

# Project Cargo Insurance

## RSA - Intact Global Specialty Lines

We are industry experts in the line of business we operate.

Our value proposition in **specialty lines** is anchored in the relationships we have with our **broker partners** and **customers** to fully understand their risks and design specific insurance solutions to meet their unique needs. This is the case in every market and is complemented by the depth in **underwriting**, **claims** and **risk consulting** expertise



We have regulated insurance branches in Belgium, France, the Netherlands, Spain and Germany. With our team of over 250 employees in Europe, we provide in-country services in technical underwriting, claims, risk engineering and sales.

## Credit Ratings

	Financial strength	Outlook
AM Best	A Excellent	Stable
Moody's	A2	Positive
Fitch	AA-	Stable
DBRS	AA	Stable

## Specialty Expertise

We have a strong reputation for protecting our customers and helping brokers to build their business.

Our approach combines rich heritage, financial strength, customer focus, resilience and an exceptional team of dedicated experts with deep technical knowledge.

## Customer Focus

We recognize that every business is unique, so we take time to listen and understand client needs, with the aim of creating clear and customized customer service.

## Connecting Local Expertise with Global Capabilities

The breadth of global capabilities, combined with deep expertise in underwriting, risk control and claims provides customers and brokers access to new regions and a greater product set. All delivered by a local team dedicated to and experts in their specialty line of business.



## Project Cargo

- **Project Cargo can be defined as every cargo movement of plant, machinery and equipment destined for a particular plant (factory, manufacturing site, energy producing plant, etc.); generally, for construction purpose.**
- **The construction site is often undeveloped and sometimes remote.**
- **Project Cargo insurance covers the transportation, as cargo, of the materials and equipment to be deployed in the project. In addition, if required, it covers financial losses (ALOP, DSU, ICOW – see below) which might arise as a result of loss or damage to the cargo delaying completion of the project on schedule.**
- **Cover for these financial losses is often demanded by financial institutions whose investment in the project would be put at risk by any delay**

## ALOP/DSU/ICOW

- **ALOP (Advance Loss of Profits) – the anticipated profit resulting from revenue generated by the successful completion of the project.**
- **DSU (Delay in Start Up) – the consequence of loss or damage to project critical items resulting in the project not being completed on time. DSU is likely to result in ALOP.**
- **ICOW (Increased Cost of Working) – rather than incur delay, and resultant ALOP, measures can be taken to put the project back on track which themselves incur cost. Such cost is worth incurring if it avoids or limits a greater cost in lost revenue due to delayed start up.**

## Critical Equipment

**Equipment, plant and materials which are the most important in the development of the project and in the event of loss or damage during transit, cannot be repaired, remanufactured, replaced, reshipped, installed, tested and commissioned or cannot be repaired at the destination, or without spares available, and can leave a gap prior to commercial operating date/start-up date of the plant of a minimum of 3 months.**

**Furthermore, it is likely to have one or more of the following characteristics:**

- **Where the unit price is in excess of (typically) USD 5 million**
- **Any equipment which because of its weight and/or volume requires the use of a special conveyance**
- **Any item, which including packing, does not fit inside a standard 40' container or equivalent road trailer, thus having dimensions in excess of 12 m length and/or 2.5 m wide and/or 2.5 m high**
- **Any item including packing with a weight in excess of (typically) 50 MT)**
- **Ocean barge shipments**
- **Any item which requires special handling due to its characteristics, and/or centre of gravity off balance, and/or irregular footprint, and/or special requirements for lashing and securing, and/or ocean barge shipments, and/or on-deck shipments (unless specifically agreed)**

# Project Cargo Cover

## Section 1 Physical Loss/Damage

Essentially a traditional “all risks” marine cargo policy based upon Institute Cargo Clauses (A) plus complementary Institute clauses and some additional clauses.

## Section 2 ALOP - DSU

- Loss/damage due to a peril covered under Section 1.
- Loss/damage to or mechanical breakdown of Hull/Machinery/Equipment of vessel or aircraft which would be covered under.
  - Institute Voyage Clauses – Hulls 1/10/83 and/or Institute War & Strikes Clauses Hulls – Voyages 1/10/83
  - Aircraft All Risk policy, Section 1 clause AVN16 including war. Hi-jacking and allied perils as per LSW555D
- Loss of or mechanical breakdown of any motor or rail vehicle.
- Vessel, aircraft or other conveyance been involved in a general average, salvage or life saving operation.

## Section 2 ALOP – DSU triggers

### 1- Loss due to **material damage**

The standard DSU perils follow the Section 1 of the policy (cargo damages)

### 2- Loss due to **fortuitous event to the conveyance**

Policy responds where the delay is attributable to loss, damage or mechanical breakdown of the vessel or aircraft that would be cover under the standard Hull Clauses or Aviation Insurance policy, but also to loss, damage or mechanical breakdown of a land-based road/rail conveyance

There is not only a DSU trigger when the loss, damage or mechanical breakdown occurs while the critical item is been carried effectively on the conveyance but also when it occurs on the way to the loading location (...is intended to be carried...)

