Product description
Valid as of 1 January 2015.

Cargo insurance

Financially significant damage may be caused to goods during transport. It is recommended to insure transport risks to avoid interruptions to the company's operations due to potential transport losses.

This product description will give you a general idea about Cargo insurance. The details are provided in the insurance terms and conditions and in your insurance policy.

This is a translation of the original Finnish product description, which takes precedence shoud there be any difference between the orginal and the translation.

Insurance coverage for cargo losses

Cargo Insurance covers losses to the goods in which the insured bears the risks for the loss. The loss to your company's goods may occur during road, marine, rail or air transport.

Your cargo insurance policy will be tailored to your company's individual transport risks. The objects of the insurance can include:
- transports related to domestic sales and purchases;
- import and export shipments;
- transports between business locations; and
- subcontracted transports and maintenance, guarantee, repair and exhibition transports.

Unless specifically agreed, the policy will not cover:
- cash, other means of payment and securities;
- precious metals, pearls, precious stones, jewellery and other valuables manufactured from the above raw materials;
- works of art and valuable collections;
- valuable instruments; and
- live animals.

Cargo insurance is usually taken out by the party that bears the risk of loss sustained by the goods during transport, including any intermediate storage included in the transport. In sales contracts the risks are usually defined according to the established terms of delivery (e.g. Incoterms® 2010 or Finnterms 2001). Cargo insurance is also used for shipments that the seller is obligated to insure according to the terms of delivery (CIF and CIP).

Example
The business idea of our client company is to manufacture and deliver high-quality, state-of-the-art technological devices in impeccable condition to its customers. As the seller, the company bears the risk of loss during transport. In the event of loss, the financial loss can be considerable due to the high value of the cargo in relation to the company's turnover. In the event of a loss, we will compensate the company for the invoice value of the devices minus the deductible. This compensation will allow the company to continue its operations.

Do you require full or basic cover?

Cargo insurance can be taken out with full or basic cover. Full cover is the most comprehensive all-risk policy. Full cover will compensate for losses caused by sudden and unforeseeable external events during transport.

Basic cover provides coverage for the risks specified in the insurance terms and conditions, including fire, explosions, lightning, sea accidents, road or air accidents, jettison or washing over board, earthquakes, landslides or avalanches, hurricanes, volcanic eruptions and general average, as specified in the insurance terms and conditions. Certain objects of insurance, such as deck cargo, bulk cargo, cargo transported in open vehicles, and import forwarding can only be insured by basic cover.

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By separate agreement, the basic cover can be extended to include the following perils:
breakage, theft, disappearance, burglary, robbery, deficit, and moisture and temperature-related damage.

Example
Components for IT equipment were purchased from the Far East, subject to FCA terms of delivery (Incoterms ®2010). The shipment was supposed to be delivered to Finland by air. The value of the component shipment was EUR 65,000, and the shipment was packed into a single carton. Upon the shipment's receipt in Finland, it was noticed that the packaging tape had been replaced and the entire shipment stolen. Despite the carrier's investigation, the components were never recovered. The consignee received compensation from its full cover cargo insurance.

How frequently and where do you transport goods?

You can take out cargo insurance for all transports or single shipments.

A continuous annual insurance covers all transports agreed in the policy. The insurance premium is based on the annual total sum insured of shipments during the insurance period, or on your company's turnover.

Insurance for single shipments is suitable for companies that do not make deliveries often. In this case, every shipment must be separately insured. The inception and termination times of the insurance are stated in the insurance policy.

In accordance with your transport risks, the geographical scope of the insurance can be chosen from Finland, the Nordic countries, Europe or the world.

What does it cover?

Cargo insurance covers the value of the goods damaged or lost during transport. We will indemnify the insured goods for each delivery, means of transport or storage, up to the maximum compensation amount entered in the insurance policy.

In addition to general average disbursements, the insurance also covers reasonable and necessary expenses incurred due to the prevention and mitigation of occurred or imminent losses covered by this insurance.

The deductible stated in the insurance policy will be deducted from each loss event. Increasing the deductible will lower your insurance premium. The insurance may also include clauses such as special deductibles specific to certain types of loss.

