



MARCH 24, 2020

CIRCULAR NO. 11/20

TO MEMBERS OF THE ASSOCIATION

Dear Member:

GUIDANCE FOR THE LOADING OF STEEL CARGOES WHERE THIRD-PARTY SURVEYORS ARE PREVENTED FROM ATTENDING VESSELS DUE TO COVID-19 RESTRICTIONS

Your Managers are aware that, in some ports, regulations designed to inhibit the spread of the COVID-19 virus have prevented, and continue to prevent, third-party surveyors from attending vessels about to load finished steel products, the coverage of which is predicated upon the attendance of such surveyors - as well as the fulfillment of other requirements - in accordance with standard steel cargo survey clause wordings.

In these cases, which it is hoped will be comparatively rare, the Club will nonetheless be prepared to consider coverage of cargoes of finished steel products subject to fulfillment of the stipulations set out in greater detail below. This accommodation should not be considered a waiver of the requirements of the Club's steel cargo survey clause in general, and will only apply, on a case-by-case basis, where a Member can clearly demonstrate, with supporting documentary evidence, the impossibility of arranging the attendance of a third-party surveyor in a particular port at a particular time.

Moreover, even where this has been demonstrated, coverage in regard to claims as may subsequently emerge will be dependent upon proof of the Member's meticulous compliance with every element of the recommendations contained in the Club's *Transport Guidance For Steel Cargoes*, as well as the general observations contained in *Club Circular 23/14, Steel Cargo Pre-Load Surveys: An Update*, of August 11, 2014.

It should also be remembered that, independently of the provisions of the Club's steel cargo survey clause, and the recommendations set out in the documents to which reference is made above, Members have an overarching obligation to act at all times as prudent uninsureds and must also comply with every other requirement of coverage in general including, but not limited to, bills of lading being claused properly to reflect the actual condition of cargo on loading.

The remainder of this Circular elaborates on the matters discussed above. It is hoped that this accommodation by the Club will be helpful to Members as they move forward through these most challenging of times. While Members are recommended to refer to *Transport Guidance for Steel Cargoes* as a matter of generality, certain key aspects of loss prevention are made the more critical in the absence of a third-party surveyor, and are listed below. The section numbers contained in the following paragraphs refer to those set out in the Guidance.

Vessel preparation

(Sections 2.3, 2.4, 2.5, 4.2 and 4.3 concerning hatch covers, cranes, ventilation, cleaning of cargo holds and dunnage in the Guidance refer). All systems and equipment should be checked to ensure

they are operational (see the checklist attached to Club Circular No. 23/14). During the voyage to the load port, ballast tanks adjacent to cargo holds should be pressured tested prior to loading, if holds are free of cargo and safety permitting in every respect.

Caution should be taken when washing down holds with brackish river water, which may contain saltwater chlorides. A freshwater flush and drying should be performed prior to loading, and tarpaulins can be laid on the tank top and lower sides of cargo holds, used in addition to dunnage, to provide a physical barrier between the vessels steel structure and the steel cargo.

Photographs should be taken of hatch covers, rubber gaskets and sealing fittings for any repairs made, hose or ultrasonic tightness tests, cargo hold bilge suction and non-return valve tests, cargo hold cleaning/washing, (silver nitrate solution should be used to test for the presence of salt chlorides after washing down), ventilation units and ballast tank pressure tests.

Cargo condition prior to loading

(Sections 8.3, 8.4 and 8.5 on cargo surveying in the Guidance refer). If the opportunity arises, and it is safe to do so, the master or a competent deck officer with experience of the carriage of steel cargoes, should inspect the cargo ashore and note down and photograph any pieces of cargo that are damaged or have rust or other blemishes.

An adequate number of photographs should be taken to demonstrate the pre-loading condition of the cargo, showing its general condition and specific examples of any damage, and the shore storage environment (any water, rain puddles nearby?), as well as tests on the cargo for the presence of salt chlorides using silver nitrate solution.

Cargo loading

(Sections 5 and 7 of the Guidance refer). All vessel personnel involved should be familiar with their role in helping ensure that the cargo is properly stowed and secured onboard. The master should ensure meetings are held with the stevedore foreman prior to loading to agree on procedures to be followed and again at the end of loading to discuss any damage or cargo related problems encountered, and that any necessary protests are made and signed by relevant parties. The actions of stevedores should be closely monitored during the loading.

Photographs, and short video recordings should be made, if possible, to show the loading methods, equipment used, dunnage and lashings, etc.

Record keeping, documentation and communications

(Sections 7, 9 and 10 of the Guidance refer). Thorough records should be maintained and stored safely onboard. Photographs and video recordings should be downloaded to a secure computer onboard. Mate's receipts should properly state the details of the apparent condition of the cargo upon loading, which should also be claused upon relevant bills of lading.

Should any damage to cargo be found prior to or during the voyage. or heavy weather be encountered during the voyage, Members are urged to notify the Managers for guidance and assistance prior to the vessel's arrival at the discharge port.



Yours faithfully,


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

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