

Marine Cargo Insurance

Written & Delivered by: Matt Owen-James





Hello & Welcome!

Matt Owen-James

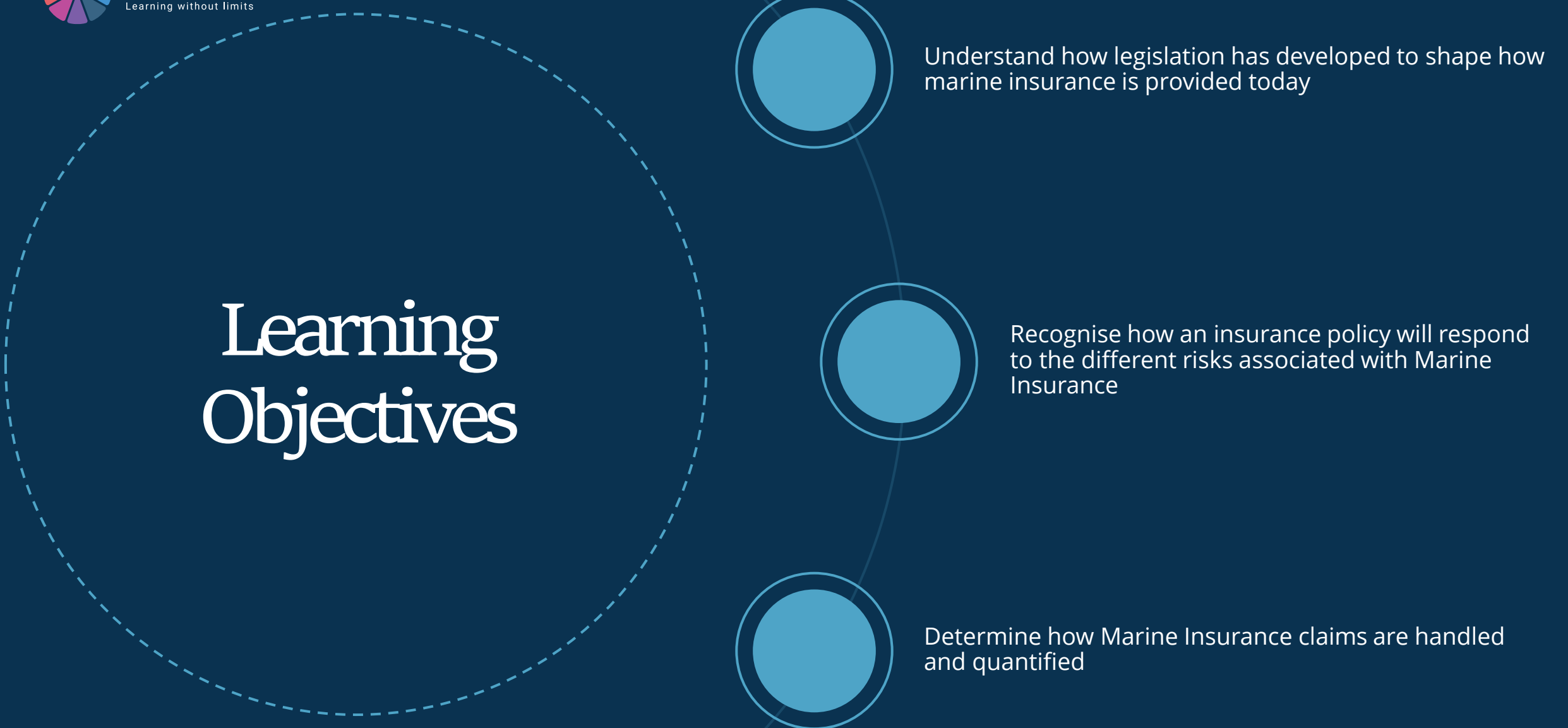
Senior Training Consultant

15 Years experience in the insurance industry

Please use the Q&A to ask your questions throughout the session.



