ABLM Risk Management Update
FIATA HQ Meeting - 2013

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Premier Provider of Innovative Insurance and Surety Solutions
Topics

• Cargo losses and claims trends
• Regulatory Issues
• Possible US Rail Development
Cargo Losses and Claims Trends
Hurricane Sandy – October 2012

Damage Estimates Now Total $50billion
Cat 3 – 109mph winds – 285 Fatalities

250,000 Cars Damaged
Avalon’s New York Office
Hurricane Sandy

- Cargo damaged/destroyed/delayed
- Significant impact on NY area forwarders
MSC Flaminia
MSC Flaminia

• Significant damage to vessel & cargo
• Unloading of containers took significant time
• Undamaged goods subject to market fluctuations highlight need to consider insurance cover for delay
Abandoned Cargo Claims

• Rise in claims in India & Philippines
• Consignee simply abandons shipment
• NVOCC left with expense of unloading container, demurrage, potential storage or destruction of cargo
Jammer Assisted Hijacking

• Truck containing consumer electronics components hijacked in Tlalnepantla, Mexico March 5, 2013
• Truck equipped with hard wired fleet tracking system & two covert tracking devices
• Hijackers placed cellular signal jammer in passenger cabin of the truck
• Fleet tracking system & one covert tracker were disabled
• 2\textsuperscript{nd} tracker remained functional
• State of Mexico Transportation Police intercepted truck within 45 minutes
• Thought to be first \textbf{successful} attempt to use jammers in Mexico
Regulatory Issues
Food Safety Modernization Act (FSMA)

- Since 2003, foreign food facilities have had to register with US Food & Drug Administration (FDA)
- Appointment of US agent was required (service of process)
- 300,000 foreign facilities registered – each has US agent
- FDA performs physical inspections periodically
- FSMA enacted on January 4, 2011
- FSMA contains provision for facilities to reimburse FDA for “re-inspection costs” – Rate is US$289/hour for FY2013
Food Safety Modernization Act (FSMA)

- Foreign inspection trips average 3 weeks – 120 hours
- FSMA makes US agent liable for costs (avg. ≈ US$35,000)
- Re-registration October 2012 – January 2013
- Many US CHBs are concerned to continue to act as US agent
- FDA foreign food facility inspections up 84% since 2006
- US CBP has announced that they will disallow entry of shipments from facilities with no registered agent
Food Safety Modernization Act (FSMA)

FDA’s Foreign Inspections by country, FY 2010

- India, 138
- China, 133
- Germany, 132
- Others, 66
- Switzerland, 42
- Spain, 40
- Japan, 71
- Italy, 66
- Canada, 94
- France, 59
California Air Resources Board

• CARB regulations impacting reefer units (TRUs) now in effect
• Penalties for shippers, consignees, truckers, drivers & broker/forwarder that hires trucker (US$1,000 each)
• Contracts with truckers should stipulate that only CARB compliant TRUs be used
Rail Concern?

• Recent requests from one railroad requiring NVOCC to provide business interruption insurance in favor of railroad
• Involved large cargo
• Requested insurance would pay railroad lost profits resulting from line disruption due to damage to trackage
Thank you!