LIMA Programme Marine Insurance

14 September 2023 MRoA Marine Team

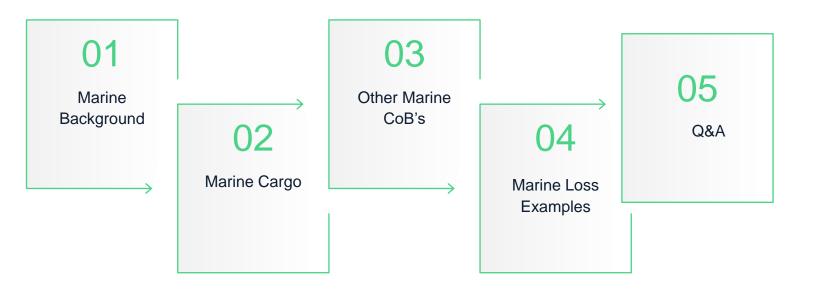


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Agenda





Marine Background

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Some History





Its 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

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Marine Cargo Definition

Munich RE 🗐



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



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

premises of the seller until the

time they arrive at the buyer's

time the goods leave the

premises or annual /open

covers



RISKS COVERED - INSTITUTE CARGO CLAUSES A/B/C

· ·	Var Cover		Strikes, Riots and Civil Commotion						
		All O	ther Risks						
Spillage	Leakage	Contamination	Piracy	Damage throu bad or roug handling					
Water Damage	Non Delivery	Shortage ex cartons	Theft	Breakage	Heavy Weather				
Washing Overboard	Sea, lake or River Water	Total Loss packaging du loading or unic	uring Earthqu	uake Volca Erupti	Lightning				
Overturning on land	Derailment	Discharge at Port of Distress	General Average	Jettison	Salvage				
Fire	Explosion	Stranding	Grounding	Capsizing	Collision -				

Typical Cargo Voyage





General Exclusions



- 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

• Over /under Insurance ?

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Logistics Type and extend of cover Requested Information on Conveyance ٠ Single transit or annual cover ٠ Insured Voyage ٠ All risk or named peril basis Type of packaging ٠ Is Storage required • · Supervision of loading and unloading Cargo Information **Statistics** Containerized Expiring rates • Dry bulk Historic losses • • Liquid bulk Loss ratio • Break bulk • Brokerage • RO-RO Commissions Insured's information Company information **Financial Underwriting** ٠

- Interests in the cargo ٠
- Possible sanctions •

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





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Other Marine CoB's

Image: Munich Re

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 oceangoing tonnage.

Other Marine Liability Covers





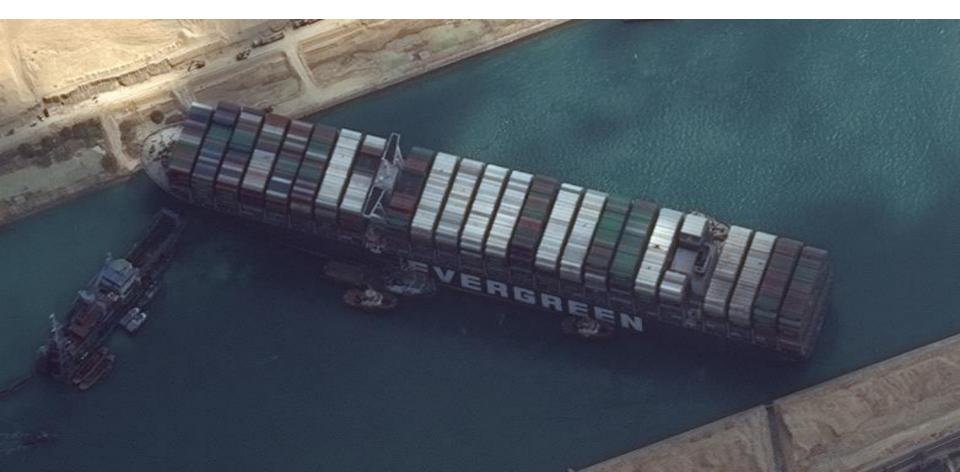
- Protection and Indemnity
- Freight Forwarders' Liability
- Marina Operators' Liability
- Stevedores' Liability
- Charterers' Liability
- Port Operators' Liability
- Ship Repairers' Liability

Marine Large Losses

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Marine Loss Examples - Evergreen





Marine Loss Examples – Costa Concordia





Alternative

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7&A

Image: Munich Re

Thank you for your attention!

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