

# Marine Cargo product information



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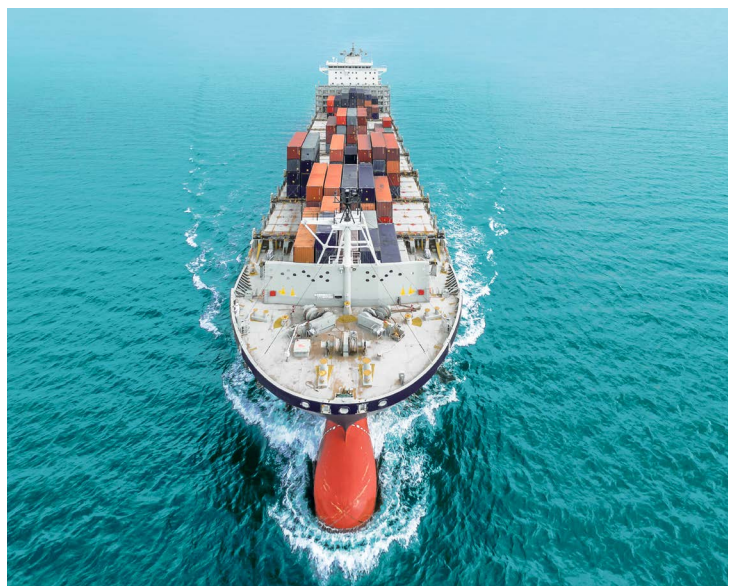
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# £59bn

worth of cargo is imported into and exported out of the UK every year.





# Marine Cargo product information

“Transshipment”. “Barratry”. “Groupage”. With technical jargon like this, you could be forgiven for thinking that marine cargo insurance is more trouble than it’s worth. Not at all! We believe it should be straightforward and accessible, while remaining comprehensive.

Marine cargo insurance is a valuable product that can provide essential protection for your clients. That’s why we’ve created an offering that strips out all the jargon and gives your clients the cover they need in a simple, easy to understand proposition.

This guide is designed to explain what marine cargo insurance is, who it’s for and the cover we can provide to help you protect your client’s business.

