

Cargo

Your Cargo policy - Explained

Thank you for insuring with Norwich Union

Your policy is in plain English, however, some clauses and conditions contain words which have a specific meaning in marine insurance, international trade and/or transport operations.

This booklet has been produced to accompany your policy as a handy reference tool, which clarifies and explains any parts of the policy, which may be unfamiliar to you. The booklet is in two parts, the first part explaining the policy clause by clause and the second part providing a glossary of words and terminology.

If you require further advice or information, please contact your local marine centre and we shall be pleased to provide assistance or visit our internet site

www.norwichunionmarine.co.uk

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Your Cargo policy - Explained

Your Marine Cargo policy is included with this guide. Please read it carefully to make sure that it meets your requirements and that the details within it are correct. The following acts as a guide through our policy wording. You should refer to the policy wording for full terms, conditions and limits of each term.

Term	Definition/Explanation
Changes which may affect the Risk	<p>If there are any changes to the way in which you operate or to the risk described in the policy schedule please let us know immediately as these changes could effect the cover provided. If you are in any doubt contact you insurance agent for advice.</p>
Complaints Procedure	<p>We try very hard to make sure that you are happy with the cover provided and with our services, however, should you feel dissatisfied in any way please let us know and we will aim to resolve the problem and take steps to further enhance our service.</p> <p>The policy contains full details of our complaints procedure</p>
Law Applicable	<p>The policy and any dispute resolution process shall be subject to English Law and jurisdiction.</p> <p>This is usual as the United Kingdom has played a leading role in world marine insurance for many years and is a role it continues to perform today. Many overseas countries look to English Law to resolve cargo insurance disputes.</p>
Handling Information <ul style="list-style-type: none">• Data Protection Act• Insurance Administration• Credit Searches and Accounting• Sensitive Data• Marketing• Policy Availability• Compensation Scheme	<p>Details of what we may do with information both that which you provide and that which we obtain by research is shown in the policy plus FSA Requirements</p>

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This Policy is for the benefit of;	Only you or a Buyer to whom this insurance may have been assigned may claim under this policy. To make a valid claim the claimant must hold an insurable interest in the subject-matter insured at the time of the loss.
Cancellation	This policy can only be cancelled by you or us giving notice in writing. Any shipment which commences its' journey prior to the time when cancellation becomes effective will be covered under the policy.
Certificates	<p>It is important that all certificates issued by you are issued correctly in accordance with the cover provided by the policy.</p> <p>Copy certificates should:-</p> <ul style="list-style-type: none">✓ Be submitted to us as a declaration of sending✓ Not be issued after a known loss✓ Be kept in a secure place <p>Certificates of Insurance are important documents and where we authorise you to issue these on our behalf, you have a duty to ensure that they are used correctly and that their use is monitored.</p>
Declaration	This policy covers all movements of Cargo as described in the Policy Schedule. You are required to make true and accurate declarations and to maintain a record of all movements and values insured. The premium will be calculated in accordance with the declarations you make.
Errors and Omissions	If you fail to declare or you submit an incorrect declaration, you will not be prejudiced providing the mistake or oversight was not intentional and you notify us immediately that you become aware of it.
Marine Insurance Act 1906	This policy is subject to the Marine Insurance Act 1906, which provides definitions, rules of practice of marine insurance and codifies all preceding law on Marine Insurance.

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Non-Contribution	<p>In the case of double insurance, we will not contribute to a settlement made by other insurer's if their insurance is more specific to the risk than the insurance provided under this policy</p>
Own Vehicle Conditions	<p>Vehicles owned or operated by you which are carrying the cargo insured by this policy shall be in good condition, road worthy and fitted with a level of security and protection appropriate for the cargo.</p> <p>When the vehicle is left unattended the ignition key must be removed and all doors, windows and other openings securely closed and fastened. All protective appliances such as alarms and immobilisers, locking devices shall be put into effect. Where appropriate the goods should be hidden from view.</p> <p>If the vehicle is left unattended at the end of a normal working day, it must also be enclosed in a securely locked building of substantial construction or in a permanently attended vehicle security park or compound.</p>
Warranty	<p>(See Glossary of terms attached)</p>
Additional Discharge	<p>We will pay for any additional (extraordinary) costs which you may properly and reasonably incur in respect of the handling and moving of cargo damaged by a loss covered by this policy.</p>
Airfreight Replacement	<p>In circumstances where the cargo is required urgently, we will, in order to expedite replacement or repair, pay for the additional costs of air freighting the cargo to or from repairers or air freighting a replacement cargo or parts from the supplier even if the original insured transit was not by airfreight. Subject to the policy limit.</p>
Brand &/or Trademark Protection	<p>Goods, which become damaged, that bear a brand, trademark or distinguishing marks unique to the manufacturer shall not, subject to agreement, be marketed or enter the salvage market against your wishes.</p>

