

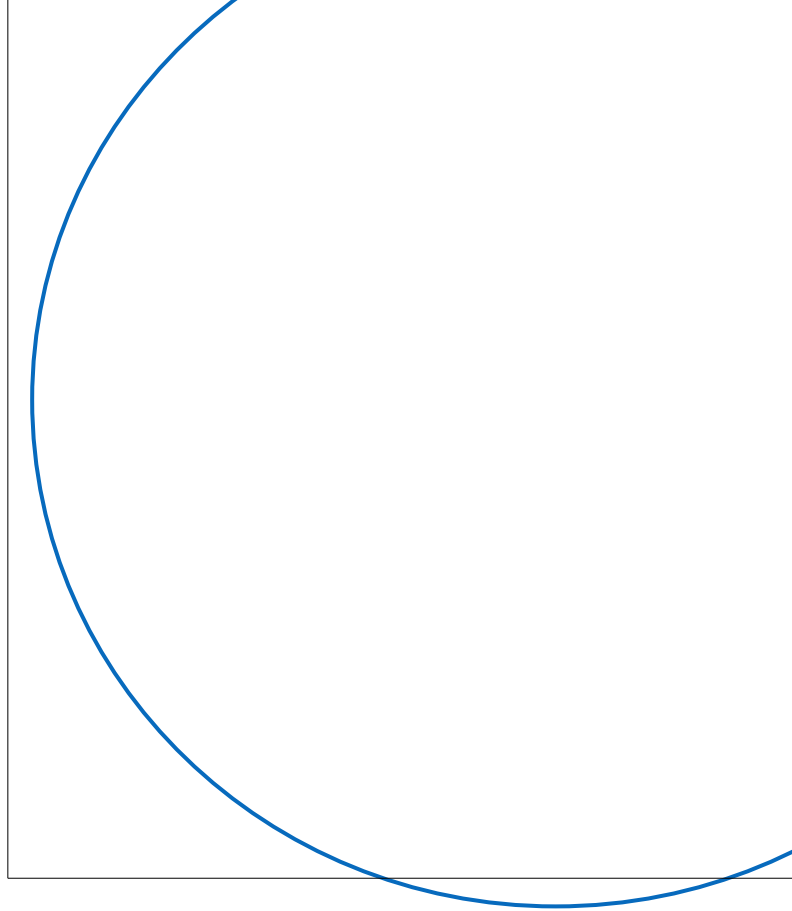
Managing Risks for Logistics Companies

The 5-in-1 Approach



What is Liability Cover?

- Any type of insurance policy that protects an individual or business against losses and claims that they can be held legally liable for.
- Business owners/individuals can be held liable for claims arising from the negligent performance of insured's services or injuries that happens in their place of operations.
- Some examples:
 - Comprehensive General Liability
 - Third Party Liability
 - Product Liability