Learning Objectives



Understand how legislation has developed to shape how marine insurance is provided today

Recognise how an insurance policy will respond to the different risks associated with Marine Insurance

Determine how Marine Insurance claims are handled and quantified



Agenda



Development of
Marine Insurance



Claims



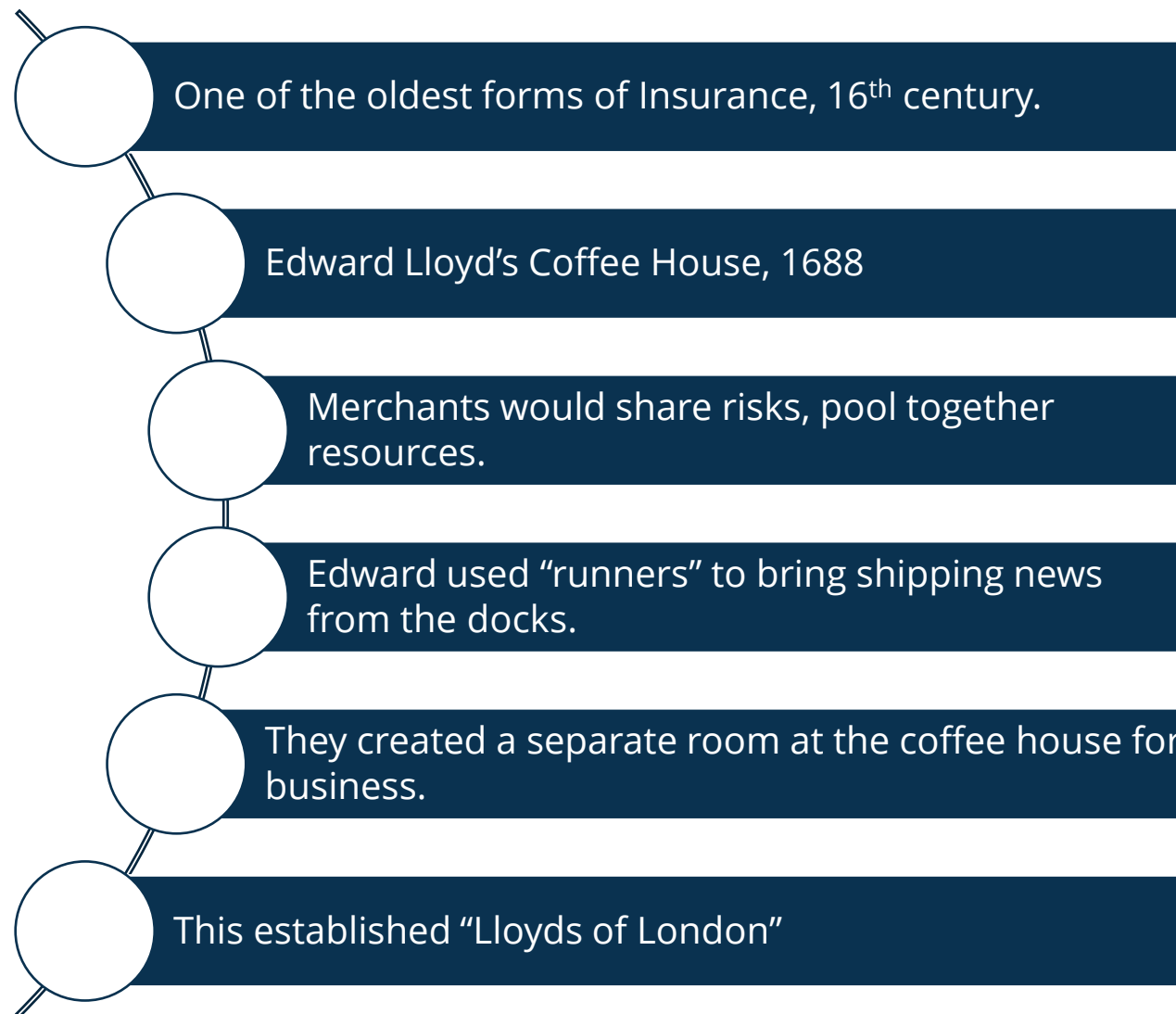
Providing Cover



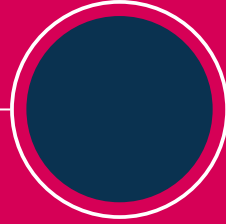
Summary & Recap

Development of Marine Insurance

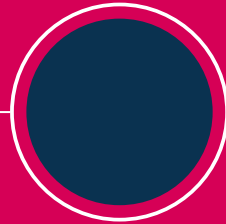
Where It All Began.....



