
Global Certificate in Ship Chartering and Cargo Operations (United Kingdom)

Cargo Claims And Insurance

cargo claim is a formal request made by a cargo owner, consignee, or their representative for compensation due to loss, damage, or delay of goods while in transit. The claim initiates a process that often involves the carrier, insurers, and sometimes third-party surveyors. A typical claim will reference the relevant transport document, such as a bill of lading, and include evidence of the cargo's condition before shipment, the nature of the loss, and the monetary value sought. For example, a manufacturer of electronic components discovers that 30 per cent of a container's contents are water-damaged upon arrival in Rotterdam. The manufacturer prepares a cargo claim outlining the extent of the damage, attaches photographs, and forwards it to the carrier's claims department within the stipulated time limit.

The term insurance policy refers to the contractual agreement between the insured party and the insurer that sets out the coverage terms, the risks insured against, the sum insured, and the conditions under which a claim may be paid. In the context of maritime transport, the most common policies are the Institute Cargo Clauses (A), (B), (C) and (N). Clause A provides the widest coverage, protecting against "all risks" except those expressly excluded, while Clause C offers a more limited "named perils" coverage. The choice of clause directly influences the scope of protection and the premium payable.

A bill of lading is a three-part document that serves as a receipt for the cargo, evidence of the contract of carriage, and a document of title. It is the primary piece of evidence used when lodging a cargo claim, because it establishes the date of loading, the description of the goods, and the parties involved. There are several types of bills of lading, including clean, dirty, negotiable, and non-negotiable. A clean bill of lading indicates that the cargo was received without any apparent defects, whereas a dirty (or clause-on-delivery) bill records any known defects at the time of shipment. Understanding the distinction is crucial when assessing liability, as a carrier may rely on a dirty bill to argue that the damage was pre-existing.

The charter party is the contract between a shipowner and a charterer that sets out the rights and obligations of each party for the use of a vessel. In cargo operations, the charter party determines the allocation of risk between the shipowner and the cargo owner. For instance, a time charter typically places the responsibility for cargo loss on the charterer, while a voyage charter may allocate it to the shipowner, depending on the clauses incorporated. The charter party also contains provisions concerning the carrier's liability limits, the applicable law, and the procedures for filing claims.

General average is a principle of maritime law that requires all parties with a financial interest in a voyage to proportionally share the costs incurred for sacrifices made to save the vessel and the cargo from a common peril. When a ship is in danger and the crew jettisons cargo, pumps out water, or undertakes other extraordinary measures, the expenses are recorded as general average and later distributed among the cargo owners, shipowner, and sometimes the charterer. The International General Average (IGA) Association administers a standardized set of rules, known as the York-Avalon Rules, which define how losses are calculated and apportioned. For example, if a vessel carrying grain encounters a severe storm and the crew

decides to off-load a portion of the cargo to improve stability, the cost of that loss is shared among all the cargo owners according to their respective cargo values.

The term *force majeure* denotes an event or circumstance beyond the control of the parties that prevents the performance of contractual obligations. In maritime contracts, *force majeure* events often include acts of war, piracy, natural disasters, and sudden governmental restrictions. Most charter parties and insurance policies contain a *force majeure* clause that can exempt a party from liability if the event is proven to be unforeseeable and unavoidable. However, the burden of proof lies with the party invoking the clause, and insurers may still deny coverage if the event is deemed an excluded risk.

Insured value is the amount of money for which the cargo is insured, representing the maximum liability the insurer will pay under the policy. It is essential that the insured value reflects the actual commercial value of the goods, including freight, insurance, and any additional costs necessary to replace the cargo.

Underinsuring, also known as a "policy of average," can lead to a proportional reduction in the claim payment. For example, if a shipment of steel coils is insured for 80 per cent of its market value and suffers a total loss, the insurer will pay only 80 per cent of the claim, with the remaining 20 per cent borne by the cargo owner.

A deductible (or excess) is the portion of a loss that the insured must bear before the insurer becomes liable to pay. Deductibles are expressed as a fixed amount or a percentage of the insured value. They serve to reduce the frequency of small claims and to lower the premium cost. In cargo insurance, a typical deductible might be 1 per cent of the insured value, meaning that for a cargo insured at £500,000, the first £5,000 of any loss would be the responsibility of the insured.

