

Cargo and Freight Liability

Quick Reference Guide



Quick guide to perils covered by the Institute Cargo Clauses

Institute Cargo Clauses (C)

- Fire & Explosion
- Stranding, sinking, capsizing of carrying vessel or grounding
- Overturning or derailment of land conveyance
- Collision or contact of conveyance with any external object, other than water
- Jettison
- General Average sacrifice
- Discharge of cargo at port of distress.

Institute Cargo Clauses (B)

- As per Institute Cargo Clauses (C) plus
- Washing overboard
- Total loss of any package lost overboard or dropped whilst loading onto or unloading from the vessel
- Entry of sea, lake or river water into the vessel, craft, hold, Conveyance, container, liftvan, or place of storage
- Earthquake, lightning or volcanic eruption.

Institute Cargo Clauses (A)

- As per Institute Cargo Clauses (B) plus
- Accidental damage
- Malicious damage
- Theft.

Claims – Information & documentation required

- Description of circumstances surrounding the loss/damage
- Copy of commercial sales/purchase invoices
- Repair invoice (if damage claim)
- Original consignment document e.g. Airway Bill/Bill of Lading
- Claused collection/delivery receipts
- Certificate of insurance (if issued)
- Copy of letter(s) to the third party, holding them responsible
- Replies from third parties
- Police reference, if applicable.

Useful websites

International Chamber of Commerce www.iccwbo.org
(access to Incoterms)

Currency converter www.oanda.com

British International Freight Association (BIFA) www.bifa.org

UK Warehousing Association (UKWA) www.ukwa.org.uk

Freight Transport Association (FTA) www.fta.co.uk

Road Haulage Association (RHA) www.rha.net

Global ports www.worldportsource.com

Liability conditions

Conditions	For use by	Limit by tonne	Time limitations for claims
RHA 1998	Road hauliers	£1,300 per tonne	To be notified in writing within 7 days of termination of transit. 1 year limitation for suit from date transit commenced
FTA 2002	Road hauliers	£1,300 per tonne or £500 for the total consignment whichever is greater	Delay: Written claim within 3 days Partial loss: Written claim within 7 days Loss of entire consignment/parcel/package: in writing within 14 days
CMR	Is an international convention – international road hauliers	8.33 SDRs per kilo – approx £7,000 per tonne	7 days for hidden loss or damage 21 days for delay otherwise 1 year, unless a fully quantified claim is submitted
BIFA 2005	Freight forwarders	2 SDRs per kilo – approx £1,700 per tonne	14 days from the date the customer should first have been aware of the event 9 month limitation for suit
UKWA 2002	Warehouse keepers	£100 per tonne	21 days from the date the customer first becomes aware of the loss/damage (but 7 days in the case of sub-contract carriage) 9 month limitation for suit
Warsaw Convention	Is an international convention applying to movements by air	17 SDRs per kilo	14 days for loss/damage 21 days for delay 2 year limitation for suit
Hague-Visby	Is an international convention applying to movements by sea	2 SDRs per kilo or 666.67 SDRs per package, whichever shall be the greater	1 year from date of discharge from overseas vessel 1 year from expected delivery date in the case of non-delivery
RHA Conditions of Storage 1988	Warehouse keepers	£100 per tonne	7 days from delivery of goods

INCOTERMS 2000 (International Commercial Terms)

The Incoterms are international rules for structuring a particular group of contractual clauses that are used in commercial agreements.

The terms regulate in particular:

- Delivering and taking delivery of goods.
- The transfer of risk.



The three most commonly used Incoterms

EXW Ex Works

Seller's Obligations

- Place the goods for disposal at their premises or another named place (i.e. works, factory, warehouse, etc.)
- The supplier is under no obligation to obtain marine insurance.

Buyer's Obligations

- Take delivery of the goods as soon as they have been made available at the seller's premises or another named place (i.e. works, factory, warehouse, etc.).
- Bear all costs and risks involved with organising the transport from the time the goods have been made available at the seller's premises.



