



**Coverage provided by Marine Cargo Policy**

A standard marine cargo insurance policy provides protection against physical loss of, or damage to, cargo in transit from warehouse to warehouse. The mode of transit could include ship, aircraft, land transport or courier service. Specific insured perils may differ between different cover terms. The most commonly used cover terms in the Hong Kong market are Institute Cargo Clauses (A) / (Air) / (B) / (C) 1/1/82.

The Institute Cargo Clauses (A) or (Air) 1/1/82 provides 'All Risks' cover for goods in transit, with certain exclusions specified in the Exclusion Clause. The Institute Cargo Clauses (A) 1/1/82 is used for insuring the transportation of goods by ship, while the Institute Cargo Clauses (Air) 1/1/82 covers goods conveyed by air transportation.

In addition, Institute Cargo Clauses (A) / (B) / (C) 1/1/82 also provide coverage for General Average and Salvage Charges, adjusted or determined under the contract of affreightment, and proportional liability where the cargo owner has responsibility under "Both to Blame Collision" Clause of the contract of affreightment.

An all risks policy may not be provided in some circumstances; in which case restricted coverage such as Institute Cargo Clauses (B) or (C) 1/1/82 may be provided. Below is a brief comparison of coverage of the (A), (B) and (C) clauses.

**Coverage comparison**

Institute Cargo Clauses	A	B	C
Proximate causes			
1 Stranding, Grounding, Sinking or Capsizing	/	/	/
2 Overturning or Derailment of Land Conveyance	/	/	/
3 Collision of ship, craft with another ship or craft	/	/	/
4 Contact of Ship, Craft or Conveyance with anything other than Ship or Craft (excludes water but includes ice)	/	/	/
5 Discharge of Cargo at Port of Distress	/	/	/
6 Fire or Explosion	/	/	/
7 Earthquake, Volcanic Eruption or lightning	/	/	X
8 General Average and Salvage Charges	/	/	/
9 Jettison	/	/	/
10 Washing Overboard (Deck cargo)	/	/	X
11 Malicious Damage	/	X	X
12 Theft, Pilferage or Robbery	/	X	X
13 Non-delivery of entire shipping package	/	X	X
14 Privacy	/	X	X
15 Entry of Sea Water into the Ship, Craft, Hold, Conveyance Container, Liftvan or Place of Storage	/	/	X
16 Entry of River or Lake water into the same	/	/	X
17 Rain Water	/	X	X
18 Loss or damage during loading/discharge from vessel	/	X	X
19 Loss overboard during loading/discharge from vessel (total loss only)	X	/	X
20 Other physical loss or damage not specified and not excluded.	/	X	X
21 Expenses incurred to minimize loss or damage	/	/	/



## Exclusions under the Institute Cargo Clauses

- 1 Wilful misconduct of the Assured
- 2 Ordinary leakage or loss in weight or volume
- 3 Ordinary wear and tear
- 4 Insufficient or unsuitable packing arrangements
- 5 Inherent vice or nature of the subject-matter insured
- 6 Delay
- 7 Insolvency of ship owners or charterers
- 8 Use of nuclear or atomic weapons
- 9 Unseaworthiness of vessels/crafts or containers
- 10 War risk
- 11 Strike and terrorism risks
- 12 Deliberate damage/destruction of subject-matter insured by wrongful act of any person (under ICC (B) & (C) only)

Duration of Institute Cargo Clauses (A) / (B) / (C) 1/1/82 Cover attaches from the time goods leaves the warehouse/place of storage for commencement of transit, continuing during ordinary course of transit and terminating upon the first occurrence of :

- > Delivery to Consignee's/final warehouse, or
  - Delivery to other warehouse/place of storage for
    - storage other than in the ordinary course of transit or
    - allocation or distribution
  - The expiry of 60 days after completion of discharge from oversea vessel at the final port of discharge

However, if Assured decided to change the voyage of the shipment or forward the shipment to other destination(s) other than the place specified in the insurance policy before the insured cargo is delivered to the Consignee or final warehouse, you are recommended to contact your Insurance Company/Broker/Agent for necessary extension or arrangement.

Full policy wording of Institute Cargo Clauses can be provided by MSIG for your reference. If you have any particular needs that are unique to your business, we are able to tailor-make coverage to suit your needs or you may contact your account handler for professional advice.

Some commonly used Institute Cargo Clauses are also available at Google search.