



Product Sharing - Marine Cargo Insurance

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PIAS @ Oue Downtown 2

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A Member of **MS&AD** INSURANCE GROUP

Marine Cargo

❖ About MSIG Group

- Member of MS & AD Group
(Mitsui Sumitomo Insurance Group Holdings + Aioi Insurance Ltd and Nissay Dowa General Insurance Company)
- Operates in 46 countries and regions worldwide including 17 in Asia and Oceania
- No. 1 General Insurer in Japan
- No. 1 in total non-life insurance premiums in Asean region
- Acquired MS Amlin (Lloyd's) and First Capital Insurance Limited of Singapore in 2015 and 2017 respectively

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❖ MSIG in Singapore

- A+ credit rating by Standard & Poor's and backed by parent company, Mitsui Sumitomo Insurance
- Top Five General Insurer in Singapore with over 100 years of local presence
- Top Marine Cargo insurer in Singapore
- Wealth of experience and expertise in cargo underwriting and claims handling
- Worldwide network of claims representatives
- Offers online policy and certificate issuance through Genlink and Clientlink

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❖ MSI Overseas Business - Overseas Network



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What does Marine Cargo Insurance cover?

- Physical loss or damage to good/ merchandise **whilst transported from one place to another.**
- Main transportation modes: **Sea, Air, Land**



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What are the common types of cargo?



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Potential buyers of Marine Cargo insurance and interested parties

- Retailers and Distributors
- Importers and Exporters
- Manufacturers who source goods or deliver goods internationally
- Logistics Companies
- Freight Forwarders
- Banks



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Contract of Sale between Buyer and Seller

1. Quantity, Quality and Price of Goods
2. Delivery terms - **Incoterms**
3. Acceptance procedures
4. Governing Law
5. Payment Terms - cash in advance, open account, documentary collection, irrevocable letter of credit



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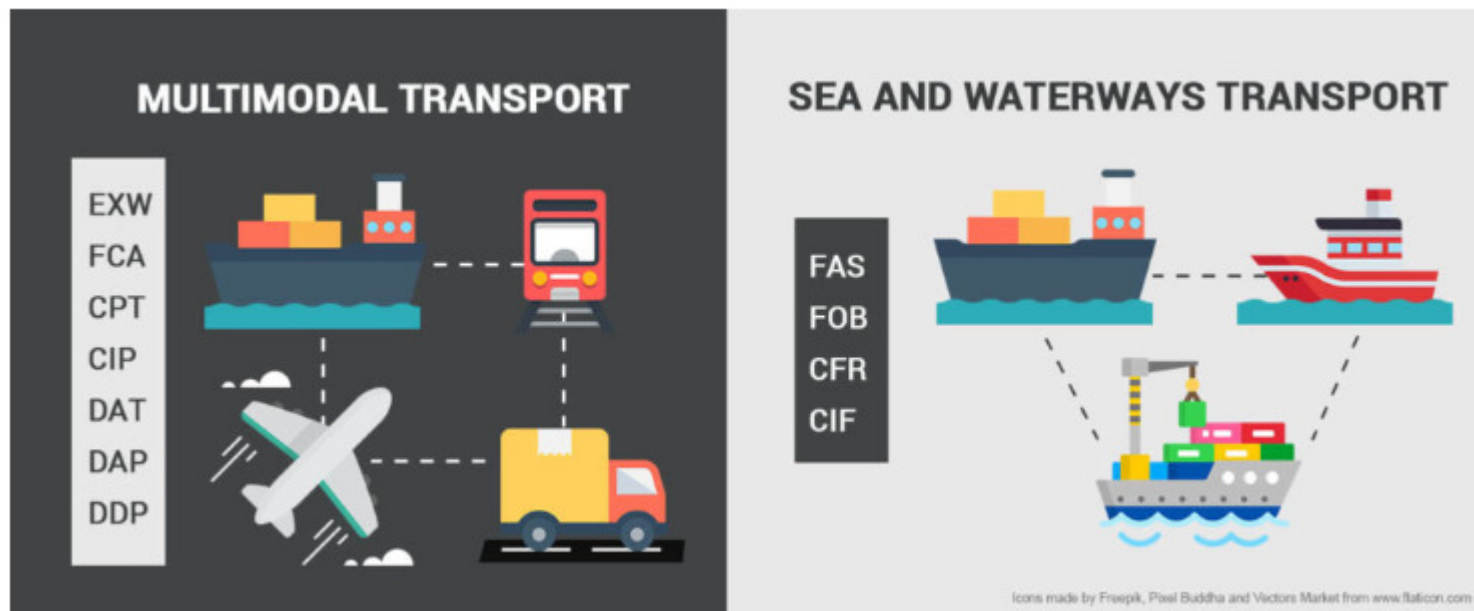
What are Incoterms ?