Actual total loss occurs when the cargo is completely destroyed, or when the cost of repairing and restoring it exceeds its insured value. In such cases, the insured is entitled to receive the full insured amount without any deduction for salvage or repair costs. Conversely, a partial total loss (or constructive total loss) arises when the cargo is so severely damaged that the cost of recovery, repair, or salvage exceeds a predetermined threshold, often expressed as a percentage of the insured value, such as 80 per cent. The insured may then elect to treat the loss as a total loss for the purpose of the claim.

Salvage refers to the compensation payable to a salvor for services rendered in saving a vessel or its cargo from danger. Salvage awards are determined based on the principle of "no cure, no pay," meaning that if the salvor's actions are successful, they are entitled to a reward proportionate to the value of the property saved. In the context of cargo claims, the cost of salvage may be recoverable as part of a general average adjustment, or it may be covered under a separate marine salvage insurance policy.

The concept of limited liability is central to maritime law. Shipowners and carriers often benefit from statutory limits on the amount of compensation they must pay for cargo loss, as established by conventions such as the Hague-Visby Rules or the Hamburg Rules. For example, under the Hague-Visby Rules, the carrier's liability is capped at 666.67 Special Drawing Rights per package or 2 Special Drawing Rights per kilogram of gross weight, whichever is higher. These limits are intended to balance the interests of carriers and cargo owners, but they also mean that high-value cargo may be under-compensated unless supplemental insurance is obtained.

Hague-Visby Rules are an international convention that governs the rights and responsibilities of carriers and shippers in the carriage of goods by sea. The Rules set out the carrier's obligations to exercise due diligence in making the ship seaworthy, to properly and carefully handle the cargo, and to issue a clean bill of lading. They also define the circumstances under which the carrier may be exempt from liability, such as acts of God, war, or negligence of the shipper. Understanding the Hague-Visby Rules is essential for anyone involved in cargo claims, as they provide the legal framework that determines the carrier's exposure.

The Hamburg Rules represent an alternative legal regime to the Hague-Visby Rules, offering a more cargo-owner-friendly approach. They impose a higher standard of care on carriers, broaden the definition of carrier liability, and provide a higher monetary limit for compensation. However, the Hamburg Rules have been adopted by fewer nations, which limits their applicability in many trade routes. When drafting a charter party or negotiating insurance coverage, the parties must be aware of which set of rules will govern the contract, as this choice directly affects claim outcomes.

Carriage of Goods by Sea Act (COGSA) is the United States legislation that implements the Hague-Visby Rules into domestic law, with some modifications. COGSA establishes a liability limit of \$500 per package or per customary unit, whichever is higher, and provides a presumption of seaworthiness for vessels that are US-flagged. For shippers importing goods into the United States, COGSA is the primary legal reference for cargo loss disputes.

Warehouse receipt is a document issued by a warehouse operator that acknowledges the receipt of goods for storage. It serves as proof of ownership and may be used as collateral for financing. In cargo operations, a warehouse receipt may be required when goods are transferred from one mode of transport to another, or when the cargo is held in a bonded warehouse pending customs clearance. The receipt typically lists the quantity, description, and condition of the goods, and it may be referenced in a claim if damage occurs while the cargo is stored.

Freight forwarder is an intermediary that arranges the transportation of cargo on behalf of the shipper. Forwarders coordinate the logistics, handle documentation, and may provide insurance brokerage services. Although the forwarder does not usually assume liability for loss, they can be a valuable source of assistance in preparing a cargo claim, as they possess expertise in the relevant documentation and procedural requirements. In some jurisdictions, however, forwarders may be held liable if they fail to exercise reasonable care in handling the cargo.

Carrier denotes the entity that undertakes the actual transportation of goods, whether by sea, air, or land. In maritime shipping, the carrier is typically the shipowner or the operator of the vessel. The carrier's responsibilities are defined by the contract of carriage (e.G., The bill of lading) and the applicable international conventions. The carrier's liability for cargo loss may be limited by statutory caps, but carriers can also purchase excess liability coverage to protect against large claims.

Shipper is the party that initiates the shipment of goods, often the exporter or manufacturer. The shipper is responsible for correctly packing, labeling, and declaring the cargo, as well as providing accurate information on the transport documents. Failure by the shipper to disclose hazardous materials, or to comply with packaging standards, can lead to a loss of defense for the carrier and may affect the validity of

a cargo claim.

