

# LIMA Programme

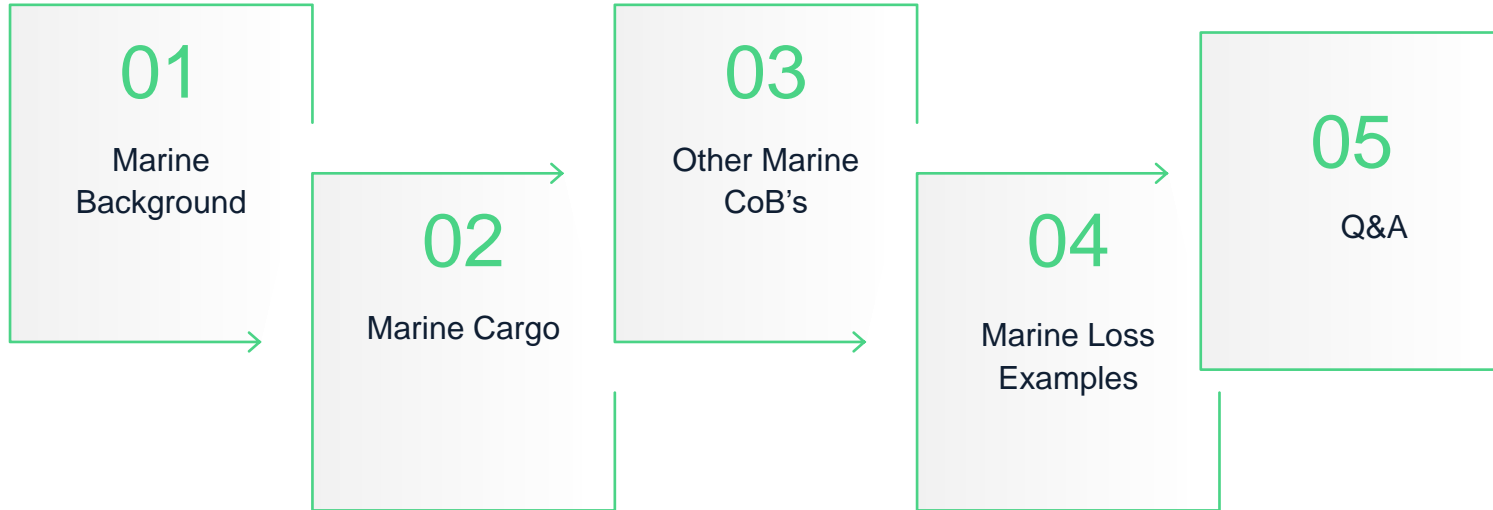
## Marine Insurance

14 September 2023  
MRoA Marine Team

NOT IF, BUT HOW



# Agenda



# Marine Background

01



# Some History



It is believed that Marine Insurance formally started at Edward Lloyd's Coffee Shop situated in Tower Street London towards the latter part of the seventeenth century. Much of marine insurance law and its governing custom were developed here by seafaring men and merchants engaged in foreign trade, who gathered to arrange "their mutual contracts of insurance against the sea".

# What Is Marine Insurance ?

- A form of insurance in which the insurer undertakes to indemnify the insured against loss of the ship (hull insurance), the cargo, any sums paid in freight (freight insurance), or any liability to a third party occurring during a sea voyage. A marine insurance contract may be extended to losses on inland waters or to risks on land that may be incidental to a sea voyage



- The risks listed in marine insurance policies include perils of the sea, fire, war perils, pirates, seizures, restraints, jettisons, and barratry .

# Marine Cargo

02

Insurance policies include perils of the sea, fire, war perils, pirates, seizures, and thefts.

