



## CARGO INSURANCE CLAIMS REVIEW

**To illustrate how valuable a Cargo Insurance policy is to protect cargo during transit, we have compiled the following claims. Where noted, the claim amount was paid by the insurance company under the terms of the open cargo policy.**

### Broken Machinery

#### Freight Forwarder

A freight forwarder arranged for the shipment of machine parts to China. The machine parts were not properly secured for transit and rolled around on the truck. Upon arrival, the goods had severe frame damage.

Had the insured not purchased "All-Risk" cargo insurance, the shipper would have been responsible for replacing the goods out of pocket since the trucker's liability was limited to \$50.

*Claim Amount:* \$25,454

*Insured's Deductible:* \$0

### Severe Storms

#### Warehouse Fire

While a shipment of printers was awaiting a connecting flight in an air carrier's warehouse, a fire broke out from lightning striking electrical power plugs. The warehouse, including all of the freight, was severely damaged.

The cause of this loss was lightning, which is considered an Act of God. As a result, the air carrier was not liable. "All-Risk" Cargo Insurance provided full coverage for the loss.

*Claim Amount:* \$15,867

*Insured's Deductible:* \$0

### Heavy Weather

#### Port Diversion

A vessel carrying a shipment of clothing was en route to the Belgian ports of Antwerp and Ghent, where workers were on strike. Since nearly 30 container ships were stuck outside the two ports, the steamship line decided to divert ships to other ports, including Felixstowe and Le Havre.

While in transit, the vessel ran into heavy weather and hit a large wave, washing some of the containers overboard. Since the insured purchased "All-Risk" Cargo Insurance with the Deviation Clause, the claim was covered in full.

*Claim Amount:* \$75,312

*Insured's Deductible:* \$0

### Stolen Goods

#### Trucker

A trucker picked up a shipment of machinery at the shipper's warehouse. While taking a commonly used route to the airport, the truck was car-jacked at gunpoint and the truck, with all of the freight, was stolen.

Even if the shipper declared value for carriage, there would be no automatic right of recovery because the trucker did not act negligently. Luckily, the insured purchased Cargo Insurance and the claim was paid in full.

*Claim Amount:* \$64,532

*Insured's Deductible:* \$0

### Contaminated Soybeans

#### Fumigation Clause

A shipment of bulk-loaded soybeans was shipped via ocean vessel to Japan. Pests were found and the Japanese government quarantined the shipment. They also required the soybeans to be fumigated. To avoid infestation, organic soybeans typically must be bagged and containerized, increasing costs two to five times more than conventional prices.

Since the soybeans were not packed in this manner, the consignee would not have been able to submit a claim for loss or damage from improper packaging. The consignee was able to accept the cargo after fumigation. Because Avalon's Cargo policy contained a Fumigation clause, the freight forwarder was able to submit a claim for the fumigation charges. The charges were covered under Avalon's Cargo policy, subject to a deductible.

*Claim Amount:* \$3,930.10

*Insured's Deductible:* \$500

***For more information on Cargo Insurance, contact your local Avalon office or email [marketing@avalonrisk.com](mailto:marketing@avalonrisk.com)***