

Insure for Full Total Value

Prevent Paying Part of a Claim from Personal Funds

Encourage your customers to insure for the Full "True" Total Value of the ENTIRE shipment in order to avoid use of personal funds for transit loss/damage. Each item shipped should be insured for what it would cost to purchase it at the destination of the shipment. Ask the property owner, *"If your entire shipment was destroyed by a fire during transit, what would it cost you to purchase all your household goods/items?"*

INSURE ALL THE ITEMS IN THE SHIPMENT

Example: An entire shipment consists of 2 tables, 12 chairs, 2 paintings, 2 dish packs of dishes, 1 cabinet, 2 cartons of clothes, and a 6-piece bedroom set.

All of these items are listed on the Carrier's Descriptive Shipping Inventory. The property owner makes a written declaration (valued list) and insures only 1 of the tables for \$1000, 10 chairs for \$200 each, 2 paintings for \$1500 each, the cabinet for \$1000 and the 6-piece bedroom set for a total of \$3000. The total value insured is \$10,000; this amount is written on the Certificate of Insurance as the Total Amount Insured.

The shipment arrives at the destination and 1 table is missing. The property owner claims \$1000 for the missing table. The problem that arises is, which table is missing? Two tables were shipped, but only one was insured. Is the missing table the one that was insured or the one that was not insured? Without proof that the missing table was the insured table, the Insurance Underwriter would not be liable for the table.

The same problem and liability would exist if one of the 12 chairs had been damaged or lost; only 10 chairs were insured. The dishes and clothes were not insured; therefore, no claim could be paid for these undeclared items.

100% CO-INSURANCE

Property owners often have the impression that if they insure their goods for an amount that they estimate will equal their anticipated loss/damage, even though that amount is small in relation to the value of the entire shipment, they will be able to collect that specific amount in the event of loss/damage.

This is a misconception and can lead to great dissatisfaction on the part of the property owner. The 100% Co-Insurance Clause contained in the transit insurance coverage requires that the shipment be insured at full total value.

Example: If a \$10,000 shipment is insured at only \$5,000, the property owner would be entitled to only 50% of any loss/damage. If a \$500 television was destroyed, the property owner would only recover \$250.

It is important to explain this to the property owner so that he/she will properly insure his/her goods for the Full "True" Total Value.

MAINTAIN LOW INSURANCE PREMIUM RATES

Premium rates are developed based on a normal mix of household goods and personal effects, not just selected items or just high value items. Claim loss ratios would be much higher if only selected items were insured; this would result in higher insurance premium rates.