

# **MARINE CLAIMS MANAGEMENT & SURVEY REPORT**

**BY**

**T.S.SHRINIVAASAN, FIIISLA., MIIMS., AFII (MARINE)\***

**OF**

**MAR-TECH INSURANCE SURVEYORS & LOSS ASSESSORS PVT. LTD., CHENNAI**

**“No one benefits from accidents and claims except perhaps the lawyers, surveyors and adjusters who tend to have very busy careers trying to assist in resolving the disputes which so frequently arise from these marine incidents”**

- **Capt. Phil Anderson, Master Mariner, BA (Hons.) FNI in his Book on “The Mariner’s Guide to Marine Insurance”**

**\*Author can be contacted at: [martech@eth.net](mailto:martech@eth.net)**

- **INTRODUCTION:**

Quality of an Insurance Product can be evaluated only during claims management. As against Product marketing, tangible nature of an Insurance Product to some extent can be felt only during claims handling. Hence an efficient claims management is over-emphasised. We are in the days of Quality Management in every field. Even Temples now a days are ISO certified. Efficient Claims handling and management goes hand in hand with Survey Report and let us see in the following pages what normally Insurers expect of a Surveyor.

- **MAJOR AREAS:**

Following are the major areas:

1. Chronology
2. Nature of Packing
3. Nature of Damage / Loss
4. Extent of Damage / Loss
5. Cause of Damage / Loss
6. Salvage
7. Claims against parties responsible for loss /damage
8. Exclusions in the Policy
9. ICC Clauses A, B and C
10. Documents

Let us see in detail each of these areas.

- **CHRONOLOGY:**

By Chronology, we mean various dates of incidents to be incorporated in order as under:

1. Commencement of Voyage.
2. Date arrived at Port of discharge.
3. Date of Landing
4. Date of notification of loss
5. Date opened for Customs inspection
6. Date survey held
7. Date of delivery

**Contd.2/-**

## Sheet-2-

Above statement of Chronology will readily give an opportunity to a Claims Official, if there is any delay involved and delays are substantiated by proper reasons by Insured. In overseas marine transit policy, coverage is available for 60 days from the date of discharge of goods from vessel at disport. In local transit claims, coverage is available only for 7 days from the date of arrival at the destination.

- **NATURE OF PACKING:**

Packing of consignment plays a vital role in handling claims. Surveyors have to give a detailed description of packing. They are also expected to comment whether packing is adequate and customary. So domain knowledge of various products, industry accepted packing is over-emphasised. Indian Institute of Packing publications give packing information. Lloyds Hand Book of Survey also gives customary packing for various products. Inadequacy or insufficient packing is one of the exclusions in a Marine Policy.

- **NATURE OF DAMAGE / LOSS:**

Surveyors are expected to give a detailed description of loss or damage. Mere reporting damage is very vague. Damage is a general term. Specific damage has to be described, like drum dented/holed and part contents spilt/leaked out. Similarly, machinery part dented/bent or broken etc.

- **EXTENT OF DAMAGE / LOSS:**

More clarity should be given while reporting extent of damage or loss. If subject matter is damaged, whether it could be repaired or not has to be stated in the report. If need be expert opinion may be obtained for repairable or otherwise. Laboratory Test Reports may be obtained to substantiate findings. As per IRDA's regulations, Survey Report is no longer a privileged and confidential document to Insurer. Under RTI Act Insured has access to Survey Reports. Hence any dispute in ascertaining extent of damage/loss has to be documented with recorded evidence and concurrence obtained from Insured.

Contd.3/-

### Sheet-3-

- **CAUSE OF DAMAGE / LOSS:**

Invariably Surveyors are appointed after occurrence of loss or damage. Hence Surveyors have to perform more like a Post mortem. Every minute details like nature of damage or loss, packing nature etc will go a long way in arriving at cause of damage or loss. Though Cause of damage or loss forms only opinion of concerned Surveyor, there should be logic in arriving at such opinion about cause of loss or damage. Cause of damage and policy exclusions taken in to account to decide about admissibility of claim.

- **SALVAGE:**

The portion of goods that has been saved or remains after some type of casualty, due to a peril insured against is salvage. It is better to discuss with the Insured to offer Salvage Value. If the Salvage Value offered is reasonable after checking the market conditions, same may be agreed. If an agreement is not arrived towards salvage value, same may be enquired in the market. Now a days lot of Salvage Portals available towards getting optimum salvage value. In one of our recent claims, we used one "I Salvage Auction" and got best offers up to 70% value, while Insured rejected as total loss.

