



A GLOSSARY OF



MARINE INSURANCE



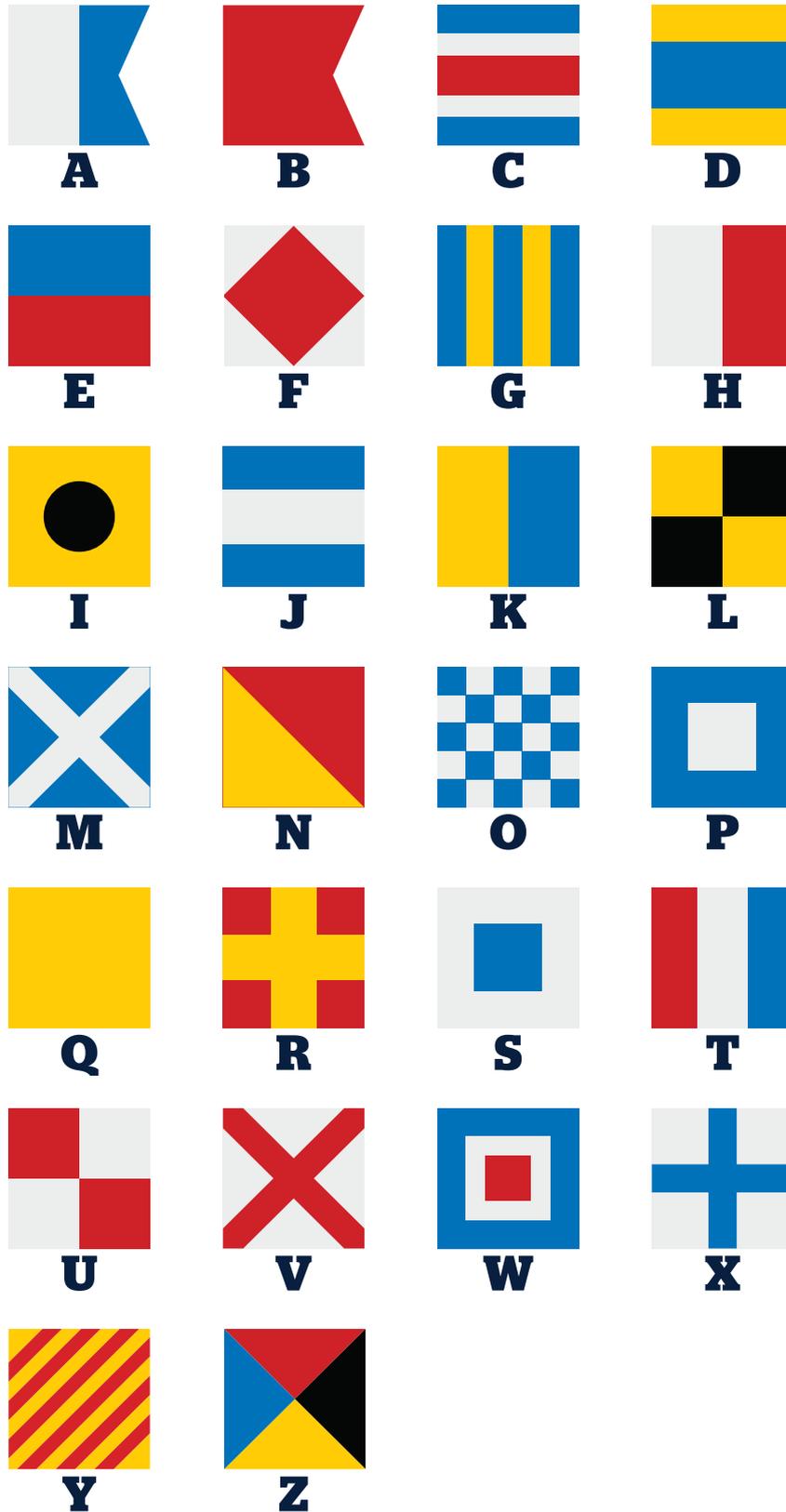
AND SHIPPING TERMS



MARINE
PROTECT

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From portside to starboard, and everything in between.





AGENT

A person authorized to transact business for or on behalf of another person or company; e.g. a **“ship’s agent”** would book cargo for the pending voyages of a shipping line and make other arrangements for the vessel and/or its owners such as supplies and repairs.

AGREED VALUATION

The value of cargo or a vessel agreed between the owner and the insurance company at time of inception of an insurance policy.

AIR WAYBILL

The contract of carriage between a shipper and an air carrier; serves a similar purpose as the Bill of Lading on a vessel, but it is not a negotiable document like an ocean Bill of Lading.

ALAE

See **“Allocated Loss Adjusting Expense”**

ALE (Allocated Loss Expense)

See **“Allocated Loss Adjusting Expense”**

ALLISION

The striking of a moving vessel with a stationary vessel or other stationary object. See also **“Collision.”**

ALLOCATED LOSS ADJUSTING EXPENSE (ALAE)

Costs paid by an insurance company to adjust a particular claim; e.g. a survey fee on a cargo water damage claim.

ALL RISKS

The broadest form of insurance coverage available, providing protection against all perils of physical loss or damage from an external cause. Loss must be fortuitous, i.e. accidental, to be covered. All risks does not cover inevitable loss, wear and tear, delay, inherent vice, pre-shipment condition, inadequate packaging, or loss of market.

ALONGSIDE

An area next to the side of a vessel. Cargo delivered **“alongside”** is placed on the dock or barge within reach of the transport ship’s tackle so it can be loaded.

ALTERNATIVE DISPUTE RESOLUTION (ADR)

Optional ways of settling disputes between parties other than by a formal trial. The most common forms of ADR are:

Negotiation

The process in which disputing parties and their attorneys discuss and compromise their differences.

Settlement Conference

Any meeting of disputing parties and their attorneys in which they discuss possible settlement of the issues. It may be Voluntary if agreed by the parties (see **“Mediation”** below), or Mandatory if ordered by the court. Many courts mandate a pre-trial settlement conference in which a judge presides but does not make a final decision on the issues.

Mediation

An informal process in which the disputing parties choose one neutral mediator to conduct a meeting and help them resolve their disputes by discussing, negotiating, and reaching a settlement acceptable to all of them. Mediation can be either Voluntary if agreed by the parties, or Mandatory if ordered by the court. The mediator does not make a final decision on the issues.

Arbitration

A formal procedure in which the disputing parties choose one or three neutral arbitrators to conduct a hearing, listen to the positions of the parties, evaluate evidence and testimony, and then make a decision on the issues. Arbitration can be either Binding or Non-Binding on the parties, as they agree beforehand.

Early Neutral Evaluation

An informal procedure that compels the disputing parties to evaluate the strengths and weaknesses of their positions early in a dispute. The early neutral evaluator is an attorney with expertise in the issues involved, who critiques and responds candidly to the merits of the positions of the parties, and makes specific recommendations about the terms of the settlement agreement, thereby providing a **“reality check”** for all parties. The neutral evaluator does not make a final decision on the issues.

Mini-Trial

A flexible procedure in which the disputing parties agree to the format of an abbreviated trial. The rules of evidence are relaxed and witnesses are not usually called. A neutral advisor monitors the proceedings in which the parties present their cases to a judge, magistrate, or jury who then give an advisory opinion on the probable outcome of the case. Mini-trials provide a realistic preview of how the parties might fair at trial. The judge, magistrate, or jury does not make a final decision on the issues.

AMBIT

The geographic scope of a voyage, including time extensions, covered by cargo insurance; e.g. Warehouse to Warehouse Clause, South American Clause, and the Marine Extension Clauses.

AMERICAN BUREAU OF SHIPPING (ABS)

Inspection service in the United States that inspects and surveys vessels and grants their “class” if the vessel meets the standards of construction, material, workmanship, and maintenance; and certifies the vessel as **“seaworthy.”** ABS publishes the RECORD, which is an alphabetical register of vessels describing the date built, dimensions, engines, type of construction, and other pertinent data.

AMIDSHIPS

In the vicinity of the middle portion of a vessel; between bow and stern.

APPARENT GOOD ORDER

Cargo that is received and appears to be free of damage so far as can be determined without opening the package or container.

APPROVED MERCHANDISE

Under an Open Cargo Policy, goods that are approved by the insurance company for coverage under the specified insuring conditions and rates of the policy. Other goods can be “*held covered*,” but subject to terms and conditions to be determined.

APPROVED PACKING

Packaging that meets the packaging industry standards of sufficient design and construction to protect the cargo from the normal hazards expected to be encountered during the intended voyage, including normal domestic handling and storage from point of origin to final destination.

APPROVED VESSEL

In the American market, a cargo-carrying vessel over 1,000 net registered tons and under 20 years of age that insurance companies accept to carry the insured cargo without additional premium. Shipments aboard other vessels are accepted and may be subject to additional premiums, called “penalties,” which results in these vessels being called “penalty vessels.” The London market uses a different standard.

ARBITRATION

See “*Alternative Dispute Resolution*.”

ARRANGED TOTAL LOSS

See “*Total Loss*.”

ARREST

A legal action in Admiralty to seize a vessel, cargo, container or other maritime property as security for a claim or to enforce a maritime lien. The claim may be brought “*in rem*” against the arrested property itself and not necessarily against the property’s owner (which may be unknown). See “*Attachment*” and “*In Rem*.”

ARRIVAL NOTICE

A notification of the vessel’s arrival by the transporter to the consignee, or the “*Notify Party*,” or the “*Also Notify Party*” as listed on the Bill of Lading.

AS IS WHERE IS

Description of the terms under which property is sold, meaning that it is to be sold at its present location and in its present condition without warranty as to quality or quantity. See “*Salvage Value*.”

ASSAILING THIEVES

Persons committing robbery by force; e.g. at gunpoint. The term does not include theft by any of the vessel’s crew or passengers, clandestine theft, or pilferage by stealth; one of the perils enumerated in the “*Perils*” clause of a Marine Insurance Policy. See also “*Barratry*.”

ASSIGNMENT

The transfer of rights, title, and interest from one party to another by contract or by endorsing a check, bill of lading, or policy of insurance over to another party. An Assignee acquires no greater rights than were held by the Assignor.

ASTERN

At or towards the rear of the vessel. Behind a vessel. To move in a reverse direction.

ATHWART / ATHWARTSHIPS

See “*Transverse*.”

ATTACHMENT

A seizure of property to secure an eventual judgment against the owner. Unlike arrest, the property is not the named party in the case and the defendant must own the property for it to be subject to attachment. See “*Arrest*” and “*In Rem*.”

AVERAGE

Any loss or damage to a vessel or cargo that is due to an Insured peril and is less than a total loss. See “*Particular Average*,” “*General Average*,” and “*Average Clauses*.”

AVERAGE ADJUSTER

A marine claims specialist who prepares statements of Particular or General Average, etc. concerning claims for losses, expenses and contributions. The person is usually appointed by the vessel owner and is usually a member of the Association of Average Adjusters.

AVERAGE AGREEMENT

See “*General Average Agreement*.”

AVERAGE BOND

See “*General Average Agreement*.”

AVERAGE CLAUSES (Particular Average Clauses)

The perils listed in the insurance policy establish the basic perils that are covered by a named peril policy, and a total loss of an entire vessel or an entire cargo shipment due to anyone of these perils is covered in full. The various Average Clauses determine when **PARTIAL LOSSES** due to a named peril in the policy are covered.

The Average Clauses fall into two categories:

FPA (Free of Particular Average) and **WA** (With Average):

FPA - EC (Free of Particular Average - English Conditions)

Limits recovery of partial losses due to a named peril in the policy occurring on a voyage in which the vessel is stranded, sunk, burnt, or in collision with another vessel. Under F P A - E C, it is **NOT NECESSARY** that the actual damage be **CAUSED BY** the vessel stranding, sinking, burning, or being in collision, but only that one of these **HAS OCCURRED** sometime during the voyage to open up the F PA Warranty. Today these conditions are usually worded so that damages caused by collision are covered, but so that a collision does not open the FPA warranty.

WA if amounting to 3% (With Average with a Franchise equal to 3% of the insured value)

Limits recovery of partial losses due to a named peril in the policy to those reaching a Franchise (3% is usual for many

commodities, but the Franchise can be any percentage of the insured value, or any amount agreed upon by the insurance company and the Assured). See **“Franchise.”** The Clause can be written in a variety of ways, including:

- With Average, if amounting to 3%.
- With Particular Average, if amounting to 3%.
- Particular Average Payable, if amounting to 3%.
- Average Payable, if amounting to 3%.
- To pay Particular Average, if amounting to 3%.
- Subject to Particular Average, if amounting to 3%.

WA Irrespective of Percentage (With Average, No Franchise)
Allows full recovery of all partial losses due to a named peril in the policy. This clause can also be written in a variety of ways, as above, with the words “if amounting to 3%” replaced by **“irrespective of percentage,”** or deleted entirely.

B K

BALLAST

Heavy material (usually water or rocks) placed in a vessel’s hold to maintain proper stability, trim, or draft. A vessel “in ballast” is carrying no commercial cargo and therefore is not earning any freight or revenue for the voyage.