Consignee is the party named to receive the cargo at the destination. The consignee may be the ultimate buyer, a warehouse operator, or a customs broker. The consignee's role in a cargo claim includes inspecting the goods upon arrival, documenting any damage, and notifying the carrier within the time limits stipulated by the contract. Prompt notification is crucial, as many clauses impose a deadline—often three to seven days after discharge—for filing a claim.

Notice of loss is the formal communication sent by the cargo owner to the carrier, informing them of a perceived loss or damage. The notice must contain specific details, such as the date of discovery, a description of the damage, and the amount of loss claimed. The notice triggers the carrier's duty to investigate and respond, and it also preserves the cargo owner's right to claim under the contract. Failure to provide timely notice can result in the claim being barred.

Surveyor or marine surveyor is an independent expert appointed to assess the condition of cargo, determine the cause of loss, and estimate the value of the damage. Surveyors may be engaged by the carrier, the insurer, or the cargo owner, depending on the circumstances. Their report, often called a survey report, forms a key piece of evidence in the claims process. Surveyors must be qualified, impartial, and familiar with the relevant industry standards, such as the International Maritime Organization's (IMO) guidelines for cargo handling.

Proof of loss is the documentation required by the insurer to substantiate a claim. It typically includes the original bill of lading, commercial invoice, packing list, survey report, photographs of the damaged cargo, and any correspondence relating to the loss. The insurer may also request additional evidence, such as customs declarations or warehouse receipts. Providing a comprehensive proof of loss expedites the settlement and reduces the likelihood of disputes.

Subrogation is the legal right of an insurer to pursue a third party that caused the loss after the insurer has compensated the insured. In cargo insurance, if an insurer pays a claim for damage caused by a negligent stevedore, the insurer may seek recovery from the stevedore's liability insurer. Subrogation helps prevent double compensation and encourages responsible parties to assume liability for their actions.

Excess clause is a provision in a charter party or insurance contract that stipulates that the charterer or cargo owner must bear a portion of the loss before the carrier's or insurer's liability applies. This clause is similar to a deductible but is often expressed as a percentage of the cargo value. For example, a charter party may contain a 5 per cent excess clause, meaning that the charterer must first absorb the first 5 per cent of any loss, with the carrier liable for the remainder.

Deviation occurs when a vessel departs from the agreed route specified in the charter party or bill of lading. Deviations can be justified—for instance, to avoid a storm or to comply with port restrictions—but unauthorized deviations may void the carrier's liability for cargo loss. The carrier must be able to demonstrate that any deviation was reasonable and necessary; otherwise, the cargo owner may argue that the carrier breached the contract.

Perils of the sea is a phrase used in many insurance policies to denote risks that arise from the natural

environment, such as storms, waves, or collision with another vessel. The term is often distinguished from “acts of God,” which are events that are beyond human control and cannot be mitigated through reasonable measures. Perils of the sea are generally covered under the Institute Cargo Clauses, unless specifically excluded.

War risk is a distinct category of coverage that protects cargo against loss caused by war, civil unrest, terrorism, and related events. Standard cargo policies typically exclude war risk, requiring the cargo owner to purchase a separate war risk endorsement if the voyage passes through high-risk regions. War risk premiums can be substantial, reflecting the heightened exposure.

Strikes and labor disputes are another common exclusion in cargo policies. When a claim arises from a labor action, the insurer may deny coverage unless the policy includes a specific endorsement for strikes. In practice, cargo owners often negotiate such endorsements when shipping through ports with a history of labor disruptions.

Freight is the charge levied by the carrier for the transportation of cargo. While freight is a commercial term, it also has relevance in claims, as the amount of freight paid may be considered in the calculation of the insured value. Some policies, such as “all-risk” coverage, may include freight as part of the sum insured, ensuring that the cargo owner recovers both the value of the goods and the cost of transportation.

Demurrage is the charge payable by the charterer to the shipowner for the use of a vessel beyond the agreed lay-time. Although demurrage is a financial penalty rather than a loss of cargo, it can become part of a claim if the delay leads to cargo spoilage or other damages. In such cases, the cargo owner may seek compensation for the loss caused by the delayed discharge.

Lay-time refers to the period allotted in a charter party for loading and unloading cargo without incurring additional charges. Exceeding lay-time triggers demurrage, while completing the operation within lay-time avoids extra costs. Accurate calculation of lay-time is essential, as it can affect the timing of a cargo claim, especially where perishable goods are involved.

