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Why Buy Cargo cover?

It is fair to say that the majority of electrical items sold in the world today have been manufactured in the Far East, either as sub assemblies to be 'bolted' together in the UK or as finished products. Many purchase/ sale contracts include an obligation on the seller to arrange insurance and it naturally follows that if the goods are supplied from the Far East those goods may be insured in the Far East insurance market.

The right to claim under the insurance will have passed to the importer at a point in transit agreed, e.g. once the goods have been loaded aboard the carrying vessel at the port in the Far East. But how does a UK buyer make a claim against a foreign insurer, under a policy of insurance that may not have been arranged by him and may be written in a foreign language? The answer is "with difficulty!"

What happens if the scope of cover is not wide enough to provide for the loss, or the seller has forgotten to insure? The importer may end up nursing a significant loss of capital because he may still be obliged to pay the seller for goods even if delivered in a damaged condition or not delivered at all!

Purchase/ Sale contracts aside, the Insurance for goods whilst in transportation is often seen as a complicated subject with many cargo owners taking the option of insuring their goods via their freight forwarder or carrier.

However, there are a number of benefits to the cargo owner purchasing their own insurance cover, such as:

- 1) The Cargo owner remains in control of the scope of cover purchased.
- 2) Cover is tailored to the specific requirement of each cargo owner.
- 3) In the event of a claim, the cargo owner has a direct link via their broker to the insurer ensuring that the claim is transacted as smoothly as possible.

Benefits: Control of cover and cost, bespoke cover and accessibility to the actual insurer of the goods via your insurance broker.

The arrangement of cover is simple because most cargo insurers provide straight forward risk information questionnaires that allow them to familiarise themselves with each cargo owners requirements.

Cover can then be provided in a number of formats, the most common being:

- 1) An annual cargo policy providing cover for all shipments that occur within the policy period, allowing the shipper to be certain that all goods are insured whilst being transported without the need to arrange cover for each and every individual cargo movement.

This type of cover is most commonly employed by those cargo owners that have a number of shipments taking place throughout the annual period.





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Arranging an annual policy can decrease the resource that the cargo owner has to spend in comparison to arranging insurance cover for each transit and can often work out to be a cheaper option over the year.

2) Facultative/ Single Voyage cover is most commonly utilised by those cargo owners that have a low volume of movements and are comfortable with arranging cover 'as and when' each cargo movement is about to take place.

With specific regard to the Electrical Industry, the vast volumes of goods being imported, exported and transported throughout the UK require appropriate cover for each stage of the entire movement e.g. whilst on the road, sea and/or air conveyance, including load and discharge handling and storage whilst in the course of transit. Don't expect a carrier to compensate you for the full value of the loss either. Many carriers operate under carriage conditions that limit their liability for loss of or damage to your goods in their care. E.g. RHA Conditions limit liability to £ 1.30 per Kg !

With the rigours of transportation, comes the potential for loss, such as damage or theft, but by fully understanding the needs of each cargo owner we can ensure that cover is in place to protect your financial interest in the goods following losses caused by such events.

So, are you a cargo owner who has historically either not insured or insured goods under a freight forwarders' insurance policy? Can you be certain the cover provided is appropriate in terms of sums insured and the types of losses that may occur? Are you certain that in the event of a loss the link of communication between you, the carriers and the insurer is clear, and that your interests will be a priority?

Coleman Insurance Brokers and RETRA have recognised the need for an 'easy to use' Goods In Transit / Cargo product tailored to the specific insurance requirements of the Electrical Goods supply Industry. Coleman has teamed up with a leading 'A ' rated insurer to produce a comprehensive insurance product providing RETRA members with a tailored, secure, solution to meet their cargo insurance needs. Our advice is don't let a disinterested third party insure your goods for you, but **do** take control of your insurance cover and appoint Coleman to arrange cover that is right for you.

For more information how we can be of assistance please contact Steve Risk at Coleman on 01202 647466 or e-mail risks@colemaninsurance.co.uk

