



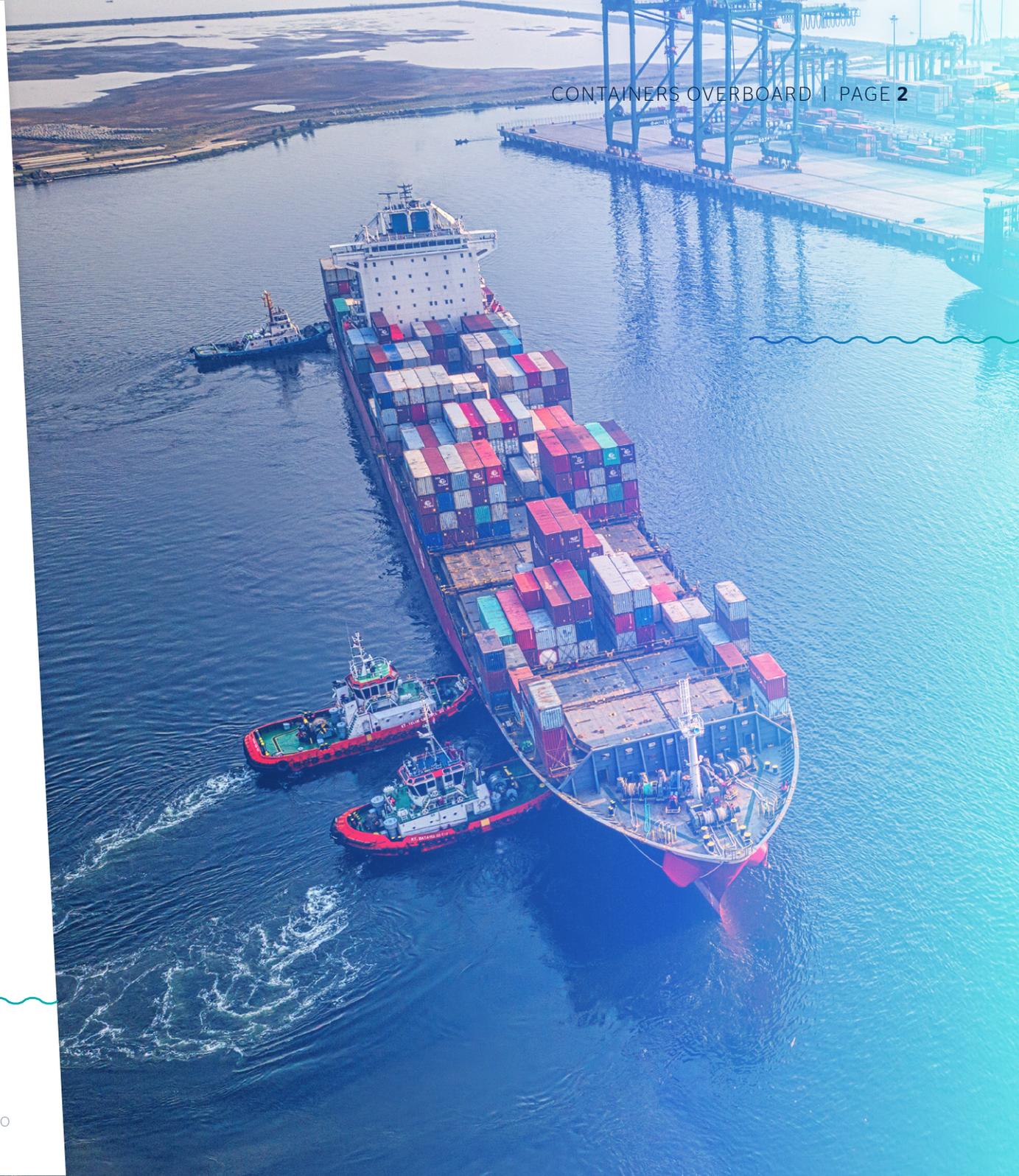
# Containers overboard: What you can do



## It's a cargo owner's worst nightmare: containers overboard.

Containers fall off ships in transit all the time, so how can you manage the risks and minimise the costs and disruption to your business?

The short answer is that there's only so much you can do, as your shipper has control of your cargo once it's loaded up. Risk management is mostly about preparing your cargo before it ships, as we'll see.



## RISKY BUSINESS: PACKING AND STACKING

### **Ships are getting big. Very big. Perhaps too big?**

Kurt Herron, Logistics Risk Engineer at NTI, notes that in 2005 the largest vessels were 9000 TEUs (twenty-foot equivalent units). Now, 23,000 and 24,000 TEU ships are commonplace. That brings increased loads and stresses, especially during heavy weather.