BANK

A ridge or shallow place in the water, e.g. Grand Banks off the coast of Newfoundland.

BANK DRAFT (Bill Of Exchange)

An order by a purchaser directing the bank to make a payment from the purchaser’s account, usually through an intermediary bank. Typical bank drafts are negotiable instruments and are similar in many ways to checks drawn on checking accounts in a bank. A Sight Draft is payable upon demand, i.e. **“upon sighting.”** See **“Commercial Set.”**

BAR

A ridge of sand or gravel silted up across the mouth of a river, estuary, or harbour forming a shoal that may hinder navigation.

BAREBOAT CHARTER

A type of charter of a vessel. See **“Charter Party.”**

BARRATRY

Fraudulent, criminal, or wrongful act wilfully committed by vessel’s captain or crew which causes loss or damage to the vessel or cargo.

BEAM

The width of a vessel at its broadest point.

BEAUFORT SCALE

A scale of common observations to describe wind and sea conditions ranging from **“0”** for sea calm, to force **“12”** for hurricane force winds (devised by British Admiral Sir Francis Beaufort in 1806). See **“Weather Warnings.”**

BELOW (DECK)

Under the main or weather deck of the vessel.

BENEFIT OF INSURANCE CLAUSE

A clause in the contract of carriage by which the bailee of goods claims the benefit of any insurance policy effected by the cargo owner on the goods in the care of the bailee. If the contract of carriage is subject to the U.S. Carriage of Goods by Sea Act, the clause is void.

BERTH

Mooring place for a vessel. A location for a vessel at a pier or dock. The place where a crew member or passenger sleeps on a vessel.

BILGE

The lowest part inside a vessel’s hull where water, oil, and heavier than air gasses settle and collect.

BILL OF EXCHANGE

See **“Bank Draft”** and **“Commercial Set.”**

BILL OF LADING (B/L, Blading, and Lading)

A document issued by the carrier (or its agent) establishing the terms of carriage and acknowledging receipt of cargo. The B/L describes the kind and quantity of cargo being shipped; the name of the shipper, consignee, ports of loading and discharge, carrying vessel, and other shipping information.

The Bill of Lading serves as:

- The carrier’s receipt given to the shipper in exchange for cargo.
- The document of title in the hands of a lawful possessor; this is not true of a non-negotiable B/L.
- The contract of carriage between the shipper and the carrier.
- Evidence of the apparent condition of the cargo when received by the carrier. If the cargo shows damage, the Master will note exceptions on the B/L, e.g. **“all coils rusted”** or **“13 bags broken and leaking.”** See **“Commercial Set.”**

Some examples of bills of lading are:

Clean B/L:

A B/L without notation of damage exceptions to the cargo or the packing. A clean B/L is prima facie evidence of the apparent good order and condition of the cargo when received by and accepted for carriage by the carrier.

House B/L:

A B/L issued by a freight forwarder or consolidator (acting as an NVOCC) to the shipper, when the actual transporter of the cargo issues its **“Master B/L”** to the NVOCC.

Intermodal B/L:

A through B/L covering cargo moving via two or more different modes of transportation; truck, train, airplane, or vessel. Also known as a Multimodal B/L or Combined Transport B/lo.

Master B/L:

A B/L issued by the actual transporter of the cargo showing the shipper to be a freight forwarder or consolidator (acting as an NVOCC), when the NVOCC issues its House B/L to the shipper.

Through B/L:

A B/L covering the entire transit of cargo from its point of origin

to its final destination and applying to all of the connecting carriers even though they are not parties to the contract.

B/L or B/LADING -

See “*Bill of Lading.*”

BLOCK

A device with a roller through which chain or rope is passed as a turning point to facilitate moving or pulling a load; a pulley. See “*Tackle.*”

BLOCKING AND BRACING

Materials (usually lumber) used to secure, immobilize and protect cargo by preventing its free movement or shifting during transit. See “*Cargo Packing.*”

BLUE WATER

A term used to distinguish ocean-going vessels from vessels used on inland or coastal waters (referred to as “*Brown Water*”). Blue water vessels are generally larger and more strongly built to endure the open ocean without the benefit of shelter, unlike brown water vessels that can seek a safe harbour when a storm is forecast.

BOARD

To gain access to a vessel by going “*on board*” or “*aboard.*”

BOARD FOOT

A unit of lumber measurement equal to the volume of a piece of wood one foot square by one inch thick (144 cubic inches.)

BOATSWAIN (pronounced “Boh’ sun”)

The crewman in charge of the deck crew and equipment.

BOLLARD

A steel post or posts anchored to the pier to which ship’s mooring lines are secured. Double bollards are sometimes angled away from each other.

BONDED CARGO

Cargo moving under a bond to U.S. Customs or Internal Revenue Service warehouse, to be delivered or released only under stated conditions.

BONDED WAREHOUSE

A warehouse authorized by Customs authorities for more secure storage of goods on which payment of duties is deferred until the goods are removed.

BOOKING

Arrangements with a carrier for the acceptance and carriage of cargo; i.e. a space reservation.

BOOM

A heavy spar, usually attached to a mast, used for lifting cargo and equipment.

A long spar extending the length of a sail on a sail boat.

BORDEREAU

1. A multiple entry insurance declaration form.
2. A multiple entry list of insurance claims.
3. Any list of documents or other items.

BOTH-TO-BLAME COLLISION CLAUSE

When two vessels collide, they become liable to each other proportionately for the total damage. The vessel with the lesser damage may impose upon the cargo being carried to contribute to the amount to be paid to the other vessel. The “*Both to Blame Collision Clause*” in the cargo policy provides that in such event, the cargo policy will cover such contribution. See “*Collision Clause*” and “*Cross Liabilities.*”

BOTTOMRY BOND

An ancient form of ship’s mortgage (now obsolete). Before the days of modern communications and banking, when ships were in foreign ports and in need of supplies or repairs, the captain could pledge the vessel (in rem) as security for a loan. Loans taken out against the cargo were called “*respondentia.*”

BOW

The front or forward part of a vessel, opposite the stern.

BOW THRUSTER

A propeller mounted transversely in the forefoot (and sometimes the stern) of a vessel to push the vessel sideways. It can be used during docking manoeuvres instead of a tug.

BRACKISH

An intermingling of sea (salt) water and fresh water.

BREAK BULK

Non-containerized cargo such as cartons, pallets, boxes, barrels as well as pipe, lumber, or steel stowed directly in the vessel’s hold as opposed to containerized or bulk cargo. See “*Containerization*” and “*Bulk Shipments.*”

To unload and distribute a portion or all of the contents of a rail car, container, or trailer.

BRIDGE

Part of the vessel enclosing the steering, propulsion and other controls, and navigation instruments from which the officers control the vessel.

BRINE

Water that is heavily saturated with salt, e.g. seawater.

BROKEN STOWAGE

The loss of space in the hold of a vessel caused by irregularity in the shape of packages. Any void or empty space in a container not occupied by cargo, as opposed to solid stow.

BROWN WATER

A term used to describe vessels, e.g. tugs and barges, working on inland rivers or coastal waters, as opposed to vessels on the ocean. See “*Blue Water.*”

BULK CARGO

See “*Bulk Shipments.*”

BULKHEAD

Vertical partitions (usually running athwartships) separating compartments in a vessel, railcar, aircraft, or truck (corresponding to walls in a building).

A retaining wall running along the shore at the head of a pier to resist erosion of the beach and provide deep water all along the

pier with an apron to provide access to the pier from the road or parking lot.

BULK SHIPMENTS

Shipments which are not packaged, but are loaded directly into the vessel's holds. Examples of commodities that can be shipped in bulk are ores, coal, scrap iron, grain, vegetable oil, tallow, fuel oil, fertilizers, and similar commodities.

BULWARK

An extension of a vessel's side above the main deck approximately waist-high. See also "*Gunwale*."

BUNKERS

Fuel to be used by the vessel's engines for power during the voyage; but not fuel loaded on board the vessel as cargo.

BUOY

A floating marker or navigational device that is anchored in one spot. Different colours and shapes designate channels or mark hazards or obstructions.

BUOYANCY

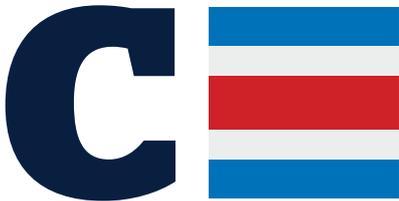
The resulting upward force exerted by a liquid on a floating object equal to the weight of water displaced; the ability of a vessel to float. See "*Vessel Stability*."

BURDENED VESSEL

See "*Give-way Vessel*."

BURNT

A vessel is considered "*burnt*" if there is some damage by fire to some structural part of the vessel. See "*Fire*."



CABOTAGE

Coastal trade and navigation between ports within the same country. Air transportation within the same country.

CAMEL

A large float (often a small barge or cluster of logs) placed between a large ship and a pier or between two ships to prevent rubbing or chafing. See "*Fender*."

CAPSTAN

A rotating cylinder used for hauling in rope or line or for lifting heavy loads. See "*Winch*."

CAPTAIN'S PROTEST

See "*Master's Protest*."

CARGO

Goods, merchandise, or commodities of every description which may be carried aboard a vessel or other conveyance, in consideration of the freight charged. It does not include provisions, stores, or fuel (bunkers) for use on board the vessel.

CARGO MANIFEST

See "*Manifest*."

CARGO NOS

Cargo "*Not Otherwise Specified*" in a tariff.

CARGO TERMS OF SALE

Standard trade terms have been developed to define seller and buyer responsibilities to each other on international sales. The most widely used set of terms, developed by the International Chamber of Commerce (ICC), are the INCOTERMS (International Commercial Terms).

CARGO TONNAGE

See "*Tonnage*."

CARNET

An international customs document, acting as a passport for merchandise that allows goods to temporarily enter certain foreign countries and return to the United States without paying duty or posting customs bonds in either country; e.g. goods for trade shows, display, or demonstration.

CARRIAGE OF GOODS BY SEA ACT (COGSA)

See "*Carrier's Liability Acts (Ocean)*."

CARRIER

A transporter of cargo or passengers; a steamship company, trucker, airline or railroad. Carriers may be either a "*common carrier*" (operating under a public tariff for established routes, stops, and terms of carriage for various commodities) or a "*contract carrier*" for individually negotiated contracts. An insurance company is sometimes referred to as a "*carrier*."

CARRIER'S LIABILITY ACTS (OCEAN)

Hague Rules - 1922

International rules based essentially on the U.S. Harter Act for the regulation of bills of lading in the carriage of goods by sea. The rules were recommended to the governments of all the maritime nations for adoption as the basis for their various carriage of goods by sea acts. The U.S. adopted the Hague Rules with some minor changes in 1936 as the "U.S. Carriage of Goods by Sea Act" (COGSA).

CARRIAGE OF GOODS BY SEA ACT-1936 (COGSA)

U.S. statute adopting the Hague Rules. It applies to bills of lading covering ocean carriage of goods between U.S. ports and foreign ports and sets forth the responsibilities, defenses, and immunities of carriers and vessel owners for loss of or damage to cargo. It provides for a minimum carrier liability of \$500 per package (or customary freight unit if applicable) and for a one year time limit from the date of delivery for filing suit against the carrier and ship.

Hague - Visby Rules - 1968

Amendment to the 1922 Hague Rules brought about by a development in transportation that could not have been foreseen in 1922 - containerization. The Visby amendment provides that when a container, pallet or similar article of transport is used to consolidate cargo, the number of packages or units enumerated in the Bill of Lading shall be deemed to be the number of packages or units shipped. It also increased the carrier's package liability limit from 100 pounds sterling to 10,000 French Francs (or equivalent).

Hamburg Rules - 1978

Proposal by the United Nations Conference on Trade and Development (in Hamburg) to amend the Hague Rules in their entirety. The proposal would make the carrier liable for all damage resulting to cargo regardless of cause and without limitation while the goods were in the care & custody of the carrier. The Hamburg Rules would come into effect among signatory countries when approved by 20 of those countries. Traditional ship owning countries such as England and the U.S. are opposed to the Rules.

CAULKING

Material used to plug seams between planks of a wooden vessel to prevent water from entering.

CAUSA PROXIMA

See "*Proximate Cause.*"

CEILING

In meteorology, the height at which the cloud base covers all or part of the sky. The inside lining or planking of a ship's hull extending up the side of the ship to the first deck. This ceiling is therefore on the sides of the ship and what would normally be called a "*ceiling*" in a house is termed the "*overhead*" on a ship.

CELLS (Container Ships)

The system of vertical steel tracks in container vessels running from the main deck to the bottom of the hold that permits containers to be stowed in a vertical line and held in position. Containers are then stacked one atop another. Also called "*cell guides,*" much like an elevator shaft in a building.

CENTRE OF BUOYANCY

See "*Vessel Stability.*"

CENTRE OF GRAVITY

See "*Vessel Stability.*"

CERTIFICATE OF INSPECTION

A document certifying that merchandise (such as perishable cargo) was in good condition immediately prior to its shipment. The document issued by the U.S. Coast Guard certifying an American flag vessel's compliance with applicable laws and regulations.

