



Eskom

Marine Insurance

2009/2010

**Presented By
Lynn Collinson**





Main Features of the Marine Policy

What is covered?

All goods and/or merchandise and/or interests appertaining to the Assured's business and consisting principally of but not restricted to:

- Plant
- Machinery
- Electronic Equipment
- Generators
- Steel items
 - Nuclear Fuel
- Spares
- Timber and Household Goods and Personal Effects
- Packing Materials, receptacles, covers, boxes and purpose made containers

Main Features of the Marine Policy Cont.

Geographical Limits

- At and from any port or place in the world to any port or place in South Africa and visa versa
- Shipments from Croatia and Iraq are insured from suppliers warehouse to final destination in South Africa but for exports from South Africa back to Croatia and Iraq, cover will cease at Port of discharge in either country.
- Excluding shipments to / from Angola, Rwanda, Burundi, DRC and former Yugoslavia, Russia and countries under the UN sanctions

Limits for the policy

- **R1 000 000 000.00** any one vessel, aircraft or conveyance
- **R1 200 000 000.00** any one location as per the Institute Location Clause
- **R5 000 000.00** debris removal limit (NOT POLLUTION LIABILITY)
- **R1 200 000 000.00** temporary storage limit
- **R1 000 000.00** claims preparation costs

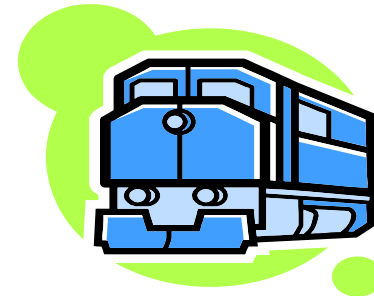
Marine Insurance

Marine insurance means any cargo being shipped/conveyed by the following means of transport

Road



Rail



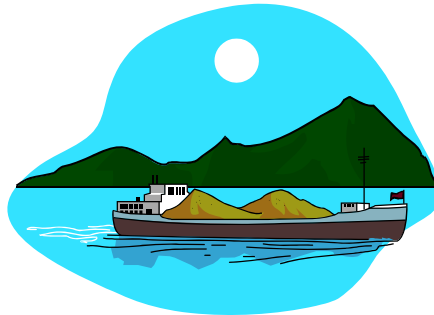
Air



Ship



Barge



Procedure

- Project Managers and/or Supplier to complete the Shipping Procedure document
- The Project Managers and/or supplier to forward Shipping Procedure document and any other information which may be relevant to the shipment to the shipping division and EIMS team.
- The shipping division /EIMS team will forward the documentation to Aon (Eskom Insurance Brokers) who will forward the document to AIG to appoint a surveyor if a survey is required.
- AIG will appoint the necessary surveyors overseas and locally and provide them with the Shipping Procedure document and a reference number.
- Surveyor will conduct the necessary surveys and provide a report.
- AIG will forward the survey report and invoice to Aon who will forward to Eskom/EIMS.
- EIMS will then settle the invoice.



Main Features of the Marine Policy Cont.

Institute Cargo Clauses “A”

Provides coverage for **ALL RISKS** of loss or damage to the subject matter insured. The words “all risks” should be understood in the context of the “A” clause to cover “fortuitous loss” but not “loss that occurs inevitably”.

General exclusions:

- i. Willful misconduct of the assured.
- ii. Ordinary leakage, ordinary losses in weight or volume or ordinary wear and tear.
- iii. **Insufficient or unsuitability of packing or preparation of the subject matter insured.**
- iv. Inherent vice or nature of the subject matter insured.
- v. Delay.
- vi. Insolvency or financial default of carrier.
- vii. Deliberate damage to or deliberate destruction of the subject matter insured.
- viii. Loss arising from nuclear weapons.

Storage: Temporary storage cover for 90 days. Deliberate storage is excluded on the marine policy. Cover for deliberate storage will fall under the CAR/Floater program or Assets policy.

Institute Cargo Clauses “B”

Applicable for second hand/refurbished/reconditioned and/or returned cargo which does not have a pre-shipment survey/report by a qualified engineer/surveyor

Main Features of the Marine Policy Cont.

