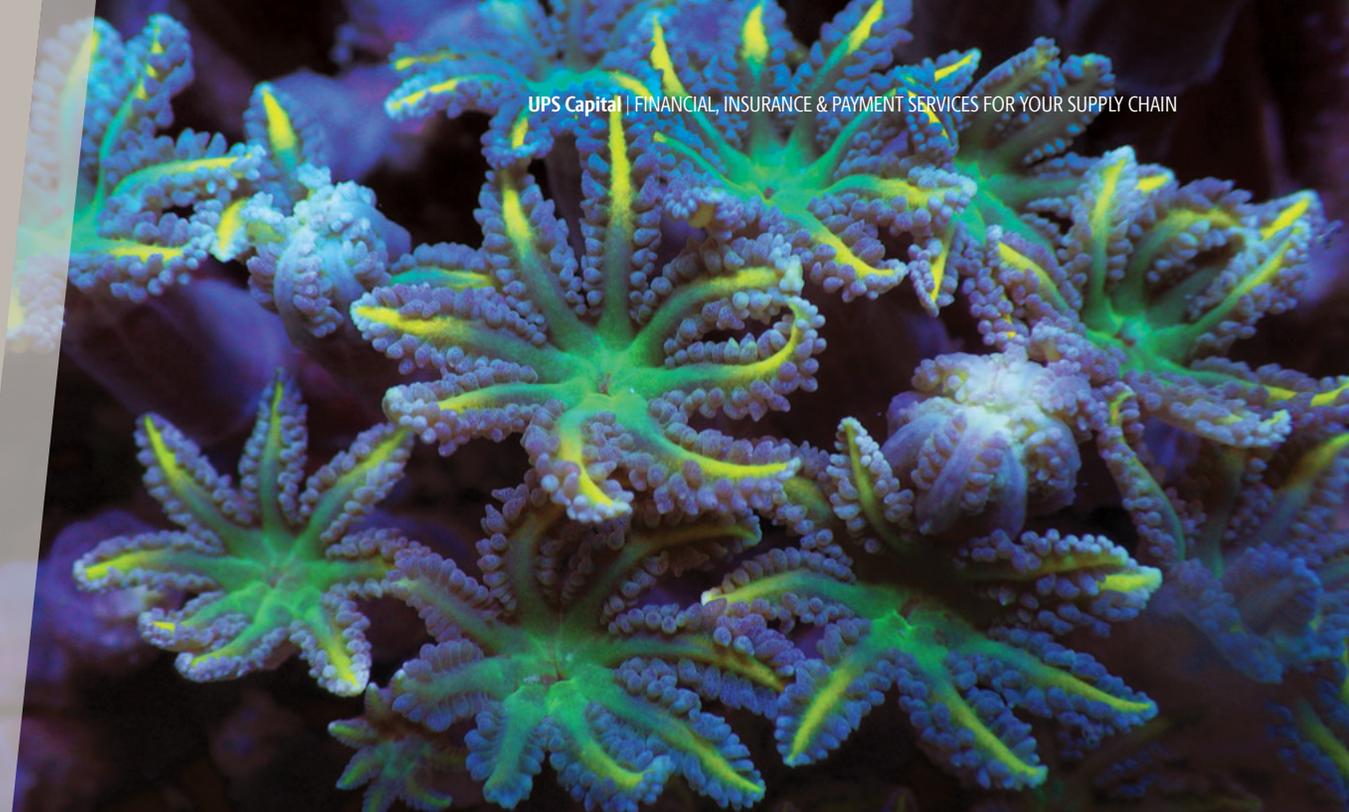




UPS Capital®

Shipping isn't a matter of life or death. Well, sometimes it is.

UPS Capital | FINANCIAL, INSURANCE & PAYMENT SERVICES FOR YOUR SUPPLY CHAIN



Case Study: Pacific East Aquaculture

The largest indoor coral farm and reef livestock retail and wholesale operation in the US, serving hobbyists and reef-keepers nationwide.

Challenge

Time and temperature matter when shipping live coral coast-to-coast. Pacific East was losing product due to mis-sorts that left coral sitting at the carrier's facility. Customers were unhappy, and the carrier didn't offer insurance to cover the loss.

Solution

UPS Next Day Air® shipping, backed by Flexible Parcel Time-in-Transit Insurance from UPS Capital Insurance Agency, Inc.

Results

Significantly reduced shipping and delivery issues, and provided the peace of mind that if something unexpected happens, Pacific East and its customers are covered.

"When you ship live animals across the country, you put a lot of faith in your shipper," relates Dr. Mac Terzich, who, with his wife, Rachel, founded Pacific East Aquaculture in 1999. Located in Mardela Springs, MD, in a remote part of the Delmarva Peninsula, Pacific East is the largest indoor coral farm in the U.S.