CERTIFICATE OF INSURANCE

In Marine Insurance, a document issued on behalf of an insurance company covering a specific shipment. It states the terms and conditions of the cargo insurance and is subject to the terms and conditions of the underlying open cargo policy. It is not a "*stand-alone*" policy. It is used when evidence of insurance is required, especially by a bank issuing a letter of credit. See "*Special Cargo Policy*" and "*Commercial Set.*"

In general insurance, a document usually issued by an agent or broker as evidence of insurance coverage stating the type, effective dates and limits of coverage. It does not stand in place of the policy and no changes to the policy can be effected by it.

CERTIFICATE OF ORIGIN

A certified document used in international commerce to show the country of origin of the goods.

C & F (Cost and Freight)

See "*Cargo Terms of Sale.*"

CFS (Container Freight Station)

See "*Container Handling Facilities.*"

CFS-CFS

A notation on bills of lading indicating that cargo was consolidated at one container freight station, transported to another container freight station, and then deconsolidated at that CFS.

CHARTERER

A person or company that rents, hires, or leases a vessel from its owner.

CHARTERER'S LEGAL LIABILITY

Responsibility of the charterer to the vessel owner, and sometimes to the cargo owner or a third party for damages to vessel, cargo, or other persons or property.

CHARTER PARTY

A written contract between the owner of a vessel and the party desiring to employ the vessel (charterer); sets forth the terms of the arrangement such as duration of agreement, freight rate, and ports involved in the trip.

Major Types of Charter Parties:

Time Charter	A contract to rent a fully-equipped vessel including crew for a certain period of time.
Voyage Charter	A contract to rent a fully-equipped vessel including crew for a specific voyage between 2 or more designated ports.
Space Charter	A contract for only a portion of the vessel, e.g. one hold, or space on deck. Space charters are used to have a vessel call at an out of the way or an unscheduled port.
Bareboat Charter	A contract to rent a vessel without equipment, crew, fuel, or stores.

CHASSIS

A trailer frame with wheels for carrying a cargo container on the highway.

CHOCK

A block or wedge placed around wheels or barrels to prevent them from rolling or moving.
A fitting on the deck of a vessel through which dock or anchor lines are led and held in place.

CIF (Cost, Insurance and Freight)

See "*Cargo Terms of Sale.*"

CLASSIFICATION SOCIETIES

Organizations which survey and classify ships according to their condition for insurance and other purposes; e.g. Lloyd's Register of Shipping (England), American Bureau of Shipping (ABS - United States), Bureau Veritas (Norway).

CLEAN BILL OF LADING

See "*Bill of Lading.*"

CLEARANCE LIMITS

The height beyond which vehicles and cargo cannot clear bridges, tunnels, etc.

CLEAT

A fitting on a vessel's deck or a pier for securing lines. Also, the act of securing a line to a cleat.

CLIP-ON

Detachable refrigeration equipment used with an insulated container that does not have its own built-in refrigeration unit.

COASTWISE

Vessels operating along the coast; also known as "*Brown Water.*" See "*Cabotage.*"

COFR

Certificate Of Financial Responsibility.

COGSA (Carriage Of Goods by Sea Act)

See "*Carrier's Liability Acts (Ocean).*"

COINSURERS

Two or more insurance companies sharing a single risk under a subscription policy. The total participation of all coinsurers adds up to 100% of the risk, and each coinsurer has a separate contract with the Assured. Each company is a direct insurer and not a "*reinsurer.*" See "*Subscription Policy*" and "*Reinsurance.*"

COLLISION

In Marine Insurance, a vessel striking another vessel or floating, not stationary, object.

COLLISION CLAUSE

A clause in a hull insurance policy insuring the shipowner's legal liability for collision damage to another vessel, its freight, or cargo; a.k.a. the "*Running Down Clause.*" See "*Both to Blame Collision Clause.*"

COLREGS (Collision Regulations)

International Regulations for Preventing Collision at Sea, 1972 (also known as the "*International Rules of the Road*" and "*navigation rules*") is a treaty between participating maritime nations that governs the conduct of ships approaching other vessels so as to avoid the risk of collision. It applies in all international waters and to local waters of countries that do not have their own local rules. The United States has local rules for Inland Waters, and for the Great Lakes and the Western Rivers, and all other waters within the coastal headlands - such as San Francisco Bay and Puget Sound.

COMMERCIAL INVOICE

See "*Invoice*" and "*Commercial Set.*"

COMMERCIAL SET (of Documents)

See individual words:

Set of four "*negotiable*" documents that represents and takes the place of the goods themselves in the financing of the cargo sales transaction, comprised of:

- Commercial Sales Invoice.
- Bill of Lading.
- Certificate of Insurance.
- Bank Draft.

COMMODITY

Any physical thing having utility and trade value.

COMMON CARRIER

A company (vessel owner, railroad, airline or trucker) providing transportation services to the general public for the carriage of goods over a fixed route on a regular schedule with prices and terms of carriage published in a tariff. See "*Contract Carrier.*"

COMMON CHARGES

When adjusting hull claims, an expense that would have to be incurred twice if vessel were hauled separately for regular vessel maintenance and for damage repair, but is incurred only once if maintenance and repairs are done at the same time; e.g. the haul out charge and drawing the vessel's tailshaft. These common charges are shared equally by vessel owner and the insurance company in adjusting the hull claim.

COMPARATIVE FAULT I NEGLIGENCE

A legal principle where damages are measured and apportioned in terms of percentage of fault to the responsible parties.

The principle is most often seen in collision cases.

See "*Proportionate Fault.*"

COMPROMISED TOTAL LOSS

See "*Total Loss.*"

CONCEALED DAMAGE

Damage to the contents of a package which is externally in apparent good condition.

CONDEMNATION

In a War Risk insurance policy, property which has been captured by the enemy is not considered an absolute total loss until it has been condemned by a competent court of the enemy or one of its allies. Prior to condemnation there is always the remote chance that the property will be released. Prior to condemnation such seized property is a Constructive Total Loss; after condemnation, the property is an Absolute Total Loss.

CONFERENCE

An association of vessel owners operating in the same trade route who operate under collective conditions and agree on tariff rates and terms.

CONNECTING CARRIER

A transportation company that carries cargo or passengers to a destination to which the first carrier does not go. The liability for delivery still rests with the first carrier who issues a "through Bill of Lading" and the connecting carrier operates as a sub contractor to the primary carrier.

CONNECTING CONVEYANCE

The inland or ocean transport vehicle that carries cargo before and/or after the main ocean or air transit.

CONSIGNEE

The party (usually the buyer) named in a bill of lading or air waybill who is entitled to receive cargo that is shipped by the consignor and delivered by the transporter.

CONSIGNMENT

A shipment of goods from a shipper to a consignee. Goods of others held for sale without taking title.

CONSIGNOR

The party who ships goods, the shipper; usually the seller.

CONSOLIDATION

Combining shipments of two or more shippers or suppliers for one or more consignees into one container.

CONSOLIDATION CLAUSE/ENDORSEMENT

A clause or endorsement in an open cargo policy providing coverage at an agreed premium on goods while in transit to, and while at, a common consolidation point for the purpose of preparing or consolidating the goods for export.

CONSTRUCTIVE TOTAL LOSS

See "*Total Loss.*"

CONSULAR DOCUMENTS

A formal statement certified by a consular official describing goods, and the value, quantity, nature, and origin of the cargo shipped.

CONSUMPTION ENTRY

The process of declaring the importation of foreign-made goods into the United States for use in the United States.

CONTAINER

A rectangular metal box used to transport cargo between two or more modes of transit; i.e. truck, train, vessel or airplane. The same loaded container is transferred, eliminating the intermittent handling of cargo; also called "*Multimodal.*" Intermodal containers may be 20 feet, 40 feet, 45 feet, 48 feet, or 53 feet in length; 8'0" or 8'6" in width, and 8'6" or 9'6" in height. They may be ventilated, insulated, refrigerated, flat rack, vehicle rack, open top, bulk liquid or other configurations. Specialized containers for air shipments are called "*Igloos*" due to their shape. See "*TEU*" and "*FEU.*" See "*Cargo Packing.*"

CONTAINER CRANE

A special purpose shoreside crane positioned alongside the vessel with enough reach to load/unload containers to/from the container cells on the ship.

CONTAINER HANDLING FACILITIES.

Container Depot

A designated area where empty or off-lease containers are stored or repaired.

Container Freight Station (CFS)

A shipping dock where container cargo is consolidated by destination. Incoming containers with multiple cargo destinations are unloaded (stripped). Cargo is sorted by destination and cargo with the same destination is either reloaded (stuffed) into one container for continued transit or set directly to the destination without being containerized. Generally a CFS handles less than full container load (LCL) shipments.

Container Terminal

A materials handling and storage facility for the transfer of containers between trucks, rail cars and vessels.

Container Yards (CY)

An open area (usually fenced with controlled access) at the carrier's terminal where fully loaded containers are received and held awaiting further transit.

CONTAINERIZATION

Shipping system based on large cargo-carrying containers that can be easily interchanged between trucks, trains and vessels without re-handling the contents. See "*container.*"

A load sufficient in size to fill an entire container either by cubic measurement or by weight. Also known as "*Full Container Load.*"

CONTAINER MAINIFEST

Document showing contents of a container.

CONTAINER SEAL

A device installed through the door locking handles of a loaded container that prevents the door from being opened without breaking the seal.

Indicator Seal

A flimsy plastic or metal strip with preprinted numbers that are recorded on the shipping documents and compared with the seal numbers on the doors when the doors are opened at destination. Missing seals or non-matching numbers provide evidence of possible tampering during the transit.

Barrier Seal

A heavy bolt or lock that can only be removed with a special bolt or cable cutter. They will not keep out a determined thief, but they do make it more difficult to break into a container.

Electronic Seal

Since the 9-11-01 terrorist attacks, more shippers and carriers are ordering the high-tech "electronic seals" that can store information and pinpoint exactly when the seal is broken.

CONTAINER TERMINAL

See "*Container Handling Facilities.*"

CONTAINER YARD (CY)

See "*Container Handling Facilities.*"

CONTINGENCY INSURANCE

Backup insurance that protects a party's interest if certain events occur, e.g. if the Assured buys or sells cargo on terms under which the insurance is arranged by the other party, and that insurance fails to respond to a covered loss, the Contingency Insurance protects the Assured's interest in the shipment.

CONTRABAND

During time of war, materials carried aboard a vessel that could aid a belligerent in the process of the war, such as arms, weapons or munitions.

CONTRACT

A legally binding agreement (oral or written) between two or more persons or organizations creating an obligation to do or not to do a particular thing. The essentials are competent parties, legal subject matter, consideration (value), mutual understanding, and mutual obligations, e.g. an insurance policy, bill of lading and charter party. See "*Third Party.*"

CONTRACT CARRIER

A company (steamship, airline, railroad or trucker) providing transportation services under individual contracts or agreements with specific parties (not the general public) to transport passengers or property to specified locations at an agreed time and charge. Not a **“common carrier”** (although some companies may serve in the capacity as both a common and contract carrier. See **“Common Carrier.”**

CONTRACT OF AFFREIGHTMENT

The document evidencing the terms of carriage between a shipper and a carrier. It is usually expressed in the Bill of Lading and is subject to the Carriage of Goods by Sea Act (COGSA) if a U.S. port and a foreign port are involved, or the Harter Act if two U.S. ports are involved. See **“Bill of Lading.”**

CONTRIBUTION

The amounts to be paid by cargo owners and vessel owner for their share of a General Average loss or Salvage Award.

CONTRIBUTORY NEGLIGENCE

A legal principle where the claimant is found partially at fault for causing its own damages or injury. The principle has been replaced by the doctrine of comparative negligence in many jurisdictions.

CONTRIBUTORY VALUES

The actual value of each cargo shipment and of the vessel at the time of arrival at the destination or termination of the voyage (even in a damaged condition) that is used to calculate each cargo owner's and the vessel owner's share of the General Average loss or Salvage Award. See **“General Average.”**

CONTROLLED ATMOSPHERE

A system that controls the mixture of gases within a container to retard decay of perishables during a voyage.

CORNER POST

Structural frame member at each corner of a container supporting the top, sides, and floor. It is the strength member by which the container is lined by the container crane for loading/unloading aboard the vessel.

COUNTERVAILING DUTY

An additional duty imposed to offset export grants, bounties or subsidies paid to foreign suppliers in certain countries by the government of that country for the purpose of promoting export.

COUNTRY DAMAGE

Damage to baled or bagged goods (e.g. cotton, coffee and similar commodities) caused by excessive moisture from damp ground or exposure to weather, or by grit, dust, or sand forced into the cargo by windstorm or inclement weather, prior to commencement of transit.

COXSWAIN

A crew member who is in charge of a small boat and acts as helmsman.

CRADLE

A wooden or metal framework to support a vessel upright while out of the water being built, repaired, lifted, or transported. It may have wheels for moving the vessel.

