

Cargo Insurance



If your property moves, it is at risk, and should be insured...by you.

The biggest misconception regarding damages caused to goods while in transit is that "whatever happens to the goods, I will take legal action against the carrier and get totally reimbursed for my loss". Unfortunately that is not the case. The bill of lading protects the carrier, and not the cargo owner. It clearly stipulates the maximum amounts for which the carrier is responsible, which are:

- If the goods are shipped by truck, the maximum amount the trucker is responsible for is \$2.00 per pound;
- If the goods are shipped by air, the maximum amount the airline is responsible for is US\$20.00 per kilo;
- If the goods are shipped by ocean freight, the maximum liability of the ocean lines is 2 SDR (Special Drawing Rights) which is equivalent to approximately \$3.00 per kilo.

As an example, if you air-ship a Rolex watch valued at \$20,000 and your package is lost in course of transit you will receive only \$20.00 as compensation from the airline carrier; a far cry from the real value of the watch, only because of its light weight. Declaring full values to the carrier does not guarantee that you will be compensated for your full loss. As you are not getting direct damage insurance, you are merely increasing the limit for the carrier's legal liability.

At GPL, we inform our clients that it is in their best interest to control the insurance on their goods while in transit, rather than depend on the carrier's insurance. Without your own cargo policy:

- you may have to rely on an insurance company that may not speak your language;
- you may not know what type of coverage you are buying, nor what limits and deductibles are applicable;
- a settling agent from a country overseas has no incentive for quick settlement as you are not their client;
- the premium that the carrier pays to his insurance company is factored into the cost charged to you to transport the goods.

Whether it is a shipment by land, sea or air, all means of transportation are subject to varying degrees of risk that call for different types of solutions. Our goal is to understand not only your operations, but also the manner in which you do business, and to assist you in attaining your financial objectives by reducing the costs related to risk. Throughout the years, we have developed a technical expertise which enables us to identify certain risks that could be crucial to your business and which gives us the flexibility to modify policy terms and conditions to fit your specific needs.

As insurance professionals, we want to know:

- What you are shipping;
- Where you are shipping;
- What are the terms of sale;
- Who is your freight forwarder and whether they have an international network;
- Whether your deductible would be recovered first in the subrogation process following a loss.

We have access to reputable insurance markets that provide coverage for any of the following:

- Cargo insurance (road, rail, sea, post);
- War and strikes risks;
- Foreign Inland Transit;
- Storage;
- Exhibitions;
- Stock Throughputs;
- Trade Disruption on time-sensitive goods.

To safeguard your property and business, you need knowledgeable advice and protection you can count on. Efficiency is our goal, because we know insurance is just one of several important elements in your business process.

To contact us:

Lynne McLean, A.I.B., CIP
lmclean@gplassurance.com
☎ 514-788-4409

www.gplassurance.com

Tailor-made solutions | Personalized service

GPL
assurance

Trustworthy professional services ▪ An unmatched expertise of the insurance market ▪ Advice on minimizing and managing your risks
▪ Advocacy of your interests during the claims process ▪ Solutions to complex problems

This bulletin is produced for your information only and constitutes neither an opinion on the stated coverage nor legal advice.