

The value of many shipments depends upon fluctuations in the currency rates, freight, handling charges, and other expenses. By means of insurance protection will be provided to goods from any uncontrollable variables.

A contract of Marine Insurance is defined by section 7 of the Marine Insurance Act of 1909 as:

"A contract whereby the insurer undertakes to indemnify the assured, in manner and to the extent thereby agreed, against marine losses, that is to say, the losses incident to marine adventure." The purpose of marine insurance is to provide protection against financial loss for an amount, which is as close as possible to the actual loss recognized. Marine insurance is a contract by which one party for a specified consideration promises to pay another party a sum of money on the loss of goods that are subject to marine transport. Therefore marine insurance is a contract of indemnity, which is a contract of reimbursement, and the amount redeemable is measured by the extent of the assured's or the insured's financial loss. The terms and conditions of the contract entered into with the insurer determine the amount of reimbursement that is to be received by the insured.

A contract of marine insurance is embodied in a policy, which specifies:

"1- The name of the insured, or of some person who effects the insurance on his behalf.

2- The subject matter insured and the risk insured against.

3- The voyage, or period of time, or both, as the case may be, covered by the insurance.

4- The sum or sums insured.

5- The names of the insurers."

The promisor in an insurance contract is called the insurer or underwriter, the person to whom the promise is made is the insured, assured or the policyholder and finally the contract is referred as the policy.

In order to avoid these situations marine cargo insurance has different coverage for different purposes.

<http://uniserve.edu.au/law/pub/icl/marincon/MarineInsuranceandCargoCla.html>

http://ra.irv.uit.no/trade_law/documents/insurance/mia_1906/art/mia_1906.html#01
General Average Loss

55 Section 72(1) says that a general average loss is any loss or damage voluntarily incurred for the general safety of the ship and cargo. For example, where goods are thrown overboard in a storm for the purposes of saving a ship, and the rest of the cargo. The Admiral Zmajevic (1983) 2 LLR 86.

56 Section 72(3) says that the several persons interested in the ship, freight and cargo must contribute rateably to indemnify the person whose goods have been sacrificed against all but his proportion of the general loss.

1. Does your policy cover perils?

2. Does it cover war risks and riots?

Due to events like the Los Angeles 3. Does it cover?

Nature of Marine Insurance

1 Marine Insurance deals with the insurance of marine risks.

5 There are a number of terms used in marine insurance, as follows:

5.1 The contract of Marine Insurance is generally referred to as the Policy;

5.2 The insurer is the underwriter;

5.3 The property insured is called the subject matter of the insurance;

5.4 The assured's interest in that subject matter is called the insurable interest;

5.5 The payment or consideration for which the insurer undertakes to indemnify the

insured is called the premium.

http://ra.irv.uit.no/trade_law/documents/insurance/mia_1906/art/mia_1906.html#01

Does your policy cover perils. This is damage caused to your goods due to: heavy weather conditions, salt water damage, collisions, fires, jettisons (voluntary dumping

overboard of either cargo or ship's material to protect property from a common danger)?

2.Does it cover war risks and riots? Due to events like the recent Los Angeles riots and

warlike situations occurring worldwide, this point needs much attention and consideration.

Situations arise most often without warning and may result in damage to your merchandise.

3.Does it cover General Average? This is a loss resulting from a voluntary sacrifice of any

part of the vessel or cargo, or an expenditure to safeguard the vessel and the remainder of the

cargo. In a declared General Average, the financial responsibility you bear is determined by

the value of your cargo in relation to the total values involved in the voyage. This cost can

sometimes total more than the value of your merchandise.

<http://www.ghgcorp.com/ftnet/pubserv/brokerag.html#INSURANCE>

MARINE CARGO INSURANCE AGREEMENT (Sample Agreement)

Policy Number:

Assured:

Phone:

FAX:

Loss Payee:

Commodity:

Valuation: Amount of invoice, including all charges therein and including pre-paid and/or advanced and/or guaranteed freight charges, if any, plus 10%. Foreign currency to be converted into dollars at current rate of exchange in New York.

Voyage:

Coverage: Insured against all risks of physical damage from any external cause, irrespective of percentage, including the risks of wars, strikes, riots & civil commotion, from warehouse to warehouse.

Rate:

Date of Proposal:

I hereby authorize (Shipper) to insure all of my shipments on and after _____ subject to the above agreement.

I hereby decline insurance coverage and fully understand that (Shipper's) limited liability is \$500.00 per shipping package (ocean), \$9.07 per pound (air) or \$0.50 per pound (domestic).

_____	_____	_____
Name/Title	Signature	Date of Acceptance/ Declination

