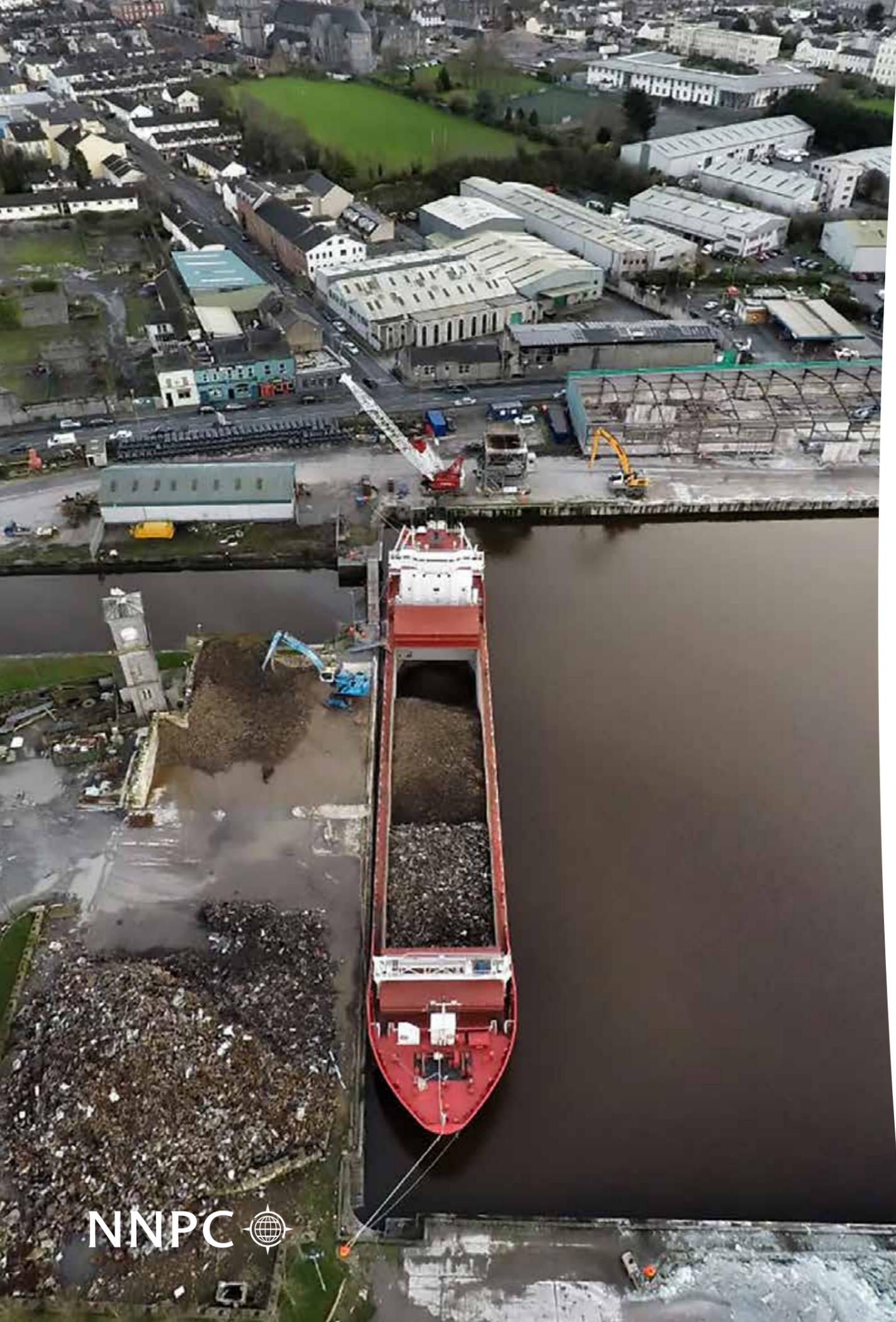




NNPC Loss Prevention Guide Cargo Shortage





Preventing and minimizing shortage claims: Good practices and risk awareness

NNPC members are frequently confronted with shortage claims, in particular when carrying cargo in bulk. Common reasons for such claims include incorrect information on the Bill of Lading, spillage of cargo during discharge or errors in measurement (for example, incorrectly performed draft surveys; incorrect shore measurements; the use of different measuring methods upon loading and discharge).

It is therefore important that the crew ensures that the weight of the cargo is established in a reliable and objective manner upon loading and upon discharge. In that regard, the NNPC provides specific measures and good practices to guide members in preventing and minimizing shortage claims.



General recommendations

- It is important to check the total weight of the cargo by performing draft surveys in both the port of loading and port of discharge and verify that the calculations are consistent with weight provided by the shippers. A draft survey should ideally be performed before and after loading and discharging.
- When in doubt contact the shipowner or the Club for advice and assistance.
- Where possible ensure that appropriate clauses are included in the charterparty, where appropriate request that Charterers' Bills of Lading are issued, agreeing in advance how cargo weight will be established, and ensuring that the charterers remain involved for matters for which they are responsible (for example by incorporating the InterClub Agreement).

General load port recommendations

- In the event that the master has any doubt as to the indicated weight of the cargo taken on board, he should ensure that the weight as established by the vessel is inserted in the Bill of Lading or that the Bill of Lading contains an appropriate remark such as: "Weight established by Shippers figures only, not confirmed by the Carrier", "approximate weight only, not confirmed by carrier".
- Do not sign separate cargo documents or certificates unless these are consistent with the weight established by the vessel.

