

CARGO INSURANCE POLICY CERTIFICATE

A policy certificate is a form provided by insurance companies to a company that has acquired an open policy type of insurance coverage for a shipment of goods overseas.

The form bears the number of the open insurance policy and contains spaces in which to describe the goods, insert the value of the goods, indicate the name of the carrier, write in the amount of insurance, the type of policy and any additional coverage required. The form is in triplicate and is generally used by companies to request insurance coverage in addition to that provided by the open policy. It is one of the required export documents on sales the exporter has agreed to insure. This certificate should be signed by an authorized company official and submitted to the insurance company prior to shipping the goods.

The benefits of using the certificate rather than applying for a separate policy for each additional shipment are that:

- a required export document is instantly prepared;
- no time is lost nor is the shipment delayed by the process of waiting for a separate policy to be sent by the insurance company;
- in most transactions involving bank credit, a certificate of insurance is a prerequisite; and
- the certificate provides the means of transferring the insurance protection to other interested parties such as the buyer, importer or consignee.

MODE-SPECIFIC INSURANCE

Each mode of transportation has its particular practices concerning insurance. For example, while most policies issued include "aircraft" as an extension of "vessel" in ocean voyage clauses, there are specific clauses designed for air cargo. Because the expensive nature of air shipments restricts its use to finished goods rather than bulk product, air cargo shipments are written on an "all-risk" basis.

Inland transit movements (road or rail) are covered as an extension of the ocean voyage or air shipment on "all-risk" insurance policies and are subject to terms of purchase and sale.

Pure land shipments that are an extension of overseas shipments require separate insurance coverage, having the same terms and conditions as the "all-risk" air or ocean movement, eliminating only the coverage that is not applicable.