

## EVERYTHING YOU NEED TO KNOW ABOUT

# GENERAL AVERAGE

**General Average** is a principle of maritime law that says if a ship or its cargo sustains loss or damage as a result of a voluntary sacrifice in an emergency, *the vessel owner and cargo owners will proportionally share the cost of those losses.*

## WHY?

Many businesses don't purchase **freight insurance** because they think it's unnecessary!



*"My cargo is indestructible!"*

*"It's not attractive to thieves."*

*"It's not valuable enough to warrant insurance."*



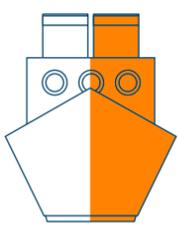
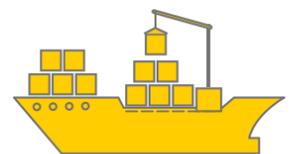
**Sound familiar? Then know this...**insuring your shipment is **always advised**. Even if your goods aren't worth a great deal.

**WHY?** Without insurance, you could get dinged with a significant charge if a **General Average claim** is made on the ship your cargo travelled on.

## WHEN AND HOW

### A General Average law would be evoked:

If the ship is caught in a major storm or runs aground and some of the cargo must be jettisoned (thrown overboard) to avert disaster. Once the ship docks, the law of General Average would require each party whose cargo landed safely to contribute a portion, based upon their share of the cargo, to the party (or parties) whose goods had been sacrificed.



So, if your cargo happens to arrive unscathed on a ship that declares a General Average — this happens more often than you may think — you'll be required to pay your share before your cargo is released!

**GOOD NEWS!** With the right insurance, you won't be on the hook if a **General Average** is declared on a ship carrying your goods.

The savings and peace of mind this offers — for a relatively low cost — make purchasing cargo insurance a smart business decision.

Source: coleintl.com