

Re: **PRE-LOADING SURVEY OF STEEL CARGO**  
**AN UPDATE**

Ingosstrakh Circular 2-17-07-005 «RECOMMENDATIONS FOR SHIPOWNERS IRO CARRIAGE OF STEEL PRODUCTS» along with applicable steel cargo clause discussed steel pre-loading surveys and the Insurer's policy and recommendations in this regard. Recent experience has demonstrated that there may still be some uncertainty with respect to this issue. Accordingly, it has been thought appropriate to review and update recommendations on the handling of steel cargoes in order to keep best practice going forward.

Claims involving steel cargoes are frequent and result in substantial exposure. Determining the pre-shipment condition of the cargo and subsequent clausuring of the bills of lading is a very important part of the carrier's obligations. As a general guideline, P&I cover iro claims arising out of carriage of steel cargo is subject to pre-shipment survey. To minimize the risk of exposure, insurance policy normally requires that Insured appoints an experienced surveyor at the port(s) of loading of steel cargoes to conduct a precautionary pre-load survey in order to:

- assist the Master in recording the condition of the cargo prior to loading so that, where appropriate, mate's receipts and bills of lading can be clausured correctly as necessary; and
- verify that the vessel's cargo holds, hatch covers and other openings in way of the hold spaces are in seaworthy/cargoworthy condition.

Accordingly, it is normally recommended that pre-loading surveys be carried out on the following products:

- Hot rolled steel in coils or bundles
- Cold rolled steel in coils, packs or bundles
- Galvanized steel
- Stainless steel
- Wire rods
- Steel pipes
- Structural steel (rebars, channels, angles, beams, bars, strips, sections, forgings).

In addition, pre-loading surveys are also recommended for these additional metal products that are also susceptible to damage:

- Aluminum T-bar
- Tin plates
- Not finished however an expensive metal product (copper cathodes, nickel cathodes, other expensive metal cargo).

Certain low-value and semi-finished products, such as those listed below, normally do not require a pre-loading survey, but it is recommended to check with Ingosstrakh whether or not steel pre-loading clause is applicable in respect of any particular metal product:

- Steel billets
- Steel blooms
- Steel slabs
- Steel scrap
- Steel swarf
- Pig iron

It should be noted that the mere failure to carry out such a steel pre-load survey may result that coverage or reimbursement for any cargo claims that are in connection with the subject shipment(s) may be prejudiced. As always, the P&I cover will be prejudiced if the Master or the Shipowners knows that the bill of lading, waybill or other document evidencing the contract of carriage contains an incorrect description of the cargo or its quantity or its condition. Shipowners are urged to ensure that they fully comply with this steel pre-load survey requirement and all other related conditions as may apply to an individual vessel's terms of entry.

It is essential that surveyors are instructed to attend the vessel to carry out steel pre-loading surveys so that advice and assistance can be given to the Master. Shipowner/Insured is asked to get in touch with Ingosstrakh to agree surveying company for appointment of a surveyor at the loading port. This should be done as earlier as possible before the loading date. (Please take a note that the surveyor needs enough time to survey the cargo before commencement of voyage).

As to the apparent condition of the steel, the surveyor must assess and record any evidence of rust, physical defects, structural abnormalities, contamination and defects of package or cover and make suitable recommendations to the Master as to whether the mate's receipts and bills of lading should be clausured. Extra care should also be placed on the

drafting of the bills of lading to ensure that they are consistent with the cargo descriptions, quantity and quality in the Mate's receipts.

It is noted that the cargo survey is one of protective measures to prevent cargo claims. The condition of the cargo holds should be checked before the commencement of loading. If the hold is not in a suitable condition no cargo should be loaded unless all deficiencies rectified. The watertight integrity of the hatch covers to protect against water ingress into the cargo holds, and a properly functioning ventilation system to control the cargo hold humidity during the voyage, are also imperative to prevent against claims caused by wetness and condensation damage.

Discharge surveys are recommended on same types of steel cargoes on which pre-shipment surveys are obligatory. Surveyors should better be employed at the ports of discharge if damage was observed at the time of loading or if heavy weather has been encountered during the vessel's passage, or other conditions on the voyage have led the Master to anticipate damage to the cargo. For that occasions the exact condition of the cargo at the time of discharge should be accurately established to protect Shipowners from unjustifiable claims and to defend from accusations based on surveys which take place at the inland destination of the cargo some months after discharge. The surveyor should examine and record the condition of the steel on arrival, and take steps to monitor the cargo out-turn during discharge. If necessary, he may also be required to witness the opening of coils or packages as and when they reach the receiver's premises. In so doing, the Shipowner will be in a better position to answer any claims and to defend against any alleged damages to cargo occurring after discharge from the vessel.

We recommend that in cases where any surveyor representing other interested parties wishes to board the vessel, he should be permitted access to the cargo and/or the vessel's documents only subject to prior notification of Ingosstrakh and in the presence of the Shipowner's/Ingosstrakh's appointed surveyor.

Finally, Shipowners must also consider any potential sanctions issues as may relate to steel cargoes, significantly, and particularly with respect to steel cargo shipments which may potentially violate existing US, EU or other applicable sanctions due to trading involving parties appeared as sanctioned entities (listed in OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) or the annex to an Executive order etc).

We always remind that Insurer should be given immediate notification of the circumstances which may entail claims accusation against an insured vessel in order to take suitable actions to minimize the risk of exposure to such claims, averting consequent liabilities and preventing or reducing of loses.

Further advice in regard to any particular voyage, clausing of bills of lading, letters of indemnity and the problems associated with the carriage of steel is available from Ingosstrakh Marine Division upon request. As always, our team stands ready to respond to any inquiries that our clients might have regarding the foregoing issues.

For other important problems relating to the carriage of steel and metal products you are kindly referred to the previous Circular 2-17-07-005 «RECOMMENDATIONS FOR SHIPOWNERS IRO CARRIAGE OF STEEL PRODUCES» [https://www.ingos.ru/Upload/info/kb/circulars/new/rus/2007\\_stal.pdf](https://www.ingos.ru/Upload/info/kb/circulars/new/rus/2007_stal.pdf).

Best regards,  
Ingosstrakh Insurance Company  
P&I Department