FOB Free On Board

Seller's Obligation

- Bear all costs and risks of loss or damage to the goods until they have passed the ship's rail at the named port of shipment.

Buyer's Obligations

- Bear all costs and the risk of loss or damage to the goods from the time they have passed the ship's rail at the named port of shipment.
- The supplier has no obligation to obtain insurance for the sea voyage and beyond.



CIF Cost, Insurance and Freight

Seller's Obligation

- Bear all risk of loss or damage to the goods until they have passed the ship's rail at the named port of shipment and obtain transferable marine insurance, until the goods have been delivered to the buyer's warehouse, or the location as agreed.

Buyer's Obligation

- Bear all risk of loss or damage to the goods from the time they have passed the ship's rail at the named port of shipment.

Please note

The supplier only has to obtain minimal coverage for the goods during the maritime voyage.



Information required to quote



For a quote on Marine Cargo we'll need:

- Name and address of the Assured
- Year established and business description
- Full description of goods and how packed for transit
- Voyages to be undertaken
- Basis of valuation
- Estimated annual value of sendings, split by origin, destination, terms of purchase/sale and method of transportation
- Previous insurance arrangements and three years' loss/claims record
- Storage, outside the ordinary course of transit – addresses of storage locations and limits of stock at each
- Cover extensions required.

For a quote on Freight Liability we'll need:

Hauliers

- Conditions of carriage
- Limit any one vehicle for each set of conditions
- Limit any one event/location for each set of conditions
- Estimated annual earnings for each set of conditions
- Estimated annual earnings for sub-contracted haulage
- How does the Assured establish the sub-contractors?
 - Conditions of Carriage
 - Insurance policy details
 - Ensure they accept the same level of liability.

Warehouse Keepers

- For each location:
 - Address, age, construction, size by area
 - Details of systems arrangements for security and fire detection
- Conditions of storage
- Estimated annual charges for each set of conditions
- Details of sub-contracted storage, as per the above.

Freight Forwarders

- Estimated annual charges
- Is the Assured a member of the British International Freight Association (BIFA)?
- Details of other memberships of Freight Associations
- Limit of Indemnity Required
- Details of sub-contracted work
- Does the Assured carry any goods and, if so, what are the earnings and conditions of carriage?

