

Contingency Insurance

The Marine Insurance Policy provides coverage for all shipments FOR WHICH YOU ARE OBLIGED TO FURNISH INSURANCE. But most shippers tend to sell on different terms to different clients; and some of these terms oblige the buyer to furnish the insurance (such as ex-Works, FOB, FAS). Suppose that you (or your shipper) are selling on open account or "sight draft" via "Ex-Works terms. Theoretically, the buyers required to provide the marine insurance on this shipment. But suppose the goods arrive damaged, the buyer refuses to put in a claim against his insurance, but also refuses the shipment (as though he brought CIF) and refuses to pay.

The Contingency Insurance Endorsement to the Marine Insurance Policy is specially designed to cover exactly this type of a situation. In the above (and similar situations) the Contingency Insurance would act as a loan while you or your shipper MAKE EVERY EFFORT TO COLLECT what is owed you. Should collection become impossible, the "loan" becomes an insurance settlement and the underwriters become subrogated to your rights of collection; i.e., they then can try to collect.

All policies do not have "Contingency" insurance coverage available, as all shippers and consignees do not necessarily need it. Further, as the name implies, "Contingency" insurance is contingent upon the situation your terms of sale, your customer(s), the area(s) of the world you are doing business in and the type(s) of insurance they carry, etc.