

## Goods in transit Insurance

If order to perform an international trade, one has to have his/her goods at those destinations. Practically, production at every location is an expensive affair, hence the next alternative is shipping your goods from the production plant to the sellers place, but this journey has its own risks to bear, lot of times 'mother nature' or the 'transporter' are against you, causing damages to your goods. In order to protect such natural or man-made fatalities, Transit Insurances have been designed and tailored for every individual business needs. However there are different types of transit insurance, each of them are described in brief in the adjoining sections.

### What is Transit Insurance?

Transit insurance or transportation insurance policy is a safe and secured way of covering the risk arising due to loss or damage caused to goods or personal belongings while in transit. The cost of the premium is decided based on the goods in transit insurance and the risk the policyholder is bearing during that policy term.

Transit insurance policy covers goods, freight and other interests against loss or damage to goods while being transported by rail,road,sea or air.

Transit insurance is important to secure goods in transit from one place to another. It caters to damages and loss caused to goods that are being carried by an individual on this private vehicle, or an employee or driver or third-party carriers.

Transit Insurance in India also recompenses damages resulting due to derailment or overturning of the vessel. Transportation insurance also covers loss of goods due to the sinking of the vessel. Nowadays, you can easily buy transit insurance online.

Transit [insurance policy](#) or inland transit insurance is a simple and convenient mode of covering the risk of business goods or personal belongings of the insured's while in transit on land. Its premium is based on the value of goods in transit; and the amount of risk the insured is bearing during that period.

This insurance covers the packing and unpacking, loading or offloading, transportation and storage of goods during the entire move. It also covers damage or loss of goods due to mishandling or other forms of damage such as accidents, explosions, impact fires, theft and malicious damage while in transit.

Transit insurance is an insurance plan which covers the risks faced by goods when they are being transported from one place to another. The policy covers being transported by air, water, road or rail.

### Type of policies

Types of transit insurance for goods

Transit insurance policies can be offered in multiple variants. These variants are as follows –

#### Single transit policy

This policy covers one particular journey and is suitable for businesses that do not transport their goods frequently. The

policy would cover the goods which are being transported on a particular journey only.

**Specific Voyage policy:** In Marine Insurance, policies are issued to cover a specific single transit. This cover ends once the cargo arrives at destination.

### **Open policy**

This policy covers multiple transits occurring within a given period of time which is, usually, one year. So, if businesses transport their goods frequently, they can buy this policy and ensure coverage for multiple trips without buying a different policy for each one.

An open cover is an agreement not a policy, here the insurer will accept insurance of all shipments made by the assured, within the terms of the cover for a fixed period, usually for a period of 12 months. However, stamped policies or certificates of insurance are issued against the declaration made by the assured. This open cover is of great convenience to the clients engaged in regular import/export trade businesses.

This is an Annual Cargo Insurance Contract expressed in general terms and affected for a sum that is sufficient enough to cover a number of dispatches until the sum insured is exhausted by declarations. The Open Policy is also known as the Floating Policy, which saves the assured the inconvenience of affecting individually for the insurance of goods which are dispatched within the country. This policy also may cover both incoming and outgoing consignments from anywhere in India

to anywhere in India. The sum insured under the policy should ordinarily represent the assured's estimated annual turnover for the goods.

**Annual Turn Over Policy:** This agreement covers transit of raw material, semi finished & finished products pertains to insured's trade i.e. Export, Import, Inter Depot movement incidental storage from originating point to destination point on seamless basis. The key features of ATOP are:-

The sizable saving in premium, this is charged only on your sales turnover.

Availability of seamless cover with all movement of goods which are automatically covered.

Expect no hassles of submitting periodical declaration of movements to the insurer, only monthly/Quarterly sales figures are to be submitted.

Facility to make payment of premium on basis of half-yearly/quarterly.

### **Overnight vehicles' insurance policy**

If the goods are to be stored overnight in a vehicle, this policy is suitable as it covers the goods in such cases.

some providers also offer a cover where you get an overnight cover as standard and some provide it with an extra payment. If your trade requires storing tools or goods in your vehicle overnight, then you need to check whether this aspect is covered in your policy.