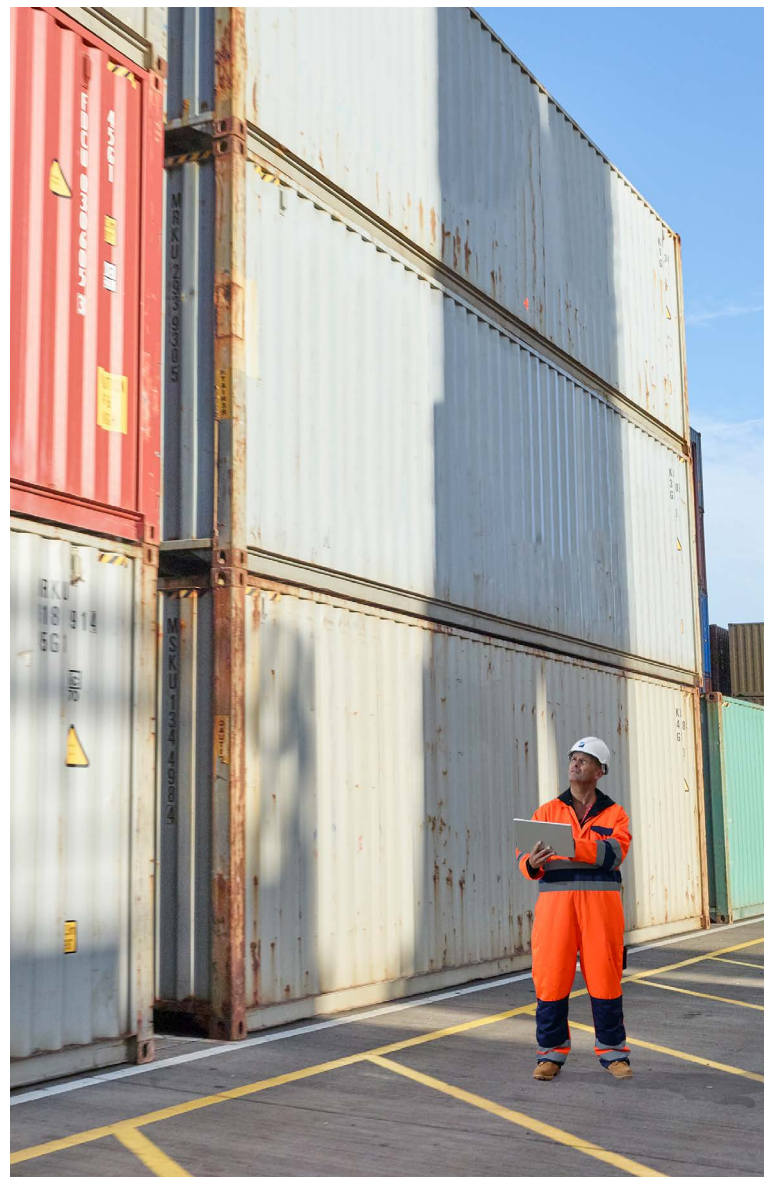


# What is Marine Cargo insurance?

Marine cargo insurance covers losses arising from physical damage to goods whilst being transported around the world, whether by road, rail, sea or air.

Any number of things can happen while your client's goods are being transported. They could be stolen en route or destroyed in a collision at sea; either way resulting in a financial burden for the owner if not insured.

Marine cargo goes beyond the cover provided by goods in transit insurance. It ensures your client's goods are protected during loading and unloading, while in storage, or while being transported – domestically or internationally.



# Who needs Marine Cargo insurance?

Marine cargo insurance covers a range of goods, from raw materials and single components, through to finished products and appliances. It's designed for any business – large or small – that imports, exports and/or distributes goods around the UK, such as manufacturers, wholesalers, retailers and distributors.

There are over 151,000 businesses importing goods into the UK every year and around 106,000 exporting<sup>1</sup>. With the value of these goods at over £59bn in total,<sup>2</sup> this represents a huge opportunity as your clients may not have considered cargo insurance or may assume it's just someone else's responsibility.

## Did you know?

Hauliers don't insure your client's cargo; only their liability for loss or damage. In the event that cargo is damaged whilst the haulier is transporting it and assuming the haulier is negligent (therefore, liable), the compensation they pay is controlled by their contract conditions, such as RHA Conditions of Carriage 2009.

So, even if two tonnes of cargo is worth £10,000, they will only be liable to pay £1,300 per tonne under standard RHA conditions, leaving your client significantly out of pocket. Cargo insurance prevents such shortfalls.



1. ONS Annual Business Survey 2014 (12/11/15).  
 2. HMRC UK Overseas Trade Statistics February 2016.



# Why purchase Marine Cargo insurance?

Key reasons as to why your clients may consider marine cargo insurance.

**It reduces your client's exposure to financial loss** – whether buying or selling goods, your clients have a financial interest in their safe transportation and delivery. Marine cargo insurance protects their interest in the event of a loss.

**Protection from General Average** – General Average is a legal principle in maritime law, whereby all cargo owners proportionately share losses resulting from voluntary sacrifice or costs incurred in order to prevent a total loss.

Following the declaration of a General Average, cargo will be held pending receipt of General Average Guarantees and Bonds. Cargo owners are well advised to be insured, so their insurers can handle these situations on their behalf and provide the required guarantees to allow their cargo to be released.

**It's usually a contractual requirement** – as part of the sale contract, it's often a commercial necessity to have marine cargo insurance. Being able to quickly replace damaged goods will help your clients maintain strong customer relationships. Marine cargo insurance can also protect the interests of the banks or third parties helping to finance the transaction.

**Carrier's liability insurance won't fully protect your clients** – haulage and shipping companies may be responsible for the transportation of your client's goods, but their liability will be limited by contract or law in the event of loss. Furthermore, carrier's liability insurance doesn't cover many common causes of loss, such as General Average. Any compensation available often falls short of the full valuation of the goods and pursuing overseas hauliers can be a difficult and time-consuming process.