Examples of perils covered by different insurance types

Peril insured against	Basic cover	Full cover
Fire	covered	covered
Explosion	covered	covered
Lightning, sea or air accident, washing over board, jettison	covered	covered
Earthquake, landslide or avalanche, hurricane, volcanic eruption	covered	covered
Losses in a port of refuge	covered	covered
General average disbursements	covered	covered
Breakage	not covered	covered
Theft	not covered	covered
Disappearance	not covered	covered
Burglary	not covered	covered
Robbery	not covered	covered
Deficit	not covered	covered
Leakage	not covered	covered
Moisture damage	not covered	covered
Thermal damage	not covered	covered
Light, atmospheric radiation, inherent vice or susceptibility to damage of the goods, ordinary wear and tear or scratching	not covered	not covered
Damage caused by variation in moisture content	not covered	not covered
Ordinary loss of weight or volume	not covered	not covered
Damage caused by the goods not being properly packaged, marked, protected or equipped to withstand normal load prior to transport, taking into account the conditions of the transport, handling and storage of the goods and susceptibility to damage	not covered	not covered

Peril insured against	Basic cover	Full cover
Removal or destruction of damaged goods	not covered	not covered (unless the insurance has been specifically extended)
Damage to goods caused by persons taking part in a strike, terrorism, sabotage, war or looting, or another event within the scope of war risk	not covered (unless the insurance has been specifically extended)	not covered (unless the insurance has been specifically extended)
Loss of time, interest rate or cyclical losses, loss of markets, costs or other indirect losses caused by the delay of the delivery	not covered	not covered

What the cargo insurance does not cover

The insurance does not cover indirect costs incurred from transport losses, such as delay costs, loss of markets, loss of profit margins, contractual penalties or other extra expenses.

Cargo insurance with full or basic cover does not cover loss caused by, for example, the inherent vice or susceptibility to damage of the goods, variations in moisture content, deficient packaging, inappropriate means of transport, wear and tear, scratching or marring.

Example
A sawmill company contracted a carrier to drive a shipment of timber from Mikkeli to Vantaa. The sun was shining as the forklift operator loaded the cargo, and the goods were left uncovered. During the transport it started to rain and the goods were wetted. Despite attempts to dry the boards out, they were irreparably damaged. Since the damage was caused by a failure to appropriately pack or protect the goods, the loss was not covered by the full cover cargo insurance.

Factors affecting the premium

Cargo insurance premiums are affected by:
- the total value of insured transports
- the line of business of the company
- the scope of insurance cover
- the deductible
- the geographical scope of validity

The insurance premium tax is added to domestic cargo insurance premiums. Shipment-specific insurance policies and certificates are used in connection with documentary credit trading. A separate service fee will be charged for drawing up the required documentation.

War and strike clauses

Cover against war and strikes can be added to basic or full cover by a separate agreement. War cover is only valid for sea, air and mail transports.

War insurance covers losses directly caused by, for example:
- instruments of war, regardless of whether or not a state of war is prevailing;
- seizure, confiscation, arrest or other equivalent measures taken by belligerent parties, and collisions occurring in connection with such measures; and
- civil unrest.

Strike insurance covers loss of or damage to goods caused by persons taking part in a strike, lock-out, riot, civil unrest, looting, terrorism or sabotage.

War and strike cover does not include indirect losses, such as losses due to delays, loss of production and other indirect costs.

Terms for international transports

The globally recognised Institute Cargo Clauses (ICC) are applied to export shipments and transports between and within foreign countries. In many respects, these clauses correspond to the insurance terms and conditions of OP's Cargo Insurance.

Institute Cargo Clauses (C) correspond to the extent of the basic cover offered by OP, while Institute Cargo Clauses (A) correspond to the full cover.

The international War and Strike Clauses (Cargo) are called Institute War and Strikes Clauses.

International special terms and conditions

As a rule, the international special clauses for Cargo Insurance are applied to import, export and other foreign transport governed by global cargo insurance programmes. The special clauses expand the Institute Cargo Clauses with regard to certain special risks or costs related to transports.

Inception and termination of insurance cover for individual shipments

The insurance inception will take place when goods are for the first time being moved from the place of storage for immediate loading into the means of transport that has been reserved for it to begin transportation or when risk is transferred to the policyholder pursuant to the terms of delivery or other written agreement.

