



WOODRUFF
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Guide to Reporting Cargo or Transit Insurance Claims

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At Woodruff Sawyer, we specialize in providing end-to-end claims support, which means you'll get comprehensive consulting and expertise to protect you before, during, and after a claim occurs.

This consultative approach means our dedicated claims experts help you prevent some claims altogether, or fiercely advocate for you during the claims process.

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When your expected cargo is missing or damaged, the steps you take and the time it takes you to make them can determine whether you are reimbursed for your losses. This Guide offers an overview of what you need to do to file a successful cargo claim.

What Constitutes a Loss Under a Cargo or Transit Policy?

First, let's examine what constitutes a loss under the marine cargo policy. For a cargo loss to be recoverable, the following conditions must be met:

1. **A loss must be physical.** Examples of physical losses include non-delivery, shortage, and rough handling. Keep in mind that loss of market or loss due to delay are **not** physical losses.
2. **A loss must be fortuitous.** This term means that the loss to the cargo was unanticipated and accidental.
3. **A loss must be external.** The loss must be a result of an event occurring outside of the insured goods themselves. Loss or deterioration caused by the inherent quality of the cargo would not come under the scope of the "All Risk" policy. Internally caused loss usually involves food items that over-ripen or spoil due to their perishable nature rather than an external cause.
4. **A loss must occur during transit.** Subject to the terms and conditions of the policy, coverage applies from the time the cargo leaves the care, custody, and control of the shipper and enters transit until the cargo is delivered into the care, custody, and control of the consignee. Pre- or post-shipment damage or loss would not come under the coverage provided by the policy unless it is covered by a special endorsement to the policy.

Your Duties in the Event of Loss or Damage

If your loss meets the above criteria, here are the essential steps you should take.

1. **Minimize the loss.** Under the marine cargo policy, you must take "reasonable steps" to minimize loss of or damage to the cargo. An example of a "reasonable step" is to remove cargo from packaging that shows evidence of water damage (such as wetness or stains) to prevent additional damage from occurring.
2. **Document the loss.** Your next responsibility is to document the loss as thoroughly as possible. Here are the steps you should take:
 - Note any shortages or discrepancies on the delivery receipt
 - Sign and retain a copy of the delivery/receiving document
 - Take clear, detailed photos of the damaged product and all packaging
 - Retain all packaging materials and contents until your insurer decides if a surveyor will be assigned to inspect.
 - Promptly provide all carriers with written notification of the loss
 - Keep records of all verbal and written correspondence with all parties

3. Provide First Notice of Loss or Damage. As soon as possible after discovering the loss, notify Woodruff Sawyer using one of the two methods:

- Woodruff360: [online access](#)
- Emailing all loss details to: claimfnol@woodruff Sawyer.com

Be sure to attach any appropriate transit documents, photos and other pertinent documentation along with the First Notice of Loss and Damage.

4. Notify all parties immediately. You also must notify all freight carriers or freight forwarders of the loss or damage through written communication. If more than one carrier is involved, be sure to notify each one.

Send copies of these written notifications, documents, and evidence of damage when reporting to claimfnol@woodruff Sawyer.com or as soon as possible to your Woodruff Sawyer claim consultant.

5. Preserve the Rights of Subrogation. Upon acceptance of delivery of goods, you must note evident damage or shortage of goods on the carrier's delivery receipt. Failure to do so may allow the carrier to legally deny any claims.

Your accounting department should bring any payments to your attention and not accept or cash payment from the shipper/carrier or from the delivery service (such as UPS or FedEx) after you have put them on notice holding them liable. Accepting payment after giving notice of loss will impact the insurer's ability to subrogate for the full loss value.

How to Report a Cargo or Transit Claim

In the event of a loss, you can report your claim to Woodruff Sawyer by any of the following methods:

Online by using the online claims reporting tool, like Woodruff 360

Email by submitting the First Notice of Loss or Damage to claimfnol@woodruff Sawyer.com. You will need to gather all available claims documentation, such as:

- Bills of lading (original documents or copies of both sides)
- Copy of the shipper's invoice for the entire shipment
- Copy of the packing list detailing the merchandise shipped in a particular carton, case, or another shipping unit
- Certificate of insurance (original or duplicate copy, if applicable)
- Confirmation of non-delivery from the carrier, if applicable
- Return freight bill, if applicable
- Evidence of loss or damage

You'll also need to answer the following questions from the Claim Reporting Form. (You can copy and paste the form into an email and then enter your responses.)