CREW

Seamen on board who operate and navigate a vessel; may include or exclude the master and officers. See **“Seaman.”**

CRISTA

See **“Pollution Liability.”**

CRO (Cancelling Returns Only)

A phrase used in hull policies to indicate that the rate does not allow lay-up returns.

CROSS LIABILITIES

In the event of a collision where both vessels are at fault, liability is apportioned between the two parties according to their degree of fault. See **“Collision Clause.”**

A clause often used in contracts and in the Additional Assured Endorsement to an insurance policy stating that, even though both parties are named as an Assured for joint coverage under a policy of insurance, each will retain the rights against the other as though separate policies had been issued to each Assured. Also called a **“Severability of Interest”** clause, it is usually required to be shown on the Certificate of Insurance and/or Additional Assured Endorsement when the other party is to be named in the policy.

CROW'S NEST

The place or position on a mast where a crew member can stand and watch for fish or other vessels.

CTL (Constructive Total Loss)

See **“Total Loss.”**

CURE

See **“Seaman's Rights and Remedies.”**

CURRENT

A flow of water or air in a definite direction. See **“Tides.”**

CUSTOMS BONDED WAREHOUSE

See **“Bonded Warehouse.”**

CUSTOMS BROKER (Customshouse Broker)

A person or firm licensed by the U.S. Treasury Department, who is hired by the cargo importer to expedite clearance of their cargo through U.S. Customs.

CYCLONE

A tropical storm with winds of 74 mph or greater in the South Western Pacific Ocean (Philippines), South China Sea, and the Indian Ocean. See **“Storm”** and **“Weather Warnings.”**

CY-CY

A shipment from one Container Yard to another Container Yard.



DEADHEAD

A vessel sailing in ballast (i.e. without cargo) to its next port for loading cargo.

A submerged (but floating) log which can be hazardous to the vessel's hull and propellers.

A tractor pulling an empty container on a chassis.

DEADWEIGHT TONNAGE (DWT)

See "*Tonnage.*"

DECK

The horizontal platforms extending from one side of the vessel's hull to the other, forming levels of a vessel corresponding to the floors or stories of a building; e.g. main deck, 2nd deck, weather deck, etc.

The floor structure itself of any of these levels, upon which the cargo is placed.

DECK CARGO

See "*On Deck Cargo.*"

DECKHOUSE

An enclosed structure, such as a cabin or other compartment built on the deck of a ship. See "*Pilothouse.*"

DECK LOAD CONDITIONS

Insuring conditions in a cargo policy for cargo carried "*on deck*"; i.e. the areas of a barge or other vessel exposed to the weather.

"*FPAAC including jwo*" means Free of Particular Average, American Conditions, including the risks of jettison and washing overboard. See "*Average Clauses,*" "*Particular Average,*" and "*Jettison.*"

DECLARATION

An insurance form filled out by the Assured for reporting/declaring individual shipments under an Open Cargo Policy. It is usually used for declaring import shipments where evidence of insurance is not required. A multi-entry declaration is called a bordereau. See "*Certificate of Insurance*" and "*Special Cargo Policy.*"

DEDUCTIBLE | DEDUCTIBLE AVERAGE (DA)

Either a percentage of the insured value of the entire vessel or the entire cargo shipment, or a specified dollar amount which is subtracted from the total amount of claim. It is applied to partial loss claims, but not usually to total loss or General Average claims, depending on the policy wording.

DELAY

Late arrival of cargo at destination caused by adverse weather, mechanical breakdown, or some other reason resulting in late arrival of the vessel. See "*Loss of Market.*"

DELAY CLAUSE

A clause in most cargo insurance policies (even under All Risks coverage) excluding claims for loss or damage arising from delay, even if the delay is caused by an insured peril. See "*Marine Extension Clauses.*"

DELIVERY RECEIPT

A form used to acknowledge acceptance of cargo, noting the apparent condition (whether sound or damaged). It often serves as the basis for preparation of the ocean bill of lading.

DEMURRAGE

A penalty or storage charge for cargo or containers held beyond the allowed number of days "*free time*" at a warehouse or railhead before it is picked up by the consignee.

A penalty that a Charterer pays the vessel owner for keeping the vessel at the port of loading or discharge longer than agreed in the voyage Charter Party. See "*Detention*" and "*Free Time.*"

DENSITY

The ratio of the weight of a substance to its volume at a given temperature and pressure; e.g. the weight of cargo in pounds per cubic foot.

DEPRECIATION

An allowance for a decrease in value of property through wear, deterioration, obsolescence, or damage; it may be expressed as a dollar amount or a percentage of the property's sound value.

DERRICK

A large crane mounted on a barge. See "*Derrick Barge*" under "*Vessel Types.*"

DESTINATION

The place to which a cargo shipment is to be delivered.

DETENTION

The prevention, by governmental authority, of vessel and/or cargo leaving port, particularly during time of hostilities.

A penalty charge against shippers or consignees for delaying carrier's equipment beyond allowed free time. See "*Demurrage.*"

DEVANNING

The unloading of a cargo container.

DEVIATION

In Admiralty law, any unreasonable variation in the conduct of a vessel in the carriage of goods whereby the risk of damage to the shipment could be increased; e.g. a vessel straying from the customary course of the voyage to call at an unscheduled port, overcarrying the goods beyond the port of discharge stated in the bill of lading, delay in carrying the goods, or carrying cargo on deck of a vessel not designed for carriage of containers on deck. Such a deviation causes the carrier and the ship to lose their COGSA defenses and limitations for loss or damage to the cargo. Any deviation to save life or property at sea is not unreasonable and does not make the carrier liable for any resulting loss or damage to cargo.

A Marine Cargo Policy generally includes a Deviation Clause to protect the cargo owner in case of deviation or change of voyage or, in case of an error in the description of the interest, vessel or voyage.

DIFFERENCE IN CONDITIONS (D.I.C.)

A supplemental form of insurance giving the Assured broader coverage than is provided in a basic policy, e.g. a contract may only require basic fire coverage, whereas the buyer wishes coverage for **“All Risks”** to protect his or her financial interest. This extra coverage would insure the difference in conditions between the limited policy and the broader one.

DINGHY

See **“Vessel Types.”**

DISCHARGE

To unload cargo from a vessel.

DISCLOSURE

The duty of the Assured and its broker to tell the insurance company every material circumstance before acceptance of the risk. See **“Utmost Good Faith.”**

DISPLACEMENT

See **“Tonnage.”**

DIVERT / DIVERSION

To change the scheduled voyage or destination of a vessel. See **“Destination.”**

DIVIDED DAMAGES

A method of apportioning damages from a vessel collision, where the total damages of both vessels were divided equally between the two vessels without regard to the degree of fault of each vessel. This method of equal division of damages was firmly established in the United States until it was replaced by the doctrine of Proportionate Fault by the U.S. Supreme Court decision in *United States v. Reliable Transfer Co.*, 1975. See **“Proportionate Fault.”**

DOCK

For vessels, an area of water between two piers or alongside a pier, where a vessel is moored during loading and unloading of cargo or passengers. Sometimes refers to a floating structure to which vessels are tied up. See **“Pier”** or **“Wharf.”** See also **“Floating Dry Dock”** and **“Graving Dock”** under **“Vessel Types.”** For land transportation, a loading or unloading platform (usually at the height of the truck bed for ease of loading) at a warehouse or carrier terminal.

DOGS

A means of securing a door or hatch aboard a ship. Steel teeth on the front of small tugs used for repositioning floating logs.

DOLLY

A set of wheels that supports the front of a trailer when the tractor unit is disconnected.

DOLPHIN

A group of pilings driven into the bottom of the harbour and tied

together to form a strong mooring post. It is usually located at either end of a pier and is used to moor a vessel whose length extends beyond the pier.

DONKEY ENGINE

A small engine on deck to power winches used to hoist sails, adjust rigging and tackle, weigh anchor, or operate deck pumps.

DOOR-TO-DOOR

Transportation of a container and its contents from the warehouse of the consignor to the warehouse of the consignee by various means of transport. Also known as **“House-to-House.”** See **“Multimodal.”**

DOT. (Department Of Transportation)

A U.S. government agency.

DRAFT

Depth of water required for a vessel to float clear of the bottom. The vertical distance from the waterline to the lowest part of a vessel.

A financial instrument to transfer money:

- a. The Buyer’s payment for goods through a bank in a cargo sales transaction. See **“Commercial Set.”**
- b. BANK DRAFT - A payment order to a bank. See **“Bank Draft.”**
- c. SIGHT DRAFT - A payment order payable upon presentation, i.e. **“sighting.”**

DRAYAGE

Charge made for local hauling by dray or truck. Same as Cartage.

DREDGE SPOILS

Material picked up from the river or sea bottom by dredges and pumped or deposited ashore or in deep water.

DRY-BULK CONTAINER

A container constructed to carry grain, powder, and other free-flowing solids in bulk.

DRY DOCK

See **“F”** and **“Graving Dock”** under **“Vessel Types.”**

DUAL VALUATION CLAUSE

A clause in hull policies used when insuring older vessels so one value is used for total loss purposes and a higher value for all other claim and repair purposes. The lower value is the one on which all questions of total loss depend and usually represents the approximate market value of the vessel. The higher value (fixed by negotiation at a sum above the market value) applies to all other claims: particular average, general average, sue and labor, and collision claims, etc.

DUE COURSE OF TRANSIT

Uninterrupted movement of goods from point of origin to destination without delay or any change caused by cargo owner.

DUE DILIGENCE

Proper care and attention on the part of a vessel owner to the maintenance and welfare of the vessel and crew.

DUMPING

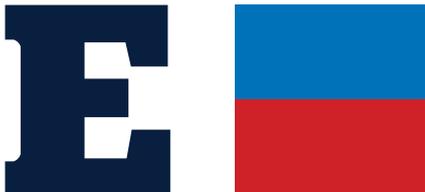
Exporting merchandise to a country at a price less than cost or fair market value, usually through a subsidy by the government of the exporting country.

DUNNAGE

Loose wood or other material used in a vessel's hold or in a container to secure and support cargo during the voyage to prevent damage and movement and shifting of the cargo.

DUTY

A Government tax levied on imports. In the U.S., it is collected by U.S. Bureau of Customs upon entry of the goods into the country.



EARLY NEUTRAL EVALUATION

See "*Alternative Dispute Resolution.*"

EDGE PROTECTOR

An angle piece fitted over the edge of boxes, crates, bundles, and other packages to prevent the pressure from straps or bands from cutting into the package.

EIR

See "*Equipment Interchange Receipt.*"

EJUSDEM GENERIS (of the same kind, class or nature)

See "*Omnibus Clause.*"

EMBARGO

A governmental order restricting the hauling or movement of a particular commodity or commodities to or from a particular country.

ENDORSEMENT

A legal signature usually placed on the reverse of a check or draft; signifies transfer of financial rights from the holder to another party.

A legal signature placed on a negotiable bill of lading to transfer ownership of the bill of lading (and hence the cargo referred to in it) to another party.

A legal signature placed on a negotiable certificate of insurance to transfer rights to another party.

An amendment to an insurance policy.

ENTRY DOCUMENTS

Customs papers required to clear an import shipment for admission into the general commerce of a country.

EQUIPMENT

Articles necessary for the safety, maintenance or navigation of the vessel on its intended voyage, which are not part of the vessel's hull or machinery and which are not the personal property of the crew; e.g. anchors, cables, mooring lines, lifeboats, lifesaving

apparatus, signal lights, radio installation, navigational instruments, cooking utensils, furniture, provisions and stores.

EQUIPMENT INTERCHANGE RECEIPT (EIR)

A receipt issued when a container and chassis enter or leave a port's terminal area by truck; usually noting the date and time, whether the container is full or empty, the number of any seals affixed to the container, and the condition of the container.

ESTUARY

The mouth of a river where it widens and runs into the sea. The fresh water becomes brackish as it meets the ebb and flow of the salty tide.

ETA

Estimated Time of Arrival.

ETD

Estimated Time of Departure.

ETHYLENE

A gas produced by many fruits and vegetables that accelerates the ripening and aging processes. See "*Controlled Atmosphere.*"

EX (Point of Origin)

The point where a shipment begins transit, e.g. "*Ex Factory*" or "*Ex Mine*" or "*Ex Warehouse.*" See "*Cargo Terms of Sale.*"

EXCEPTION

A notation on a shipping document (Bill of Lading or Delivery Receipt) qualifying the condition of the merchandise to indicate damage, suspected damage, or shortage.

EXCESS INSURANCE

Some risks (commonly liability and some types of property) are written on a layered basis, in which one or more layers of excess policies are placed on top of the primary policy; stacked up much like layers of a cake to provide higher limits of coverage. Losses are paid by the primary layer first, and then, one by one, by as many excess layers as are necessary to pay the entire loss or until all of the excess layers are exhausted.

EX GRATIA PAYMENT

An insurance company's payment of a claim that is not clearly covered by the policy, as a commercial expedient to maintain goodwill between Assured and the insurance company.