The insurance will terminate when the goods have reached the final place of destination named in the insurance contract and discharged there from the means of transport employed for the actual transit and immediately transferred to the place of storage at the place of discharge. The insurance will also terminate when the policyholder, the insured or any person identifiable to them has prior to that exercised his right of disposal to have the goods stored, sorted, distributed or sold, or decides to forward the goods to a place other than that named in the policy or referred to in the insurance contract.

Unless otherwise agreed, this insurance will be terminated at the latest either
- upon expiry of 60 days counting from midnight of the day of discharge of the goods from the seagoing vessel at the final port of discharge;
- upon expiry of 30 days counting from midnight of the day of discharge of the goods from the aircraft at the airport at the place of destination; or
- upon expiry of 8 days counting from midnight of the day of discharge of the goods from a means of transport other than vessel or aircraft at a customs-house, railway station or other cargo terminal at the place of destination.

Follow the safety regulations

The purpose of safety regulations is to prevent or limit damage. If the policyholder or the insured party has wilfully or through negligence failed to observe the safety regulations and the negligence has had an effect on the occurrence of the loss, compensation may be reduced or declined altogether.

Notify us of increased risk of loss or damage

The policyholder must inform the insurer without delay if significant changes that increase the risk of loss or damage have occurred in transport conditions or the information entered in the insurance policy. If this notification is neglected, compensation may be reduced or declined, or the insurance contract may be terminated.

Duty to prevent and mitigate damage

In case of loss or damage or immediate threat of such, the policyholder or insured person must, within their capabilities, take necessary action to prevent and limit the damage and follow our safety regulations. If the policyholder wilfully or through negligence fails to perform the damage prevention and limitation duty, and the failure has had an impact on the damage, compensation may be reduced or declined.

Instructions in case of loss

Inform us about any losses without delay.

- Always provide the loss surveyor with the opportunity to inspect the damage and to facilitate an amicable settlement.
- You can file the inspection request with your nearest office or directly with the loss surveyor either by telephone or e-mail. Instruct the injured party not to dispose of the damaged goods before the loss inspection unless this has been specifically authorised.
- If loss has occurred or is imminent, see to limiting and preventing losses. Follow instructions issued by us.
- If the loss was caused by a third party, take the required measures to retain our rights against the party that caused the loss. For example, identify the party that caused the loss and notify the carrier of the losses.
- If there is reason to suspect a crime in connection to the loss, notify the police authorities.
- If the insurance event will lead to litigation, notify us without delay.

How to claim indemnity

A loss report must be made concerning all losses for which indemnity is claimed. The loss report should be completed with care, and you should enclose any information and documents required for determining our liability, such as the regular shipping documents, commercial invoice, complaint to the carrier, inspection report and claim for damages.

The claimant must file a written claim based on the insurance contract with the insurance company, no later than six months from the date that he became aware of the loss or damage. If the claim is not submitted within this time, the insurance company will be discharged from liability and the right for compensation will be lost.

Contact us

Nationwide telephone service +358 303 0303
* Call charges are EUR 0.0835/call and EUR 0.12/min from landline networks and Finnish mobile subscriptions.
www.OP.com

Maximum liabilities of carriers and complaint and limitation periods

Form of transport	Maximum compensation	Complaint period	Statute of limitations
Sea transport	667 SDR/colli or 2 SDR/kg	Visible loss immediately, hidden within 3 days.	1 year
Domestic rail transport	EUR 25/kg	Visible loss immediately, hidden within 10 days.	1 year
International rail transport	17 SDR/kg	Visible loss immediately, hidden within 7 days.	1 year
Domestic road transport	EUR 20/kg	Visible loss immediately, hidden within 7 days.	1 year
International road transport	8.33 SDR/kg	Visible loss immediately, hidden within 7 days.	1 year
Air transport	19 SDR/kg	Visible loss immediately, hidden within 14 days.	2 years
Domestic mail transport	Packages EUR 25/kg Packages 40 SDR + 4.50 SDR/kg	Visible loss immediately, hidden within a reasonable period of time.	1 year
International mail transport	40 SDR + 4.50 SDR/kg	Visible loss immediately, hidden within a reasonable period of time.	1 year
Forwarding and storage	8.33 SDR/kg 50,000 SDR/task	Visible loss immediately, hidden within 7/14 days.	1 year
Stowing	666.67 SDR/colli or 2 SDR/kg, to a maximum of EUR 15,000.	Visible loss immediately, hidden within 7 days.	1 year

SDR = Special Drawing Right

Pooling our resources.