“You can go technical and talk about parametric rolling, or you can go simple and say ‘do we understand that vessels with 60-metre beams and container stacks that are 9 and 10 high, move differently to vessels one-fifth the size?’” he asks.



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**“We’re using the same lashing bars and twist locks we used in the eighties. Are they sufficient?”**

– **Kurt Herron**, Logistics Risk Engineer, NTI

### **Getting bigger all the time**

It’s a growing problem; the World Shipping Council says we typically lose 1400 containers a year, but in the last six months, we’ve lost around 4000.

That’s a lot of cargo going over the side, not to mention the damage falling containers can do to other containers and the ship itself.

## **DAMAGE AND DELAY: WHEN CARGOS GO ASTRAY**

**What happens when containers go overboard? Salvage, repair and cleanup are the ship's responsibility, and the costs can be high.**



“They’re insured for that,” says Mike Sullivan, NTI’s National Manager, Marine Claims Relationship and Technical.

Cleaning up Newcastle beach after YM Efficiency lost 81 containers overboard in 2018 cost the shipping company “20 or 30 million dollars because they had to locate every one of the containers,” Mike notes.

“But the issue for the cargo owner is their products are lying on a beach somewhere, and it’s your brand, it’s your name polluting the beach until the shipping company cleans it up.”

### **Sunken treasures? Not so fast**

The better news is that salvage isn’t free. In 2007 the MSC Napoli made global headlines when it was shipwrecked off Devon in the UK. Locals (and not-so-locals) flooded Branscombe beach, claiming salvage from breached containers.

It was fascinating TV, but the goods (including motorcycles, vodka, chocolates and bibles) weren't just there for the taking.

"People can't legally retain cargo washed up on a beach as salvage," Mike says. "It remains your property, or maybe the insurer's if they've paid a claim."

### Time is precious

But it's delays, not salvage, that are the chief risk to your business if cargos go overboard, even if your containers stayed safe and sound on the ship.

"When containers fall overboard, the ship will know which containers are lost immediately because they have a stowage plan that says where every container on the ship is," says Mike.

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**“But the shipping company won't tell you until they've assessed the circumstances. That has to do with legal liability - they may be liable for the losses, or they may not.”**

The shipping line won't be able to update you on when your cargo will be available for weeks, and the total delays could be longer.

"The cargo owner won't know anything until sometime after the ship has arrived at a port to assess and remove the containers," Mike says. Then there might be an investigation by safety authorities before even the undamaged containers can be moved again. "It could be, minimum, a couple of weeks or maximum a couple of months."

## CONTAINER RISK MANAGEMENT

**So, what can you do to minimise your cargo risks? The first thing is to ensure your container is seaworthy, then packing and documenting your cargo properly.**

“A lot of it is common sense,” says Dan Morrison, NTI’s National Cargo Product Manager. “Appropriately packing the goods and appropriately declaring them,” is critical, he notes, because “letting the shipping company know exactly what’s being shipped and the weights help the vessel load properly.”

**Proper packing is critical**

Similarly, take care to pack your goods appropriately. “If it’s glassware, it’s breakable. If it’s perishable, you want to manage your supply chain to make sure it gets to its destination as fast as possible. If it’s highly theft-attractive [such as luxury goods or high-end electronics], are you using secure shipments?”

Kurt Herron notes that when it comes to packing,

**“photos are great ... they’re an absolute must. And a loading plan. It doesn’t have to be detailed; it can just be a sketch of what you’ve put where, the lashing, things like that. It’s just good practice.”**

