

Reefer claims loss prevention

A loss prevention America Focus publication

Phase 8 - Notification of Refrigerated Cargo Damage

After final delivery has taken place and the cargo has been de-vanned from the refrigerated container, the consignee should immediately notify their marine cargo insurers and/or the shipping line if any substantive condition or quality defects have been noted such as decay, thawing, freeze damage, over ripening, bruising, off-size and/or discoloration.



Marine cargo insurers should contact the shipping line and invite them to participate in a joint survey as soon as possible. Timely surveys are essential to establish the condition of perishables at the time of delivery to the consignee. Moreover, timely surveys are critical given that perishables continue to naturally deteriorate over time. As a general rule, a survey of perishable items should ideally be conducted within 24 hours of receipt.

If the cargo was not insured, the consignee should immediately notify the shipping line and advise the type of damage, the value and location of the cargo and the estimated amount of the loss. The consignee should also give the shipping line the opportunity to appoint a surveyor and to jointly inspect the cargo. The consignee should send a preliminary notification of the claim in writing to the shipping line within 3 days of delivery.

After the cargo has been surveyed and depending on the surveyors findings, the surveyor can recommend that the cargo is quickly placed on the market and sold at a discount to mitigate the loss, send samples to a lab for analysis, sold for salvage or if the cargo is considered a total loss, destroyed

As mentioned in Phase 7 the container should be taken out of service for a post-trip inspection and the cargo should not be moved until the shipping lines

surveyor has attended and inspected both the refrigerated container and cargo.



The shipping line should immediately set up a claim file and begin to obtain the following documents from their internal and external sources:

- Original bill of lading (the one used to effect delivery)
- Shippers commercial invoice and packing list
- Delivery receipt and de-vanning tally with reefer container seal noted
- Paid customs entry form
- Reconditioning or repair invoices, if applicable
- Survey with good quality photos
- Original subrogation form for assured properly dated and identifying the insurer
- Pre-trip inspection report
- Refrigerated containers micro-processor (data logger) download covering the entire transit with temperature records, alarms, event log and computerized pre-trip
- Partlow charts covering the entire transit
- Load and discharge port yard monitoring records
- Vessel reefer container monitoring records
- Controlled atmosphere, modified atmosphere or fresh air exchange records
- Equipment interchange receipt (EIR) showing the condition of the container at time of delivery to the load port (EIR full in) and pick up from the discharge port (EIR full out)
- Salvage invoice/receipt if the cargo was salvaged or auctioned away
- If the claim is for damaged cargo for which no salvage value is allowed, request a certificate of destruction (where cargo is declared a total loss and subsequently destroyed)

Since claimants have one (1) year from the date of delivery to file a claim, it is very important to obtain the above records as early as possible as these records become more difficult to locate after several months have passed.

Any requests to the shipping line for temperature records should be denied. Under no circumstances should refrigerated temperature records be released to any cargo interest until a qualified claims examiner inspects the records. Once the claims examiner has reviewed the temperature records and is satisfied that there were no temperature variances, which could have caused the damage, the records can then be released to cargo interests.

If during the course of the investigation, the shipping line determines that the responsible party is a company that they employed to handle the container such as a marine terminal, trucking company or consortium partner, they should immediately place the party on notice that they are being held responsible for the damage sustained. The shipping line should make the cargo available to the third parties surveyor to inspect the cargo if necessary.

If the claim has not been settled within one (1) year from date of delivery, a suit time extension request must be sent by the claiming party to the shipping line requesting an extension of suit time.

The next Loss Prevention bulletin will address:

- Claims Handling
- How to read a Partlow chart and a microprocessor temperature download report
- The determination of causes of a pre-shipment cargo damage
- The determination of damage due to improper stowage
- The basis for paying a claim if the shipping line is liable.

Acknowledgement:

Dr. Pat Brecht, PEB Commodities, Inc.

George Radu, Thomas Miller Insurance Services (San Francisco)

Email: George.radu@thomasmiller.com