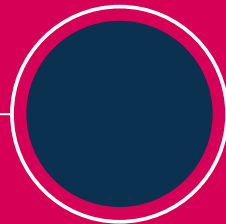
Marine Insurance Today



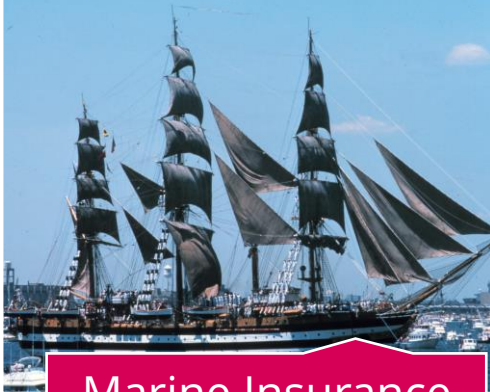
China – USA / USA – China are the busiest of shipping routes across the globe



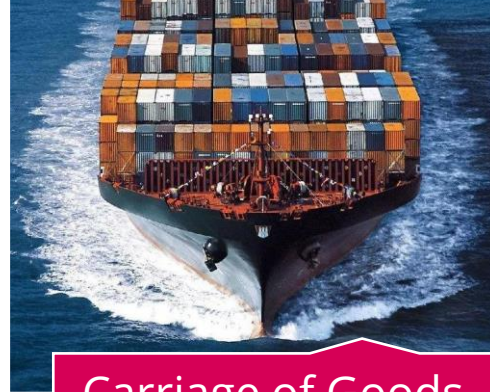
Cargo varies from raw materials to manufactured products



New shipping methods means that marine insurance continuously changes



Marine Insurance
Act 1906



Carriage of Goods
by Sea Act 1971



Carriage of Goods
by Road Act 1965

Legislation

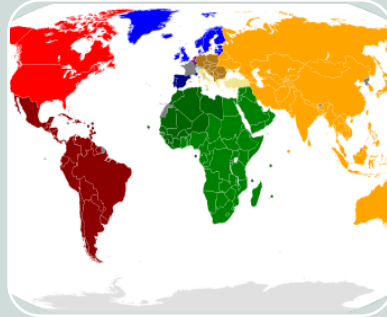
Relating to Marine Insurance

Providing Cover

Buyers



Manufacturers



Overseas
production
operations



Importers of
materials /
finished goods



Distributors /
Exporters of
finished goods



Storage of
goods

Insuring Containers

TUE (Twenty Foot Equivalent) is exact unit of cargo capacity, often used for container ships and container ports. It is based on the value of a 20-foot-long intermodal container.

Used as easily transferred between ship, trains and trucks

Can be metal, refrigerated, SMART

The Maersk claims it has a loading plan of 15,212 TEU.



Perils & Risks



Weather Risks



Other Natural Perils



Non-Natural Perils

SR No	Risks / Peril	A	B	C
01	Fire / Explosion	✓	✓	✓
02	Stranding / Sinking	✓	✓	✓
03	Barratry / Jettison	✓	✓	✓
04	Collision	✓	✓	✓
05	Overturning of land conveyance	✓	✓	✓
06	Earthquake	✓	✓	x
07	Theft / Pilferage	✓	x	x
08	Shortage	✓	x	x

Institute Cargo Clauses











The Main forms of cover used in the UK Market are the Institute Cargo Clauses:

- Clause A
- Clause B
- Clause C

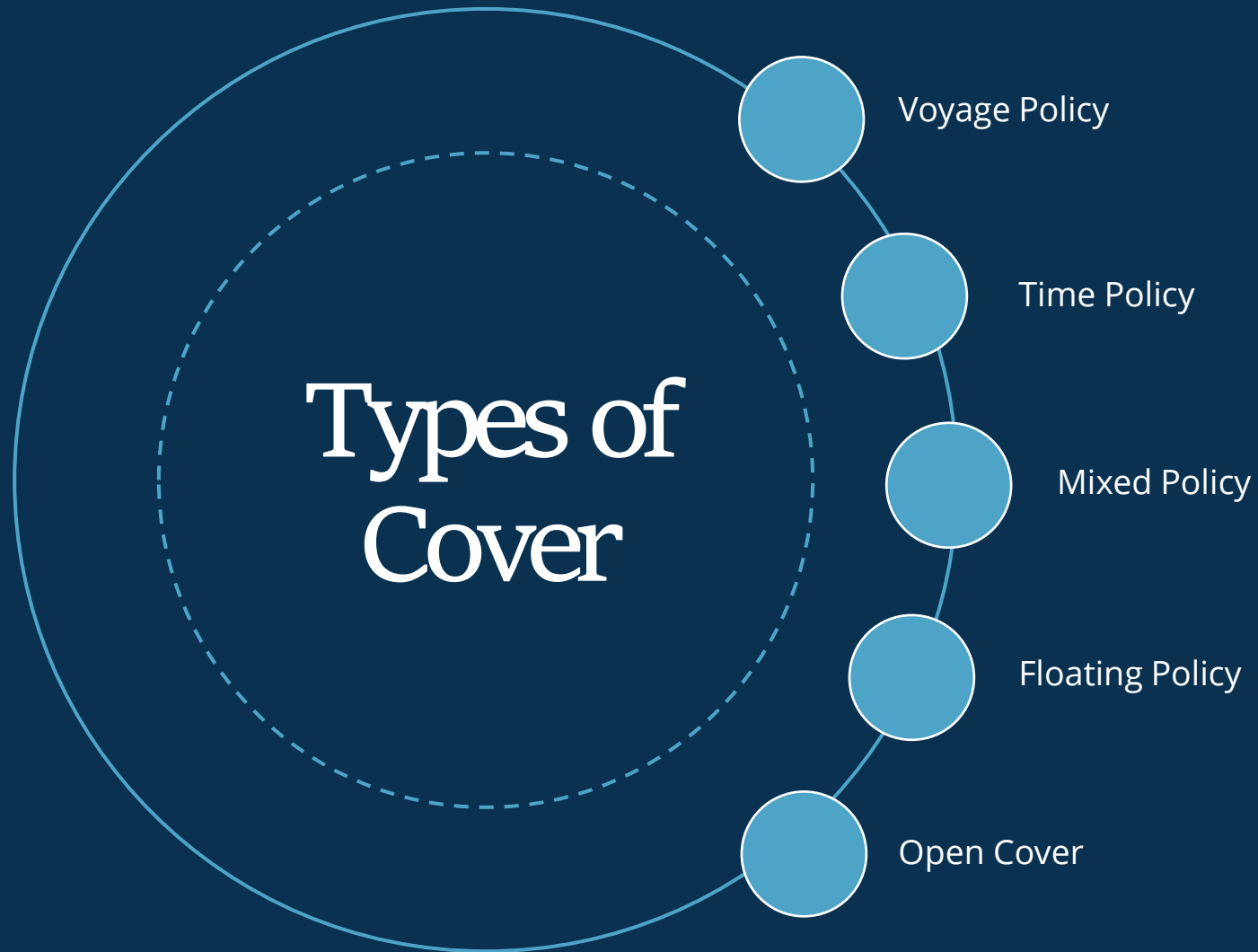
Duration of Policy - Incoterms

- First party property as it moves in transit from A to B, subject to agreed 'terms of sale' conditions (Incoterms).
- Incoterms – International Commercial Terms
- Incoterms are predefined commercial terms recognised by law and can be used to detail who is responsible to insure the goods.
- Policy will cover property in transit via land, sea or air.