EXHIBITION COVER

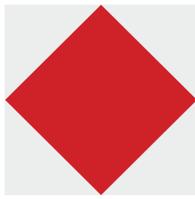
Insurance coverage for merchandise in transit to and while on exhibit (usually at a trade show) and the return shipment (unless the merchandise is sold) to point of origin. A cargo policy normally only covers while merchandise is in transit until arrival at destination. Only the marine policy can extend coverage on shore, not the war policy.

EXPORT

Shipment of goods to a foreign country.

EXPORT LICENSE

A government document permitting the "*Licensee*" to engage in the export of designated goods to certain destinations.



FAK

See “*Freight All Kinds.*”

FAS (Free Alongside Ship)

See “*Cargo Terms of Sale.*”

FATHOM

See “*Weights and Measures.*”

FCL (Full Container Load)

See “*Container Load.*”

FC&S (Free of Capture & Seizure)

Clause excluding war risks from the Marine Insurance Policy. War risks can be covered by issuing a separate War Policy for an additional premium.

FDA (Food and Drug Administration)

A U.S. government agency.

FEEDER SERVICE

A vessel which transfers Cargo or containers between outlying areas and a central loading area or a larger vessel as part of a long ocean voyage.

FENDER

A device fastened to or hung over the side of a vessel to prevent the vessel from rubbing or chafing against other vessels, piers, or wharves. See “*Camel.*”

FEU (Forty foot Equivalent Unit)

See “*TEU.*”

FFD (Fit For Duty)

See “*Seaman’s Rights and Remedies.*”

FIA (Full Interest Admitted)

The insurance company acknowledges the Assured’s financial interest in the property and agrees to its value without proof or documentation of ownership. See “*P PI.*”

FIFTH WHEEL

The semi-circular coupling device mounted horizontally on the back of a tractor which engages and locks with a trailer allowing the trailer to pivot and turn.

FIO

See “*Free In and Out.*”

FIRE

One of the perils specified in the Perils Clause in an insurance policy. It includes not only direct damage by flames, but also indirect damage incurred from smoke, or damage from water or chemicals used to extinguish the fire.

The definition does not extend to cover spontaneous combustion.

FLAMMABLE/ INFLAMMABLE

Easily ignitable, capable of burning. “*Flammable*” and “*Inflammable*” have the same meaning. Something that cannot be burned is “*nonflammable.*”

FLAT RACK

An open container without sides or top used for carrying odd sized cargo to facilitate loading and stowing in a containership.

FLOATING DRY DOCK

See “*Vessel Types.*”

FLOOR BOARD

Removable grating which provides a platform or “*floor*” over the bilge of a vessel.

FLOTSAM

Floating wreckage of a vessel or its cargo. See “*Jetsam*” and “*Lagan.*”

FOB (Free on Board)

See “*Cargo Terms of Sale.*”

FOB / FAS ENDORSEMENT

Supplemental insurance coverage purchased by the seller on an export shipment that is sold on FOB, FAS, C&F or similar terms of sale where the seller does not arrange the transit insurance. The buyer’s insurance may only cover the buyer’s interests after the title transfers and may not cover losses before title transfers. This supplemental coverage protects the seller’s interest in the cargo from the time goods leave the point of origin until title transfers to the buyer during transit, usually when cargo is loaded aboard the vessel.

FORCE MAJEURE

Superior Force. See “*Force Majeure Clause*” and “*Act of God.*”

FORCE MAJEURE CLAUSE

A clause in a contract exempting the parties from their obligations under the contract as a result of conditions beyond their control. See “*Act of God.*”

FOREIGN TRADE ZONE

See “*Free Trade Zone.*”

FORKLIFT

A vehicle with prongs or forks used to pick up and move cargo loaded on pallets or skids.

FORTUITOUS

Accidental; happening by chance.

FORWARD

In the direction of the bow of the vessel.

FORWARDING CHARGES

The costs necessarily incurred to forward cargo to its intended destination in the event the carrying vessel meets with a casualty and is unable to complete the voyage.

FOUND

Room and board provided for work, in addition to wages. See *“Seaman’s Rights and Remedies.”*

FOUNDER

A vessel sinking as the result of incursion of water into the hull. (A similar word *“flounder”* meaning “to move clumsily and with difficulty” is probably a combination of *“founder”* and *“blunder”*). See *“Sinking.”*

FPA (Free of Particular Average)

See *“Average Clauses.”*

FPIL

See *“Full Premium If Lost.”*

FRANCHISE

Either a percentage of insured value or a specified dollar amount in an insurance policy which must be reached before an insured loss is paid in full. It is similar to a deductible in that insured losses less than the franchise amount are not paid, but different from a deductible in that insured losses equal to, or more than, the franchise are paid in full. Also known as a *“disappearing deductible.”* See *“Average Clauses.”*

FREE ALONGSIDE SHIP (FAS)

See *“Cargo Terms of Sale.”*

FREEBOARD

The vertical distance from the waterline to the top of the main deck, at the side of the vessel, measured amidships.

FREE IN AND OUT (FIO)

Cost of loading and unloading a vessel borne by the charterer; i.e. stevedoring expenses.

FREE OF PARTICULAR AVERAGE (FPA)

See *“Average Clauses.”*

FREE ON BOARD (FOB)

See *“Cargo Terms of Sale.”*

FREE OUT (FO)

Cost of only unloading a vessel borne by the charterer; i.e. stevedoring expenses (loading costs are borne by someone else).

FREE PORT

See *“Free Trade Zone.”*

FREE SURFACE EFFECT

The change in stability of a vessel caused by liquids moving about freely in a tank or hold. As a vessel rolls, liquids in tanks or breached compartments accentuate the roll by moving freely from side to side of the tank accumulating first on one side and then the other. This movement can reduce the stability of the ship. The effect can be reduced by having baffles in a tank to reduce the free movement or by either emptying the tank or filling it completely so there is no *“free surface.”*

FREE TIME

The period of time cargo will be held for pick up at the port of discharge before storage charges are applied.

FREE TRADE ZONE

A secure zone or area in a port or airport designated for duty-free entry of foreign goods or components. The goods may be stored, displayed or assembled into larger parts. Duty is paid when the finished product enters the U.S. market. If the goods are re-exported to another country, no duty is paid in the U.S. Also called a *“Foreign Port”* or *“Foreign Trade Zone.”*

FREE WATER (FW)

The layer of water that forms when water is present with immiscible liquids, such as oil. The lighter liquid forms a layer above the heavier liquid; e.g. oil usually floats above the free water.

FREIGHT

The charge made by a carrier for transporting goods. Some Different Types of Freight Are:

Collect Freight

Freight payable at destination provided the vessel delivers the goods in specie.

Guaranteed Freight

Freight payable whether the goods are delivered or not, provided the failure to deliver the goods resulted from causes beyond the carrier’s control.

Advance Freight

Partial payment of the bill of lading freight in advance.

Prepaid Freight

Payment of the full bill of lading freight in advance; in other respects is the same as guaranteed freight. The cargo being transported.

FREIGHT ALL KINDS (FAK)

A notation on a bill of lading indicating that different kinds of cargo are being shipped.

FREIGHT FORWARDER

A party who acts as an agent of the shipper in making transportation arrangements, preparing necessary documents, and generally expediting the entire process of exporting cargo.

FRUSTRATION CLAUSE

A clause in the War Policy stating that there has not been a loss simply because of termination (or frustration) of the voyage due to an outbreak of hostilities. There must be actual physical damage to the cargo for there to be a loss.

FULL CARGO

A cargo of one kind, usually in bulk form, taking up the entire cargo space of a vessel.

FULL CONTAINER LOAD (FCL)

See *“Container Load.”*

FULL PREMIUM IF LOST (FPIL)

A clause used on hull policies making the entire policy premium fully earned if the insurance company pays a total loss for the insured vessel. There is no return premium due the Assured if the total loss occurs before the end of the policy period.

FURNITURE

The fittings or fixtures which, though not actually affixed to the vessel, are for use thereon and are reasonably necessary for its safety and navigation.



GALLEY

The place where food is prepared on a vessel; i.e. the vessel's kitchen.

GANTRY CRANE

A frame built across the width of a vessel from which blocks and rigging are suspended. A gantry crane is a crane on which the load is suspended from a traveling trolley.

GAS FREE CERTIFICATE

Written confirmation that a tank or other confined space has been inspected and confirmed purged of all explosive and other harmful gasses.

GATT (General Agreement on Tariffs and Trade)

A multinational treaty to help reduce trade barriers between the signatory countries and to promote trade through tariff concessions. The World Trade Organization (WTO) superseded GATT in 1994.

GBL

Government Bill of Lading.

GENERAL AVERAGE (GA)

An ancient principle of equity, recognized by maritime nations, pre-dating the concept of insurance and still valid today, in which all parties involved in a sea adventure (vessel, cargo, and freight) proportionately share losses resulting from a voluntary and successful effort to save the entire venture from an imminent peril. There are two types of General Average acts:

VOLUNTARY SACRIFICE of a part of the vessel or a part of the cargo, e.g. jettison of property to stabilize the vessel during heavy weather.

EXTRAORDINARY EXPENSE necessarily incurred for the joint benefit of vessel and cargo, e.g. towing charges incurred to assist a disabled vessel to a port of refuge.

GENERAL AVERAGE ADJUSTER

See "*Average Adjuster.*"

GENERAL AVERAGE AGREEMENT

A guarantee by the owner of the cargo (usually the consignee) to pay that proportion of the general average contribution, salvage, or special charges owed by the shipment, and to give information about its value so an Average Adjustment can be prepared. The vessel owner will not release cargo for delivery to the consignee until the cargo owner signs this average agreement or bond,

which is prepared by the general average adjuster.

GENERAL AVERAGE BOND

See "*General Average Agreement.*"

GENERAL AVERAGE DEPOSIT

A cash deposit (usually based on the estimated percentage of General Average) which the General Average Adjuster demands from the owner of the cargo to secure the payment of its proportion of the General Average. This cash deposit is usually demanded as additional security to the General Average Bond. The deposit may be replaced by a General Average Guarantee.

GENERAL AVERAGE EXPENDITURES

See "*General Average.*"

GENERAL AVERAGE GUARANTEE

An insurance company's written guarantee to the General Average Adjuster guaranteeing to pay the legally due proportion of General Average finally assessed against the Assured's insured cargo. This guarantee is usually accepted by the Adjuster in lieu of a cash deposit and is additional security to the bond signed by the owner of the goods.

GENERAL AVERAGE SACRIFICE

See "*General Average.*"

GENERAL AVERAGE SECURITY

Documents presented by cargo owners to a General Average Adjuster to replace the vessel owner's maritime lien on cargo for its share of General Average and to obtain release of cargo from the steamship company. GA Security consists of a GA Bond and either a cash deposit or an insurance company's Guarantee. See "*Non separation of Interest Agreement.*"

GENERAL CARGO

A vessel's cargo consisting of a variety of commodities shipped by one or by many merchants.

GENERAL MARITIME LAW

A compilation of rules, concepts, and legal practices that evolved into common law (case law) relating to the carriage of goods and passengers by water. It is administered by special courts known as Admiralty Courts. General maritime law is the seagoing equivalent of common law and is supplemented by statutory law such as the Jones Act.

GENERATOR SET (Gen Set)

A portable electrical generator set which can be attached to a refrigerated container to power the refrigeration unit during transit or to provide emergency or temporary electrical power.

GIVE-WAY VESSEL

When meeting another vessel, the vessel that does not have the right of way under the navigational rules and must keep out of the way of the other vessel; formerly called the "*burdened vessel*" See "*ColRegs*" and "*Stand-on Vessel.*"

GMT (Greenwich Mean Time)

See "*Time Zones.*"

GO-DOWN

In the Far East, a warehouse where goods are delivered and stored.

GOOD FAITH

See *"Utmost Good Faith."*

GOODS

Cargo shipped by water, air, or land.

GRAVING DOCK

See *"Vessel Types."*

GRAVITY, CENTRE OF

See *"Vessel Stability."*

GROSS TONNAGE

See *"Tonnage."*

GROSS WEIGHT

The total weight of the cargo, its packing material, and the chassis or container or railcar.

For vessel weight, see *"Tonnage."*

GROUNDING

A vessel striking or touching the bottom; running aground. See *"Stranding."*

GROUND TACKLE

A general term for all anchors, cables, ropes, etc. used to moor or anchor a vessel.

GRT (Gross Registered Ton)

See *"Tonnage."*

GUNWALE (rhymes with "funnel")

The short extension of a vessel's side above the main deck.

See also *"Bulwark."*



HAGUE RULES

See *"Carrier's Liability Acts (Ocean)."*

HAGUE-VISBY RULES

See *"Carrier's Liability Acts (Ocean)."*

HALYARD

Rope, line, and tackle usually attached to the mast and used for hoisting and lowering items such as equipment or sails.

HAMBURG RULES

See *"Carrier's Liability Acts (Ocean)."*

HARBOUR MASTER

A person who supervises berthing of yachts and other vessels in a harbour or marina.

HARTER ACT

See *"Carrier's Liability Acts (Ocean)."*

HATCH

An opening, generally rectangular, in a vessel's deck affording access to the compartment below.

