

## ALTERNATE COVERAGE TYPES TO COMPARE FPA

Following is a comparison of perils and whether they are covered under All-Risk, WA or FPA coverage. Comparisons to the ICC terms provided under London Institute Clauses are also provided.

### SUMMARY OF MARINE CLAUSES ICC (A), (B) AND (C)

#### INSTITUTE CARGO CLAUSES (C)

- Fire & Explosion
- Stranding, grounding, sinking or capsizing of vessel
- Overturning or derailment of land conveyance
- Collision or contact of vessel/conveyance with any external object other than water
- Discharge of cargo at port of distress
- General Average sacrifice
- Jettison

#### INSTITUTE CARGO CLAUSES (B)

Includes Institute Cargo Clauses (C) plus

- Washing overboard
- Earthquake, volcanic eruption or lightning
- Entry of sea, lake or river water into vessel, craft, hold, conveyance, container, liftvan or place of storage
- Total loss of any package lost overboard or dropped whilst loading or unloading vessel or craft

#### INSTITUTE CARGO CLAUSES (A)

Includes Institute Cargo Clauses (B) plus

- Accidental and/or malicious damage

#### EXCLUSIONS

These standard exclusions apply to Institute Cargo Clauses A, B & C

- Willful misconduct of the Assured
- Ordinary leakage or loss in weight or volume
- Wear and tear
- Insufficient or unsuitable packing arrangements
- Inherent vice
- Delay
- Insolvency of ship owners or charterers
- Nuclear or atomic weapons
- Unseaworthiness of vessels or containers
- Malicious damage [(ICC (B) and (C) only)]

#### WAR AND STRIKES RISKS

Cover for War, Strikes and Riots is available and is usually purchased separately and incorporated within the Marine Cargo Policy at the standard market rate.

### ALTERNATE COVERAGE TYPES

#### FPA

Policies also offer the opportunity to insure cargo Free of Particular Average (FPA), which provides less protection than insuring cargo "All-Risk", but it is a good option for certain commodities like used goods, waste materials and scrap metal. FPA provides coverage for partial and total losses from specifically named perils like stranding, sinking, burning or collision of the vessel.

A good way to remember this coverage is "the only covered losses are specifically named." When shippers have a commodity not very susceptible to loss except for catastrophic causes, FPA is a cost-effective insuring option. The shipper will have protection for a catastrophe and for General Average, should either occur.

#### WITH AVERAGE

With Average (WA) coverage basically extends FPA coverage to include protection from damage caused by exceptionally heavy weather. Both FPA and WA are often extended to include theft, pilferage and non-delivery. Contact your local Avalon office for assistance with alternate coverage types.