

# Insuring with **Seven Seas**



## INTRODUCTION

### ABOUT SEVEN SEAS INSURANCE COMPANY

Seven Seas Insurance Company has been writing marine cargo coverage since 1967.

Cargo insurance is our focus and specialty.

Customer service excellence and reliable claim service are the foundation of our reputation.

Seven Seas holds an A.M. Best Rating of A “Excellent,” which is assigned to companies with excellent financial strength, operating performance and market profile. Companies with this rating have a strong ability to meet their ongoing obligations to policyholders.

### IMPORTANCE OF CARGO INSURANCE

Accidents are unexpected — and when they happen, the financial impact can be significant.

Cargo insurance protects the cargo owner against physical loss or damage to the shipment due to a fortuitous event. A fortuitous event is an unforeseen event that is not anticipated.

Goods in transit are exposed to many potential risks, including theft, vessel accidents, water intrusion, rough handling, and inland transportation incidents, just to name a few.

Carriers have limits of liability and are often not responsible for losses beyond their control. For example, carriers are not liable for damage caused by natural disasters or other unforeseen events.

It's important to understand that a carrier's limit of liability is **not the same as insurance coverage**.

Recovering losses from carriers can also be difficult and time-consuming.

## THE COVERAGE

### All Risk Coverage

Coverage commences from the time goods leave the shipper and/or supplier's place of business and continues in force during the ordinary and customary course of transit to the final destination.

Cargo is protected against "All Risk" of physical loss or damage from any covered external cause.

Insurance coverage ceases fifteen (15) days after vessel discharge or upon delivery, whichever occurs first.

Concealed damage must be reported within three (3) business days of delivery.

Shortages must be reported within (1) business day of delivery.

Delivery is understood to be when the consignee, receiver, or anyone acting on behalf of the consignee takes possession of the goods.

\*Refer to the **Guidelines and Conditions by Commodity** section for explanation related to certain commodities.

There is no deductible.

## Free of Particular Average (FPA)

Seven Seas Insurance Company, Inc. is not liable for partial losses unless the loss is caused by the vessel being stranded, sunk, burnt, on fire, or involved in a collision. Terms are extended to cover the risk of jettison and/or washing overboard.

## Named Perils

Under a Named Perils policy, coverage applies only to losses caused by specific perils that are explicitly listed in the policy wording.

## BASIC CONCEPTS

### Insured Value

In cargo insurance, it is customary to establish the insured value as the sum of the commercial value of the goods, plus freight charges, and an additional percentage add-on.

Under the Tropical Shipping Insured Bill of Lading, the percentage add-on varies by destination port and is determined based on our claim settlement experience.

Insured value example:

Invoice	\$40,000
Freight	\$5,000
% add on*	10%
Total Insured Value	\$49,500

\* The % add on varies by destination.

### Co-Insurance

In the event of a claim, if the shipment has been under-declared, the insurance company will only pay a proportional amount of the loss, based on the value declared for insurance.

A common misconception is that the insured party will be reimbursed up to the declared value. In reality, when a shipment is insured for less than its true value, any claim payment will be reduced proportionally.

Co-insurance calculation example:

Actual value of the goods	\$10,000
Under-declared value	\$5,000
Percent of value insured	50%
Claim Amount (Partial Loss)	\$4,000
Claim Settlement	\$2,000

## **What is the importance of proper packaging?**

It is a condition of insurance for cargo to be properly packaged for export. For example, a thin layer of shrink-wrap around a big sofa is not enough protection considering the handling in and out of delivering trucks, the handling in the warehouse, and the handling during loading/offloading from ocean containers.

Damage to cargo that has not been properly packaged is not covered.

## **General Average**

When a vessel owner declares general average, the general average expenses are shared on a pro-rata basis by all parties involved in the sea venture. Even if your cargo did not suffer damages, as a cargo owner, you will be required to post a bond or cash deposit before your goods can be released.

With cargo insurance, the insurance company assumes responsibility. The involvement of an experienced insurance company is beneficial because the transactions to expedite the release of cargo can be very tedious and complicated.

The following are essential elements of a General Average situation:

1. Due to imminent danger, there must be an extraordinary sacrifice to save the voyage to preserve the other interests involved in the common venture.
2. The act must be reasonable, intentional, voluntary, and declared by the vessel owner.
3. The sacrifice must be successful.

An example of an act that can trigger a General Average situation would be an engine breakdown or a vessel grounding.

## **CLAIMS**

### **Filing a claim**

Promptly notify Seven Seas of all potential claims as soon as they become known. The claims packet may be submitted after all the documentation has been gathered.

Claims Notifications and Claims documentation can be submitted via:

Email: [claims@sevenseasins.com](mailto:claims@sevenseasins.com)

Online: <https://sevenseasins.com/claims/>

Call: (561) 840-2955.

