

# Important changes affecting Carriers Liability Insurance



TruckSure  
By Trevor Toohill

Carriers Liability has increased the value of a unit limit from \$1500 to \$2000 under the Carriage of Goods Amendment Act 2013, with effect from 18 June 2014.

This is a major change to the Carriage of Goods Act and comes about after being flagged a couple of years ago. Initially it was thought that a more substantial increase in the default unit limit was likely. The current increase to \$2000 per unit is considered very reasonable, timely and a warranted adjustment considering inflationary trends.

In transport, the Carriage of Goods Act 1979 determines the carrier's liability for goods lost or damaged while in transit within New Zealand. A key element of the act is the application of strict liability in exchange for a capped default limit of liability per unit of goods (unless an amended contract is mutually agreed in writing).

For bulk goods, the unit limit is determined by how freight is charged, for example per unit of weight or measurement. For non-bulk goods, the unit is determined by how the goods are presented to the first carrier. For example six individual boxes equates to six units of liability, however one pallet containing six boxes equates to only one unit.

Carriers insured under all insurers Carriers Liability policies will automatically receive protection for the increased unit limit of \$2000. The maximum limit for any one conveyance or accident will also automatically increase to NZ \$1,000,000, with effect from 18 June 2014 – note: not all insurers will offer this level of increased maximum liability so be sure to shop around or question your insurer or broker.

It is expected that the increase in the unit limit will most likely require an increase in premium and this will be applied on a case by case basis at policy renewal depending on the type and size of the carrier's business. Your claims performance will also have an impact on the level of increased premium.

It is worthwhile to refresh you at this point on a couple of definitions within the Act;

## Meaning of unit of goods:

- (1) In this Act, unless the context otherwise requires, unit of goods or unit,—
  - (a) in relation to bulk cargo, means the customary freight unit; that is, the unit of bulk, weight, or measurement upon which the freight for that type of cargo is customarily computed or adjusted:
 

provided that, where the freight payable under a contract of carriage is computed or adjusted upon a specified unit of bulk, weight, or measurement, references in this Act to unit of goods or unit shall be deemed, for the purposes of the carriage of goods pursuant to that contract, to be references to that specified unit:
  - (b) in relation to goods contained in a container, means the container load of goods; and includes, where the container is provided by the contracting party, the container:

- (c) in relation to goods loaded on a pallet, means the pallet load of goods; and includes, where the pallet is provided by the contracting party, the pallet:
- (d) in relation to goods contained in a package that is not contained in a larger package or in a container, nor loaded on a pallet, means the package of goods:
- (e) in relation to goods that are unutilised for the purposes of carriage in any manner not referred to in any of the preceding paragraphs of this subsection, means the unit of goods as so unutilised:
- (f) in relation to goods (other than baggage) not referred to in any of the preceding paragraphs of this subsection, means each item of the goods:
- (g) in relation to baggage, means each item of baggage.
- (2) For the purpose of determining the limit of the liability of any carrier, the limit of liability prescribed by Section 15 in respect of each unit of goods relates to the unit of goods as accepted for carriage by the actual carrier or, where the carriage is undertaken by more than 1 carrier, by the first actual carrier, whether or not that unit is subsequently packed, repacked, or unpacked, or otherwise aggregated with or segregated from any other goods, at any stage of the carriage.

## Contract Defined:

The Act defines four types of contract each determining responsibility for loss or damage to goods and the extent of that responsibility.

- a) At 'Owners Risk' where the carrier will not be liable for loss or damage at all. Most commonly used for furniture and office removals and excluded goods under the act.
- b) At 'Limited Carriers Risk' where the carriers liability is limited to the current limit of \$1500 per unit of goods (now increasing to \$2000). (This is the default contract where there are no declared terms specified). 90% of goods are carried in NZ under these terms.
- c) At 'Declared Value' where the carrier will be liable for an agreed amount up to that specified in the contract. Predominantly used for containerised goods.
- d) At 'Declared Terms' where the carrier will be liable under agreed terms and conditions in accordance with the contract specifications. Any extraordinary features of the goods or the route may dictate the terms of this contract.

While this review is being conducted it is a good time to talk to your broker about a couple of worthwhile extensions to this insurance that are often overlooked;

Consequential Loss

Recovery and increased clean-up costs – extra limits.

If any further information is required contact a TruckSure broker [www.trucksure.co.nz](http://www.trucksure.co.nz)



MultiSure

0800 287 287

[www.trucksure.co.nz](http://www.trucksure.co.nz)



TruckSure

*'We've got trucking covered'*