



Chapter 5

International Cargo Insurance

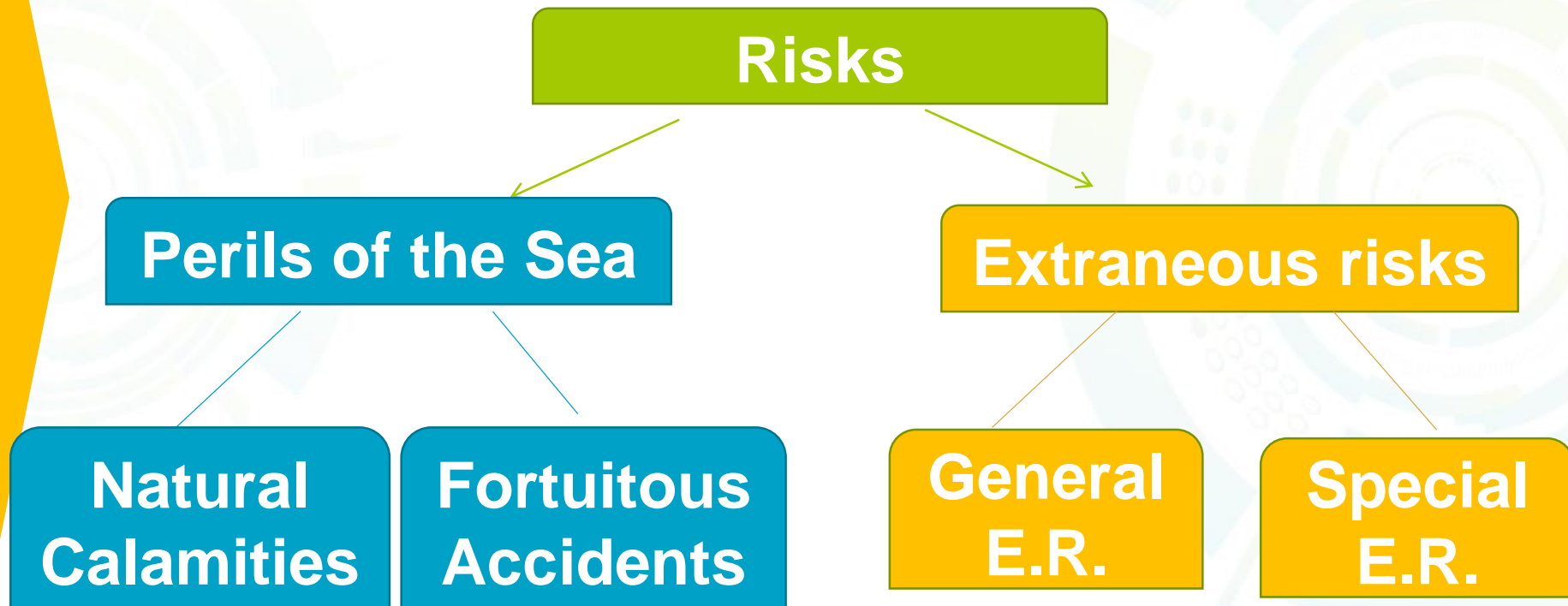
Contents

- 5.1** The Coverage of Marine Cargo Insurance
- 5.2** Ocean Marine Cargo Clauses of CIC
- 5.3** London Insurance Institute Cargo Clauses
- 5.4** Insurance Clauses in Sales Contract





5.1 The Coverage of Marine Cargo Insurance



Perils of the Sea(海上风险)