General discharge port recommendations

- If a shortage is alleged by the receivers the master will likely be asked to confirm this allegation by signing a protest letter. please ensure that if such a document is signed, the signature is accompanied by the words "For receipt only, all cargo discharged as per the bills of lading and terms and conditions of the C/P, all holds empty".
- After a bulk cargo is loaded, we recommend that all holds are sealed in the presence of the representatives of the cargo interests and that this is evidenced in a Hatch Sealing report. A draft of such a report is available from our website.
- The removal of the seals in the port of discharge should follow the same procedure and should be recorded in a Hatch Unsealing report. A draft of such a report is also available from our website. We also recommend filming or photographing the breaking of the seals, preferably with visible date/time recording.

Weighing Methods

In the port of loading it is usually the shipper who provides the weight of the bulk cargo for purposes of the Bill of Lading. We recommend that the weighing procedure be agreed in advance in the charterparty agreement, ideally a weighing procedure by way of draft survey, alternatively a combination of the weighbridge results and draft surveys performed on board. Alternative means, such as loading at the silo or weighing the trucks at the port entrance cannot be monitored and often provide unreliable findings, inconsistent with the quantity actually loaded.

- In the port of discharge, cargo weight is often established by using crane scales, however, this method may be subject to issues with calibration or spillage and receivers often prefer to weigh the cargo using a weighbridge or weighing at the place of destination. We recommend that the charterparty terms specify the means by which the weight is to be established and that this in any event to take place within the port. We also recommend that draft surveys be performed before and after discharge operations.



The Draft Survey

We reiterate the recommendation that the master and crew of a vessel carrying cargo in bulk should always perform a draft survey before and after loading and discharge. A draft survey performed by an experienced crew is a reliable means to establish cargo weight. However, its accuracy will depend on numerous factors, the most important of which are:

- The proper reading of the draught marks.
- The sea conditions and the vessel's movements should be clearly recorded.
- The specific weight (i.e. unit weight; the weight per unit volume) of the water in the port.
- The lightweight (light displacement) of the ship as well as the fixed and variable weights on board.
- The amount of ballast water in the ballast tanks.
- The ship's hydrostatic data.

The master should not accept or sign any draft survey report(s) performed by the cargo interests unless they match the vessel's own figures and reflect the weight indicated on the Bill of Lading.

Hatch Sealing

When transporting bulk cargo, hatch sealing is recommended in order to provide evidence that the hatches remained unopened during the voyage. When sealing the holds we recommend the following:

- Security seals should be applied as soon as loading is completed and hatches are closed in the presence of the agents or shipper's representatives who shall sign the sealing report a copy of which is available from the NNPC website.
- The sealing may be reinforced at the master's discretion, however it must never be removed until the Vessel's arrival and in conformity with the points below.
- The seals should only be removed after arrival in the discharge port in the presence of the agent and/or a representative of the receivers.
- Photographs should be taken of the unbroken and broken seals and the process should be documented using an appropriate unsealing report a copy of which can be downloaded from the NNPC website.

Conclusion:

Preventing shortage claims requires that the cargo weight is properly established in the loadport and included in the cargo documents and is verified in the discharge port to show that no cargo was lost during the voyage. Whenever possible the vessel should verify shore figures by performing draft surveys and the charterparty terms should be clear about how weight is to be established. When in doubt the master should contact his owners or the NNPC and where necessary an independent surveyor can be appointed on the Owners behalf to assist in establishing cargo weight.

Relevant clauses in the underlying Charter party, establishing the balance of responsibilities between the parties in relation to cargo weight, and proper voyage instructions, are of great assistance in preventing or solving cargo shortage claims. Examples of such clauses as follows:

The cargo quantity for Bill of Lading purposes in both the load and discharge port shall be determined by draft survey performed by the Master in the presence of the shipper and receiver (or a representative thereof) respectively .

In the event that the Charterer requires the Owners to carry different types of bulk cargo or bulk cargo of different grades using bulkheads, the Charterers shall remain responsible for the separation of such types or grades and for any contamination of cargo which may occur during loading and discharging.

SEALING CLAUSE:

Upon completion of loading, the holds will be sealed by the Owners in the presence of charterers' representatives and the Master will issue a sealing certificate to be signed by the master and a representative of the charterer and the shippers. Upon arrival in the discharge port, the seals will be inspected and broken as part of a joint inspection together with representatives of the charterer and receiver. The findings shall be recorded by the Master in the certificate and countersigned on behalf of the Charterer and the Shippers.

In the event of bagged cargoes, the Owners shall not under any circumstances bear any liability or responsibility towards the Charterers or the receivers for any an alleged shortage of bags whatsoever. In the event that any claim is brought against the Owners for a shortage of cargo, the Charterers hereby undertake that they will indemnify the Owners in full for any such claim and take over the handling of the matter. Furthermore, Upon request by the Owners, the Charterers shall provide appropriate security for any alleged claim or costs on the Owners' behalf.



Noord
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If you require urgent assistance or advice the NNPC Claims team is available around the clock. Our details are as follows:

✉: claims@nnpc.nl

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