



COMBINED TRANSIT LIABILITY CLAIMS REVIEW

To illustrate how valuable Avalon's Combined Transit Liability program is in managing your business risks, we compiled the following claims. The settlement and the legal fees were the amounts paid by the insurance company.

Damaged Air Shipment

Indirect Air Carrier

An Indirect Air Carrier (IAC) was hired to ship a piece of equipment from Los Angeles to Shanghai, China. The IAC issued their house air waybill, which utilized Terms & Conditions of Service and established limits of liability. When the consignee unpacked the equipment, severe damage was discovered. The consignee sued the IAC in China as a result. Avalon appointed a Chinese lawyer and the IAC was only found to be legally liable for 19 SDRs (about \$28) per kilogram in line with the Montreal Convention.

<i>Claim Amount:</i>	<i>\$41,100</i>
<i>Settlement:</i>	<i>\$6,088</i>
<i>Legal Fees</i>	<i>\$2,750</i>
<i>Insured's Deductible:</i>	<i>\$5,000</i>

Oxidation and Mold Damage

NVOCC

An NVOCC was hired to transport a specialized aluminum product overseas and issued a house bill of lading. Upon delivery to the consignee's warehouse and unpacking the crates, it was discovered that the specialized aluminum product was wet, oxidized and had severe mold stains. The condition of the aluminum product rendered it a total loss. The consignee sued the NVOCC for the water damage causing the loss. The NVOCC was found negligent, but only liable for \$500 for the one crate.

<i>Claim Amount:</i>	<i>\$18,750</i>
<i>Settlement:</i>	<i>\$500</i>
<i>Legal Fees</i>	<i>\$7,450</i>
<i>Insured's Deductible:</i>	<i>\$5,000</i>

Misdirected Load

Property Broker

Because of a mix-up in paperwork, a broker accidentally confused a load bound for New York with a different load sent to Boston. The shipper sued the broker for the cost of retrieving and redirecting merchandise, loss of use, loss of sales and other consequential damages. Since there was no loss or damage, the trucker's Motor Truck Cargo and the broker's Contingent Cargo policies would not respond. The broker's Errors & Omissions policy paid for the legal fees and settlement amount, minus the insured's deductible.

<i>Claim Amount:</i>	<i>\$12,875</i>
<i>Settlement:</i>	<i>\$7,000</i>
<i>Legal Fees</i>	<i>\$3,470</i>
<i>Insured's Deductible:</i>	<i>\$5,000</i>

Incorrect Temperature Setting

Warehouse Operator

A warehouse operator stored products that required the temperature to be maintained between 40°-50°F. The forwarder was aware and informed the warehouse operator, but the warehouse operator failed to follow instructions. The product spoiled and the shipper held the warehouse operator liable for lost products and initiated a lawsuit. Had the freight forwarder purchased Avalon's CTL program, negligence in failure to maintain correct temperature settings would have been covered and all legal fees would have been paid under policy terms. With Avalon's First Dollar Defense option, the warehouse operator's deductible would not apply to legal fees, only settlement amounts.

<i>Claim Amount:</i>	<i>\$20,215</i>
<i>Paid out of pocket:</i>	<i>\$20,215</i>

NAFTA Preferential Treatment

Customs Broker

While rushing to complete documents on a Friday afternoon, a customs broker incorrectly advised an importer that his shipment was entitled to NAFTA preferential treatment. Upon arrival, CBP demanded additional duties from the importer. The importer filed a lawsuit against the customs broker for the increased amount.

<i>Claim Amount:</i>	<i>\$7,683</i>
<i>Settlement:</i>	<i>\$7,683</i>
<i>Legal Fees</i>	<i>\$2,000</i>
<i>Insured's Deductible:</i>	<i>\$5,000</i>

For more information on Professional Liability Insurance, contact your local Avalon office or email marketing@avalonrisk.com