



***Cargo Insurance
What You Need to Know***

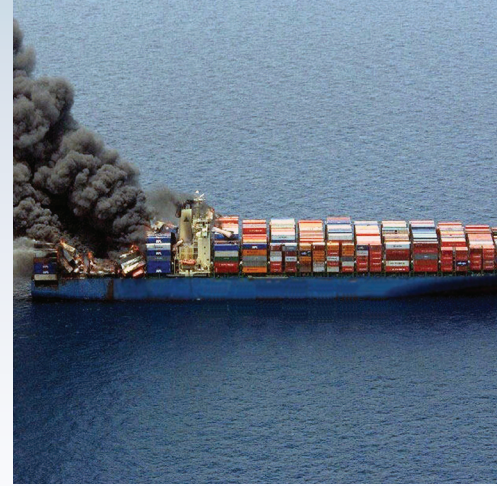


Making it easier for you.

Is Your Company Exposed?

The rigors of international transit can expose your freight to a number of perils. Fires, collisions, storms, accidents, theft, quarantine, civil unrest and many other factors can result in lost or damaged freight and lead to major financial losses for your company.

Reilly International wants you to know the risks and the liabilities, so you can make an informed decision about protecting your freight and safeguarding your company's financial health.



The Limits of Carrier Liability

It may surprise you to learn that carriers are not necessarily liable for your freight while it is in their possession. Whether ocean, air, truck or rail, there are myriad situations where carriers can, and do, deny liability. At best, without insurance, you're in for a long and complicated legal process. In many cases, the carrier will claim no responsibility and your company will have to cover the entire loss.

Even if the carrier is found to be negligent, the maximum limits set by the Carriage of Goods by Sea Act (COGSA) may not be enough to cover the value of your freight. For example, an international air carrier's liability is estimated at \$28 per kilogram. Domestic air carriers typically limit liability to only \$.50 per pound. For ocean shippers, liability is limited to \$500 per package or customary freight unit (CFU). Measurement of a CFU is widely defined and can vary from one pallet to one *container*. Depending on how your goods are packaged and the value of the goods themselves, the amount may be far below the actual value of your freight.

The "General Average" Loss

In some situations, you may be financially responsible even if your freight was not lost or damaged. General Average refers to a partial ocean marine loss. It is determined when there is a voluntary sacrifice, e.g. jettisoning cargo or extinguishing a fire, in order to save cargo, vessel or life.

In a General Average, the loss to vessel and freight is identified. The financial burden is then divided between all the cargo owners. Your cargo is seized until your company posts a General Average guarantee. Without insurance, your company must post cash in order to recover your freight, and the claim may take years to resolve.



Carriers Are Shielded from Liability via Hague-Visby and Warsaw Convention Rules
These international laws allow carriers to deny liability in multiple situations.

- Act, neglect or default of the carrier in the navigation or in the management of the ship
- Fire (unless by fault of carrier)
- Perils, dangers and accidents of the sea (e.g. storms)
- Act of God
- Act of war
- Act of public enemies
- Arrest, restraint or seizure
- Quarantine restrictions
- Act of omission of the shipper or owner
- Strikes, lockouts or labor stoppage
- Riots and civil commotions
- Inherent defect, quality or vice of the goods
- Insufficiency of packing
- Insufficiency or inadequacy of marks
- Latent defects not discoverable by due diligence
- Saving life or property at sea (General Average)
- Any other cause arising without the actual fault of the carrier

Fiscal Security. Personal Care.

Reilly International provides cargo insurance through a premier provider of insurance and surety solutions for the logistics industry, rated “A” (Excellent) by A.M. Best. Our staff is well educated on the issues regarding cargo insurance, and we can help you not only obtain cost-effective coverage but also review your current policy and suggest alternatives.

By purchasing cargo insurance through Reilly International, you’ll not only protect yourself against an unnecessary risk, but should you have a claim, we’ll be there to make it easier for you by helping you through the process. Your covered losses are paid at insured value, without the need to prove carrier negligence, and best of all, you can continue to focus on your business while Reilly International works with the insurance carrier on your claim.

Benefits of Purchasing Insurance Through Reilly International

- Protection against unnecessary business risks
- Expert advice and policy recommendations
- Local contacts and trusted assistance
- Volume purchasing power
- Simple claim handling

Ask your Reilly International representative about cargo insurance today!





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