**Your clients can maintain control of their own insurance** – if a UK retailer imports goods from China, the cost of marine cargo insurance is likely to be included as part of the sales contract. The insurance is then taken out with a Chinese insurer by the supplier. In the event that the goods are damaged en route, the UK retailer would have to deal with the Chinese insurer via a UK agent – someone with whom he has no usual contact or relationship.

The simpler alternative is for the UK retailer to arrange their own marine cargo insurance via a UK broker and insurer. The sales contract would be amended to reflect that responsibility for insurance now sits with the buyer. In the event of a claim, the process would be much quicker and easier, and the cost of insurance is likely to be far more competitive.



### **Case study**

In 2007, the MSC Napoli, a 900ft container ship carrying almost 42,000 tonnes of cargo, was damaged during a storm and was grounded in Lyme Bay, Devon. The disaster cost marine insurers an estimated £120m, the second costliest wreck to date – it was later discovered that around 40% of the cargo was uninsured.

For many businesses, such a loss would have a disastrous effect, damaging vital commercial relationships, as well as crippling their own balance sheets. Purchasing marine cargo insurance can help ensure that a business can withstand even the most damaging or unexpected events.

# Who is responsible for cover?

When cargo is moved from one place to another, numerous parties can be involved, each with their own responsibilities. The contractual agreement between buyer and seller, known as the 'Terms of Sale', determines who is responsible for what during the transaction. These internationally recognised terms are called 'Incoterms'.

Incoterms (International Chamber of Commerce Terms of Sale) have been established to help reduce disputes and uncertainty in foreign trade. The diagram on the right outlines the 11 Incoterms with detailed explanations of the four most commonly used.

It's worth noting that only two of the 11 Incoterms (CIF and CIP) place a contractual obligation on one party to purchase insurance and even then, only a minimum level of cover is required. However, given the potential implications if the cargo is lost or damaged en route, it is prudent to purchase insurance wherever a party bears responsibility for the risk.

**Ex Works (EXW)** – responsibility for everything is on the buyer. The seller need only make the goods available at their premises for collection by the buyer.











**Free on Board (FOB)** – the seller is responsible for the risk and for costs of transporting the goods up to the point that the goods are safely loaded on to the vessel, after which the buyer assumes full responsibility.

**Cost, Insurance and Freight (CIF)** – a contractual obligation is on the seller to purchase insurance. The insurance is assigned to the buyer at the point that goods are loaded on to the vessel, when the title and risk transfer to the buyer. Although the insurance is arranged by the seller any claims for loss or damage which occur after the point of assignment are payable to the buyer.

**Delivered Duty Paid (DDP)** – the seller is responsible for the risk and for costs of transporting the goods up to the point that the goods are presented ready for unloading at the buyer's named place. Crucially, the seller also has an obligation to clear the goods not only for export, but also for import, to pay any duty for both export and import and to carry out all customs formalities.



# Incoterms

		Seller's Premises	Inland Transit	Loading Terminal	Alongside Ship	On-board Vessel / aircraft	Alongside Ship	Destination Terminal	Inland Transit	Buyer's Premises	
All Modes of Transport											
<b>EXW</b> Ex Works	€	Seller								Buyer	
	⚠	Seller								Buyer	
	🛡	Seller								Buyer	
<b>FCA</b> Free Carrier	€	Seller								Buyer	
	⚠	Seller								Buyer	
	🛡	Seller								Buyer	
<b>CPT</b> Carriage Paid To	€					Seller				Buyer	
	⚠	Seller								Buyer	
	🛡	Seller								Buyer	
<b>CIP*</b> Carriage and Insurance Paid To	€					Seller				Buyer	
	⚠	Seller								Buyer	
	🛡					Seller				Buyer	
<b>DAT</b> Delivered at Terminal	€				Seller					Buyer	
	⚠				Seller					Buyer	
	🛡				Seller					Buyer	
<b>DAP</b> Delivered at Place	€					Seller				Buyer	
	⚠					Seller				Buyer	
	🛡					Seller				Buyer	
<b>DDP</b> Delivered Duty Paid	€					Seller				Buyer	
	⚠					Seller				Buyer	
	🛡					Seller				Buyer	
<b>Sea and Inland Waterways</b>											
<b>FAS</b> Free Alongside Ship	€		Seller							Buyer	
	⚠		Seller							Buyer	
	🛡		Seller							Buyer	
<b>FOB</b> Free On Board	€			Seller						Buyer	
	⚠			Seller						Buyer	
	🛡			Seller						Buyer	
<b>CFR</b> Cost and Freight	€				Seller					Buyer	
	⚠				Seller					Buyer	
	🛡				Seller					Buyer	
<b>CIF*</b> Cost, Insurance and Freight	€				Seller					Buyer	
	⚠				Seller					Buyer	
	🛡				Seller					Buyer	