Institute Cargo Clauses “C”

Covers loss of or damage to the subject matter insured, “reasonably attributable to”:

- i. Fire or explosion.
- ii. Vessel or craft being stranded, grounded, sunk or capsized.
- iii. Overturning or derailment of land conveyance.
- iv. Collision or contact of vessel, craft or conveyance with any external object other than water.
- v. Discharge of cargo at a port of distress.

The insurance also covers loss of or damage to the subject matter insured caused by:

- i. General average sacrifice (voluntary sacrifice of property as part of a general average act)
- ii. Jettison.

To sum up the “C” clauses, they provide major casualty coverage during the land, air or sea transit.

Main Features of the Marine Policy Cont.

MAJOR EXCLUSIONS

Including but not limited to:-

A marine policy cannot cover all losses and the types of excluded or uninsured risks/situations are as follows:

This list is not exhaustive but is intended to highlight some of the major cover exclusions, which are common to policies issued under the Institute Clauses.

Loss, damage or expense reasonably attributable to:

- Excluding mechanical, electrical or electronic derangement unless caused by an insured peril.
- Excludes demonstration and exhibition risks
- Process exclusion
- Losses, which are inevitable and/or not fortuitous, including, trade ullages or trade losses.
- Losses arising from loss of market
- Losses arising from delay, even where the proximate cause of the delay is a maritime peril.
- Trade risks – e.g. forex fluctuations
- Consequential losses or expenses including penalties, fines, loss of profit and/or market.
- Forced or deliberate abandonment of cargo

Main Features of the Marine Policy Cont.

MAJOR EXCLUSIONS cont.

- Illegal sendings or transactions, those that do not comply with the regulations of either the importing or exporting country, including losses from trade embargoes and quota entry losses.
- Losses ex vessels that do not comply with the Classification Clause.
- Failure to pay or collect accounts.
- Liabilities arising out of the use of containers.
- Third Party Liabilities, Charterer's Legal Liability.
- Deliberate storage unless noted in the policy.
- Terrorism.
- War risks on land.
- Capture, Seizure, Arrest, Restraint or Detainment, and the consequence thereof or any attempt thereat. (CEND)
- Insufficiency and/or unsuitability of packing or stowage.
- Radio-active contamination of subject matter.
- Wilful misconduct of the insured.
- Variations in temperature.
- Loss or damage caused by atmospheric changes.
- Losses from unattended or unlocked vehicles.
- Liabilities of all descriptions including consequential losses.

Main Features of the Marine Policy Cont.

