

EXTENSION OF MARINE INSURANCE TO INLAND TRANSIT

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The sea route from Asia to East African Countries is not considered to be the safest. One industry sector that has traffic constantly moving along this route is the Palm Oil Industry. The risks associated with sea transportation from the origin countries of Malaysia and Indonesia, to the destination countries of Kenya, Tanzania and Mozambique are extremely complex and challenging. On reaching Africa the risks include transportation of cargoes by road to their destination countries.

This potentially high risk environment demands a specialized approach. For many years SGS Group has been working closely with the Insurance Industry to provide manageable and cost effective solutions to cover potential losses, theft and even the risk of Piracy. This service, known as Guarantee Solutions consists of the following:

- Expert inspection and testing at key points of product handling and delivery.
- Full Outturn Guarantees (FOG) covering the weight differences between loading and discharging.
- Additional Marine Insurance and Piracy Coverage.
- The possibility to provide further cover to include inland cross border transit.

The following case study demonstrates how effective this service can be.

CROSS BORDER INLAND TRANSIT

SGS's client selected the Comprehensive Cover package as being the best option for its cargo of palm products loaded in Indonesia and discharged in Mozambique. The service included FOG as well as Marine Insurance. SGS was able to arrange a tailor made package extending the Marine Insurance to cover final inland transit by road from Mozambique to Zambia, Zimbabwe and beyond. The extended insurance covered loss by theft, pilferage and road accident for all trucks undertaking the cross border inland transit.

SGS inspectors supervised the vessel loading in Indonesia and the discharging inspection in Mozambique. Every step of the loading and discharging operation was followed, checked and documented by SGS specialists. Available in all main ports around the globe, they understand the operations and regulations as well as speaking the local languages. The loading of each truck was supervised by SGS to verify that the quantities were correct and that the products were in good condition prior to transportation inland. Unfortunately, en route to the final destination, Zambia, one truck was involved in an accident in Harare and lost more than 23 tons of the product, RBD Palm Olein, that it was carrying.

RISK MANAGEMENT ASSISTANCE

SGS helped the client to claim a refund on the value of the goods lost, by handling all the administrative formalities with the underwriters relating to the Marine Insurance. One important aspect of this was the determination of the exact loss in terms of value.

Our Guarantee Services team assisted the client in gathering all necessary documents such as commercial invoices, Affidavit (police report) and Letter of Protest in order to finalize the Marine Claims and other settlement procedures as soon as possible.

The Letter of Protest was as important as the final Marine Claims as it served notice on the contractual land carrier for all damages that were suffered. Even though the road accident was attributed



to a third party's truck liability, it was important that the land carrier was put on notice by our client. It was expected that the carrier would pass the liability on to the party responsible for the accident. Once this was completed, SGS finalized the Marine Claim and addressed it to the underwriters for them to adjudicate on the claim made by our client.

SGS INVOLVEMENT/BENEFITS OF GUARANTEE SERVICES

Our client was very satisfied, as they were not troubled by time-consuming administrative tasks and in a short period of time they were refunded the value of the product that was lost. SGS was able to complete the administration quickly and efficiently as part of the process of achieving full compensation.

"We were happy to provide a full solution in terms of risk management for our customer in this case," said Patrizia Weber, Administrative Manager for Guarantee Services. "To be able to provide such innovative and far reaching protection has enabled a successful outcome for all parties involved in the transaction and for a reliable continuation of the business"

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