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Concealed Damages	<p>Packages and cartons etc, which show external signs of damage, must be opened immediately upon delivery and the condition of the contents inspected. Where the packages do not show any external signs of damage and subsequently the contents are found to be damaged, then such damage will be deemed to have occurred during the insured transit. Discovery of this damage must be made within 30 days of the date of delivery and in accordance with Clause 8 - Duration.</p>
Debris Removal	<p>Following a loss to the cargo, which is covered by this policy, we will pay for the costs and expenses incurred by you in the removal and disposal of the debris of the damaged goods. The payment is in addition to the indemnity provided by this policy but will not exceed 20% of the insured value of the goods.</p> <p>Expenses relating to prevention or mitigation of pollution or contamination or your obligations under Pollution Statutes are not covered by the policy.</p>
Duty	<p>If the amount of duty which is payable on goods has been declared to us and is included within the sum insured we will indemnify you for the duty which you have paid, and which you are unable to recover, in respect of goods which have become lost or damaged and for which payment has been made under this policy.</p>
Fumigation	<p>We will pay for extraordinary fumigation expenses incurred to minimise or avoid an identified loss which would otherwise be recoverable under this policy.</p> <p>We will also pay for loss of or damage to the goods caused by excessive fumigation providing that such fumigation is not customary and has been carried out beyond your control.</p>
General Average	<p>General Average and Salvage are peculiar to maritime shipments and arise out of the contract of affreightment. In circumstances where the cargo and the vessel are in imminent danger of loss, it may be necessary to make a sacrifice or expenditure in order to avert such a loss. Your contribution to a fund</p>

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	<p>to make good the sacrifice or expenditure will be based upon the arrived value of your goods. In some cases, this arrived value is higher than the sum insured due sometimes to the effects of a rising market. We will pay whatever contribution is called for and not limit our payment to a proportion of the sum insured.</p>
Labels	<p>If only the retail presentation packaging or labels are damaged, we will pay for these to be replaced but will not pay for the goods themselves unless they too are damaged.</p>
Loading & Unloading	<p>Cover under the policy is extended from the commencement of loading onto the road vehicle for the commencement of transit until the completion of unloading from the road vehicle at destination providing that the goods have remained within the ordinary course of transit throughout the journey.</p>
Non-delivery	<p>Where goods fail to arrive, you must take all reasonable and practicable steps to locate them. If the goods are not located within 60 days from the time of discharge from the vessel/aircraft or in the case of carryings by road or rail 60 days after their expected arrival date, we will pay your claim.</p>
Pairs & Sets	<p>In some circumstances, the value of a pair or set of articles may fall as a result of loss of or damage to one article or part of the set. This policy will not pay for such loss in value but will only pay for the lost or damaged articles to the value they bear to the total sum insured of the pair or set.</p>
Packers Premises	<p>Cover is given whilst the goods are at professional packers premises for a period not exceeding 30 days. Cover in excess of 30 days may be arranged subject to prompt notice and agreement. If for the first leg of the journey from supplier to the export packers, the goods are unpacked or only partially packed or protected, cover shall be in accordance with the Institute Cargo Clauses (C), which provide cover in respect of loss or damage reasonably attributable to one of the perils listed within the clause. These perils are</p>