- **International Commercial Terms** published by International Chamber of Commerce
- A set of international guidelines for interpretation of 11 most commonly used trade terms in international trade - Incoterms 2010
- To determine **obligations of buyer and seller** in respect of
 - Export and import clearance
 - Carriage of goods
 - Insurance
 - Point of risk transfer
- Reduce dispute as all parties contract on a common platform of understanding used trade terms.



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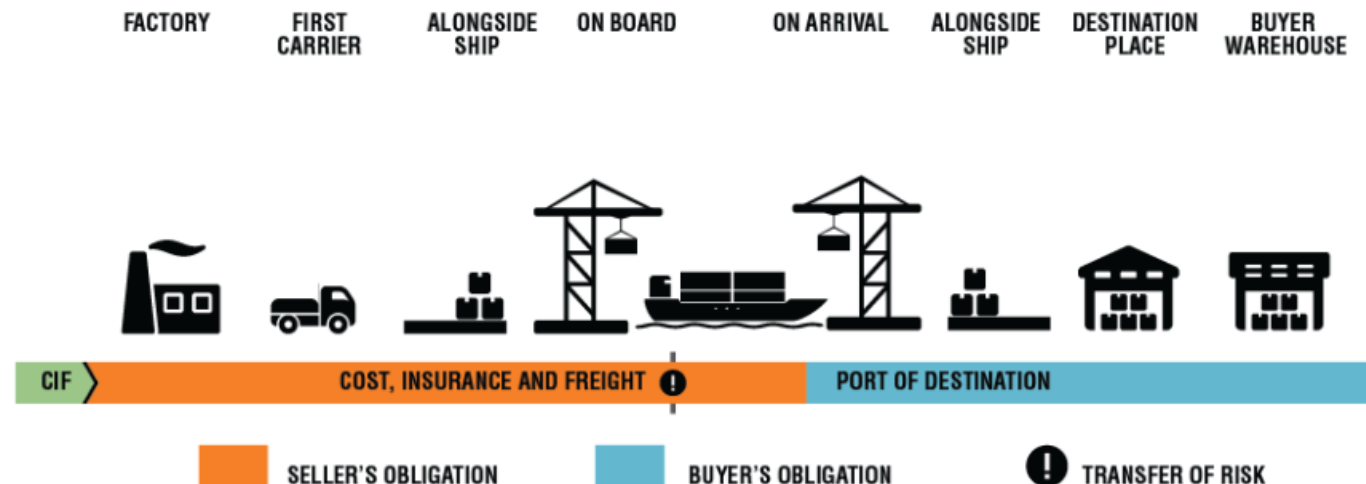
Incoterms based on the transportation mode



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CIF - Cost Insurance Freight

- Seller is responsible for arrangement and payment of transport to named port of shipment, deliver goods, clear for export and load onboard vessel.
- Risk transfers from seller to buyer once the goods are loaded on board vessel.
- Seller also arranges and pays for insurance for carriage of goods to the named port of destination.



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Why is cargo insurance important?



Damage to waste paper shipped by sea

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Damage to shipment of detergent and consumer goods shipped by sea

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Grounding of vessel “Rena” off the New Zealand coast in 2011

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How do we provide indemnity?

- Insured value is based on invoice value plus markup

Invoice value : USD 100,000

Sum Insured : Invoice value + 10%
: USD 110,000

- In event of loss or damage, insurer will pay either:
 - Reasonable cost of repair
 - Replacement of item or parts
 - Insured value of item lost or if item cannot be repaired

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What are the types of coverage?