# Marine Cargo Definition



## What is cargo insurance

Marine Cargo Insurance refers to the insurance of goods shipped from one place to another, anywhere in the world



## Basis of Cover

Cover may be on an All Risks (ICC A) or named perils (ICC B/C) basis



## Types of Cover

Coverage can be on a “per voyage” basis, i.e. from the time the goods leave the premises of the seller until the time they arrive at the buyer’s premises or annual /open covers



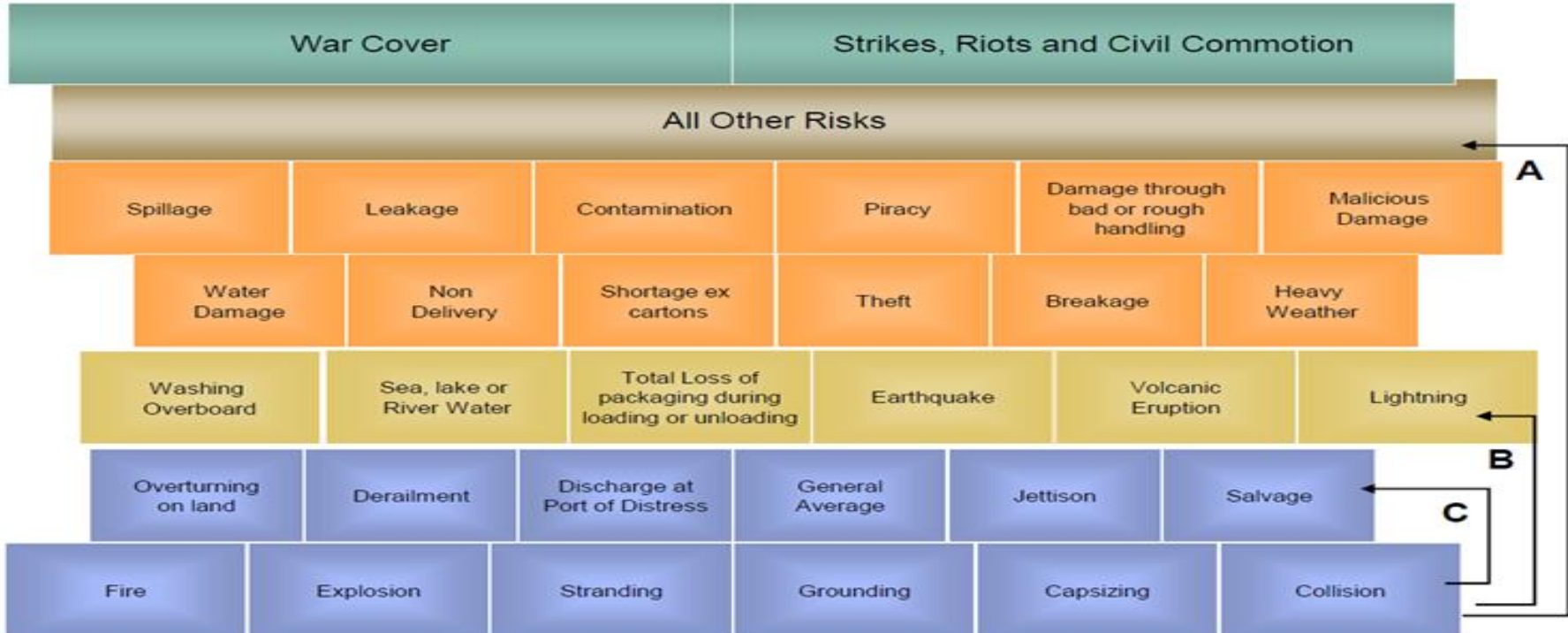
## Who buys the cover?

The insurance may be acquired by either the buyer or the seller, depending on the contract of sale, the insurance may be acquired by either the buyer or the seller, depending on the contract of sale

### Common Incoterms

- FOB (Free on Board)
- C&F ( Cost and Freight )
- CIF (Cost Insurance and Freight
- Ex Works