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<p>Pollution</p> <p>Returned Goods</p> <p>Seals Intact</p> <p>Segregation</p>	<p>identifiable incidents such as collision or over turning, fire, explosion etc. In addition, we will provide cover for non delivery of the entire consignment, theft and pilferage.</p> <p>No cover is provided for loss or damage caused by the packing process.</p> <p>The policy will pay for loss or damage to the consignment caused by the actions of government authorities taken in the public interests to prevent a pollution hazard</p> <p>If goods insured by this policy for their entire transit are returned to you or you return them to your supplier, then providing they are returned promptly without having been used or subject to some process this policy will cover the return journey and the period between the outward and return journeys. Providing this period does not exceed 30 days and the interest in the goods has remained with or reverted to you.</p> <p>It is known that thieves can skilfully remove goods from shipping containers and sealed trailers without causing any apparent damage to the security seal. We therefore will not decline claims for theft, shortage or non-delivery solely on the grounds that at the time of delivery security seals appear to be intact. In such circumstances, you must provide documentary evidence such as loading and unloading tallies, delivery receipts and other documents to support the claim.</p> <p>The extraordinary charges which are reasonably and properly incurred at destination in segregating sound from damaged cargo in order to minimise or avoid loss will be paid for under this policy providing the cause of damage is also covered by the policy.</p> <p>The amount payable under this clause is limited to £2,000 unless a special agreement has been arranged with us or our representatives. This amount shall be in addition to any payment made in respect of the loss or damage to the goods.</p>
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Sheets & Ropes and the Like	<p>Equipment owned by you, such as sheets ropes securing toggles and chains, is covered by this policy up to an amount of £2,000 each and every claim. This cover being in addition to the indemnity provided elsewhere by the policy in respect of the goods.</p>
Repacking Costs	<p>We will pay for the reasonable costs of repacking following loss or damage to the goods covered by the policy providing such costs are extraordinary and have been properly and reasonably incurred in order to avoid or minimise loss or damage.</p>
Transit Extension	<p>If cover ceases prior to destination due to a delay beyond your control, we will continue to hold covered providing you give us prompt notice and providing the goods are in a warehouse or bonded store at the port of discharge. Continuation of cover will be subject to premium and conditions to be agreed</p>
Voyage Extension	<p>Under the Transit Clause of the Institute Cargo Clauses, cover will cease on expiry of 60 days from discharge from the overseas vessel at the final port of discharge or 30 days from the time of unloading from the aircraft, at final place of discharge. If the ordinary course of transit will take longer than the time permitted by this clause then we will hold you covered at a premium to be agreed providing you give us prompt notice.</p>
Engineers &/or Sales Representatives Tools &/or Samples Equipment	<p>If noted on the policy schedule cover is provided for tools, equipment and samples except laptop computers, mobile telephones and other mobile communication equipment. This cover is subject to the Own Vehicle wording and shall not apply when items are within premises which you own or control. The cover also excludes loss of or damage caused by trial, test, operation or process, ordinary wear and tear or gradual deterioration. Theft is excluded unless following violent and/or forcible entry into a locked store room and/or building of substantial construction and /or motor vehicle.</p>

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Exhibition Charges	<p>Exhibition charges up to a limit of £5,000 which have been paid by you are recoverable under this policy in the event of you having to cancel your appearance at the exhibition following loss of or damage to your goods en route to the exhibition. But only as a result of a peril insured against by this policy and providing that such charges are not recoverable from the exhibition organisers.</p>
Exhibitions and Demonstrations	<p>This cover is only applicable when noted on your policy schedule.</p> <p>This policy will pay for loss or damage to the goods and exhibition stands, fixtures etc and advertising and promotional literature occurring during the transit to and from the exhibition and whilst at the exhibition site including whilst being unpacked, repacked, assembled, dismantled, erected and positioned.</p> <p>We will not pay for loss or damage caused by the trial, test, repair or operation and we will not pay for theft unless following violent and forcible entry into and/or exit from the exhibition building.</p> <p>It is important that care is taken whilst at exhibitions to ensure that the goods are correctly supervised, particularly in the unpacking and repacking stages and whilst they are on display.</p>
Derangement	<p>The basic cover under the policy is “All Risks” which requires that any loss and/or damage and/ or expense is caused by an accident which is external to the goods.</p> <p>This clause excludes derangement of a mechanical, electrical or electronic nature unless it has been caused by a peril insured against. There must be visible evidence of an accident external to goods which has caused the loss.</p> <p>Derangement like defects in design or manufacture or in the choice and type of packaging of the goods is not covered by the policy.</p>
Packing Clause	<p>The Institute Cargo Clause 1/1/82 excludes loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject matter insured including stowage into a container or lift van</p>