Incoterms are a set of standardized trade terms published by the International Chamber of Commerce that define the responsibilities of buyers and sellers for the delivery of goods. Incoterms such as FOB (Free on Board), CIF (Cost, Insurance, and Freight), and DAP (Delivered at Place) allocate risk differently. For example, under CIF, the seller must procure marine insurance for the goods up to the destination port, meaning that the seller’s insurance policy may be the primary source of compensation for loss, while the buyer may have a secondary interest.

Free on Board (FOB) is an Incoterm that places the risk of loss on the buyer once the goods have passed the ship’s rail at the port of shipment. The seller is responsible for delivering the goods to the port, clearing export customs, and loading them onto the vessel. In a cargo claim arising under FOB, the buyer would typically file a claim against the carrier’s liability, whereas the seller’s insurance would be irrelevant unless the loss occurred before loading.

Cost, Insurance, and Freight (CIF) transfers the risk to the buyer once the goods are on board, but the seller must procure insurance for the cargo. The seller’s insurance policy covers the loss up to the destination

port, and the buyer may seek reimbursement from the seller's insurer. However, the buyer may also maintain its own "all-risk" policy for additional protection, especially when dealing with high-value or fragile goods.

Delivered at Place (DAP) obliges the seller to deliver the goods ready for unloading at the named place of destination, bearing all risks up to that point. The buyer assumes risk once the goods are made available for unloading. In a DAP scenario, a cargo claim for damage occurring during the final leg of transport would be directed at the carrier responsible for that leg, and the buyer would rely on its own insurance if the seller's policy does not cover the segment.

Marine insurance is a broad term encompassing various types of coverage related to sea-borne risks. It includes hull and machinery insurance for the vessel, protection and indemnity (P&I) insurance for the shipowner's third-party liabilities, and cargo insurance for the goods being transported. The interplay between these policies can affect claim resolution. For instance, a hull and machinery claim may arise from a collision that also caused cargo damage; the shipowner's P&I insurer may coordinate with the cargo insurer to allocate liability appropriately.

Protection and Indemnity (P&I) insurance is a specialized form of liability coverage that protects shipowners and operators against third-party claims, including cargo loss, environmental damage, crew injury, and wreck removal. P&I clubs, such as the London Club, underwrite these policies and provide legal assistance. When a cargo loss occurs due to the carrier's negligence, the cargo owner may file a claim against the shipowner's P&I insurer. The P&I club may then seek subrogation against any party responsible for the loss, such as a faulty stevedore.

Hull and machinery (H&M) insurance covers physical damage to the ship itself, including its engines, structure, and equipment. While H&M insurance does not directly compensate cargo owners, it can indirectly affect cargo claims. For example, if a vessel suffers a hull breach that leads to water ingress and cargo damage, the cargo owner's claim may be partially settled by the carrier's P&I insurer, while the shipowner's H&M insurer covers the repair of the vessel.

Warehouse insurance protects goods while they are stored in a warehouse, whether bonded or non-bonded. This coverage is important for cargo owners who hold goods in transit for extended periods, as storage risks differ from transportation risks. Warehouse insurance typically covers fire, theft, and accidental damage, but may exclude risks such as flood unless specifically endorsed.

Transit insurance is a blanket term for policies that cover cargo while it moves between designated points, including sea, air, road, and rail legs. A transit policy may be structured as a "single journey" policy for a particular shipment, or as an "open" policy that covers multiple shipments over a defined period. The choice between these options depends on the frequency of shipments, the value of the goods, and the carrier's risk profile.

Open cover is an arrangement where the insurer provides coverage for an indefinite series of shipments, up to a pre-agreed aggregate limit, for a set period, typically a year. The cargo owner must notify the insurer of each shipment's details—such as quantity, destination, and value—within a specified timeframe, often 24

hours of loading. Open cover is advantageous for businesses with regular shipping patterns, as it reduces administrative burden and may secure more favorable premium rates.

Single shipment policy offers coverage for a one-off shipment, with the insured value and terms tailored to that particular cargo. This type of policy is suitable for irregular or high-value shipments where the risk exposure varies significantly from one consignment to another. The insurer assesses each shipment individually, potentially applying unique conditions or exclusions.

Exclusion is a clause in an insurance contract that delineates the circumstances or perils that are not covered. Common exclusions in cargo policies include inherent vice (natural deterioration of the goods), inadequate packing, wilful misconduct, and acts of war unless specifically endorsed. Understanding exclusions is vital for cargo owners, as an overlooked exclusion can lead to a denied claim.