- **Institute Cargo Clauses (A)**
- **Institute Cargo Clauses (B)**
- **Institute Cargo Clauses (C)**
- **Institute Cargo Clauses (Air)**

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Summary of Institute Cargo Clauses (A), (B) and (C)

Risks	Institute Cargo Clause		
	ICC(A)	ICC(B)	ICC(C)
Fire or Explosion	✓	✓	✓
Vessel / Craft being stranded, grounded, sunk or capsized	✓	✓	✓
Overturning or Derailment of Land Conveyance	✓	✓	✓
Collision or Contact of Vessel/Craft/ Conveyance with any external object other than water	✓	✓	✓
Discharge of Cargo at port of distress	✓	✓	✓
Earthquake, Volcanic Eruption or Lightning	✓	✓	X
General Average Sacrifice	✓	✓	✓
Jettison	✓	✓	✓
Washing Overboard	✓	✓	X
Entry of sea, lake or river water into vessel, craft, hold, conveyance, container, liftvan or place of storage	✓	✓	X
Total loss of any package whilst loading on to or unloading from vessel or craft	✓	✓	X
General Average and Salvage Charges	✓	✓	✓
Pirates, Thieves and Non-delivery	✓	X	X
Rough Handling	✓	X	X
Contamination	✓	X	X

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What are the General Exclusions?

- Wilful misconduct of the Assured
- Ordinary leakage, loss in weight, wear and tear
- Insufficient or unsuitability of packing
- Inherent vice
- Delay
- Use of Atomic or Nuclear weapons, Radioactivity



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Policy Standard Mandatory Exclusions

- Exclusion of Rights under the Contract (Rights of Third Parties) Act (Marine Cargo)
- Computer Millennium Clause (Cargo)
- Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical & Electromagnetic Weapons Exclusion Clause -10/11/03
- Institute Cyber Attack Exclusion Clause - 10/11/03.
- Termination of Transit Clause (Terrorism)
- Sanction Limitation and Exclusion Clause-LMA3100

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Types of Marine Cargo insurance arrangement

- Marine Open Cover
- Annual Cargo Transit Policy
- Voyage Policy

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- Voyage Policy

- Prior to date of vessel departure, full details of shipments are to be declared to insurer eg. Goods, sum insured, voyage, vessel etc
- One policy will be issued for each declaration of voyage or shipment.
- Premium is charged for each shipment.

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- Marine Open Cover

- Blanket agreement between insurer and insured
- Either for 12 months period of “always open”
- Guaranteed protection on agreed terms for all shipments falling within the scope of Open Cover
- Obligation of both insured and insurer to declare and to accept declarations that fall within the scope of Open Cover
- Premium is charged for declarations made by insured.

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- Annual Cargo Transit Policy

- One policy issued for a period of 12 months.
- Similar to Open Cover in respect of agreed terms.
- No declaration is required for shipments which fall within the scope of the policy during policy period.
- Minimum and deposit premium is charged upfront based on estimated annual turnover and agreed premium rate.
- Premium is adjusted based on actual annual shipment turnover at end of policy period

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What Information Required for Quote?

MARINE CARGO INSURANCE PROPOSAL FORM	
A. DETAILS OF APPLICANT:	
Name of the Company (Proposer) (as per ACRA)	
Business Registration No.	
Mailing Address	
Contact Person	
Contact Number	
Email Address	
B. DETAILS OF SHIPMENT	
Voyage	From To
Transshipment (if any)	
Conveyance	By Sea (i.e. Ocean Vessel) By Air By Land
Type of Cargo	
Cargo Value	
Type of Packing	<input type="checkbox"/> Crate <input type="checkbox"/> Domestic Cartons <input type="checkbox"/> Export Cartons <input type="checkbox"/> Wooden Cases <input type="checkbox"/> Others (please specify): _____ <input type="checkbox"/> FCL <input type="checkbox"/> LCL <input type="checkbox"/> Bulk <input type="checkbox"/> Others (please specify): _____
Terms of Sale	<input type="checkbox"/> CIF <input type="checkbox"/> FOB <input type="checkbox"/> C&F /CFR <input type="checkbox"/> Ex-Work <input type="checkbox"/> Others (please specify): _____

- Type of Goods
- Packing
- Mode of Conveyance
- Voyage
- Annual Shipment Turnover
- Limit per Conveyance
- Claims Experience

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Q&A