- Were goods purchased or sold to the customer?
- Who owned the goods at the time of theft or damage?
- What is their approximate value?
- Where were the goods shipped from?
- Where were the goods shipped to?
- What was the shipping method?
- What were the shipping terms?
- Where is the cargo now?
- What is a description of the goods?
- What are the Incoterms?

If you do not have all of the documentation, you should not delay sending your report. You can supplement the report as other documents become available. Email the claim form and supporting documents to the Woodruff Sawyer Claims Department at clamfnol@woodruff Sawyer.com.

How to Document Your Receipt of Goods

Before signing for goods, train your employees to take the following steps:

1. Carefully count and inspect all containers or cartons in the shipment for damage. Signs of damage to watch for include:

- Cartons not delivered in an upright position
- Activated Tip-N-Tell or Shock-watch devices
- Missing Tip-N-Tell or Shock-watch devices
- Signs that the carton has been opened and resealed
- Crushed comers
- Holes and tears
- Wetness or water stains

2. Document any shortages or discrepancies on the delivery receipt (Manifest, Bill of Lading, Airway Bill, etc.). Be as complete as possible in your description.

3. Take photos of damaged products and all the packaging.

4. Sign and retain a copy of the delivery or receiving document.

5. Retain all packaging materials for inspection purposes.

6. If goods have not been delivered or some goods are missing in an order, promptly notify all freight carriers that the goods have not been received and request that they be traced.

Prompt Notification: Timing is Everything

Prompt notification is critical to ensure that your insurer's rights of recovery are protected in the event of a claim. There are statutory and contractual time limitations requiring a claimant to file a written claim against carriers that vary by type of shipment, mode of transport, and jurisdiction.

When loss or damage is not discovered until the shipment has been completely unpacked or opened, a written claim must be filed against the freight carrier for loss or damage within strict time limits. If these time limits are not met, the freight carrier is effectively relieved of liability for the damage or loss.

The following time limits for claims are very short in some cases. However, they are strictly adhered to by carriers while defending claims against them. It is recommended that notice be sent immediately upon discovery of the loss, notwithstanding the time limits listed below.

Time Limits for Claim Notifications to Freight Carriers:

- International Air:
 - › Visible damages: 7 days from time of delivery
 - › Concealed damages: 14 days from the time of delivery
 - › Non-Delivery: 120 days from the date the shipment should have arrived
- Ocean: 3 Days from the date of delivery
- Interstate Truck and Rail: 9 Months from the date of delivery.
- Local Truck and Air Carriers: Varies by state law

If any discrepancies are noted, the freight carrier must immediately be placed on written notice. The letter of notice holds the freight carrier responsible for causing such loss or damage and makes a demand for immediate payment for the full amount of the invoice.

For damage claims, the letter advises the freight carrier of their right to inspect the goods. Before the goods may be repaired or scrapped, the carrier must either perform an inspection or waive their rights of inspection.

What are the Standard Documents Needed to File a Cargo or Transit Claim?

At Woodruff Sawyer, we will work with you to review and produce the relevant documentation for the adjuster. These documents can be sent with the loss notice when reporting the claim or later when the adjuster makes contact. It is important to have original documents or copies of both sides.

Here is a list of relevant documents required for a cargo claim submission.

- Evidence of Contract of Carriage: This document is the primary contract between the shipper and the freight carrier for the transport of merchandise and includes the Ocean Bill of Lading, the Master Air Waybill, and the House Air Waybill. The Contract of Carriage usually is issued by freight forwarders, who contract directly with shippers to deliver the merchandise to the actual air carrier.

