Institute War Clauses (not applicable to Inland Transit risks)

Marine policies may be extended to cover War risk subject to payment of an additional premium at the current rate prescribed by the Institute of London Underwriters. It must be noted that War risk cannot be granted for the transit of goods whilst on land.

The insurance against War risk attaches only when the goods are loaded on the overseas vessel and terminates on discharge from the vessel at the final port or place of discharge or on expiry of 15 days from midnight of the day of arrival of the vessel at the final port of discharge.

Institute Strike Clauses

This extension is also available to cover loss or damage caused by strikes, locked-out workmen or persons taking part in labour disturbances, riots or civil commotion and any terrorist or any person acting from a political motive.

F.C.L. (Full Container Load)

Whereby goods are stuffed into the container at seller's premises and unstuffed at buyer's premises. The whole container carries goods which belong to the same owner, seller or buyer.

L.C.L. (Loose Container Load)

Whereby goods are stuffed into the container at port of loading and unstuffed at port of discharge. The container is shared with goods belongs to other person or persons.

Transhipment

This is the act of transferring goods from one vessel to another and if during a marine voyage transhipment do occurs for any reason, the Underwriters are to be informed within a reasonable period of time and an additional premium will be charged. Usually a rate of 0.05% is charged in the event of transhipment.

Double Taxation Benefits

With effect from 1982, the government is offering double taxation benefit to buyers of insurance who insure imports and exports to the country with a Malaysian registered company. The objective is to reduce the outflow of capital from the country.

Pre-shipment Survey

Pre-shipment survey is required when cargo is shipped by barge and with sum insured exceeding RM250,000.

Survey to be conducted by Independent Marine Surveyor appointed either by the Insurer or Insured. The cost incurred will be borne by the Insured. The purpose :-

1. to ensure that goods insured are properly packed and lashed on board the barge.
2. to ensure that barge will not be overloaded with cargoes which will effect the stability of barge during voyage.
3. to give on hand advise as to proper handling of cargo before, during and after loading of cargoes to the barge.
4. To inform Insurer immediately if there is any discrepancy which will effect the voyage. Example of discrepancy – overage barge, incompetent cargo handler, over valued goods etc.)

Upon completion of survey, the surveyor will have to produce the report to Insurer for risk assessment purposes.

Loading Surcharge For Overage Vessel

An appropriate surcharge will be imposed for consignments sent on an overage vessel.

Arranging / Conducting Discharge Surveys

The main aim in conducting discharge survey is Loss Prevention. During unloading of bulk (especially) cargoes such as wheat, flour, maize etc., and also expensive machinery needs close supervision from experienced Marine Surveyors.

With the presence of the Surveyor, immediate action can be taken by them in the event of loss or damage to the consignment. They will be able to provide feedback vital information immediately to the Claims Dept. on the extent of the loss or damage. A joint survey with the Carrier's Agent and all relevant parties can then be conducted so that all evidence of damage are recorded without delay and also avoid disputes.

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Marine Hull Takaful

Introduction

Commercial vessels and pleasurecraft are subject to a range of damage and liability risks which can amount to significant financial loss. A comprehensive marine hull insurance program is essential for protecting your assets and earnings as a recreational or commercial hull builder or operator.

Objective

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

Coverage is usually effected on a "per voyage" basis i.e., from the time the goods leave the premises of the seller until the time they finally arrive at the buyer's premises. There is no period specified in the policy.

Coverage can either be effected by the buyer or the seller depending on the contract of sales. There are different types of recognised Sale Contracts, the most common affecting Marine Insurance are:

- F.O.B. (Free On Board)
  It is the seller's obligation to place the goods on board vessel at his own expense and obtain the Bill of Lading. He (the Seller) is also responsible for all loss or damage until goods are on board vessel. Thereafter the good's are at buyer's risks.

- C & F (Cost and Freight)
  Seller provides goods with all freight and other charge paid to the port of discharge but does not include insurance charges. He (the Seller) is also responsible for the loss or damage to goods until delivery on to the carrying vessel but it is the responsibility of buyer to arrange insurance.

- C.I.F. (Cost, Insurance & Freight)
  The Seller undertakes to arrange and pay for all costs of delivering the goods and insurance up to final destination because the buyer has paid for these in the sale price. The insurance policy is assigned to the consignee and he can claim under the policy as though he had arranged the insurance himself.

Objective

1) Individual Policy
These are policies issued on each and every shipment upon request by the Assured.

2) Open Cover Policy
The Open Policy is a continuous policy that is issued on certain date and remains in force until cancelled.
The policy provides automatic protection for all shipments described in the policy.

