

Transportation insurance

Cargo insurance is more important in international transportation than in domestic transportation. International carriers assume only limited liability for goods when shipping by air or sea. Terms of sale often make the seller responsible for the goods up to the point of delivery to the foreign buyer. For this reason, you absolutely must have transportation insurance.

Marine transportation insurance protects both ocean- and air-bound cargo. It also covers connecting land transportation. There are three main types:

- **Free of Particular Average (FPA)** is the narrowest type of coverage. Total losses are covered, as well as partial losses at sea if the vessel sinks, burns or is stranded.
- **With Average (WA)** offers greater protection from partial losses at sea.
- **All Risk** is the most comprehensive, protecting against all physical loss or damage from external causes. In international transportation, it is important to remember that once the documents transferring title are delivered to the foreign buyer, you are no longer liable for the goods.

The *Safe Stowage* guide, mentioned in the “Packing your goods” section above, has a full chapter on ocean cargo insurance.

Export documentation

Export documentation identifies the goods and the terms of sale, provides title to the goods and evidence of insurance coverage, and certifies that the goods are of a certain quality or standard. Several documents are required for overseas shipping and fall into two categories.

1. Shipping documents

Shipping documents are prepared by you or your freight forwarder. They allow the shipment to pass through customs, to be loaded onto a carrier, and be transported to the destination. Key shipping documents include:

- a commercial invoice;
- a special packing or marking list;
- a certificate of origin;
- a certificate of insurance; and
- a bill of lading

An ocean *bill of lading* is a negotiable instrument and as such can actually be bought and sold among parties. Who ever possesses the ocean bill of lading owns the goods. The other bills of lading, including the airway bill, are not negotiable. They are contracts of carriage whereby the carrier identifies terms, conditions and responsibilities to deliver the goods to the consignee without implications for ownership of the shipment.

Your shipment also needs an insurance document. Goods shipped by sea are typically insured for 110% of their value, to compensate for the extra costs involved in replacing lost goods.