


## Types of Insurance

LOGISTICS

### Types of Insurance

- ✦ cargo insurance
- ✦ contingency insurance
- ✦ legal liability error and omissions
- ✦ charter's liability
- ✦ political risk
- ✦ limitation of risk clauses  
*"FPA", "with average", "all risk"*



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Shipping

There are five basic types of insurance that may be involved in an export shipment, depending on the risks to be insured against:

1. cargo insurance
2. contingency insurance
3. legal liability error and omissions (LL, EE and O)
4. charter's liability
5. political risk insurance

### Limitation of Risk Clauses

Three Institute of Marine Cargo clauses are used to specify the degree of risk within a particular type of coverage:

1. **Free of Particular Average (FPA).** This is the most restrictive form of cargo insurance. An FPA policy covers goods only against total loss.
2. **With Average:** This type of policy offers slightly broader coverage than FPA and covers partial loss.
3. **All Risk:** This policy offers even broader coverage. As the name suggests, it covers all transportation risks. The loss must be physical and not consequential in nature, and it must have resulted from a fortuity or accident in transit. An all-risks policy will not cover loss