

# Freight Forwarder Liability Insurance

As today's freight forwarding and logistics companies continue to expand their reach and responsibilities around the world, risk management and liability insurance are among some of the key considerations for their business operations.

While operators are dedicating resources to developing their businesses, they are also facing several risks unique to their operations and industry. Failure to protect against these risks can be costly to the operation or potentially devastating to the future viability of the logistics industry as a whole.

To provide protection against such risks, AIG's freight forwarder liability (FFL) insurance provides a comprehensive solution that enables logistics operators to thrive in this challenging environment.

## What does AIG's FFL insurance cover?

It covers legal or contractual liability claims made against the business. These include, but are not limited to:

- Liability for damage to cargo
- General Average where all parties in a sea venture proportionally share any losses incurred in the event of an emergency
- Salvage contribution for third parties that volunteer in the successful salvage of life or property at sea without doing so under the terms of a contract and entitled to remuneration
- Liability for Errors and Omissions
- Customs fines and duties
- Liability towards third parties related to legal expenses, mitigation costs, and debris removal
- Uncollected cargo costs

## Who is covered under AIG's FFL insurance?

These include, but are not limited to:

- Freight and logistics operators – Air / Sea / Land
- Road carriers
- Warehouse keepers
- Customs house brokers

## Why do you need AIG's FFL insurance?

- **Comprehensive insurance** providing protection for your company from potential risk exposures
- **Unbeatable global network** providing resourceful local knowledge and support
- **Specialist global and local claims management** including claims handling services
- **Worldwide professional loss prevention services** from AIG's Marine Loss Control Engineering team
- **Dedicated underwriters** that strive to build long term relationships with you and your clients



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## Case Study 1

**ABC Logistics was contracted to deliver a container of electronic parts from a factory in Shenzhen to Yantian cargo terminal for an outward sea transit to Italy.**

The land transit from the factory to the cargo terminal was subcontracted to another transportation contractor. Upon arrival at the consignee's warehouse, it was discovered that 205 cartons of electronic parts were missing. This amounted to US\$13,000 in losses.

Eventually, an investigation revealed that the missing cargo may have been stolen during transit from Shenzhen customs to Yantian cargo terminal. The driver of the subcontractor had also fled.

Irrespective of whether or not ABC Logistics is the directly responsible party for the liability resembled in this case, they are primarily liable for the loss caused by their subcontractors at all levels.

AIG's FFL policy helped to cover some or all of ABC Logistics' US\$13,000 liability in accordance with the policy's terms and conditions.

## Case Study 2

**A shipment of toys was dispatched from Hong Kong. In order to catch the peak season, the consignee requested for the logistics operator to release the cargo before the original bill of lading arrived.**

In view of the long-term business relationship with the consignee, the logistics operator did so as requested in the absence of the required document.

After receiving the cargo delivery, the consignee disappeared without paying. This resulted in the shipper filing a claim of US\$90,000 against the logistics operator.

Due to proof of negligence of releasing the cargo without the bill of lading, the logistics operator was held liable for the alleged claim.

AIG's FFL policy helped to cover some or all of the logistics operator's US\$90,000 liability in accordance with the policy's terms and conditions.

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To find out more on AIG's FFL insurance, please contact your insurance professional representative or go to our website [www.aig.com.sg/ffi](http://www.aig.com.sg/ffi)

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