

NEWS LETTER
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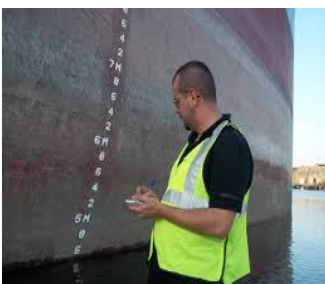
WORLD WIDE CLAIMS SERVICES

UAE UPDATE

DP World of Dubai has acquired another feather in its cap. DP World London Gateway has opened its first distribution centre in UK. The first phase comprises of 16,800 sqm of distribution and logistics space and 2400 sqm of office space situated on the north bank of river Thames. It is constructed to the highest quality and environmental standards. Plans are afoot to increase the size of the centre to 36,000 sqm. The centre is being operated by a leading UK logistics provider, Import Services, in partnership with DP World. Retailers and cargo owners can achieve cost savings by positioning themselves strategically in the right location for trade. Besides, the inward investment will be a boost to UK infrastructure and economy. (*Khaleej Times 21 July 2015*)

DRAFT SURVEY Vs. SHORE SCALE

The difference between draft survey and shore scale figures has always been a matter of dispute between Carriers and Cargo interests while determining the quantity of cargo loaded or discharged.



WWCS was involved in such disputes arising from shipments of sugar from Brazil to Batumi in Georgia. Sugar is shipped in bulk and bills of lading are issued based on the shore scale quantity. Draft survey is also carried out as per normal practice and the hatches are sealed. Upon arrival at Batumi, draft survey is again carried out and the hatches are unsealed in the presence of the Master, Agents and Receiver's surveyor. The cargo is discharged directly into wagons which are positioned on the berth close to the ship. Wagons are then weighed on the weigh bridge. Shortages are invariably noticed in every shipment.



***“Do not react; Always respond.
Reactions are instinctive, Responses are well thought of”.***



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It is the usual practice for the Ship owner's P & I Clubs to issue Letter of Undertaking and sail the vessel. Subsequently, when the Receivers submit their claim, the Ship owners refuse to accept liability relying on the ship's draft survey which shows either excess quantity or only minimal shortage. They also assert that they are not liable for shortages after discharge from the vessel. Further, they question the shore scale figures on which they have no control.



The Receivers try to substantiate their claim by pointing out that since shore scale figures are accepted at load port for issuing bills of lading, the discharge figures should also be based on shore scale figures. In other words, the comparison should be "like for like". The shore scale in Batumi is operated by the Port and situated not far from the berth. The Port and Customs authority at Batumi issue shortage certificate based on their shore scale figures. Moreover, draft surveys are not as accurate as shore scales.

The issue is never ending with arguments on both sides. While some Ship owners prefer to dispose off such claims amicably, others try to maintain their rejection.

There are no means to accurately determine the actual weight of dry bulk cargo on a ship. There are many limiting factors in a Draft survey. Shore scales, on the other hand, may not be accurate if they are not calibrated periodically.



*"All things in life are temporary.
If they are going well, enjoy them, they will not last forever!
If they are going wrong, do not worry, they will not last long either!"*



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CARRIAGE OF WINE - CHILLED OR DRY ?

A Forwarder was regularly arranging shipments of wine in Reefer containers from Adelaide to Abu Dhabi for their customer. They negotiate the freight with the Line and instruct their Agent in Adelaide to handle the shipment. The carrying temperature for wine is +15 C. These shipments have been going on without any problem. On one occasion, due to an oversight, the Agent released 20' Dry container to the shipper who stuffed the cargo without any reservation. It was the Forwarder in Abu Dhabi who noticed the error from the documentation and they immediately took it up with their Agent. Realizing their mistake, the Agent agreed to cross stuff the cargo into 20' RC at their expense. But by the time they took it up with the Line to retrieve the container, it was loaded onboard.

Needless to say, the customer in Abu Dhabi was unhappy upon receiving the news and held the Forwarder liable for any deterioration in the quality of wines. The Forwarder in turn held their Agent responsible for the error and eventual claims.

The voyage took almost a month with transshipment at Port Kelang. Upon arrival at Abu Dhabi, the customer carried out quality tests. Fortunately, the cargo was found undamaged and was accepted without complaint. But the Forwarder had to give a small refund on freight since dry container was used instead of reefer. Perhaps, the prevailing weather during the voyage in Dec - Jan may have saved the cargo from deteriorating. If this shipment had taken place during the hot seasons, the quality of the cargo would definitely have deteriorated resulting in claims.

Though a major claim was averted, this incident goes to show that a simple oversight can result in a major claim. Mistakes can be made by even those who are regularly involved in the same operation. Forwarders and Agents must have a system in place for cross checking every aspect of their operations



"Never test the depth of a river with both feet."



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CARRIAGE OF SHEET GLASS



Transportation of sheet glass is a major risk for any cargo Underwriter. Due to the fragile nature of the cargo, an accident would invariably result in total loss. It is therefore important to ensure that they are transported in the appropriate safe manner. They are generally carried on specially built trailers with a fixed central structure welded to the flat bed against which the glass sheets are secured. An other important factor is the low centre of gravity.

However, there are many Transporters in UAE who are not very professional in this type of carriage. Sometimes crates with sheet glass are loaded on trailers and secured by straps that are insufficient to sustain the lateral strain in curves or uneven roads. There are instances of lashings breaking loose with the crates falling off the trailer and the glass sheets being smashed to pieces. Many Underwriters have burnt the premium due to frequent claims in this connection.



It is advisable to carry out a risk assessment survey prior to attaching such risks.



***“Obesity is not because it runs in the family !
It is because no one runs in the family !”***



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Unwind -

Protagoras Paradox

This is a very interesting paradox and is part of ancient Greek history.

Many years ago, a law teacher was approached by a student who was willing to learn, but could not afford to pay the fees. The student struck a deal saying – “ I will pay your fee the day I win my first case in court”. The teacher agreed and proceeded with the Law course. When the course was completed, the teacher started pestering the student for the fee. The student went on avoiding the payment reminding the teacher about their deal. Fedup finally, the teacher decided to sue the student in the court. Both decided to argue for themselves.

The teacher argued that “ if I win this case, as per court of Law, the student has to pay me as the case is about non payment of dues. And if I lose the case, the student will still pay me because he would have won his first case. So either way, I will have to get the money”.

Equally brilliant, the student argued back saying – “ if I win the case, as per court of Law, I don't have to pay anything to the teacher as the case is about my non payment of dues. And if I lose the case, I don't have to pay him because I haven't won my first case yet. So either way, I am not going to pay the teacher anything “.

Who is right and who is the winner ?



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