

Cargo Plus®/Cold Cargo® Product briefing



Transporting goods - a risky business

Getting stock to the right place, at the right time and in good condition, is a key driver to your clients' profitability. But whether by road, rail, air or sea, transporting goods around the world is a risky business.

- Ships sink, planes crash, trains de-rail, trucks roll over.
- Cargo is damaged, lost, stolen, hi-jacked, ransomed, over-shot or delayed in transit.
- Containers are accidentally taken 'off-power' and refrigerated or frozen cargo thaws.
- Carriers go insolvent, contract responsibilities are broken and insurance protection issued overseas can prove inadequate.
- Market values fluctuate during transit, sales are lost through delay or damage and profits evaporate.

Getting goods from one market to another involves a combination of both physical and financial risks. Until QBE's introduction of Cargo Plus® and Cold Cargo®, New Zealand importers, exporters and distributors lacked an 'all risks' insurance designed to cover both.

Automatic Loss of Profits

Cargo Plus® and Cold Cargo® are simply written annual wordings that contain a unique and important feature - automatic inclusion of Loss of Profits. So, if your client loses a sale due to goods being lost, damaged or delayed, QBE can reimburse the shortfall on their expected profit.

Reviewed by industry experts

At launch Cargo Plus® and Cold Cargo® were reviewed very positively by internationally recognised UK cargo adjusters, Charles Taylor Consulting, who anticipated that they would:

"... provide the market with a policy that has an unusual width of coverage and clarity. It is quite reasonable to conclude that where QBE state their Events Insured as 'all risks' they actually mean it"

We are confident that, even on the global stage, Cargo Plus® and Cold Cargo® remain absolutely leading edge.

Who needs it?

Any clients who:

- import, export or distribute either raw materials or finished goods;
- import, export or distribute frozen or refrigerated goods;
- act as distributors or wholesalers, delivering to customers domestically or overseas;
- have a business reliant on being able to supply 'on time' goods in good condition;
- recognise their profits are dependent on a safe and efficient transportation network to deliver goods to market.

Automatic extensions

Policy benefits	Simply explained
Accumulation (up to NZD 5,000,000)	Should multiple shipments accumulate in one location they remain protected up to NZD 5,000,000 in total value for Cargo Plus® and NZD 2,000,000 for Cold Cargo®.
Acquired Companies	Cover automatically extends to new companies bought by the client during the coverage period.
Buyers Interest	The policies step in to pick up losses that were supposed to be insured by a supplier but which were left either uninsured or vulnerably exposed.
Claim Preparation Cost	External costs incurred engaging experts or labour in providing assistance in the preparation of a claim are included as standard.



Policy benefits	Simply explained
Clean Up Cost (up to NZD 50,000)	Up to NZD 50,000 towards cleaning up any mess on your client's own property, caused by damaged goods insured under the policy.
Concealed Damage	After arrival, clients have 90 days (30 days for Cold Cargo®) in which to open packaging and discover cargo has been lost or damaged in transit.
Container Liability (up to NZD 50,000)	Covers legal liability for damaged shipping containers carrying insured goods, up to NZD 25,000 for Cargo Plus® and NZD 50,000 for Cold Cargo®.
Debris Removal (up to NZD 50,000)	Up to NZD 50,000 towards cleaning up any mess on other people's property, caused by damaged goods insured under the policy.
Delay	Cover is extended to include the diminished value, or loss, of cargo delayed in transit due to an insured event.
Deterioration	Frozen or refrigerated goods are covered for deterioration during transit as a result of delay, breakdown of refrigerated machinery, or 'inherent vice'.
Difference in Conditions	With Cargo Plus® or Cold Cargo®, clients always have the full benefit of wide cover even if another party has placed weaker protection elsewhere.
Exhibitions / Display (up to NZD 50,000)	Cargo Plus® offers worldwide cover, for 14 days at a time, for any goods being displayed or exhibited by clients, off their own premises, up to NZD 50,000.
Expediting Expenses (up to NZD 50,000)	Up to NZD 50,000 to get urgent replacements or repairs for lost or damaged goods.
Freight Forwarders Premises	Goods are covered whilst being held at freight forwarders' premises, either awaiting transport connections or being consolidated with other cargo.
Inherent Vice	Cold Cargo® automatically provides cover for deterioration of frozen or refrigerated goods due to the inherent nature of the goods.
Insolvency of Carrier	Keeps clients' goods moving should their carrier get into financial difficulties.
Loading and Unloading Cover	Cover is from the time the goods first start to move in transit until the time transit is actually completed. This includes whilst being initially loaded, unloaded and stored.
Machinery Breakdown	Cold Cargo® provides cover for deterioration of frozen or refrigerated goods arising from the failure of machinery without any time excess on the breakdown applying.
Malicious Damage	As long as your client didn't do it, cover is included for deliberate damage to insured goods.
Missed Shipping Connections	Continuous cover for goods that are interrupted in transit due to missed transport connections.
'Over carried' or 'shut out' Cargo	Cover continues even if insured cargo misses transport connections or is carried beyond its intended destination.
Returned Goods	QBE even continuously covers goods, returned by either your client or their customer, not specifically part of a sale.
Retail and Sales Packaging	Protection for any special retail or sales packaging that may be damaged.
Sellers Interest	If a buyer refuses to pay for goods that arrived damaged, your client can lodge a damage claim despite technically having passed on their insurable interest.
Stock Transfers	Provides protection for goods being moved within your client's own branch or distribution network.