HAUL DAYS

The day a repair yard hauls a vessel out of the water (for maintenance work, repair work, or storage) and the day it hauls the vessel back into the water are both haul days. Each time the vessel is hauled, the repair yard charges the vessel owner for two haul days and as many full lay days in between as it takes to do the work. See *"Haul Out"* and *"Lay Days."*

HAUL OUT

To draw or lift a vessel from the water to the shore for maintenance work, repair work or storage.

HAZMAT (Hazardous Materials)

Substances classified by the U.S. Environmental Protection Agency (EPA). Transportation of hazardous materials is strictly regulated by the U.S. Department of Transportation.

HEAD

A vessel's toilet. The name is believed to have come from the fact that the toilet facilities on sailing ships were located in the bow (head) of the vessel.

HEAVE

To throw a dock line, anchor line, or life ring.

To pull, raise, or lift, e.g. heave in the anchor line, or heave on the capstan or a block and tackle.

Heave to—to bring the ship to a stop in heavy weather, e.g. reduce sails or power.

Also hove, e.g. the ships hove into view above the horizon or alongside.

Heave Ho. A command to push or pull together, e.g. on the anchor line (the slang term came from sea chanties sung while pulling up the anchor).

See *"Vessel Movement."*

HELD COVERED

An extension of coverage by an insurance company in certain circumstances where coverage is not already provided by the policy. To take advantage of the policy's *"held covered"* clause, it is usually required that the insured give prompt notice to the insurance company of the circumstances that have taken place, and pay any reasonable additional premium required.

HELMSMAN

The person responsible for steering a vessel. See also *"Coxswain."*

HIGH CUBE CONTAINER

A container over 8 feet 6 inches in height.

HIMALAYA CLAUSE

A clause in bills of lading extending to stevedores, terminal operators, etc. certain defenses available to the shipowner in the bill of lading, e.g. stevedores using the carrier's liability limitation of \$500 per package.

HOLD

An enclosed space on the vessel in which cargo is carried.

HOLDDOWN CLAMP

A device used to hold a container to the truck chassis during transit.

HOOK DAMAGE

Damage to breakbulk cargo caused by stevedores' hooks.

HOUSE-TO-HOUSE

See "*Door-to-Door.*"

HOUSE- TO-PIER

Cargo loaded into a container by the shipper and unloaded from the container at the port of discharge.

HULL

The structural framework of a vessel, together with all decks, deckhouses, and hull plating, but exclusive of engines, masts, spars, rigging, and equipment.

HUMPING

The process of making up trains in a railroad yard by uncoupling the cars on a track that is slightly elevated to the train being made up on the classification tracks in the yard. The cars roll down the incline and are switched to the correct tracks, where they connect to the various trains being made up.

HURRICANE

A tropical cyclone with winds of 74 mph or greater in the North Atlantic, Caribbean/West Indies, and North Pacific Oceans. The winds rotate in a counter-clockwise direction in the Northern Hemisphere and clock-wise in the Southern Hemisphere moving from east to west following the general direction of the wind and ocean current in the area. They originate over water in the tropics between 5 and 30 degrees of latitude (2/3 of them in the Northern Hemisphere). When they leave the warm waters of the tropics, they lose their power and the wind diminishes.

See "*Storm*" and "*Weather Warnings.*"

HUSBAND/HUSBANDING AGENT

An agent in a foreign port who takes care of the ship's needs.



IBNR

See "*Incurred But Not Reported.*"

ICC

See "*Interstate Commerce Commission*" International Chamber of Commerce.

IMCA

International Maritime Consultative Organisation. A forum in which most major maritime nations participate and through which recommendations for the carriage of dangerous goods, bulk commodities and maritime regulations become internationally acceptable.

IME

Independent Medical Examination.

IMPLIED WARRANTY

See "*Warranty.*"

IMPORT

To receive goods from a foreign country.

IMPORT LICENSE

A document required and issued by some national governments authorizing the importation of goods.

INBOARD

Within the perimeter of the vessel's hull. See also "*Outboard.*"

INBOARD - OUTBOARD/OUTDRIVE

A permanently mounted inboard engine connected through the transom of a vessel to an outboard propeller drive assembly that both propels the vessel and is turned from side to side to steer the vessel. This form of engine eliminates the need for a rudder, rudder post, shaft log, stuffing box, stern bearing, coupling, and conventional propeller shaft. Inboard-Outboard is also known as "*stern drive.*"

IN BOND

Cargo moving under Customs control where duty has not yet been paid.

INCHMAREE CLAUSE (Additional Perils Clause)

First added to hull policies following an English case involving the vessel "INCHMAREE" It expands coverage to include consequential damage directly caused by explosion, breakdown of electrical machinery, bursting of boilers, breakage of shafts, latent defect in machinery or hull, accidents in handling cargo, repairer's negligence, crew negligence, et al; as long as the damage does not result from want of due diligence by the vessel owner. The clause was later added to cargo policies.

INCOTERMS

The "*International Chamber Of Commerce Terms of Sale.*" These terms were last amended in the year 2000. See "*Cargo Terms of Sale.*"

INCREASED VALUE INSURANCE

Insurance that covers an excess amount over the insured value of the property; hull or cargo. Such insurance is for a separate agreed amount in excess of the agreed value of the property and is written on a separate policy form which is essentially Total Loss Only insurance. Hull policies limit the amount of LV. insurance that an owner may place in excess of the hull agreed value.

INCURRED BUT NOT REPORTED (IBNR)

An insurance company term for losses that have occurred but have not yet been reported to the company. It is a factor in insurance company accounting that permits the company to take such losses into account for actuarial purposes.

INDEMNIFY

To reimburse a party for loss, damage or expense.

INDEMNITY

Payment or reimbursement for loss, damage or expense.

INFLAMMABLE

See "*Flammable*."

INHERENT VICE

A loss caused by the nature of the thing insured and not the result of a fortuitous external cause; e.g. spontaneous combustion of bulk grain.

IN PERSONAM

Suit against a named individual, corporation or other business entity; i.e. "*the person*." See "*In Rem*."

IN REM (against the thing)

A maritime lien against a vessel or containers. This unique feature of Admiralty Law allows a claimant to have a vessel or container arrested or seized to enforce a legal action, rather than arresting its owner (whose identity may not be known). The seized property is held as security until the claim is decided or until acceptable security is substituted. See "*Arrest*" and "*Attachment*."

INSPECTION CERTIFICATE

A certificate issued by an independent agent or firm attesting to the quality and/or quantity of the merchandise being shipped. Such a certificate is usually required in a letter of credit for commodity shipments.

INSTITUTE CLAUSES

Clauses agreed in the London insurance market and offered by the Institute of London Underwriters. (Clauses offered by the American market are titled "*American Institute of Marine Underwriters Clauses*."

INSURABLE INTEREST

A real stake in a specific property to the extent that loss of or damage to the property could cause a financial loss.

INSURANCE CERTIFICATE

See "*Certificate of Insurance*."

INTERMODAL

See "*Multimodal*."

MANAGEMENT (ISM) CODE

The International Management Code for the Safe Operation of Ships and for Pollution Prevention requiring every company and bareboat charterer operating a vessel to design and implement a Safety Management System; effective **7/1/98** on some vessels and **7/1/02** on other types of vessels.

INTERSTATE COMMERCE COMMISSION (ICC)

The U.S. federal agency charged with enforcing laws applicable to common carriers transporting cargo between states. It was abolished January 1, 1996 and replaced by the Surface Transportation Board.

INVOICE

The Seller's bill of sale for the goods sold, specifying the type of goods, quantity, price, and terms of sale. See "*Commercial Set*."

IQF (Individually Quick Frozen)

Small pieces of food that are frozen individually before being packed and shipped.

IRRESPECTIVE OF PERCENTAGE

Loss or damage due to a peril insured against collectible in full, without a franchise having to be reached, or a deductible applied. See "*Average Clauses*."

IRRETRIEVABLE DEPRIVEMENT

See "*Total Loss*."

IRREVOCABLE LETTER OF CREDIT

Letter of credit in which the specified payment is guaranteed by the bank if all terms and conditions are met by the drawee and which cannot be revoked without joint agreement of both the buyer and the seller.

ISM CODE

See "*International Safety Management (ISM) Code*."



JACOB'S LADDER

A rope ladder suspended from the side of a vessel used for boarding or leaving the vessel; e.g. as used by a pilot.

JASON CLAUSE (Negligence General Average Clause)

A clause in ocean bills of lading providing that any general average will be borne proportionately by vessel, cargo, and freight even if the general average arises out of the vessel owner's negligence, errors of the master or crew, or unseaworthiness of the vessel. Without this clause, cargo has no obligation to contribute to any general average arising from these causes.

JETSAM

Anything which is voluntarily cast overboard from a vessel in time of distress. See "*Jettison*" and "*Flotsam*."

JETTISON

The deliberate throwing overboard of cargo, or of part of the vessel's superstructure, equipment or stores, in the event of an emergency. Cargo or equipment might be jettisoned to lighten a vessel to relieve it from a strand, to stabilize it during a storm, or to get rid of flammables or explosives during a fire. (Washing

overboard is the accidental loss of equipment or cargo overboard due to the action of the elements.)

A pier, mole, wharf, or other structure projecting into a body of water to influence the current or tide or to protect a harbour or shoreline.

JOINT POLICY

See “*Subscription Policy.*”

JONES ACT

A 1920 U.S. Statute which provides that a seaman injured by the negligence of the vessel owner, master, or fellow crew member can recover damages for his or her injuries from the vessel owner. See “*Seaman’s Rights and Remedies.*”

JURY RIG

A temporary or makeshift arrangement of equipment set up to take the place of rigging or equipment which was lost or carried away; i.e. to make temporary repairs. Originally, in the days of sail, it referred to the ship’s masts and rigging. It now refers to any temporary repairs made to continue the operation of the equipment or vessel before a proper or complete repair can be made.

JWO (jettison and washing overboard)

See “*Jettison*” and “*Deck Load Conditions.*”



KEEL

Centreline strength member running fore and aft along the entire bottom of a vessel; the vessel’s backbone to which the ship’s ribs or shell plating are attached. In modern sailboats, the keel is a weighted appendage to counterbalance the tendency of the vessel to heel from the wind pressing against the sails. It is usually made of lead and can have wings or a bulb attached to the bottom of it. This type of keel is tall and slender, only attaches at the midpoint of the vessel, and does not run the entire length of a vessel. A separate skeg is usually located at the aft end of the vessel in front of the rudder to give the directional stability that a full length keel would give. See also “*Skeg.*”

KING PIN

A coupling pin centred on the front underside of a truck chassis; couples to the tractor.

KNOCKED DOWN (KD)

Articles which are disassembled either to reduce the cubic footage displaced or to make a better shipping unit, to be re-assembled at destination; e.g. knocked down furniture.

KNOT

Unit of speed equal to one nautical mile (6,080.20 ft.) per hour. One statute mile equals .868 nautical mile, or one nautical mile equals 1.15 statute miles. In the days of sail, speed was measured by tossing a log overboard which was secured by a line to the vessel. Knots were tied into the line at approximately six feet

intervals (the breadth of a man’s arm span). As the vessel sailed on, the number of knots passing over the side in a measured period of time was counted and thus became the measure of ship’s speed.

KNOWN LOSS

A loss that has already occurred and is known to exist by one or both parties prior to the placement of insurance coverage. As a condition of the placement of the insurance, a warranty “no known or reported losses” is frequently used by the insurance company to exclude such losses.



LACHES

A doctrine in Admiralty Law in which a party’s failure to do the required thing in a timely manner causes the party to lose that right of action; e.g. unreasonable delay in asserting a claim

LADEN

Loaded aboard a vessel.

LADING

See “*Bill of Lading.*”

LA E (Loss Adjusting Expenses)

See “*Allocated Loss Adjusting Expense.*”

LAGAN (Ligan)

A heavy article thrown overboard with a buoy to mark where it is located for recovery at a later time; e.g. crab pots.

LAI-UP

A vessel removed from active operation or navigation.

LANDBRIDGE

Movement of cargo by water from one country through the port of another country, then by rail or truck to an inland point in that country or to a third country; e.g. a through-movement of Asian cargo to Europe across North America.

LANDED COST

The total cost of goods to a buyer, including transportation, duty, and other costs.

LANDED VALUE

Market value of cargo at destination on the final day of discharge from the ocean vessel.

L.A.S.H. (Lighter Aboard Ship)

See “*Vessel Types.*”

LASHING

Wire, rope, turnbuckles, chains, etc. used to secure cargo in a container or truck trailer, or to secure cargo or containers on a vessel to prevent shifting during transit.

LATENT DEFECT

Any defect which has not resulted from wear and tear and which cannot be discovered by a diligent Assured through the use of any known or customary test. In particular, latent defects are not limited to defects in metal.

LATITUDE / LONGITUDE

A grid system of reference in which every point on the surface of the earth can be located using its unique coordinates:

LATITUDE lines

(Called Parallels) circle the earth and are parallel to the Equator. Latitude locates a point's distance North or South of the Equator, and is measured in degrees, minutes, and seconds, from 0° at the Equator to 90° at the North Pole or South Pole.

