



Insurance in ocean transport

A PRESENTATION FOR:



OCEAN TRANSPORTATION

Insurance ALL RISK

ADDITIONAL SERVICE

- It goes beyond the limited liability of the carrier

PROPERTY INSURANCE

- If there is damage, this fact alone is a ground for performance, regardless of who is liable for the damage

THE ENTIRE TRANSPORT TIME

- The goods are insured for the entire period of normal transport
- Including the time when the goods are being transhipped or stored

ICC – Institute Cargo Clauses

RISKS (Proximate Cause)	Institute Cargo Clauses		
	<u>A</u>	<u>B</u>	<u>C</u>
Stranding, Grounding, Sinking or Capsizing	Yes	Yes*	Yes*
Collision of Ship or Craft with another Ship or Craft	Yes	Yes*	Yes*
Contact of Ship, Craft or Conveyance with anything other than Ship or Craft (excludes Water but not Ice)	Yes	Yes*	Yes*
Discharge of Cargo at Port of Distress	Yes	Yes*	Yes*
Fire or Explosion	Yes	Yes*	Yes*
Earthquake, Volcanic Eruption or Lightning	Yes	Yes*	No
Theft/Pilferage	Yes	No	No
General Average Sacrifice	Yes	Yes	Yes
Washing Overboard (deck cargo)	Yes	Yes	No
War Risks (except Piracy)	Yes	No	No
Any risks of physical loss or damage not specified	Yes	No	No
Seawater entering Ship, Craft, Hold, Conveyance Container Lift Van or Place of Storage	Yes	Yes	No
River or Lake Water entering same	Yes	Yes	No



OCEAN TRANSPORTATION

Insurance ALL RISK

WHAT (DOESN'T) COVER?

- ALL RISK insurance compared to ordinary insurance policies exhaustively states what it does NOT cover, i.e. exactly the opposite of ordinary insurance

MAXIMUM RISKS

- Covers maximum risks by category
- Damage/destruction of goods due to:
 - Accidents, damage during transport and handling during transport
 - Theft
 - Joint crash (General Average)
- Covers up to 110% of the value of the goods incl. Shipping
- Relatively fast claims handling

Limit of liability of the carrier

The limit of liability is determined by the flag of the ship or the nationality of the shipowner, depending on which international convention the flag state has acceded to, but also by the place where the transport document was issued

International conventions:

- Hague Rules (1924) : 100 Lstg per consignment
- The Hague-Visby Rules (1968) : 2 SDR / kg or 666,67 SDR / unit
- Hamburg Rules (1978) : 25 SDR / kg or 835 SDR / unit
- COGSA (USA) : USD 500 / unit
- Rotterdam Rules (2009) : 3 SDR / kg or 875 SDR / unit

SDR = approx. 31,50 CZK





INSURANCE IN OCEAN TRANSPORT

Joint Accident Institute

A joint emergency shall be declared by the master of the vessel in the event of danger to the ship and cargo. He is authorised to sacrifice more or less of the cargo to save the ship and cargo

When the ship arrives in port, the independent dispatcher allocates the contributions from the owners of the salvaged goods to the goods sacrificed (the amount can be quite high)

The salvaged goods will then be released to the owner by the shipowner only if he pays the contribution (deposit) or signs a guarantee (average bond), by which he undertakes to pay the disposition contribution

In this case, even the owner of a shipment that has not been damaged may suffer a large financial loss

SOLUTION : INSURANCE



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