

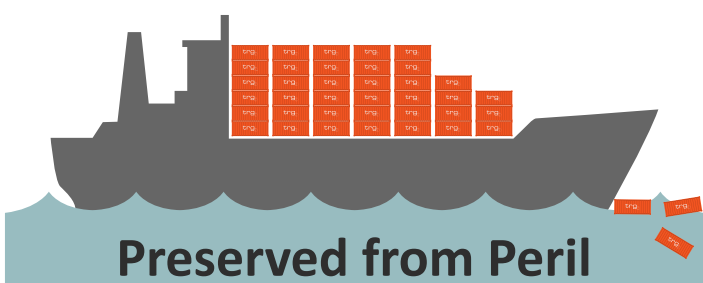
# GENERAL AVERAGE

What is it and how does it affect importing?

## The law of General Average states:

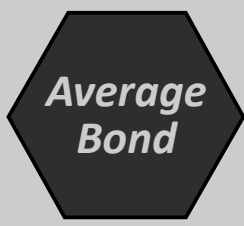
"There is a General Average Act WHEN and ONLY WHEN, any EXTRAORDINARY SACRIFICE or EXPENDITURE is INTENTIONALLY and REASONABLY made or incurred for THE COMMON SAFETY or the purpose of PRESERVING FROM PERIL the property involved in a COMMON MARITIME ADVENTURE."

For General Average to be declared, the voyage has to be preserved from peril.



