

Forwarder Operation Guidelines (Sea)

We are handling various different types of transport liability insurance claims for our forwarder clients every day. A lot of these claim cases are resulted from the errors or omissions of the forwarders, their employees, agents or subcontractors. Based on our years of experience in handling transport liability insurance claims, we have drafted the following forwarder operation guidelines hoping that these may be useful reference for the forwarders to avoid the errors or omissions and therefore to prevent losses as far as possible.

Export

1. Carefully check the external condition of the goods delivered by the shipper for shipment and ensure that the receipt is remarked accordingly when the goods show damage, defects or discrepancies.
2. Ensure that the information mentioned in the Bill of Lading ("B/L") is correct, in particular:
 - (a) the on board date
 - (b) the name of the vessel
 - (c) the voyage details (the place of receipt, load port, discharge port, place of delivery)
 - (d) the description, quantity and external condition of the goods
 - (e) the shipper, consignee and notify part details.
3. Ensure that the transshipment port is stated in the B/L.
4. Ensure to clearly state the container no. and the seal no. in the B/L.
5. Ensure to state the name of the Non-Vessel Owning Carrier ("NVO") (whose House B/L has been issued) as the Shipper in the Ocean B/L issued by the shipping company.
6. Do not issue a clean B/L for the goods which are already damaged or where discrepancies are noted.
7. Do not issue a shipped on board House B/L until the shipping company has issued its shipped on board Ocean B/L.
8. Do not guarantee any delivery time. Only estimated time e.g. ETD, ETA is provided to the shipper and consignee.
9. Do not mention any value of the goods in the B/L.
10. Do not send out blank B/L unless it is clearly marked "sample".
11. Do not issue B/L for promised goods. B/L can only be issued after the goods have been received from the shipper.
12. If the delivery agent under the House B/L at the place of delivery is the same as the shipping company's agent, ensure that the Consignee Box in the shipping company's Ocean B/L is stated "To order of the holder of the original (NVO's name) B/L (No. ??????) dated ??/??/????".
13. If the shipper wants to stop the shipment or to amend the particulars in the B/L, ensure that all the originals of the B/L are returned to the forwarder before the shipper's request may be complied with.
14. If the delivery agent at the place of delivery asks for authority to release the goods to the consignee which cannot present the duly endorsed original House B/L, the following must be obtained first (i) prior approval in writing by the shipper, (ii) first class bank guarantee letter indemnifying the NVO for its liability resulted from release of the goods without the original House B/L, (iii) a copy of the cargo

commercial invoice and packing list and (iv) the written approval by a director of the NVOG whose House B/L has been issued.

15. Ensure to obtain a bankdraft deposit (for reefer container value) as security before release of empty reefer container especially to new shipper for stuffing.
16. Any guarantee must be kept safely.

Import

1. Carefully check the external condition of the goods upon delivery by the shipping company and ensure that the receipt is remarked accordingly when the goods show damage, defects or discrepancies.
2. Check the original B/L presented by the consignee carefully against the copy received in advance, in particular:
 - (a) the dates
 - (b) the name of the vessel
 - (c) the voyage details
 - (d) the cargo description and quantity
 - (e) the shipper, consignee and notify part details
 - (f) the endorsements on the back of the B/L.
3. Ensure that the goods are only released against presentation by the consignee of the duly endorsed original B/L.
4. If the consignee is unable to present the original House B/L and insists on receiving the goods:
 - (a) contact the shipper and obtain its prior written approval to release the goods to the consignee without the original House B/L;
 - (b) only release the goods to the consignee against a guarantee countersigned and stamped by a first class bank under which the consignee and the bank undertake to indemnify the NVOG (whose House B/L has been issued) against the liability of releasing the cargo without original House B/L. Ensure that the original of such guarantee letter is received, that the guarantee is at least for an amount of 2 times of the CIF-value of the goods, and that it has no limitation in time and is in favour of the NVOG whose House B/L has been issued;
 - (c) obtain a copy of the cargo commercial invoice and packing list; and
 - (d) obtain the NVOG's prior written approval to the cargo release without original House B/L. The approval should be signed by a director of the NVOG.
5. Any guarantee must be kept safely.
6. Ensure to collect any charges due to the NVOG e.g. freight, duty, tax, demurrage, ... before releasing the goods.
7. Inform the NVOG immediately when there is cargo loss, damage, delay or claim.
8. Encourage the consignee to claim against the cargo insurance for fuller and quicker compensation in case of cargo loss or damage.
9. Follow up with the consignee or the shipping company to obtain documentary proof that the empty container after devanning has been returned to the shipping company.

Please feel free to contact us if you have any questions.

Simon Chan and Richard Chan

Have you ever thought why a cargo claim would not go away easily? You get the answer if you think from the cargo interests' perspective – THEY WANT FULL SETTLEMENT and YOU HAVE TO LIMIT YOUR LIABILITY.

Solution – actively advise your client to buy All Risks Cargo Insurance; arrange for yourself a good liability insurance for protection through a professional insurance brokers also provide third party claims handling assistance. Your insurance broker should be able to help.

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