SELLER'S CONTINGENCY INSURANCE

In almost all export and domestic transactions where credit is allowed by the seller to the buyer and the goods are not sent on CIF basis, responsibility for the goods passes to the buyer when the goods are loaded on to the vessel. But ownership does not change until the buyer accepts the goods and relative documents. In all such trading, the seller is technically relinquishing control of the goods without personal possession of insurance protection.

Thus, if the seller is allowing credit to the buyer and has shipped goods on FOB terms, where the responsibility for loss or damage to the goods is passed to the buyer when the goods are loaded on to the vessel, the seller has no control over the conditions of the insurance cover arranged by the buyer.

In the event of loss of or damage to the goods in transit from a peril insured against and the buyer refusing to pay for such loss or damage, the seller could stand to lose financially.

Seller's Interest or Contingency Interest cover could help to prevent this.

The cover is normally arranged as an extension of FOB cover. The seller's interest cover in effect retrospectively reinstates cover, as per Institute Cargo Clauses as provided for in the policy and allows the seller to be protected in an area where he has no control over the insurance arrangement.

To know more about Seller's Contingency Cover get in touch with us at info@optima.co.in