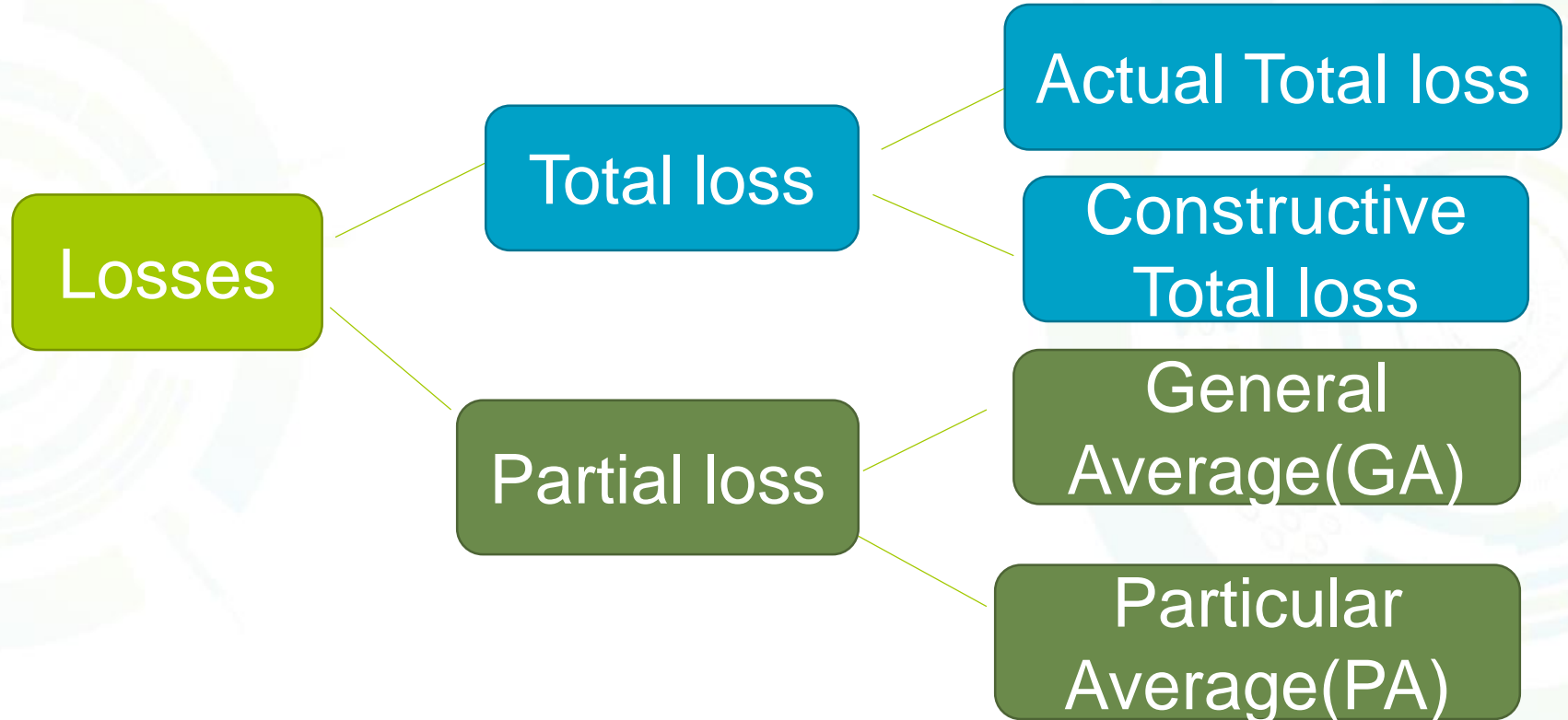
- 1. Natural Calamities (自然灾害) : bad weather; thunder and lightening; earthquake; flood and so on.
- 2. Fortuitous Accidents (意外事故) : fire; grounded; stranded; collision; explosion; sunk; etc.



Extraneous risks (外来风险)

- 1. General Extraneous Risks (一般外来风险) : theft; breakage; leakage; contamination; taint of odor; rusting; hook damage; and so on.
- 2. Special Extraneous Risks (特殊外来风险) : war; strike; failure to delivery; rejection, etc





Total loss全部损失



Actual Total Loss实际全损

- total loss of the subject matter

- the total loss of the value

- theft and arrest

- the ship being lost for more than half a year.

