

Marine Insurance Freight Liability / Cargo Cover

Leeds CII Lecture 15th Oct 2019

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Local expertise.



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What we hope to achieve

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Opening the door into the world of Marine Insurance



Agenda

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- Cargo cover overview
- Freight liability claims
- Stock throughout losses
- The future?

What is Marine and Transit insurance?

- It is the insurance of the physical goods during transfer from points A to B.
- It is the insurance of carriers liability for losses arising.
- It includes transportation by sea, rail, road and air, storage in transit as well as warehousing.



Cargo cover

- A property insurance of the goods.
- Set cover i.e. Institute Cargo Clauses, used by most insurers
- Widest insurance cover is provided under 'Institute Cargo Clause A', a more restrictive cover under 'Institute Cargo Clause B', and the most restrictive cover under 'Institute Cargo Clause C. Over 20 “plus covers” available.

Cargo owners

- Simply for the party who own the goods at the time and place of the loss, who are they on a long chain?



INCO terms

- A universal term that defines a transaction between importer and exporter, so that both parties understand the tasks, costs, risks and responsibilities
- Inco terms are all the possible ways of distributing responsibilities and obligations between two parties
- It is important for buyer and seller to pre-define the responsibilities and obligations for transport of the goods

Common INCO terms

- Ex Works (EXW) – The seller makes the goods available at its location, the buyer can take over all the transportation costs and also bears the risks
- Delivered Duty Paid (DDP) –The seller is responsible for delivering the goods to the named place in the country of the buyer, and pays all costs in bringing the goods to the destination.
- Cost and Freight (CFR) –Seller must pay the costs and freight to bring the goods to the port of destination. Although the risk is transferred to the buyer when the goods are loaded on the ship.
- Cost, Insurance and Freight (CIF) –Like CFR except that the seller must in addition procure and pay for the insurance

Moving the goods – Freight Forwarder

- Freight forwarders “arrange the movement of the goods”
- Do they contract to move or do they contract to arrange the movement?
- Terms, BIFA:
- Limit of liability, 2 SDRs per KG (what is an SDR?)
- Time limit of 9 months applies

It's not just cars and trucks that crash!

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Shipping line

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- How do cargoes get from one side of the world to another?
- Big boats!
- Maersk Sealand, Evergreen, P&O Nedlloyd



Shipping line

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Services Containers and vessels

- Our vessels are among the most modern, secure and environmentally friendly to sail the oceans. Your cargo is therefore assured a smooth and safe voyage.



Shipping line,

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- Is it really as they say?



Common problems

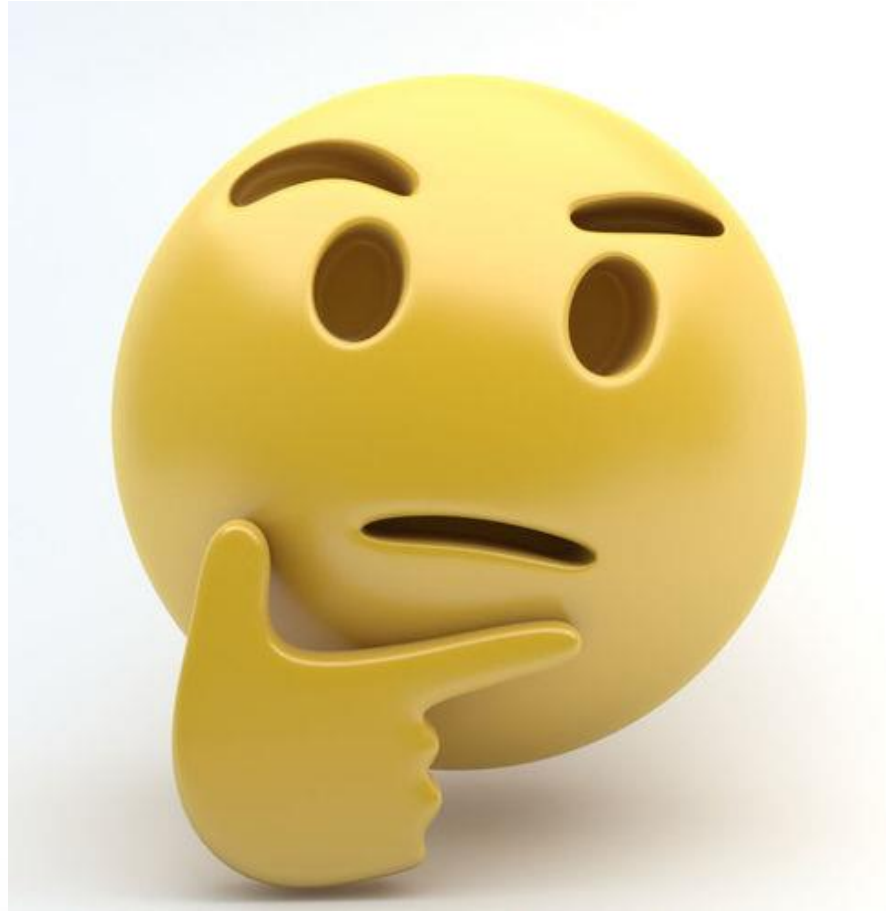
- What are his recovery options?
- The cargo weight is 5,000 kg's it's value is £25,000
- Freight forwarder, 2 SDRS limit of liability £9,950
- Shipping line , 666.67 SDRS per package, what is a package?

