



FEATURE ARTICLE
COVID-19 Impact

PHOTO(S) OF THE MONTH
Random

BONUS ARTICLE
Important Links

BACK TO BASICS
Question Of The Month

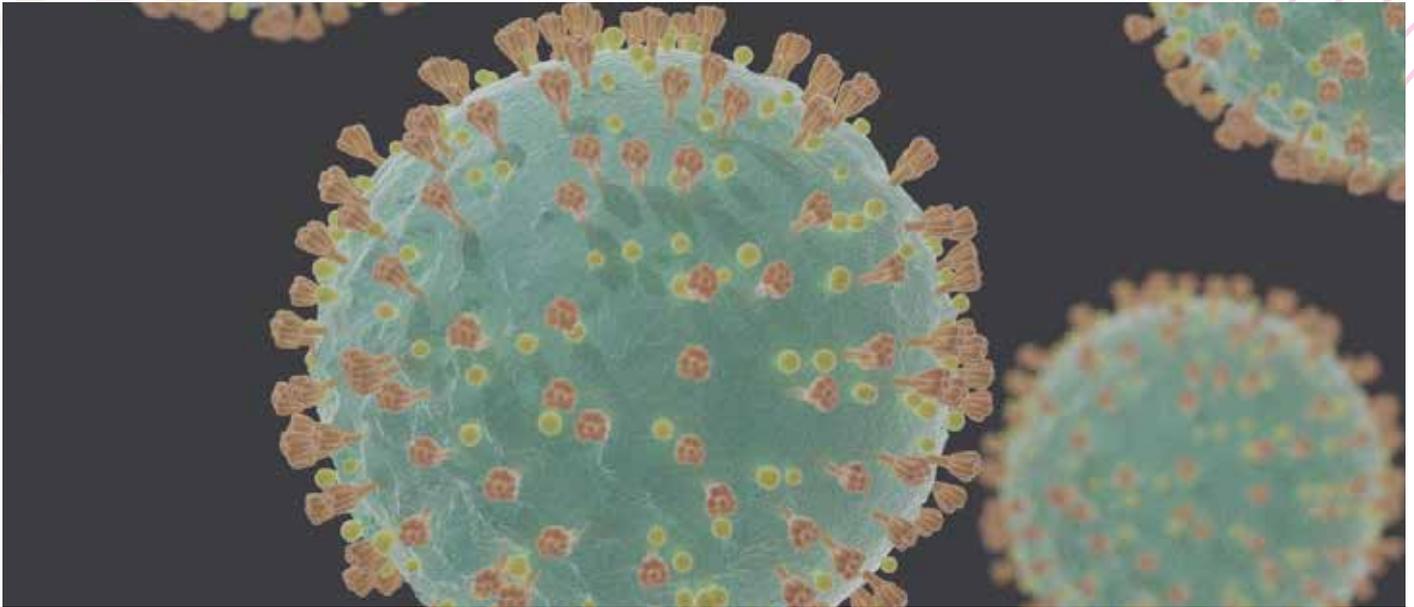
Marine
Newslink



WITH YOU ALWAYS

March 2020

COVID-19 IMPACT



Nothing and seriously nothing, has shaken the mankind since the World War-2 like CoronaVirus Disease 2019 (COVID-19). The planet has almost come to a standstill. A new human order is becoming evident and humankind is learning to adapt to extreme measures to avoid getting infected.

First reports about a new strand of virus emerged around End November 2019 from Wuhan city, Hubei Province of China. Due to very close likeness of its symptoms to common cold or even pneumonia, medical fraternity did not realize that they have a deadly virus on the loose.

On 31 December 2019, the WHO China Office was informed of cases of pneumonia of unknown cause detected in Wuhan City. Novel coronavirus was identified as the causative virus on 7 January 2020.

Since China was also celebrating Chinese Lunar New Year around the same time and due to huge numbers of residents and tourists traveling from/to China, rest of the world was unknowingly getting infected.

The spread of COVID-19 has been fast & fatal. So far, Italy has been the worst affected country after China. United States is becoming its latest victim.

DISEASE

SARS-CoV-2 is a coronavirus that causes CoronaVirus Disease 2019 (COVID-19). Coronaviruses, in general, are a family of viruses that target and affect mammal's respiratory systems. According to their specific characteristics, there are four main "ranks" (genera) of coronaviruses, which are called alpha, beta, delta, and gamma.

Most of these only affect animals, but a few can also pass to humans. Those that are transmissible to humans belong to only two of these genera: alpha and beta.

Only two coronaviruses have previously caused global outbreaks. The first of these was the SARS coronavirus – responsible for severe acute respiratory syndrome (SARS) – which first started spreading back in 2002, also in China. The SARS virus epidemic primarily affected the populations of mainland China and Hong Kong, and it died off in 2003.