Inherent vice refers to the natural tendency of certain goods to deteriorate or self-destruct under normal conditions, independent of external forces. Examples include fresh produce that ripens, chemicals that react with moisture, and delicate artwork that may crack due to temperature fluctuations. Because inherent vice is an exclusion, cargo owners must take preventive measures—such as proper packaging, temperature control, and timely delivery—to mitigate the risk.

Negligence is the failure to exercise reasonable care, resulting in damage or loss. In cargo claims, negligence can arise on the part of the carrier, the stevedore, the shipper, or any third party involved in handling the goods. Demonstrating negligence typically requires establishing a duty of care, a breach of that duty, causation, and resulting loss. For instance, if a stevedore drops a container due to improper use of lifting equipment, the resulting damage may be attributed to negligence.

Wilful misconduct is a more severe form of wrongdoing, involving intentional or reckless behavior that leads to loss. Insurance policies often exclude coverage for wilful misconduct, meaning that if a party deliberately damages cargo, the insurer will not be liable. Evidence of wilful misconduct may include documented instructions to sabotage cargo or a pattern of reckless handling.

Loss of market is a type of consequential loss that occurs when the damaged or delayed goods cannot be sold at the intended market price, often because the market moves unfavorably during the delay. For example, a cargo of seasonal fruit arriving late may miss the peak selling window, resulting in a loss of market value. Some insurance policies cover loss of market as an additional peril, while others limit coverage to the actual physical loss.

Consequential loss encompasses indirect damages arising from the primary loss, such as loss of profit, loss of use, or additional costs incurred to mitigate the damage. Many cargo policies limit or exclude consequential loss, focusing solely on the physical damage to the goods. However, specialized policies—sometimes called “business interruption” or “extra expense” coverage—can be added to protect against these broader economic impacts.

Average clause is a provision that allows the insurer to proportionally share the loss among all insured parties when the total loss exceeds the insured sum. This clause is commonly found in policies with a “policy of average” condition, where the insured has not declared the full value of the cargo. The clause encourages

accurate valuation and prevents under-insurance.

Proof of ownership is essential in a cargo claim, as the insurer must verify that the claimant has a legitimate interest in the goods. Ownership can be demonstrated through commercial invoices, contracts of sale, warehouse receipts, or other documentation that links the claimant to the cargo. In complex supply chains involving multiple intermediaries, establishing the chain of ownership may be challenging, requiring careful record-keeping.

Claims adjuster is the professional appointed by the insurer to evaluate the validity and extent of a claim. The adjuster reviews the proof of loss, may conduct site visits, and negotiates settlement amounts with the claimant. An experienced adjuster can expedite the process, but the cargo owner should be prepared to provide thorough documentation and, if necessary, enlist legal counsel to protect their interests.

Legal jurisdiction determines which country's laws govern the contract and any ensuing disputes. The choice of jurisdiction is usually stipulated in the charter party or bill of lading. Common jurisdictions include England and Wales, New York, and Singapore. The governing law influences the interpretation of contractual terms, the applicability of international conventions, and the remedies available to the parties.

Arbitration is a dispute-resolution mechanism whereby the parties agree to submit their claim to an independent arbitrator or panel, rather than pursuing litigation in court. Arbitration is favored in the shipping industry for its speed, confidentiality, and enforceability of awards across jurisdictions under the New York Convention. Many charter parties contain an arbitration clause specifying the venue, such as the London Maritime Arbitrators Association (LMAA).

Mediation offers a collaborative alternative to arbitration, where a neutral mediator assists the parties in reaching a mutually acceptable settlement. While mediation does not produce a binding decision unless an agreement is reached, it can preserve business relationships and reduce legal costs. Some insurance policies include a mediation clause as a first-step requirement before formal arbitration.

Syndicated insurance involves multiple insurers sharing the risk of a large cargo loss. When a cargo's value exceeds the capacity of a single insurer, a lead insurer may place portions of the risk with other insurers, forming a syndicate. The syndicate structure spreads exposure and enables the coverage of high-value shipments, such as bulk oil cargoes or large-scale industrial equipment.

Reinsurance is the practice whereby an insurer transfers a portion of its risk to another insurer, known as the reinsurer. Reinsurance provides additional capacity and stability for the primary insurer, allowing it to underwrite larger policies. In cargo insurance, reinsurance may be triggered by a catastrophic event, such as a major hurricane that damages multiple shipments simultaneously.

