

News Letter

Issue No – 3
March 2014



WORLD WIDE CLAIMS SER-

WWCS UPDATE

We are pleased to announce our recent association with the following Experts who are qualified professionals in their respective fields -

- *A Survey firm based in Latvia who can undertake surveys in the Baltic countries including Latvia, Lithuania and Estonia, as well as in Russia, Belorussia ,Ukraine*
- *A Senior Average Adjuster in Mumbai who is a Fellow Member of Association of Average Adjusters, U.K. with 20 years of experience.*
- *A Survey firm based in Seychelles who can attend besides Seychelles, in Mauritius and South Africa as well.*

This is in line with our continued efforts to upgrade our services to our Clients.

The WWCS Network has now expanded to 25 countries .

EVENTS

The Annual General Meeting of the International Institute of Marine Surveying , UAE Branch was held at Dubai Beach Resort & Spa on 24 February 2014.

Mr. R. M. Menon's presentation on "*Impact of Stowaways on Ship Owners*" was reportedly well received by the delegates at the AGM.



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CARGO DAMAGES - CATCH 22 SITUATIONS

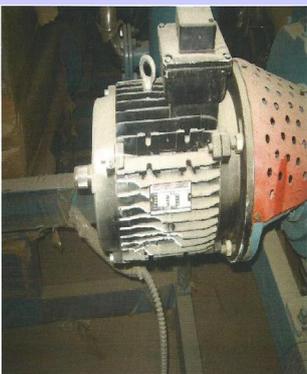
It is not unusual for two parties to come to differing conclusions with regard to liability in respect of cargo damages. Opinions can differ on the nature of damage, extent of the damage, consignee's obligation to mitigate the loss etc. This invariably leads to disputes when it comes to claims settlements. We have discussed below a few interesting situations.

Cargo claims due to mechanical damages, water, contamination, rust etc. are quite common. There are also instances when without any obvious signs of damage to the cargo, the consignee claims monetary loss. This usually happens in the case of branded goods, for instance electronic items. If the outer packing is excessively wet, the consignee rejects it fearing internal damages to the cargo. It is not always that a technical report is produced. Some consignees also claim that they are unable to market the goods without the original packing. Unlike non branded items which can be sold for salvage to mitigate the loss, branded items are not sold for salvage as it would affect the brand image of the manufacturers. Claims for total loss in such instances obviously lead to disputes.

Damage to parts of machineries or equipments result in claims for partial loss. Even if repair facilities are available locally, the consignee is reluctant to undertake the same as it would affect the manufacturer's warranty. They have to follow the manufacturer's instructions to repair/replace the damaged part(s) at their facility. Needless to say, this will entail higher costs especially if the unit has to be shipped back to the manufacturer for this purpose. The initial tendency for a Carrier facing recovery action will be to resist the consignee's claim for such costs.

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Though frozen cargoes are meant to be carried at a specified set temperature, slight fluctuations in temperature usually do not cause damages. However, consignees of certain branded food products do not accept even the slightest variations in temperatures, on account of their strict quality control. There will not be any visible damages to the cargo and the cargo itself will be unspoiled and edible. However, it is alleged that even slight temperature variation will affect the quality of the end product and the entire cargo is thus rejected. Besides, they will not allow the cargo to be sold for salvage as it would affect the brand image. This leads to disputes in claim settlements.

Carriage of reefer cargoes sometimes result in damages to only part of the cargo. It could be due to improper stowage of the cargo within the unit. In order to maximize stowage, some shippers load the cargo exceeding the mandatory limits - sometimes right up to the roof or the door. This will lead to inadequate circulation of cool air leading to rise in temperature affecting all or localized areas of cargo. Another reason could be the different shelf life of the various cargoes within the unit and / or inappropriate or no pre cooling of the cargoes. If a particular cargo is not pre cooled or loaded at the required temperature, it can result in damages.

In such instances when some of the cargo is damaged, there is a tendency for some consignees to destroy the entire cargo even if it were possible to salvage the sound items. Claims for total loss in such instances obviously leads to disputes in claim settlements.

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Another irritant in claim settlements is the absence of “Destruction Certificates” for condemned cargoes. Some cargo owners, in order to save costs, will dispose off the damaged cargoes themselves without involving the authorities. This is done to save costs. The absence of a Destruction Certificate from the ‘proper authority’ will have a bearing on claim settlements/recoveries. The party facing total loss claim will insist on proof that the allegedly damaged cargo is indeed destroyed. They want to be satisfied that the consignee has not made a profit from salvage of such cargoes.

A Consignee who is a regular importer may accumulate damaged cargoes and destroy them together in one lot, in order to save costs. Another reason is that the local authorities do not permit to destroy small quantities of goods from the Free Zone. Therefore this process is carried out after consolidating various damaged products followed by issuance of Green Certificate. Since the Destruction Certificate in such instances will not identify the different shipments, it will be difficult to substantiate individual claims.

WHY IS A SHIP CALLED ‘SHE’ ?

A Ship is called a ‘she’ because there is always a great deal of bustle around her; there is usually a gang of men about, she has a waist and stays : It takes a lot of pain to keep her good looking : it is not the initial expense that breaks you, it is the upkeep: she can be all checked out. It takes an experienced man to handle her correctly and without a man at the helm, she is absolutely uncontrollable. She shows her topsides, hides her bottom and when coming into Port, always head for the buoys.



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