



**March 20, 2002**

**CIRCULAR NO. 6/02**

**TO MEMBERS OF THE ASSOCIATION**

**Dear Member:**

**THE CARRIAGE OF STEEL CARGOES: LOADING AND DISCHARGE SURVEYS**

Over recent months, the Club has noticed an increase in the number of claims concerning the condition of steel cargoes on discharge. A significant number of these claims arise out of allegations of damage which may have existed prior to cargo loading. Others entail allegations of seawater ingress due to leaking hatch covers.

To minimize the risk of generating such claims, Members are strongly advised to appoint an experienced surveyor at the port(s) of loading of steel cargoes in order to:

- assist the master in recording the apparent condition of the cargo prior to loading so that, where appropriate, mate's receipts and bills of lading can be claused correctly, and;
- verify that hatch covers and other openings giving access to cargo spaces are in sound condition.

It is essential that a surveyor be appointed to fulfill the procedures recommended above if any of the following steel products are to be loaded:

- Wire rods
- Hot rolled steel in coils or bundles
- Steel pipes
- Galvanized steel
- Tin plate
- Cold rolled steel in coils, packs or bundles
- Stainless steel
- Structural steel (rebars, channels, angles, beams, bars, strips, section, forgings).

**Members are urged most strongly to ensure that these precautionary measures are taken in all cases where such steel products are loaded since failure to do so could prejudice cover should the cargo concerned later become the subject of claims.**

The following low value goods and certain semi-finished materials do not require the attendance of a surveyor:

- Steel billets
- Steel blooms
- Steel scrap
- Steel swarf
- Pig iron

The Club, in order to provide maximum assistance in the prevention of claims, should be given timely notification by Members of a vessel's intention to load steel so that a loading survey can be arranged. This notification should include:

- the vessel's estimated time of arrival at the loading port;
- the exact nature and approximate quantity of steel cargo to be loaded; and

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- the name and contact details of the vessel's local agents.

Where it is impractical to give such prior notice to the Club, Members should contact the Club's local correspondent at the loading port so as to provide direct details as above and inform the Club as soon as possible thereafter.

During the examination of hatch covers, the surveyor must pay particular attention to the hatch sealing and securing arrangements as well as to the integrity of all other weather deck openings. The surveyor should make an immediate report to the Club and to the master in regard to any defects he may have found. Where possible, the inspection should incorporate a hose, chalk or ultrasonic test, although it is recognized that time constraints and other factors may preclude such action.

As to the apparent condition of the steel, the surveyor must assess and record any evidence of rust, physical defects, structural abnormalities and contamination and make suitable recommendations to the master as to whether the mate's receipts and bills of lading should be claused. In this connection, Members are reminded of the terms of Rule 2, Section 7, paragraph 1.c.iv which, in its material parts, reads as follows:

***Unless and to the extent that the Directors in their discretion otherwise decide there shall be no recovery from the Association in respect of liabilities, costs or expenses arising out of....***

- (iv) a bill of lading, waybill or other document containing or evidencing the contract of carriage, issued with the knowledge of the Member or the master of the insured vessel with an incorrect description of the cargo or its quantity or its condition.***

Further advice in regard to the clausing of bills of lading, letters of indemnity and the problems associated with the carriage of steel is available from the Club if required. Subject to an individual vessel's terms of entry, the Club will, in all cases, make a 50% contribution toward the cost of such surveys.

If heavy weather has been encountered during the vessel's passage, or if damage was observed at the time of loading, the Club should be informed of the vessel's estimated time of arrival at its intended port(s) of discharge since the appointment of the surveyor at that point is highly advisable. The surveyor should examine and record the condition of the steel on arrival and take steps to monitor the cargo out-turn during discharge. If necessary, he may also be required to witness the opening of coils or packages as and when they reach the receiver's premises.

Through the careful recording of the integrity of the vessel, the condition of the steel cargo prior to loading and its condition on discharge – as well as insuring that all documents in relation to the cargo are properly completed – the Member should be in a much better position to defend claims made against him under the relevant contract of carriage.

Finally, in cases where surveyors representing other interested parties board the vessel, they should be permitted access to the cargo and/or the vessel's documents only in the presence of the attending Club surveyor.

As always, the Managers will be pleased to respond to any inquiries Members may have in regard to this specific issue, or generally.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO  
Shipowners Claims Bureau, Inc., Managers for

**THE AMERICAN CLUB**