

# Cargo Liabilities under P&I Coverage and Recommendations



Carriage means the transportation of goods or cargoes between locations. It is likely to encounter some risks while carrying out the transportation of commercial cargo and goods to the planned destination. When the cargoes are shipped, the possession of the cargoes is passed from the trader to the carrier. For this reason, one of the main functions of P&I insurance is to cover the shipowners' liabilities against the risks that may be encountered to the cargo during sea transportation.

Each P&I club has its own rules regarding the cargo liabilities covered and the content of the rules of the P&I clubs are similar to some extent. Below are the main coverage categories for cargo liabilities normally available from most of the P&I clubs.

## What is covered?

- Liabilities for loss or shortage of, or damage to the carried cargo or other property
- The extra costs incurred by the assured:
  - 1) In the actual discharge or disposal of damaged or worthless cargo
  - 2) As a direct consequence of the failure by cargo interests to collect or remove cargo from the place of discharge or delivery,
- Liabilities for loss of or damage to or responsibility in respect of cargo or other property being carried by means of transport other than the ship, for which the assured may be liable under a contract of carriage.

## What is not covered?

- Hague and Hague-Visby Rules : The carriage of cargo on contractual terms more onerous to the carrier than those of the Hague or Hague-Visby Rules, or equally wide exemptions of the carrier from liability, save where it is on such terms solely by reason of the incorporation by law of the Hamburg Rules or parts thereof, to the extent that the liabilities exceed those which would have been incurred had the contract been on the Hague, Hague-Visby or Hamburg terms as applicable, unless the contract has been approved in advance by the insurer.
- Deviation which deprives the carrier of defences or rights of limitation
- The failure to arrive or late arrival of the ship at a port of loading, or the failure to load or delay in loading
- The discharge of cargo at a place other than that stipulated in the contract of carriage



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Burcu Berrak graduated from the University of Istanbul in 2000 with the profession of Marine Transportation and Management Engineering. During her studies, she worked in the chartering department of Bora Denizcilik for three years. After graduating from the University, she engaged in the container forwarding and logistics department for a period of two years in major companies like Borusan Logistics and Frans Maas International Freight Forwarding. She commenced her career in marine insurance at a Club correspondent where she worked between 2003 – 2014. She handled all types of marine claims, particularly P&I matters. She became a member Türk P&I Sigorta as a claims manager in January 2014.



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- The delivery of cargo carried under a negotiable document of title without production of that document
- Deck cargo other exclusions under P&I Club's rule book

## Steel Cargoes

Cargo claims usually arise due to damages to occur before or during loading operation or during the transportation. Steel cargoes especially finished steel products are sensitive against damage and it is difficult to determine whether the damage occurred prior loading or during the shipment in case of facing with a claim at discharge port. To overcome such problems, pre-loading surveys should be carried out to determine the apparent condition of the cargoes at the time of loading operation.

Pre-loading survey is a must, especially for finished steel cargoes and the mate's receipts and bills of lading should accurately reflect the accurate description and condition of the cargoes at the time of loading.

It is recommended to organize pre-loading surveys:

- Hot rolled steel
- Cold rolled steel
- Galvanized steel
- Stainless steel
- Wire rods
- Steel profiles
- Steel pipes
- Steel rebars
- Steel beams, angles
- Tin plates

Failure to carry out a pre-loading survey on finished steel products does prejudice the P&I cover under Turk P&I's rules.

## Sanction Regimes

Sanctions have been used by the number of states and supranational organizations for years and many of these sanctions, by their nature, affect shipping and international trade, and therefore directly affect marine insurance coverage.

In recent years, cargoes traded in breach of international and national trade sanctions are increased and therefore we recommend our assureds to check beforehand whether the cargoes planned to be transported are subject to international sanctions. We strongly advice our assureds to monitor latest sanction legislations and to seek legal advice to determine the legality of their trade. Losses that may occur due to breach of sanction regimes are not covered under Turk P&I's rules.