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<p>Postal Sendings</p> <p>Process</p> <p>Replacement (New Goods)</p> <p>Replacement (Second-hand &/or Used Goods &/or damaged &/or Unpacked Goods)</p>	<p>when such stowage is carried out prior to the attachment of this insurance or by the assured or their servants. You may well import goods into the United Kingdom which have been packed and prepared by sellers and packers overseas who operate beyond your control, knowledge or privity. We therefore agree that we will not decline claims solely on the grounds of such insufficiency, unsuitability of packing or preparation.</p> <p>If claims are paid under this clause we shall acquire from you all rights of subrogation in order to take actions against such suppliers, packers and other third parties as may be necessary.</p> <p>It is expected that better standards of security, handling and care will be given to postal packages which are either insured by the postal authorities or which are sent by a postal system which provides both evidence of posting and of delivery. This policy requires that postal packages valued £1,000 or above should additionally be insured for the minimum amount available with the postal service or dispatched via a system which provides evidence both of posting and of delivery.</p> <p>The policy provides cover primarily for the accidental loss of or damage to the cargo whilst in transit. There is no cover for the operation, trial or test of the Cargo unless this has been agreed in writing.</p> <p>This policy will pay for the costs of replacement or repair of a part or parts of a consignment plus the transporting, forwarding and refitting charges of such parts.</p> <p>This policy will only pay a proportion of the costs of replacement, repair, refitting, forwarding etc as the insured value bears to the value of new goods of the same type and nature.</p>
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Second-hand &/or Used Goods &/or damaged &/or Unpacked Goods	<p>This policy will not pay for superficial damage unless it is proved that the damage occurred as a result of a peril insured against during the insured transit.</p>
Buyers Interest Contingency and Difference in Conditions	<p>On some occasions it may be necessary for you to purchase goods under a contract that makes the seller responsible for arranging Cargo insurance. Should the seller fail to arrange insurance or should they arrange insurance on more restrictive cover than that provided by this Policy you will have the benefit of the cover provided by this Policy subject to the requirements set out in the clause.</p>
Sellers Interest Contingency	<p>You may on occasions sell goods under a contract that does not require you to arrange insurance to the final destination and where title to the goods passes to the buyer at some point during the transit. If title does not pass but reverts to you cover under this policy will remain in force for your benefit subject to the requirements of the clause.</p>
Institute Clauses	<p>The Institute Clauses are used extensively by Marine Insurers in the United Kingdom and Overseas and provide the basis of cover for nearly all Marine Insurance policies issued in the United Kingdom. These clauses are reviewed and reissued periodically and we will use the latest Institute Clauses providing we give you 30 days notice in writing.</p>
Cargo ISM Endorsement	<p>If at the time the goods were loaded on board the vessel you were or should have been aware that the vessel did not hold a valid ISM Certificate or that the owners did not hold a valid document of compliance, this policy will not cover loss, damage or expense. This exclusion shall not apply when the claimant has been assigned the insurance and has bought or agreed to buy the subject-matter insured in good faith under a binding contract.</p>

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<p>Cargo ISM Forwarding Charges Clause</p>	<p>If you pay an additional premium, we will pay for any extra charges which are properly and reasonably incurred in unloading, storing and forwarding the insured cargo to its destination following its release from a vessel arrested or detained or diverted to any other port or place where the voyage is terminated due to the vessel not being in compliance with the ISM code.</p> <p>Such payment shall be limited to the sum insured for the voyage.</p> <p>The clause does not apply to general average or salvage or salvage charges.</p>
<p>Contracts (Rights of Third Parties) Act 1999 Exclusion Clause (Cargo) JC – 2000/02</p>	<p>This act does not apply to this policy and no third party may benefit by this insurance or enforce any term under the policy or any certificate of insurance.</p>
<p>Insolvency Exclusion</p>	<p>The insured must be able to show that they have taken all reasonable practical and prudent steps to establish the financial reliability of owners and operators etc of vessels prior to loading of the cargo. Any loss damage or expense arising from insolvency or financial default of owners, managers, charterers or operators of the vessel will not be recoverable under the policy.</p>
<p>Institute Classification Clause – 01/01/2001</p>	<p>Vessels are classed with classification societies who after inspection will certify the vessel is of a particular class. The policy rates and conditions only apply to vessels that have been classed by a recognised society and which are of a particular type, age, build and which are engaged in particular types of operation.</p>
<p>Institute Radioactive Contamination Chemical, Biological, Bio-Chemical, Electromagnetic Weapons Exclusion Clause – CL370</p>	<p>The catastrophic nature and consequences of radioactive contamination is of such an immense scale that all Commercial Insurances including Marine Cargo Policies exclude it. This clause details the extent of the exclusion by listing a variety of possible causes of such contamination, as well as the threat of the 'dirty bomb' i.e. a device for spreading radioactive matter which does not require a nuclear reaction to create the destruction. Electromagnetic weapons create</p>