FORWARDER

AGENTS

AIRLINES

AIR TERMINALS

SEAPORT TERMINALS

SHIPPING LINES

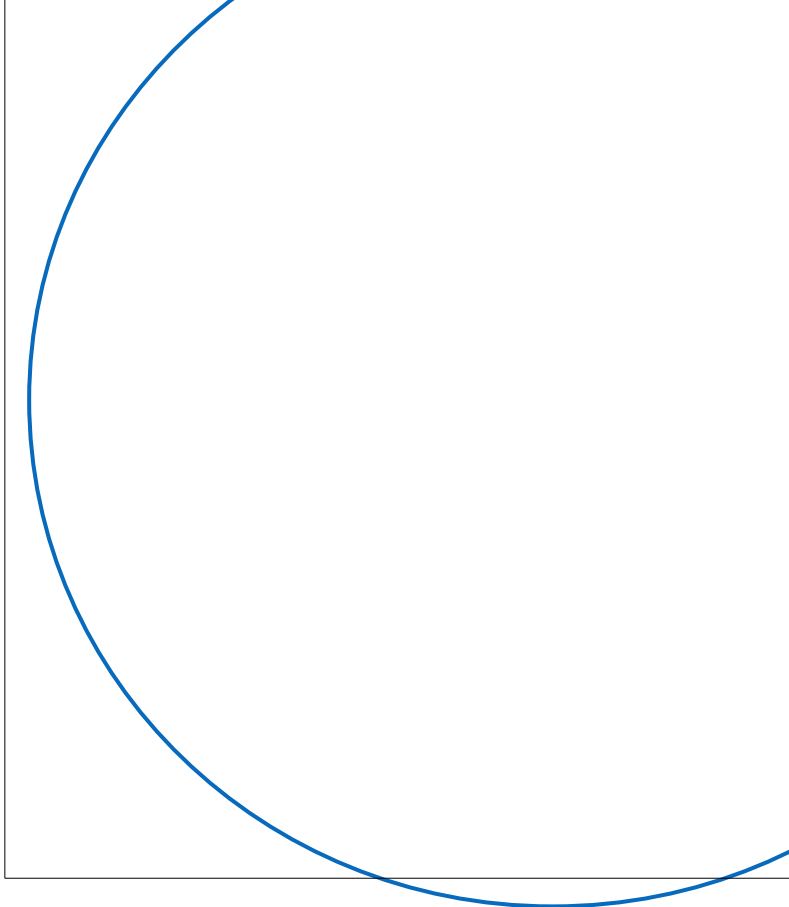
CO-LOADERS

BROKERS

TRUCKERS



Common Risks Encountered

- Cargo Losses and Damages
 - Burglary
 - Misrouting
 - Documentation Errors
 - Hi-jacking
 - Errors in consulting services
- 

Generic Coverage

Below is a breakdown sample of what forwarders typically get for their insurance needs:

Product Line	Average Cost (PHP)
Marine Cargo	50,000 - 100,000
Merchandise Floater (for FTEB)	35,000 - 75,000
Property Insurance	30,000 - 50,000
Comprehensive General Liability	5,000
Total	120,000 - 225,000

The 5-in-1 Solution:

Freight Forwarder's Liability

Scope of cover:

1. Cargo Liability
2. Third Party Liability
3. Errors and Omissions
4. Fines and Duties
5. Costs and Expenses

Available to:

- Principals
- Agents
- Road Transport Operators
- Warehouse Operators
- Custom Clearance Brokers

Coverage 1: Cargo Liability

- Coverage for physical loss or physical damage to Cargo that a forwarder is held liable for
- General average contribution
- Exclusions:
 - Delivery not made within a certain time under a contract of carriage
 - Theft except if there is evidence of forcible entry
 - Forwarding/sub-contracted services in certain countries

Coverage 1: Cargo Liability

- Clear front and back copies of a freight forwarder's HBL and HAWB must be given to the insurer as this is the evidence of a contract of carriage.
- A freight forwarder must have signed agreements with its sub-contractors, and such an agreement must clearly detail the scope of work, liabilities and responsibilities of both parties
- The sub-contractors of a freight forwarder must also maintain their own liability and cargo insurance.
- The freight forwarder should ensure that its sub-contractors are financially sound and can be easily contacted in the event of a claim.

Excluded Cargo

- Bullion
- Precious Stones
- Cash
- Bonds
- Jewelry
- Negotiable financial instruments

Subject to further insurer approval:

- Dangerous goods
- Plate Glass

Subject to an aggregate/per any on accident of USD 100,000:

- Valuable cargo (computers, mobile telephones, audio visual equipment, wines & spirits, antiques, artifacts)

Coverage 2: Third Party Liability

- Non-contractual Legal Liability to a Third Party that the Insured may incur arising from an accident whilst directly performing the Insured Services causing:
 - Third Party Bodily Injury
 - Physical Loss/Damage to Third Party Property
 - Consequential loss suffered by Third Parties

Exclusions:

- carriage of dangerous goods by air as per IATA regulations

Coverage 2: Third Party Liability

- Examples:
 - Third Party Bodily Injury (TPBI)– your truck collides with a person crossing the street. TPBI will cover the medical expenses of that person.
 - Physical Loss/Damage to Third Party Property (TPPD) – your truck collides with another vehicle. TPPD will cover the vehicular repairs of that vehicle.
 - Consequential loss suffered by Third Parties – your truck collides with another vehicle which incidentally was a delivery van. Repairs to the delivery van will take 5 days. During that timeframe, the income that the delivery van was supposed to be earning will be considered as consequential loss.