This arrangement is suitable for merchants who are engaged in regular import/export or internal trade.

Coverage in Marine Cargo Insurance

1. Shipment by Vessel
2. Sending by Air
3. Inland Transit
4. Sending by Post or Courier Service

Shipment By Vessel

Types of coverage available are:

1c. Institute Cargo Clauses (C)
1b. Institute Cargo Clauses (B)
1a. Institute Cargo Clauses (A)

1c. Institute Cargo Clauses (C)

It covers loss of or damage to the interest insured attributable to :

- fire or explosion
- vessel being stranded, grounded, sunk or capsized
- overturning or derailment of land conveyance
- collision or contact of vessel with external object other than water
- discharge of cargo at a port of distress

It also covers loss or damage to interest insured caused by :

- General Average Sacrifice
- Jettison

Note :
General Average arises where a sacrifice is incurred in connection with a venture with a view to saving or minimising the loss as a whole. This means that some of the cargo needs to be sacrificed in order to save others. There is liability resting upon the owners of cargo to contribute towards the damage or expense suffered by those whose cargoes are sacrifice.

1b. Institute Cargo Clauses (B)

In addition to coverage provided under "C" policy, it also covers loss or damage to goods insured attributable to earthquake, volcanic eruption or lightning and loss of or damage to interest insured by :

- entry of sea, lake or river water into vessel
- total loss of any package lost overboard or dropped whilst loading on to, or unloading from vessel

1a. Institute Cargo Clauses (A)

It covers all fortuitous losses of every description but excludes loss, damage or expense proximately caused by delay, inherent vice or nature of the goods.

General Exclusions for all Clauses (A, B or C)

- Wilful misconduct of the Assured
- Ordinary leakage, loss in weight, wear and tear
- Insufficient or unsuitability of packing
- Inherent vice or nature of 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 carrier
- Deliberate damage or destruction of the subject-matter insured
- Use of nuclear weapon
- War and Strikes
- Terrorism
- Radioactive contamination, chemical, biological, bio-chemical and electromagnetic weapons
- Nuclear energy risk
- Seepage and pollution

Summary Chart - Risk Covered/Excluded

Risks	Clause A	Clause B	Clause C
Fire & Explosion	√	√	√
Vessel/craft stranded, grounded, sunk or capsized	√	√	√
Overturning or derailment of land conveyance	√	√	√
Collision or contact of vessel, craft or conveyance with external object other than water	√	√	√
Discharge of cargo at port of distress	√	√	√
Earthquake, volcanic eruption or lightning	√	√	X
General Average sacrifice	√	√	√
Jettison / Washing Overboard	√	√	√
Entry of sea, lake or river water into vessel, craft, hold, conveyance, container, liftvan or place of storage	√	√	X
Loss of any package lost overboard or dropped whilst loading onto or unloading from vessel or craft	√	√	X
General Average & Salvage Charges	√	√	√
Pirates, thieves & non-delivery	√	X	X

√ Risks Covered   X Risks Excluded

Sendings By Air

The cover given is similar to that of consignment carried by sea. For shipment by air, there is only one type of cover. Unlike by sea where we have the A, B or C Clause, shipment by air only have the Institute Cargo Clauses (Air).

Inland Transit

The conditions of insurance under Inland Transit are :

i. Inland Transit (All Risks) Clause

It covers all risks of loss and/or damage whilst in transit but excluding loss arising due to:

- inherent vice or loss of market
- mechanical derangement
- war (war risk is excluded from inland as these risks are limited by the waterborne agreement to "overseas voyage").

ii. Inland Transport Clause
It covers loss of or damage to the interest insured occasioned by the conveyance being on fire, derailed, overturn or in collision, struck by lightning or other accidents to the vehicle such as involuntarily leaving the road, breakdown of bridges and consequent damage to the conveyance and the interestassigned hereby.

iii. Goods In Transit
This policy provides coverage for goods despatched throughout the year to destinations all over the country. The scope of coverage is the same as normal marine inland transit. The difference is that this policy is issued annually. The type of goods, transit destination and also the registration number of vehicle transporting the goods must be stated in the policy.

iv. Road Haulers / Carrier's Liability
This type of insurance is effected by the Carrier's or the Transport Company to protect their own interest that is, their legal liability based on negligence liability principle and/or their contractual liability for loss of or damage to cargoes carried by them.

v. Sending by Post and/or Courier Service
The coverage by post and/or courier service depends by the mode of carrying. It can be sent by any of the above mode (sea, air or land). In any case, the clause 'Mail and/or Parcel Post/Courier Service Clause' will be attached.