**Clause Description:**

The *Transit Cargo* and / or *Marine Cargo* insurance clause is used to provide coverage, subject to the applicable policy’s conditions and exclusions, protection for the loss or damage for the shipment of goods from point of origin to the designated end destination. This coverage is usually associated with providing a “Declared” value for the cargo being transported.

Coverage under a Bill of Lading is generally limited to $2.00 / pound of cargo being transported, unless a “Declared” value is provided, in which event an insurance cost (premium) will be charged for that “Declared” value of the shipment.

**The Recommended Clause – Cargo Clause**

The Contractor must obtain on the Purchaser's property and maintain in force throughout the duration of the Contract, All Risk Property in Transit insurance coverage applicable to all types of conveyances while under the Contractor’s care, custody or control, in an amount of not less than the full – declared value of the shipment. The Purchaser’s property must be insured on Replacement Cost basis.

Review all of the shipping terms before finalizing arrangements.

The Contractor must notify the Purchaser promptly about any losses or damages to the Purchaser’s property and monitor, investigate and document losses of damage to ensure that claims are properly filed and paid.

The All Risk Property in Transit insurance must include the following:

* 1. Notice of Cancellation: The Contractor will provide the Purchaser not less than 30 days’ written notice in advance of cancellation, material change or amendment restricting coverage.
  2. Purchaser as its interest appears or as it may direct.
  3. Waiver of Subrogation Rights: Contractor's Insurer to waive all rights of subrogation against the Purchaser for any and all loss of or damage to the property however caused.

*(The entities (i.e. Purchaser, Contractor) in red font are descriptors that you can substitute for the entities required for your own specific contract.)*