### **Goods in transit (carrier's) cover**

If your goods are transported using the transport vessel of a third party carrier, the carrier might not undertake the risks of damage to your goods. You can, therefore, buy this policy to cover the damages when the goods are being transported using another carrier service.

again as the name suggests this policy provides the carrier with the ability to handle commercial settlements with their customers; due to loss or damage of goods or livestock which was insured by the carrier. There are two types of cover provided here – [comprehensive](#) which covers against all the losses or damage to goods caused due to accident, natural causes or humane slaughter and the other one is a cover provided for defined events such as damage caused due to major events like fire, flood, collision, overturning, impact; it can also be extended to things like theft, non-delivery, etc.

### **Goods in transit (own vehicle) cover**

If your own vehicle is being used for transporting the goods, this cover would insure the goods against possible damages.

as the name suggests it covers for major transit risks and theft of goods carried in any vehicle owned and/or operated by the insured; but not pertaining to only a specific vehicle. It is a simple and inexpensive cover which mainly suits smaller businesses and farmers with one or more vehicles used for collection and delivery of goods.

### **Multiple vehicles cover**

If multiple vessels are used in the transportation of goods, this policy can be taken to cover the goods being transported

through different vehicles. The policy would cover multiple vehicles under a single plan.

It is possible at times that the provider will cover multiple vehicles with only one policy and also offer a good rate. If your business has more than one vehicle which requires being insured then this type of cover can prove to be time saving as well as less costly.

### Transit Insurance Coverage

Export /Import policies can be extended to cover War and /or SRCC perils on payment of an additional premium.

### What is covered under transit insurance?

Transit insurance coverage includes common perils which might cause damage to the goods which are being transported. These perils against which transit insurance protects the goods are as follows:

- Earthquakes
- Explosion
- Fire
- Lightning
- Any type of natural or man-made calamity
- Overturning of the transport vessel
- The collision of the vessel which damages the goods contained therein
- The derailment of the vessel
- The sinking of the vessel
- Risks faced while loading and unloading the goods
- Risks faced in packing and unpacking of goods

- Accidental damages
- Malicious damages
- Impact damage
- Theft, etc.

Inland transit policies can be extended to cover the following perils on payment of additional premium:

- **SRCC** – Strike, riot and civil commotion (including terrorist act)
- **FOB** – Where the inland transit is required to be extended to cover the goods till they are loaded on board the vessel, this extension can be taken.

### **All you need to know about Transit Insurance in India**

Businesses are going global and their goods are being sold in international markets too. This globalisation has not only increased the potential of business profits, but it has also led to better marketing opportunities and competitive products. While globalisation is driving business expansion, the risks associated with the transportation of goods cannot be ignored. When the goods are being transported through land, air or water, they face the threat of damages due to unforeseen contingencies. In case of any damage, businesses stand to lose a great deal of money. That is why, to protect the financial risks faced by goods being transported, a transit insurance policy is available.

### **Why transit insurance is required?**

A transit insurance policy proves to be a boon for businesses because of the various benefits it provides. Here are some of

the benefits of transit insurance policies which make them a must-buy –

Coverage under transit insurance plans is provided on globally standard terms. Thus, even when you are transporting your goods internationally, you can meet the coverage requirements of the country to which the goods are headed

Transit insurance coverage provides financial support to businesses which might face considerable losses if their goods are damaged during transit. The policy, therefore, helps keep the business finances stable even after a loss

Since any possible loss is covered under the transit insurance policy, businesses can also maintain their profitability even when any contingency damages their goods. This profitability also helps businesses maintain their solvency and their market value

The policy can be customised as per the requirements of the business and is, therefore, suitable for all types of businesses

So, if your business is engaged in the movement of goods, which it surely would be, buy a transit insurance plan and secure the losses which you might face if your goods don't make it to their destination. The policy is easy to buy and comes at low premium rates making it a simple and necessary addition to the transit of your goods.

### **In case of a claim, what documents would be required?**

If you face a claim in your transit insurance policy, you would have to submit the following documents for claim processing

–



- Invoice of the goods in original
- Survey report
- Bill of Lading
- The claim form, filled and signed
- Shipping details
- Correspondence is done with carriers and its copies
- Any other documents as required by the insurance company

### Who should invest in a transit insurance policy?

A transit insurance policy is suitable for businesses and individuals who are involved in regular transportation of goods. The policy can be bought by the following types of parties –

- Manufacturers of goods
- Importers and exporters of goods
- Custom house agents
- Traders
- Transporters or aggregators

### What to look for while taking the policy?

When you are taking the policy it is important to be clear about what the policy includes and that it matches with the risks involved while transporting the goods. If you are unaware about what is covered in your policy; then it is better to ask your insurer to update you with the breakdown of the policy, to ensure you have taken the right type of cover. Few typical inclusions of the policy generally include- loss of goods, theft

of goods, damages, delays cause, etc – caused during transit of the goods.

