

Insurance

If you don't read this you will feel Sorry later.

Dear Sir/Madam,

Recently one of our client had a very bad experience. We felt that we should share with other Importers so that they don't suffer. As you are aware that after loading the cargo shipper many times do not provide BL, Invoice and Packing List to the importer. If the consignment is FOB as a CHA we take responsibility and take insurance from the Insurance Company on behalf of Importer.

By taking insurance, the duty amount is saved or as per the Rule we can even file the document without taking insurance; only for the duty purpose we have to take insurance 1.125%.

In this current shipment BL date was of 24/03/2021. Importer provided us the document on 05/04/2021 (after 12 days). We took insurance on 06/04/2021. But unfortunately this vessel had smoke and further fire on 05th April 2021.

Currently, the same is under dispute whether the importer is eligible for insurance or not?

For your kind information there is a term in Maritime law :

General Average is a legal principle of Maritime Law under which, all parties who are involved in that voyage, shall be asked to proportionally share the losses resulting from such sacrifice.

All parties including merchants whose cargoes landed safely would also be called upon to contribute a portion (based upon a share or percentage) to the affected parties which could be the ship owner, merchant or merchants whose goods were jettisoned or damaged in the process of preserving the safety of the ship and/or crew.

- Say for example the ship is a container ship and there are 100 containers on board with 100 customers. One of the containers caught fire on board which spread to 9 other containers and all 10 containers had to be thrown overboard in order to save the balance 90 containers, the ship and the crew.

Since the ship, the cargo and the crew were saved due to this action, the whole burden of the loss will be shared among the 100 customers and not just the 10 customers whose cargo was thrown overboard.

In short if you don't take insurance as soon as the goods are shipped and if the vessel catches fire, even if your cargo is not under fire you will have to compensate or pay for others and if you have taken Insurance then the Insurance Company will take care of the same and you will be safe.

We learned from the above incident, so thought of sharing with you. Hope in future you will take wise decision.