

Cargo Insurance – why it is essential.

Shippers often misunderstand the levels of cover that carriers provide whilst moving their goods. Carrier's liability is usually severely limited by either international convention or the carrier's standard terms and conditions.

When insurance is not in place and a loss occurs, the shipper usually contacts the carrier advising them of the loss. Finding out at this point that goods were not adequately covered (other than by the minimal amount afforded under the carriers terms) is a fairly sobering moment. At this point the carrier and shipper usually find themselves in dispute and as long as the carrier has pro-actively provided his terms and conditions to the shipper, the onus will be upon the shipper to prove that the carrier acted negligently. This can result in costly legal action with no certainty of the claim being satisfied.

In contrast, if adequate insurance is in place, the shipper again contacts the carrier but also contacts his insurer. Upon providing the necessary shipment paperwork to the insurer, and as long as the insurer is satisfied that the shipper has not acted in a way to prejudice the cover, the insurer will normally settle the claim and then the insurer will pursue the carrier to recover their losses.

If you are not sure whether your goods are properly insured it would be sensible to check what cover you have in place. Finding out that cover was not adequate in a claim situation is regrettable to say the least.