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This document provides guidelines for making claims related to bulk oil or liquid shortages, contaminations, or specification failures

Marine Cargo insurance

Claims guidelines: bulk oil and liquid storage

Important notice

Your insurance policy with Liberty contains terms, conditions, exclusions and definitions which affect your entitlement to indemnity. Nothing contained within these guidelines in any way alters the contents of your policy.

This document aims to act as a guideline as to what to do in the event that you wish to make a claim in relation to a bulk oil or liquid shortage or in the event of contamination or specification failure.

In the event that you have any questions concerning the information contained within this guideline please contact your broker or the Liberty Marine claims department.

Bulk oil or liquid storage claims

Set out below are the steps that you should take in the event that you experience a shortage in bulk oil or liquid shipment.

Step 1

Please notify your broker as soon as you learn of a potential loss so insurers may appoint a survey if necessary. The documentation required to lodge your claims is set out in the following pages.

Step 2

Cooperate with insurers to ensure that the vessel has discharged all liquid cargo and has performed discharge operations satisfactorily. If not, a protest should be lodged, or pressure applied, either direct or via surveyor, to endeavour to improve (and thereby minimise) the potential shortage.

Step 3

Cooperate with insurers to protect all rights of recovery. This is likely to include issuing a properly worded Letter of Guarantee, to obtain security from the shipowners or their P&I club covering the shortage. Care should be taken not to prejudice the recovery rights of insurers.

Step 4

If there is a suspicion of theft for bunkers, then it is **imperative** that samples of ship's bunkers and slop tanks be obtained. You should also give written instructions to the surveyor that all load port samples, discharge port samples, bunker samples and slop tank samples be kept for an indefinite period at the surveyor's disposal. This course of action is required, since the various samples can be "fingerprinted" and following identification, can possibly assist in any recourse action.



Contamination or specification failure

Set out below are the steps that you should take in the event that you experience a contamination or specification failure in a bulk oil or liquid shipment.

Step 1

You should notify your broker immediately so that insurers can appoint a suitable surveyor and/or hydrocarbon analyst, if required. The documentation required to lodge your claims is set out below.

Step 2

Cooperate with insurers to ensure that the source of contamination is identified as quickly as possible. If the vessel is at fault, a detailed survey of the vessel is likely to assist. Obviously, it is preferable that this survey be accomplished before the vessel sails.

Step 3

Cooperate with insurers to protect all rights of recovery. In some instances legal action may be necessary in order to obtain a detailed survey prior to the vessel sailing or to obtain guarantees from the shipowners or their P&I club. The prior approval of insurers should be obtained to ensure that these costs are covered under the policy.

Step 4

As part of the recovery process the shipowners and/or suppliers should be advised of the contamination or specification failure and be invited to attend any retesting of samples.

Claims documentation

When lodging your bulk oil or liquids claim insurers require the following information:

- Original bill of lading
- Copy of charter party
- Shipping invoice and sales contract including specification evidencing terms of sale and title of ownership and insurable interest
- Copy of the purchase invoice, if any, evidencing the terms of purchase and change of ownership
- Copy of letter to shipowners and/or charterers and/or other third parties holding them responsible. You should also submit any subsequent correspondence exchanged with them.
- Insurance certificate or insurance declaration
- Statement of claim to insurers
- In the event of total loss of the cargo, a letter from the shipowner confirming that the respective cargo was on board at the time of the loss



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- Independent Load Port Quality and Quantity Survey, which certifies the following:
  - Ships tanks clean, dry and ready to receive cargo
  - On board quantities (O.B.Q.) of oil and/or free water prior to loading operations
  - Shore to ship pipeline full or empty before and after loading operations
  - Shore tank measurements before and after load showing details of measurements and calculations applied. Where automatic metering is employed manual gauging by the surveyor to check the metered figures.
  - Ships ullage figures and bunker report
  - Vessels experience factor (V.E.F.) for the last five voyages or more
  - Quality certificates appropriate to the cargo
  - Receipt of samples taken from shore tank, pipeline and/or ship. This should also include bunker samples and slop tank samples, if taken.
  - Time sheet/load history report
  - Copy of letter of protest issued by the surveyor, if the quantity is disputed with the ship
- Independent Discharge Port Quality and Quantity Survey, which certifies the following:
  - Shore pipeline full or empty before and after discharge
  - Ships ullage figures before discharge operations
  - Shore tank measurements before and after discharge, showing details of measurements and calculations applied. Where automatic metering is employed manual gauging by the surveyor to check the metered figures.
  - Remain on board (R.O.B.) figures, or alternatively, certificate confirming that the tanks were clean, dry and empty after discharge
  - Ships bunker and slop tank report
  - Vessels experience factor (V.E.F.) for the last five voyages or more
  - Quality certificate appropriate to the cargo
  - Receipt of samples taken from shore tank and/or pipeline and/or ship. This should also include bunker samples and slop tank samples, if taken.
  - Time sheet/discharge history report
  - Letter of protest issued by the surveyor, if the quantity is disputed with the ship
  - If the vessel is fitted with a crude oil washing (C.O.W.) system, a statement of performance/confirmation of successful stripping
- A copy of the bill of lading, front and reverse sides, covering the goods is to be attached
- A copy of the commercial invoice covering the goods is to be attached

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