Incoterms

	 Loading, delivery to port, & export customs	 Unloading	 Loading at port of export	 Transit to destination	 Cargo insurance	 Unloading at port of import	 Loading truck at port of import	 Carriage to destination	 Import customs clearance	 Import duties
EXW	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FAS	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FOB	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CFR	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CIF	Buyer	Buyer	Buyer	Buyer	Buyer	Negotiable	Buyer	Buyer	Buyer	Buyer
CPT	Buyer	Buyer	Buyer	Buyer	Buyer	Negotiable	Buyer	Buyer	Buyer	Buyer
CIP	Buyer	Buyer	Buyer	Buyer	Buyer	Negotiable	Negotiable	Buyer	Buyer	Buyer
DPU	Buyer	Buyer	Buyer	Buyer	Negotiable	Buyer	Buyer	Buyer	Buyer	Buyer
DAP	Buyer	Buyer	Buyer	Buyer	Negotiable	Buyer	Buyer	Buyer	Buyer	Buyer
DDP	Buyer	Buyer	Buyer	Buyer	Negotiable	Buyer	Buyer	Buyer	Buyer	Buyer

● Buyer
 ● Seller
 ● Negotiable



Underwriting Considerations

The Cargo & susceptibility to damage or spoil

1 off voyage or Open cover

Theft risk (shortage from container)

Sealed container

Value of cargo

How the cargo is packed

Journey Locations

Time of year



Insolvency exclusion clause



Transit Clause "Ordinary course of transit"



Loading / Unloading clause



Pre transit, transit.



Stationary Goods



Inadequate packing



War

Policy Conditions

Common Clauses, Extensions & Exclusions

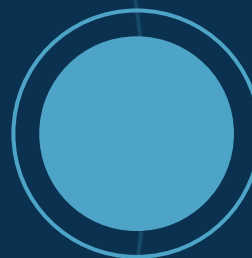
Claims



Measuring the Loss



SDR's



Letter of Lading



Waybills

General Average

‘An extraordinary sacrifice or expenditure voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property.’

Marine Insurance Act (1906),
Section 66 (2)



Salvage

In the event of a ship becoming damaged at sea, then the service of a salvage company need to be employed to recover the gull as well as it's cargo.

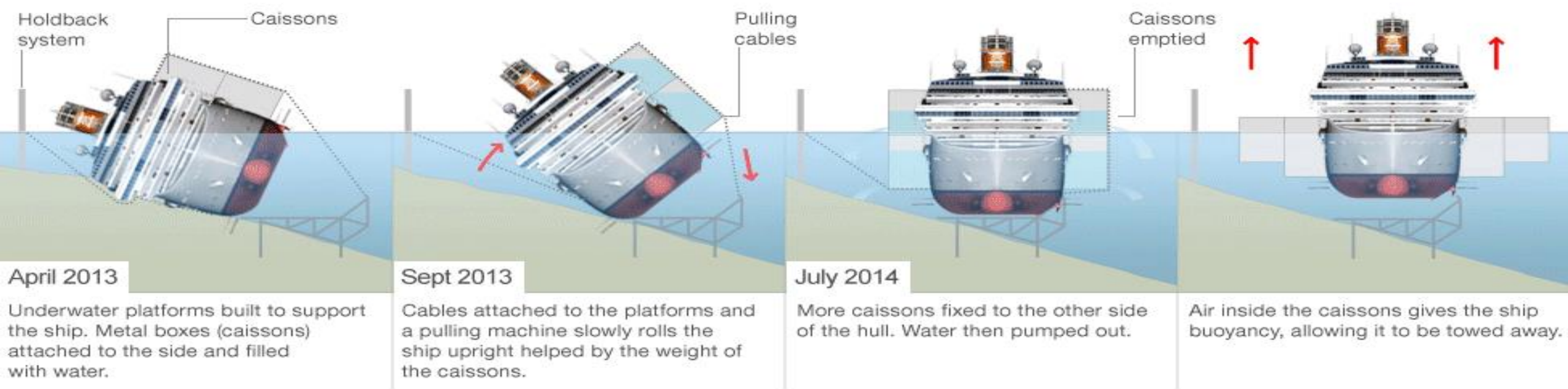
In Jan 2012, the Costa Concordia struck a rock, ripping open a 160ft hole. What was the cost of the salvage?

