

Marine Cargo Insurance

Insurance on goods, wares, merchandise and other movable properties which may be exposed to marine hazards or perils during their transportation from one location to another.

TYPES OF MARINE CARGO POLICIES ACCORDING TO GEOGRAPHICAL LIMITS:

1. **Inland policy** - covers goods that may be exposed to hazards or perils while being carried by trucks or railways within the country.



2. **Inter-island policy** - covers goods that may be exposed to hazards or perils while being carried within the country by vessels or aircraft.
3. **Import policy** - covers goods which are coming from foreign countries to the Philippines and may be exposed to marine hazards or perils while being transported by vessel, aircraft or thru parcel post.
4. **Export policy** - covers goods which are coming from the Philippines, are destined to foreign countries and may be exposed to marine perils or hazards while being transported by vessel, aircraft or thru parcel post.

KINDS OF MARINE CARGO POLICIES/CONTRACTS

- 1. Cover Note** - temporary but binding contract between the Assured and the Insurance company on a marine coverage and it is being issued in lieu of an SG or Mar policy when some of the information is not yet available.
 - 2. Individual policy** (SG* or Mar Forr., - covers one shipment at a time to or from any stated part of the world.
 - 3. Marine Open Policy** - a continuing contract of marine insurance between the Assured and the insurance company that automatically covers all shipments to and from any stated part of the world.
 - 4. Risk Note** - summary of all shipments which are effected by the Assured within a particular period and which are all covered by the Marine Open Policy.
- * **SG Form** - makes use of the old Institute Cargo Clauses (FPA, WA, AR);
- ** **Mar Form** - makes use of the new Institute Cargo Clauses [ICC (C), ICC (B), ICC (A)]



KINDS OF TOTAL LOSSES

- A. Actual Total Loss (ATL)**
 - There is physical destruction of the physical characteristic of the cargoes insured;
 - The thing ceases to be the thing insured;
 - The object becomes irretrievably lost.
- B. Constructive Total Loss (CTL)**
 - Actual Total Loss (ATL) is unavoidable;
 - Cargo cannot be preserved without incurring expenditure that is greater than the value of the cargo;
 - Cost of repair or recovering the cargo is more than 75%.

TYPES OF MARINE CARGO COVERAGES (S.G. FORM)

A. Total Loss by Total Loss of Vessel Only (TL x TLVO)

Coverage

- is from port to port.
- begins upon loading of the cargo into the vessel.
- ceases upon discharge of the cargo from the vessel.



Proximate Cause

- perils of the sea
- **Entire CARGO AND VESSEL must be a total loss**

B. Total Loss Only (TLO)

Coverage

- is from port to port.
- begins upon loading of the cargo into the vessel.
- ceases upon discharge of the cargo from the vessel.

Proximate Cause

- perils of the sea
- **Entire CARGO must be a total loss**

C. Free from Particular Average (FPA)

Coverage

- is from warehouse to warehouse.
- basically covers total loss of the cargo due to perils of the sea.
- will also cover partial losses if caused by the following:
 - a. Sinking, Stranding, Burning, Grounding (SSBG)
 - b. Fire, Explosion, Capsizing, Collision, Contact (FECCC)
 - c. Loss of entire package whilst Loading, Unloading and during Transshipment (LUT)
 - d. Jettison, Washing Overboard (JWO)
 - e. General Average
 - f. Sue and Labour Charges
 - g. Discharge of cargo at port of distress

D. With Average (WA)

Coverage

- is from warehouse to warehouse.
- basically covers total loss of the cargo due to perils of the sea.
- will also cover partial losses if caused by the following:
 - a. Sinking, Stranding, Burning, Grounding (SSBG)
 - b. Fire, Explosion, Capsizing, Collision, Contact (FECCC)
 - c. Loss of entire package whilst Loading, Unloading and during Transshipment (LUT)
 - d. Jettison, Washing Overboard (JWO)
 - e. General Average
 - f. Sue and Labour Charges
 - g. Discharge of cargo at port of distress
 - h. Heavy weather



E. All Risks (AR)

Coverage

- is from warehouse to warehouse.
- Covers all risks of loss or damage to the cargo, both partial loss and total loss except if caused by:
 - a. Piracy
 - b. Willful misconduct of the Assured
 - c. Ordinary leakage
 - d. Ordinary loss in weight or volume
 - e. Ordinary wear and tear
 - f. Improper packing
 - g. Inherent vice
 - h. Delay
 - i. Nuclear weapons
 - j. War and Strikes



TYPES OF MARINE CARGO COVERAGES (MAR FORM)

A. Institute Cargo Clauses (C)

Coverage

- is from warehouse to warehouse.
- basically covers total loss of the cargo due to perils of the sea.
- will also cover partial losses if caused by the following:
 - a. Sinking, Stranding, Burning, Grounding (SSBG)
 - b. Fire, Explosion, Capsizing, Collision, Contact (FECCC)
 - c. Jettison
 - d. General Average
 - e. Sue and Labour Charges
 - f. Discharge of cargo at port of distress
 - g. Overturning or derailment of land conveyance

B. Institute Cargo Clauses (B)

Coverage

- is from warehouse to warehouse.
- basically covers total loss of the cargo due to perils of the sea.
- will also cover partial losses if caused by the following:
 - a. Sinking, Stranding, Burning, Grounding (SSBG)
 - b. Fire, Explosion, Capsizing, Collision, Contact (FECCC)
 - c. Loss of entire package whilst Loading, Unloading and during Transshipment (LUT)
 - d. Jettison, Washing Overboard (JWO)
 - e. General Average
 - f. Sue and Labour Charges
 - g. Discharge of cargo at port of distress
 - h. Entry of sea, lake, river water into vessel or craft, hold conveyance, container lift van or place of storage
 - i. Earthquake, volcanic eruption, lightning
 - j. overturning or derailment of land conveyance

C. Institute Cargo Clauses (A)

Coverage

- is from warehouse to warehouse.
- Covers all risks of loss or damage to the cargo, both partial loss and total loss except if caused by :
 - a. Willful misconduct of the Assured
 - b. Ordinary leakage
 - c. Ordinary loss in weight or volume
 - d. Ordinary wear and tear
 - e. Improper packing
 - f. Inherent vice
 - g. Delay
 - h. Insolvency or financial default of the carrier
 - i. Nuclear weapons
 - j. War and Strikes

Marine Cargo Rating Considerations

- Type of cargo
- Type of conveyance
 - Via sea freight
 - Via air freight
 - Via truck
- Season (weather conditions)
- Port of origin/destination
- Mode of Packaging
- Vessel - age/type/suitability/management
- Value/Sum Insured



Documents required in filing a Claim

- Claim letter
- Bill of lading
- Commercial Invoice
- Packing list
- Bad Order Certificate
- Short Delivery/Short-landed certificate
- Bank Statements
- Formal Claim against Shipping Co. duly stamped "Received"
- Formal Claim against Arrastre duly stamped "Received"
- Formal Claim against Broker duly stamped "Received"
- Broker's delivery receipt
- Original insurance policy
- Official receipt of premium payment



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