Total loss全部损失

Constructive Total Loss

推定全损

-- the cargo is not totally lost, but the actual total loss shall be unavoidable or the cost to be incurred in recovering or reconditioning the goods together with the forwarding cost to the destination named in the policy would exceed their value on arrival.



Partial loss部分损失

General Average(GA)共同海损

--a partial and deliberate sacrifice of the ship, freight, cargo, or the additional expense has to be incurred, in order to avoid some threat to the whole venture; or some loss or damage is deliberately inflicted, in order to save the ship and some of the cargo.

Particular Average(PA)单独海损

-- a partial loss suffered by part of the cargo.

The differences between GA and PA区别

- (1) GA is man-made loss in order to remove or alleviate risks; PA is caused directly by risks;
- (2) The loss of sacrifice as well as the expenses incurred in a GA shall be shared among all parties; the damaged party is responsible for losses incurred in a PA.



Case study

- A vessel with compartment 1 and compartment 2 caught a fire during the trip and compartment 1 was on fire. However, the captain mistakenly thought both compartments were on fire and ordered the crew to put out the fire with water cannons. Losses are:
- (1) the main engine was damaged;
- (2) Compartment 1 was burned down partially;
- (3) Compartment 2 was water logging.
- Which belongs to particular average and which belongs to general average?



Expenses

Sue and Labor
Expenses

Salvage Charges



○ Sue and Labor Expenses 施救费用

--extraordinary expenditures made in time of peril to avert or minimize any loss of or damage to the goods insured.

○ Salvage charges 救助费用

-- expenses resulting from measures properly taken by a third party other than the insured ,his agent ,or any person employed by them to preserve maritime property from perils at sea.



5.2 Ocean Marine Cargo Clauses of CIC

- There are mainly two types of insurance coverage: **basic coverage** and **additional coverage**

Basic Coverage 基本险	FPA
	WPA
	All Risks
Additional Coverage 附加险	General Additional Coverage
	Special Additional Coverage

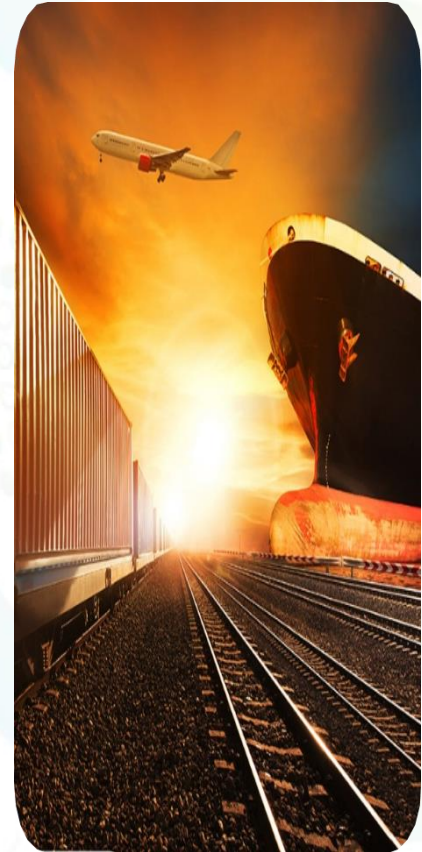
FPA (Free from Particular Average) 平安險

- Coverage's:
 - 1.Total Loss caused by Natural calamities ;
 - 2.Total or partial loss caused by accidents ;
 - 3.Sacrifice and Contribution to General Average and Salvage Charges, etc.
- Minimum coverage



WPA (With Particular Average) 水漬險

- Coverages:
- WPA= FPA + Partial Loss caused by Natural Calamities
- Extended coverage



AR (All Risks) 一切險

- Coverages:

AR=WPA + Total Loss and Partial Loss
caused by General Extraneous Risks

- Most comprehensive coverage

- AR excludes losses caused by Special Extraneous Risks and Exclusions

Exclusions 除外责任

- (1) Loss or damage caused by the intentional act or fault of the insured;
- (2) Loss of damage falling under the liability of the consignor;
- (3) Loss or damage arising from the inferior quality or shortage of the insured goods prior to attachment of this insurance;

Exclusions 除外责任

- (4) Loss or damage arising from normal loss, inherent vice or nature of the insured goods, loss of market and/or delay in transit and any expenses arising therefrom;
- (5) Risks and liabilities covered and excluded by the Marine Cargo War Risks Clauses and Strike, Riot and Civil Commotion Clauses.

