

# Focus: reefer container claims



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Despite the global downturn in 2008 and the relatively slow growth in world markets since, there has been a steady increase in demand for imported fresh produce. The range and diversity of the cargo carried in reefer containers is extensive. The most significant are bananas, citrus, grapes, apples and mangoes. Others include dairy products, fresh flowers, and chilled fish and meat. Many pharmaceuticals are also carried in reefer containers.

The trade in chilled and frozen cargoes has a number of interested parties beyond just the shipowner involved in the carriage of reefer containers. Freight forwarders, NVOCCs (Non-vessel owning/operating common carriers, which often issue bills of lading), hauliers, warehouse operators and cargo distributors all have a vested interest in the cold chain network. In response, modern trading demands have extended the period for which carriers are responsible for reefer containers through the use of multimodal and combined bills of lading. Given this growth in the trade, the club has seen an increase in the number and value of reefer container claims. This article sets out some of the common claim factors and also considers some of the future innovations in the trade.

## Cargo care

Reefer unitised carriage covers packaged, bagged and palletised items within a refrigerated container.

The correct stowing of cargo inside a reefer container is important, as the containers are not designed to cool the temperature of the cargo but to maintain it. Therefore, prior to the cargo entering the container, it needs to be appropriately packaged and pre-cooled. During carriage, containers will be powered by the vessel. The crew members on board have an important role in periodically checking

the containers to ensure that carriage instructions are being complied with. For general guidance on technical considerations for reefer containers, refer to the **Institute of Refrigeration**.

## Damage claims

Performance of reefer containers is often related to three separate parameters, namely capacity, control and air movement. Where a claim arises for damage to cargo, this is often caused by a failure in at least one of these parameters due to a failure to care for the container or a breakdown of the machinery.

One of the most common issues is failure to manage the power settings and identify and rectify problems with the cooling system when they occur. It is thus important to have crew members who are experienced and skilled in the management and monitoring of reefer containers.

As a result of fluctuations in temperature within a reefer container, cargo can quickly become damaged. The main causes can include:

- improper stowage, affecting circulation of air in containers;
- stuffing of 'warm' cargo;
- heat generated by premature ripening of cargo;
- incorrectly set parameter temperature ranges; and
- prolonged off-power periods of containers.



- Increasing demand in global cold chain logistics.
- Reefer containers designed to maintain temperatures.
- Common charterparty clauses often place responsibility on owners for power supply to reefer containers on board, whilst charterers are responsible for the actual containers.

### Delay claims

Due to the nature of the trade, especially with perishable chilled cargoes, there are significant pressures to deliver cargoes quickly and in the same condition that they were loaded in. There are often small margins for delay and the demands on the machinery are high. In the carriage of goods such as grapes or bananas, even short delays can significantly affect the quality of the cargo which can result in large claims.

### Responding to claims

When responding to a potential claim, the club will work with members and appointed surveyors to try to collect as much information as quickly as possible. The following considerations are usually applied to any new claim:

- obtaining relevant information and documents from the vessel, including:
  - bills of lading
  - mate's receipts
  - letters of protest
  - stowage plan
  - reefer cargo manifest
  - statement of facts
  - deck log, engine room log, reefer log
  - carriage instructions, including any amendments;
- obtaining information relevant to the container(s) in question;
- obtaining temperature information;
- obtaining information relevant to the cargo;
- collecting samples of the cargo; and
- investigating all loss mitigation actions considered or implemented.

Shipowners can only be expected to have a limited degree of influence on reefer cargo, principally during the carriage on board. Common charterparty clauses often place responsibility on owners for power supply to reefer containers on board, whilst charterers are responsible for the actual containers and cargo stowage.

This has the effect of separating responsibility between the parties. However, further expert determination may be required to decide exactly when, where and how the cargo damage occurred. The club has a great deal of in-house experience, as well as an excellent network of experts in this field. Members who face reefer cargo claims should inform their usual claims contact.

### Maximising efficiency

With increasing pressure to drive down costs and reduce claims, some carriers are leading innovative thinking into the future of reefer container transport. A common theme for many in the trade is to make efficiency savings and try to reduce power consumption by reefer containers.

There are ongoing studies as to how much certain cargoes can be pre-cooled. Some analysts suggest that additional pre-cooling prior to loading of reefer containers on board may help drive down electricity costs and potentially reduce cargo deterioration, so long as any such cooling would not adversely affect the cargo by cooling beyond its required temperature range as set out in the carriage instructions. Whilst there are inherent benefits to these actions, they are not without risk; for example, some cargoes of fish have a very narrow temperature range that would not be suitable for additional pre-cooling.

Other areas being investigated include how to develop specialist trades and whether this includes using specialist reefer containers. This diversification from standardisation, whilst enhancing the carriage of cargoes in some trades, may give rise to problems for many busy container ports around the world that are accustomed to handling reefer containers in a relatively common way and may not have the adequate resources or technical capabilities to adapt.