

**United Nations Development Programme**

Sustainable human development



**UNDP/ADM/96/33**

**7 May 1996**

To: All Resident Representatives

From: Kerstin Leitner  
Director  
Division for Administrative and Information Services

Subject: **Insurance of Consignments**

For several years UNDP, UNOPS and UNFPA have jointly contracted for insurance coverage of shipments of goods procured by their respective headquarters. Trygg-Hansa Insurance Company of Sweden, has been awarded this policy which is considered very favorable for Headquarters.

Recently, Trygg-Hansa advised us that their policy is now automatically extended to all country offices wishing to avail themselves of it. The terms and conditions for country offices, as explained in the attachment, are identical to those for Headquarters. As you will note, this policy covers procurement worldwide, provides one comprehensive continuous coverage and one overall premium rate for all shipments under very broad conditions. Both insurance reporting and claims are tailored to be as simple and as flexible as possible.

Notwithstanding the above, since selection of Trygg-Hansa was based on favorable conditions from the Headquarters perspective, country offices should, prior to availing themselves of this policy, always verify for each shipment that it is indeed the most competitive policy available in terms of coverage, applicability and cost.

Finally, should your office decide to have a shipment(s) covered under this policy, it would be much appreciated if feedback could be provided to us on your experiences. Please feel free to contact us should you require additional information on this matter.

## **ANNEX 1**

### ***1.0: Features of the policy:***

- a. The policy provides worldwide coverage and has one single rate which is applicable to all shipments;
- b. Individual shipments are not reported. Only one lump sum figure for all shipments is required at the end of the month.
- c. The limit of liability is currently \$5,000,000 for any one vessel, aircraft or location. The limit can be amended upwards as necessary;
- d. Additional premiums, which would normally be charged to cover the risks of strikes, riots and civil commotions in some countries where UNDP operates, are already included in the premium rate.
- e. Coverage continues indefinitely during the transit movement or storage as long as the goods are still at UNDP's risk.
- f. Coverage is from supplier's warehouse (ex-works) to consignee's warehouse, and insurance coverage is provided continuously during delays in clearing goods from customs, storage prior to delivery, de-consolidation by freight forwarder, etc., without any time limitations.
- g. All types of merchandise (with the exception of staff members' personal effects) are covered at the policy rate, terms and conditions. For example, cement shipments, automobiles, specialized equipment, which would normally have special conditions and deductibles are covered subject to the same "All Risks" policy conditions.
- h. In the event of a loss, the cost and expense of forwarding replacements by air is recoverable as part of the claim regardless of whether the original transportation was by air or sea.
- i. In cases where the consignee requests proof of insurance, UNDP Headquarters has the authority to issue Certificates of Insurance, without any delay.
- j. Loss, damage or expense arising from insolvency or financial default of the vessels' owners, charterers or operators is covered.

### ***2.0 Insurance Arrangements***

- a. Procurements should be contracted on a Cost and Freight (C + F) basis.
- b. Country office should submit a report to TNI International Inc. (TNI), Trygg Hansa's

Insurance Broker and Adjuster, which is located in New York, at the end of each month, providing a lump sum figure of all C + F purchases. TNI's address follows:

Attention: Mr. Ricardo Salaverria  
TNI International INC.  
Insurance Brokers - Average Adjusters  
1025 Westchester Avenue  
White Plains, New York 10604  
FAX NO. 1 914 684 7070      PHONE: 1914 684 6500

c. A US dollar cheque or draft for the premium should also be attached to the reporting form - See Annex II -. If a country office is unable to pay in US dollars, COHSS/DAIS will exceptionally arrange for payment to TNI on receipt of the Monthly Insurance Report, the calculated premium amount and a Commitment number. An example of the premium calculation is given below:

Example of insurance premium:  
Total Cost and Freight (C + F) Value of procurements for  
February 1996 = US\$20,000

Premium cost: Total Value US\$20,000 x .40% (premium cost)  
INSURANCE PREMIUM = US\$ 80

d. Procurement for country offices which is done from time to time by COHSS/DAIS will be automatically insured against this policy.

**3.0 Insurance Claims:** In the event of a loss Resident Representatives should follow the guidelines listed below for claim submission. Please note that claims submitted six months after delivery of a shipment will not be automatically honored.

3.1 Claims expected to exceed US\$5,000:

- a. Contact the nearest Lloyds of London's agent in the country immediately.
- b. Obtain a survey report from the local agent.
- c. The cost of replacement by air or sea transportation, and the cost of the Survey Report should be included in the claim.

3.2 Claims which are not expected to exceed US\$5,000:

A Proof of Loss statement should be completed immediately and submitted to TNI International Inc. in New York. A TNI Claims Procedure form is attached for this purpose - see Annex 3 -.

**4.0 Insurance Claim Settlement:**

The Broker and Adjuster, TNI International Inc. has the authority to settle claims up to US\$50,000 per claim, in order that such claims can be settled promptly. If a properly documented claim remains unpaid after 30th day of submission, Trygg-Hansa will pay interest from the 31st day, until such time that the claim is paid at London Interbank Offers Rate (LIBOR).

Please note that if clarification or additional information is required, inquiries should be addressed to COHSS/DAIS.

**UNDP  
INSURANCE REPORT**

ANNEX: 2

COUNTRY: \_\_\_\_\_

MONTH: \_\_\_\_\_, 19\_\_\_\_

<b><u>PROCUREMENTS INSURED VALUE</u></b>	<b><u>RATE</u></b>	<b><u>PREMIUM</u></b>
Cost + Freight ( C + F )		
US\$:	0.40%	US\$:

DATE: \_\_\_\_\_

SIGNED: \_\_\_\_\_

**ANNEX: 3**

TNI INTERNATIONAL, INC.  
Insurance Brokers - Average Adjusters  
1025 WESTCHESTER AVENUE, WHITE PLAINS, N.Y. 10604

**CLAIM PROCEDURE**

Country: \_\_\_\_\_

Purchase No: \_\_\_\_\_

Project No: \_\_\_\_\_

Vessel or Airline: \_\_\_\_\_

B/L or AWB No: \_\_\_\_\_ Dated: \_\_\_\_\_

From: \_\_\_\_\_ To: \_\_\_\_\_

Description of Shipment: (No. of packages/content) \_\_\_\_\_

\_\_\_\_\_

Documents required in support of claim to be sent to TNI International:

- .. Commercial Invoice or proof of sales price.
- .. Bill of Landing or Air Waybill of Landing.
- .. Exception noted on arrival.
- .. Customs clearance certificate.
- .. Inland transit bill of landing, if applicable.
- .. Copy of notice to carries and replies, if any.
- .. Survey Report, if applicable.

Immediate notice of loss must be given to the vessel, airline and/or inland carrier of the shipment who have lost and/or damaged the cargo.

Resident Representative should submit a proof of loss statement identifying the shipment by the following loss particulars:

- .. Date of arrival.

- .. Date of entry and clearance from customs.
- .. Exceptions taken on discharge from carrier - on entry and delivery from customs - by inland carrier, if any.
- .. External condition of shipment on arrival at final destination.
- .. Number of short damage and/or pilfered items noted upon unpacking.

Telephone: (914) 684-6500 Facsimile: (914) 684-7070 Telex: 408981