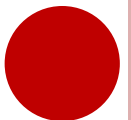


# **Optimizing Marine Insurance Cover**

**Tanuj Edward**

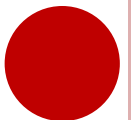
**Chief Operating Officer –General Insurance**

**11<sup>th</sup> October 2014**



# Marine Insurance

- **Cargo**
- **Hull**
- **Liability**



# WHO NEEDS MARINE CARGO INSURANCE

Anyone who **Imports, Exports or Moves Cargo from one place to another** or who stands to **lose financially** if the goods are lost or damaged.

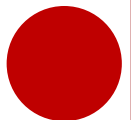




# WHY SHOULD CARGO BE INSURED

Because it is only too easy for Cargo to be lost or damaged in transit. Whether you own the goods or have **financial interest in them.**

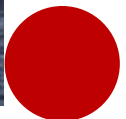
A loss could be Financially Crippling



# ARE YOU IN CONTROL ?

Once the goods are moved out from the warehouse of the seller, they are no more in the custody of the seller or the buyer. They are rather in the hands of a third party called the carrier. During the transit loss can arise from:

- Fire explosion
- Contact with water
- Breakage
- Accident
- Derailment of conveyance
- Theft
- Pilferage
- Non-delivery



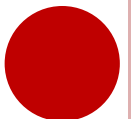


# WHAT ARE THE TYPES OF COVERS AVAILABLE

There are three internationally recognized clauses under which cover can be granted.

These clauses are known as “Institute Cargo Clauses” (ICC)

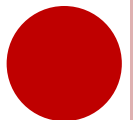
- Institute Cargo Clauses “A” (ICC A)
- Institute Cargo Clauses “B” (ICC B)
- Institute Cargo Clauses “C” (ICC C)





# INSTITUTE CARGO CLAUSES (A)

This is the widest possible cover, which covers all risks of loss or damage to the subject matter (Cargo) except a few standard Exclusions.





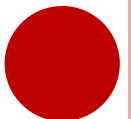
VILLE D'ORION  
HAMBURG



# INSTITUTE CARGO CLAUSES (C)

This is the most restricted clause and covers only loss or damage reasonably attributable to :

- Fire
- Explosion
- Vessel being stranded or sunk
- Overturning or derailment of the land conveyance
- Collision of the vessel
- Discharge of cargo at port of distress
- General Average Sacrifice
- Jettison





HEINRICH BEHRMANN

Sitra

NB

ECS European Container Services

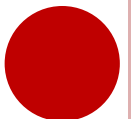
ECS European Container Services

ECS European Container Services

# INSTITUTE CARGO CLAUSES (B)

This Cover is similar to “C” Clause, but in addition covers :

- Earthquake, volcanic eruption or lightning
- Washing overboard.
- Entry of sea, lake or river water into vessel, craft hold conveyance, container, lift-van or place of storage.
- Total loss of any package lost overboard or dropped whilst loading/unloading from vessels.



## Risks Covered and the Exclusions

## Institute Cargo Clauses

(A)

(B)

(C)

Loss or damage to the subject matter insured  
proximately caused by [in Clauses (A)] and  
reasonably attributable to [in Clauses (B) and (C)]:

Fire or explosion



Vessel or craft stranded, sunk,  
burnt or capsized



Land conveyance overturned  
or derailed



Collision or contact of vessel,  
craft or conveyance with any  
external object except water



Discharge of cargo at port of distress



---

(A)

(B)

(C)

Earthquake, lightning or  
volcanic eruption



Malicious damage



Theft



Delay



Inherent vice or nature of the  
subject matter insured



Willful misconduct of the assured





---

(A)

(B)

(C)

Loss or damage to the subject matter insured caused by:

General average sacrifice



Jettison



Washing overboard



Entry of sea, river or lake water into vessel, craft, conveyance, container or place of storage



Total loss of any package lost overboard or dropped whilst loading on to, or unloading from, vessel or craft



Piracy



---

(A)

(B)

(C)

War



Strikes, riots and civil commotions,  
includes terrorists or any persons  
acting from a political motive



Use of any atomic or nuclear weapon



Ordinary leakage, ordinary loss in  
weight or volume, or  
ordinary wear and tear



