

Insurance News

Meat Export Shipments

April 2009

Introduction

Today, in the current and very competitive world of trade, Australia ranks as one of the largest exporters of frozen and chilled meat products.

Total value to the Australian economy of the beef and sheep meat industries is around A\$15.6 billion.

The top five export markets for Australian meat are USA, Japan, Korea, European Union and China. In total, we send meat shipments to over 100 countries worldwide.

This commodity is produced for human consumption so a good knowledge of the trade chain, product and regulatory environment is important.

This commentary gives a brief insight to some of the challenges to be faced when insuring Meat Exports.

Disclaimer

This newsletter is for information purposes only and is not legal advice.

Frozen Meat

This product is traditionally packed in cartons onto pallets and shipped by sea in refrigerated (reefer) containers at -18°C.

Chilled Meat

Shipped by air and sea. Cartons are packed into an air container (often called an Igloo) or a refrigerated shipping container (usually maintained at 4°C) for shipments by sea.

Both Chilled and Frozen Meat are heavily reliant on an efficient and reliable logistic chain. In particular, chilled product has special needs due to the relatively limited shelf life.

Temperature control and maintenance is added to ordinary shipment damages as a principal risk assessment focus. Chilled and frozen product will quickly deteriorate where mechanical refrigeration or chilling agents fail or malfunction. Regulations in many countries require maintenance of temperatures at specific levels with relatively small deviations resulting in product condemnation.

Rejection of product by Government Authorities can occur and specific cover can be obtained against nominated perils/triggers – excluding microbiological, chemical or biochemical.

Rejections must be linked with specific criteria of the Government of import. These should be supported by Inter-Governmental protocols between the agencies of import and export countries.

Institute Frozen Meat Clauses are available to cater for the peculiarities of the trade and Vero has developed its own specialist Chilled Meat clauses.

We have also expanded the standard Australian Market Rejection Clauses (1.5.95) to provide our own Extended Rejection Cover for microbiological, chemical or biochemical triggers.

Specialist claims management expertise is vital to ensure prompt and effective actions are taken when losses occur and to mitigate further loss.

We prefer to work collectively with the Broker, Insured, the buyer and trade organisations to achieve the most favourable outcomes.

The Team at Vero Marine and Aviation