The other one was the MERS coronavirus – or Middle East respiratory syndrome coronavirus – which emerged in Saudi Arabia in 2012.

ECONOMIC EFFECT

On 1st March 2020, WHO declared COVID-19 as Pandemic.

This has resulted in substantial economic and social changes with far-reaching effects on global supply chains.

The supply chain industry is experiencing history and an enormous learning curve for everybody. Supply Chain is probably the only industry that is keeping the world together, but clearly need a cohesive approach is required in fighting this pandemic.

It will be shocking to see the impact COVID-19 would have on worldwide economic & financial markets. The key industries impacted by COVID-19 are airlines, tourism & shipping. Airlines had to ground their commercial passenger carriers immediately to stop its spread. Next was the shipping industry, as China has a maximum number of ports supporting shipping lines in container movements.

Although cargo movements never stopped entirely, ships are being asked to wait for 14 days of quarantine period. leading to delays. This in turn is affecting the turnaround time of the fast-moving Container & Ro-Ro ships. With shipping lines cancelling many sailings and/or avoiding countries where the effects of Covid-19 are severe is also resulting in diverting of ships, cargoes and subsequent timelines of cargoes to their final destinations. An official statement puts closer to 450 blank sailings till 25th March 2020. The quarantine time has now become the norm around the world. On more serious note, Australia and South Africa have closed their ports for certain types of ships and freight.

As of now, Pharmaceutical medicines & medical machineries are the priority, seconded by support equipment to affected countries and regions.

CARGO MOVEMENT

The outbreak has resulted in a worldwide quarantine of passenger and cargo ships, partial and full travel bans to parts of China and shipping and airlines being unable to carry cargo to their contractual destination. In recent developments, airlines have started to use even their passenger aircrafts for cargo hauling. This should also give rise to cheaper freight rates and faster turnaround of cargoes.



CARGO RISK MANAGEMENT

India and now most countries worldwide have implemented partial to complete lockdown of any movement of its citizens and transportation. This has resulted in uncertainty about supply chains & availability of logistics options. Though movement of essential items was never stopped but on-ground confusion resulted in panic buying, thereby resulting in shortages of even most common items. Governments had to rethink the lockdown options and plan allowance on movement of cargoes.

There is also a dramatic shift in the sensitivity of cargoes and hand sanitizers, disinfectants, and even toilet papers have become highly theft targeted cargoes. The situation may become worse for essential commodities and lockdown may result in desperation attempts on other cargoes also.

IN TRANSIT CARGOES



Cargo owners will also need to review their distribution contracts, discuss the prospect of recovering damages from carriers and determine the degree to which they have coverage under their insurance agreements. Whether the cargo delay or damage claims lie against the carriers or his contractors, will depend on the terms of the contract with that carrier.

In India, effects of lockdown are already evident on domestic cargo movements, with trucks & cargoes getting stranded due to lockdown. Transport unions & agencies have already sent out notices that if the lockdown continues, without any relaxation for transportation of cargoes, then drivers will and may abandon trucks & cargoes. In fact, this has already started happening & worse is that cargo owners are completely helpless in such situation.

Here a bigger challenge for cargo owners is seamless insurance coverage of their cargoes during transit. They must discuss all the aspects of their inland coverage, rather have complete understanding on what is not covered under their marine cargo coverage. If their cargo gets stranded during transit or after completion of first leg of cargo, i.e. up to the load port, how and what can they do to ensure that their cargo stays fully covered during such lockdown .

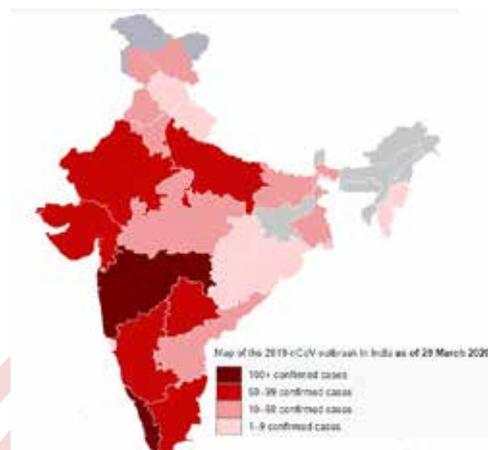
PLANNED CARGO TRANSITS



In coming weeks & months, Cargo owners will need to take due diligence in completing timely orders, executing transits and planning exports or imports. It is important for the cargo owners and their logistics departments, to work very closely with their Insurance departments and understand their Insurance coverages.

Cargo planning must include, prior and complete information on the ground situation of the destination, the transit methods and the alternatives available. With mass migration of laborer, there will also be issues with handling, packaging, loadings & unloading of cargoes at various points during cargo transits. If a freight requires multi-movement at international level, then same must worked out including each and all transshipment locations/regions. In extreme conditions, Cargo owners must also keep their options open and have arrangements in place to arrange the return shipments of their cargoes.

