Cargo Protection

Juno's value-added service that brings peace of mind.

What are my responsibilities regarding insurance?

Both the buyer and seller need to fully understand their responsibilities under the terms of sale in the contract. Specifically, it should be clearly stated at what point in transit has the seller fulfilled their obligation so that title (and therefore the risk of loss) has transferred to the buyer. Each party should also understand who is responsible for carriage from one point to another.

When doing business in international trade, a good rule of thumb is to purchase insurance where it would potentially need to be used. Buying locally helps avoid obstacles like language barriers and time zone differences. Imports are often purchased on an FOB (Freight on Board) or CFR (Cost and Freight) term, while exports are frequently sold on a CIF (Cost Insurance and Freight) term.

With CIF, the seller must pay the costs and freight, including insurance to bring products to the destination port. However, the risks are transferred to the buyer once the cargo is loaded on the ship.

In international shipping, “FOB (name of originating port)” means the seller is responsible for costs associated with clearing the goods for export, transporting the goods to the port, and loading. The buyer is responsible for the costs of ocean freight, insurance, unloading, and transportation to the final destination. In this example, the seller passes the risk to the buyer when product is loaded at the originating port.

Won’t the carriers cover any accidental losses?

Air carriers have limited liability when transporting goods. The Warsaw Convention regulates liability for international carriage of people, luggage, or goods performed by aircraft for a fee. Currently, air carriers’ liabilities are limited to US$9.07 per pound for international shipments and $0.50 per pound for domestic shipments. To recover the actual value of lost or damaged goods, shippers often declare value with air carriers, however, there are provisions which can still make recovering losses from air carriers difficult and time consuming.

At sea, vessel owners are protected by the Hague/ COGSA Act (Carrier of Goods by Sea Act) which limits their liability to US$500 per shipping unit. It was conceived during World War I when ship owners had little jurisdiction over their vessels once they left port. Today, there is some level of confusion about what constitutes a “shipping unit.” Ship owners will often count a closed container as one unit, while the importer/exporter may claim many more units within the single closed container. Again, recovery can be time consuming and costly.

Not Covered by Carrier’s Liability

- Acts of God, such as an unanticipated storm or other natural event
- Acts of the public enemy, which includes warlike acts or political strife against the country
- Acts of a public authority, such as a drug bust by police who confiscate or quarantine a truckload of goods because they suspect the cargo to be contaminated.

The Common Risks Faced by International Traders Today	
Earthquakes (Average 18 per year, over 7 on Richter scale)	Ships sinking (Average 200 cargo ships sink at sea each year)
Hook Damage	Spills
General Average (Steady Growth in frequency)	Inclement Weather (95 major hurricanes of Cat 3 – 5 hit USA)
Faulty Equipment	Rough handling
Cargo Theft (Over $3 billion impact to U.S. Economy)	Terrorism
Piracy	War

Perils

With the risks of international shipping in mind, it is important to note that Carriers and Other Parties in the Supply Chain Are Not Legally Obligated to Pay for Losses Occurring Outside Their Control

Examples of perils for which carriers may not have responsibility include:

- Any fortuitous event often classified as an act of God
- Examples include extreme weather, rough seas, flooding, tsunamis, earthquakes, levee breaks, lightning strikes, etc.

Other losses for which carriers may not be liable include:

- Acts of Public Enemy [War & Terrorism]
- Acts of Public Authority [government seizure, rejection or destruction]
- Inherent Vice of Goods [self-deterioration inherent in nature of goods]
- Acts/Faults of Shippers
- Incidences where it is proven that reasonable care was taken to safeguard the cargo

Carrier Limited Financial Liability Overview:

When carriers (or other supply chain partners) are determined to be legally liable for financial damages, their legal financial responsibility is often limited to an amount less than the full value of the at-risk cargo.

Intermediary or Type of Carrier	Governing Terms, Treaty, or Regulation	Financial Liability
Ocean Carriers	Carriage of Goods by Sea Act	$500 per shipping unit
NVOCC	Carriage of Goods by Sea Act	$500 per shipping unit
International Air Carrier	Warsaw Convention or Montreal Protocol	19 SDR per kilo/ approximately $28K
International Indirect Air Carrier	Warsaw Convention or Montreal Protocol	19 SDR2 per kilo/ approximately $28K
Truckers (USA)	Carmack Amendment	No uniform contract (.50 lb.)
Domestic Air Carriers	n/a	No uniform contract (.50 lb.)
Rail Carriers	ICC Termination Act	No uniform contract
Express Couriers	Own Terms and Conditions	Typically $100 per package
Third Party Logistics/ Warehouse Operators	IWLA Terms and Conditions	Varies: Multiple of base rate
Customs Brokers	NCBFAA Terms and Conditions	$50 per shipment or as agreed
Freight Forwarder	NCBFAA Terms and Conditions	$50 per shipment or as agreed

What is my best option for coverage?