### Benefits of Transit Insurance

Following are the benefits of buying a transit insurance policy- Transit insurance policies offer global standard coverage. It means that they cover clauses that are internationally recognized.

There are multiple coverage options from top insurance providers

Policy can be issued immediately online

It is the most simplest and convenient way of covering inland transits or exports to FOB point.

The policy provides a choice of cover between all risks of loss or damage to goods (or death of livestock) and major nominated perils; which you can select as per your line of business.

### EXCEPTIONS

A. This policy does not cover loss, destruction or damage caused by:

1. Wear and tear, depreciation, deterioration, inherent vice or defect, damp, vermin, insects, fungi, rust, oxidation and/or discoloration, except as a direct result of fire, theft or accident to the conveyance.

2. Atmospheric or climatic conditions or contamination except as a direct result of fire, theft or accident to the conveyance.
3. Defective or inadequate packaging or insulation.
4. Theft or attempted theft of goods conveyed in any open-top or open-sided vehicle.
5. Theft or attempted theft of goods whilst the vehicle is left unattended unless the property is contained in a securely locked vehicle and the keys removed from the vehicle or the vehicle itself is housed in a securely locked building and entry to such locked vehicle or building is accompanied by forcible and violent entry to or exit.
6. Wilful misconduct of the Insured, theft or dishonesty on the part of the Insured's employees, disappearance of or unexplained inventory shortage.
7. Delay, loss of market, indirect loss or consequential loss of any kind.
8. Breakdown of refrigeration equipment.
9. Detention, confiscation, nationalisation, requisition or wilful destruction by any government, public, municipal, local or customs authorities.
10. Pressure waves caused by aircraft and other aerial devices travelling at sonic and supersonic speeds.

B. **The policy does not cover:**

- 1) Loss of any liquid gas or goods from containers by leakage, spillage, evaporation or loss in weight or volume;

- 2) The conveyance and/or storage of explosives acids chemicals and gases and goods of hazardous nature;
- 3) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
- 4) Any liability, loss, damage or expense of whatsoever nature directly or indirectly caused by, resulting from, happening through, or in connection with any act of terrorism, regardless of any other cost contributing concurrently or in any other sequence to loss, damage or expense;
- 5) Any loss or damage occasioned by or through or in consequence directly or indirectly ,of any of the following occurrences namely;
  - a) War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) and civil war.
  - b) Abandonment and/or permanent or temporary dispossession resulting from confiscation, seizure, restraint, commandeering, nationalisation, appropriation destruction or requisition by order of any government de jure or de facto or by any lawfully constituted authority.
  - c) Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion. Revolution, military or usurped power, martial law or state of siege or any of the events or causes

which determine the proclamation or maintenance of martial law or siege.

- 6) Loss or damage occurring outside the Territorial limits stated in the Schedule;
- 7) Any loss , damage or expenses arising from non-compliance to the Axle Load Regulations set by the Government.
- 8) The amount of excess stated in the Schedule;
- 9) Consequential loss of any kind.

C. This policy does not cover loss of or damage to the following goods unless specifically agreed with the Company and terms agreed prior to the carriage or storage of such goods:

- 1) Deeds, bonds, bills of exchange, promissory notes, money or other negotiable currency, securities or stamps;
- 2) Documents, manuscripts, business books, computer systems records, patterns, models, mould, plans or designs;
- 3) Electrical or electronic equipment, cameras and photographic equipment;
- 4) Bullion, jewellery, precious metals, precious stones, platinum, gold or silver articles, furs, watches, curios or works of art, tobacco, cigarettes, wines, spirits and the like;

- 5) Travellers' samples, tools, equipment, machinery, plant or any property entrusted to the Insured as a carrier under a contract for transport or storage of such property;
- 6) Glass and other articles of a brittle nature except as a direct result of fire, theft or accident to the conveying vehicle;
- 7) Livestock and/or living creatures.

In any action, suit or other proceeding in which the Company alleges that by reason of these provisions, any loss or damage is not covered by this Agreement, the burden of proving that such loss or damage is covered shall be upon the Insured.

