



Mexican limitation of liability

Cargo Incidents within Mexican territory are very common. Whether this involves robberies, hijacking, or simply truck turnovers, these are incidents that our México office handles on a daily basis.

Now, the main issue here is that as per Local Mexican Law, there is a strict (and almost unbreakable) limitation of liability that only allows us to recover USD 63 per ton loss (approx.). You can imagine how difficult it is to recover a considerable amount when containers are worth thousands (if not millions) of dollars and the recoveries are limited to 1 to 5% of the claim amount.

So even when faced with millions of dollars worth of losses, our clients (both in Mexico and abroad) face nuisance recoveries.

Fortunately, we are starting to change that.

Below you will find a case of how hard are these kind of cases and how can we solve them.



Type of client & cargo

A Mexican Cargo underwriter insured an electronic transformer, imported from the US. Was shipped from Miami and discharged at Altamira, Mexico.

A freight forwarder was hired to handle the entire shipment, both the sea voyage and the trucking phase inside Mexico to reach its final destination in Mexico City.



The incident

Following the discharge of the container and after being loaded to a Mexican trucking company, the transformer left Altamira without any complications. A couple of minutes after leaving the terminal, the truck suffered a turnover and the container considerable damages. The cargo was declared a total loss and the claim was over USD 650,000.

We had a recovery against both the trucking company and the freight forwarder which hired such local carrier.

Claims handling and final outcome

As said, Mexico has a strict liability included in its Federal Laws any incident taking place within Mexican highways is covered by a liability limit of USD 65 per ton approx.. This meant that for our 677K loss we would be facing a potential recovery of USD 2500.

Carriers made every possible attempt to bring this case to Mexico only and apply strict local limitation of liability. From our end, we approached the case in a broader way, meaning the intentions of both sides, which was to be ruled by a different set of norms. At the same time, this would allow us to attempt a higher potential recovery.

Thanks to our local presence both in Mexico and in the US, we managed to break such limitation of liability. Involving multiple jurisdictions and applicable Laws to a particular case, we managed to recover a very big part of the loss, many times over the limitation of liability

These limitations of liability are indeed frustrating, so be sure to let us assist with cases such as this one in the future.

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