

## Import/Export – Cargo Insurance

If you are an importer or exporter who is reliant upon goods being transported by ocean, air, road or rail then you should buy marine cargo insurance to protect those goods against the wide range of risks which they might encounter during their voyage. Your goods could incur loss or damage arising from:

- Transportation damage
- Theft, pilferage or hijack
- Exposure to rain or salt water
- Variations in temperature
- Fire, sinking, crashing or overturning of the carrying conveyance

Most of these risks are difficult to manage directly because your goods will be in the care, custody and control of a third party carrier. Carriers do not take full responsibility for the goods they carry and will limit their liability for loss or damage to those goods as the following chart shows.

Carriage by	Conditions Applicable	Limitation of Liability
Sea	Hague/Hague Visby/Hamburg Rules	\$500 to \$1,500 per lost package or \$3 to \$4 per kilo for damaged goods dependent upon which convention applies
Air	The Warsaw Convention	\$30 per kilogram
Road	Motor Vehicle Transport Act	\$4.41 per kilogram

Furthermore, in order to establish a claim you may have to:

- Prove negligence of the carrier under their conditions which is not always easy and can be time-consuming
- Claim in writing within strict time periods
- Be prepared to pursue larger claims through the courts against carrier's insurers
- Avoid being prevented from making a successful claim by one of the many defenses a carrier has in their trading conditions

By purchasing marine cargo insurance, the damaging consequences of any loss can be greatly reduced. Most policies provide cover for the risks of loss or damage to goods while in transit including extensions in cover for:

- Loading and unloading
- Transit to/from and whilst at exhibitions, trade fairs or shows
- Loss or damage to sales representatives samples and/or engineers' tools
- Control of the salvage or disposal of your own branded goods
- Buyers and/or sellers contingent interest
- Delayed discovery of concealed damage
- Increase in the value of goods due to the imposition of duty
- Full payment of general average and salvage charges

There are many advantages to having your own annual policy.

- The policy can be tailored to your company's specific requirements, with higher limits and wider cover than that available under a single shipment policy
- You have control over the risk management and claims experience which in turn enables you to control your premium levels in future years
- Premium rates are specific to your company's shipments and usually offer large savings over a single shipment policy which is rated to accommodate all-comers
- You can choose how the policy is administered, for example a deposit premium with an annual adjustment keeps administration to a minimum, alternatively monthly declarations of your shipments allow you to spread the premium and reduce the impact to your cash flow
- Once in place, you do not have to remember to insure every shipment, cover is automatic during the insured period (typically 12 months)
- Cover for storage, exhibitions, engineers tools and salesman's samples can be included

