

AVERAGIUM

Newsletter of Harvey Ashby Limited, Average Adjusters & Claims Consultants
WINTER 1998

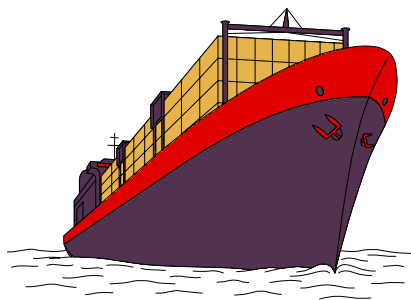
“Container ship on fire!”

Does this sort of headline in Lloyd’s List point to a nightmare scenario in the collection of salvage and/or general average security?

Certainly the adoption of general average absorption clauses in owner’s hull and machinery policies is now commonplace and designed to avoid those situations, where for example, a loaded vessel has put into a port of refuge as a consequence of an emergency during the voyage. The potential claim in general average may be in the region of US\$ 50/100,000, but a full collection of the appropriate security documents could :-

- i) delay delivery of the cargo and,
- ii) substantially increase the amount of the general average.

What if the vessel is chartered by one or several charterers and the shippers/receivers of the cargo on board are the regular customers of these charterers and not the shipowners?



The shipowner may well ask the charterers – where is the incentive for me to utilise my general average absorption facility in my insurance for the benefit of you and your customers? In such

situations commercial considerations may prevail.

There is no doubt that the avoidance of a full general average security collection from potentially hundreds of cargo receivers, will avert putting in train the very substantial logistical, and consequently expensive, exercise of contacting all the parties involved and explaining, why, what and when the necessary security documents will have to be completed and submitted before the cargo interests can take delivery of their goods.

Some charterers can see the value of keeping their customers happy by agreeing to contribute themselves to the potential general average without the necessity of a full collection of security. Indeed we are aware of one major container line operator who, apparently will seek to avoid troubling their customers in nearly all such circumstances, by offering to pay cargo’s contribution to any proper general average. Clearly they take a long term view of building customer relationships.

But what if the headline indeed confirms a major casualty of US\$ 500,000 or more, such that the collection of both salvage and general average security is necessary and justifiable? The handling of a case of this nature, involving perhaps several hundred
(continued overleaf)



The Cardiff Connection

We are pleased to announce our association with Berridge & Co., Average Adjusters of Cardiff.

We have known Tony Berridge since the early eighties at which time he was the Manager of Stevens Elmslie & Co.’s office in Manila. He is continuing the tradition of his Father by operating from Cardiff and is particularly well known in the marine insurance communities in London, Greece, Belgium and South Africa.

We are already working together on several assignments and look forward to a long relationship.

The contact details of Berridge & Co are as follows:

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WELCOME

Welcome to the first edition of AVERAGIUM, Harvey Ashby Limited’s Newsletter which we hope to publish up to four times each year. We trust that you will find the Newsletter informative and would welcome any comments or contributions.

Those of more mature years may recall that AVERAGIUM was the telegraphic address of Bennett & Co, the average adjusting firm with which Messrs Harvey and Ashby started their average adjusting careers in 1969.

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A Very Short History of Colchester

Archeological evidence indicates that Colchester was inhabited in the seventh century BC. In 10AD Cunobelin, the King of south east Britain and Shakespeare's Cymbeline, made Colchester his Capital. The town became the target of Roman invaders in 43AD and, in turn, attracted the attention of the Iceni under Boudicca who sacked the town in 60AD. Nevertheless the town was finally settled by the Romans who named it Camulodunum.

The town was the administrative centre of the area and in addition to housing a garrison was also Roman Britain's first colony for retired legionaires. A very solid wall was built round the town, remnants of which survive today. Unusually Saxons settled within these walls when the Romans left Britain.

The town was contested between the Danes and the Anglo-Saxons in 917AD and by 1086, when records were taken for William I's Domesday Book the town was one of some importance, having 450 households, a court, a mint and several churches. The Normans built a Castle on the foundations of the principal Roman Temple which, at the time, was the largest Keep in Europe. It is now a museum.

By the twelfth century the town had expanded far beyond its walls. The Royalists were besieged by the Roundheads in the town in 1648 during the English Civil War and by 1856 the town had become the garrison town which it remains today.



Colchester Castle 1998

"Container ship on fire!" (continued)

bills of lading, requires the full co-operation of charterers, shipowners and salvors, the ready availability of the cargo manifests and access to the charterers and/or ship's agents at port(s) of destination. Modern computer software and communication facilities, particularly email, ease the adjusters' burden considerably and enable a relatively small but experienced team to handle the collection of security effectively.

It is clear to us that although many container ship operators and charterers have proper contingency plans in place, with established procedures for the handling of major casualties, these often only relate to operational and safety aspects. Whilst these elements are of course, essential, one should not lose sight of the fact that a container line's customers are generally only interested in receiving their goods in sound condition and with the minimum of delay. The adjuster is often in the forefront of the task of explaining to these customers why a delay has occurred and what hoops they need to go through to secure the release of their cargo. We would suggest that customer care alone justifies the establishment of proper security collection arrangements before a major casualty occurs.

The North Sea Operators Claims Conference

In September Brian Ashby presented a paper at this Conference which was held in Cardiff. The subject of his address was The Role of the Average Adjuster, however, he also looked at the London Market initiative to establish a new hull claims procedure and presented some practical advice regarding the application of deductibles relating to any one accident or occurrence.

The full text of Brian's Paper appears on our website (www.harvey-ashby.co.uk), or we shall be pleased to send you a hard copy if you prefer. We can also supply copies of our brochure and of the York-Antwerp Rules 1994.

Energy Insurance Claims

Although the primary article in this issue will principally be of interest to those in the 'bluewater' sector, we would remind you that we also have a wealth of experience in dealing with energy insurance claims, both onshore and offshore. In future issues we will seek to achieve a better balance of presentation.

Meanwhile, we would mention that claims continue to arise in circumstances where warranties in the policy have not been complied with. In such cases the insurer is generally entitled to avoid the policy and thus decline the claim. It is thus essential that operating personnel are made aware of the importance of complying with warranty clauses such as those requiring certain procedures to be approved and/or witnessed by designated surveyors.

Comings & Goings



During the last three months we have received visitors at Westwood Park from Oslo, Bergen, Singapore and Sydney. We have visited the Netherlands, Kuwait and Abu Dhabi.

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