

## Why should I buy Cargo Insurance?

The simple answer is: "You should buy Cargo Insurance for peace of mind."

Cargo Insurance repays you for actual losses or the "Stated/Declared Value" of the goods, whichever is less, under the Terms & Conditions of the insurance you buy. Be sure you insure the goods' full value.

If you under-insure any claims settlement will be proportionate to the percentage of under-insuring. If you insure goods for half their real value, you will be reimbursed for half a claim.

## Why should I pay extra for Cargo Insurance?

The cost of cargo insurance is only a small fraction of the total cost of packing, shipping and handling your goods. Without insurance, you will receive almost nothing in the event of damage or loss.

## Without Cargo Insurance you will only be paid very little for damage.

If you move goods by truck or ocean, without cargo insurance **you will be paid only \$0.50 per pound** for any damaged goods, **or paid a total of \$500.00** for all goods in an ocean shipment.

By law, that is all truckers, railroads or ocean carriers are required to pay you.

**Air shipments will be paid at either \$20.00 per kilogram** for losses, or under a new scheme known as the Montreal Protocol, as much as \$23.00 per kilo.

## Even if your goods arrive safely, you could still be forced to pay for someone else's loss.

This is a concept called "**General Average**," dating back well over 3,000 years.

Under General Average, those whose cargo survives a voyage are charged to repay the loss of another shipper whose cargo may have been jettisoned or lost for the protection of the vessel and the load remaining. Insuring cargo under the minimum, "**Institute Cargo Clauses C**" or better will cover General Average claims.

**EXAMPLE:** You could ship \$5000 worth of waste paper yet be faced with a \$150,000 General Average claim for cargo lost by others. ICC Clauses C minimum insurance covers this.

**If there is a General Average claim, you would be forced to post a Bond or Letter of Credit or Cash for the full \$150,000 in the above example for the several years it takes the General Average claim to work its way through the courts unless you had cargo insurance.**

## What does Cargo Insurance cover?

The simple and frustrating answer is: "**It Depends.**"

Cargo Insurance pays for the protection you buy.

Cargo insurance is a contract made up of Standard Conditions, any applicable Special Conditions, and any applicable **ICC Cargo Clause wordings**. **Institute Cargo Clauses** are international treaties accepted by more than 140 countries where all have agreed, in a legal sense, what the wordings mean.

In very general terms, **ICC Clauses A** covers everything EXCEPT what it specifically excludes, such as War & Strikes.

If you purchase ICC A, War & Strikes coverage in combination you have what is commonly referred to as "Full Cover," or "All Risks."

The far more limited **ICC Clauses C** covers NOTHING EXCEPT what it specifically says it covers.

**Limited ICC Clauses C DOES cover** General Average claims or losses if the truck/railcar/aircraft or ship turn over or crash.

**Limited ICC Clauses C DOES NOT** pay for partial losses, damage, or theft unless that loss was caused by the "named perils." If the truck/pane/ship arrives fine, but your goods were damaged or stolen, you receive no insurance payment.

Read and understand the wordings of the insurance you purchase.