Insufficiency or unsuitability  
of packing



The assured privy to the  
unseaworthiness of vessel or craft  
and/or unfitness of vessel, craft,  
conveyance or container  
at the time of loading



Insolvency or financial default of the  
owners or operators of the vessel



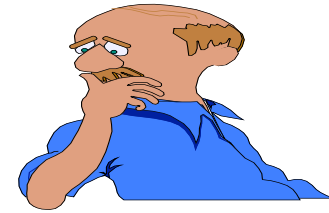
# NORWEGIAN DREAM



“FIREFIGHTERS ARE BATTLING TO CONTAIN A BLAZE ON A CARGO SHIP AFTER IT COLLIDED WITH A LUXURY LINER CARRYING MORE THAN 2,000 PEOPLE IN THE ENGLISH CHANNEL”



# GENERAL EXCLUSIONS



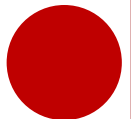
1. Willful misconduct of the Assured
2. Ordinary leakage, ordinary loss in weight or volume or ordinary wear and tear
3. Insufficiency or unsuitability of packing or preparation of the subject matter insured
4. Inherent vice or nature of the subject matter insured
5. Delay
6. Insolvency
7. Un-seaworthiness and unfitness of vessel craft conveyance, containers, etc.
8. War
9. Strikes



# INSTITUTE STRIKES CLAUSES (CARGO)

## Risks Covered

- Loss of or damage to the subject-matter insured (cargo) caused by
  - 1.1 Strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions
  - 1.2 Any terrorist or any person acting from a political motive