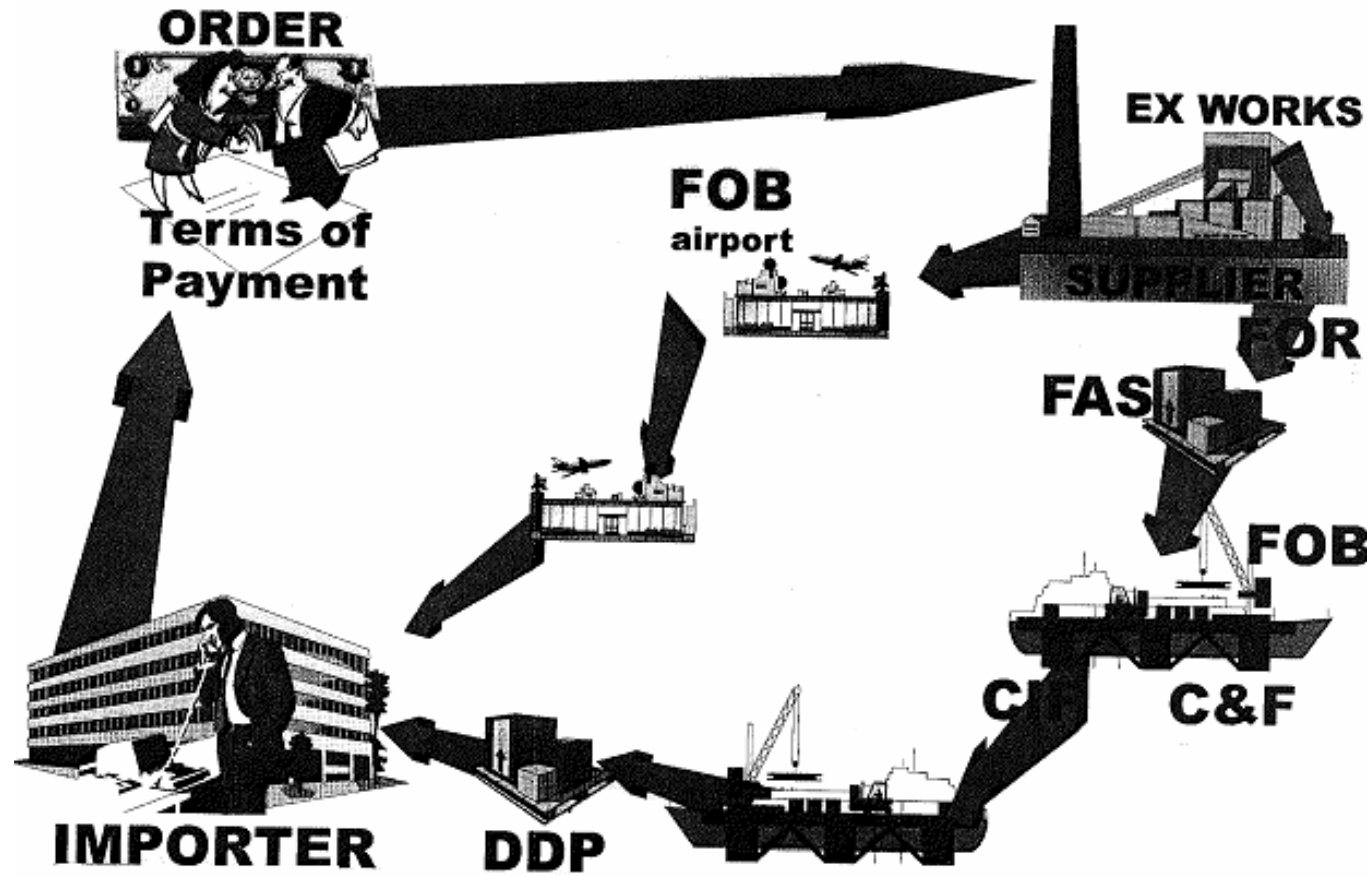
- Losses that occur outside the terms of sale or purchase – Incoterms e.g. loss or damage or expense arising prior to FOB point.
- Testing and whilst undergoing a manufacturing or repair process.
- Inherent vice.
- Insolvency of Ship-owners or Charterers.
- Fidelity/Fraud losses.
- Fear of Loss
- Engineering Risks
- Penalties and fines (e.g. increased duty incurred as a result of the misclassification of subject matter) including demurrage.
- Rejection of cargo by port, customs or other authorities
- Ordinary leakage, wear and tear and loss in weight.
- Unseaworthiness, unfitness of carrying conveyance or container.
- Includes Cyber Attack Exclusion Clause.
- Includes Asbestos Exclusion Clause.
- Includes the Institute Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion

Main Features of the Marine Policy Cont.

- SASRIA (Political risk whilst in RSA Only)
- *War, Civil War, Revolution, Rebellion, Insurrection or Civil Strife arising there from, or any hostile act by or against a belligerent power.
- *Strikers, Locked-out-workmen, or persons taking part in labour disturbances, riots or civil commotions.
- *Resulting from Strikes, Lockouts, Labour Disturbances, Riots or Civil Commotions.
- Derelict mines, torpedoes, bombs or other derelict weapons of war.

* *Covered in terms of the War and Strikes Clauses*

Basic Inco Terms





Main Features of the Marine Policy Cont.

Survey Warranty

It is understood and agreed that, any wording contained herein notwithstanding, the Reinsured is obligated to advise Reinsurers of the loading and stowage details so that surveys can be conducted for the following break bulk shipments

1. A shipment value of US\$ 5,000,000 or greater or
2. An individual item with a value of US\$4,000,000 or greater or
3. A weight of 75mt or greater or
4. With a size greater than a 40 foot container in any direction and a value greater than US\$250,000 or
5. Carried as on deck cargo

In the absence of such surveys, the particular coverage, at the discretion of underwriters, will be reduced to **Institute Cargo Clauses (C)**.

If this machine, being offloaded, hit the machine already loaded on the truck and no survey had been arranged then Eskom would have no claim against the marine policy.