General Additional Coverage一般附加險

- Cover losses caused by **General Extraneous Risks Eleven (11) Types**
- 1. Theft Pilferage and Non-Delivery 偷窃, 提货不到險;
- 2. Rain Fresh Water Damage 淡水雨淋險;
- 3. Risk of Shortage 短量險;
- 4. Risk of Intermixture and Contamination 混杂, 玷污險;
- 5. Risk of Leakage 滲漏險;

General Additional Coverage一般附加險

- 6. Risk of Clash and Breakage 碰损, 破碎险;
- 7. Risk of Odour 串味险;
- 8. Damage Caused by Sweating and Heating 受潮受热险;
- 9. Hook Damage 钩损险;
- 10. Risk of Breakage of Packing 包装破裂险;
- 11. Risk of Rust 锈损险.

Special Additional Coverage特殊附加險

- Cover losses caused by **Special Extraneous Risks Eight (8) Types**
- 1. War Risks 战争险;
- 2. Strike Risks 罢工险;
- 3. Aflatoxin 黄曲霉素险;
- 4. Failure to Deliver 交货不到险;
- 5. On Deck 舱面险;
- 6. Import Duty 进口关税险;

Special Additional Coverage特殊附加險

- 7. Rejection 拒收險;
- 8. Fire Risk Extension Clause - for Storage of Cargo at Destination Hong Kong, Including Kowloon, or Macao 貨物出口到香港(含九龍)或澳門存倉火險責任擴展條款.

Summary of Basic and Additional Coverages

- Scope of Coverage: AR>WPA>FPA
- AR = WPA+ General Additional Coverage
- FPA, WPA or AR can be insured independently
- Additional Coverages have to be taken with Basic Coverages

Commencement and Termination of Ocean Marine Insurance 保险责任起讫

- 1. Commencement and Termination of **Basic Coverage** --- Warehouse to Warehouse Clause, W/W. 仓到仓条款
- 2. Commencement and Termination of **War Risk**-- limited to ocean risks 仅限于水上危险或运输工具上的危险
- 3. Commencement and Termination of **Strike Risk**- Warehouse to Warehouse Clause, W/W. 仓到仓条款

5.3 London Insurance Institute Cargo Clauses

- The Institute Cargo Clauses (ICC) were initially published by the Institute of London Underwriters in 1912.



○ The Institute Cargo Clauses (ICC) were initially published by the Institute of London Underwriters in 1912.

○ There are **six types** of cover:

○ (1) Institute Cargo Clauses A(ICC(A));

○ (2) Institute Cargo Clauses B(ICC(B)) ;

○ (3) Institute Cargo Clauses C(ICC(C));

○ (4) Institute War Clauses-Cargo;

○ (5) Institute Strike Clauses-Cargo;

○ (6) Malicious Damage Clause.

ICC(A) (Institute Cargo Clauses A) **协会货物条款 A**

- It is similar to that of All Risks under China Marine Cargo Insurance Clauses

ICC(B) (Institute Cargo Clauses B) **协会货物条款 B**

- It is similar to WPA Clauses

ICC(C) (Institute Cargo Clauses C) 协会货物条款 C

- It is similar to FPA Clause.



Like ICC (A), ICC (B) and ICC (C), War Clauses and Strikes Clauses can be taken independently.

5.4 Insurance Clauses in Sales Contract

1、 Insurance Contracts in Sales Contract

--Under FOB,CFR,FCA or CPT terms,the insurance clause may simply be stipulated as: “Insurance:To be covered by the buyer.”

