



Claims Corner: Abandoned Cargo

February 4, 2016

A shipper hired a non-vessel-operating common carrier (NVOCC) to transport three shipments of cargo that they described as automotive parts to China. The total of the three shipments included 13 shipping containers. However, when the containers arrived at the port in China, the consignee listed on the B//L failed to take delivery. The containers were opened and the steamship line discovered that the shipment actually contained used tires, which are prohibited cargo in China. The NVOCC was unable to make further contact with the shipper or consignee, they just disappeared.

The steam ship line required that the NVOCC respond for port storage and container demurrage/detention charges and approximately \$10,000 per container to destroy the used tires.

The NVOCC, in an attempt to avoid the high destruction charges, said they preferred the cargo be re-exported to Vietnam under China's "shipping error" process. The steamship line refused. The cargo sitting at port to date continues to accrue \$125.14 per container per day in storage fees.

There was not enough evidence to prove that the NVOCC acted in due diligence and therefore resulted in the misclassification of shipment. Had they checked the shipments before bringing them to China, they would have known that the cargo was prohibited by the country. The NVOCC's claim amount was \$423,977, increasing by \$1,627.60 in detention and demurrage charges for each day that the cargo is sitting in the port. Because the shipment is considered abandoned cargo, Avalon's Combined Transit Liability policy allows \$25,000 for each shipment to be covered; and because there were three shipments, the claim payment was \$75,000 in addition to \$78,459 in legal fees.

Loss Amount: \$423,977 (with daily increase of \$1627.60)

Claim Payment: \$75,000

Legal Fees: \$78,459

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