

Bill Ralph



# Less risky business

What do rock stars, sports teams and exporters have in common? "They should all carry an ATA Carnet when doing business in foreign countries," says Bill Sterrett, president of Roanoke Trade Services Inc., an international insurance broker.

Roughly translated from French, an ATA Carnet is a form of identification for temporary admission. Bill explains, "In other words, it's a merchandise passport. Exporters, freight forwarders and business travelers forget that foreign customs officials do not always see commercial samples, computers, sound equipment and trade show materials as personal or business property. At a minimum, using a carnet can prevent delays when entering another country with your tools of trade. If your overseas business requires the use of extraordinary items, a carnet will save you from paying unnecessary customs duties and taxes."

In 1961, the predecessor to the World Customs Organization adopted the "Customs Convention on the ATA Carnet for the temporary admission of goods" as a way to encourage world trade by facilitating clearance through varying national customs regulations. By 1968, the U.S. Council for International Business had been

appointed by the Treasury Department to operate the ATA Carnet system in the U.S. The carnet system is accepted in over 55 countries. In 1978, Roanoke was authorized by the USCIB to issue carnets and surety bonds that are required to cover any customs claims. "We issue between 11,000 to 12,000 carnets each year," Bill said. "The number could easily double if more exporters were aware that a merchandise passport can make their foreign business travels less risky."

Roanoke specializes in understanding all the risks of importing, exporting and transporting goods for its clients. Most of those clients are forwarders, customs brokers, NVOCCs and carriers. They create international insurance programs for large shippers, although high volume traders tend to roll together various insurance policies with a general insurance provider. Bill said, "We do offer some limited insurance underwriting, but we are not trying to be all things to all people. Our expertise is our knowledge of the complicated flow of international trade."

As an example, Bill cited a case involving protecting against rain damage on an air cargo shipment. A fashion

retailer had no idea that the rapid air compression changes in flight could cause it to literally rain inside an air cargo container. "Our client was distribution oriented. Just-in-time delivery was critical and insurance was an afterthought. He had no idea about damage exposure."

Bill joined Roanoke 20 years ago after his former employer, Deloitte & Touche, was hired for a management consulting assignment. "I loved the unique focus that Roanoke placed on international insurance. The employees are passionate about their niche role, and I should add that I was cheaper to hire than to retain as a consultant," he said. Roanoke has 200 employees in 10 U.S. cities and a network of agents in over 90 countries.

According to Roanoke estimates, a large number of international cargo movements go uninsured. "Yes, there are general insurance terms of sale that are included on a bill of lading and a product warranty," Bill explains. "Too often the assumption is that somebody else is responsible." For example, boilerplate contracts usually limit a transportation provider's liability. The liability for a lost or damaged ocean shipment can be as low as \$50 per package. The minimum air cargo coverage is between \$9 to \$10 per pound. According to Bill, many shippers do not learn about the risks until after a problem arises.

Educating clients on insurance and surety risks before they trade is a growing part of Roanoke's business. In conjunction with GISTnet, Roanoke offers a web-based Learning Center, at <http://roanoke.gistnet.com/>, offering technical training in marine cargo insurance, carnets and customs bonds. Five courses include lessons, case studies, glossaries, tests and a tool that allows a company to track employees' progress on their studies.

All types of insurance can be bought on the Internet, although Roanoke is not yet a player. "In my view, the web cannot replace the personal or technical knowledge of our professionals," Bill said. "You cannot provide a responsive, quality service by asking a client 20 online questions. Our clients expect more."

Roanoke expects more of itself, too. On my way out of their Schaumburg, Ill., corporate office, I met a few of Bill Sterrett's colleagues brainstorming new insurance programs. I heard interesting ideas about trade disruption coverage and quality-delivery insurance that has a tie in to improved bank credit. I suggest you give them a call. It's worth the risk.

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