If no survey had been arranged for a break bulk shipment and the ship sunk as per below, then "C" Clauses would cover this event



Key Components



Microsoft Word
Document

Marine Policies and Procedures



**ITAL FLORIDA
TRIESTE**

IMO 9308039

22.06.2007

Claims procedure for Break Bulk cargo

In order to claim in terms of the Marine Insurance Policy, the claimant must prove:

1. That the proximate cause of the loss is one of the risks covered by the policy.
2. That payment of the premium has been made.
3. That there is an insurable interest at the time of the loss.
4. That compliance with any warranties in the insurance policy has been done.
5. That the loss occurred during the currency of the policy.
6. What the quantum (amount) of the loss is.

Claims procedure for Break Bulk cargo

In the event of a claim for an import or an export, the following steps need to be taken:

1. Advise your local insurance office (EIMS) giving brief details and an estimate of the maximum value of the claim.
2. Await an insurance surveyor if the reinsurance company deems it necessary.
3. **Immediately lodge a preliminary priced claim against vessels agents and final carrier. A detailed priced claim to be submitted once final figures are received. The Clearing and Forwarding agents and shipping division will assist with this procedure.**
4. Have the following documents available to submit with the claim:
 - a) Negotiable Bill of Lading (not copy)
 - b) Full set of Supplier's Invoices
 - c) Packing Specifications (if any)
 - d) Bills of Entry (custom stamped)
 - e) Certificate of non-receipt in case of short received packages
 - f) Copy of preliminary claims against vessel's agents and final carrier
 - g) Port Examination Slip (T896) (if applicable)
 - h) Spornet examination voucher (if applicable)
 - i) Copy of Clearing Agent's account
 - j) Landing Delivery and Forwarding Order
 - k) Delivery Note (Spornet, Transnet or others)
 - l) Certificate of Origin DA59

Claims procedure for Break Bulk cargo

It is essential in the event of a break bulk claim that:

A preliminary priced claim against vessels agents and final carrier is lodged. A detailed priced claim is submitted once final figures are received.

NOTIFICATION AND PRESCRIPTION PERIODS

Break Bulk/FCL Containers (Port to Port) - notification is 3 days – in practice and in terms of Carriers B/L, notification should be made on release of the cargo to all parties involved with the cargo, with the assistance of the Clearing and Forwarding Agent and within **3 days** for hidden damages. **Prescription period – 1 year** provided that Hague, Hague Visby rules apply. Sometimes the prescription period will be **9 months** if the terms and conditions of a Carriers B/L applies.

Break Bulk/FCL Containers (Combined Transport) - notification is 3 days from date of delivery by Carrier – in practice and in terms of Carriers B/L, notification should be made on release of the cargo to all parties involved with the cargo, with the assistance of the Clearing and Forwarding Agent and within **3 days** for hidden damages. **Prescription period – 9 months.**

PLEASE NOTE For shipments of LCL containers and other cargo the periods can differ

Draft – Pro-forma claim letter

(To cut & paste on Eskom's Letterhead & fill in the required details)

PRO-FORMA CLAIM NOTIFICATION

Company address:

Date:

Dear Sir / Madam,

RE: Marine incident

Project details:

Contract #:

To choose one from the following that relates to the shipment involved

Sea / Air / Road freight:

Voyage / Flight Number / Waybill number

Bill of Lading Number OR Airway bill #:

Bill of lading OR Airway bill date / Waybill date:

Our Reference Number:

In our capacity, we hereby hold you liable for the following damages / shortage:

Brief description of claim

Within the conditions of contract, per the required Eskom Marine Insurance procedures for claims notifications and until the full circumstances of the loss are established and accepted by Eskom's Marine Insurers, please find attached a pro-forma notice of our intention to lodge a formal priced claim for damaged sustained to:

Company name has already been formally notified of this issue via letter number Dated: attached hereto.

We require yourselves, if applicable under the warranties of the loss to provide us with a copy of your notification of a letter holding the Third party/ies liable for the said damages.

The survey to take place at:

In the meantime, kindly note our claim reference number above and acknowledge acceptance in writing by advising us of your claim reference number.

Yours faithfully,

Authorised Signatory

Eskom Intranet Site

Marine policy

Eskom intranet home page

Eskom sites

Corporate Services Division

go to: Eskom insurance management services website

Policies

select: insurance policies

click : Marine





THANK YOU