



Cargo Insurance Sales Guide

This Cargo Insurance Sales Guide is for your quick reference only. It is not a summary or definitive outline of your insurance policy. Coverage is always subject to the actual terms and conditions of your policy. Please contact your local Avalon office if you have any questions regarding coverage terms.

Why should your clients buy cargo insurance from Frontier North America, Inc.?

1. You are the transportation expert and are in the best position of understanding the transportation process and how to minimize the risks associated with transit. Should damage occur, you will have most of the relevant information needed to file a claim, which makes the process easier on your client.
 2. Because of the volume of insurance **Frontier North America, Inc.** purchases, you can offer very competitive rates and coverage for most shipments. Additionally, because you work with a transportation insurance broker, you often have access to markets willing to provide coverage on "higher risk" commodities.
 3. Your clients will not have to handle any administrative issues dealing with insurance. You will take care of preparing certificates of insurance, mailing reports to the insurance company, and filing claims on your clients' behalf. They can concentrate on buying or selling their goods.
 4. Carriers limit their liability in the event of a loss. In fact, no carrier is obligated to pay for a loss that occurs beyond their control and is not directly caused by their negligence. Remove the burden of proof from the equation – insure your cargo against physical loss or damage with **Frontier North America, Inc.**
 5. While **Frontier North America, Inc.** always maintains the utmost care in handling your cargo, there are inherent risks involved in transportation that may cause losses beyond our control. Lloyds of London has reported that on an average, one ship sinks every day.
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How Do I Quote Insurance For My Client?

Quoting Cargo Insurance is simple. Follow these easy steps:

1. What is the commodity shipped? What is the origin and destination?

Please consult the Restricted Commodity Schedule and the Restricted Country Schedule on the reverse side of this guide to make sure the commodity and/or origin and/or destination is not restricted. If it is, please consult your manual for special insuring conditions or call Avalon for assistance.

2. What is the insured value of the shipment?

Please consult the limits on the reverse side of this guide to make sure the shipment does not exceed policy limits. Use the following calculation to determine insured value.

| | |
|------------------------|------------------|
| Invoice Value: | \$ 100,000 |
| Ocean Freight Charges: | <u>\$ 20,000</u> |
| Sum | \$ 120,000 |
| + 10% (C&F + 10%) | <u>\$ 12,000</u> |
| Insured Value | \$ 132,000 |

3. Determine SELL Premium For The Shipment.

Please consult the rate schedule on the reverse side of this guide and choose the appropriate rate based on the origin/destination of the goods and the mode of transport. Note that there are special conditions for all shipments of alcohol, automobiles, bagged commodities, ceramics, household goods and personal effects, iron or steel, shipments to or from Africa and used merchandise. The following calculation provides an example of sell vs. buy premium. The rates on the reverse side are your BUY RATES.

| <u>SELL PREMIUM</u> | |
|-----------------------------|--------------|
| Insured value (from above): | \$ 132,000 |
| x Insurance SELL Rate: | <u>.50 %</u> |
| Insurance SELL Premium: | \$ 660.00 |

| <u>BUY PREMIUM</u> | |
|-----------------------------|-------------|
| Insured value (from above): | \$ 132,000 |
| x Insurance BUY Rate: | <u>.15%</u> |
| Insurance BUY Premium: | \$ 198.00 |

Frontier North America, Inc.'s profit on this transaction is \$462.00

Policy Number: AR2021FFP00070
Insurer: ProSight Specialty Insurance
Limits

 \$250,000 Per any one vessel, aircraft, and/or connecting conveyance
 \$25,000 Per any one vessel, subject to an On-Deck Bill of Lading