LONGITUDE lines

(Called Meridians) radiate from the North Pole to the South Pole and are not parallel. Longitude locates a point's distance East or West of the Prime Meridian (Greenwich, England), and is measured in degrees, minutes, and seconds from 0° at the Prime Meridian to 180° at the International Date Line.

For example, San Francisco has coordinates

37° 48'N and **122° 24'W** and is located on:

- a Latitude line **37° 48' North** of the **Equator**, and
- a Longitude line **122° 24' West** of the **Prime Meridian**.

LATITUDE LINES + LONGITUDE LINES = GRID SYSTEM



LAY DAYS

The number of days a vessel is out of the water for maintenance work, repair work, or storage. See *"Haul Out"* and *"Haul Days."* The number of days a ship may use a dock for loading or unloading cargo before demurrage is charged. The number of days between yacht races to allow repair of vessels and crew rest.

LAYTIME

The amount of time a vessel is allowed to remain in port before incurring delay penalties. See *"Demurrage."*

LAY-UP

See *"Laid-Up."*

LAY-UP RETURNS

A return premium given to the Assured by the insurance company for periods the vessel was not operated during the policy term.

L/C

Letter of Credit.

LCL (Less than full Container Load)

Shipments of two or more shippers consolidated into one container to make a full container load.

LEAD UNDERWRITER

The insurance company which sets the terms and usually accepts the largest participation in a joint or subscription policy and the other subscribing companies usually agree to follow.

LEAGUE

See *"Weights and Measures."*

LEGAL LIABILITY

Responsibility imposed by law.

LETTER OF CREDIT (LC) (LOC)

A document issued by a bank and used to pay for cargo. The buyer arranges a letter of credit from its local bank, creating a fund in a foreign bank near the seller in a specified amount in the seller's favour. The buyer authorizes the seller to draw drafts against the fund for goods purchased by the buyer. A sum of money is paid to the seller under specific terms and conditions, including the receipt by the bank of certain documents within a given time. See *"Cargo Terms of Sale."*

LETTER OF INDEMNITY

A letter agreeing to reimburse a party or hold it harmless for loss or damage. It is sometimes used as a fraudulent practice in which a cargo owner gives a vessel owner a guarantee of *"no claim"* if the vessel owner issues a clean bill of lading to the cargo owner to satisfy a letter of credit requirement, when the cargo laden aboard is actually damaged.

LETTER OF UNDERTAKING

A letter issued by a Protection and Indemnity Club or other financial organization guaranteeing reimbursement to a party for loss or damage (usually to cargo). It is a more informal form of security and less expensive than posting a bond to guarantee performance. However, it is only as good as the good faith of the entity issuing the letter as there is no third party (such as a bank or insurance company) to guarantee performance.

LIABILITY INSURANCE

Insurance to cover the legal responsibility of an Assured.

LIEN

A property right in which a party has a legal claim upon cargo or vessel for the satisfaction of some debt or duty.

LIGAN

See *"Lagan."*

LIGHTER

See *"Barge"* under *"Vessel Types."*

LIGHTERAGE

Transportation of cargo between an ocean-going vessel and the pier by a smaller vessel called a lighter or barge. A lighter is used when the water is not deep enough for the ocean-going vessel to lie alongside the pier or wharf, or when the discharge facilities of the port are so congested that lighterage is more efficient.

LIMITATION OF LIABILITY ACT

See *"Carrier's Liability Acts (Ocean)."*

LINE OF DEMARCATION

The line between two points where the navigational rules of international waters and inland waters meet. See *“ColRegs.”*

LINER

A vessel sailing between specified ports on a regular schedule (as opposed to a *“Tramp Steamer”* which has no regular schedule).

LINER NEGLIGENCE CLAUSE

Replaces Inchmaree Clause in the Hull policy and provides virtually All Risks coverage on a vessel, as long as the damage does not result from want of due diligence by the vessel owner.

LIST

The amount of vessel tilt or heel (measured in degrees) from the vertical upright position. A list can be caused by improper stowage or shifting of cargo or fuel to one side of the vessel, or a flooded tank or hold. It is different than the normal rolling that a vessel experiences as it rides over the waves in the ocean. See *“Vessel Stability.”*

LLOYD’S AGENT

A representative of Lloyd’s of London located in ports throughout the world. They serve three primary functions:

1. Reporting the arrival and departure of vessels.
2. Inspecting vessels and issuing certificates to show they maintain their *“Class.”*
3. Surveying cargo losses for Lloyd’s members.

Lloyd’s Agents are also nominated by various marine insurance companies to act as cargo surveyor settling agents.

LLOYD’S CONFIDENTIAL INDEX

A listing of vessels with descriptions, data, major claims, prior vessel names and owners on each vessel registered at Lloyd’s. The index also shows all vessels in a fleet under common ownership or management.

LLOYD’S REGISTER

An alphabetical listing of vessels including their specifications and other information valuable to shipping and marine insurance industries.

LLOYD’S REGISTER OF SHIPPING

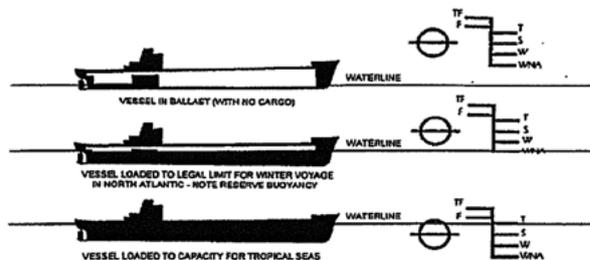
An organization maintained for the surveying and classing of vessels so that insurance companies and others may know the quality and condition of the vessels offered for insurance or employment.

LNG (Liquefied Natural Gas carrier)

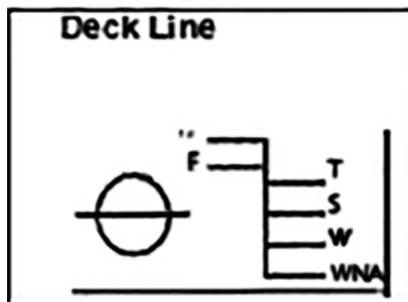
See *“Vessel Types.”*

LOAD LINE

A mark on a vessel’s side indicating the maximum depth to which it may be safely immersed when loaded with cargo. This depth is variable and depends on the waters of operation, time of year, and type of cargo; e.g. winter, North Atlantic, timber will have a special depth. Laws regulate the amount of cargo a vessel can carry and still maintain enough reserve buoyancy and a low enough center of gravity to ensure its safety in adverse weather and dangerous seas. The white areas in the pictures below are empty spaces for paying cargo, and the remaining space houses a vessel’s main and auxiliary machinery, living quarters and supply lockers.



While there are other load lines, the most common is the PLIMSOLL MARK, which was established by the British Parliament in 1876 to prevent overloading of vessels. It was named after Samuel Plimsoll, a member of British Parliament, who was interested in maritime safety.



The Plimsoll Mark

The letters signify:

- TF** Tropical Fresh Water Load Line
- F** Fresh Water Load Line
- T** Tropical Load Line
- S** Summer Load Line
- W** Winter Load Line
- WNA** Winter, North Atlantic Load Line

LOAN RECEIPT

Document signed by the Assured acknowledging receipt of money advanced by the insurance company as an interest-free loan (instead of payment of a loss) repayable to the insurance company only if the loss is recovered from a third party and then only to the extent of the recovery.

LOC

See *“Letter of Credit.”*

LOCK

An enclosed area of water with a gate at each end. Water can be let in or out to raise or lower vessels from one level to the next through a canal or around a dam.

LONGITUDE

See *“Latitude/Longitude.”*

LONGSHOREMAN/LONGSHORE WORKER

An individual employed locally in a port to load and unload vessels. See *“Stevedore.”*

LOSS ADJUSTING EXPENSE (LAE)

See *“Allocated Loss Adjusting Expense.”*

MARKET

A reduction in the value of merchandise for reasons other than physical damage - either late arrival or obsolescence; e.g. Christmas trees arriving undamaged in January. This is a

“*business loss*” and is not recoverable under a Marine Cargo Policy.

LOSS OF SPECIE

A change in the nature or character of cargo or a vessel so that it is no longer the thing insured. See “*Total Loss.*”

LOST OR NOT LOST

An agreement by the insurance company that, even though a voyage of a vessel or cargo may have already commenced, coverage will attach from the beginning of the voyage provided the Assured has no knowledge as to the status of the vessel. A notation is usually made on the insurance policy that the coverage has been bound “*Lost Or Not Lost*” and is accompanied by a statement signed by the Assured “*warranted no known or reported losses*” as of that date.

LTL

Less than a full Truck Load.



MAINTENANCE

Necessary measures to keep the vessel in operating condition.

MANDATORY SETTLEMENT CONFERENCE

See “*Alternative Dispute Resolution.*”

MANIFEST

An itemized list by Bill of Lading number of the kind and quantity of all cargoes loaded aboard a vessel or other conveyance prepared by the transporter.

MARINA

A docking facility for private pleasure boats. There may be several hundred berths at one location. The facility often contains a fuel dock, other marine supplies, a parking lot, a ramp or haul out facility for trailered boats, and other commercial facilities.

MARINE EXTENSION CLAUSES (MEC)

A clause in the Cargo Policy extending the Warehouse to Warehouse Clause to provide continuous coverage on the cargo during any deviation, delay, forced discharge, reshipment, transshipment or other interruption in the due course of transit that is beyond the control of the Assured.

Note: this clause only extends the policy during delays; does not add “*delay*” as an insured peril.

See “*Ambit*” “*Delay Clause*” and “*Warehouse to Warehouse Clause.*”

MARINE INSURANCE ACT

1906 English law and 1909 Australian law which codified marine insurance case law into a comprehensive code for consistent application. U.S. lacks a counterpart code and depends on case law precedent for its legal decisions.

MARINE LEAGUE

See “*Weights and Measures.*”

MARINE RAILWAY

A set of tracks extending from on shore into the water on an incline, used to haul vessel in and out of the water to allow access to their underbodies. A vessel is floated onto a submerged cradle or ways table (similar to a railroad flat-car) which are winched up the tracks into the shipyard. See also “*Ways.*”

MARITIME

Matters pertaining to commerce or navigation upon the sea or in seaports. See “*Admiralty Court.*”

MARITIME LIEN

See “*General Average Security*” and “*Lien.*”

MARKS

Indications on a lead line showing the depth of the water. Buoys or other navigation aids marking a channel or obstruction. **3. Letters, numbers or symbols placed on packages for identification.**

MARLINE SPIKE

A pointed metal spike used by deck crew to separate strands of rope for splicing or untying knots. Something done in a skilful manner is called “*marline spike seamanship.*”

MAST

A vertical spar on a vessel used to carry sails, navigational lights or signals, and rigging for loading and unloading cargo or equipment.

MASTER

Person who has command of a vessel; the captain.

MASTER'S PROTEST

Sworn statement of the captain describing any unusual happening during the voyage, and disclaiming vessel responsibility therefore.

Accident report submitted by the captain on a hull claim.

MAXIMUM CURE

See “*Seaman's Rights and Remedies.*”

MEC

See “*Marine Extension Clauses.*”

MEDIATION

See “*Alternative Dispute Resolution.*”

METACENTER

See “*Vessel Stability.*”

MINI-TRIAL

See “*Alternative Dispute Resolution.*”

MOORING/MOORAGE

Where a vessel is secured and held in place by chains, ropes, lines, or two anchors; e.g. to a mooring buoy, wharf or pier. A buoy securely anchored to the bottom by a heavy weight is used for tying up vessels.

MULTIMODAL

The transportation of cargo using two or more modes of transportation. Same as Intermodal.



NAMED PERILS POLICY

Any marine policy limiting coverage to perils specifically listed in the policy; as opposed to an All Risks policy. See *“All Risks.”*

NAVIGATIONAL LIMITS

See *“Trading Warranties.”*

NEGLIGENCE

Doing something that a reasonable and prudent person would not do, or not doing something that a reasonable and prudent person would do in a particular situation. The failure to exercise normal care or act reasonably under the circumstances.

NEGLIGENCE CLAUSE

A clause in a property insurance policy extending the policy to cover the peril of negligence; e.g. Inchmaree Clause.

NEGLIGENCE GENERAL AVERAGE CLAUSE

See *“Jason Clause.”*

NEGOTIABLE INSTRUMENT

A document (such as a bank draft, promissory note, check, or bill of lading) transferable from one party to another in good faith, for a consideration.

NET TONNAGE

See *“Tonnage.”*

NEW FOR OLD

Insurance coverage for repairs to a vessel to be accomplished employing new parts to replace old damaged parts without deduction for depreciation.

NEW JASON CLAUSE

See *“Jason Clause.”*

NO-CURE, NO-PAY

A form of salvage contract in which the salvor receives no payment if he or she fails to save any property, and is paid only if successful.

NON-DELIVERY

A loss in which an entire shipping package and its contents are missing at destination. Non-delivery does not include pilferage of cargo from a package where the package itself is delivered.

