

INGOSSTRAKH INSURANCE COMPANY

CIRCULAR

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Re: SHIPMENT OF PROJECT AND EQUIPMENT CARGOES

Project and equipment cargos vary due to irregular size, shape, and its weight. These cargos are valuable and sensitive to claims, and / or may cause damage to the vessel or other cargo during loading, transit or discharge. It is important to anticipate risks in order to take suitable loss prevention measures. It comes more important when general cargo ships or bulk carriers are used for carrying project cargos because these types of vessel are not specially designed for large and heavy project/equipment cargos.

Whereas the Code of Safe Practice for Cargo Stowage and Securing (the "CSS Code") defines many types of cargos, it does not contain clear definition of project and equipment cargo. Recent shipments show that such cargo may consist of heavy machinery, boilers and heavy pipes, parts of constructions for oil and gas facilities, port handling and construction equipment facilities etc. These may include steel structures, vehicles, tower and crawler cranes, plywood cases and containers, tidal turbines and solar panels and other.

The key point is that project and equipment cargos are often large, heavy, non-standardized and consisting of many complex parts. Loss or damage of project/equipment cargos (mostly being high value items) may entail substantial claims. The motions of improperly secured heavy cargos inside of holds during sea passage may result the cargo to move and shift causing damages not only to itself but to the ship as well. Therefore, the characteristics of both cargo and ship must be considered in the stowage, lashing and securing and the relevant rules, standards and requirements must always be complied with.

The following issues regarding cargo and ship condition should be taken into consideration:

- The cargo should be inspected at loading and any damage must be recorded and noted
- The cargo must be adequately packed for its voyage in order to keep it protected from damage during sea transportation. It happens that such cargos are non-packed cargos at all, but some have simple plastic package, plywood or metal casing, etc. which appears very thin, soft and easily to break.
- The cargo must have adequate number and strength lifting and securing points.
- It is important to ensure that the cargo is handled safely and correctly during loading and unloading operations. Improper handling of the cargo may cause damage and result to delays and extra costs.

A lot of technical and operational issues to consider with regard to the stowage, lashing and securing as well as loading and discharging arise due to irregular size and shape of this cargo:

- The positioning of the cargo and its sea-fastenings must be considered in relation to the strength of the deck, lashing locations and securing points.
- Limits of permissible load on tank top, deck and hatch cover, which if exceeded will create a safety and seaworthiness issues;
- Ship's cranes if used, must have capacities and SWL suitable to lift the heavy units;
- Lashing and securing of project cargos in the planning and during operations must be guided by and in accordance with Class approved Cargo Securing Manual (CSM);

-The vessel must comply with the IMO Code on intact stability at all times. Damaged stability scenarios should also be assessed for high value cargoes.

To summarize the above we encourage our clients and partners to carry out surveys of project/equipment cargo shipments since all operations need to be carefully managed with agreed responsibilities, risk assessments. The project and equipment cargoes are mostly high value items whereas the damage may lead to a potential loss to the whole project, which can result in large and complex claims. The shifting of cargo will often cause damage not only to itself but potentially cause damage to the ship. Based on the assessment of above factors a pre-loading survey for project and equipment cargo (on cargo, ship and cargo/shipment plan aspects) is recommended as a loss prevention action.

Further advice with regard to any particular voyage and the problems associated with the carriage of project and equipment cargo is available from Ingostrakh Marine Division upon request. As always, our team stands ready to respond to any inquiries that our clients might have regarding the foregoing issues.