Road carriers



Carriers and their issues. What do they do?

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Carriers and their issues. What do they do?

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- Collect
- Load
- Stow
- Transport
- Warehouse
- Re-load
- Deliver

Carriers and their issues

1. Trailer types
2. O-licences
3. Tachograph
4. Drivers
5. Warehousing

Carriers and their issues, Trailer types

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Tautliner / curtain sided



Carriers and their issues. containers

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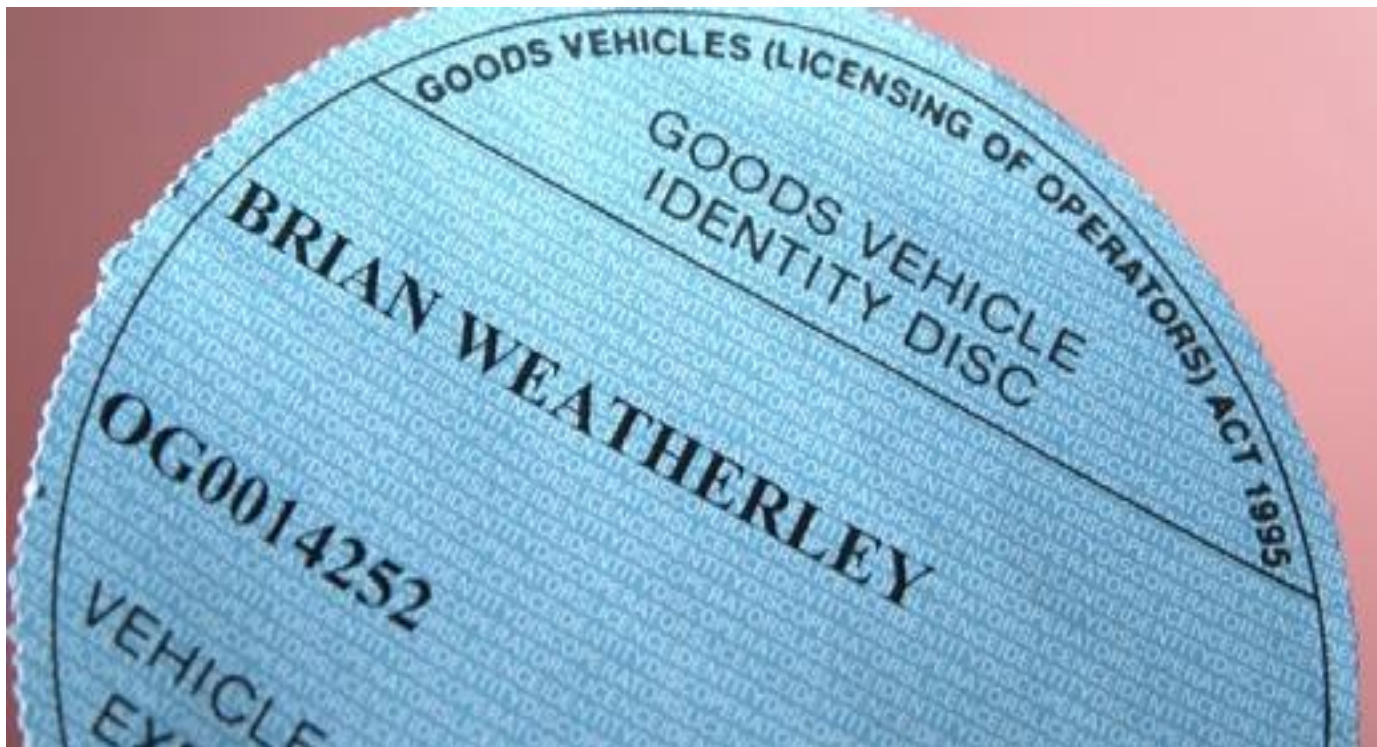
Box container



