

NEWS LETTER
ISSUE No – 7



MARCH
2015

WORLD WIDE CLAIMS SERVICES

DUBAI EVENTS

Maritime & Ports M.E. Conference 2014 was held in Dubai on 10 December 2014 under the patronage of Dubai Maritime City Authority. The following topics were addressed in the Conference –

- Regional Ports and Shipping trends
- The role of Maritime Clusters in strengthening the UAE Maritime industry.
- Emirates Maritime Arbitration Centre.
- How to enhance the level of talent within the Maritime sector.
- Crystal ball gazing - What the future holds for the Maritime industry.

The recent establishment of the Emirates Maritime Arbitration Centre generated a lot of interest among the attending delegates. Mr. Khalid Meftah – Business Development Director, DMCA explained the aims and objectives of the Arbitration Centre. With the commitment of DMCA and support from the shipping industry, there is no doubt that the Arbitration Centre will add significantly to the development of the Maritime sector of UAE.

Lloyds of London has recently announced the inauguration of its operations at the Dubai International Financial Centre (DIFC). The office will represent a new specialist underwriting platform in Dubai to provide tailored risk solutions across the Middle East. This will further enrich the already flourishing DIFC, consolidating its position as a key hub for business and finance. This will undoubtedly make Dubai the Mena region's capital of Insurance and Reinsurance.

(Reported in Khaleej Times)



*Two things that bring happiness in life –
“The way you manage when you have nothing”
“The way you behave when you have everything”*



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- **SOLUTION FOR ALL YOUR CLAIMS** -

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CARGO SALVAGE - "BUYERS BEWARE"



Cargo interests usually try to mitigate losses by salvaging damaged and rejected cargoes. There are many salvage buyers operating in UAE and abroad. Depending on the extent of damage, such cargoes are either repaired and sold or exported to African countries or disposed off for their scrap value by the salvage buyers. WWCS occasionally assist clients to find salvage buyers.



The salvage sale is usually on "as is where is" basis. The buyers based abroad occasionally buy the cargoes without seeing them, relying only on information/documents. Sometimes they do not arrange for inspection of the cargo locally through an appointed Agent. In a recent incident, a buyer based in England purchased a damaged machinery originally valued over USD 100,000. The cargo was rejected by the consignee in Oman as it had suffered damages due to fire on board the ship. The buyer checked the documents and photographs that were provided to him and was apparently satisfied that it was worth salvaging. He did not undertake an inspection of the cargo though invited to do so. He paid the agreed amount and arranged for an Agent to take delivery and export it. After taking delivery, they discovered that the damages were much more than expected. Obviously, he was not provided with photos of all the damages and was therefore misguided about the actual condition of the cargo. He was unable to repair or resell it and it remained in his Agent's custody incurring storage charges. This salvage turned out to be a liability for them in the end.



The Buyer accused the Seller of misrepresentation and tried to persuade them to refund the money paid as well as additional expenses incurred by them to the tune of USD 10,000. But that was not workable as the sale was on "as is where is" basis. It was the Buyer's responsibility to verify the condition of the cargo before taking possession.

Having said that, Sellers should also ensure that no misrepresentation is made and complete details are revealed to the potential buyers to avoid disputes later.

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THEFT OF CONTAINERS

In our December 2013 issue, we had reported incidents of fraud resulting in disappearance of cargo from sealed containers. We have also come across many incidents of theft of containers with cargo. A few such incidents are narrated below -

A Free Zone company in Jordan imported two containers of Philip Morris cigarettes from Switzerland. They were discharged from the ship at Aqaba port. After completion of Customs formalities, the containers were loaded on trucks for transfer to the importer's premises in Zarka Free Zone, Amman. As per procedure, the trucks were escorted by the Customs with electronic tracking devices installed by them. They charge JD 40 for the tracking device and JD 80 for the escort. While one truck arrived at destination, the other truck and container disappeared enroute. The value of 830 cartons inside the missing container was USD 449,620.