- Copies of letters of claim filed against the freight carrier along with any correspondence received in response from the freight carrier.
- Copy of the shipper's invoice for the entire shipment.
- Copy of the packing list detailing the merchandise shipped in a particular carton, case, or another shipping unit.
- Certificate of Insurance (original or duplicate copy), if applicable
- For loss due to non-delivery: confirmation of non-delivery from the freight carrier
- Return freight bill
- Evidence of loss or damage
- If the cargo was in storage, submit warehouse receipts or similar documents evidencing the storage of the cargo and the terms and conditions of that storage.
- Commercial invoice
- Delivery receipts with exceptions, if taken
- Copy of all claim correspondence with all potentially responsible parties, including their replies
- Bills for repairs, refurbishing, repacking, other expenses, and any other proof of loss related to the loss in question.
- Survey report, if applicable
- Detailed statement of claim
- If import duty is insured, a copy of the Custom's Consumption Entry or similar document
- Detailed description of the cargo
- Where and when the shipment left
- Where and when the shipment was expected to arrive
- Police Report, if theft is involved or required by insurer

You will want to send a notice of claim letter to the shipper to protect your interest and the insurer's interest when they go to pursue subrogation.

Here are the elements you'll need to gather as evidence of loss or damage:

- Delivery receipt(s) noting any exceptions
- Consignee's receiving report explaining damage, shortage, or loss of merchandise. This report may include the following:
 - › Copy of the carrier's Bill of Lading or Waybill
 - › Copy of the Inland Waybill (a contract for transporting cargo to or from the international carrier's port or airport of loading or discharge)
 - › Copy of the consignee's form
 - › Copy of the carrier's inspection report
- Survey Report, if issued
- Any correspondence to, and, or from the carrier
- Repair estimates or testing results (if any)
- Digital photographs of the damaged product and all packaging

Your Woodruff Sawyer consultant will assist you throughout the claim process, including reporting, counseling, monitoring, communicating, recommending, negotiating, interpreting, and advocating for coverage on your behalf.

Commonly Used or Requested Cargo Claim Forms:

- **First Notice of Loss or Damage to Woodruff Sawyer:** No forms (See requirements in this Guide.)
- **Online Claims Reporting Form:** Complete the required data fields on Woodruff 360.
- **Notice to Freight Carriers that a Shipment was not Received:** Complete the forms if your carrier provides them.
- **Notice of Loss to the Carriers:** Follow your freight carriers/forwarders' reporting requirements.
- **Incoterms:** Shipping Terms Reference.

How You Can Expedite Adjustment of a Claim

When you have lost or damaged goods, you want to be reimbursed as quickly as possible. Here are our tips to make the process go as smoothly as possible.

1. **Take quick action.** Upon discovery of a loss, you should notify all parties promptly.
2. **Use the online claim reporting.** Using our online claims reporting form results in faster return confirmation and processing of the claim.
3. **Reference the following items** on all correspondence concerning the loss:
 - Assured Name
 - Policy Number
 - Insurer Claim Number
 - Freight Carrier Name and Freight Details
 - Bill of Lading Date and Number
4. **Include documentation.** Send all documentation to your claim examiner, surveyor, and claim consultant.
5. **Provide all possible evidence of loss and damage.**
6. **Cooperate with the surveyor.** Surveyors are assigned to assist insurers in the inspection and investigation of your claim. All reasonable requests by surveyors should be met with full compliance and cooperation. There may be two surveyors involved, one for your insurer (representing you) and one for the freight carrier (not representing you).

Sample Notice of Loss or Damage Letter to the Freight Carriers

You need to provide written notice to the freight carrier when a shipment is short, damaged, or not received. In most jurisdictions, you need to send this letter within five to 10 days.

You do not have to actually file a claim through the shipper if you're going through your own policy. This letter, along with your claim documentation, will later be used by your insurer's adjuster to file the claim against the responsible party and pursue recovery of your deductible and their payment on the claim.

Here is a template you can use to write a letter to a shipper/freight carrier or freight forwarder on your company letterhead.

Date:

*ATTN: Claims Department
Name & Address of Transportation Carrier*

*RE: Vessel, Airline or Truckers Name:
Bill of Lading Numbers:
Bill of Lading Date:
Description of Shipments:
Reference No.:*

We formally file claim on you in the amount of \$_____ for the above-captioned shipment that was received short or damaged, for which we hold you fully responsible. Upon request, additional documents will be furnished substantiating the claim.

Specific loss or damage: (explanation of damage here)

We invite you to contact the undersigned and arrange to survey the damaged shipment.

Sincerely,

Risk Manager