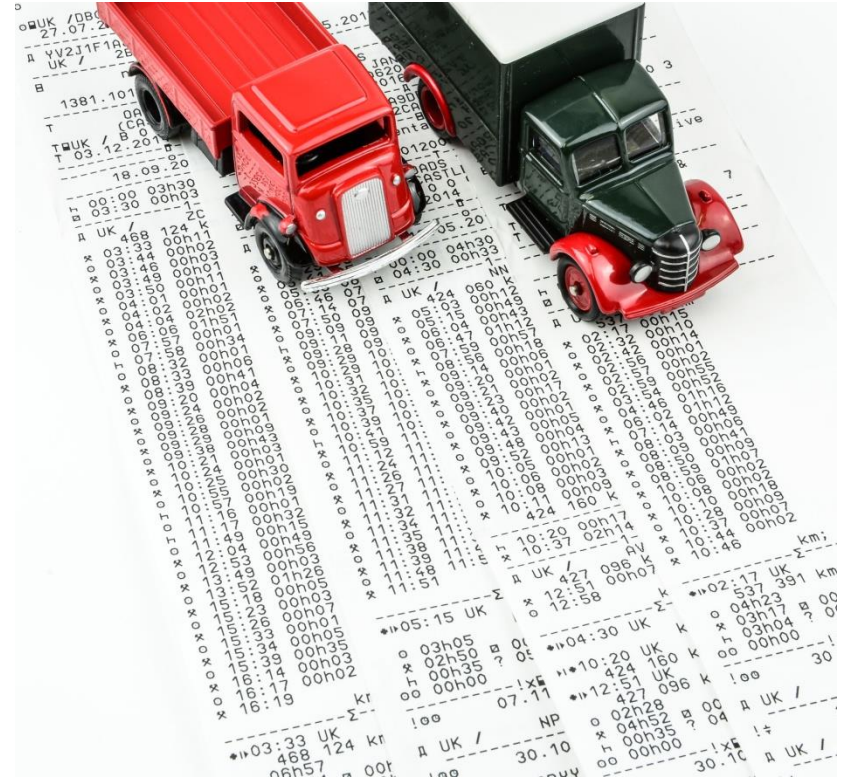
Carriers and their issues. O-license

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- What is an operators license?



- What is a tachograph?
- What are the main requirements?
- What information can be obtained?



Trends

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- Aging
- Lack of availability
- Selection
- References



Warehousing

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- Just how big do you think they are?
- Have you been in a warehouse?
- Do you know how they operate?

Warehousing

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- Just how big do you think they are?



Automated warehouses

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Warehousing

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- What do they contain?



The loss. then what?

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- Theft
- Road traffic accident
- Wet damage
- Then so what?
- How do you know if you are to pay?
- How do you know how much to pay?



RHA conditions

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RHA conditions, do they apply?

- On email
- On invoices
- On credit agreements
- By specific contract document

RHA conditions

- Condition 9
- Liability/Defences
- Condition 9 (2) (b)
- Imposes liability on the carrier in “other circumstances”, allows defenses where the carriers has
- “used reasonable care to minimize the effects of”

RHA conditions

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- Condition 9
- Condition 9 (2) (b)
 - (iii) Seizure under legal process
 - (iv) Error or miss-statement by the customer



RHA conditions.

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- Condition 9
- Condition 9 (2) (b), (vi) Insufficient packing



RHA conditions

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- Condition 9
- Condition 9 (2) (b)
- (viii) Riot etc



RHA conditions

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- Condition 9
- Condition 9 (2) (b)

(ix) Cargo not being accepted

Condition 9 (3) “not in transit”



- So you have failed in the defence and need to pay, how much?



- Condition 11
- Condition 11 (1)

- a) The value of the goods actually lost etc
- b) Cost of repairing the goods
- c) Limit of £1300 p/t (for lost goods)



RHA conditions. What's the time?

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- Condition 13



- Claimants must comply with time limits or the carrier is not liable for loss, think 7 & 14!

RHA conditions. What's the time?