Importers and exporters are exposed to countless financial risks when they don't insure their international shipments. Trying to recover losses from carriers is difficult and time consuming. The best way to protect your financial interest is with "All Risk" insurance coverage. "All Risk" insurance relieves you of your financial exposure from physical loss or damage to your goods while in transit, since carriers have limited liability.

Juno's All Risk Coverage

This is the broadest form of coverage available. As the name suggests, this policy covers all transportation risks. This includes new, packaged goods (without unusual susceptibility to loss from breakage), and pilferage.

What is the Difference Between All Risk vs. Declared Value?

All Risk insurance protects the shipper against physical loss or damage to their cargo from external causes, subject to policy terms and conditions. It is not necessary to prove the carrier's liability.

Declared Value to a carrier is not the same as providing insurance protection for merchandise in transit. If there is a claim against a carrier, the shipper/consignee must prove the merchandise was damaged and prove the carrier caused the damage. This makes recovering losses very difficult.

Typical Exclusions in an All Risk Policy:

- Improper packing
- Abandonment of cargo
- Rejection of goods by customs
- Failure to pay or collect accounts
- Inherent vice (infestation or loss due to the nature of product itself)
- Employee conversion or dishonesty
- Losses due to delay or loss of market
- Losses in excess of policy limits
- Losses at port city more than 15 days after discharge of cargo
- Losses inland more than 30 days after discharge of cargo
- Losses in South America more than 60 days after discharge of cargo
- Barge shipments
- Goods subject to an on-deck bill of lading
- Losses caused by temperature or pressure (air shipments)
- Failure to notify carrier of preliminary loss in timely fashion
- Used goods
- War, strikes, riots and civil commotions, unless specifically included

Limited Cargo Insurance Option

Free of Particular Average (FPA) insurance offers limited coverage that usually applies to used merchandise, waste materials and goods shipped subject to an on-deck bill of lading. It covers partial and total losses due to FPA perils. FPA perils include the sinking, stranding, burning or collision of the vessels or catastrophic perils on shore such as earthquake, derailment, collapse of dock, fire, etc.

General Overview of FPA vs. All Risk Coverage:

Loss Caused by or Resulting From:	FPA[1] Coverage	Juno's All Risk Coverage
Stranding	Yes	Yes
Sinking	Yes	Yes
Burning	Yes	Yes
Collision	Yes	Yes
Faults or errors in the management of the vessel	Yes	Yes
Bursting of boilers	Yes	Yes
Latent defects in hull or machinery	Yes	Yes
Explosion	Yes	Yes
Jettison	Yes	Yes
Heavy weather[2]	No	Yes
Seawater as a result of heavy weather[2]	No	Yes
Freshwater	No	Yes
Improper stowage by the carrier	No	Yes
Hook damage, mud, and grease	No	Yes
Theft of an entire shipping package	No	Yes
Non-delivery of an entire shipping package	No	Yes
Pilferage	No	Yes
Leakage	No	Yes
Breakage	No	Yes

1. FPA is limited coverage that usually applies to used merchandise, waste materials and goods shipped subject to an on-deck bill of lading. It covers partial and total losses due to FPA perils. FPA perils include the sinking, stranding, burning or collision of the vessels or catastrophic perils on shore such as earthquake, derailment, collapse of dock, fire, etc.

2. Refers to partial losses. Total loss of cargo from these perils would be covered.

What else do I need to know?

Ownership of Damaged Cargo

Most people with insurance coverage (the assured) are under the impression the title to all damaged goods is automatically transferred to the insurance company and that the assured will have no further interest in the cargo. This is not the case and any claimant who acts in accordance with such belief may find they are jeopardizing the very rights they may be trying to protect. The most important thing to remember is that the cargo belongs to the assured and the assured alone is the one who has sustained the loss.

Contrary to popular belief, the insurance company has no legal title to the goods and is not a party to the contract of carriage within the terms of the bill of lading. The insurance company can only pursue the claim against carriers after proving the loss has been paid under the policy. The assured must protect the insurance company’s right to subrogate.

The fact is that the cargo remains the property of the assured, and under limited circumstances will an insurance company agree to take title to or sell it.

