Introduction

Marine Cargo Insurance is the insurance of import and export of goods the cover depending on the type involved. Cover may be effected by either the buyer or seller of goods depending on the terms of the contract of sale.

The types of contracts entered are:

1. FOB (Free On Board) – buyer effects the insurance
2. CF (Cost and Freight) – buyer effects the insurance
3. CIF (Cost Insurance and Freight) – seller effects the insurance

Types of Coverage provided

There are various types of coverage in marine cargo insurance which is used depending on the proposer's request. These clauses contain sub-clauses contain sub-clauses that deal with the various aspects of the terms of insurance. The following are the standard clauses used in marine cargo insurance.

1. Institute Cargo Clauses (A)
2. Institute Cargo Clauses (B)
3. Institute Cargo Clauses (C)
4. Institute Cargo Clauses (AIR)
5. Inland All Risks Clause

Other Standard Condition and Extensions

1. Institute War Clauses (Cargo)
2. Institute Strike Clauses (Cargo)
3. Institute Dangerous Drugs Clause
4. Institute Classification Clause
5. Institute Radioactive Contamination Exclusion Clause
6. Port Delay Clause
7. Institute Strike Clause (AIR)
8. Institute War Clause (AIR)

Sum Insured

The value cannot be exaggerated and since the policy is issued on an agreed value basis. It is permissible for proposer to insure an additional 10% of cost of goods (110%) excluding any duties payable.

Risk Covered

'A' Clause
All Risks of loss or damage to the subject-matter other than those excluded, (by vessel), Period normally for 60 days or upon discharging the cargo whichever come sooner.

'B' Clauses
Loss or damage to the subject-matter insured reasonable attributable to named risks as follows:-

Fire, Explosion, Stranding, Grounding, Sinking, Capsizing of vessel, Over-turning, Derailment of Land Conveyance, Collision or Contract of Vessel with any external object other than water, Discharge of cargo at port of distress, General Average sacrifice, Jettison.

Washing overboard, Entry of sea, lake, or river water into vessel, craft, hold, conyvance, liftvan or place of storage. Total loss of package lost overboard or dropped during loading or unloading, earthquake, volcanic eruption or lightning.

'C' Clause
Loss or damage to the subject-matter insured reasonably attributable to named risks as follows:-

Fire, Explosion, Stranding, Grounding, Sinking, Capsizing of vessel, Over-turning, Derailment of Land Conveyance, Collision or Contract of Vessel with any external object other than water, Discharge of cargo at port of distress, General Average sacrifice, Jettison.

'Air' Clauses
All Risk of loss or damage to the subject matter other than those excluded period normally for a few days only or upon discharge at the final destination.

'All Risk' Clause
All Risks coverage of loss and damage to the subject matter other than those excluded.

This policy indemnifies the insured against loss or damage to goods during transit from the port to anywhere within the territorial limit (vice versa) as specified in the policy.
**Exclusions**

**‘A’ and Air Clauses**

Insurance does not cover loss, damage or expenses caused by:
- Willful misconduct of Assured, ordinary leakage, loss of weight or volume, wear and tear, unsuitable packing, inherent vice, delay, radioactivity, atomic weapon of war, insolvency or financial default of owners, managers, chatters or operator of vessel.

**‘B’ Clauses**

Insurance does not cover loss, damage or expense caused by:
- Willful misconduct of Assured, ordinary leakage, loss of weight or volume, wear and tear, unsuitable packing, inherent vice, delay, insolvency or financial default of owners, managers, chatters or operators of vessel, Atomic weapon of war, radioactivity, deliberate damage to or destruction of subject-matter insured.

**‘C’ Clause**

Insurance does not cover loss, damage or expense caused by:
- Willful misconduct of Assured, ordinary leakage, loss of weight or volume, wear and tear, unsuitable packing, inherent vice, delay, insolvency or financial default of owners, managers, chatters or operators of vessel, Atomic weapon of war, radioactivity, deliberate damage to or destruction of subject-matter insured.

**Duration**

**Transit Clause**

Cover attaches from the time the goods leave the warehouse to begin the insured transit and terminates upon delivery to the consignee's final warehouse or on the expiry of 60 days after completion of discharge at the final port of discharge, whichever shall first occur. If owing to circumstances beyond the Assured's control, the ship is delayed, deviated or is forced to discharge goods at an intermediate port, cover continues.

**Types of Policy**

Marine Cargo Insurance contracts are of these three types:

1. **Voyage Policy**
   - A voyage policy covers singles shipments only.

2. **Open Policy**
   - An open policy is written on a time policy usually for a period of one year. The value of future shipments are estimated and deposit premium collected from the insured. At the end of the policy period, the premium is calculated on the actual total value of the shipments and the deposit premium is suitably adjusted.

3. **Marine Open Cover**
   - Under a Marine Open Cover, the Assured agrees to declare all consignments and the Company agrees to accept the same at the agreed rates and terms. A separate policy or Certificate of Insurance is issued for each declaration of shipment under the open cover arrangement and the premium charged either against each Certificate of Insurance or against policies issued-Statement of account may be prepared either on a fortnightly or monthly basis.

   The main advantage of an Open Cover is that it affords to the client's automatic and continuous Insurance protection, so that there is no risk of any shipment or sending remaining uninsured through oversight, omission or delay in making declarations.

**Special Exclusion Applicable to Clauses (B) & (C)**

1. Deliberate damage or destruction of cargo by malicious act

**Extensions Available under (B) & (C)**

1. Malicious Damage
2. Theft, pilferage, non-delivery
Information Required For Risk Assessment

1. The client and business
3. Method of Packing
4. Value
5. Voyage
6. Details of Vessel
7. Cover Required
8. Previous claims experience
9. Annual Turnover
10. Port of Unloading
11. On Deck or Under Deck
12. Date of Departure
13. Transhipment (if any) – the act of transferring goods from one vessel to another
14. Detail of consigness (if any)

Excess
The policy is subject to an excess for the loss damage as specified to the policy.

Rating
Refer to the Company

Minimum Premium – RM25.00