- Condition 13, (2)
- The most important time is 12!
 - 1) Suit is brought against the carrier
 - 2) Written notice is given of suit



All Risks cover

- What is All Risk cover?
- Why have it?
- Setting the sum insured, premium and average

It does not affect legal liability

All Risks is a type of insurance cover, it is not a contract term but may be!.

As follows

All Risks of loss of or damage to Property, (other than that which is subject to the C.M.R Convention) where You can choose to have claims paid in full regardless of Your legal liability.

The policy response. Add on

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- Sheets and ropes
- Recovery charges
- Cost of collecting from the accident location



The policy response

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Thief attractive target property

- Electronic audio and visual equipment
- Computer hardware and software and ancillary data storage equipment
- Non-ferrous metals in sheet, bar, tube, ingot, coil, scrap or similar form



Stock throughput cover

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Stock throughput cover

- For large companies moving good on regular basis
- Cover is from start to finish of a journey
- No question “where did it happen”
- Limits for means of transit
- Limits for locations



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Losses are often large!

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2020/2021/2022 and beyond?

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Driverless trucks

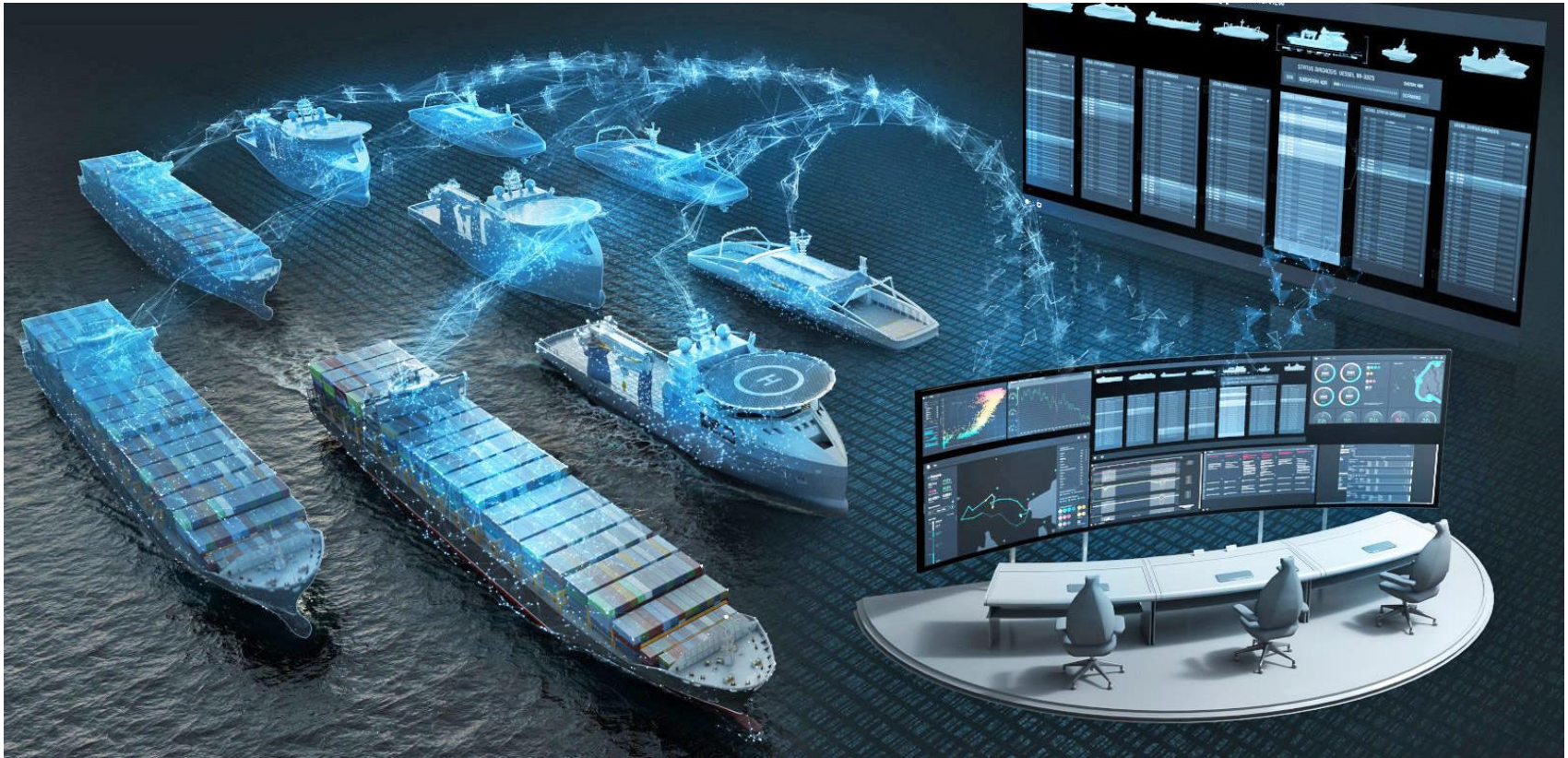
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Future developments?