## RISKS COVERED - INSTITUTE CARGO CLAUSES A/B/C









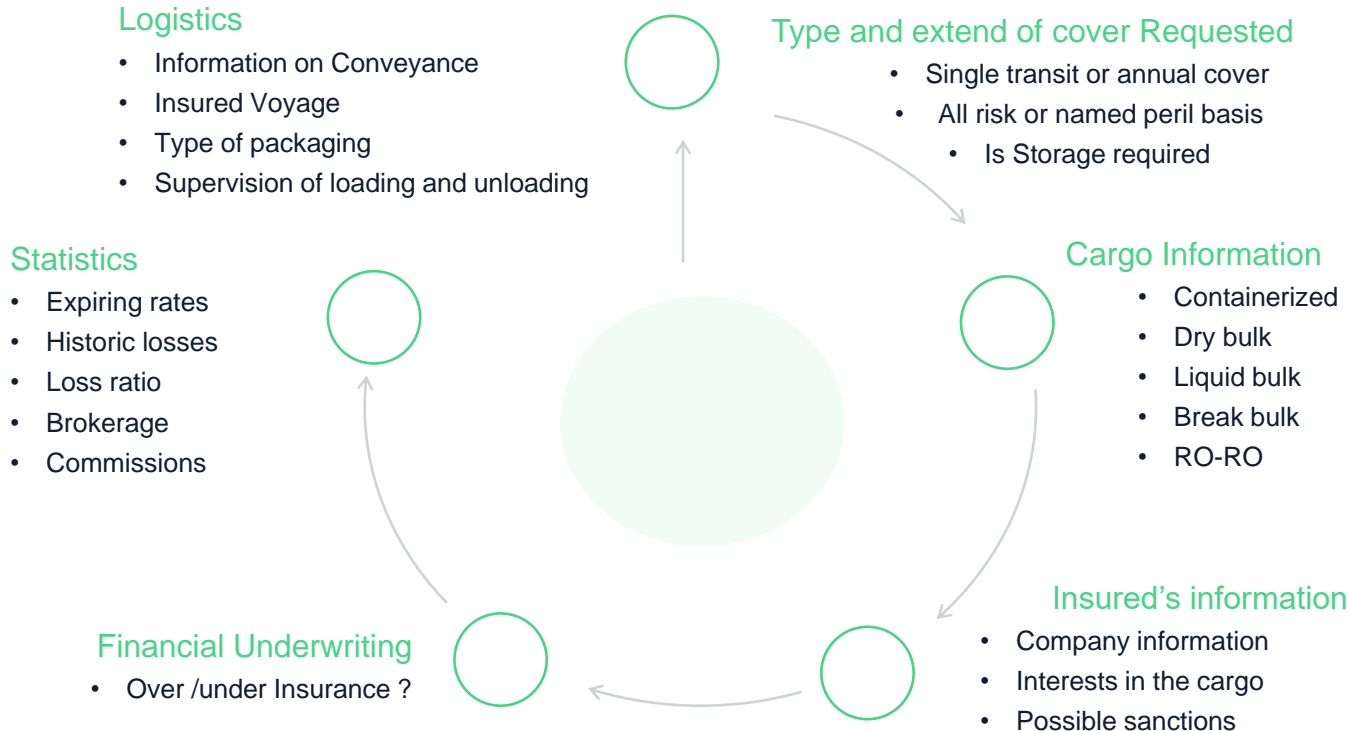
- Wilful misconduct by the assured
- Ordinary leakage, loss in weight, wear and tear
- Insufficient or unsuitability of packing
- Inherent vice or nature of the subject matter insured
- Unseaworthiness of vessel (when the assured is privy to it)
- Delay even though caused by a risk insured against
- Insolvency or financial default of the carrier
- Deliberate damage or destruction of the subject matter insured
- Use of a nuclear weapon or as a result of a nuclear energy risk
- War, strike or terrorism

# Underwriting Considerations



- Name and place of the insured
- Precise information on insured cargo
- Precise information on Conveyance
- Type of packing
- Supervision of loading and unloading
- Voyage insured
- Statistics
- Climate
- Storage required
- Place of destination/arrival
- Port Conditions
- Sum Insureds

# Underwriting Considerations



# Specialised Cargo Covers



- Professional Cash Carriers
- Transportation of Livestock
- Delay in Start-up (DSU)
- Rejection of Cargo
- Container Insurance
- Specie
- Jeweller's block
- Fine Arts /Exhibitions
- Musical instruments/ Films