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- Administration costs in setting up the import
- Cost of import licenses
- Bank charges and loan interest
- Increased value of goods at discharge of vessel or aircraft
- An element of the importers potential profit from the on sale of the goods

The Incoterms CIF 2000 calls for the seller to insure for the CIF plus 10%.

The percentage uplift is not for the benefit of the seller should a loss or damage occur prior to passing of the insurable interest in the goods. This is because all such charges relating to the sale of the goods should have already been included within the sale price of the goods including the seller's profit.

Building of Substantial Construction

Substantial construction shall mean built from brick and/or stone and/or concrete with a slate and/or tile and/or metal and/or asbestos and/or concrete roof.

Certificate of Insurance

A document produced by Us, or You as evidence that insurance is in effect. You may assign the rights of this negotiable document to a third party, usually the consignee, by endorsing the reverse of the certificate.

Charter Party

A document evidencing the contract used for the leasing or hiring of vessels or space on the vessel.

Commercial Invoice

A document issued by the seller to the buyer which gives details of the merchandise sold, number of units being shipped, per unit cost and terms of sale.

Consignee

Party to whom the cargo is shipped, usually the buyer.

Constructive Total Loss

When the cost of repairing or recovering lost or damaged property plus the value of the salvage would exceed the property's value when repaired or recovered.

Contract of Affreightment

A contract for the carriage of goods outlining the obligations of both shipper

and carrier concerning transportation of the merchandise. The most common forms of affreightment are bills of lading and waybills.

Declaration

Made by you when reporting shipments under an open or annual cargo policy.

Deductible

A specific monetary amount, or percentage of the insured value, which will be deducted from all losses recoverable under a policy. See also Excess.

Disclosure

The duty of you and your broker to tell the underwriter every material circumstance before our acceptance of the risk.

General Average (GA)

This term is unique to maritime operations, and is one of the oldest forms of insurance.

Loss arising through an extraordinary, voluntary sacrifice of any part of the ship and/or the cargo, or through expenditure incurred, to safeguard the ship and the cargo and preserve the maritime adventure from being lost are paid for by the contributions of those parties to the maritime adventure whose cargo and vessel are saved and arrive at the discharge port.

General Average - Bond

Document required of cargo owners, after a GA loss, obtaining their agreement to pay any contribution that may become due.

General Average – Contribution

The contributions of all those engaged in a maritime adventure i.e. the cargo owners, the vessel owners and the vessel operators (freight earners) to pay for sacrifices made and/or expenditure incurred when GA is declared.

Contributions are based on the contributory value which is the sound arrived value of the vessel, the cargo, the freight and the rateable proportion they bare to the total cost of the sacrifice and/or expenditure.

General Average - Contributory Value

The value of property saved as a result of a GA act which forms the basis for

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determining each party's contribution in GA.

General Average – Expenditure

Example - costs incurred in returning to port or putting into a port of refuge. Such costs would include extra fuel, time, towing, pilot costs, berthing, discharging and reloading shifted cargo, quay and warehouse rent etc.

General Average – Guarantee

Given by cargo underwriters, after a GA, agreeing to meet their insureds' liability for contribution.

General Average – Sacrifice

The jettison or destruction of property to prevent greater loss. GA sacrifice is for the common good and saved interests make good the sacrifice in proportion to the arrived value of the saved property.

Held Covered

A provisional acceptance of risk, subject to confirmation that cover is required at a later date. Where applicable to an existing insurance coverage is conditional, in practice, on prompt advice to underwriters as soon as the insured is aware of the held covered situation and a reasonable additional premium is payable if the risk held covered materialises.

Incoterms 2000

International trade terms produced and published by the International Chamber of Commerce. Parties to the sale of goods may select the most appropriate of the 13 trade terms and incorporate this into their contract of sale. The terms set out the duties and responsibilities of the parties to the sale of goods and are used extensively throughout the world. The terms are reviewed periodically (10 year intervals) to meet changes in trade and transport operations it is, therefore, important to include the year of issue when making reference to Incoterms.