\* Insurance is contractually required

This diagram is based on the INCOTERMS® 2010 – the latest version as of May 2016.

KEY € Costs ⚠ Risks 🛡 Insurance

# Our Marine Cargo proposition

Marine cargo policies are traditionally made up of a series of standard clauses, called Institute Cargo Clauses. These are unique to the marine market and have been adopted by major marine insurers around the world, but remain highly complex and difficult to understand.

That's why we've created Complete Cargo – a simple, e-traded product that's specifically designed for SMEs and Mid-Corporate businesses. With an all risks wording, it simply outlines cover and provides all the protection your clients need without the complexity.

Traditional policies are still appropriate for larger clients, which is why we can offer a marine cargo product that's based on the standard marine market clauses through our sister company, Allianz Global Corporate & Speciality (AGCS).





# Complete Cargo

Complete Cargo is designed to protect goods whilst in transit worldwide and in storage in the UK. Available via our award-winning e-trading solution, QuoteSME, and supported by dedicated marine underwriters, Complete Cargo offers you a quick and simple way to buy marine cargo insurance.

## Appetite

- Single transit with goods valued up to £2.5m
- Businesses transporting goods within the UK up to £50m per year
- Businesses importing or exporting goods up to £62m per year
- Goods stored at a maximum of 10 UK locations
- Preferred goods: raw materials, components and finished products.

## Cover

Complete Cargo is split into two sections: Core Cover – the all risks wording covers all potential causes of loss or damage to goods (unless otherwise excluded) whilst in transit by road, rail, sea or air, anywhere in the UK and to or from other countries in the world. Optional Cover – loss or damage to goods whilst stored at a premise in the UK, outside the ordinary course of transit.

## QuoteSME

QuoteSME gives you 24/7 online access to Complete Cargo and to our Defaqto five star products – helping you to deliver a fast and efficient service to your clients.

The benefits of using QuoteSME include:

- Full-cycle capability – quote, buy, adjust and renew online
- Instant documentation – delivered at point-of-sale
- Simple quote screens – dynamic question sets that ensure fair presentation of risk
- Flexible commissions – the ability to flex premium and/or commission rates
- Dedicated SME underwriters – providing real time support.

## How to get a quote

to get a quote for Complete Cargo, visit us online at [allianz.co.uk/quotesme](http://allianz.co.uk/quotesme).