# Cargo Loss Example - Napoli





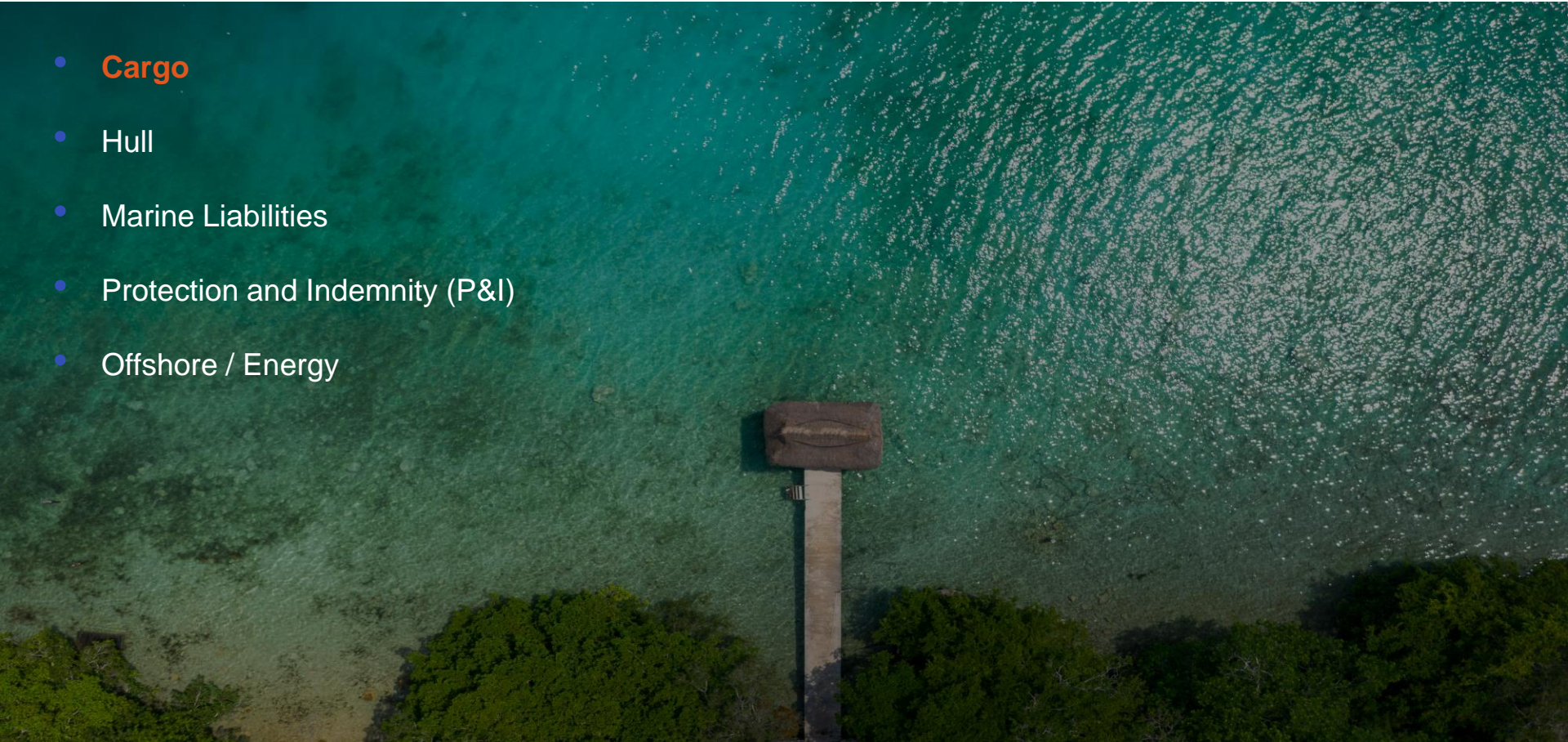
Image: Munich Re

# 03

## Other Marine CoB's

# Other Marine CoB's

- **Cargo**
- Hull
- Marine Liabilities
- Protection and Indemnity (P&I)
- Offshore / Energy





# What Is Hull Insurance ?

- Hull and machinery insurance provide physical damage protection for the ships or vessels and the machinery which is considered to part of the Vessel as well as legal liability to any third party due to negligence related to the vessel's operations or the actions of masters or crew



- This coverage protects the insured vessel or fleet against losses caused by a peril of the sea or other covered perils while the vessel is in transit over water.

- Marine Liability Insurance
- The insurance generally covers the full range of third party risks for shipowners and charterers, including people claims, marine casualties, cargo liabilities, pollution and wreck removals
- The 13 International Group of P&I Clubs, provide P&I cover for approximately 90% of the world's ocean-going tonnage.