In these times, Cargo owners are urged to take support of risk managers, whether in house or of their insurers.



PHOTOS OF THE MONTH
RANDOM



BONUS ARTICLE IMPORTANT LINKS

Tata-AIG Marine Team suggests following important links for ready references and updates

Tata-AIG takes not any responsibility about authenticity of these links but is providing them in good faith.

1 COVID-19 Global Port Restrictions Map

With the COVID-19 outbreak, ports are imposing various restrictions on vessels and crew. Click on each port or country in the map below to view port restrictions. Map will be updated daily, thrice per day.

<https://wilhelmsen.com/ships-agency/campaigns/coronavirus/coronavirus-map/>

2 Ministry of Health & Family Welfare - India

<https://www.mohfw.gov.in/>

3 European Map – COVID-19 Border/Travel Restrictions in European Countries

Click on the country to learn more. In some descriptions you will find links to articles. See:

<https://www.google.com/maps/d/u/0/viewer?mid=1CXFzUOhuVeiHbIXcD-NwF2eL0u2BID2s&ll=48.78078039076269%2C25.430221125000003&z=4>

4 The COVID-19 Tracker is interactive map which allows site visitors to click on the country to see the specific number of cases and related articles from a variety of publishers. The data is being aggregated from sources like the World Health Organization (WHO), the US Centers for Disease Control and Prevention (CDC), and the European Centre for Disease Prevention and Control (ECDC).

<https://www.bing.com/covid>

BACK TO BASICS

QUESTION OF THE MONTH (Please submit your replies by 25th of each month)

Insured imported cargo on CIF Mumbai basis. The cover provided by supplier terminated upon discharge at Mumbai port. Client could not complete clearance formalities from the port owing to the impact of lockdown due to Corona Virus. Owing to some combustible cargo stored as co-mingled at the port warehouse on the 16th day after discharge of the cargo at Mumbai port warehouse, there was a fire at the port warehouse and cargo was damaged. Indian Insured has given All risk Cover for tail end transit to commence the Inland Transit risk from the Mumbai port, client had not opted to take a fire policy for the cargo lying at the Mumbai port warehouse. Cargo had not yet started its tail end transit.

Does the cargo stand covered?

LAST MONTH'S QUESTION

Insured cargo was loaded on IACS classed vessel but with the following restriction: "Navigation in sea areas with the ship proceeding not more than 30 miles from the place of refuge and with sea condition not more than 4." During course of voyage the vessel was caught in severe weather, which pushed her out of geographical limits where she sank. Insured filed for claim & argued that he was not obliged to ensure that vessel complies classification rules at all time. Is his argument acceptable & is the claim tenable?

LAST MONTH'S ANSWER:

Insured's argument may be wrong as per Institute classification clause, it is obligation of Insured is to promptly notify Underwriters.

The claim is tenable because the ship has not crossed the geographical limit, because of non-compliance, but was pushed due to severe weather conditions.

CORRECT ANSWERS SENT BY: (In order of replies received)

VIJAYANAND V - Mahindra Insurance Brokers Ltd., Chennai

MANU TANDON - Gramcover Insurance Brokers Pvt. Ltd., Noida

NISHI PRIYA - Toyota Tsusho Insurance Broker India Pvt Ltd., Gurgaon

BHARAT BHUSHAN - Optima Insurance Brokers Pvt Ltd., New Delhi

CORRECT ANSWER FOR JANUARY ISSUE:

DIVYA ARYA – Tata AIG General Insurance Co. Ltd., Mumbai

**PLEASE SEND YOUR REPLIES/ANSWERS TO ADDRESSES
GIVEN ON LAST PAGE OF THE MARINE NEWSLINK.**

A large graphic on the right side of the page features a globe with a network of blue and red lines overlaid on it. A prominent red virus-like structure is visible in the upper left quadrant of the globe. The background is dark with circular patterns and a red-to-purple gradient.

**IF YOU HAVE ANY COMMENTS /
FEEDBACK PLEASE SEND IT TO**

Shioram Balachandran

Vice President & National Head - Marine
Shioram.Balachandran@tataaig.com

☎ 98206 34466

Vijay Pal Singh

VAS & Marine Loss Control (India)
vijaypal.singh@tataaig.com

☎ 98330 60959

CONTACT US

**Tata AIG General Insurance
Company Limited,**

Peninsula Business Park,
Tower A, 15th Floor, G. K. Marag
Lower Parel, Mumbai - 400013
www.tataaig.com

DISCLAIMER

The publication is for private circulation only. It is for internal additional information of employees and associates.

Views expressed in the article are personal views of author and the publisher, editor does not own any responsibility legally or otherwise. Though due care is taken to give accurate information, the readers are advised to verify independently the correctness of the information given.

For all earlier months Marine Newslink issues, please do visit our website link

<https://www.tataaig.com/Marine>