

## Carriage of Ad Valorem Cargo Insurance

### INTRODUCTION

A carrier may agree to accept the value of the cargo being stated on the bill of lading. Similarly, a charterparty may seek to make the carrier liable for the actual value of the cargo being carried. In either case, the standard P&I cover will only respond and indemnify the ship operator for his liability to cargo interests up to the amount that it would have paid had he not agreed to accept the declared value. The difference between the limitation and actual value of cargo, in very many occasions, could be substantial.

### WHAT IS COVERED?

Skuld's Carriage of Ad Valorem Cargo Insurance covers member's liability to cargo interests for the total value of the cargo, less the amount recoverable from the standard cover. The sum insured will be the total value of the cargo declared by member plus an allowance for all costs and expenses.

### WHO CAN BE COVERED?

Any member of Skuld who has a full P&I entry in the Association (including cargo) of a vessel can apply for Skuld's Carriage of Ad Valorem Cargo Insurance.

### EXAMPLE

A member agrees to carry a highly sophisticated piece of scientific equipment, but the US shipper is not prepared to allow carrier to limit liability to USD 500 per package. The equipment is valued at USD 2 million and this value is stated on the bill of lading. During the voyage, the equipment is damaged by seawater. Skuld's Carriage of Ad Valorem Cargo Insurance would respond.