- EXW Ex Works (named place)
- FCA Free Carrier (named place)
- FAS Free Alongside Ship (named port of shipment)
- FOB Free on Board (named port of shipment)
- CFR Cost and Freight (named port of destination)
- CIF Cost Insurance and Freight (named port of destination)

- CPT Carriage Paid To (named place of destination)
- CIP Carriage and Insurance Paid To (named place)
- DAF Delivered At Frontier (named place)
- DES Delivered Ex Ship (named port of destination)
- DEQ Delivered Ex Quay (named port of destination)
- DDU Delivered Duty Unpaid (named place of destination)
- DDP Delivered Duty Paid (named place of destination)

The E term the seller makes the goods available to the Buyer at the premises

The F terms the seller delivers the goods to a carrier appointed by the buyer

The C terms the seller contracts for carriage but without assuming responsibility after shipment or dispatch

The D terms the seller bears all costs and risks up to the place named

Indemnity

To provide indemnity is to place the insured in the same position, no better and no worse, as that which they occupied immediately prior to the loss. Insured's are indemnified by the cash settlement, repair and or replacement of lost or damaged goods. Indemnity may be for the agreed value of the goods between the underwriters and the insured or determined by identifying the local market value of the goods taking into consideration their age and condition.

Indemnity will be limited by the limits shown in the schedule of insurance and/or by the sum insured declared to insurers.

Inherent Vice

A natural property or failing in goods which leads to loss or damage when they are subjected to certain conditions. Examples – decay, deterioration, loss in weight, shrinkage, spontaneous combustion.

Institute Cargo Clauses

These are produced by representatives of the Marine Insurance Market in the United Kingdom and are used extensively by Marine Insurers throughout the world. The Institute Cargo Clauses (A) provides all risks cover as does the Institute Cargo Clauses (Air).

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The ICC (B) and (C) provide cover for loss or damage arising from named perils.

Other Institute Clauses referred to as “the trade clauses” provide cover for specialist trades and commodities such as frozen foods, timber, coal, rubber.

The clauses provide the basis of cover and set out, amongst other things, the risks covered, the exclusions, and the duration of the cover.

Insurable Interest

In general a person has an insurable interest when in relationship to the property at risk which expose them to loss or liability and where they would benefit by the safe passage and continued existence of the property.

Jettison

Releasing the cargo or ship's property overboard to save other property from a common danger.

Letter of Credit

A method of payment between buyer and seller, which is widely used in international trade. The buyer opens a letter of credit in favour of the seller at his local bank by depositing the amount of the purchase price of the goods and dictating that the seller, in order for him to obtain payment, must present certain documents.

Non Delivery

Disappearance of an entire shipping package rather than the contents themselves or a portion of the contents.

Non Disclosure

The failure of You or Your broker to disclose a material circumstance to the Us before and following acceptance of the risk. See utmost good faith.

Normal Course of Transit

The orderly transit of merchandise from the point of origin to the final destination without interruptions or delays resulting from the action or inaction of any party at interest, i.e. the buyer or sellers or their servants' or agents'. Where it is normal practice or procedure for goods to be stored, trans-shipped, offloaded at certain intermediate points during the voyage whilst awaiting connecting conveyance or being carried out at a liberty or common practice of the carriers and/or bailees.

Such storage etc shall be deemed to be within the ordinary course of transit.

Overage Additional Premium

All additional premiums charged where the carrying vessel is outside the scope of the Institute Classification Clause which requires vessels to be of a certain age, size, type and to be registered with recognised classification societies in order for the cover and premium stated within the policy to be applicable without surcharge. This surcharge or additional premium is determined at the underwriter's discretion. This is a practice followed widely by the Marine Insurance Market throughout the world and is not unique to Norwich Union Insurance.

Particular Charge

An expense incurred by an insured in relation to an insured loss. This would include taking steps to minimise or avert a loss either in transit or after delivery which would otherwise be payable under the policy or the expense incurred in assessing the loss such as surveyors fees. Such expense should be reasonable and extraordinary in nature.

Perils of the Sea

Hazards arising on navigable waters through abnormally heavy seas, high winds etc. This does not include the ordinary action of the winds and the waves.

