
Marine Cargo Policy Wordings

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This policy covers goods, freight and other interests against loss or damage to goods whilst being transported by rail, road, sea and/or air.

Highlights

- This policy covers goods, freight and other interests against loss or damage to goods whilst being transported by rail, road, sea and/or air.
- Different policies are available depending on the type of coverage required ranging from an ALL RISK cover to a restricted FIRE RISK ONLY cover.
- This policy is freely assignable and is basically an agreed value policy.

Scope

Transportation of goods can be broadly classified into three categories:

- Inland Transport
- Import
- Export

The types of policies issued to cover these transits are:

For Inland Transit

- Specific Policy** - For covering a specific single transit
- Open Policy** - For covering transit of regular consignments over the same route. The policy can be taken for an amount equivalent to three months despatches and premium paid in advance. As each consignment

is despatched, a declaration giving details of the despatch including GR/RR No. is to be sent to the insurer and the sum insured gets reduced by the amount of the declared despatch. The sum insured can be increased any number of times during the policy period of one year; but care should be taken to ensure that adequate sum insured is available to cover the consignment to be despatched.

- c. **Special Declaration Policy** - For covering inland transit of goods wherein the value of goods transported during one year exceeds Rs.2 crores. Although the premium for the estimated annual turnover [i.e. the estimated value of goods likely to be transported during the year] has to be paid in advance, attractive discounts in premium are available.
- d. **Multi-transit Policy** - For covering multiple transits of the same consignment including intermediate storage and processing. For e.g. covering goods from raw material supplier's warehouse to final distributor's godown of final product.

For Import/Export

- a. **Specific Policy** - For covering a specific import/export consignment.
- b. **Open cover** - This policy which is issued for a policy period of one year indicates the rates, terms and conditions agreed upon by the insured and insurer to cover the consignments to be imported or exported. A declaration is to be made to the insurance company as and when a consignment is to be sent along with the premium at the agreed rate. The insurance co. will then issue a certificate covering the declared consignment.
- c. **Custom duty cover** - This policy covers loss of custom duty paid in case goods arrive in damaged condition. This policy can be taken even if the overseas transit has been covered by an insurance company abroad, but it has to be taken before the goods arrive in India.

Add on covers

Inland transit policies can be extended to cover the following perils on payment of additional premium :

- i. **SRCC** - Strike, riot and civil commotion (including terrorist act)
- ii. **FOB** - Where the inland transit is required to be extended to cover the goods till they are loaded on board the vessel, this extension can be taken.

Export /Import policies can be extended to cover War and /or SRCC perils on payment of an additional premium.

Who can take the policy

The contract of sale would determine who buys the policy. The most common contracts are :

- FOB (Free on Board)
- C & F (Cost & Freight)
- CIF (Cost, Insurance & Freight)

In FOB AND C&F contracts, the buyer is responsible for insurance. Whereas in CIF contracts the seller is responsible for insurance from his own premises to that of the purchaser.

How to select the sum insured

The sum insured or value of the policy would depend upon the type of contract. Usually, in addition to the contract value 10/15% is added to take care of incidental cost.

How to claim

The following steps should be taken in event of a loss or damage to goods insured :

- i. Take immediate steps to minimise loss.
- ii. Inform nearest office of the insurance company or claim settling agent mentioned on the policy.
- iii. In case of damage to goods whilst on ship or port , arrange for joint ship survey or port survey.
- iv. Lodge monetary claim with carrier within stipulated time period.
- v. Submit duly assigned insurance policy/certificate along with the original invoice and other documents required to substantiate the claim such as :
 - a. Bill of Lading / AWB/GR
 - b. Packing list
 - c. Copies of correspondence exchanged with carriers.
 - d. Copy of notice served on carriers along with acknowledgment/receipt.
 - e. Shortage/Damage Certificate issued by carriers.
- vi. Survey fees is to be paid to the surveyor appointed by the insurance company. This fees will be reimbursed along with the claim if the claim is otherwise admissible.