



MARINE INSURANCE

The majority of cargo arrives safely at its destination! However, marine vessel and aircraft casualties occur on a daily basis. About 3,000 damages / casualties a year, and usd 1.5 billion on marine salvage operations take place, resulting in millions of dollars of loss, damage and delays to cargo as pointed out by US broker FP Marine.

All marine cargo owners can be subjected to a General Average ("GA") claim, even if their cargo is undamaged. Every year over 200 ships are lost, in the years 2010-2012 400 vessels per year were reported as victims of piracy and armed robbery.

Over the years we are facing lack of knowledge on the matter of insurance, below elements immediately pop up in my mind. TPL is working with a first class underwriter, covering all cargo transport risks, under the well-known ICC (a) policy against "ALL RISK". Also TPL have a cover for their professional responsibility.

However "All Risks" does not cover all losses.

Without going too much into detail (feel free to contact us) in this abstract issue, we wish to draw a few points of attention related to an "All Risk cargo transport insurance":

- All risk covered under "Antwerp Policy"
- weak packing
- inherent vice
- general average
- taking recourse for dummies

ALL RISK COVER (& contribution clause)

It is important to know if your policy is concluded as a "Lloyd's policy" or "Antwerp Policy" with regard to the difference between the proof to be delivered. Under "Lloyds" policy insured must deliver proof that he did not make a mistake, under "Antwerp Policy" the insurance must deliver the proof that the insured has committed a fault subject to exclusions below, this difference between objective and subjective responsibility is a very important issue to define if the insurer is liable for the claim or not. Same also plays with regard to "warranties" defined in the transport cover.

Very tricky is also the “non-contribution clause” where the insurance does not cover any loss or damage which at the time of happening of such loss or damage is insured by any or would but for the existence of the Policy, be insured by any other existing Policy or Policies except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this insurance not been effected.

INHERENT VICE

The major exclusions include war and misconduct of the assured. Ordinary leaking/loss of weight, wear and tear, unsuitable packing and inherent vice are also exclusions but these are often overlooked or misunderstood. Inherent vice is a hidden defect of the cargo that causes or contributes to its deterioration, damage or wastage and may apply to cargo that is susceptible to high/low temperatures or humidity.

WEAK/ NOT SEAWORTHY PACKING

Unpacked/unprotected items cannot be covered against rust, oxidation, de-colorisation, wetting, staining, scratching, bruising, chipping, denting, marring and the cost of repainting as applicable.

If items are packed in non-waterproof packing, items cannot be covered against rust, oxidation, de-colorisation, wetting, staining, scratching, bruising, chipping, denting, marring and the cost of repainting as applicable. This means that electrical switch boards, and all electronic devices need to be properly packed in seaworthy SEI 4C crates or similar. TPL will be pleased to provide full assistance here to find a cost effective SEI – 4C certified packing.

GENERAL AVERAGE – what is it ?

GA is used as a way of sharing the costs of saving a vessel and its cargo equally amongst all parties even if the incident does not affect them equally.

GA is declared when a vessel encounters a problem that threatens the completion of the voyage trip. The voyage itself is considered in literature as a “common adventure” between all parties, including the cargo owners and shipowner. So if the journey is threatened, for example by the vessel running aground or containers with IMO cargo catching fire, it means each party must provide their share. This calculation is laborious and can lead to cargo being held for many months or years.

How does this affect me?

If your cargo is on board a vessel when the shipowner declares General Average, you will need to find the security to guarantee its release (on average 20% of the value of your cargo). If you are unable to raise this “General Average Bond “ security, your cargo will be held indefinitely....

Unfortunately, it is more common than most people realize, and amounts to approximately 10% of the loss expenses of marine insurers because of the size and frequency of GA claims.

TAKING RECOURSE FOR DUMMIES

In case of import cargoes, packages must be checked on apparent damage prior to delivery by a sworn surveyor in order to make recourse against last carrier on Delivery Order, these reserves must be reconfirmed by registered mail and immediate notice of such loss or damage should be given to the surveyor named in the insurance certificate.

When delivery is made by container, the assured should insure that the container and its seals are examined immediately by the responsible official. If the container is damaged or with seals broken or missing or with seals other than stated in the shipping documents, to clause the delivery order accordingly and retain all defective or irregular seals for subsequent identification.

Very often it is overseen that receivers (= assured) have only within 3 (three days!) of delivery to give notice in writing to the Carriers or other Bailees, if the loss or damage was not apparent at the time of taking delivery.

Of course, when submitting a claim under the ICC (a) policy all documents relative to the shipment should be forwarded to surveyor as indicated on the back of the insurance certificate.

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