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The Navigator

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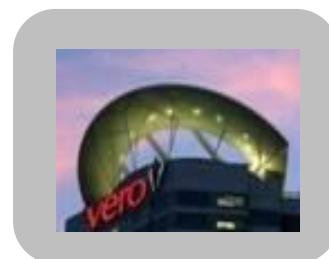
Vero Marine has moved up in the world!

As of today, Monday the 6th of December 2010, Vero Marine Insurance is now located on Level 33 of the Vero Centre.

Phone, fax, email and postal address remain unchanged. Couriers will need to report to Vero Reception on Level 14.

As Level 33 is a secure floor, visitors are also required to report to Vero Reception on Level 14. The receptionists will contact the staff member you are visiting and direct you accordingly.

Other than spectacular views, it remains business as usual.



Incoterms 2010

Incoterms are International Chamber of Commerce terms that can be incorporated into a contract for the sale of physical goods. They stipulate which party (i.e. seller or buyer) has the obligation to make carriage or insurance arrangements, when the seller delivers the goods to the buyer, and the allocation of costs between each party. Incoterms are only part of the transactional clauses between the parties: other terms negotiated determine price, method of payment, and transfer of ownership.

They are usually revised in ten-year cycles to keep pace with developments in the environment of international trade. The 2010 terms take notice of the continued spread of customs-free zones, the increased use of electronic business transactions, heightened security requirements concerning the movement of goods internationally, and changes in transport practices.

The 2010 Incoterms are:

Any mode(s) of transport	
EXW	Ex Works
FCA	Free Carrier
CPT	Carriage Paid To
CIP	Carriage and Insurance Paid To
DAT	Delivered At Terminal
DAP	Delivered At Place
DDP	Delivered Duty Paid

Sea and inland waterway only	
FAS	Free Alongside Ship
FOB	Free On Board
CFR	Cost and Freight
CIF	Cost Insurance and Freight



The 2010 Incoterms include the following major changes:

1. Instead of being categorised as C, D, E, F groups of clauses, they are now split by mode of transport, i.e. clauses covering any mode(s) of transport vs clauses covering only sea and inland waterway transits.
2. Four of the "D" clauses have been replaced by two new "D" clauses. What used to be DAF, DDU, DES and DEQ are now replaced by DAT and DAP (see our in-depth article on the [Vero Marine website](#) for more information on these new clauses).
3. The point at which risk passes from seller to buyer has changed for the four sea and inland waterway only clauses. Previously the transfer of the risk of loss of or damage to the goods passed "from the time they have passed the ship's rail at the named port of shipment". Now, under FOB and CIF risk transfers once the seller has delivered the goods on board the vessel at the named port of shipment.

Note that FAS, FOB, CFR and CIF are not recommended for use where containers are used. This is because the practicalities of container handling are not suitable for the chosen risk transfer point. For example, the ICC recommends that FCA be used instead of FOB for goods in a container, as the container is handed over the carrier at a terminal, at an earlier time before the container is loaded on board the vessel. Instead of CIF, the ICC recommends CIP for containerised goods.

Basis of Valuation - what, why and how?

What is it, how is it used and why does the percentage vary?

Under a marine Open Policy, the insurer undertakes to cover all movements so described whether or not they are advised of such movements before a transit commences or before a loss occurs. In return, the policy holder agrees to advise insurers at agreed intervals, (usually annually), of all such movements and to pay a premium at the agreed rates. The policy always remains open, subject to the Cancellation clause. As the policy could cover many different types of goods, a Basis of Valuation needs to be agreed in advance for the purposes of calculating premium and paying claims.

Historically, the terminology that has been used states that the property shall be valued at invoice cost, plus insurance, plus prepaid freight, plus 10% (CIF+10%). An insured incurs many expenses, such as inland freight, insurance, packing, handling, customs charges, etc. some of which cannot always be determined at the time a transit commences and are subject to constant change. It must be noted too that goods are shipped with the expectation of realizing a profit. For this reason, the Basis of Valuation has always been increased by an agreed percentage, to allow for those charges that would reasonably be incurred in shipping goods, but could not be initially quantified, to be included in an overall sum insured figure.

10% is typically the figure that is used, but figures of 20%, 30% even 100% have sometimes been used. There may be cases where the invoice cost of the goods shipped is low relative to the cost of all incurred freight charges. For example clothing from China or India, which is sometimes cheap to manufacture and therefore has a low invoice cost. The unknown charges that would reasonably be incurred in shipping the goods to final destination (including inland freight costs) might far outweigh the invoice cost of the clothing. These charges could be considerable as they are influenced by the distance between the port of discharge and final destination. For this reason, a higher percentage figure is used to ensure that the policy holder is adequately indemnified should a claim arise. Of course, it follows that the same calculation be used for the purpose of calculating premium too!

Language of the British Merchant Seaman

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

Oil and Water don't mix

A saying which, in some ships, expressed the unfortunate fact that the deck officers and the engineers did not mix more than was absolutely necessary to run the ship. Fortunately, there were some happy ships where this was certainly not the case.

'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.

Earthquake - is it covered?

The table below lists commonly used Institute clauses which form the basis of most marine policy documents and identifies whether or not they include cover for earthquake as a standard.

INSTITUTE CLAUSE	WHEN USED	EARTHQUAKE COVER INCLUDED?
Inst Cargo Clauses 'A'	For most types of general cargo	Yes, providing the loss/damage occurs during the ordinary course of transit
Inst Cargo Clauses 'B'	Named perils cover for general cargo	Yes, providing the loss/damage occurs during the ordinary course of transit
Inst Cargo Clauses 'C'	Named perils cover for general cargo	No
Inst Frozen Foods Clauses 'A'	For most types of perishable food	Yes, providing the loss/damage occurs during the ordinary course of transit
Inst Frozen Food Clauses 'C'	Named perils cover for perishable food	No
Inst Frozen Meat Clauses 'A'	For most types of perishable meat	Yes, providing the loss/damage occurs during the ordinary course of transit
Inst Frozen Meat Clauses 'A' - 24 hours breakdown	For most types of perishable meat	Yes, providing the loss/damage occurs during the ordinary course of transit
Inst Frozen Meat Clauses 'C' and 24 hours breakdown	Named perils cover for perishable meat	No
Inst Clauses for Builders' Risk	Marine hull build/construction/renovation	No
Inst Yacht Clauses	For most types of (larger) yacht	Yes
Inst Fishing Vessel Clauses	For most types of fishing boat	Yes
Inst Time Clauses Hulls	For most types of work boats	Yes