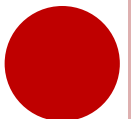


# INSTITUTE WAR CLAUSES (CARGO)

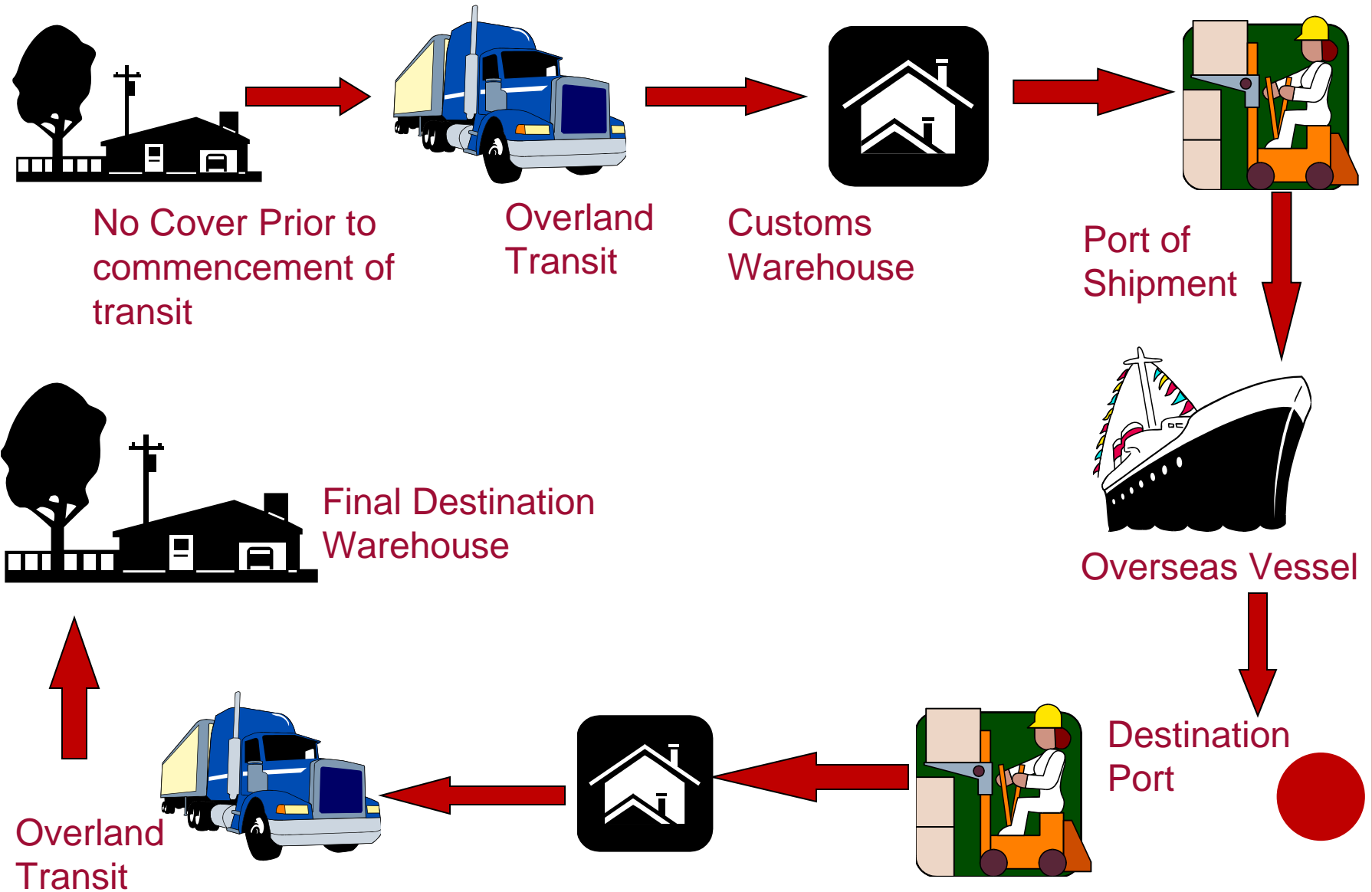
## Risks Covered

- Loss of or damage to the subject-matter insured (cargo) caused by

War Civil war Revolution Rebellion  
Insurrection, or civil strife arising there from,  
or any hostile act by or against a belligerent  
power



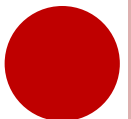
# DURATION OF A MARINE POLICY





# UNDERWRITING FACTORS

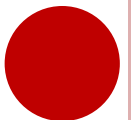
- The following details are required to be provided by the client in order to prepare quotation or for issuance of insurance policy:
  - Name and address of the assured.
  - Bank name (letter of credit), if any.
  - Subject matter to be insured.
  - Type of packing (if containerized, type of container: closed, open top etc).
  - Value of the interest and sum to be insured.
  - Basis of valuation (C&F +10%, FOB +10% 10+% etc)
  - Voyage details: from / to
  - Storage, if specifically arising.
  - Name of vessel, if available.
  - Client's loss experience
  - Insurance conditions required.



# TYPES OF MARINE CARGO POLICIES

## **Individual Cargo Policies**

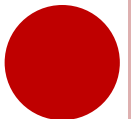
To Insure the export or Import of a single shipment of Goods (Voyage Policies)



# TYPES OF MARINE CARGO POLICIES

## **Marine Cargo Open Cover :**

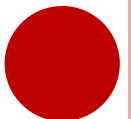
- Automatic Insurance protection for Imports and Exports, with premiums charged as declarations of shipments are made.
- Always Open until cancelled by either party
- Certificates are issued for individual shipments



# TYPES OF MARINE CARGO POLICIES

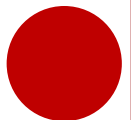
## **Annual Marine Cargo Open Policies**

- Convenient Insurance of all shipments where the client's risk attaches during the policy period.
- Premium is by deposit, adjustable on actual declared value of annual shipments.
- Best suited for Imports



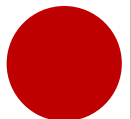
# WHAT IF I INSURE OVERSEAS

- Higher Cost ?
- Uncertain Scope of Cover
- Adequacy of cover for given voyage ?
- Dealing with intermediary rather than Principal



# ADVANTAGES OF ARRANGING INSURANCE LOCALLY

- Lower Cost
- Proper & Adequate Cover
- No Lengthy correspondence
- Face to Face contact with Insurer
- Special premium rates facilities could be negotiated
- Fast and efficient Claims settlement
- Policies could be tailor made to suit your requirements.
- Surveys and Risk Improvements/Management could be arranged free of charge.



# ADVANTAGES CONT...

- Covered from sellers warehouse anywhere in the world through Port/Airport and all the way up to the final warehouse.
- Additional expenses such as duty/other charges, levy, profit etc. could be added
- For frequent Importer an Open Cover could be arranged including bankers interest .

