

[Name of Sub-Contractor Owner or Senior Manager]

[Address]

[Date]

Subject:

Dear Supplier

P&O Ferrymasters requires that you, as a subcontracted haulier, purchase and maintain "Goods in Transit" Insurance of reasonable quality. You will certainly agree that this is in the interests of everybody who is involved in the transport chain.

Unfortunately, the "small print" in many policies contains exclusions and limitations on cover which, if an incident occurs, could leave you exposed to serious financial loss.

Recent years have seen a huge increase in cargo crime, often violent, throughout Europe and the UK and this has resulted in even greater exposure to you, as a haulier. In recent months, we have witnessed a considerable number of cases where an insurer has simply refused to pay because of "policy conditions" or similar excuses, leaving the haulier with an uninsured liability which is wholly disproportionate to his earnings. Claimants are never sympathetic to this and we have witnessed firms going out of business as a result, leaving P&O Ferrymasters with very substantial (and unrecoverable) losses.

This serious problem is made even worse by the fact that Goods in Transit insurance providing complete protection for you is either extremely expensive or (in some states) impossible to buy.

In order to protect you, and ourselves, from the very real risk of serious financial loss, P&O has used its substantial buying power to negotiate a special arrangement with our own insurers. On the basis of this arrangement, P&O will waive recovery actions against you for any amount between €5000 and €1 million which your own insurers refuse to pay in respect of any claim for loss, damage or delay to goods.. For the avoidance of doubt, this arrangement excludes the first €5000 of any such amount plus any policy excess you may have. You will remain liable for these sums.

Thanks to the volume of our business, we have secured this deal at the astonishingly low price of €0.50 per transport, a tiny sum given the extent of additional protection which is provided for you.

This charge will automatically be calculated by our “RCN” system and deducted from the invitation to invoice which is sent to you. Acceptance by you of orders from P&O Ferrymasters constitutes acceptance of this arrangement.

Remember that this arrangement requires that you purchase and maintain in place goods in transit insurance of reasonable quality^[1] and that you comply with the conditions of that insurance but you will appreciate that the above will offer additional protection at a price which, we believe, is far less than would normally be available to you.

In order to secure this level of cover at such an extraordinarily low price, P&O must reserve the right to cancel this arrangement by giving 20 days written notice but such cancellation shall not prejudice any claims which have accrued prior to the date of cancellation.

Yours sincerely,

[Name of P&O Ferrymasters Employee]

[Position]

^[1] ie goods in transit insurance which complies with our Conditions of Subcontracting which can be found at www.poferrymasters.com (under “Partner Gateway”) or which can be supplied on request.