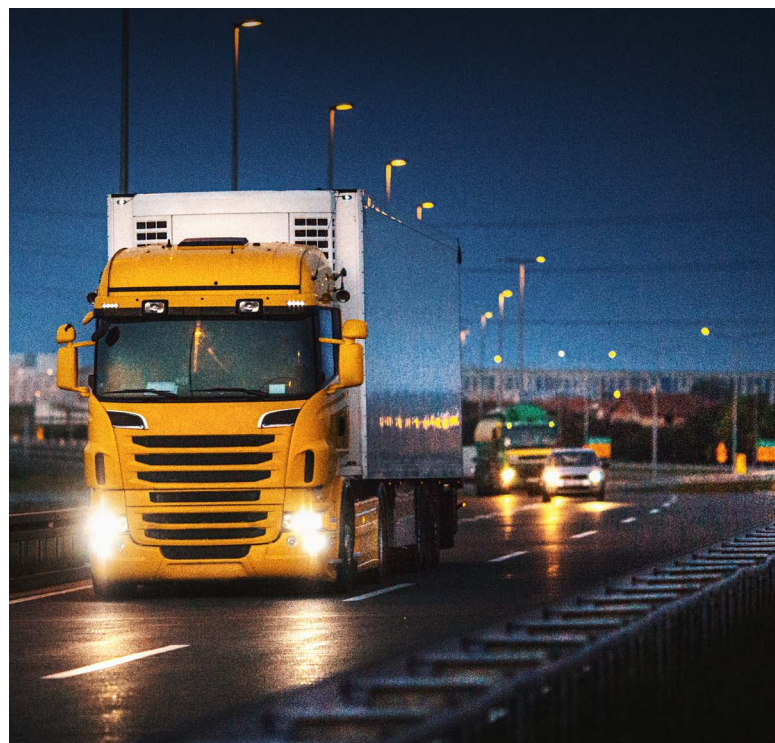
Alternatively, you can contact your local Allianz branch or call our Small Business Team direct (available 9am – 5pm Monday to Friday):

Call: **0344 893 9577**

Email: [sbt@allianz.co.uk](mailto:sbt@allianz.co.uk)

'Live-Chat' via QuoteSME

Register online today at [allianz.co.uk/quotesme](http://allianz.co.uk/quotesme).





### Key features

Your clients benefit from a range of automatically included covers:

- **General Average and Salvage Charges** – covers the insured's liability for contribution to charges incurred under any General Average or Salvage act occurring during transit.
- **War Risks** – cover for goods whilst aboard a vessel or aircraft.
- **Exhibition Risks** – worldwide cover available.
- **Tools, Samples and Own Equipment** – covers loss or damage whilst in any motor vehicle or trailer.
- **Buyers and/or Sellers Contingent Interest** – covers the insured's contingent financial interest in any goods where the insured has no responsibility to insure the goods under the terms of sale.
- **Concealed Damage** – covers damage to goods discovered once unpacked at final destination.

### Benefits

We offer your clients a wide range of additional benefits with Complete Cargo:

- **E-certificates** – your client may need to show proof of insurance to a bank or other party to arrange a transaction, so our dedicated certificate management system allows you or your client to create, amend and issue certificates online, 24/7/365.
- **Packaging with other products** – your client may need more than just cargo insurance, so we can package it with other Allianz products to provide a comprehensive insurance programme.
- **Surveys** – our experienced team of risk surveyors can survey storage locations around the UK and help your client manage their risk better.



# Marine Cargo from Allianz Global Corporate & Speciality

In addition to Complete Cargo, our sister company Allianz Global Corporate & Speciality (AGCS) can offer cargo insurance, designed for larger businesses with more complex insurance needs. This product provides higher limits than those available through Complete Cargo.

AGCS Cargo is based on the traditional marine market structure, incorporating Institute Cargo Clauses with a variety of extensions available. It allows for a more bespoke approach, so you can tailor cover for your client.

You don't even need to have an existing agency with AGCS. Speak to your local Allianz branch and we'll pass your details to AGCS.

## **Appetite**

- Larger businesses with more complex insurance requirements
- Businesses who require cover based on Institute Cargo Clauses
- Businesses that fall outside the underwriting appetite of Complete Cargo due to either size or trade.

## **Cover**

The standard cover offered through AGCS Cargo comprises three clauses: Institute Cargo Clause A, Institute Strikes Clause and Institute War Clause.

## **Institute Cargo Clause A**

Loss or damage to goods whilst in transit by road, rail, sea or air, anywhere in the UK or worldwide.

## **Institute Strikes Clause**

Loss or damage to goods caused by strikes, labour disturbances, riot, civil commotion and terrorism, worldwide.

## **Institute War Clause**

Loss or damage to goods caused by war, civil war, revolution, rebellion, insurrection and civil strife, whilst goods are loaded on to an overseas vessel. Further clauses can be added if broader cover is required.

## **How to get a quote**

For more information or to get a quote for AGCS Cargo, please contact AGCS:

Email: [onemarine@allianz.com](mailto:onemarine@allianz.com)

Website: [agcs.allianz.com](http://agcs.allianz.com)

Or speak to your local Allianz representative who will introduce you to your local AGCS marine underwriter.