--Under CIF or CIP terms, the insurance clause can stipulate that:

“Insurance is to be covered by the sellers for 110% of the Invoice Value against All Risks and War Risk as per Ocean Marine Cargo Clauses of People’s Insurance Company of China dated Jan.1,1981.”

Insurance Amount 保险金额

- The insurance amount is the highest amount for which the insurer shall compensate.
- Insured Amount = CIF Price x (1 + percentage of addition)

Insurance Premium 保险费

- Insurance Premium = Insured Amount x Premium Rate
- = CIF Price x (1+ percentage of addition) x Premium Rate

Case Study

Some 10 000 pieces of cargo exported to the USA by USD10/PC CIF New York are to be covered against All Risks and War Risk and the premium rates are respectively 0.6% and 0.4%. Calculation of Insurance Premium 计算保险费



- Insurance amount=CIF(CIP)
price \times (1+percentage of addition)
- $=10 \times 10\,000 \times (1+10\%)$
- $=110\,000$ USD
- Insurance Premium=insurance
amount \times premium rate
- $=110\,000 \times (0.6\%+0.4\%)$
- $=1100$ USD

Insurance Documents 保险单据

Insurance Policy 保险单

A document detailing the type and amount of insurance coverage.

Insurance Certificate 保险凭证

A simplified version of an Insurance Policy

Insurance Policy 保险单

Sample Cargo Transportation

Insurance Policy issued by PICC Guang Dong Branch

PICC货物保险单样本

中保财产保险股份有限公司广东分公司
THE PEOPLE'S INSURANCE (Property) COMPANY OF CHINA, LTD. GUANG DONG BRANCH
总公司设于北京 一九四九年创立
Head Office: BEIJING Established in 1949
货运运输保险单

GARGO TRANSPORTATION INSURANCE POLICY

发票号码 (Invoice No.): GZHL-09012 保单号次: POLICY NO: DK09/1467008654

合同号 (CONTRACT NO): HL09003

信用证号 (L/C NO): BH-00842

中国人民保险公司 (发下简称本公司)

This Policy of Insurance witnesses that The People's Insurance

Company of China (hereinafter called "The Company")

根据

at the request of

(以下简称被保险人) 的要求, 由被保险人
(hereinafter called the "Insured") and in consideration of the agreed premium
向本公司缴付约定的保险费, 按照本保险单
paying to the Company by the Insured, Undertakes to insure the undermentioned
承保险别和背面所载条款与下列特款承保
Goods in transportation subject to the conditions of this Policy as per Clauses
下述货物运输保险, 特立本保险单。
printed overleaf and other special clauses attached hereon.

标 记 Marks & Nos	包装及数量 Quantity	保险货物项目 Description of Goods	保险金额 Amount Insured
L.T.C. S/C HL09003 SEATTLE NO.1-400	1000PIECES (400CTNS)	PORCELAIN LUCKY CATS	USD20000.00

总保险金额:

Total Amount Insured: SAY U.S.DOLLARS TWENTY THOUSAND ONLY.

保费 Premium: USD33.00 启运日期 DATE OF COMMENCEMENT: 2009/08/15

装载运输工具: KING ROSE V.769

Per conveyance: KING ROSE V.769

自 HUANGPU CHINA 至 SEATTLE US
From To

承保险别 COVERING ALL RISKS AS PER OCEAN MARINE CARGO CLAUSES (2009) OF
Conditions THE PEOPLE'S INSURANCE COMPANY OF CHINA.

所保货物, 如遇出险, 本公司凭本保险单及其他有关证件给付赔款。

Claims, if any, Payable On, surrender of this Policy together with other relevant documents.

所保货物, 如发生本保险单项下负责赔偿的损失事或事故, 应立即通知本公司下述代理人查勘。

In the event of accident whereby loss or damage may result in a claim under this policy immediate
notice applying for survey must be given to the company's Agent as mentioned hereunder.

中国人民保险公司

THE PEOPLE'S INSURANCE CO. OF CHINA

赔款偿付地点

Claim payable at SEATTLE US

日期

DATE 2010/08/10



THO THREE FOUR

谢谢
