



NVOCCs – PROFESSIONAL LIABILITY CLAIMS REVIEW

To illustrate how valuable Avalon's Combined Transit Liability program is in managing an NVOCC's business risks, we compiled the following claims. The settlement and the legal fees were the amounts paid by the insurance company.

Abandoned shipment of bicycles

An importer back-ordered a shipment of bicycles from Europe for its sporting goods store. The shipment was finally ready a few months later, but because of slow sales and increased overhead costs, the company ended up filing for bankruptcy and the store closed. The shipment was abandoned and stuck in a port warehouse. The NVOCC named on the bill of lading was held liable for demurrage, storage and port charges for \$7,569, which was covered by Avalon's Combined Transit Liability (CTL) program with Abandoned Cargo coverage.

Claim Amount: \$7,569.00
Insured's Deductible: \$0

Oxidation and Mold Damage

An NVOCC was hired to transport a specialized aluminum product overseas and issued a house bill of lading. Upon delivery to the consignee's warehouse and unpacking the crates, it was discovered that the specialized aluminum product was wet, oxidized and had severe mold stains. The condition of the aluminum product rendered it a total loss. The consignee sued the NVOCC for the water damage causing the loss. The NVOCC was found negligent, but only legally liable for \$500 for the one crate.

Claim Amount: \$18,750
Settlement: \$500
Legal Fees \$7,450
Insured's Deductible: \$5,000

Physical Loss

An NVOCC was hired by an exporter to arrange for the shipment of machinery to the Far East. Upon delivery, it was discovered that several parts were missing. The documentation provided no information on the disappearance of the carton. The exporter held the NVOCC liable for the total loss.

Claim Amount: \$8,900
Settlement: \$8,900
Legal Fees \$2,250
Insured's Deductible: \$5,000

Trade show goods left unclaimed

A consignee contracted with an NVOCC to bring in trade show materials from Brazil into the port of Miami for an international conference.

Because of heavy weather leaving Brazil, the materials were delayed in arriving in Miami. The goods arrived too late to be used for the conference and because of a payment dispute with the NVOCC, the consignee abandoned the goods at the port of Miami. Customs seized the goods and held the NVOCC listed on the bill of lading liable for demurrage, storage, inspection and port charges for \$12,693.

Claim Amount: \$12,693.00
Insured's Deductible: \$0

Improper and Wrongful Delivery of Goods

After arrival, 769 containers of shoes were released by the NVOCC without surrender of the original bill of lading. The shipper was not paid because the receiver of the shoes stated there was a quality issue.

The shipper sued the NVOCC for the full amount of the shoes. The file was referred to an attorney for handling under the NVOCC's E&O policy. The attorney was able to reduce the settlement amount.

Claim Amount: \$150,839
Settlement: \$100,000
Legal Fees \$17,500
Insured's Deductible: \$10,000

For more information on Professional Liability Insurance for NVOCCs, contact your local Avalon office or email marketing@avalonrisk.com