Licensed Companies: include those which are incorporated in Canada either federally or provincially and foreign companies which conduct marine business through branch offices in Canada. Both operate under the auspices of provincial insurance authorities.

Unlicensed Companies: are generally foreign-owned and apparently do not maintain underwriting facilities in Canada, since all Canadian business is placed with them through insurance brokers. Lloyd's of London is an example of such an unlicensed company.

3. Types of Policies

According to the Canadian *Marine Insurance Act of 1906,* a marine insurance policy cannot cover the assured against all loss or damage that may overtake his or her property. The cause of the loss or damage must be fortuitous, that is, beyond the control of the assured. Marine underwriters are, therefore, exempt from liability for losses which are inevitable because of packaging or nature of the goods (shipper's negligence or inherent vice of the goods).

Two main types of policies are available:

- individual policies covering one specific risk, and
- open cover policies.

The format of both policies is similar, the main difference being that the individual policy specifies the goods and shipping details, while the open cover policy specifies the type of goods and voyages covered.

i. Individual Policy. While it is possible for an exporter to arrange insurance on each individual shipment, this can be cumbersome and expensive. A shipment may be overlooked and thus be uninsured. Insurance rates can fluctuate and, unless long-term coverage is arranged, the premium on each shipment could vary according to the claims experience of previous shipments.

ii. Open Cover Policy. If exporters have regular overseas business, it will be advantageous to arrange a long-term contract with an insurance company. Most of these contracts are simply designed as "open cover," some as "continuous cover always open," some as "floaters."

These arrangements can be for a stated period of time, or may be continuous, subject to cancellation upon notice by either party.

With these types of contracts, the assured is given definite provisions as to conditions and rates applicable under normal circumstances. While awaiting shipment or after discharge, there is generally a monetary limit per location and vessel. Details and values are generally sent to the insurer at regular intervals.

The open cover policy cannot be sent overseas. When a policy of insurance is demanded by the buyer, a certificate of insurance (Figure 11) is issued which outlines the coverage terms of the open policy and has spaces for the exporter to fill in details of the particular shipment involved.

4. Types of Coverage

Three main types of coverage are available:

i. Free of Particular Average (FPA). This is the narrowest form of coverage. In addition to total losses, partial losses resulting from perils of the sea are recoverable, but only if the vessel has been stranded, sunk, burnt, or in a collision.

ii. With Average (WA). This coverage offers more inclusive protection for partial damage by sea perils, if such damage amounts to 3 per cent or other specified percentage of the value of the shipment. If the vessel has been stranded, sunk, burned or has collided with another vessel, losses are recoverable in full.

iii. All Risk. This is the most comprehensive coverage. The all risk policy protects against physical loss or damage from external causes. It does not include war, strikes, riots, seizure or detention, unless endorsed by a special clause or separate policy.

5. Insurance Rates

Marine insurance rates are not controlled by statute. The rate quoted by the underwriter is based on knowledge of the risk, experience, competition and intuition. Rates in North America are generally quoted in "cents per $100 " of insured value.