Applicable to all sections

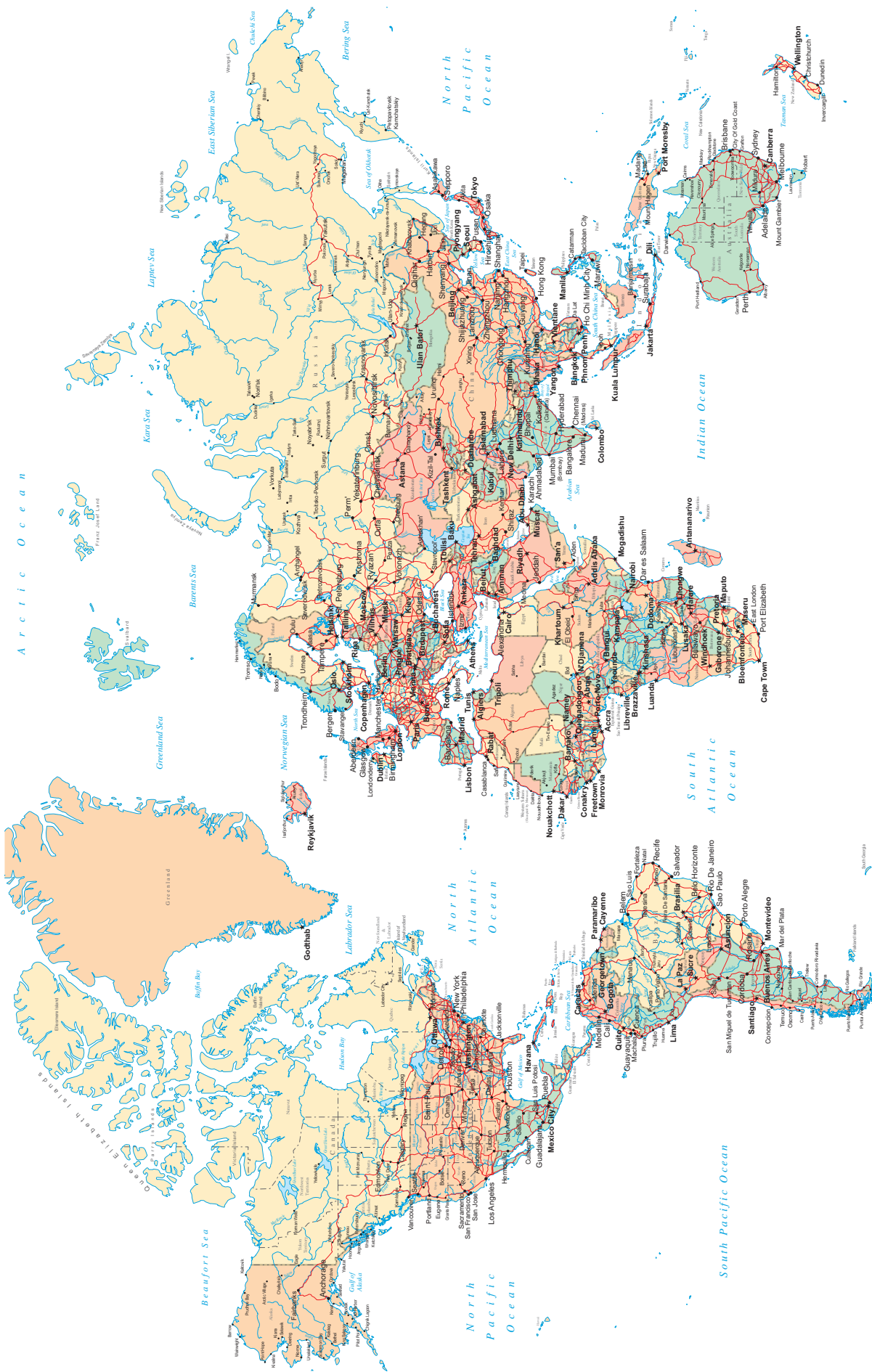
- Name of Assured, address, year established
- Three years' confirmed loss/claims record
- Present insurers and renewal date
- How does the Assured advise their customers about their conditions of trading?

Key selling points to brokers

- No proposal form
- Plain English wording
- Experienced Risk Control
- Electronic policy within 24 hours
- £75,000 container limit
- Favourable limits on thief attractive goods
- Curtain cover for curtain sided trailers.

Zurich Insurance plc

A public limited company incorporated in Ireland. Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK Branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ. Authorised by the Irish Financial Regulator and subject to limited regulation by the Financial Services Authority. Details about the extent of our regulation by the Financial Services Authority are available from us on request. FSA registration number 203093. These details can be checked on the FSA's register by visiting their website www.fsa.gov.uk/register or by contacting them on 0845 606 1234. Communications may be monitored or recorded to improve our service and for security and regulatory purposes. © Copyright – Zurich Insurance plc 2010. All rights reserved. Reproduction, adaptation, or translation without prior written permission is prohibited except as allowed under copyright laws. The pulp used in the manufacture of this paper is from renewable timber produced on a fully sustainable basis. The pulp used in the manufacture of this paper is bleached without the use of chlorine gas (ECF – Elemental Chlorine Free). The paper is suitable for recycling.



Zurich Marine Offices around the world

Argentina	China	Indonesia	Japan	Morocco	Russia	Sweden	Turkey
Australia	France	Ireland	Malaysia	New Zealand	South Africa	Switzerland	UK
Austria	Germany	Italy	Mexico	Portugal	Spain	Taiwan	Venezuela
							USA