Insurance documents in trade

There are essentially two situations in which companies have to insure goods: when they are in stock and during transportation until they reach the final destination. For these reasons, there are basically two different types of insurance concerning goods:

- **Stock insurance**, which provides cover against the loss or damage of finished goods or raw materials stocked in a warehouse. The possible dangers are fire, flood, theft and pest infestations;
- **Cargo insurance and shipping insurance**, which protect the goods against any kind of loss or damage during transportation. Cargo insurance is a sub-branch of marine insurance and is used in sea transport, while shipping insurance is used in the case of transport by mail or courier. Details of cargo and shipping insurance should be determined under the sale contract.

Independently from the type of insurance, the required documents are the following:

- an **Insurance Policy,** which sets out all the terms and conditions of the contract between the insurer and the insured;
- a **Certificate of Insurance**, or **Cover Note** or **COI**, which is evidence of insurance but does not set out the terms or conditions of the same;
- an **Insurance Broker's Note,** which indicates that a policy has been made, but which is not considered as evidence of the contract of insurance.

A **certificate of insurance** certifies that an insurance policy has been bought and shows an abstract of the most important provisions of the contract. However, it is not a substitute of the actual policy, and is normally a non-negotiable document.

In the case of transport by sea, the COI serves to assure the consignee that the insurance is in effect for the goods in transit and that a proper policy will follow.

The main parts of a COI are:

- the date
- the name of the insurer
- the name of the insured
- the type of insurance
- the policy number
- the insurance period
- the limits of the indemnity
- the terms of cancellation.

1 PAIR WORK

Student A: 1. You are the personal assistant of Mr Smith from Computer Ltd and have just received this document from Systems and Computing by fax. Show the document to your intern and ask him/her to find details (e.g. insurer, date, policy number). **2.** Explain the clauses of the documents in your own words to the intern.

Student B: 1. You are an intern. Describe the different parts of the document. **2.** Ask your tutor to explain the clauses in plain English.

CERTIFICATE OF INSURANCE (COI)	June 15, 2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S) AUTHORISED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

Insurer:	**Insured**:
Western Insurance Group	Systems and Computing Ltd
24, 5th Avenue	56, 12th Avenue
Los Angeles 3465	San Diego 435
USA	USA

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWISTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Type of insurance:	Institute Cargo Clause A – Voyage Policy
Policy number:	0500-99PD0000315
Product:	Laptop computers
Insurance period:	From June 12 to 30 June 2016
Limit of indemnity:	USD 5,000

Cancellation:
SHOULD THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

Certificate Holder:	**Authorised representative**:
Computer Ltd	*James Baker*
23, High Street	
Liverpool 9865	
UK	(James Baker)