Coverage 3: Errors and Omissions (Professional Liability Insurance)

- Negligent performance of a professional duty giving rise to a financial loss by the Insured's customer
- Incorrect or wrongful delivery of cargo
- Delay in handling cargo

Exclusions:

- Insolvency
- Deliberate and reckless conduct by insured

Coverage 4: Fines and Duties

- Fines imposed by an Authority arising from an unintentional breach of any law or statutory provision, provided that such breach relates directly to:
 - Import or Export of cargo
 - Carrying Equipment of the Insured's Customers used for carrying or handling the cargo
 - Immigration
 - Safety of working conditions

Coverage 4: Fines and Duties

- Exclusions
 - In respect of a Fine where it has not been duly and properly established
 - Commercial fines or penalties in respect of freight tariffs
 - Breach of any law or regulation with respect to the weight of the cargo or carrying equipment on a public road if such breach has been caused recklessly by the insured

Coverage 5: Cost and Expenses

Covers claims expenses, with prior approval of insurer.

- Mitigation
- Legal Fees
- Investigation and Defense
- Disposal of Cargo Equipment
- Quarantine and Disinfection
- Misdirection
- General Average & Salvage
- Uncollected Cargo
- Completion of Carriage

Exclusions:

- Asbestos, Nuclear Warfare, Cyber-attack, Radiation

Exclusions Applicable to All Sections

- Precious Items
- Animals and Plants
- Time Obligations
- Right to Limit Liability
- Mysterious Disappearance
- Excluded Countries such as Afghanistan, Iran, Iraq, Lebanon, North Korea, Syria, Yemen and Africa (excluding South Africa)

Exclusions Applicable to All Sections

- Customs Duty, Sales and Excise Tax
- Liner Conferences, Freight Tariff
- Vessel, aircraft or equipment owned by Insured
- Land transport owned by Insured
- Defective property
- Discrimination & wrongful termination
- Bodily injury of Insured's employees, agents and sub-contractors

Exclusions Applicable to All Sections

- No fault liability
- Exceeding the safe working loads of equipment
- Fraud & Dishonesty
- Contraband
- Personal and intellectual property rights
- Insolvency
- Contractual Penalty
- Failure to Perform any insured service

Exclusions Applicable to All Sections

- Seepage, Pollution or Contamination unless accidental
- Dredging Operations
- Strikes
- Hazardous substances such as asbestos, tobacco, coal dust, silica, benzene, lead, talc, etc.
- Repetitive motion trauma arising from improper design of goods and improper supervision
- War
- Cyber-Attacks

Sample Breakdown of Coverage

Coverage	Limit of Liability	Deductible
CARGO LIABILITY <i>(anyone accident / occurrence / aggregate)</i>	USD 250,000	USD 2,500
THIRD PARTY LIABILITY <i>(anyone accident / occurrence / aggregate)</i>	USD 250,000	USD 2,500
ERRORS AND OMISSIONS LIABILITY <i>(annual aggregate)</i>	USD 100,000	USD 2,500
FINES AND DUTIES LIABILITY <i>(annual aggregate)</i>	USD 100,000	USD 2,500
COSTS AND EXPENSES LIABILITY <i>(annual aggregate)</i>	USD 100,000	nil

Qualifying a Claim

- Before a shipment can be qualified for a claim against a Freight Forwarder's Liability Insurance (FFLI) coverage, please check the below:
 - Does claimant (shipper for export, consignee for import, either shipper or consignee if domestic) have its own cargo insurance?
 - If yes, no need to claim against your FFLI coverage as claimant's own cargo insurance policy will respond first.
 - If no, please go to [Slide 17](#).
 - Is the cargo value of amount being claimed by client (for both total or partial loss) below USD 2,500.00?
 - If yes, we cannot claim from your FFLI coverage due to our existing insurance policy deductible of USD 2,500.00.
 - If no, client can claim with insured provided insured is liable.
 - If a shipment is tagged as BAD ORDER ON BOARD (BOB), insured is automatically not liable as claim happened while in transit.
 - Is a bailee / sub-contractor directly liable for the claim?
 - If yes, the insured should claim against the bailee / sub-contractor while still claiming against our FFLI. Go to [Slide 20](#) for the template regarding notice of claim to bailee / sub-contractor.
 - If no, please go to [Slide 17](#).