- a) \$0.5b
- b) \$1.2b
- c) \$1.9b



GETTY IMAGES

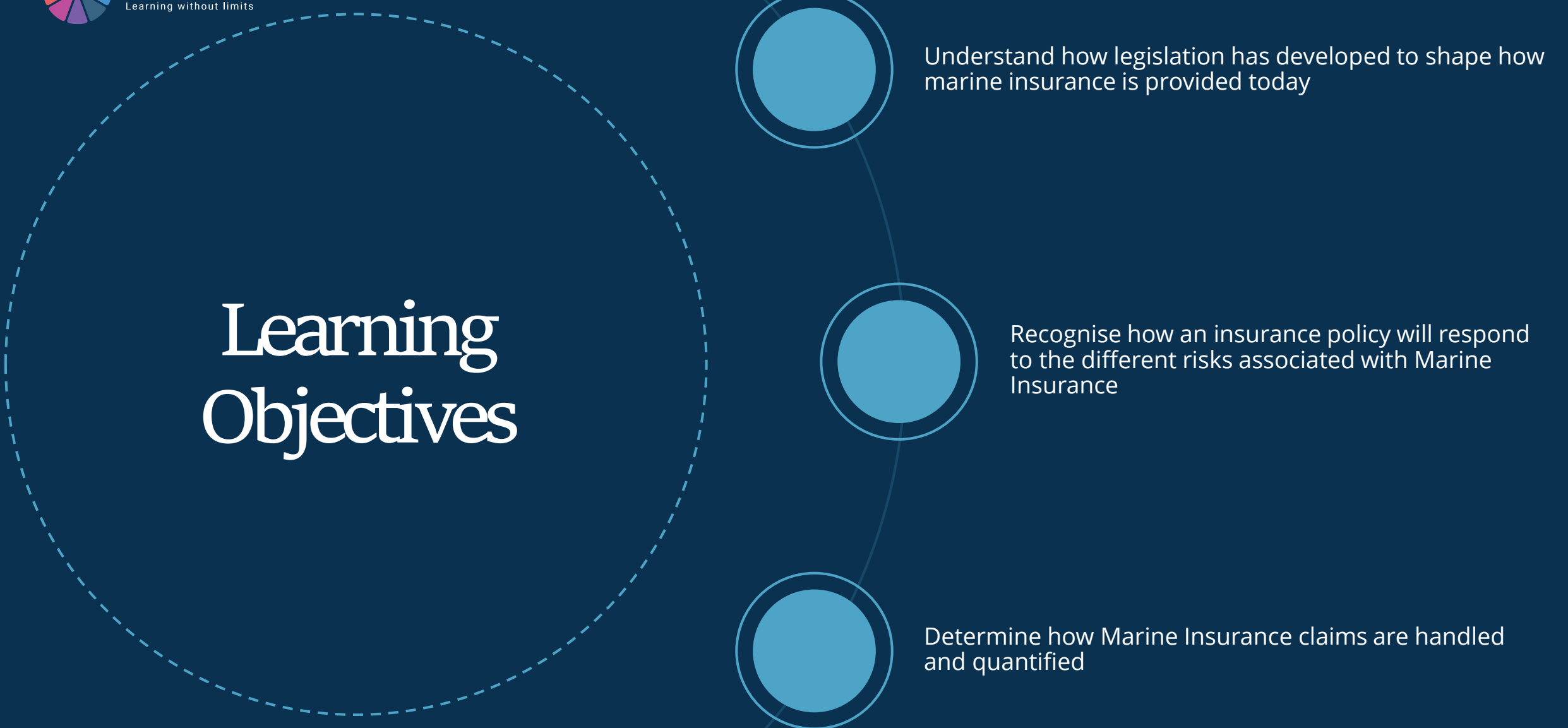
Salvage operation



Source: Titan/Micoperi. Image: Getty

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Thank you for joining today's training



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