QUESTIONS & ANSWERS

All Risk Cargo Insurance

With most insurance – auto, life, home – you buy it in the hope you'll never have to use it.

Cargo insurance is much the same. But global shippers often overlook insurance details and assume they are fully covered when, in fact, they're not. That creates huge risk for your company, particularly if you're shipping high-value goods. Here are common questions often asked about cargo insurance, with a focus on All Risk Cargo Insurance.

Q. Why don't companies purchase cargo insurance?

Because they're willing to take the chance that all their cargo will arrive damage free, all the time. But is it worth the risk? In California, a full truckload of footwear worth USD $846,000 was stolen. In Kentucky, thieves got away with a trailer of electronics worth USD $1 million. Homeowners understand that catastrophic events like fires are rare, but they insure anyway because, without insurance, they could not financially withstand the loss. Global shippers should look at cargo insurance the same way.

Q. What are common misperceptions about cargo insurance?

That carriers will reimburse them for the full value of their cargo. Not true.

Summary of Liability Limits

Statute	Mode	Customary Limit
Carriage of Goods by Sea Act	Ocean	$500 per customary freight unit
Warsaw Convention (Intl)	Air	$9.07 per lb or $20 per kg
Montreal Convention (Intl)	Air	22 Special Drawing Rights per kilo (value of SDR to US Dollar, currently $1.32, fluctuates with exchange rates)
Domestic Air (based on AWB)	Air	$0.50 per lb. and/or $50 per shipment
Warehouse Operators (based on receipt)	Warehouse	$0.50 per lb. and/or $50 per shipment
Local Carriers (based on bill of lading)	Intrastate	$0.50 per lb and/or $50 per shipment
Carmack Amendment	Interstate	Full value, unless limited by rate/contract

Another misperception is that the only time coverage is needed is when cargo is lost or damaged. Actually, a maritime law referred to as "General Average" forces *all cargo owners* to share the cost of losses and vessel recovery after an incident at sea. It happened when the Evergreen-operated Ever Given got stuck in the Suez Canal in 2021, and more recently when Maersk's Dali vessel collided with a bridge in Baltimore. In such cases, uninsured cargo owners pay out of their own pocket, while All Risk Cargo Insurance policy holders are covered.

Q. What is All Risk Cargo Insurance?

It's the broadest, most comprehensive form of coverage, insuring the full value of cargo in transit – from pickup to final delivery (normally 110% of cargo value). It covers a wide range of risks, including accidents, natural disasters, theft, and handling/storage mishaps.
Learn more here.

Q. What is the payout for All Risk Cargo Insurance VS. the carrier's liability insurance?

Cargo of 100 kg US$10,000 value	Standard liability coverage (US route)	Dimerco all risk coverage
Air	$1,900	US$11,000
Ocean	US$500	US$11,000
Domestic	US$50	US$11,000

The actual cost of the insurance, on a shipment-by-shipment basis, is small compared to the product value. It's possible, but unlikely, that your company's blanket insurance policy would match what is offered under All Risk Cargo Insurance. Buying separate cargo insurance can actually cut your company's insurance premiums by reducing claims made under your blanket policy.

Q. What's the easiest way to manage your risk?

Simply notify Dimerco that you'd like to add All Risk Cargo Insurance to your booking and we take it from there.

For more information about All Risk Cargo Insurance, talk to your Dimerco global freight specialist, or reach out to start a conversation.

DIMERCO

Connecting Asia with the world

dimerco.com