War risk surcharge is an additional premium applied to a cargo policy to cover the higher probability of loss in war-prone areas. The surcharge is calculated based on the destination, the nature of the cargo, and the prevailing security situation. For instance, shipping to the Red Sea during a period of heightened conflict may attract a war risk surcharge of 2-5 per cent of the insured value.

Political risk insurance protects cargo owners against losses resulting from political events, such as

expropriation, currency inconvertibility, or government-imposed export bans. While not a standard component of marine cargo policies, political risk insurance can be crucial for shipments to unstable regions. It is often provided by specialized insurers or export credit agencies.

Freight forwarder's liability is limited under many jurisdictions, but forwarders may be held liable for losses caused by their negligence in handling, documentation, or routing. The forwarder's standard terms of business often contain limitation clauses, but these may be ineffective if the forwarder's conduct amounts to gross negligence. Cargo owners should assess the forwarder's insurance coverage and consider obtaining direct cargo insurance to mitigate this exposure.

Stevedore is the party responsible for loading and unloading cargo at the port. Stevedores may be employed by the port authority, a private contractor, or the carrier itself. Their actions directly affect the condition of the cargo, and they can be held liable for damage caused by improper handling, insufficient securing, or equipment failure. In many cases, the stevedore's liability is covered by a separate "stevedore's liability" insurance policy, often purchased by the port operator.

Port authority is the governmental or quasi-governmental body that manages a port's operations, including infrastructure, security, and regulation. The port authority may impose fees, enforce safety standards, and oversee the work of stevedores. While the authority itself is not usually a direct party to a cargo claim, its rules and regulations shape the environment in which cargo is handled, and non-compliance can lead to liability.

Customs inspection is a routine or random examination of cargo by the customs authority to verify compliance with import/export regulations. During inspection, goods may be opened, sampled, or subjected to non-destructive testing. If damage occurs as a result of an improper inspection, the cargo owner may claim against the customs authority, though sovereign immunity often limits recovery. Insurance policies may include coverage for loss or damage caused by customs inspections, subject to specific endorsements.

Temperature controlled cargo (also known as "cold chain") refers to goods that require strict temperature management, such as pharmaceuticals, fresh produce, and certain chemicals. Temperature excursions can cause spoilage, leading to total loss. Insurers often require the cargo owner to use certified refrigeration units, temperature loggers, and qualified carriers. Failure to adhere to these requirements may trigger an exclusion for breach of policy conditions.

Reefer container is a refrigerated shipping container used for temperature-sensitive cargo. The container's monitoring system records temperature data throughout the voyage. If a claim arises due to temperature deviation, the carrier's temperature logs become critical evidence. The cargo owner must retain the data log and provide it to the insurer as part of the proof of loss.

Hazardous cargo includes substances that are flammable, explosive, toxic, or otherwise dangerous. Transporting hazardous cargo demands compliance with the International Maritime Dangerous Goods (IMDG) Code, which specifies classification, packaging, labeling, and stowage requirements. Non-compliance can result in denial of a claim, as the insurer may deem the loss to be caused by an

excluded peril—namely, the improper handling of hazardous material.

IMDG Code is a set of regulations issued by the International Maritime Organization that governs the safe transport of dangerous goods by sea. The code classifies hazardous substances into nine classes, defines packing groups, and sets out labeling and documentation standards. Carriers, shippers, and freight forwarders must ensure that the cargo is correctly declared, packaged, and marked according to the IMDG Code. Failure to do so can lead to the carrier's exemption from liability and the insurer's refusal to pay.

Stowage plan is a diagram that shows the arrangement of cargo within a vessel's holds, detailing the location, order, and securing method for each container or bulk cargo. An accurate stowage plan is essential for maintaining vessel stability and preventing cargo damage. If a cargo claim stems from improper stowage—such as overweight containers placed on top of lighter ones—the carrier's negligence may be established, and the claim may be payable.

Trim and stability refer to the vessel's longitudinal balance (trim) and its resistance to capsizing (stability). Incorrect trim or insufficient stability can cause cargo to shift, leading to damage. Marine surveyors assess the vessel's stability calculations during loading, and carriers must adhere to the ship's stability booklet. A claim arising from a stability failure may implicate the carrier, the ship's master, or the loading master, depending on the circumstances.