Minimizing a Known Loss

Some assureds will question the right to incur an expense in order to minimize a loss before receiving the insurance company’s authority to incur that expense. Provided the expense incurred is reasonable relative to the amount of loss you are trying to avoid, the insurance company will pay for those expenses. This contingency is covered under the “sue and labor” clause of most marine policies.

“ONUS OF GOOD FAITH”

An assured does not have the right to abandon cargo or fail to take any action which could result in averting or minimizing a loss or damage. In other words, assureds must at all times act in the same manner as they would in the event they were uninsured. This is called the “Onus of Good Faith” and it is the basis on which all insurance is governed.

How Juno can help:

In an event that you have a cargo claim, please contact Juno's Customer Service immediately (630.735.0150 or claims@junologistics.com). Juno's Customer Service Agent will prepare a preliminary claim form and send it to the carrier(s) for acknowledgement and signature.

If pilferage or damage has occurred, a survey may be required. As a general rule, amounts under $500.00 DO NOT require a survey. If the damage is noted, you are to stop unloading or unpacking until a decision has been reached on the need for a survey. Failure to follow these instructions may prejudice any future recovery. DO NOT discard any packaging or exterior containers as they will be part of any survey.

1. File a Claim

File a claim in writing to Juno Logistics. Juno Logistics will send letter of intent or formal claim to the respective carriers involved in the transportation.

The following are time limitations for placing carriers 'On notice' of the nature and extent of the claim:

Time Limits

The following are time limitations for placing carriers 'On notice' as to the nature and extent of the claim:

Ocean Carrier:
- Visible damage: upon 3 days for presumption of carrier responsibility
- Concealed damage: within 7 days from receipt of goods

Air Carrier:
- Pilferage and obvious damage: within 7 days
- Hidden damage: within 14 days

Domestic Carrier:
- Any damage: within 7 days from date of delivery

2. Substantiate the Claim

A vital component of our claims procedures is the substantiating of the claim. The customer/consignee must prove the claim was caused as a result of transit and occurred during the period of insurance coverage.

Steps to Follow:

Examine external condition of packages
- Upon delivery, examine the external condition of all packages before signing the delivery receipt. This may seem impossible with today's business environment and the trucking companies may charge you a minimal fee for the delay. However, when you thoroughly examine packages and note damage on delivery receipts, you protect your rights of recovery and minimize your losses.

Note exceptions on delivery receipt
- All steamship companies, airlines, railways, trucking companies and harbor authorities must obtain a signature on a delivery receipt from the person or company taking delivery of cargo. All delivery receipts contain a clause stating the cargo was delivered in apparent good condition unless noted to the contrary.
- If your receiving department or cartage company signs a delivery receipt without noting damage, your coverage is at risk. By signing the delivery receipt without noting damage, you have legally acknowledged receiving the goods in "apparent good condition". This jeopardizes your chance to prove the goods were damaged before arriving at your premises and also reduces the chance that your insurance company will successfully recover the loss from the carrier.

Record package numbers
- When noting delivery receipts, record all case numbers that appear damaged. It is not enough to indicate "Five Cases Damaged" on the receipt. You must record the numbers appearing on each case. For example: "Case #2 and #12 are in damaged condition".

Checklist of Documents Needed to Support Your Cargo Claim:

#	Required Documentation	Date Submitted to Juno Logistics
1	Copies of all ocean, air and inland Bills of Lading	
2	Paid freight bill or check made to Juno (Formal claims cannot be started until the freight charges have been paid in full. Any reimbursements of the transportation charges, where applicable will be included in the final claim settlement).	
3	Shipper's commercial invoice(s) covering the entire shipment	
4	Copy of packing list(s).	
5	Signed Proof of Delivery (POD) from consignee.	
6	If repairable, Repair estimate or if beyond repair, provide written statement from a certified technician, if available	
7	Pictures of damaged products, if available (highly recommended)	
8	Assured's statement of claim. (This letter should describe the circumstances of the claim, an itemized description of the lost or damaged goods, and cost of repair or replacement with repair bills and/or replacement invoices attached).	
9	Any correspondence or other reports or information relevant to the transit, loss, damage or coverage.	
10	Certificate of insurance by insuring company, if shipment was insured and a certificate issued.	

Note: If Juno Logistics serviced your freight from door to door, some documents may be available through your Juno Customer Service agent.

claims@junologistics.com
630.735.0150

junologistics

Juno Logistics continues to stay in the forefront of information technology,
giving our customers the competitive edge in today's marketplace.