of the interest, vessel, voyage or if the subject matter be shipped on a vessel other than that originally advised by the Insured.

Permission is granted to the Coverholder to issue Claims Payable London/Claims Payable Abroad Certificates of Insurance subject to the following:-

The Institute Clauses referred to herein are those current at the inception of this contract but should such clauses be revised during the period of this contract, and provided that underwriters shall have given at least 30 days notice thereof, then the revised Institute Clauses shall apply to risks attaching subsequent to the date of expiry of said notice.

LSW 1001 Several Liability Notice

The subscribing insurers' obligations under policies to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations

Cancellation

This contract may be cancelled by either underwriters or the Insured giving 30 days notice in writing but risks covered by War Clauses may be cancelled at 7 days notice, and risks covered by Strikes Clauses may be cancelled at 7 days notice or at 48 hours notice in respect of shipments to or from the United States of America. Cancellation shall not apply to any risks which have attached in accordance with the cover granted hereunder before the cancellation becomes effective.

It is further agreed between the Underwriters and the Insured that in the event of the Insured, or their Agents on whose instructions insurance may have been effected, failing to pay Bluefin Insurance Services Limited the premium or any instalment thereof on the due date, this policy may be forthwith cancelled by Bluefin Insurance Services Limited giving to the underwriters notice in writing and the underwriters will thereupon return, to the Brokers through whom this policy is effected, pro rata premium from the date of notice or from such later date as cancellation may be required in the said notice

Insolvency Exclusion Clause (JC 93).

It is hereby noted and agreed that the Insolvency Exclusion Clause contained in the Institute Clauses hereunder is amended to read as follows:-

In no case shall this insurance cover loss damage or expense arising from insolvency or default of the owners, managers, charterers or operators of the vessel where the Assured are unable to show that, prior to the loading of the subject matter insured on board the vessel, all reasonable practicable and prudent measures were taken by the Assured, their servants and agents to establish the financial reliability of the party in default.

Cargo ISM Endorsement (JC 98/019 1st May 1998)

Applicable to shipments on board Ro/Ro passenger ferries.

Applicable with effect from 1 July 1998 to shipments on board:

1. passenger vessels transporting more than 12 passengers and
2. oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high speed craft of 500 gt. or more.

Applicable with effect from 1 July 2002 to shipments on board all other cargo ships and mobile offshore drilling units of 500 gt. or more.

In no case shall this insurance cover loss, damage or expense where the subject matter insured is carried by a vessel that is not ISM Code certified or whose owner or operators do not hold an ISM Code Document of Compliance when, at the time of loading of the subject matter insured on board the vessel, the Assured were aware, or in the ordinary course of business should have been aware:

- a) either that such vessel was not certified in accordance with the ISM Code
- b) or that a current Document of Compliance was not held by her owners or operators as required under the SOLAS Convention 1974 as amended.

This exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject matter insured in good faith under a binding contract,

Cargo ISM Forwarding Charges Clause

In consideration of an additional premium to be agreed, this insurance is extended to reimburse the Assured, up to the limit of the sum insured for the voyage, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the subject-matter to the destination to which it is insured hereunder following release of cargo from a vessel arrested or detained at or diverted to any other port or place (other than the intended port of destination) where the voyage is terminated due either

- a. to such vessel not being certified in accordance with the ISM code
- or
- b. to a current Document of Compliance not being held by her owners or operators as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms, conditions and exclusions contained in the policy and to Cargo ISM Endorsement JC 98/019.

Contracts (Rights of Third Parties) Act 1999 Exclusion Clause (Cargo)

The Provisions of the contracts (Right of Third Parties) Act 1999 do not apply to this insurance or to any certificates(s) of insurance issued hereunder. Neither this insurance nor any certificates issued hereunder confer any benefits on any third parties. No third party may enforce any term of this insurance or of any certificate issued hereunder. This clause shall not affect the rights of the assured (as assignee or otherwise) or the rights of any loss payee.

Sanction Limitation and Exclusion Clause

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

JC2010/014

TERMINATION OF TRANSIT CLAUSE (TERRORISM)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

- 1 Notwithstanding any provision to the contrary contained in this Policy or the Clauses referred to therein, it is agreed that in so far as this Policy covers loss of or damage to the subject-matter insured caused by any terrorist or any person acting from a political motive, such cover is conditional upon the subject-matter insured being in the ordinary course of transit and, in any event, **SHALL TERMINATE:**

either

1.1 As per the transit clauses contained within the Policy,

or

1.2 on delivery to the Consignee's or other final warehouse or place of storage at the destination named herein,

1.3 on delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which the Assured elect to use either for storage other than in the ordinary course of transit or for allocation or distribution,

or

1.4 in respect of marine transits, on the expiry of 60 days after completion of discharge overseas of the goods hereby insured from the overseas vessel at the final port of discharge,

1.5 in respect of air transits, on the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge,

whichever shall first occur.

- 2 If this Policy or the Clauses referred to therein specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1
- 3 This clause is subject to English law and practice.

Depreciation Clause

It is noted and agreed that if depreciation in value of an insured item following repair as established by an independent valuer is more than 50% then the item will be considered a constructive total loss. Following payment of a constructive total loss the item subject to a claim will become the property of Underwriters to dispose of as they deem necessary

- (1) Should the insured become aware that the consignee has failed to take up goods or documents of title or has not effected their own insurance and/or advised their insurers as required by terms dictated under letter of credit terms, they are to advise Underwriters hereunder promptly, then this insurance is converted to a primary one subject to contract terms and conditions on behalf of the insured and shall remain in force until such time as the goods are either:-
 - (a) finally taken up, or
 - (b) otherwise disposed of including reshipment if required. In the event of goods not being taken up full cover rates to apply
- (2) Excluding claims hereon by reason of government action and/or regulations preventing transfer of currency except by reason of physical loss or damage by a peril insured against

What to do in the event of a claim

It is our aim to provide you with an efficient claims service. In order to achieve this, we have a dedicated claims team who you should contact immediately in the event of any incident that may give rise to a claim.

Please contact the team, who are available on 24 hour basis, using the details shown below.

Bluefin Claims at Collyers

Unit 5
Maidenbower Business Park
Balcombe Road
Crawley, West Sussex
RH10 7NN

Tel No: 01293 880050
Fax No: 01293 880060
E-Mail: bluefinclaims@collyers.com