Load line (or Plimsoll line) indicates the maximum permissible draught of a vessel, ensuring that the ship is not overloaded. Overloading can compromise the vessel's structural integrity and increase the risk of cargo damage. If a cargo loss is traced to an overloaded vessel, the carrier may be held liable, and the insurer may invoke an exclusion for breach of the load-line regulation.

Freight forwarder's certificate of insurance is a document that proves the forwarder holds appropriate liability and cargo insurance. Cargo owners often request this certificate before entrusting the forwarder with valuable shipments. The certificate specifies the policy limits, coverage type, and the insurer's name. While the certificate does not guarantee coverage for every eventuality, it provides a baseline assurance that the forwarder has some financial protection.

Warehouse receipt endorsement is an add-on to a cargo insurance policy that extends coverage to goods while they are stored in a warehouse. The endorsement outlines the specific risks covered during storage, such as fire, theft, and accidental damage. It may also include provisions for "in-transit" periods when goods are moved between warehouses. Adding this endorsement ensures continuous protection from the moment the cargo leaves the point of origin until final delivery.

Transit time is the period between the loading of cargo onto the vessel and its arrival at the destination port. Transit time is a critical factor for perishable goods, as extended voyages increase the likelihood of spoilage. Insurance policies may offer "time-in-transit" clauses that provide additional coverage if the cargo exceeds a predetermined transit duration, thereby mitigating the risk of loss due to delayed arrival.

Time-in-transit clause is an optional provision that activates additional coverage when the cargo remains in transit beyond a specified number of days. For example, a policy may state that if the voyage exceeds 30 days, the insurer will cover any loss resulting from prolonged exposure. The clause is particularly useful for

shipments that traverse multiple legs or encounter unexpected delays.

Freight forwarder's bill of lading is a document issued by the forwarder that serves as a receipt for the cargo it has received for onward shipment. This bill may be used in place of the master bill of lading for certain inland transports. The forwarder's bill of lading can become a piece of evidence in a claim if damage occurs while the cargo is under the forwarder's custody.

Port state control refers to the inspection authority of a port that checks foreign vessels for compliance with international conventions, such as SOLAS (Safety of Life at Sea) and MARPOL (Marine Pollution). While port state control primarily addresses safety and environmental concerns, its findings can influence cargo claims. For instance, if a vessel is detained for non-compliance and cargo is delayed, the cargo owner may claim for loss of market due to the detention.

Port congestion occurs when a port experiences high traffic, leading to delays in berthing, loading, and unloading. Congestion can cause vessels to remain at anchor for extended periods, increasing fuel costs and potentially leading to cargo damage, especially for temperature-sensitive goods. Some insurance policies include "delay in port" coverage, compensating the cargo owner for losses directly attributable to congestion.

Demurrage claim is a request by the shipowner for payment of demurrage charges incurred due to the charterer's failure to load or discharge cargo within the agreed lay-time. While demurrage is primarily a financial dispute between shipowner and charterer, it can intersect with cargo claims when the delay causes cargo to deteriorate or become unusable. In such cases, the cargo owner may seek compensation from the charterer, and the charterer may pass the claim onto the shipowner's P&I insurer.

Freight claim differs from a cargo claim in that it seeks compensation for unpaid freight charges. However, a cargo claim may incorporate a freight component if the loss of cargo also results in unpaid freight. For example, if a shipment of machinery is damaged and the buyer refuses to pay freight, the seller may file a freight claim against the buyer's insurer, provided the contract includes a freight-payment clause.

Negotiable instrument is a document that guarantees the payment of a specific amount of money, such as a bill of exchange. In maritime trade, a negotiable bill of exchange can be used to finance cargo and may be transferred to the insurer as part of the claim settlement. Understanding the role of negotiable instruments helps cargo owners navigate the financial aspects of a claim.

Contract of affreightment is an agreement whereby a shipowner undertakes to transport cargo for a charterer on a regular basis, often for a specified period. The contract sets out the rates, routes, and performance standards. In the event of cargo loss, the contract of affreightment may contain specific clauses governing liability, notice requirements, and the applicable law, all of which shape the claim process.

Freight forwarder's liability limitation is often expressed as a monetary cap per kilogram of cargo or per package. For example, a forwarder may limit its liability to \$0.5 Per kilogram, meaning that for a 10-ton shipment, the maximum exposure is \$5,000. Cargo owners should evaluate whether this limitation is sufficient relative to the value of the goods and consider purchasing additional insurance to bridge any gap.

Marine cargo insurance certificate is a formal document that evidences the existence of an insurance policy covering the cargo.