

THE "IN-AND-OUT" OF MARINE CARGO INSURANCE

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Marine Cargo Insurance is an integral part of transportation.

SCTC spoke to Kevin Ricciotti, Account Executive at Avalon Risk Management, about the benefits and common concerns SCTC Members may have.



Kevin Ricciotti is an Account Executive at Avalon Risk Management and has nearly 15 years of sales experience, focusing on taking a consultative approach in dealing with customers.

Prior to Avalon Risk Management, Kevin worked as a Senior Financial Consultant, providing financing for logistical companies looking for commercial warehouse space. He has also worked in financing of commercial and residential real estate.

Kevin currently sits on the Board of Directors for the Harbor Transportation Club and is an active member in several other trade organizations such as the California Trucking Association, Los Angeles Transportation Club, Los Angeles Customs Brokers & Freight Forwarders Association, and the LA Air Cargo Association.

Kevin has a Bachelor of Arts degree in Consumer Economics from the University of Delaware and currently resides in Redondo Beach, Calif.



SCTC: Why should I insure my cargo?

Kevin: Anything can happen to goods in transit. Goods could be damaged in a storm or fire, be stolen or just be mishandled from your warehouse to its final destination. Shipper's Interest Cargo Insurance is the smart solution to protect against financial loss.

In addition to covering loss or damage, Cargo Insurance also protects against General Average, pays for the costs to minimize a loss (sue and labor), and pays for damage inspection (survey). Some shippers may believe they can rely on the carrier, but that's not the case – carriers have limited liability (\$500 per shipping container) and are provided legal defenses which absolve them of responsibility entirely. Cargo Insurance pays covered claims without the need to prove fault. Why not insure?

SCTC: What is an "All-Risk" Cargo Insurance policy?

Kevin: "All-Risk" Cargo Insurance is the broadest form of coverage available and provides first-party protection on approved general merchandise for loss or damage to cargo from external causes. An easy way to think of "All-Risk" Cargo Insurance is that everything is covered, except what's excluded.

Avalon Risk Management can provide more information about exclusions, but these typically include improper packing, inherent vice (spoilage, infestation), abandonment of cargo, and claims that are time barred.

SCTC: What types of losses are covered?

Kevin: Again, think of "All-Risk" Cargo Insurance is that everything is covered, except what's excluded. This means that if there's a fire, storm, hijacking, washing overboard, theft, pilferage, or General Average, an "All-Risk" policy will cover the shipment, in accordance with policy terms.

SCTC: What do I do in the event of a cargo insurance claim?

Kevin: There are strict timeframes to file claims after the delivery date, so it's important to notify Avalon and notify all carriers immediately.

Avalon will provide sample templates as well as walk you step by step throughout the entire process. We will most likely want to see an itemized claim statement, a copy of the invoice, a copy of the bill of lading, and the insurance certificate.

SCTC: My goods are not at risk, so why should I purchase marine cargo insurance?

Kevin: Some goods may be less susceptible to loss than others, but there is always exposure to catastrophic loss, like a fire. All goods are at risk from unavoidable rigors of transit such as bad weather.

SCTC: What if the cargo insurance is too expensive for my company to purchase?

Kevin: If goods are damaged, they can't be sold. Isn't it worth paying a premium to know if the goods are damaged and it's a covered claim, you'll get reimbursed and keep your customer satisfied? In addition, the feedback I get from exporters is that the premium is lower than they had anticipated.

SCTC: I sell C & F or buy C.I.F., why should I change?

Kevin: CIF terms of sale in specific countries only require FPA insurance. This is a different kind of coverage to "All-Risk" and provides less protection in the event of a loss. It's important to understand your coverage. When buying CIF, you also cannot be sure of the insurance company or the coverage provided. Unless you're negotiating terms and conditions, who knows what kind of protection you are getting.

Avalon's Web Merlin Keeps You Ahead of the Curve

We offer the best and most innovative Cargo Insurance technology that is well established and tested, yet constantly improved.

Avalon offers automated, easy Cargo Insurance issuance through our Web Merlin secure Internet portal. Our systems are 100% developed and managed in-house. We provide updates to our exclusive features, based on your feedback.

- Insure shipments and print, email or manage certificates 24/7, online. The program underwrites based on the commodity and trade lane selected and will automatically calculate the premium and print any special insuring terms on the certificate.
- Save time insuring future shipments by creating templates.
- Manage export and OFAC compliance through denied persons screening.
- Promptly file a claim online.
- Generate reports to monitor activity.
- View your cargo policy with rates by destination and mode of transit, policy limits, approved commodity schedules and approved trade lanes.

We offer the best and most innovative Cargo Insurance technology that is well established and tested, yet constantly improved. Avalon's network of experts can provide on-site or online Web Merlin tutorials.

For more information about Cargo Insurance or Avalon's Web Merlin portal, contact Kevin Ricciotti at kricciotti@avalonrisk.com or call (310) 337-7050.



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Avalon was founded in 1998 with a commitment to provide the highest level of service to the logistics industry.

With the ongoing support of our clients and business partners, we are a premier provider of insurance and surety solutions.



Commercial Agency of the Year

Avalon was named Commercial Agency of the Year in 2012 by *National Underwriter* and *American Agent & Broker* magazines.

Avalon was also named the winner in the categories of Customer Service and Technology & Operations.

We are proud of this award and the products and services we offer to our valued client base.



Best Places to Work

Avalon was recently named as one of the 50 Best Places to Work in Insurance by *Business Insurance* magazine and one of the top 25 places to work in Illinois, where our corporate headquarters is based.

Avalon values employee and client feedback to consistently improve our operations and procedures.