 \$100,000 Domestic U.S./Canada via truck/rail/air carrier/air express shipment
 \$100,000 Consumer Electronics per commodity listing any one shipper/conveyance

| "All-Risk" Buy Rates - Approved Commodities | | Rates per \$100 of insured value, inclusive of War/SRCC, subject to change upon 48 hours notice. | | | |
|--|--------------------|--|-------------|------------|---------|
| OCEAN: | From/To the U.S.A. | GEN. MERCH | REST. MERCH | AUTO/BOAT* | HHG/PE* |
| <i>Africa (coverage ceases upon discharge at port except South Africa)</i> | | | | | |
| <i>Caribbean and Central/South America (excluding Cuba, El Salvador, Mexico, Nicaragua)</i> | | | | | |
| <i>Western Europe</i> | | | | | |
| <i>Eastern Europe (excluding Balkans, Russia, CIS/Former USSR, and Yugoslavia/former Yugoslavia)</i> | | | | | |
| <i>Middle East incl. Egypt & India</i> | | | | | |
| <i>Far East, Southeast Asia, Australia, Pacific Islands (excluding Burma (Myanmar), Mongolia, North Korea)</i> | | | | | |
| AIR: | From/To the U.S.A. | GEN. MERCH | REST. MERCH | AUTO/BOAT* | HHG/PE* |
| <i>Approved Countries Per Policy</i> | | | | | |
| DOMESTIC: (Including Canada) | | | | | |
| Minimum Premium Per Shipment (Air, Ocean & Domestic Shipments) | | \$10.00 | \$10.00 | \$50.00 | \$50.00 |

* HHG/PE, Autos and Containerized Boats subject to restrictions, see Restricted Commodities.

| Other Rates | |
|------------------------------|---|
| FPA: \$0.10 | FPA Incl. Including Theft and Non-Delivery \$0.15 |
| WA: \$0.15 | WA Incl. Including Theft and Non-Delivery \$0.20 |
| Duty: 1/3 of the policy rate | Contingency: 50% of policy rate |

Restricted Countries/Destinations Please call Avalon for approval on shipments to/from the following unapproved destinations:

- Per AIMU guidelines at www.aimu.org: Afghanistan, Algeria, Angola (Unita), Burma (Myanmar), Congo (Zaire), Cuba, Eritrea, Ethiopia, Iran, Iraq, Liberia, Libya, Mexico, Mongolia, Nigeria, North Korea, Sierra Leone, Somalia, Sudan, Syria, Yemen, Former Yugoslavia*, Zimbabwe.
- Also excluding** voyages to/from any U.S./U.N. embargoed countries **per the Office of Foreign Assets Control (OFAC)**, subject to listings at www.treas.gov/ofac: Afghanistan (Taliban), Balkans**, Belarus, Burma (Myanmar), Central African Republic, Cote d'Ivoire (Ivory Coast), Cuba, Democratic Republic of Congo, Iran, Iraq, Lebanon, Liberia, Libya, Magnitsky, North Korea, Somalia, Sudan, Syria, Ukraine, Venezuela, Yemen, Zimbabwe;
- Also restricting CIS countries (Commonwealth of Independent States):** Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan and Uzbekistan.

*FORMER YUGOSLAVIA: Slovenia, Croatia, Bosnia & Herzegovina, Serbia & Montenegro, Kosovo, Macedonia.

**BALKANS: Albania, Bosnia & Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia.

Unapproved Commodities
Call Avalon for approval, rates, and conditions.

| | | |
|--------------------------------------|---|------------------------------|
| Airplanes (Unboxed) | Consumer Electronics | Live Animals, Plants |
| Antiques | Confectionary, Chocolates | Meats/Seafood (fresh) |
| Artwork/Fine Arts | Currency, Stamps | Nuclear Fuels |
| Asbestos Tiles | Dangerous Goods (red label) | Palm Pilots/Computer Laptops |
| Bank Notes | Eggs in the Shell | Paper in Rolls/Newsprint |
| Bulk Commodities | Explosives/Flammables | Perishables |
| Cellular Phones | Fruits/Meats/Seafood Vegetables (fresh) | Tobacco Products/Cigarettes |
| Cement, Fertilizer, Fishmeal | Furs/Valuables | Valuable Papers, Stamps |
| Cigarettes/Tobacco Related Products | Gems and Precious Stones | Watches |
| Computer Laptops/Palm Pilots/Tablets | Gold, Silver, Precious Metals | Windows, Plate Glass |
| Computer Memory Chips/Boards | Jewelry of Value (other than costume) | Yachts/Boats (Unboxed) |

Restricted Commodities
Subject to special conditions to be noted on the certificate of insurance.