- **CLAIMS AGAINST PARTIES RESPONSIBLE FOR LOSS OR DAMAGE:**

Surveyors have to highlight this in their Survey Report. We normally come across Insured, who says when they claim against Insurer, why they should claim from third parties like Transporter or any other custodians of cargo. By the Doctrine of Subrogation, Insurer once agreed to settle the claim steps into shoes of an Insured. Hence by protecting timely recovery rights, Insured places Insurer a better platform, so that recovery process goes smooth. In the absence of failure to protect recovery rights of Insurer, Insurer resorts to settle claims as Non-Standard, by deducting certain percentage, which again varies from Insurer to Insurer.

- **EXCLUSIONS:**

Following are general exclusions in any Marine Cargo Policy.

1. Willful misconduct.

Contd.4/-

## Sheet-4-

2. Ordinary leakage, loss in weight and volume.
3. Insufficiency or unsuitability of packing.
4. Ordinary wear and tear
5. Inherent vice or nature of subject matter
6. Delay, even if caused by an insured peril.
7. Weapon of war using atomic or nuclear fission/fusion radioactive force or matter.
8. Deliberate damage to or deliberate destruction of subject matter (in B & C clauses)
9. Un-seaworthiness or un-fitness of vessel, conveyance, container
10. War risks
11. Strikes, Lock outs, Civil Commotions.

In addition, Policies impose deductibles which are not uniform and varies from Insurer to Insurer.

- **INSTITUTE CARGO CLAUSES 'A', 'B' AND 'C':**

Whilst "A" Clause offers the most comprehensive coverage, "B" and "C" offer restricted covers. Following table gives details of risks covered under Clause "A", "B" and "C".

Sr.No.	Risks	A	B	C
01	Fire / Explosion	✓	✓	✓
02	Stranding / Sinking	✓	✓	✓
03	Barratry / Jettison	✓	✓	✓
04	Collision	✓	✓	✓
05	Theft, Pilferage, Non Delivery	✓	X	X
06	Shortage	✓	X	X
07	Contamination	✓	X	X
08	Heavy Weather	✓	X	X
09	Spontaneous Combustion	X	X	X
10	War, Strikes, Instability	✓	X	X
11	Terrorism, Piracy	X	X	X
12	G.A. Sacrifice	✓	✓	✓
13	Earthquake, Volcano, Lightening	✓	✓	X
14	LOB/ Washing Overboard	✓	✓	X
15	Discharge in Port of distress/refuge	✓	✓	✓
16	Rough or mishandling	✓	X	X

Contd.5/-

## Sheet-5-

- **DOCUMENTS:**

**A) FOR OVERSEAS TRANSIT CLAIMS.**

- Insurance Policy
- Insurance Survey Report
- Carrier Survey Report
- Certified True Copy of Invoice
- Packing List
- Copy of Bill of Lading
- Customs Checked Bill of Entry
- Claim Bill
- Copies of correspondence exchanged with Customs, Port, Carriers and Shippers

**B) LOCAL TRANSIT CLAIMS**

- Insurance Policy
- Invoice Copy
- Damage certificate from carrier
- LR/AWB/RR copy with endorsement
- Monetary claim on carrier
- Carrier's reply or AD slip
- Packing List
- Claim Bill

- **CONCLUSION:**

There is a famous definition of an OPTIMIST- as a Person who sees opportunity in every calamity. So in that we all Surveyors are Optimists. Richard Hogg- an average adjuster – always used to look at the obituary/casualty column in a News Paper, because his

**Contd.6/-**

## Sheet-6-

**livelihood lies there. Marine Insurance like ocean is quite enormous and one has to be thorough in the terms and conditions of Policy , trade practice and knowledge of variety of cargoes. Normally it is said by Quality Professionals that achieving quality is more similar to walking towards horizon. No one knows when they will reach destination. We feel that a Marine & Insurance surveying profession is also similar to the example quoted. Every day is a new beginning and every day is an experience. We have just shared our little knowledge and I hope that it will be useful for young up-coming surveyors. We have covered only major areas and not in minute all intricacies involved in Marine Cargo Surveying. Any suggestions or improvement from our fellow members are most welcome. We have a strong opinion that knowledge alone can be shared for betterment of both the sharer and the shared.**

-----