

Trade & Transportation Insurance News

Claims Service

December 2007

Introduction

Vero Marine and Aviation believe that the proof of the insurance product is in the claims service.

Our starting point is always "If it's covered, let's get it paid".

Qualifying claims with sufficient documentation are 'Fast-tracked' so payment can be made in the shortest possible time – usually under 24 hours.

More complex claims are dealt with by specialist staff who are able to undertake the necessary technical procedures accurately and efficiently.

The following claim summary highlights the problems that pests are causing with perishable shipments and strict rejection regimes.

Vero's experience and expertise ensured this claim was settled quickly and beyond the expectation of the client.

Disclaimer

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

The Golden Snail

The saga of the Golden Snail began on 19 August when 320,000 cartons and trays of citrus fruit were loaded onto a vessel sailing from Australia to the USA. Our client's proportion was insured for US\$2.5m.

The journey was without incident and the US Customs & Border Protection Agricultural Specialist duly commenced their routine inspection once the fruit had been discharged from the vessel on 6 September.

And a very diligent inspection it was!

Unfortunately, one microscopic snail was found in one orange. The snail was initially identified as Mollusca (Pest ID No 38635) which are classified as an 'Actionable Pest'.

Correct identification of the snail was critical as not all snails are considered actionable pests. Unfortunately, final identification showed the snail to be *Microxeromagna Armillata*, commonly known as the Brown Snail, which is one of the bad guys.

On 7 September the US Department of Agriculture (USDA) issued an Emergency Action Notification. This document effectively rejects and refuses entry of the offending product into the USA and required 112,000 cartons of oranges to be removed from the USA within 72 hrs. The remainder of the shipment, being other citrus varieties primarily from other suppliers, was allowed in.

The 112,000 cartons were not allowed to be moved internally anywhere within the USA and the port was not able to handle containers.

This meant we had to find a vessel to transport in bulk to another overseas destination.

The time limit of 72 hours gave very little time to find an alternative market for the rejected product and to find a means of transport.

Extensive negotiations were carried out with the USDA authorities regarding the strict 'Notification Action' requirements and we were able to obtain a time extension.

Many hours and days of commercial negotiations followed and eventually a purchaser and suitable charter vessel were found.

The cost to re-load, re-ship, re-discharge and sell the oranges all had to be weighed up against the return that would be realised from their sale.

The 112,000 Cartons were re-loaded and made ready for shipping on a Charter vessel around 23 September.

However, nothing goes totally to plan and the US Coast Guard detected a machinery malfunction on the vessel so its departure was further delayed. The vessel finally departed 28 September, 22 days after original discharge.

The final cost to Vero was A\$3m or approximately 7725 ounces of gold at that time.

Payments were made in stages as the relevant documentation was received with the first payment being made within three weeks of the loss being notified.

The client was thrilled with the claims service especially given the contentious issues involved.

A very complicated and time consuming claim settled effectively to the satisfaction of the Insured.

The Team at Vero Marine and Aviation