A police complaint was lodged and subsequently the missing truck and container were found hidden inside a cemetery in Karak city on the way to Amman. Out of a total of 830 cartons in the container, 685 cartons were reportedly missing.

Investigations revealed that the Clearing & Forwarding Agent who carried out the Customs formalities at Aqaba port had sub contracted with a Transport company who in turn entrusted a driver with the task of moving the containers to Zarka. It is the usual practice to move such bonded cargo under Customs escort. The subject truck and container were moved as a part of a convoy of seven trucks under Customs surveillance. It is understood that the Customs escort changes at many stages enroute. The driver of the truck which arrived at destination stated that initially the two trucks were travelling together, but the other truck disappeared from his view at some stage and even the Customs escort vehicle was not be seen at times. The subject truck is old and its speed do not exceed 80 Kms/hour. However, the monitoring system at the Customs Control indicated that the speed had increased to 140 Km/hour at some stage. It is assumed that the tracking device may have been moved from the truck to a smaller vehicle.



*Death asks Life : "why does everyone hate me and love you ?"
Life replied: "because I am a beautiful lie and you are a painful truth".*



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The driver of the truck could not be traced. A case was filed by the consignee and the Penal court of First Instance found the driver guilty. He was convicted in absentia and sentenced to two years imprisonment and a fine. The following flaws in the incident may be noted –

- The Transporter entrusted the cargo to a driver without verifying his identity.
- No explanation from the Customs about the lack of vigilance of their escort.
- The failure of the authorities to identify the vehicle into which the tracking device was presumably transferred to mislead the surveillance.

The cargo Underwriters, having settled the Insured's claim, is contemplating recovery action against responsible parties.

A supplier of electronic goods in Dubai procured an order to ship 465 packages of satellite receivers and related equipments to the buyer in Ivory Coast. The value of the goods amounted to USD 30,000. The Forwarding company booked the slot on the vessel and arranged with a transporter to move the empty container to the shipper's warehouse for loading. The driver parked the trailer with the empty container close to the entrance of the warehouse to facilitate the loading. He then disconnected the trailer and drove away with the truck-head, agreeing to come after completion of loading. It was late afternoon by the time the warehouse personnel completed the loading. They closed and sealed the container and left after informing the driver to collect the container. The trailer with the loaded container was left outside the warehouse. When the driver arrived next day morning, the trailer and container were missing. Apparently someone had come during the night with a truck-head and drove away the trailer with the container.

WWCS investigated the incident on behalf of the cargo Underwriters. There was enough evidence to indicate that the nominated quantity from the supplier's stock was indeed loaded in the container. The stuffing was carried out in presence of an independent surveyor who affixed the seal on the container. However, the supplier was negligent in leaving a loaded container on the road side without any security. A police complaint was lodged and after several days the container was found abandoned in a deserted area. There was no trace of the cargo.



“ To make Money, we lose our Health”
“ To restore our Health, we lose our Money”



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Another incident involved a 20 ' container of Aluminium scrap tread imported into Mumbai. Upon discharge from the vessel, it was shifted to the Agent's CFS. Thereafter, the container was sent for the mandatory scanning as per the instruction of the Customs Dept. The transportation was done by the Agent's sub contracted transporter. When the container was not returned to the CFS, the Agent tried contacting the driver but did not receive any response. Enquires revealed that the container did not reach the Scanning Center. A complaint was lodged with the Police and subsequently, the truck and the empty container were found abandoned on the highway. The cargo valued at about USD 37,000 was missing. Apparently, the driver diverted the truck en route and managed to drive it out of the port. A case has been lodged against the absconding driver.

Readers will note that all these incidents resulted from road transportation. We cannot but emphasize the importance of engaging reliable transporters / drivers with comprehensive insurance cover.

Unwind

Too much work ? tension ? Take a break and try cracking this

X is a 7 letter word.

X is impossible for GOD

New babies like X better than milk

The poor have X and the rich look for X from the poor

If you eat X, you will die

X is more important than your life.

What is X ???



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