Pilferage

Theft of the contents, in whole or in part, of a shipping package.

Proximate Cause

The most effective cause of loss not necessarily the last, in a series of events. It is that cause which sets in motion a chain of events which brings about a result without the intervention of any force starting and working actively from a new and independent source.

Recovery

The amount recovered from a third party responsible for a loss on which a claim has been paid, i.e. a responsible shipowner or carrier.

Replacement Cost

Replacement will mean the replacement of the goods at their pre-accident condition and price. It does not, unless specifically

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agreed, mean the new replacement cost or any increase cost resulting from a subsequent scarcity of the lost or damaged goods.

Replacement costs will be limited by the Principles of Indemnity and the sum insured of the goods.

The replacement costs of new goods is easily determined by their sale value as new. It is more difficult to determine the replacement cost of old, used and/or second-hand goods for which no condition report or valuation has been obtained prior to shipment.

Seaworthiness

There is an implied warranty in every cargo policy that the ship must be seaworthy at the commencement of the insured voyage or, if the voyage is carried out in stages, at the commencement of each stage of the voyage. To be seaworthy, the ship must be reasonably fit in all respects to encounter the ordinary perils of the contemplated voyage, properly crewed, fuelled, provisioned and with all her equipment in proper working order. Cargo policies waive breach of the warranty except where the insured or their servants are privy to the un-seaworthiness.

Sellers Contingency Insurance

A secondary insurance which is arranged to meet the contingency of the insurable interest in the goods reverting to the seller due to the proper assignment to the buyer not being completed. The insurance is in respect of the physical loss of or damage to the cargo and is not to be confused with credit insurance.

Settling Agent

An underwriter's representative who is authorised to settle claims.

Salvage Award

The reward payable to salvors for saving life and property at sea.

Spontaneous Combustion

Ignition caused as a result of internal oxidation without application of an external source of heat.

Strikes Cover

Limited to damage caused to insured property by strikers, locked out workers

and persons involved in a labour dispute. Does not include loss or expense incurred as a result of strikes.

Subrogation

The right of the underwriter, following the payment of a claim, to "stand in the place" of the insured and exercise their rights and remedies to recover from a third party responsible for the loss, all or part of the settlement they have made. Underwriters cannot recover more than the amount they have paid in settlement of the claim.

Unattended vehicle

A vehicle is unattended when there is no responsible able bodied person authorised by you in attendance who is in a position to witness and deter or prevent loss theft or damage or attempted theft or damage to the vehicle and its contents. A person is not in attendance if, for example, they are so remote from the vehicle that whilst they can see it they are not in a position to intervene.

Utmost Good Faith

This is a duty which exists during the negotiations leading to the formation of the insurance contract and continues throughout the life of the policy. The insured and their broker must disclose and truly represent to the underwriter every material circumstance which is known to them or which should be known to them. Underwriters are also bound by this duty.

A breach of good faith entitles the underwriter to avoid the contract from the date of the breach or to avoid liability in respect of a claim.

Warranty

A warranty is a condition which may be implied or in be in writing. Implied warranties are fundamental to the insurance contract and need not be expressed in writing. For example "the subject of the insurance shall be legal " or "the subject matter insured does actually exist".

The warranties written into your policy are there because of the importance attached to particular aspects of the risk. A warranty enables the underwriter to extract a promise that something will or will not be done or that some circumstance exists or does not exist. For example ' that goods

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will be shipped in full container loads for the entire insured voyage' or ' that a condition survey of used goods shall be performed by an appointed surveyor immediately prior to shipment'.

Failure to strictly comply with a warranty can entitle us to avoid liability for a claim or in some cases to avoid the contract of insurance from the beginning.

Without Prejudice

Underwriters when paying claims, which they believe have not been fully evidenced, use this expression, which means without prejudice to liability. Liability is accepted and claims paid only when the claimant has moved the burden of proof by providing documentary evidence and details of circumstances. In the absence of absolute proof liability is often accepted on 'the balance of probabilities'. On occasions however the underwriters may believe that despite a deficiency in the quality and amount of evidence produced there is reason to accept liability. By exercising such 'benefit of doubt' underwriters must be careful not to set a precedent and prejudice their liability for future claims. The expression is often reduced to the abbreviation "W.P."