- Alcoholic Beverages (Beers, Liquors, Wines, and Similar Spirits):** "All-Risk" excluding loss or damage caused by heat or cold. Subject to a 1 percent deductible of insured value, \$500 minimum.
- Antiques/Artwork (excluding HHG/PE) up to \$50,000 in Value per Shipment:** "All-Risk," 5% deductible, \$500 minimum. Warranted professionally packed and proof of valuation (invoice/appraisal)
- Autos/Boats/Motorcycles (Containerized):** "All-Risk," 5% deductible, \$500 minimum. No coverage while operated under own power, except for loading/unloading purposes. Insurance attaches when delivered to the steamship line until delivered to the owner, but not to exceed 72 hours after discharge. For autos/boats/motorcycles in excess of 5 years of age, coverage is limited to FPA only with option to extend coverage to WA including theft and non-delivery at additional rates per policy.
- Non-Containerized Autos/Boats/Motorcycles:** Boats are Unapproved, call for quotation. Autos/Motorcycles exclude marring, denting, scratching, chipping of paint, damage to fenders, and loss from water freezing in radiator/cooling system.
- Bagged Goods:** In door-to-door containers, "All-Risk," 5% deductible, \$500 minimum. If not shipped in door-to-door containers, FPA with option to extend coverage to WA including theft, pilferage, and non-delivery at additional rates per policy.
- Breakables (excluding Windows/Plate Glass): Breakables defined as Porcelain, Pottery, Ceramics, Glassware, China, Mirrors, Marble, or Granite:** "All-Risk," 5% deductible, \$500 minimum.
- Consumer Electronics (excluding Cell Phones, Computer Memory Chips/Circuit Boards, Laptops, and Palm Pilots): Consumer Electronics defined as Audio/Hi-Fi Equipment; PC Computers and Accessories, Computer Software/Games; DVD Players; Hard Drives; Photographic Equipment; Televisions (excluding Plasma TV's), and VCRs.** Warranted factory packed and shrink-wrapped. Ocean shipments to be shipped in containers with "seallocks" or similar security seals on each container. "All-Risk," 1% deductible, \$500 minimum.
- Hazardous Materials:** All-Risk. Subject to full compliance with ADR, RID, IATA, IMDG for assigned Class. Further excluding loss or damage caused by collapsing of drums and/or pails.
- HHG/PE:** If professionally packed with a valued, itemized inventory, "All-Risk," 3% deductible, \$500 minimum. If not professionally packed or itemized, coverage is limited to FPA with option to extend coverage to WA including theft, pilferage, and non-delivery at additional rates per policy. The insured must maintain insurance on 100 percent of the cargo value.
- Iron/Steel Products (structural steel, pipes, coils, sheets, beams, and wires):** "All-Risk" excluding rust, oxidation, discoloration. Shipments of pipe/coil exclude bending, twisting and end damage.
- Jewelry/Watches up to \$25,000 per shipment and/or conveyance:** "All-Risk" equal to the FOB invoice value declared to the air carrier/ indirect air carrier issuing the original air waybill and to all connecting carriers, where the FOB invoice value exceeds the carriers' liability. If the value is not declared, coverage excludes loss, damage or expense resulting from theft, pilferage or non-delivery.
- On-Deck Bill of Lading:** Goods shipped on-deck subject to an on-deck bill of lading, WA coverage only.
- Refrigerated Goods:** In door-to-door reefer containers, All-Risk" subject to the 24-hour breakdown clause. Thus, losses reasonably attributed to any variation in temperature howsoever caused are excluded unless such variation in temperature is attributable to breakdown of refrigeration machinery resulting in its stoppage for more than 24 consecutive hours.
- Used Goods:** All-risk excluding mechanical and electrical or electronic derangement unless there is evidence of external damage to the item or its packing. Also excludes loss or damage due to wear, tear, gradual deterioration and climatic or atmosphere conditions or extremes of temperature. Excluding breakage, scratching, denting, chipping, staining and cost of repainting. Also excludes rust, oxidation and discoloration.