

Transporting Bulk, Frozen Products and Livestock: Coverage and Exclusions

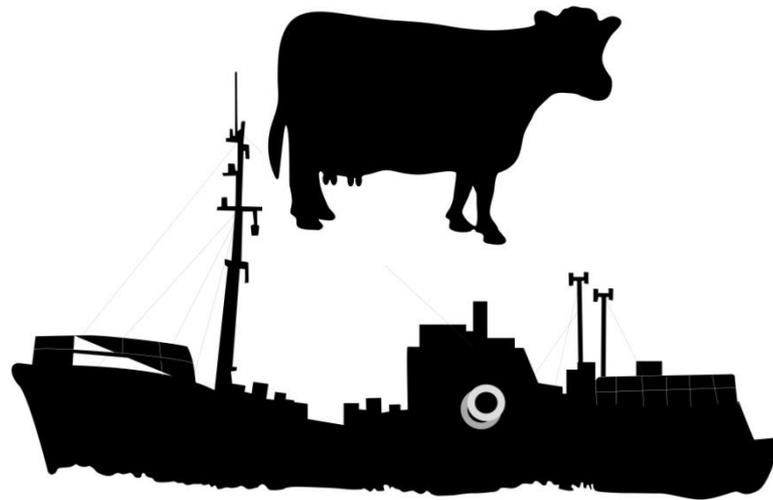
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Introduction
Cargo Insurance
Chilled/Frozen Products
Livestock
Bulk



Overview

- Introduction
- Cargo Insurance: Developments and Coverage
- Chilled/ Frozen Products
- Livestock
- Bulk

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Chilled/Frozen Products
Livestock
Bulk

Overview

- Consumption of fruits and vegetables out of season
- Expectation of supply of “exotic” goods in US, European and Asian supermarkets.
- High demand for fresh meat
- Import precondition: special treatment in order to survive the transport from the place of origin to the final consumer.

Introduction

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Livestock
Bulk



Cargo Insurance: Overview

- Cargo Insurance to protect potential financial losses
- Commercial insurance: Long History (3000 BC)
- First marine insurance policy issued in 1384 in Genova
- Standardised Policy Wordings by the end of the 16th century



Cargo Insurance: Overview

- International Underwriting Association of London
- Origin: Sea Transport
- Institute Cargo Clauses: Three Types

Introduction
Cargo Insurance
Chilled/Frozen Products
Livestock
Bulk



Chilled/Frozen Products: Overview

- Two methods to enable products to arrive in good quality
- Temperature control
- Controlled atmosphere
- Combination of both



Chilled/Frozen Products: Overview

- Clear carriage instructions
- Carriers: Only a certain range may be provided (cold products)
- Solution: Introduce fresh air?



Chilled/Frozen Products: Coverage

- Insurance normally covers the cargo value plus 10 – 20 % of increased cost and value while Carriers are only liable for the value of the goods
- Possibility to avoid cover or reject losses is hardly given
- Sorting cost and surveyors costs: Cover under the insurance policy and the carriers liability may differ considerably

Chilled/Frozen Products: Exclusions

- Art. 3 § 1 HVR: The carrier shall be bound before and at the beginning of the voyage to exercise due diligence: (c) Make the holds, refrigerating and cool chambers, and all other parts of the ship in which goods are carried, fit and safe for their reception, carriage and preservation
- Carriers: No guarantees of temperature / margin of temperature



Livestock: Overview

- Bad reputation for carriers and insurances / negative publicity
- Not much small damages/losses but some total losses



Livestock: Overview

- Different approaches as regards to transport conditions
- Corno Express Incident
- Australian Standard for the Export of Livestock



Livestock: Tour on MV BECRUX



Introduction
Cargo Insurance
Chilled/Frozen Products
Livestock
Bulk

Livestock: Overview



Introduction
Cargo Insurance
Chilled/Frozen Products
Livestock
Bulk

Livestock: Coverage

- Special clauses for transport of livestock
- Special wordings in insurance policies

Introduction
Cargo Insurance
Chilled/Frozen Products
Livestock
Bulk

Livestock: Coverage

Livestock Clause No. 1

This policy covers risk of death and/or mortality from any cause arising (except resulting from being in a parturient condition), including destruction in the interest of humanity when suffering from fractured limbs; risk of jettison and washing overboard. Theft, General Average, and Special Charges (including maintenance through vessel putting into a port of refuge or distress).

The stock to be covered for twenty-four hours after arrival at ultimate destination as stated in the policy or until previous arrival in quarantine.

Animals to be in a good state of health at commencement of risk. With liberty to be shipped on deck but exercised only under control. Risks of injury from any cause whatever, inoculation and its after effects, prohibition of import or export, failure to pass tests, or slaughter by authorities through infectious diseases are absolutely excluded.

Claims subject to confirmation by a responsible Official, giving particulars and apparent cause of death.

This Clause is subject to the Terms, Limitations and Conditions of the Policy to which it is attached.

Livestock: Coverage

Livestock Clause No. 2

The stock to be covered from the time of arrival at wharf and/or quay at port of embarkation until arrival in sheds and/or transit on quayside.

Livestock Clause No. 3

Risk to commence from the time and at the place of purchase and/or elsewhere until finally shipped, limited to 10 days prior to shipment or held covered, including all loading, transit and shipping and discharging risks, whilst in quarantine, limited to 30 days and continuing without interruption until safely delivered to consignees at final destination as stated in the policy (includes risks of mortality for 30 days after arrival at destination).

Livestock: Exclusions

- Rather limited liability of carriers
- Art. 1 c HVR: 'Goods' includes goods, wares, merchandise and articles of every kind whatsoever *except live animals*
- Maersk Line B/L clause 18.3: Livestock ... are carried without responsibility on the part of the carrier for loss or damage of whatsoever nature or delay arising during the carriage whether caused by unseaworthiness or negligence or any other cause whatsoever ...
- ANL Singapore B/L clause 13 (4): Any live animal received by the Carrier hereunder shall remain at all times at the sole risk of the Merchants, ..., and the Carrier shall not under any circumstances be liable in any capacity for any non-delivery, mis-delivery, loss, delay or damage of whatsoever nature arising howsoever to or in connection with such live animals.
- A few carriers specialize on the transport of livestock but they do not publish their general terms and conditions.

Bulk: Coverage

- Standard A clauses: Wide cover
- Certain trades may require additional wording to suit the particular circumstances or the nature of the cargo.
- Coven SPA vs Hong Kong Chinese Insurance Co



Bulk: Exclusions

- Art. 4 Nr. 1 (m) HVR: Neither the carrier nor the ship shall be responsible for loss or damage arising or resulting from: wastage in bulk or weight or any other loss or damage arising from inherent defect, quality or vice of the goods.
- MOL B/L clause 5 (2) (a): The carrier shall be relieved of liability for any loss or damage if such loss or damage was caused by (xiii) any cause or event which the carrier could not avoid and the consequences whereof he could not prevent by the exercise by of reasonable diligence.



Bulk: Venues for recovery (shipment of rice to West Africa)

- Failures at loading or discharging / pilferage
- Moisture levels
- Discharge at wrong ports
- Failure of hatches / ventilation
- Weather conditions
- Lack of information / documentation





ANY QUESTIONS?

THANK YOU!