# Other Marine Liability Covers



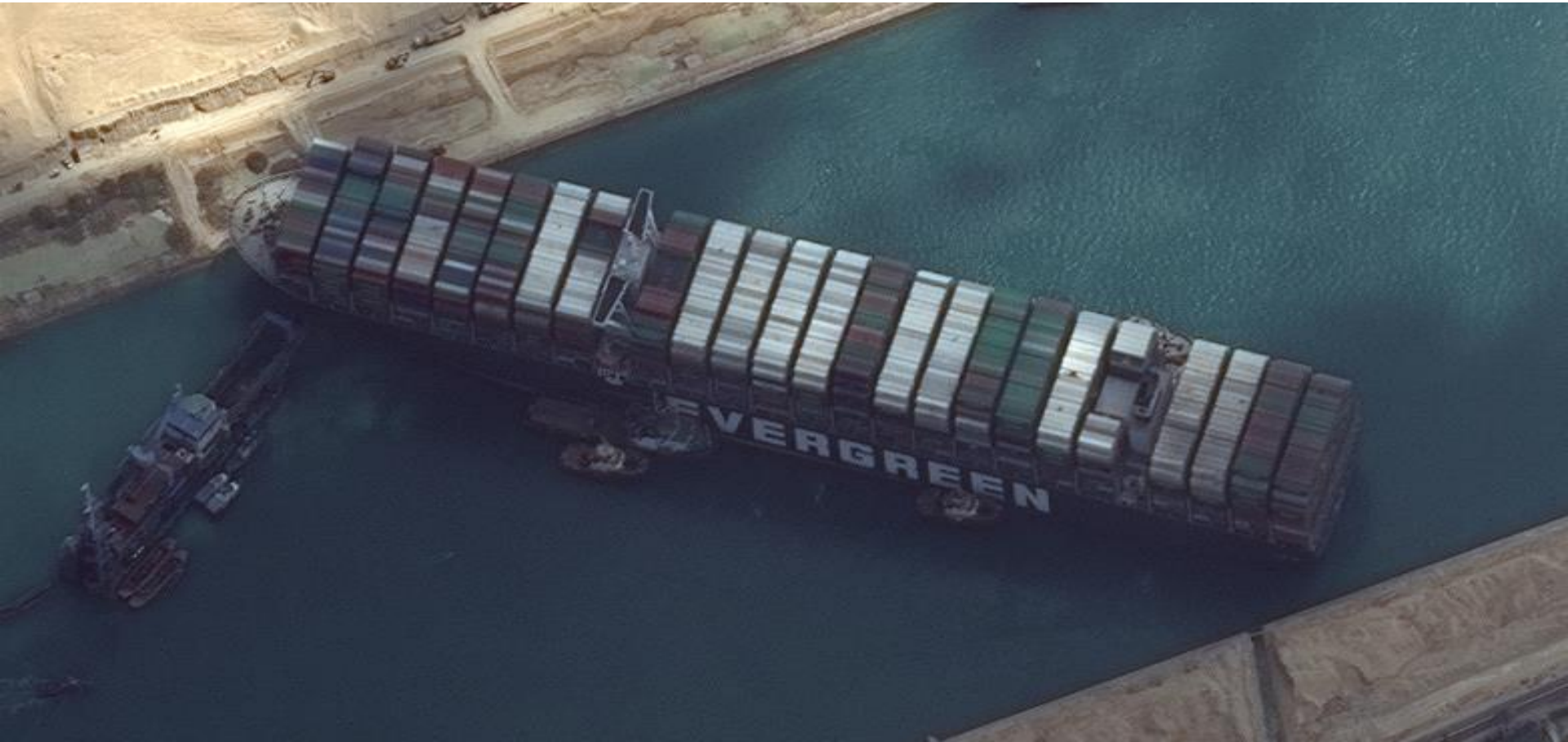
- Protection and Indemnity
- Freight Forwarders' Liability
- Marina Operators' Liability
- Stevedores' Liability
- Charterers' Liability
- Port Operators' Liability
- Ship Repairers' Liability

# Marine Large Losses

04



# Marine Loss Examples - Evergreen



# Marine Loss Examples – Costa Concordia





Image: Munich Re

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Q&A

# Thank you for your attention!

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