Pacific East imports exotic coral — an endangered animal — from Indonesia and the Solomon Islands, then studies, preserves and grows them in a state-of-the-art, temperature-controlled aquaculture community. They sell coral to hobbyists and reef-keepers, who keep elaborate habitats in their homes or businesses. At retail, one coral can cost thousands of dollars.

"Once removed from a natural habitat, coral can live 36-48 hours in ideal conditions," says Dr. Mac, a board-certified veterinary pathologist who left his corporate job to turn his passion into his job. "It's very temperature-sensitive, and requires oxygen."

All of which means shipping is crucial to Pacific East. "We ship a lot of high-value packages overnight," Dr. Mac says. "And as soon as you pack that coral in the box, the clock starts ticking."



Real insurance. For real peace of mind.

Pacific East had been using another shipping company for a long time, but was getting increasingly frustrated. “For some reason, we had a lot of delayed shipments, and our coral would sit at the carrier’s facility for a few days,” Dr. Mac recalls. “It was a fairly regular event, so we had quite a few irate customers.”

To make matters worse, the Terzichs thought their coral — a perishable — was insured through their declared value carrier liability coverage. When something went wrong, they were offered compensation in the form of free shipping. But this didn’t reimburse them for the invoice value of their goods, which could be thousands of dollars. “It was inconsistent,” Rachel recalls. “And it rarely made us whole. Plus it was a hassle.”

Overnight delivery + time-in-transit insurance. Who knew!

Enter Paul Wilson, a UPS account executive, who told Dr. Mac and Rachel that not only could UPS ship their coral overnight, but UPS Capital could also put a Flexible Parcel Time-in-Transit

Insurance policy in place to cover the unexpected. That policy would cover them — up to the retail value of the goods — if a loss occurred.

“We just assumed the other guys were for air, and UPS was only for ground,” says Rachel. “Once we met Paul, we learned that wasn’t the case at all, and we could get much better service from UPS. We learned that UPS was an integrated carrier, offering both air and ground shipping through the same company, which we didn’t have before. Now we can ship some local packages by ground. We save money and know it’ll get there the next day.”

“Based on what he’d been through before, Dr. Mac was a little skeptical when we told him about Flexible Parcel Insurance,” Paul says. “But when he compared the Flex policy with his carrier liability coverage, he realized he had significant gaps in protection. He wasn’t covered for loss and damage of perishables, nor was he covered up to the retail value of his goods. The Flex policy covered that.”

Improved visibility for a better customer experience.

UPS integrated Worldship® shipping technology into Pacific East’s order system, along with UPS Quantum View to enhance visibility and let customers track their own packages. “Now when we see that the package has been delivered,” says Rachel, “We’ll call the customer, let them know it’s there and make sure everything is OK.”

Pacific East still has the occasional claim, “but UPS Capital takes care of it quickly and painlessly,” Rachel says. “Real insurance through UPS Capital is a big thing. We went from a jury-rigged situation to a very mapped-out business situation.”

Added Dr. Mac: “For us it’s about peace of mind. And this is revolutionary!”

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Why UPS Capital? Nobody understands transportation and logistics like UPS. And while you’ve probably never thought of a UPS company for financing and insurance services, our global supply chain expertise uniquely positions us to help protect companies from risk, and leverage cash in their supply chains. Insurance companies and banks can’t say that.

Insurance is underwritten by an authorized insurance company and issued through licensed 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. Insurance coverage is not available in all jurisdictions.

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Peace of mind for coral. And just about anything else you ship.

Flexible Parcel Insurance is an alternative to declared value coverage. It protects packages against loss, damage or delay, reduces claims hassles and provides peace of mind with every package you insure. You’re covered up to the full sales price, not just the value of the item.

Basic Covers loss or damage to goods in transit, up to the sales price.

Expanded Adds coverage for consequential losses (penalties, fees, lost revenue, etc.) that go beyond the actual value of the shipment. Covers items excluded from a carrier’s standard tariff, including those with face value, like gift cards or tickets.

Time-In-Transit Covers loss or damage from delays in transit for time-sensitive or perishable goods, like live coral.

Benefits:

- Covers domestic inbound, outbound, freight collect, third-party and international outbound shipments
- Insurance selection integrated with standard shipping systems
- Coverage at the time of shipping with no upfront costs or deposits
- Simplified billing, with transactional charges incorporated on your UPS bill
- Dedicated customer service
- Most claims settled in about 12 days
- Multi-carrier option insures all shipments, regardless of carrier



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