

## Type of Loss

There are three areas of possible loss or damage and expense in which your cargo can become involved. The first is Particular Average which is simply partial loss or damage to your own cargo. The second is General Average and this occurs when a sacrifice is made and an extraordinary expense is incurred for the benefit of the whole venture and towards the cost of which your cargo may be asked to contribute. The third type of possible loss concerns the Total Loss of vessel and cargo by sinking, stranding, explosion, fire, and other causes. Where your cargo is totally lost in this way, it is customary for Underwriters to require the full set of negotiable bills of lading, the original invoice and all negotiable copies of the insurance policy or certificate. It should be noted that these documents will also be required where an entire shipment disappears or is non-delivered.

Sometimes damage to the cargo when it arrives is so extensive that the full amount of the insured value is paid by Underwriters. This is known as a Constructive Total Loss, but since it differs only in degree from a partial loss, known as Particular Average, the procedure outlined in the following paragraphs applies in such cases.

The term Particular Average covers partial loss or damage which occurs to your goods and a Consignee is seldom advised of any such shortage or damage, but merely that the ship has arrived and the cargo is available for delivery. If loss or damage has occurred, it then becomes the responsibility of the Consignee or the Agent handling the receipt of the cargo to preserve and protect any claim which the former may have against either the ship or the Insurance Company, or both. It is most important to preserve the claim against the ship since failure to do so may impair or destroy underwriters' rights of subrogation against the carrying vessel and so prejudice your own claim against them.

When your cargo arrives at the final destination as specified in the policy.

- (a) Count, weigh, tally, and examine it before accepting delivery. If a container shipment record the seal number. If the seal is broken on arrival note this on the receipt.
- (b) Give an explicit receipt, for example, not "3 cases damaged" but "2 cases top broken, 1 case wet."
- (c) If possible keep a copy of the receipt, if not make a memorandum of the manner in which it was signed.
- (d) Notify your Broker or Underwriter promptly. (Assuming the loss is more than trivial your Underwriter will appoint a surveyor.)
- (e) Telephone the carrier, advising him of the loss and invite his inspection.
- (f) Write to the carrier, hold him responsible and at the same time, confirm your telephone conversation.