### **Duties of the insured include but are not limited to:**

- Immediately inspect cargo for loss or damage;
- Retain any damaged goods, shipping documents, defective or irregular seals, or other documents or items of any kind which may aid in the investigation of a claim;
- Take such other measures as may be reasonable for the purpose of averting or minimizing such loss;

Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

## GENERAL EXCLUSIONS

- Any pre-existing conditions howsoever caused;
- Atmospheric conditions such as rain, water damage, and/or seawater spray when cargo is not stowed, packed, containerized, or protected;
- Delay, loss of market, loss of use, interruption of business, or any consequential loss;
- Electrical, electronic, or mechanical failure, damage or derangement unless caused by external impact during the time coverage is in effect;
- Inherent vice, defect, or nature of the goods insured;
- Insects and vermin;
- Insufficiency or unsuitability of packing or preparation of the goods insured to withstand the ordinary incidents of the insured transit;
- Mechanical breakdown;
- Neglect of an Assured to use all reasonable means to save and preserve the property at the time of or after any loss or damage;
- Rust, Oxidation, Discoloration, and Corrosion absolutely;
- Rejections from government authority;
- Ordinary leakage, ordinary loss in weight or volume of the subject matter insured;
- Ordinary Wear and Tear, or gradual deterioration;
- Physical loss or damage to the container.
- Willful misconduct of an Assured;

Note: All exclusions and guidelines are subject to change. Always refer to the terms and conditions listed on your policy for specific information.

## EXCLUDED COMMODITIES

The following articles will NOT be accepted for insurance coverage:

- Accounts, bills, deeds, notes, securities, stock certificates, trading stamps, valuable papers or documents, evidences of debt, letters of credit, tickets, passports, manuscripts, mechanical drawings
- Antiques
- Boats in bad condition and/or over 10 years of age
- Cadavers
- Cargo loaded in shipper owned containers (and the value of the container)
- Contraband or property in the course of illegal transportation or trade
- Fiberglass pools, stacked and/or hanging outside the dimensions of a flatrack
- Fine artwork – paintings, drawings, statues, rare books and other works of art
- Fine jewelry, fine watches
- Full container loads of used tires
- Full load containers of used musical instruments
- Furs / Animal hides
- Glass, Tile, Granite, Marble, Ceramic and fragile items when shipment is carried by rail at any point
- Hatching eggs
- Live animals
- Marijuana
- Modular trailers
- Money and currency in any form (including phone cards and gift cards)
- Out of gauge cargo and units that require special handling
- Pianos
- Precious metals and bullion (Gold, platinum, silver, and other precious metals or articles)
- Precious stones, diamonds
- Recorded or electronic data and media
- Scrap metal
- Shipments with an insured value greater than US\$500,000.00
- Tanks that are out of gauge
- Vehicles with salvage titles, in bad condition, non-operational, and/or over 15 years of age

Due to Canadian insurance regulations, insurance can only be purchased by a Canadian Company when a comfort letter is executed with a Canadian broker as an intermediary.

Approval by Seven Seas is required to insure imports into the United States or for cargo moving between ports in the Caribbean (inter-island moves).

## **GUIDELINES AND CONDITIONS BY COMMODITY**

To qualify for insurance, perishable cargo must be carried in temperature-controlled containers.

### **Household Goods and Personal Effects**

To qualify for cargo insurance:

- Cargo must be properly packaged for export.
- Itemized packing list with values must be provided prior to export.

### **Vehicles**

Insurance coverage is port to port only. Damages must be noted at the time of delivery.

Requirements:

- Carrier must execute a vehicle inspection report (VIR) at time of receiving the vehicle to clearly establish condition in which the vehicle was received.
- The vehicle must be loaded in an exclusive container (wheels blocked and braced) and remain in the same container all the way through the port of destination.
- Discrepancies must be noted at the time of delivery at destination.

Approval is necessary to insure vehicles with the following criteria:

- Vehicles older than 15 model years.
- Received in locations other than the Port of Palm Beach.
- Value greater than \$100,000.00.
- When not loaded in a container by the Carrier.

Coverage excludes:

- Items loaded in vehicles
- Preexisting conditions, including but not limited to dents, scratches, rust, oxidation and discoloration.
- Any mechanical, electrical and electronics failure unless caused by a fortuitous event during the coverage period.

### **Boats**

Insurance coverage is port to port only. Damages must be noted at time of delivery.

Requirement: The Carrier must execute a boat inspection report (BIR) at time of receiving the boat to clearly establish condition in which the boat was received.

Approval is necessary to insure boats with one or more of the following characteristics:

- Received in locations other than the Port of Palm Beach.
- Older than 10 model years and/or in bad condition.
- Dimensions are greater than 40' length, 8' width, or 10' height.
- Value greater than USD \$500,000.00.
- Operations involving water delivery or water discharge.

Coverage excludes:

- Preexisting conditions, including but not limited to dents, scratches, rust, oxidation and discoloration.
- Any mechanical, electrical and electronics failure unless caused by a fortuitous event during the coverage period.
- Items loaded inside boats.
- General Policy exclusions apply.

## **Solar Panels**

To qualify for cargo insurance:

- Must be properly packaged for export.
- Must not be double stacked unless authorized by supplier.
- Must not be transported on the rail at any point from origin to destination.

## **Live Plants, Trees, sod and flowers**

Coverage ceases 24 hours after vessel discharge.

- Trees: All trees transported on flatracks must have roots covered in burlap and moistened.
- Live plants: Must be shipped in refrigerated containers.
- Cut flowers: Must be shipped in refrigerated containers.
- Sod: You may insure sod on 1-2-day transit voyages.

**For policy specific questions please contact Seven Seas.**

## **CONTACT INFORMATION**

For inquiries about coverage and rates: [insuring@sevenseasins.com](mailto:insuring@sevenseasins.com)

For questions about claims: [claims@sevenseasins.com](mailto:claims@sevenseasins.com)

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