

## In This Issue

- [Staff Changes](#)
- [New Carriers Wording](#)
- [Rena - Importance of Documentation](#)
- [Rena - Affect on Pricing](#)
- [Apples to Australia](#)
- [Anniversary of the Titanic](#)
- [Language of the British Merchant Seaman](#)



# The Navigator

March 2012

## Staff Changes

Vero Marine is the only New Zealand marine insurer to have underwriting teams based in Auckland, Wellington and Christchurch. We also have our own dedicated marine claims team in our Auckland office who are on hand to guide you through the claims process. We'd like to take this opportunity to welcome three recent additions to the Vero Marine team - Terry Mutimer joins our Auckland underwriting team; Eddy Dahama and David Roper recently joined our Sales Support team to ensure we maintain our high levels of customer service. Congratulations goes to the following staff for their internal promotions - Karla Brighton is now a Marine Underwriter in our Wellington branch and Lillian Kuan has moved up to Senior Sales Support.

(Please [click here](#) to view the latest Vero Marine structure chart with full contact details for all staff)

[\[Top\]](#)

## New Carriers Wording (release late March 2012)

Vero Marine is launching a new Carrier's Liability policy wording. While policy cover is still based on the New Zealand Carriage of Goods Act 1979 liabilities, the revised policy provides some additional covers in an easy-to-read plain English format.

All existing Vero Marine Carrier's Liability policies will be upgraded to the new wording. This means that a client will get the benefit of the new policy wording from now up until policy renewal, at which time a fresh wording will be issued. Brokers need not do anything for a policy to be upgraded, however, Vero Marine recommends the completion of a fresh [proposal form](#) (which has also been updated) to ensure the correct level of cover is obtained.

The limit for the Carriers Liability policy will now automatically be set at NZ\$2,000,000 any one occurrence. In most cases this should be more than adequate; however, higher limits may be negotiated with your Vero Marine underwriter. Note that no discount to premium will be given should a client elect a lower limit.

Cover for consequential loss is now automatically included, up to a limit of NZ\$50,000 any one loss. Consequential loss liability is only triggered in the event that the client is legally liable for this under their terms and conditions of trade. The New Zealand Carriage of Goods Act 1979 is silent on the issue of consequential loss.

We have included a section for goods carried at Owners Risk. Even though a carrier has no liability to cargo owners for damaged/lost goods carried at Owners Risk, a carrier may find themselves out-of-pocket insofar as Removal of Debris and/or Expediting Expenses charges subsequent to an accident. Such charges may now be covered under the new Vero Marine policy.

Debris Removal and Clean-up Costs are automatically covered, up to a limit of NZ\$50,000 in addition to the Policy limit. This cover is triggered once a valid claim under the standard policy wording has been established. It covers the additional costs incurred in removing debris and subsequent clean-up (following an accident) of destroyed goods.

Expediting Expenses are automatically covered, up to a limit of NZ\$50,000 in addition to the Policy limit. This is triggered once a valid claim under the standard policy wording has been established. It covers the additional costs incurred in carrying any surviving goods (following an accident) to their original destination.

These are just some of the features of the new policy wording. Please feel free to contact your Vero Marine underwriter for more information or visit [www.veromarine.co.nz](http://www.veromarine.co.nz).

[\[Top\]](#)

## Language of the British Merchant Seaman

Another sea-faring expression from the book 'All Hands and the Cook' by Captain Barry Thompson:

### To have a caulk

Strictly, to sleep on deck but the term was also used for other occasions when a seaman had a sleep. It is said to have originated because lying on the deck was emulating the caulking in the deck.

'All Hands and the Cook - The Customs and Language of the British Merchant Seaman 1875-1975' by Captain Barry Thompson is available for purchase by contacting [shipmaster@ihug.co.nz](mailto:shipmaster@ihug.co.nz).

## Rena - Importance of Documentation

Dealing with all of the claims following the grounding of the vessel "Rena" highlighted the importance of obtaining various types of documentation as quickly as possible during the initial stages of the claim process.

As with all marine cargo claims, one of the very first things that we needed to determine for all of the "Rena" claims were the terms of sale (Incoterms) which are usually detailed on the suppliers commercial sales invoice. The terms of sale dictate at which stage of the shipment the risk of loss/damage to the cargo transferred from the buyer to the seller and consequently, who was responsible for insuring the cargo at the time of the grounding. Other important documentation that was required included:

### Insurance certificate (for CIF exports) -

confirmed amongst other things the party who had title to claim against the policy, a description of the cargo and the sum insured.

