SUN MOBILITY
Insurance and Claims Services Limited
新移動保賠顧問有限公司

Cargo Insurance

Physical loss of or damage to cargo does often occur in international trade. It goes without saying that either the seller or buyer has the duty to buy cargo insurance to protect the cargo during the shipping journey. Seller or buyer of cargo to buy cargo insurance is often stipulated in the sales contract following the most commonly adopted Incoterms or other trading terms.

Cargo insurance is also relevant to exporters or importers, exhibitors sending their products to exhibition venues, householder removing household goods to a new home, factory relocating its machines to another production plant.

Most insurers are using the Institute Cargo Clauses to provide 3 types of coverage as below.

1. Institute Cargo Clauses (C)

Covers following named risks only:

a. fire or explosion
b. vessel or craft being stranded grounded sunk or capsized
c. overturning or derailment of land conveyance
d. collision or contact of vessel craft or conveyance with any external object other than water
e. discharge of cargo at a port of distress
f. general average sacrifice
g. jettison

All other risks are not covered.

2. Institute Cargo Clauses (B)

In addition to the risks covered by Institute Cargo Clauses (C), it also covers following named risks:

a. earthquake volcanic eruption or lightning
b. washing overboard
c. entry of sea lake or river water into vessel craft hold conveyance container liftvan or place of storage
d. total loss of any package lost overboard or dropped whilst loading on to, or unloading from, vessel or craft

All other risks are not covered.

3. Institute Cargo Clauses (A/Air)

Covers all risks subject to some standard exclusions such as insufficiency or unsuitability of packing, inherent vice or nature of the subject-matter insured, delay, etc

Among the above 3 types of coverage, Institute Cargo Clauses (A/Air) has the broadest cover and Institute Cargo Clauses (C) has the least cover.

A single shipment policy is best fit for a single shipment but if you have frequent and regular shipments throughout the year, an annual open cover policy would be a better choice to cover all your shipments during the insured period to save time and cost.