

Insurance

This supporting resource provides comprehensive guidance on insurance requirements for customers and Logistics Service Providers (LSPs) involved in the outsourcing of logistics, specifically for the transportation and handling of health products. Understanding these requirements ensures that both parties are adequately protected against risks associated with the loss, damage, or liability arising from the transport and storage of goods.

1. Insurance Requirements for the Customer

Customers, often acting on behalf of government entities or organizations, should maintain insurance that covers:

- Goods in Transit: Ensures coverage for health products while in transit from one location to another.
- Property Insurance: Covers losses or damages to goods stored at owned or leased facilities.
- Liability Insurance: Protects against legal liability arising from the operation, including third-party injuries or property damage.

2. Insurance Requirements for the LSP

LSPs must carry comprehensive insurance coverage that includes:

- Freight Liability Insurance: Covers loss or damage to goods while under the care, custody, or control of the LSP.
- General Liability Insurance: Protects against claims of bodily injury or property damage caused by the LSP's operations.
- Automobile Liability Insurance: Covers liabilities arising from the use of vehicles in logistics operations.
- Warehouse Legal Liability Insurance: Specific to the warehousing industry, covering loss or damage to stored goods.

3. Details to Look for in Insurance Coverage

When evaluating insurance policies, consider the following:

- Coverage Limits: Ensure the limits reflect the value of transported and stored goods. Coverage should be sufficient to replace the full value of goods in the event of a total loss.
- Deductibles and Exclusions: Understand what is not covered by the policy and the costs that the insured must bear out-of-pocket.
- Claims Process: Familiarize yourself with the process to file a claim, including time limits, documentation requirements, and points of contact.

4. Verifying Insurance Coverage

It is essential to verify that all involved parties have adequate insurance coverage:

- **Certificates of Insurance:** Obtain and verify certificates of insurance from LSPs annually to ensure that policies are current and meet contractual obligations.
- **Additional Insured:** Customers should be named as an additional insured on relevant policies of the LSP to extend coverage protection.

5. Managing Insurance Claims

In the event of a loss or damage, follow these steps to manage claims effectively:

- **Immediate Notification:** Notify the insurance company immediately following a loss or discovery of damage.
- **Documentation:** Document the damage with photos, detailed descriptions, and any supporting documentation that can substantiate the claim.
- **Cooperation:** Cooperate fully with the insurance company's investigation by providing necessary information and access to damaged goods.
- **Follow-up:** Regularly follow up on the claim's status and maintain communication with the adjuster to ensure timely resolution.

Conclusion

Insurance plays a critical role in managing the risks associated with logistics outsourcing. By ensuring both customers and LSPs carry appropriate and adequate insurance, parties are better protected against the financial impacts of unexpected losses. Adhering to the guidelines set forth in this annex will aid in navigating the complexities of insurance in the logistics sector, safeguarding the interests of all parties involved.