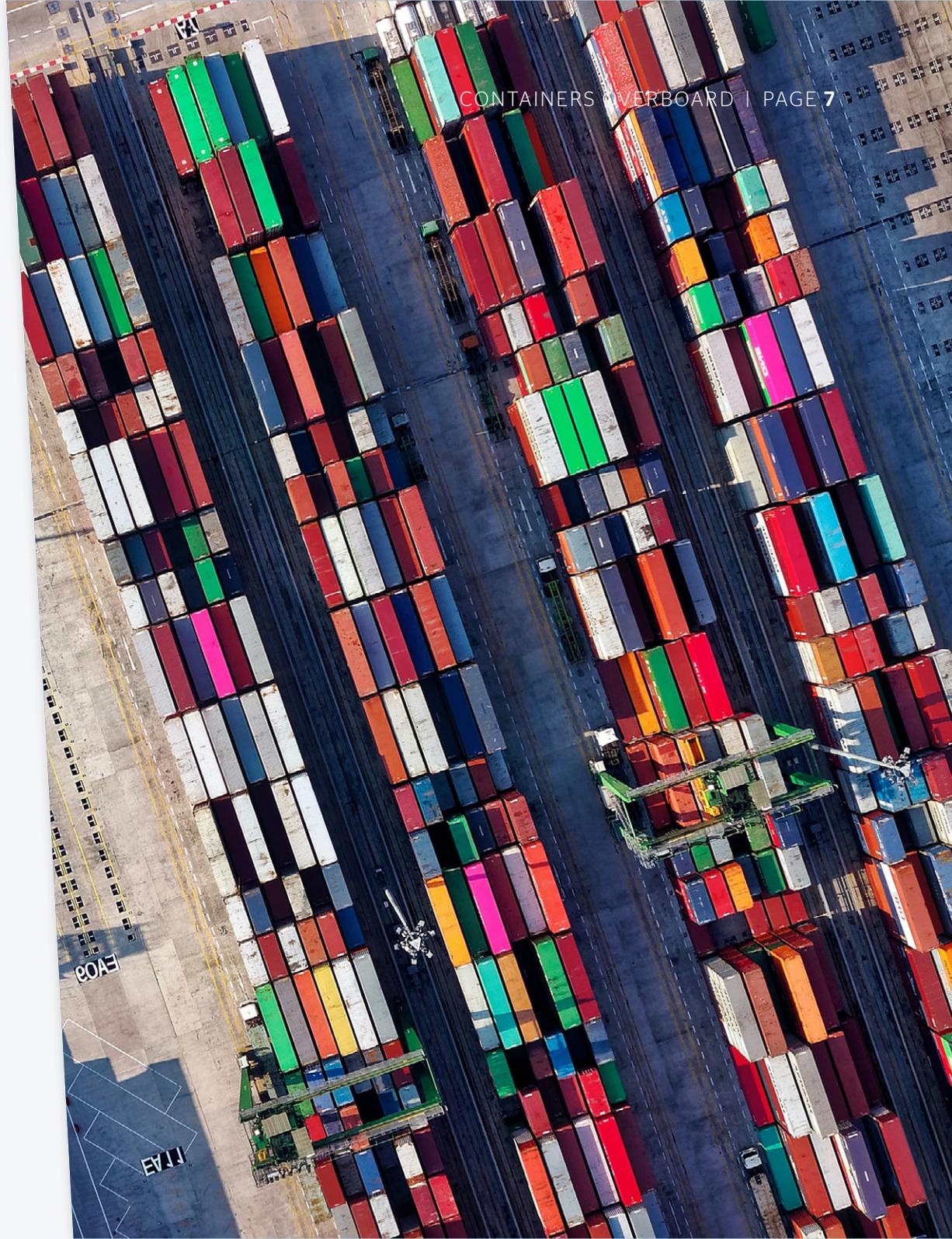
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**Spread your risks**

Timing and choice of shipping companies is another factor to consider. It makes sense to spread your risk, for example, by splitting a multiple-container load across different vessels. With today's large ships, that can be tricky, so check with your logistics supplier to see what's possible.

It's also important to ensure your Cargo insurance adequately covers your exposures.

”**“If you have a million-dollar limit of liability and you're sending two containers worth a million each, and they end up on the same ship, there's a potential that you could be out of pocket for a loss if the worst case happens,” Dan says. “Work on that worst-case basis.”**”



## IF WORST COMES TO WORST?

### What if the worst case happens and your containers go overboard or are on a ship that has had other containers go overboard?

Unfortunately, there's not much you can do except wait for information from the shipping company - and at first, it won't be able to tell you much.

"They'll broadcast it generally, what's happened, but they won't tell you about a particular container," Mike Sullivan says. And as noted above, getting the ship to port, assessing the losses and perhaps making safety investigations can take weeks or even months.

### Let the professionals help

The best thing to do, Mike says, is to get in touch with your insurer and your freight forwarder.



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**“Involve your freight forwarder because they’re your pipeline to the shipping company, and maybe they can find things out for you,” he says.**

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“Involve your insurer because they have access to marine surveyors that will probably have looked at the ship, and they can maybe give you some information.

Beyond that, it's a waiting game. So, check your containers, and pack and document your cargos appropriately. Check your insurance cover and stay in touch with your freight forwarder. Beyond that? Hope for calm seas and trouble-free sailing.