

Marine & Transit Insurance

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Chris Brady is a Director of The Insurance Partnership (TIP) and Head of TIP Corporate Risks Division, which specialises in delivering high quality general insurance and risk management services for a wide range of organisations and business sectors, underpinned by service level agreements and a quality audit process. The firm operates on a unique "fully transparent" business model and charging structure through which they remove hidden broker earnings to consistently deliver minimum cost savings of 10% and generally substantially more by helping clients improve their risks.

Chris has 20 years insurance experience, is ACII qualified and achieved an LLB (Hons) at Liverpool University. He joined Griffiths & Armour, then Willis the global broker before becoming a founding partner in the specialist team that has evolved into TIP Corporate Risks.

The TIP team has an excellent track record of delivering quality services whilst saving costs to enhance EBIT performance for venture capital and private equity connections and investee companies.



Buyers should beware of reliance on insurance provided by suppliers or carriers.

Suppliers' insurance may have conditions and restrictions over which you have no certainty or control and may not meet claims if not a reliable or secure insurer.

- The supplier's cover may cease on arrival at port, rather than final destination and may not include unloading
- It may be costing you more than you realise, with insurance hidden in the price of goods
- You may need to deal with a foreign insurer or agent who may not see you as a valued customer to be helped when a claim occurs

Carriers conditions are primarily aimed at protecting the carriers themselves, not the goods, nor you

- Insurance is usually limited liability by weight rather than value; as little as £1.30 per kg
- Covers their legal liability, not necessarily "All Risks" and excludes circumstances beyond their control/ custody
- Excludes general average and salvage contributions (where a vessel is a total loss)
- Identifying the responsible party to claim against in a chain of carriers is time-consuming and difficult

Businesses should look for a broker and insurer(s) who can understand and respond to their needs with flexible, certain and reliable cover with the minimum of exclusions or conditions, thus ensuring:-

- Your goods are fully All Risks protected and for the full value to you
- Cover is from dispatch warehouse to your warehouse, including loading/unloading
- Bespoke cover is arranged as necessary
- Premiums are benchmarked and competitive
- You have control of the claims process and certain quality of service

Notable claims

Claims can range from a few hundred pounds for minor loss or damage to multi-million pound claims where an entire vessel is lost.

For example, delivered from a South Korean shipyard, the Liberian container ship, Hanjin Pennsylvania, was on her way to Hamburg. 150km south of the Sri Lankan coast, a fire began in the hold. Containers with phosphorus and fireworks caught fire and exploded. The combined cost of vessel replacement and cargo claims from numerous importers/exporters is estimated at approximately US\$300 million, shared by many.

What does it cover?

Loss or damage to goods whilst in transit in the UK only or worldwide, including temporary storage.

Most goods are insured under Institute Cargo Clauses 'A' (for road, rail and sea transits) or Institute Cargo Clauses (Air) (for air freight shipments); the Marine Transit equivalent of 'All Risks' cover.

Exclusions/What does it not cover?

Most insurers use the standard Institute Cargo Clauses as a base and enhance/extend. Typical exclusions include:

- Wilful misconduct of the Insured
- Ordinary leakage, loss in weight, wear and tear
- Insufficiency or unsuitability of packing if owner packed
- Inherent vice or nature of subject matter insured
- Delay
- Insolvency/ financial default of carrier etc
- Nuclear risks
- Consequential loss / loss of profit

What limits are available/typically purchased?

The limits are bespoke, normally set at the maximum limit required for any one shipment/storage location. The basis of claims settlement for international movements is generally cost (of the goods), cost of insurance & freight "CIF" plus 10%, plus duty if incurred.

Is there a significant premium variation for different geographies?

Not in the UK, but worldwide there can be large variations due to differing and inherent risks in certain territories.

Premium drivers?

Premiums will reflect the exposure that each risk brings to the insurer. The main premium considerations are:

- Type of goods and the territory
- Estimated annual sendings
- Terms of sale which denote where the risk is deemed to have passed between the buyer and seller
- Previous loss history

Opinion

What should businesses look out for?

Marine Transit insurance is a complex specialist area enshrined in its own Acts of Parliament and legal precedent. Buyers should engage the services of specialist professional brokers to provide guidance, advice and the optimum insurance solution (addressing cover and cost). ■

Company Profile

Being in business is about taking risks. Running a successful business is about managing those risks.

The Insurance Partnership is a fully independent and authorised insurance broker and risk management advisor. Our success is based on the amalgamation of old and new business principles to provide client-focused solutions. We still believe that insurance is a "people" business. We have the right people to deliver a personalised service-driven strategy, dovetailed to each of our client's specific requirements.

The services that we provide are wide-ranging, from corporate insurance (which can involve multi-national complex insurance programmes with captive and self-insurance) to bespoke commercial insurance offerings. We also know that it is not just about having good products, but about the delivery. Our clients can be assured that our team of professionals will be with them every step of the way, advising, guiding and working in partnership to design an insurance solution specific to each client's needs (and most importantly, supported by a robust risk management programme).

The Insurance Partnership is committed to the delivery of a first class service and being of value to each and every one of our clients.

Our claims service is the backbone of our proposition. Whether clients are at the mercy of a major disaster or facing the inconvenience of a small claim, our team's professional, efficient and timely support will be there when it is needed most.

We boast one of the most experienced and hands-on claims teams, ensuring that in the event of a major loss, our client's business is back up and running as soon as possible and that all claims, no matter how big or small, are dealt with swiftly and efficiently and with little disruption to the business.