Claims Documents

- Official Notice of Claim Letter to your insurance company with your insurance broker completely describing the incident and claim amount(include timeline as well). Please go to Slide 20 for the template.
- Copy of claimant's claim letter to insured.
- Received claim letter to your bailees
- Bill of Lading/Air Way Bill
- Bad Order Certificate (if any)
- Short Delivery / Short Landed Certificate (if any)
- Commercial Invoice / Packing List
- Pictures of damaged cargo
- Pictures during stuffing or stripping
- Original policy
- Any more documents as requested by the insurance underwriter

What is a Bailee?

- A bailee is an individual / party who temporarily gains possession, but not ownership, of a good or other property.
- Bailees include an insured's sub-contractors such as truckers, vans, shipping lines and aircraft.

Claims Procedures

1. Qualify client's claim first to check if it can be claimed against our FFLI.
2. If yes, email your insurance agent **within 7 days (better if ASAP)** upon being aware of the incident.
3. The email subject should be (for our easier monitoring): [NOTICE OF CLAIM – CLAIMANT NAME – INSURED NAME]
4. The initial email to your insurance broker should contain the complete set of claim documents (as detailed in [Slide 17](#)). If certain documents are not yet available from claimant, please ensure to send to your insurance broker at the soonest.
5. A representative from your insurance broker will now handle the claim and will be the one to coordinate with the insurer and adjuster.
6. Be prepared if your insurance broker should need more documents from your claimant for claim processing.

Notice of Claim Format

[COMPANY LETTERHEAD]

[DATE]

PARAMOUNT LIFE & GENERAL INSURANCE CORPORATION
MR. JOHN CARLO ROLLE, NON-MOTOR CLAIMS OFFICER
15th Floor, Sage House, 110 V.A. Rufino St.
8751 Paseo De Roxas, Makati City, Philippines
THRU FIRST GLOBAL INTEGRATED INSURANCE AGENCY, INC.
MR. ALDRIC BENJAMIN Z. DE LEON, SOLICITING OFFICER
4/F Pac-Atlantic Centre, 2917 Finlandia St.
Barangay San Isidro, Makati City

ATTENTION: MR. JOHN CARLO C. ROLLE

Dear Mr. Rolle:

Good day.

Kindly accept this letter as a formal notice of loss. We are filing a claim in reference of our **Transport Operator's Liability** insurance coverage with Policy No. **[INSERT POLICY NO.] – PLEASE ASK FGIIA FOR THE POLICY NO.**

The details of the incident are as given below:

[DESCRIBE INCIDENT OF THE CLAIM AND AMOUNT BEING CLAIMED]

Please process the findings and I look forward to your reply on this matter.

Yours truly,

[Authorized signature]

[Authorized name]

Advantages

- One Policy, One Insured.
- Affiliate companies under the same functionality can serve as co-insured under one policy.
- Same policy can cover Inland Marine / Merchandise Floater, Marine Cargo Insurance therefore promotes more savings on time and money.
- Amount of coverage can be customized based on your individual set up and magnitude of operation.
- Efficient and reliable insurance facility.
- Branch offices are also included.
- Covers Import, Export, Domestic via Air, Sea and Inland operations.

5-in-1 FAQs

Our company already has existing marine cargo insurance policies! Why would I need to avail of the 5 in 1 product?

- The 5 in 1 product covers all shipments that a forwarder is liable for in every mode of transportation (sea, air and inland) in the enforced period (1 year) in one insurance policy. There is no need to get multiple marine cargo insurance policies, which results into more savings for the forwarder. Please also be informed that cargo liability is only 1 of the 5 coverages featured in the policy.

The Fair Trade Enforcement Bureau (formerly the Philippine Shipper's Bureau) requires forwarders to get their own merchandise floater insurance coverage (or inland marine) for accreditation. Do we still need to get this coverage if we will avail of the 5 in 1 product?

