

## What is Claims Corner?

On a regular basis the team at the Vero National Marine Claims Centre (MCC) will keep you informed of any points of interest, claims trends, claims results and general news.

## Frigid Business

We have had an increase of **temperature fluctuation** claims on Imports/Exports, the primary insuring conditions being Institute Frozen Food Clauses (A). As we move into the Summer season it is therefore timely to revisit these issues and make a few suggestions for the future.

The main bone of contention, as far as claimants are concerned, is the definition of risks covered in relation to the break down of refrigerating machinery under the IFFC(A).

### Risks Covered

**1.2 loss of or damage to the subject-matter insured resulting from any variation in temperature attributable to**

**1.2.1 breakdown of refrigerating machinery resulting in its stoppage for a period of not less than 24 consecutive hours**

Generally, where cargo arrives at the destination and indications are that it has been exposed to temperature fluctuations during transit, the duty falls on the claimant to demonstrate that the loss is as a result of an insured peril.

In the majority of cases the claimant is unable to prove "breakdown of refrigerating machinery" for various reasons, primarily:

- They are unable to obtain the Partlow Chart or similar recording devices from the vessel owner without instigating legal proceedings.
- The claimant may have their own temperature recording devices placed in the cargo however these are not completely reliable and offer only an indication of temperatures sustained throughout the carriage. These devices would not stand the scrutiny of possible third party recovery.
- Temperature fluctuation is not in itself evidence of a **machinery breakdown** as per clause 1.2.1

This is a difficult position for an insured to understand and in many cases they have purchased limited conditions cover because of price or because of a lack of appreciation of the hazards involved in refrigerated shipments, despite the best advice. Had the insured fully understood the product and communicated that the primary reason for insuring was protection from loss associated with **temperature fluctuations** of the reefer container, then the Frozen Food Extension Clause could have been offered subject to relevant premium.

The IFFC(A) are perfectly legitimate clauses for the right types of cargoes, but they are limited.

Our suggestion is to please make absolutely sure that insureds fully understand their exposure and the ramifications of choosing IFFC(A) without the Frozen Food Extension Clause.



## Post Script

Partlow Charts are being rapidly phased out and all new reefers have microchips inserted as recording devices. These chips provide codes which only the ship owner can decipher, making it doubly difficult for cargo owners. Another good reason for providing a comprehensive cover.

## Plasma Screens and Lap Tops

Claims are on the rise for damage/theft of these items. Plasma Screens that are damaged during transit more often than not are considered a total loss due to the difficulty in repairs. Lap tops are still very attractive items for thieves and readily taken even from locked vehicles.

## The Day After Tomorrow

Scientists have warned that a massive wave more than 500ft high could be unleashed as a result of the collapse of an unstable side of a volcano on the island of La Palma in the Canaries. Truly a peril of the sea! No need to panic however as they have advised that advance warnings will be issued.

## The Team at the Marine Claims Centre