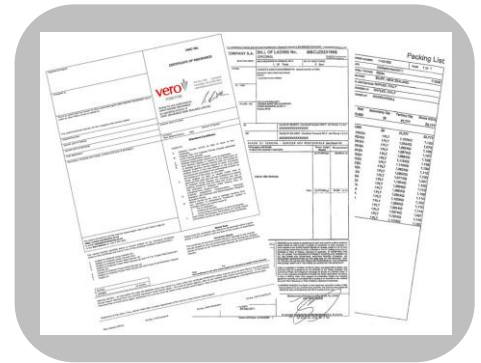
### Bill of lading -

included a description of the type of cargo shipped along with other important information such as the details of the party who had title to sue the shipping company, the container and seal number and the carrier's terms and conditions (which are always found on the reverse side of the Bill).

**Freight/shipping invoice (for Ex-works, FOB or similar imports) -** allowed us to calculate the CIF (cost, insurance and freight) value of the cargo.

### Completed Pro forma claim or Initial Notice of Claim form -

to ensure our rights of recovery against the carrier were protected.



Within days of the incident, professional salvors were appointed under Lloyd's Open Form (LOF) salvage contract, which meant when cargo was safely removed from the vessel by salvors, the salvors had a lien on the cargo until the necessary salvage security was lodged by either the cargo owner or their insurer. Salvors agreed to accept salvage security guarantee of 80% of the salvaged value of the cargo or 65% of the CIF value. We therefore needed to provide copies of the relevant documentation to the salvors to show how the value of the cargo had been calculated.

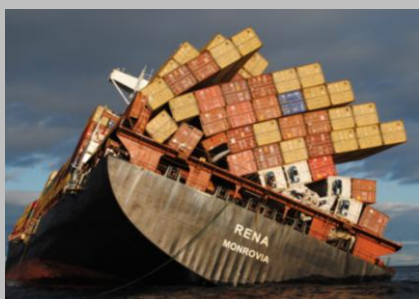
The lack of documentation would have caused many unnecessary delays in dealing with the claims. Vero Marine may not have been able to:

- settle claims for refrigerated cargo within weeks of the incident
- arrange for our surveyor to carry out initial inspection once the cargo had been brought ashore by salvors
- establish where the insured's container was stowed on the vessel - if the container had been lost overboard or if the container was stowed in a flooded cargo hold
- provide detailed and informative updates concerning particular cargo/containers
- obtain assignment-of-rights letters from consignees to enable claims to be settled with the insured, if required
- lodge the necessary salvage security payment/guarantee with the salvors on time to ensure the cargo was released without further delays

[\[Top\]](#)

## Rena - Affect on Pricing

The Rena incident has affected the New Zealand market, in both the short and long term. The ICNZ statistics for annual New Zealand marine cargo premium are approximately NZ\$80 million. The Rena alone is estimated to cost New Zealand marine insurers in excess of NZ\$45 million. All insurers face treaty reinsurance renewals during 2012, and, with New Zealand already in the spotlight due to earthquake claims and exposures, we all expect increases in our costs for providing capacity.



Photograph: NZ Defence Force

Prospects for a recovery from the ship's Protection & Indemnity (P&I) insurers under the current liability regime look bleak. Sea carriage is subject to international liability law, (incorporated into New Zealand law by the Maritime Transport Act 1994), as set out in the Hague-Visby Rules 1968. There remains a rather ancient "negligent navigation" defence available to shipping companies, where the vessel owner and charterer can escape liability completely if the master and crew, and not the higher echelons of the carrier (the company 'alter ego'), are the cause of the loss due to poor navigation. This all means that the losses sustained by New Zealand and other marine insurers are unlikely to be reduced by an eventual recovery.

So - the full impact of the Rena, plus higher reinsurance costs, will be felt in the marine insurance market. It is not only MD/BI insurers who will be seeking price increases!

[\[Top\]](#)

## Apples to Australia

Since 1921, our friends across the Tasman have banned imports of New Zealand grown apples due to a fear of introducing fire blight disease to their local crop. This ban was originally put in place following the discovery of fire blight in New Zealand in 1919.