## Effect of General Average on Importers

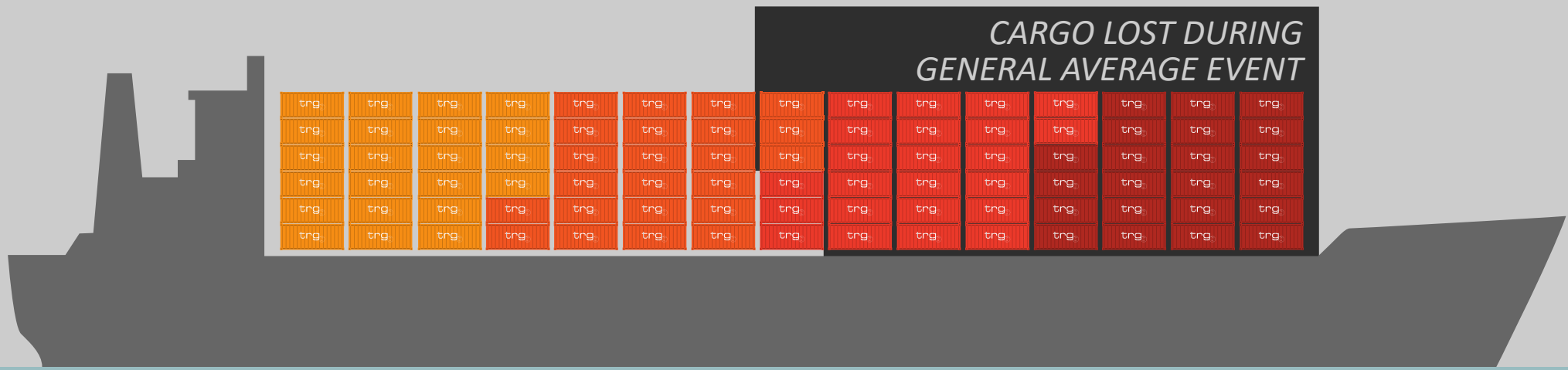
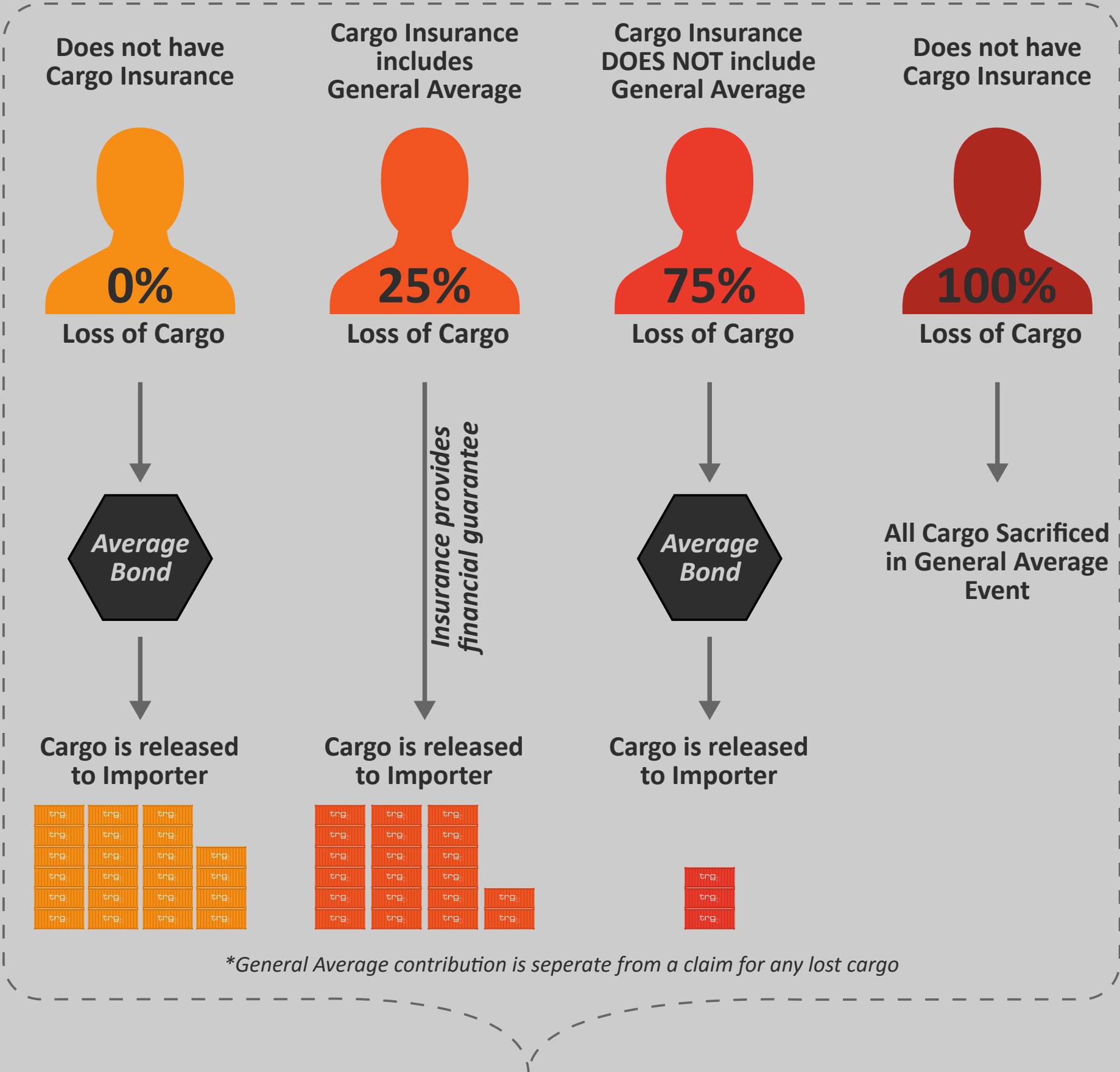
All parties involved in the venture, including all cargo owners, are responsible for making a proportional contribution to cover the costs incurred during the General Average event, including the loss of cargo sacrificed during the event.



This is a promise to pay general average contributions in the form of a cash bond. In most cases, the carrier requires this before agreeing to unload the ship and has the right to take part of the cargo as payment of the cargo owners' contribution if the bond is not received.

\*If the cargo owner has Cargo Insurance that includes coverage for General Average, the insurance provider will pay their contribution and a cash bond will not be required.

General Average cases can take about 5 years to finalize



## Examples of General Average Events

An event that results in a declaration of General Average can be any type of incident where the master of the vessel has to take action to make an extraordinary sacrifice for the common safety of the vessel, and all that is within her.

Common examples include, but are not limited to, the following:



The ocean is a dangerous place it is important to remember:  
**'Ship Happens'**

Don't get lost in the process, make sure you are informed on the latest updates to remain compliant with Customs. TRG is proud to be your source for industry news and updates. We know the process of importing in the United States can be confusing, so let us make it easier.

Have Questions about Marine Insurance?

Download a free presentation explaining the basics of Marine Insurance.

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