## CONDITIONS

### 1. Interpretation

This Policy and the Schedule and endorsement shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.

### 2. Material Disclosure

If there shall be any misstatement, misrepresentation or omission of a material fact from the information supplied by the Insured whether by the said proposal and declaration or otherwise, this Policy shall be null and void and any moneys payable under the same shall be forfeited.

### 3. Reasonable Care

The Insured shall ensure that

- (i) any security devices fitted in the vehicle(s) are in a proper working condition.
- (ii) the vehicle/s are maintained in a an efficient and roadworthy condition.
- (iii) the vehicle/s is suitable for carriage of the insured goods.
- (iv) goods and/or merchandise are protected from loss or damage. where the vehicle is not an enclosed body type, goods carried are covered with tarpaulin.
- (v) due care and diligence is exercised in the selection of employees and selection of the contracted carriers.

### 4. Claims Procedures

On the happening of any event which may give rise to a claim under this policy the insured shall :

- (a) Immediately notify the Company.
- (b) Carry out and permit to be taken, any action which may be reasonably practicable to prevent further loss, destruction or damage.
- (c) Retain unaltered for such time as the Insurer may reasonably require the damaged goods or anything connected in any way with the incident.

(d) Where the property is being conveyed by a carrier, notify the carrier concerned of the loss, destruction or damage within the time limits for notification of an incident as stipulated in the contract of carriage.

(e) Where the loss involves theft, attempted theft, malicious damage or disappearance, the Insured shall give immediate notice to the police and take reasonable and practicable steps towards recovery of the lost goods.

(f) In respect of any claim for which the Company may be liable under this policy the Insured shall not make any admission of liability or promise of payment without Company's written consent and shall forward to the Company immediately upon receipt every letter, claim, writ and summons.

## 5. **Claims Co-operation Clause**

In the event of a claim the Insured shall;

(a) Facilitate the authorized representatives or agents of the Company to access the goods and /or the scene of the incident.

(b) Furnish full information, particulars and evidence to the Company to substantiate the claim made including invoices, delivery notes, consignment notes and any other proof of value and ownership

(c) Provide all the assistance and co-operation required by the Company in connection with the claim.



(d) Not abandon or expose the property to any further damage or loss.

6. **Contribution**

If at the time a claim arises under this policy there shall be any other insurance covering the same risk the Company shall not be liable to pay more than its proportionate share of such loss.

7. **Subrogation**

The Company may at its own expense use legal means in the name of the Insured for recovery of any property lost or its value and the Insured shall give all reasonable assistance for that purpose.

Upon settlement or making good any loss or damage under the policy the Company shall be entitled to any property recovered.

8. **Underinsurance**

If the property insured at the time of loss be of greater value than the Sum Insured as stated in the Schedule of this Policy then the Insured shall bear a proportionate share of the loss accordingly.

9. **Fraudulent Claims**

If the Insured or his representative makes a claim knowing the same to be fraudulent, the claim shall not be payable. The Company may in addition refer the matter to the relevant law enforcement authorities.

## 10. **Communication**

Every written communication to the Insured shall be sent to the Insured's last known address or delivered personally.

Notices and information to the Company must be in writing and sent to the registered office of the Company or its branch office.

## 11. **Alteration**

The Insured shall notify the Company in writing if the circumstances in which the insurance was entered into be materially altered and the risk of loss increased.

Unless such alteration is declared to the Company and its written consent to continue the insurance be obtained, the Company shall not be liable for any losses arising due to any such alteration.

## 12. **Transfer of rights**

Nothing contained in this Policy shall unless expressly stated give rights against the Company to any person other than the Insured, his executors or administrators, and the Company will not be bound by any passing of the interest otherwise than by death or operation of Law unless and until the Company shall by endorsement declare the insurance to be continued.

## 13. **Cancellation**

This Policy may be cancelled at any time at the request of the Insured in which case the Company will retain a premium calculated on pro rata basis for the time this Policy has been

in force and provided no claim has arisen during the current Period of Insurance.

This Policy may also be cancelled at the option of the Company on fourteen (14) days notice being given in writing to the Insured, in which case the Company shall be liable to return a proportionate part of the premium for the unexpired term of the Policy from the date of such cancellation.

14. **Due observance**

Compliance, observance and fulfilment of the terms of this Policy by the Insured shall be a condition precedent to any liability attaching under this Policy.