

Cargo Claim Examples—Legal Liability (Declared Value) vs. All-Risk Insurance

OCCURRENCE	LEGAL LIABILITY RELEASED OR FULL VALUE DECLARED	ALL-RISK, DIRECT DAMAGE, SHIPPER'S INTEREST INSURANCE
A trucker has picked up your freight for delivery to an air carrier. In route to the airport, the truck has a collision caused by another vehicle which causes damage to your freight.	You would have no automatic right of recovery against the carrier in this case due to the lack of contributory negligence on the part of your carrier. Your only recourse would lie against the vehicle causing the accident.	This claim would be paid under All-Risk Insurance coverage.
Goods have been delivered to the air carrier for transport. A storm comes through and lightning strikes the air carrier's warehouse causing a fire. As a result of this fire, your goods are severely damaged.	The cause of the loss is lightning which is considered an Act of God. The carrier has no control over this situation, therefore, no contributory negligence and no claim payment.	This claim would be paid under All-Risk Insurance coverage.
In route to the airport, the trucker is held up at gunpoint and your cargo is stolen. The driver was following the regular route taking no additional risks or alterations.	You would have no automatic right of recovery against the carrier in this case due to the lack of contributory negligence on the part of your carrier. Your only hope would be for the recovery of the stolen merchandise.	This claim would be paid under All-Risk Insurance coverage.
The scheduled flight does not leave until the next date early a.m. However, to ensure the goods make the flight, the goods are delivered to the air carrier the night before. During the night, there is a break in at the warehouse and your goods are stolen.	As long as the carrier had taken the necessary precautions (i.e. locking doors, setting alarms, etc.) there would not be an automatic right of recovery on a declared value shipment.	No matter what the carrier did or did not do, you would be reimbursed for this loss under All-Risk Insurance coverage.
The aircraft carrying your goods has arrived in Miami. The weather service has warned of an approaching hurricane. In an effort to ensure the safety of your goods, the airline unloads the cargo into their warehouse until the storm blows over. Extremely strong winds cause damage to the warehouse where the goods are stored resulting in water damage due to the driving rain.	The hurricane was an Act of God and, therefore, not controlled by the carrier. No claim payment would be forthcoming.	This loss would be covered under All-Risk Insurance coverage.
An overseas shipment arrives in Europe intact. While waiting unloading of the plane, a terrorist group bombs the aircraft causing damage to most of the cargo.	In most cases, this would not be covered under declared value shipment as this action was beyond the control of the carrier.	Submit the substantiating documents and the insurance company would make settlement.
An ocean vessel encountered severely heavy weather in route to its overseas destination. Several containers washed overboard as a consequence. The ship's log evidence pitches and rolls far exceeding the recording devices on board. This deemed to be a loss due to an Act of God.	You generally do not see a declared value on an ocean shipment. However, if that were the case, there would be no recovery from the carrier due to the lack of contributory negligence.	Submit the substantiating documents and settlement would be made.
Released Value – The limit the carrier holds themselves liable for per their tariff. Usually an amount per pound, such as .50 lb. or \$500 per package maximum; otherwise known as no value declared.	Declared Value – A means of increasing the legal liability the carrier provides in their terms of carriage up to the amount specified (declared).	All-Risk, Direct Damage, Shipper's Interest Insurance – A means of protecting yourself from financial loss due to damage caused by an external form or event (Damage caused due to the nature of a product, such as lemons rotting because of their age, would not be considered an external force or event.)