

# *The Mariner's Journal*

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## OFTEN YOUR COMPETITION WILL BE A FREIGHT FORWARDER

Now that you're in the door and you have discussed your prospect's property and casualty needs, the question of marine insurance comes up and he says, 'Oh, I have a freight forwarder handling all of my marine insurance'. Don't be discouraged, often your competition will in fact be a freight forwarder.

Before we list for you a series of countervailing arguments you can use as to why your insured should have their own marine insurance, let's examine the various functions which a forwarder may be called upon to perform in transporting goods from Canada to Europe, for example,

- 1) The forwarder acts as a consultant in advising his client as to the best mode of transportation, taking into consideration the nature of the products, the time within which delivery must be made and the cost of transportation. Thus he will consider the proximity of the port of exit, the inland freight rates, sailing dates, the affluence of the port or airport and their facilities.
- 2) He will arrange and check all export and import licenses and further ensure that the requirements of letters of credit are complied with.
- 3) He will secure the cargo space with the carrier and will arrange that the shipment be at its destination before departure time.
- 4) He will prepare all documentation including delivery orders, dock receipts, bills of lading, exports declaration and consular invoices where applicable.
- 5) He will clear goods with customs authorities.

In addition to the above functions, the forwarder will most often perform ancillary services such as:

- a) insurance, whether inland, marine or air cargo
- b) export packing
- c) warehousing and storage
- d) payments to carriers
- e) delivery of documentation required by letters of credit to the bank
- f) negotiations on behalf of their clients for the most favourable freight rates in order to improve his client's competitive position.

Finally, once the merchandise has arrived at the port of discharge, the forwarder will arrange for the handling and the reception of the goods, their clearance through customs, and their inland carrier to the ultimate point of destination.

The forwarder's rights, obligations and liabilities depend on the functions he agrees to perform. Similarly, his legal status will depend essentially on the nature of his appointment. Was he in fact hired by his customer to seek and to secure transportation or to effectively transport the goods himself?

Knowing the above information you are now well armed in discussing your prospects needs (perhaps it should be pointed out that freight forwarders require insurance too and you should be encouraged to approach the freight forwarder as well – some marine company is holding their account!).

We would be surprised in your prospect knew the terms and conditions, not to mention the rates being charged, of his forwarder's policy. Ask the following information:

1. To see a copy of the freight forwarder's policy which your prospect should have in his possession
2. What are the terms of the policy
3. Does he have the coverage he thinks he has
4. Is there a deductible under the policy, if so, then how large is it
5. What is the marine rate
6. What is the worldwide claims network of the freight forwarder's insurers
7. Is it adequate in terms of your needs
8. Who will manage your claim in time of need

We trust the above will be of value and best of luck in your prospecting.

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