Despite a wealth of scientific evidence to allay the Australians' fears, it wasn't until 2010 that the World Trade Organisation demanded that Australia vary their import restrictions and allow New Zealand grown apples to be imported. Amendments to Australian domestic policy were made in August 2011 formally allowing the import of New Zealand apples after 90 years of a closed market.

It is estimated that the Australian market could be worth NZ\$30 million to New Zealand growers, with the apple harvest about to get under way now. There were a small number of shipments last year, but the 2012 harvest is the first season where a concerted effort is being made to get New Zealand apples to Australian markets.

Vero Marine have developed a policy wording (Horticultural Clauses (A) – Apples) specifically designed with New Zealand apple growers in mind. The policy is based on Institute Cargo Clauses 'A'. Please contact your Vero Marine underwriter for further information. [\[Top\]](#)

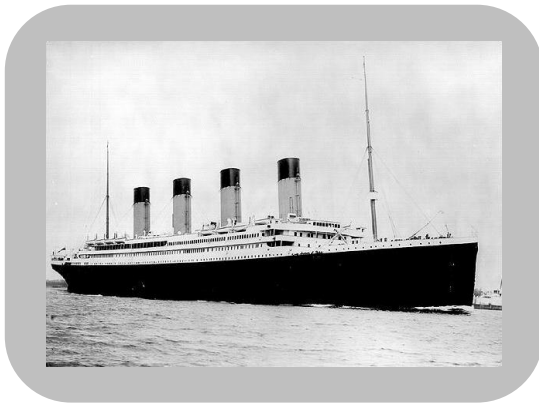
References:  
[New Zealand Herald Article](#)  
[Wikipedia: Fire blight](#)



## Anniversary of the Titanic

It's coming up to the 100th anniversary of the sinking of the Titanic on 15th April 1912.

A widespread myth is that the internationally recognised Morse code distress signal "SOS" was first put to use when the Titanic sank. While it is true that British wireless operators rarely used the "SOS" signal at the time, preferring the older "CQD" code, "SOS" had been used internationally since 1908. The Marconi radio operator on Titanic, Jack Phillips, sent both "SOS" and "CQD" as calls for help.



Shipboard wireless operators came from the ranks of railroad and postal telegraphers. In England a general call on the landline wire was a "CQ." "CQ" preceded time signals and special notices. "CQ" was generally adopted by telegraph and cable stations all over the world. This sign for "all stations" was adopted by both ships and shore stations.

Although generally accepted to mean, "Come Quick Danger," it was a general call, "CQ," followed by "D," meaning distress. In the U.S. Senate hearings following the Titanic disaster, interrogator Senator William Smith asked Harold Bride, the surviving wireless operator, "Is CQD in itself composed of the first letter of three words, or merely a code?" Bride responded, "Merely a code call, sir." Marconi himself also testified, "It [CQD] is a conventional signal which was introduced originally by my company to express a state of danger or peril of a ship that sends it."

At the Berlin Radiotelegraphic Conference of 1906, this subject of a ship's distress signal was addressed. The distress signal chosen was "SOS." The American distress signal "NC" for "Call for help without delay" was not adopted, although it remains as the international flag symbol for distress to this day. The Germans suggested "SOE," which they used as a general inquiry call. An objection was raised that, because the final letter of "SOE" was a single dot, it was a difficult signal to recognise in adverse conditions. The letter "S" was substituted as three dots, three dashes, and then three dots could not be misinterpreted.

Unfortunately, the 1906 Conference proceedings do not give an account of the discussions or the German origin of SOS. The Marconi Yearbook of Wireless Telegraphy and Telephony of 1918 states, "This signal [SOS] was adopted simply on account of its easy radiation and its unmistakable character. There is no special signification in the letters themselves, and it is entirely incorrect to put full stops between them [the letters]."

So, the popular interpretations of "SOS" - "Save Our Ship," "Save Our Souls," or "Send Out Succour" - are also myths. [\[Top\]](#)

Head Office  
Wellington  
Christchurch

Free Phone 0508 856 856

PO Box 1759, Auckland  
PO Box 3409, Wellington  
PO Box 240, Christchurch

Free Fax 0508 873 873

t 09 363 2600  
t 04 472 5956  
t 03 371 6591

f 09 363 2601  
f 04 478 1748  
f 0508 873 873

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