### 3- Loss due to “uncontrollable” **maritime events**

The conveyance involved in General Average event or Salvage or Lifesaving Operation

Consideration has to be made to General Average claims derived from Piracy events or asylum-seekers aboard small boats on the high seas

## Survey Warranty Clause

**The Survey Warranty is paramount irrespective of Lenders and Non-Vitiation clauses. survey warranty applies to all shipments, including shipments purchased on terms where the seller/supplier carries the risks and which are only covered on a DIC/DIL basis)n**

**It is warranted that the Named Marine Warranty Surveyor (MWS) attends and approves all loading, all stowage and securing (including protection for non-containerised Critical Items shipped on deck), and unloading to or from carrying conveyances of all named Project Cargo Critical Items.**

**Where local barges or lightering is used, the MWS must approve the tug, barge, fastening and towing operations in accordance with the Survey Warranty Clause.**

**All of the Named Surveyor's recommendations are to be complied with by the Insured.**

**Failure to comply with this warranty shall not affect this insurance except as respects to the individual shipment (s) concerned. This insurance will continue in full force and effect for all other shipments that comply with the survey warranty. In the event of a breach of the Survey Warranty the policy coverage will not cease but the insuring conditions under Section 1 of this policy shall be deemed to be no wider than:**

**Institute Cargo Clauses C dated 01/01/82**

**Institute War Clauses (Cargo) dated 01/01/82**

**Institute Strikes Clauses (Cargo) dated 01/01/82**

**Note: under Underwriter discretion the survey for a specific shipment may be waived**

## Survey Warranty Clause (cont.)

### Communication

**It is understood and agreed that the Insured or Companies acting on their behalf must provide the Insurer with the loading and shipment details at least (typically) 48 working hours in advance of estimated loading dates for shipments from Europe and 10 days for shipments from other origins, prior to loading and shipment. The purpose of this requirement is to allow the Insurer to prepare, at its discretion, the survey.**

**In the absence of the above information/notification, when the Insured knows or should know about the loading and shipment, coverage for the individual shipment concerned could, at Insurance Company discretion, be null and without effect.**



## Marine Warranty Surveyor - Risk Management

The MWS are the Underwriter's eyes in the Project Cargo preparation, loading, unloading, transshipment, etc. No underwriter should write a Project Cargo policy without a trusted, experienced and professional MWS.

*The scope of the MWS' job is to monitor lifting, stowage and securing of Critical Items (C.I.) at POL / POD, for such reason detailed list of items considered as CI, drawings, main dimensions, center of gravity and any special handling requirement would be required in due time.*

*Information to be provided to the MWS at least with the advance notice previously set out:*

### Vessel

- Hold / TWD / Deck General arrangements including full dimensions and drawings (Pictures if available)
- Hold / TWD / Deck strengthens Classification Society Certificates
- Welding restrictions areas if any
- Lifting appliances certificates (cranes, grommets, wires, shackles, etc...) and last test carried out
- Method of Statement (MOS)

### Cargo

- Technical drawings of cargo including, base feet / transport beam and lifting / securing points
- Full shipment measurement of each piece (meters), weight (tons) and position of center of gravity (cog)
- Lifting & Stowage plan proposal
- Securing and Lashing pattern of C.I.
- Particular handling instructions of cargo, if any

### General information

- Forwarder & Agent contact details at POL / POD
- Port Captain contact details (Name & Cellular)
- Master contact details & e-mail address
- Any other relevant document / information

## Kick-off Meeting

- To be held minimum 30 days prior to shipment of the first critical item –

**Who should attend:**

**At least the Underwriter, Marine Warranty Surveyor, Project Logistic Manager, Risk Manager, the Broker..... the Project Freight Forwarder would be desirable**

**Agenda, ideal scope of the KOM:**

- **Brief description and details of the project**
- **Who is controlling the logistics for the project – contact details**
- **Who is in overall charge of the project – contact details**
- **Definition of critical items-key items**
- **Agreement o critical items-key items list**
- **Agreement of critical items, key items to be surveyed and type of surveys to be carried out (originating point/originating port/transshipment/discharge port/load onto road/rail, discharge at site, etc.)**
- **Shipping Schedule of – regular updates to be provided**
- **Freight forwarder involved in the movement of critical/key items – contact details**
- **Notification pro-forma and minimum advise notice for shipments to be surveyed**
- **Minimum documentation to be provided (technical drawings, lifting and stowage plan, method of statement, etc.)**
- **Claims process**
- **Establish of communication lines**

Thank you