Policy benefits	Simply explained
Transport Interruption/Strikes Diversion	Keeps clients' goods moving if they become 'stuck' in transit.
Travellers Samples (up to NZD 25,000)	Cargo Plus® includes cover for sample goods up to NZD 25,000 whilst in your clients' care.

Note: The key policy benefits above have been summarised for your convenience. However, please remember that they always remain subject to full policy terms and conditions.

A unique and important feature of both Cargo Plus® and Cold Cargo® is the inclusion of Loss of Profits.

This means that if your client loses a sale due to goods being lost, damaged or delayed, they can be reimbursed the shortfall on the expected profit. (For example, if an importer was unable to move a shipment of summer clothes because they hadn't arrived until autumn.) Loss of Profits can also cover the value of the goods themselves if they are non-returnable or cannot be resold.

Loss of Profits benefits	Simply explained
Loss of Profits - delay	Reimburses lost profit when a sale is cancelled due to delays caused by: <ul style="list-style-type: none"> • an accident to the conveyance in transit; or • piracy.
Loss of Profit - loss and damage	Reimburses the profit margin when a sale is lost due to goods being either lost or damaged.
Increased Value	Covers additional value that goods may acquire as a result of price movements in the market value during the transit, over and above the original purchase price.

For full details of cover, including any exclusions and limitations that may apply, please refer to the policy wordings.

How is it underwritten?

Quote 'n' Bind via QBE's Broker Xchange

Cargo Plus® and Cold Cargo® can now be quoted and bound using QBE's online broker portal, Broker Xchange:

<https://brokers.qbe.co.nz>

If you are not yet registered to use Broker Xchange, please ask your QBE underwriter for a registration form.

Broker Xchange is ideal for placing standard cargo risks and enables all policy documentation to be produced online:

- pre-populated proposal (no signature required);
- quote;
- policy wording;
- policy schedule.

Please approach your normal QBE underwriter if you are looking to place a non-standard risk.

Key underwriting factors

In assessing risks, we look at the following underwriting factors:

- type and value of cargo;
- how it is packed;
- the route and distance travelled;
- conveyances used (and the number of changes of conveyance);
- 'bottom limit' (being the maximum sum insured any one conveyance or location)
- loss history
- the typical gross margin of goods imported and resold.

What isn't covered?

Cargo Plus®

Cargo Plus® is designed for general cargo and excludes some products that require a more tailored solution and are better suited to Cold Cargo® or QBE's standard Marine Cargo Policy. For example:

- temperature-sensitive cargos;
- livestock;
- artwork and antiques;
- household goods;
- bulk liquids;
- project cargo;
- bulk dry goods;
- single transit risks.

Although Cargo Plus® is unable to stretch into full trade credit protection it has been designed to dovetail into QBE's specialist Trade Credit products which can cover wider financial and political risks.

Cold Cargo®

Cold Cargo® is designed for all frozen, chilled and refrigerated goods, other than:

- fresh horticultural produce (fruit and vegetables);
- bulk goods;
- live or fresh shellfish and seafood;
- bulk liquids;
- goods otherwise best insured under Cargo Plus®;
- single transit risks.

Claims scenarios

Refrigerated container - delay and deterioration

An importer/distributor of chilled fancy meats received a reefer container which had been left 'off power' for three (3) days at the transshipment port. Although the meat still met food safety standards, the consignee claimed that the meat had deteriorated by not having been kept at optimum temperature for the duration of the transit and claimed for loss of shelf life and consequent reduced value.

Under the QBE's Cold Cargo® Policy the Insured was recompensed for the difference between the retail price and the reduced value the meat was sold for.

Late diaries refused

An importer was planning to fill an order for five (5) container loads of calendars and diaries which were due to arrive in New Zealand from China well in time for their October delivery date. The calendars and diaries had been pre-sold to a retailer in New Zealand. The ship carrying the goods struck trouble when it was attacked by pirates and the crew and cargo were held for ransom. It took eight (8) weeks of negotiations before the pirates would release the ship, which eventually arrived in New Zealand on the first week of December, missing the October delivery deadline.

The retailer no longer wanted the stock as the delivery deadline had been missed. As the importer had insured the goods with QBE's Cargo Plus®, which automatically included Loss of Profits, he was able to claim for both the reduced value of the diaries and the profit margin anticipated from the sale.

Spoilt coffee beans

A New Zealand importer of coffee beans found that she had timed her purchase just right when coffee prices rose significantly due to unrest in a number of the large coffee growing regions. The unrest meant that only limited exports of coffee would come from these regions for some time and, on reaching its final destination, the current batch could be sold for much more than its original purchase price.

Unfortunately the container the coffee was being shipped in was damaged during transit and the coffee beans were ruined when salt water entered the container. The importer had to buy replacement beans at a much higher price but was able to claim for the difference in value over and above the original purchase price under the Loss of Profits section of QBE's Cargo Plus® Policy.

[For more information contact your QBE underwriter.](#)

The objective of this Product Briefing is to summarise the purpose of the product, the main market for which the product has been designed and key aspects of cover. For full details of cover, please refer to a copy of the policy wording.