

## Insurance News

Institute Cargo Clauses 1/1/2009.

June 2009

### Introduction

The Joint Cargo Committee in London, with referral across all world markets has recently completed an update of the highly successful 1982 version of the Institute Cargo Clauses.

The new (2009) clauses have started to enter regular use in some International markets and we expect most Australian underwriters will soon follow the trend. Local policies with automatic upgrade clauses will already have introduced coverage based on the 2009 versions.

With many international trade contracts specifying the use of Institute Clauses and with the improvements in this updated version, acceptance of the new form is expected to be widespread.

### Disclaimer

**This newsletter is for information purposes only and is not legal advice.**

Trade conditions are constantly changing – e.g. new exposure profiles caused by modern logistics and technology, the threat of terrorism, and maritime fraud. As the impact of these flow through to international trade, it became increasingly apparent that the Institute Cargo Clauses (1982) needed a review and update.

The 2009 modifications to the clauses are advantageous to the Insured and/or clarify market terms and practice. Some of the major changes include:

#### Duration Clause

The point of **Attachment** has been extended to *"the time the subject matter is first moved in the warehouse"* rather than *"time the goods leave the warehouse"*.

**Termination** has also been altered to read *"on completion of unloading"* rather than *"on delivery"*.

The necessity for a Loading and Unloading extension has been dispensed with.

Exclusion 4.3 – **Insufficiency of Packing** has been clarified - if a container is stowed by an independent contractor prior to attachment of cover, the exclusion does not apply.

Exclusion 4.5 - the word "proximately" is deleted as delay cannot be a proximate cause of loss.

Exclusion 4.6 has been replaced by the **Insolvency Exclusion** from the Commodity Trades Clauses thereby covering a *"purchase in good faith under a binding contract"*.

This clause is considered more favourable to the Insured. (Also see February 2009 Newsletter)

**"Terrorism"** is defined (exclusion 7.3 and 7.4) - *"caused by any person acting from a political, ideological, or religious motive"*.

**Termination of the Contract of Carriage** has been clarified to allow for continuation of cover upon request if the transit ceases before unloading.

Several modifications are made to standardise the wording - *"underwriters"* replaced by *"insurers"*. *"Employees"* in place of *"Servants"*.

Vero products (accompanied by an explanatory paper) will introduce the 1.1.09 version of the clauses in the second half of 2009.

Please contact us if you would like additional information.

**The Team at Vero Marine and Aviation**