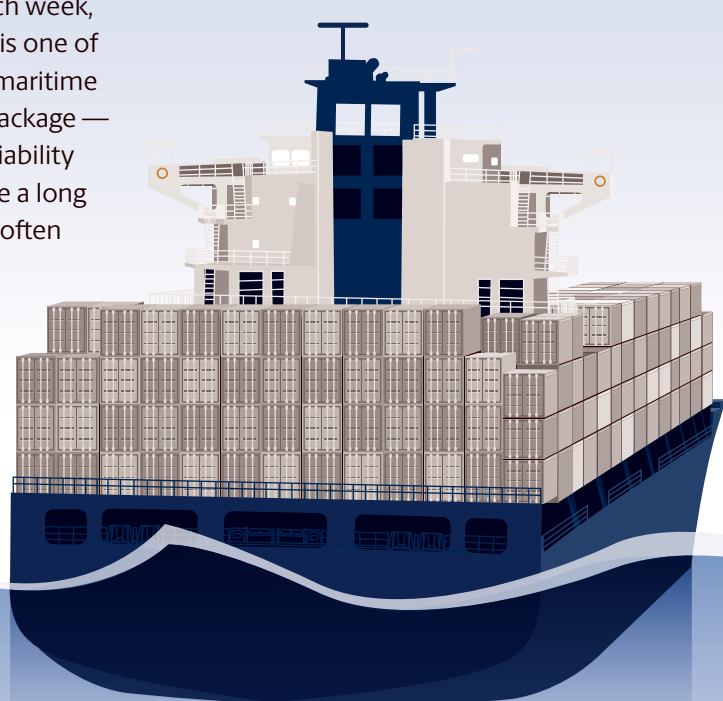


If your container goes overboard, will you be able to keep your business afloat?

Sometimes, bad things happen to good cargo. In fact, each week, nearly 30 containers are lost or damaged at sea.¹ If yours is one of them, do you know if you're fully covered? Relevant U.S. maritime law dates back to 1936 and limits recovery to \$500 per package — assuming the carrier has liability at all. Carriers also have liability immunities. When something goes wrong at sea, it can be a long and expensive battle to win a claim. And winning a claim often results in only a nominal recovery.



The law

Carriage of Goods by Sea Act (COGSA)

1936

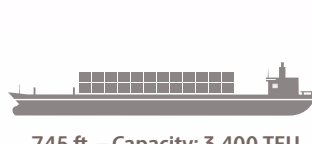
The specific laws that apply to any given incident can vary from country to country, and tariff to tariff. In litigation, interpretation of these laws and tariffs can also vary greatly from court to court. Bottom line: these laws may greatly limit the liability of the carrier, or even make the carrier immune from any liability at all.

The liability limits

Since pallets and containers revolutionized cargo handling in the 1960s, ships have grown progressively larger.



525 ft. – Capacity: 96 TEU²



745 ft. – Capacity: 3,400 TEU



1,300 ft. – Capacity: 18,340 TEU

1948

1982

2013

Under COGSA, if something goes wrong, carriers are expected to pay cargo shippers \$500 U.S. per package, or customary freight unit (CFU). However, the legal interpretation of a "package" or "CFU" is still vague.

In fact, there is no widely accepted definition of a COGSA package or CFU. Carriers may define it in their terms to be a pallet, often effectively making their liability trivial. This is just one of many contentious subjects in maritime cargo litigation.

The exceptions

Further complicating your ability to win compensation for damage or loss is maritime law that allow carriers to deny liability for many reasons.

You have no legal recourse whatsoever against carriers or vessel owners when your goods are lost or damaged for any of these³:

- 1 Act, neglect or default of the carrier in the navigation or in the management of the ship
- 2 Fire (unless by fault of carrier)
- 3 Perils, dangers and accidents of the sea (e.g. storms)
- 4 Act of God
- 5 Act of war
- 6 Act of public enemies
- 7 Arrest, restraint or seizure
- 8 Quarantine restrictions
- 9 Act of omission of the shipper or owner
- 10 Strikes, lockouts or labor stoppage
- 11 Riots and civil commotions
- 12 Inherent defect, quality or vice of the goods
- 13 Insufficiency of packing
- 14 Insufficiency or inadequacy of marks
- 15 Latent defects not discoverable by due diligence
- 16 Saving life or property at sea
- 17 Any other cause arising without the actual fault of the carrier



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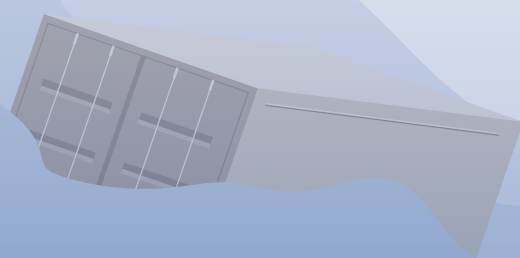
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Real insurance
A policy configured just for your business

Time
90 days to report and file a concealed damage claim⁴

Savings
Likely costs less than excess liability coverage

Fast claims
92% of claims are paid within 5 business days



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¹ World Shipping Council, Containers Lost At Sea, 2017 Update (Avg. for 2014-16)
² A TEU is a 20-foot equivalent unit. One traditional, 40-foot shipping container is two TEUs.
³ http://solarnavigator.net/cargo_insurance_explained.htm
⁴ 90 days provided standard in CargoEdge policies offered through UPS Capital Insurance Agency, Inc.

Insurance coverage is underwritten by an authorized insurance company and issued through insurance producers affiliated with UPS Capital Insurance Agency, Inc. and other affiliated insurance agencies. UPS Capital Insurance Agency, Inc. and its licensed affiliates are wholly owned subsidiaries of UPS Capital Corporation. The insurance company, UPS Capital Insurance Agency, Inc. and its licensed affiliates reserve the right to change or cancel the program at any time. The insurance coverage is governed by the terms, conditions, limitations and exclusions set forth in the applicable insurance policy. Coverage is not available in all jurisdictions.