For all other information, visit us online at [allianz.co.uk](http://allianz.co.uk).

## Key features

Your clients benefit from a range of automatically included covers. Many are the same as provided under Complete Cargo (but with different limits) and the following are unique to AGCS Cargo:

- **World-to-World Transits** – covers shipments being transported directly from one overseas country to another without involving the UK.
- **Exhibitions and Tools and Samples Extensions** – automatically included to cover loss or damage to goods whilst at exhibitions, as well as tools and samples whilst in vehicles.
- **Container Damage** – covers legal liability for damage to containers supplied to the insured for transit.
- **Packers and Forwarders** – covers loss or damage to goods whilst on site at third party packers or forwarders, during the ordinary course of transit, for up to 30 days.
- **Fumigation of Cargo** – covers the cost of fumigating goods.
- **Unauthorised Occupants Extension** – covers constructive loss, following occupation of a trailer by unauthorised persons, of any goods the client decides can no longer reasonably be used.

## Benefits

There are a number of additional benefits for your clients:

- **Businesses with international requirements** – cover can be provided for overseas storage locations.
- **International programme** – through AGCS's global network, local cover can be provided for clients with overseas operations in parallel with a master policy that ensures consistent global coverage.
- **Tailored coverage** – bespoke policies can be created for the largest, most complex risks that require a tailored approach.
- **Professional development and training** – Continuing Professional Development training can be provided for your staff on Cargo.
- **E-certificates** – these can be produced quickly and easily through our online dedicated certificate management system, 24/7/365, enabling your client to issue certificates for overseas shipments whenever they need to.





# Fast, fair and flexible claims service

Whether you choose Complete Cargo or AGCS Cargo, if your client suffers a loss, we'll look after them. Our highly experienced team of marine experts, supported by our international network, will ensure you and your client get a fast, personalised service when needed.

- **Dedicated marine claims handlers** – our experienced UK based team is supported by our worldwide network of marine handlers, so wherever a loss occurs, your client can benefit from our local claims knowledge.
- **Local loss surveyors** – your client also benefits from our global team of specialist cargo loss surveyors who help assess the damage and prevent any further loss.
- **Fast-track claims** – for minor claims, settlements can be made in under five days to help your client carry on with minimal disruption.
- **24/7 notification** – our claims teams work around the clock so that time zones don't get in the way of making a claim.
- **Flexible communication** – we will update you on the progress of your client's claim by telephone, email or post – whichever you prefer.

You can notify us of a Complete Cargo or AGCS Cargo claim by:

Telephone:  
**0330 102 8608**

Email:  
[marineclaims@allianz.co.uk](mailto:marineclaims@allianz.co.uk)

Post:  
Allianz Global Corporate & Specialty  
Marine Claims  
60 Gracechurch Street  
London  
EC3V 0HR



# Other ways we can help

We can offer your clients risk management guidance, exclusive discounts from a range of risk management service providers and additional marine solutions.

## **Self-service risk management**

Free risk management support - guidance to help your clients manage risks to their business, employees and customers.

Visit [allianz.co.uk/riskmanagement](https://allianz.co.uk/riskmanagement).

## **Marine solutions**

With extensive experience and a global network of marine experts, Allianz Insurance plc and AGCS are able to offer additional marine solutions:

## **Marine Hull and Machinery**

Cover for all types of blue and brown water shipping, e.g. tankers, cruise liners, container vessels, tugs and inland vessels. Plus shipyards and building risks, as well as specialist cover for mega yachts, yachts and pleasure craft.

## **Marine Liability**

Marine liability cover for primary and excess liability, as well as specialty liability cover for marine operations and industry workers, including logistics operators, shipbuilders, repairers, ship owners, and freight handlers.





**Allianz Insurance plc.**

Registered in England number 84638.  
Registered office: 57 Ladymead, Guildford,  
Surrey, GU1 1DB, United Kingdom.

Allianz Insurance plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Financial Services Register number 121849.

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