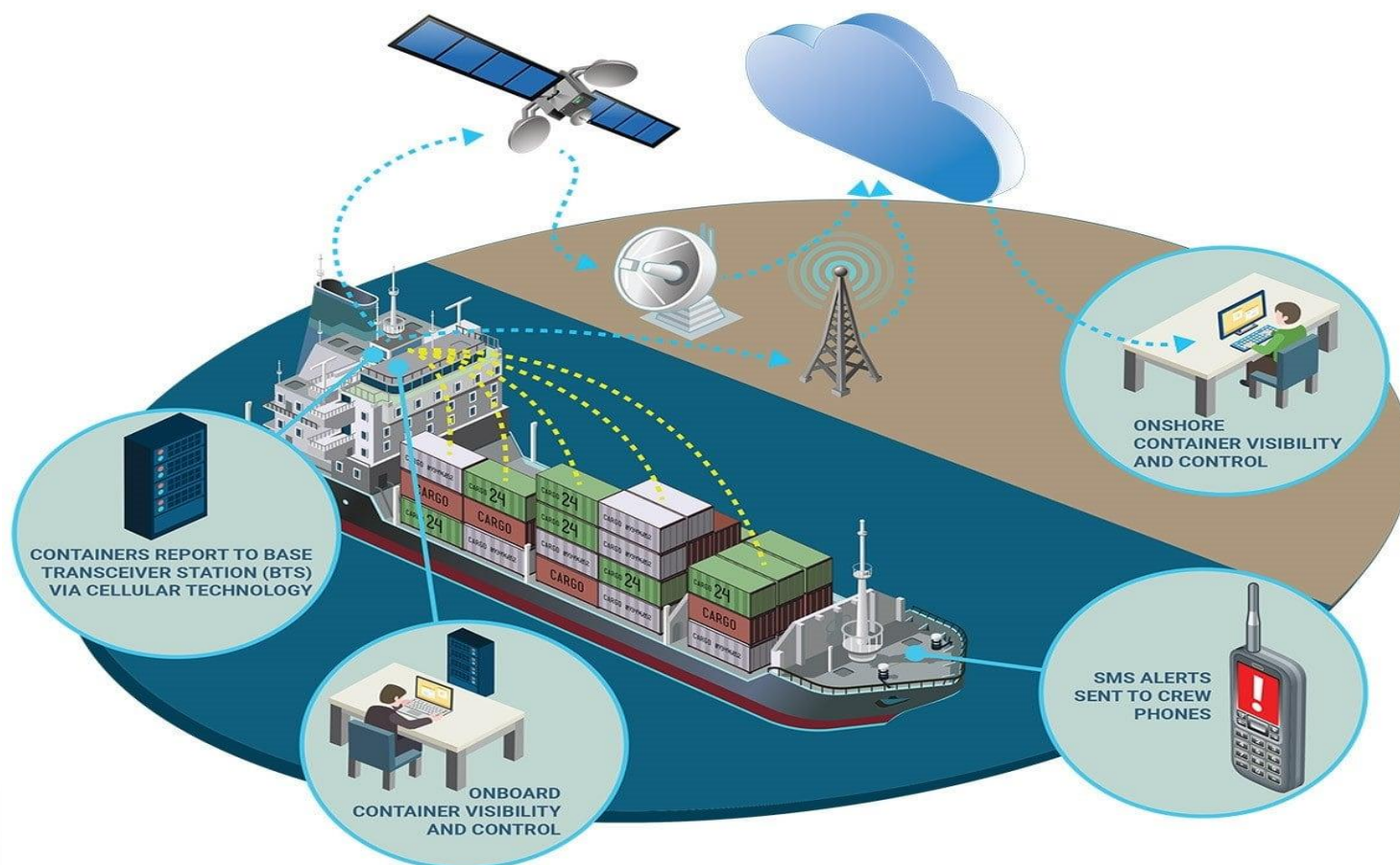
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Autonomous surface vessels



Remote control temperatures

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Questions?

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thank you!

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