Marine Cargo Policy

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Highlights

- This policy covers goods, freight and other interests against loss or damage to goods whilst being transported by rail, road, sea and/or air.
- Different policies are available depending on the type of coverage required ranging from an ALL RISK cover to a restricted FIRE RISK ONLY cover.
- This policy is freely assignable and is basically an agreed value policy.

Scope

Transportation of goods can be broadly classified into three categories:

1. Inland Transport
2. Import
3. Export

The types of policies issued to cover these transits are:

Type of policies

1. **Annual Turn Over Policy:** ATOP by agreement covers transit of raw material, semi finished & finished products pertains to insured's trade i.e. Export, Import, Inter Depot movement incidental storage from originating point to destination point on seamless basis. Key features of ATOP are:-
    - Sizeable saving in premium, which is charged only on your sales turnover.
    - Seamless cover with all movement of goods automatically covered.
    - No hassles of submitting periodical declaration of movements to the insurer. Only monthly/Quarterly sales figures needs to be submitted.
    - Facility for payment of premium on half-yearly / quarterly basis.

2. **Specific Voyage:** In Marine Insurance specific policies are issued to cover a specific single transit. Cover ends as soon as arrival of cargo at destination.

3. **Open Policy:** It is an Annual Cargo Insurance Contract expressed in general terms and effected for a round sum sufficient to cover a number of dispatches until the sum insured is exhausted by declarations. The Open Policy, also known as the Floating Policy, saves the assured the inconvenience of affecting individually the insurance of goods dispatched within the country. The policy may cover both incoming and outgoing consignments from anywhere in India to anywhere in India. The sum insured under the policy should ordinarily represent the assureds estimated annual turnover of the goods.

4. **Annual Policy:** Annual policy is granted in respect of goods belonging to the Assured and or held in trust by the assured and not under contract of sale and or purchase which are in transit by road or rail from specified depots /processing units to other specified depots /processing units. Important features of Annual Policy are
    - Insurable interest to remain with insured
    - Policy not assignable or transferable
    - Issue of Annual policy to transport operators/contractors, clearing and forwarding agents
    - Prohibited Policy is subject to the condition of average

5. **Open Cover:** An open cover is an agreement (not a policy) whereby the insurer will accept insurance of all shipments made by the assured, within the terms of the cover for a fixed period, usually for 12 months. Being an agreement, it is not stamped. However, stamped policies or certificates of insurance are issued against the declaration made by the assured. The open cover is of great convenience to the clients engaged in regular import/export trade.

Add on covers

Inland transit policies can be extended to cover the following perils on payment of additional premium :

1. SRCC - Strike, riot and civil commotion (including terrorist act)
2. FOB - Where the inland transit is required to be extended to cover the goods till they are loaded on board the vessel , this extension can be taken.

Export /Import policies can be extended to cover War and /or SRCC perils on payment of an additional premium.

Who can take the policy?

The contract of sale would determine who buys the policy. The most common contracts are :

- FOB (Free on Board)
- C & F (Cost & Freight)
- CIF (Cost, Insurance & Freight)

In FOB AND C&F contracts, the buyer is responsible for insurance. Whereas in CIF contracts the seller is responsible for insurance from his own premises to that of the purchaser.

How to select the sum insured?

The sum insured or value of the policy would depend upon the type of contract. Usually, in addition to the contract value 10/15/20% is added to take care of incidental cost.

How to claim?

The following steps should be taken in event of a loss or damage to goods insured :

1. Take immediate steps to minimize loss.
2. Inform nearest office of the insurance company or claim settling agent mentioned on the policy.
3. In case of damage to goods whilst on ship or port , arrange for joint ship survey or port survey.
4. Lodge monetary claim with carrier within stipulated time period.
5. Submit duly assigned insurance policy/certificate along with the original invoice and other documents required to substantiate the claim such as :
    1. Bill of Lading / AWB/GR
    2. Packing list
    3. Copies of correspondence exchanged with carriers.
    4. Copy of notice served on carriers along with acknowledgment/receipt.
    5. Shortage/Damage Certificate issued by carriers.
6. Survey fees is to be paid to the surveyor appointed by the insurance company. This fees will be reimbursed along with the claim if the claim is otherwise admissible.

Note: Policy details given are indicative, not exhaustive. Please contact your Gulf Union Office for further details.

GULF UNION INSURANCE & REINSURANCE CO. BSC(C)
You are in Safe Hands
Customer Service:
Building 331, Road 5616, Shaikh Salman Highway,
Manama 356, PO Box 10949 Kingdom of Bahrain. Phone: +973 17255292