

Insurance Insights



A Challenge to Importers Who Would Never Dream of Controlling the Insurance

Importers who rely on suppliers to furnish cargo insurance or who rely on their carriers to take responsibility for losses may be in for a big surprise. Protecting your investments by insuring your goods provides peace of mind.

Buying CIF: Who's really responsible if your product is lost or damaged in transit?

According to internationally accepted trade terms, referred to as Incoterms, suppliers selling "CIF" (Cost, Insurance, Freight) are responsible for arranging cargo insurance. But just because your supplier has the obligation to arrange insurance under CIF terms, it doesn't mean that they are ultimately responsible if your product is lost or damaged during transit. The ultimate burden of loss falls upon you, the buyer. This is why many experts recommend importers change their buying terms to EXW, FOB, FCA, CFR or similar terms in order to control the selection, and thereby the quality, of insurance coverage.

How much is that insurance really costing you? Foreign suppliers and their forwarding agents often tack on placement fees to the insurance costs. Those added fees often inflate the cost of insurance well beyond market pricing for the same coverage purchased in the United States. Find out how much you're really paying and then compare quotes received from Cargoways.

Is the coverage your supplier purchased for you adequate? Importers relying on their suppliers to arrange insurance run the risk of having inadequate insurance coverage. Cargo insurance policies can vary widely in levels of coverage, deductibles and special restrictions. Ask your supplier for a complete copy of the insurance policy or for a certificate of insurance detailing all the policy terms and conditions.

What's the financial health of your supplier's insurance company? Recent financial and catastrophic events have exposed the vulnerability of insurance companies to sudden economic devastation. Importers are encouraged to make certain their suppliers use insurers with a favorable financial rating supplied by a respected financial rating service. A.M. Best, Standard & Poor's and Moody's are among some of the world's most respected. Cargoway's insurance company, Lloyd's of London has an A.M. Best A financial rating.

How will your claim be handled? If insurance is arranged overseas, will you be forced to deal with an inexperienced, sub-contracted independent adjuster unfamiliar with the assessment of transportation related losses? Ask your supplier for a list of insurance claims adjusters contracted by the insurance company. Adjuster and surveyor networks approved by Lloyd's of London and AIMA are among the most credible. Cargoways has a vested interest in your insurance needs and will directly handle cargo claim documentation requirements to ensure prompt processing and timely settlement.



Every Importer Needs Cargo Insurance

Insurance is not automatic, please advise us if you wish to request insurance on your shipment. Global trading involves risk; however, broad insurance coverage minimizes your financial risk. Don't leave your livelihood up to chance! Statistics show that one ship sinks each day. If you are depending on the carrier to cover losses, their responsibility is limited by law as follows:

Ocean Carriers	\$500 per shipping unit <i>A shipping unit may be defined as one ocean container.</i>
Air Carriers	\$9.07 per pound
Truckers	\$.50 per pound

The insurance we offer is competitively priced and insures approved merchandise against physical loss or damage from external causes. By purchasing cargo insurance, you can avoid inconvenience and frustration. Call your Cargoway's Account Specialist today for your free quote.

- Please arrange insurance for my future shipments. Call me to negotiate a price.
- Do not arrange insurance...we have our own cargo policy.
- Do not arrange insurance...our supplier arranges.
- I understand that cargo insurance is available, but I do not need it provided for me.

Company Name: Contact Name:

Telephone: Email:

Signature: Date:

Still not convinced? Questions? Contact your
Cargoway's Representative.