- No, First Global will issue a certificate to forwarders indicating that the inland marine insurance requirement is deemed fulfilled in the 5 in 1 policy. There is no need to get a separate coverage.

5-in-1 FAQs

Some clients require a certificate of insurance from the forwarder indicating that their particular shipment is covered by insurance. Can this be issued as well?

- Yes, First Global will issue a certificate of insurance cover for a particular shipment to the forwarder with all the pertinent details included (coverage, commodity, total value, total weight, total quantity, origin, destination, POL/POD, transport mode, type of transport, ETD/ETA, etc.).

Are sub-contractors covered?

- There is a precedent in the 5 in 1 policy called 'Duties of the Insured'. One of these duties includes a forwarder exercising due diligence in selecting a sub-contractor that is financially stable, operates road-worthy vehicles, and having their own corresponding liability/cargo insurance in terms of claims. Please note that the meaning of sub-contracted pertains to a contractual undertaking between the insured and sub-contractor.

5-in-1 FAQs

Can affiliate/sister companies be co-insureds in a 5 in 1 policy?

- Yes! Both will be named co-insureds in the policy and will only pay a single premium.

What is the role of First Global as the intermediary?

- We will act as your first line of defense. All correspondences (application forms, concerns, claims, etc.) will be coursed through us. In turn, First Global will coordinate with the insurance companies.

Can the coverage for the 5 in 1 product go higher than USD 250,000.00?

- We can adjust the limits of liability in conjunction with the magnitude of operations of the forwarder, up to USD 1,000,000.00. However, the minimum coverage is fixed at USD 100,000.00 and cannot go any lower.

5-in-1 FAQs

Aside from the application form, what other requirements will be needed from the forwarder for quotation?

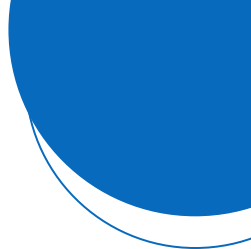
- We would need the applicant's company profile and scanned front and back copies of the bill of lading and air waybill.

Who will be the contact person/s in event of claims?

- You can reach **Aldric Benjamin Z. De Leon** at the below contact details:
 - Office Number – 8843 9433 loc. 343
 - Mobile Number – 09175898928
 - Email Address – aldric.deleon@firstglobal.ph



Optional Coverage

- Property Floater Insurance
 - Marine Open Policy
 - Motor Car Insurance
 - Personal Accident Insurance
 - Travel Insurance
 - Property Insurance
 - Bonds (Surety, Performance, Fidelity, GTSB, etc.)
- 

Property Floater Insurance

- All-Risks insurance coverage against loss or damage for your cargo handling equipment such as cranes and forklifts
- Can also apply to moveable property such as equipment, machines and portable electronic equipment
- Usually insured within a specific warehouse / property / project sites



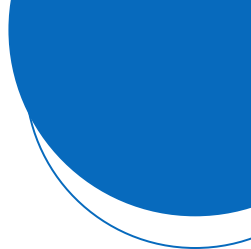
Marine Open Policy



- All-Risks insurance coverage against loss or damage for your cargoes for one year whilst being transported by land, sea and air
- Can either be a per shipment declaration or annual declaration basis
- Highly customizable as coverage and amount to be insured can be set before policy inception



Motor Car Insurance

- Provides comprehensive insurance protection for your trucks, company vehicles and motorcycles
 - Includes own damage, theft, third party liability and acts of nature coverage
 - Can be enrolled in a fleet account to enjoy a competitive premium rate
- 



Personal Accident Insurance



- Provides coverage to unforeseen events such as accidental death & disablement, unprovoked murder or assault to your employees
- Also provides benefits for ambulance cost, burial assistance, hospitalization benefit and medical reimbursement



Travel Insurance



- Provides coverage for emergency medical assistance, emergency travel assistance, travel inconvenience benefits and COVID-19 medical expenses for your employees' trips, whether abroad or domestic



Property Insurance



- Covers perils such as fire, lightning, earthquake, typhoon, bursting of water tanks, robbery and burglary to your warehouses storing your clients' cargoes

Bonds and Suretyship

- General Transportation Surety Bond for PEZA requirements
- Bidder's Bond for project bidding
- Performance Bond



THANK YOU!



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