

INSURING YOUR CARGO - BEST PRACTICE

Freight Forwarders Liability

All carriers operate under trading conditions which limit liability in the event of loss or damage to goods and the calculation of this liability is on a weight related basis. Jordon Freight operates under the standard trading conditions of the **British International Freight Association (BIFA)**.

Liability under BIFA conditions is calculated at 2 SDR's*(see below) per kilogram gross weight of damaged and/or missing goods. There are exceptions to this which are detailed in the conditions which are available at your request.

BIFA terms are recognised by the UK courts as being the terms of BIFA members. They are also deemed to be fair and reasonable by both the British Shippers Council and the Institute of Export, and a current copy is lodged with the Office of Fair Trading.

There are a number of other conditions which may be adopted by other carriers and also International Statutes that can apply and override standard conditions.

For example European Road Transport (excluding transit between UK and Ireland) is subject to the **Convention on the Contract for the International Carriage of Goods by Road (CMR)** and was drawn up with the object of standardising liability of carriers undertaking international road haulage throughout the participating countries. Liability under CMR is calculated at 8.33 SDR's*(see below) per kilogram gross weight of damaged and/or missing goods. There are exceptions to this which are detailed in the Convention.

Air transportation is governed by the **Warsaw Convention** and sea transportation by **the Hague Vusby Rules**.

In the event of a claim the compensation available under any of these conditions may not meet the actual value of the goods being shipped or could provide the carrier with an exemption to liability and we would therefore respectfully recommend that the goods are insured under an '**All Risks**' policy which is designed to provide compensation on a full value basis regardless of the limitations of the carriers conditions.

Transit/marine insurance is the responsibility of the freight paying party and not the carrier or agent.

Transport is undertaken at the risk of the freight paying party (sender or consignee depending on the terms).

**(An SDR (Special Drawing Right) is a currency unit of the International Monetary Fund and is used worldwide as a method of determining value. It is based on a basketful of foreign currencies and therefore fluctuates in value on a continual basis in the same way as any currency does. The exchange rate is published in the financial newspapers and on the IMF website. On 10/02/12 the published exchange rate for one SDR was £0.980296.)*

Marine Cargo Insurance

By taking out an All Risks Insurance policy your goods would be covered for their full value (standard basis of valuation is cost, insurance, freight +10%) for risks of physical loss and/or damage to the goods insured on a warehouse to warehouse basis regardless of limited liability of any carrier. The insurance is arranged under the Institute Cargo Clauses (A) or (Air) and a summary of cover is enclosed herewith.

- Insurance can be arranged by Jordon on behalf of the customer (freight paying party) upon receipt of written instructions.
- If Jordon are requested to arrange transit/marine insurance, it is arranged **ON BEHALF OF THE CLIENT** and is not Jordon actually insuring the goods. It is the same as if the client arranged the insurance himself through an insurance company or broker.
- Marine/transit insurance is charged as a percentage/fixed premium against the value of the goods being insured.
- Jordon will make an administration charge to the client for this service so it is possible that a customer can obtain cheaper premium by arranging this directly.
- It is important to clarify whether **breakage insurance for fragile goods** is required or not, such as glassware and ceramics. Premiums will be higher for breakable items.
- **If transit/marine insurance is implemented**, and if there is a claim, normally insurers would settle any bona fide claim expeditiously and then claim from the carrier/agent under subrogation. The carrier/agent would then normally settle with the marine/transit insurers within the terms of their limited liability.
- **If a client does not take out a marine/transit insurance cover**, then they rely on the relevant terms of the carrier/agent should there be a claim, and depending on circumstances, the total value of such a claim may not be fully covered and this is at the client's risk, not that of the carrier or agent.
- **Consequential loss claims are not covered by marine/transit insurance and are not accepted by Jordon or any carrier/agent for whatever reason as is indicated in BIFA terms.**
- **Claims cannot lawfully be deducted from the Jordon sales ledger account. They are to be dealt with separately from the normal trading account as indicated in BIFA terms.**

For more information or to book Marine 'All Risks' cover for your cargo please contact our advisor Mr Jon Swallow who will be happy to assist.

Email: customerservice@jordonfreight.com

All business of the Company is transacted under the Standard Trading Conditions of the British International Freight Association (BIFA), a current edition of which is available upon request.

Summary of cover under Institute Cargo Clauses (A) and (Air) 01.01.09

Risks Covered

This insurance covers all risks of physical loss or damage to the goods insured but is subject to certain exclusions of which the main ones are listed below. It does not cover, for example consequential loss or liability for damage to other cargo but does include General Average and Salvage Charges

Main Exclusions:

- wilful misconduct of the insured
- natural loss in weight or volume and wear and tear and ordinary leakage
- insufficient packing or stowage where the assured stow the goods
- inherent vice
- delay - insurers will not pay for physical loss or damage to the goods arising as a result of delay; nor will they pay for any other consequences of the goods being delayed in transit
- insolvency of owners or operators of the vessel
- atomic or nuclear weapons
- unseaworthiness or unfitness of the container or carrying conveyance where the insured are aware of this.

Risks relating to War (including loss or damage caused by mines, etc left over from previous hostilities) and damage caused by Strikers, Terrorists and in Riots are also excluded unless the insurance specifically incorporates the Institute War and Strikes Clauses. In any case it should be noted that cover is restricted to physical loss or damage caused by strikers etc. and not the consequences of goods being held up by a strike.

Duration of Cover

Goods are insured from the time that they are first moved in the warehouse or place of storage for the purpose of immediate loading onto carrying vehicle and continues' during the ordinary course of transit. Cover ceases on completion of unloading from the carrying conveyance at the specified warehouse or other nominated destination or on the expiry of 60 days after discharge from the ocean vessel (30 days from an aircraft) **whichever shall first occur.**

Only storage in the ordinary course of transit is covered (e.g. whilst in Customs shed) and no storage cover is provided prior to or after transit unless otherwise agreed by Insurers.

This is a short summary of cover and the main exclusions and is intended as a guide only. For full details of all terms and conditions refer to the policy wording.