

CAP Worldwide complies with “The Carriage of Goods by Sea Act”

The **Carriage of Goods by Sea Act** (abbreviated "COGSA") is a United States statute governing the rights and responsibilities between shippers of cargo and ship operators regarding ocean shipments to and from the United States. It is the U.S. enactment of the International Convention Regarding Bills of Lading, commonly known as the "Hague Rules". It was found in Title 46 Appendix of the United States Code, starting at Section 1301, but has been moved to a note in 46 United States Code 30701.

The United States Congress, concerned that the Hague Rules did not offer shippers enough protection against damage to cargo by ship owners, amended the Hague Rules in a number of minor, but important, ways. It increased the amount that ship owners would have to pay cargo owners for damage in transit from GBP100 per package to US\$500 per package or, for goods not shipped in packages, per customary freight unit. This "package limitation" has become one of the most contentious and litigious areas in the field of cargo damage, particularly as it relates to the transportation of goods by ocean shipping containers.

Limitation of Liability (A) Subject to subpart (B) below for the purpose of determining the extent of the Ocean Carrier's liability for loss of or damage to the Goods, the Merchant agrees that the value of the Goods is the Merchant's net invoice cost, plus freight and insurance premium, if paid. The Ocean Carrier shall not be liable for any loss of profit or any consequential loss. (B) Insofar as the loss of or damage to or in connection with the Goods was caused during the part of the custody or carriage to which the applicable version of the Hague Rules applies: (1) The Ocean Carrier shall not be liable for loss or damage in an amount exceeding the minimum allowable per package or unit in the applicable version of the Hague Rules, which when U.S. COGSA is applicable is an amount not exceeding U.S. \$500 per package or customary freight unit, unless the value (and nature) of Goods higher than this amount has been declared in writing by the Merchant before receipt of the Goods by the Ocean Carrier and inserted on the face of this Bill of Lading and extra freight has been paid as required. If the actual value of the Goods per package or unit exceeds such declared value, the value shall nevertheless be deemed to be the declared value, and the Ocean Carrier's liability, if any, shall not exceed the declared value. Any partial loss or damages shall be adjusted pro rata on the basis of such declared value. If the declared value has been willfully misstated or is markedly higher than the actual value, the Ocean Carrier shall not be liable to pay any compensation. (2) Where the cargo has been packed into a container or unitized into a similar article of transport by or on behalf of the Merchant, it is expressly agreed that the number of such containers or similar articles of transport shown on the face of this Bill of Lading shall be considered as the number of the packages or units for the purpose of the application of the limitation of liability provided for in this Article.