

CARGO Insurance by Box Liners**

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French shipping line CMA-CGM's offer to assist and solve cargo claim issues of shippers through its SERENITY is a game changer. From days of yore when owner-carriers carried no liability at all, this is a volte face! The first laws dating back to 1855 BL Act was only on transfer to innocent third party, before seaworthiness, liabilities and exceptions got encoded, Yanks with Harter Act in '24 ...all culminating in Rotterdam Rules, albeit mothballed. Time will tell, as usual, as MAERSK the undisputed leader is cornering with 'Trade Funding'!

Nonetheless, well covered cargo interests with wide open policies rated under historical actuarials and reasonably protected vide Bill of Lading clauses, advantage of SERENITY at add-on costs remains to be felt out -apart from perception- in practice. Coastal and near sea short distance trades -typical of their friendly trades- also may be reluctant to switch!

SERENITY is to increase limits of compensation offered up to predetermined value when loss or damage occurs to goods during transit, subject to partial derogation (to Art6 of T&C CMACGM BL: unless otherwise agreed compensation is limited to US\$25k, 50K or 100K depending on the one chosen during contracting) payable within 30days for straightforward request following transmission of all necessary documents. It will be charged together with ocean freight; an invoice containing this CARGO VALUE SERENITY charge will suffice as evidence that the Protection is effective. The general cost quoted is from \$49 per container for cargo valued up to \$25,000 per container up to \$199 with a £100,000 valuation per box.

It is not an insurance and can only be subscribed through CMACGM contract of carriage. Client has to purchase the 'protection' and can assign it to a beneficiary with interest on the covered goods at the time of the loss and the title under the BL to which it applies. It is a commitment to compensate the beneficiary in case of loss or physical damage where-under goods are transported under CMA CGM Group BL where it is valid.

It applies to the compensation in case of loss of or damage to Goods during a transport performed under CMACGM Group BL in case of: Physical damage (breakage, wetness), loss, theft, disappearance, Destruction, Variation of temperature in reefer, General average contribution, Force majeure: defined as an event that is a result of the elements of nature.

It will not be applicable to the following: Personal effects, Private Cars, Live animals and Fresh Fruits, except the following limitative list: Citrus, Apple, Date, Grapefruit, Kiwi, Avocado, Sweet Potato, Melons & Watermelons, Pineapple and Tamarind. Shipment from and/or to and/or through following countries: North Korea, Syria, Iran, Cuba, Sudan, Crimea territories. More generally, the 'protection' is delivered respecting UN, European and US sanction Laws and so it cannot be given on cargo which benefits directly or indirectly to a blacklisted country, entity, physical person, or if the cargo is under embargo.

It is not applicable to following circumstances: Loss, damage or expense attributable to a misconduct of Client or Beneficiary; Ordinary leakages, Ordinary loss in weight or volume, or Ordinary wear and tear; Loss, damage or expense caused by insufficiency or unsuitability of packing or preparation of the Protected Goods to withstand the ordinary incidents of transit; Loss damage or expense caused by inherent vice or nature of the goods; Loss damage or expense caused by delay; War, civil war, revolution, rebellion, insurrection, or civil strike arising therefrom, or any hostile act by or against a belligerent power; Capture seizure arrest

restraint or detainment (*piracy excepted*), and consequences thereof or any attempt thereof; Mines, torpedoes, bombs or other derelict weapons of war; Caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions; Resulting from strikes, lock-outs, labour disturbances, riots or civil commotions, caused by any act of terrorism being an act of any person acting on behalf of, or in connection with any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted.

It commences as soon as the stuffed container is loaded on the first conveyance within a maximum period of 30 days before goods are loaded on the first sea vessel. It ceases when the container is unloaded from the last conveyance at the address written in the sales contract, within a maximum of 30 days after the container is unloaded from the last sea vessel. Copy of BL, copy of the Commercial invoice, Letter of protest, Amount of loss estimated by an independent party appointed by CMA CGM are to be submitted to local CMA CGM office.

It is the duty of Client, Beneficiary and their employees and agents to take such reasonable measures to avert or minimise such loss: to ensure that all rights against third parties are properly preserved and exercised. Measures taken by the Client, Beneficiary or CMA CGM with the object of saving, protecting or recovering Protected Goods will not be considered as waiver or acceptance of abandonment or otherwise prejudice rights of either party.

The Client and Beneficiary are to act reasonably in all circumstances within their control. French law applies to Terms and Conditions of CARGO VALUE SERENITY, and also in interpreting T&C thereof. All claims and actions arising between Carrier and Merchant under such carriage are to be brought before Tribunal de Commerce de Marseille and no other Court will have jurisdiction with regards to any such claim or action. Notwithstanding the above, Carrier is also entitled to bring claim or action before Court of place where defendant has registered office.

A broader range of products under SERENITY concept are set to be available later with plans to cover costs in the event of damage to a container during handling, as well as compensate shippers in cases of payment default by their own customers.

Customer Centricity being focused through an 'insured B/L' seems to cater to customers' expectations and needs by product differentiation, so to say, relieving them of administrative and procedural complexities in case of unforeseen damage to cargo. Nonetheless, how soon and what type of *other such competitive products (soon to follow Serenity from CMA CGM itself)* will be launched is another question, though now it is only very few at the top after the last consolidation round amongst box liner majors. The trades, for sure, have morphed from carriers to cargo interests as the top priority.

** For complete accurate details please contact CMA CGM