NON-SEPARATION OF INTEREST AGREEMENT

Additional form required as General Average Security in the event cargo must be separated from the vessel and forwarded to destination by another vessel. Cargo owner’s signature on this document preserves the vessel owner’s maritime lien on cargo. See *“General Average Security.”*

NON-VESSEL OPERATING COMMON CARRIER (NVOCC)

A cargo consolidator who buys a block of space from a carrier, divides it, and re sells it to smaller shippers. The NVOCC issues Bills of Lading, publishes tariffs, and otherwise conducts itself as an ocean common carrier, except that it does not provide the actual ocean or intermodal transportation of cargo.

NOTICE OF ABANDONMENT

See *“Abandon / Abandonment.”*

NVOCC

See *“Non-Vessel Operating Common Carrier.”*



OCEAN BILL OF LADING

See *“Bill of Lading.”*

OCEAN SHIPPING REFORM ACT (1999) (OSRA)

This legislation further deregulates ocean shipping by permitting the parties to make service contracts confidential from disclosure to other shippers or carriers. A service contract essentially guarantees a minimum volume commitment from shippers in exchange for lower freight rates or better contract terms from carriers. The service contract may alter terms and conditions on nonnegotiable bills of lading.

OIL POLLUTION

See *“Pollution Liability.”*

OMNIBUS CLAUSE

Phrase in the perils clause of cargo and hull policies that covers *“All other perils, losses, and misfortunes”* meaning perils of the same nature as those specifically described in the perils clause; known as doctrine of *“ejusdem generis.”*

Clause in a yacht policy that affords other people the same protection as the Assured when they are operating the Assured’s yacht with the Assured’s prior permission.

ON BOARD

See *“Aboard.”*

ON DECK CARGO

Cargo carried on the main deck of the vessel, or other spaces above the main deck; cargo carried on deck is subject to damage by wind, sea water; and being washed overboard. See *“Deck Load Conditions.”*

OPA 90 (Oil Pollution Act of 1990)

See *“Pollution Liability.”*

OPEN ACCOUNT

A trade arrangement in which goods are shipped to a foreign buyer without guarantee of payment.

OPEN POLICY

A cargo policy with no expiration date that provides automatic coverage of cargo shipments to or from an Assured in a specified trade at agreed rates, terms, and conditions. The marine and war policies are usually two separate open policies.

OPRC

See *"Pollution Liability."*

ORIGIN

See *"Point Of Origin."*

OS & D REPORT

A report documenting the condition of a cargo shipment as *"Over, Short or Damaged"* at unloading.

OSRA

See *"Ocean Shipping Reform Act."*

OUTBOARD

Outside the perimeter of the vessel's hull. See *"Inboard."*

OUTDRIVE

See *"Inboard - Outboard."*

OUT OF COMMISSION

A vessel without certain items of equipment or gear necessary for operation, such as batteries, fuel, water, navigational aids, etc. See *"Port Risk"* and *"Laid-Up."*

OWNER AD PRO HOC (for this particular occasion)

Charterers of vessels who, for all intents and purposes, are the temporary owners of the vessel during the charter period. It is found in the LSHW (Longshoremen's and Harbour Workers' Act).



PA (Particular Average)

See *"Average Clauses."*

PACKING LIST

An itemized list of commodities shipped showing marks and numbers but no values.

PALLET

A low platform, usually wooden, on which several packages or pieces of cargo are stacked for efficient movement by a forklift or for storage; a skid. See *"Cargo Packing."*

PANDI

See *"Protection and Indemnity."*

PARTIAL LOSS

Any loss to cargo or a vessel that is less than a total loss. If the partial loss is directly caused by a peril insured against, it is a particular average loss. See *"Particular Average."*

PARTICULAR AVERAGE (PA)

A partial loss of the property insured (vessel or cargo, including total loss of part of a cargo shipment) caused by a peril insured against, and which is not a General Average loss. See *"Average Clauses"* and *"General Average."*

PARTICULAR AVERAGE ADJUSTMENT/PA ADJUSTMENT

Cargo is insured at an agreed valuation; therefore, the surveyor establishes the percentage of damage to the goods which is then applied to the agreed value to determine the amount of claim. Where a percentage of damage cannot be agreed, it is common for the damaged goods to be sold. The amount of claim is then computed by determining the sound market value of the goods on the date of sale (as if undamaged), comparing it to the amount for which they were sold, thereby obtaining a percentage of depreciation which can be applied to the agreed value. See *"Salvage Loss Adjustment"*

PARTICULAR AVERAGE CLAUSES

See *"Average Clauses."*

PARTLOW CHART

See *"Temperature Recording Devices."*

PEAK VALUE

The market price of certain traded commodities is established on a daily basis in Commodity Markets. If a consignment of such a commodity is shipped, Peak Value represents the highest market value reached during the voyage. A Peak Value Endorsement establishes the highest value as the insured value of the commodity for that voyage.

PERILS CLAUSE

One of the clauses in a Marine Policy that specifies the risks or hazards insured against

PERILS OF THE SEA

Fortuitous accidents or casualties, peculiar to transportation on navigable water, such as stranding, sinking, collision of the vessel, striking a submerged object, or encountering heavy weather or other unusual forces of nature.

PERILS ON THE SEA

Perils which are named and covered by the policy which are other than "Perils of the Seas"; e.g. fire, which is not a peril unique to the sea.

PHYTOSANITARY CERTIFICATE

A certificate issued by the U.S. Department of Agriculture to satisfy import regulations of foreign countries; indicates that a U.S. shipment has been inspected and found free from harmful pests and plant diseases.

P&I

See *"Protection & Indemnity."*

PIER

A fixed platform (usually on pilings) extending perpendicular to the shore over the water to provide access to vessels or boats. See *"Wharf" and "Dock."*

PIGGYBACK

A rail service in which intermodal containers are carried on rail cars with their truck trailer chassis' attached. See *"Stacktrain"* and *"Container."*

PILFERAGE

The theft of part or all of the contents from a shipping package where the package itself is delivered at destination.

PILOT

A navigator who is expert at navigating the waters of a particular port. Many ports require that vessels over a specified tonnage have a licensed Pilot take the vessel into and out of port.

PILOTHOUSE

The deckhouse which encloses the steering wheel, compass, and navigational equipment; and from which the helmsman steers the vessel. Also known as wheelhouse.

PITCH

The angle of a propeller blade to its axis.
Caulking material used as a sealant between planks of a wooden vessel. See *"Vessel Movement."*

PLIMSOLL MARK

See *"Load Line."*

POINT OF ORIGIN

Location (City and Country) where a cargo shipment begins transit.

POLLUTION LIABILITY

Contamination of the water, land or air from oil, oil products, hazardous chemicals or effluent. In addition to legislation in individual states, private and Federal Government responses to pollution concerns include the following:

TOVALOP - 1968

(Tanker Owners' Voluntary Agreement Concerning Liability for Oil Pollution). An agreement subscribed by most of the world's tanker operators whereby they agree to reimburse governments for pollution clean-up costs in the event of an oil spill. Each member insures its potential liability under the agreement.

CRISTAL

(The Contract Regarding an Interim Supplement to the Tanker Liability for Oil Pollution 1971). A voluntary fund contributed by oil cargo owners to satisfy damages suffered by governments and individuals from an oil spill. The fund will pay a maximum of \$135 million. Participation in TOVALOP is a prerequisite for coverage under CRISTAL.

CERCLA

(Comprehensive Environmental Response, Compensation and Liability Act of 1980). Applies to the discharge of hazardous substances such as chemical waste, solid waste, garbage, biological materials, heat, discarded equipment and industrial waste, in addition to petroleum.

OPA 90

(Oil Pollution Act of 1990). A federal law supplementing the Federal Water Pollution Prevention and Control Act (FWPCA)

in the wake of the Exxon Valdez disaster setting stringent liabilities and criminal and civil penalties for pollution in U.S. waters.

OPRC

(The Oil Pollution Preparedness Response and Cooperation Convention) was adopted by IMO (International Maritime Organization of the United Nations) in 1990 as a cooperative agreement between signatory nations to establish pre positioned pollution response equipment and cooperate with equipment and manpower in the event of an oil spill.

PORT

The left side of the vessel or airplane when onboard facing the bow. It is so named because the rudder (steering oar) of early sailing vessels was located on the right side, making it impossible to dock the vessel with the right side facing the pier, so the left side had to face the pier and the port. Port was originally referred to as the *"larboard"* side, but that was confused with *"starboard,"* so it was officially changed by order of the British Navy in 1844. See *"Starboard."*

A harbour with piers or docks where vessels load and unload cargo or passengers.

A large opening in a vessel's side for handling cargo and passengers. Automobiles are often loaded this way.

PORTAINER

A container crane.

PORT OF CALL

Port where a vessel loads or discharges cargo.

PORT OF ENTRY

Port where cargo is unloaded in an importing country.

PORT OF REFUGE

Nearest port available to a vessel in a storm or other emergency.

PORT RISK

Insurance on a vessel which is laid-up and out of commission, not navigating, and confined to the port area.

POWER TAKEOFF (PTO)

A device attached to an engine that supplies power to a stationary pump or other auxiliary equipment.

PPI (Policy Proof of Interest)

A notation on an insurance policy used to indicate that the policy itself is proof of an Assured's insurable interest in the property; no further proof of such interest need be submitted by the Assured to collect a covered loss. PPI policies are not written for parties who have no insurable interest in the property and who are gambling that there may be a loss, since gambling policies are illegal in all maritime countries. See *"FIA."*

PRATIQUE

Clearance granted by a Health Officer certifying the vessel and crew to be clear of contagious diseases and releasing the vessel from quarantine. A foreign vessel must fly a yellow *"Q"* flag upon entering port and anchor in a designated anchorage until a local health officer grants clearance.

PREFERENCE CARGO

Government owned (e.g. defense) or subsidy cargo (such as AID, shipments of grain) is required to be carried by U.S. flag carriers to help support the U.S. merchant marine and personnel. Refer to Cargo Preference Act of 1904 and 1954 (Public Law 83-664).

PRIMA FACIE

A fact presumed to be true so far as can be judged from the first disclosure, until disproved by some evidence to the contrary. A “clean” Bill of Lading is prima facie evidence of the apparent good order of cargo, i.e. cargo is presumed to be in good order when received by the carrier, and the burden is on the carrier to prove otherwise.

PRIMARY INSURANCE

The first layer of insurance on a risk. Excess policies can provide higher limits of coverage when stacked above the primary layer. See “*Excess Insurance.*”

PRIVILEGED VESSEL

See “*Stand-On Vessel.*”

PRIVITY

Knowledge of a condition.

PROCESSING COVER

Endorsement that extends coverage of the Warehouse-to-Warehouse Clause to continue while the merchandise is being assembled or worked on.

PRO FORMA INVOICE

An invoice provided by a supplier prior to the shipment of merchandise, informing the buyer of the kinds and quantities of goods to be sent, their value and specifications (weight, size, etc.).

PROMPT NOTICE

Notification by an Assured to the insurance company or the company’s representative within a reasonable period of time after the occurrence of a loss.

PROPELLER

The metal “*wheel*” or “*screw*” with two or more blades mounted at an angle to the hub. It is attached to the end of the propeller shaft and turns in the water providing a vessel with propulsion by pushing against the water. See “*Shaft.*”

PROPORTIONATE FAULT

A method of apportioning liability for damages when two vessels collide, where each vessel’s liability for the total damages (percentage) is based on that vessel’s degree of fault or negligence for the collision. It replaced the doctrine of Divided Damages in the United States in 1975 (U.S. v. Reliable Transfer Co.) to agree with the custom and practice of the other maritime nations of the world. See “*Divided Damages.*”

PROTECTION & INDEMNITY (P & I)

Insurance against the shipowner’s third party legal liability for damage to property (such as cargo, harbours, docks, buoys, etc.), collision liability (insofar as such liability is not already covered under the Collision Clause in the hull policy), personal injury, and loss of life. Also known as “*PANDI.*”

PROTEST

See “*Master’s Protest.*”

PROXIMATE CAUSE

Doctrine of “*causa proxima non remota spectator,*” or that it is to be the direct, primary, and immediate cause of loss that is to be considered, and not the remote or incidental cause.

PULP TEMPERATURE

The temperature of the internal flesh of refrigerated commodities.

PUNITIVE DAMAGES

Damages in excess of the amount of the actual loss, that are awarded by the court as punishment of a defendant or to set an example for others. Also known as “*exemplary damages*” or “*extra contractual damages.*”



QUARANTINE

A restraint placed on a vessel and all on board upon entering a port pending determination of the health conditions on board to protect the public from contagious diseases. During the quarantine period, the yellow “*Q*” flag is hoisted. See “*Pratique.*”

QUAY (Pronounced “key”)

A wharf or reinforced bank where vessels are loaded or unloaded.



RDC (Running Down Clause)

See “*Collision Clause.*”

RE-COOPER/RE-COOPERAGE

To repair or replace damaged packaging and consolidate sound cargo during transit in order for the cargo to complete the voyage. It is so named after the cooper, whose work was making and repairing barrels and casks, which were used as shipping packages on early cargo vessels.

RECORD

See “*American Bureau of Shipping.*”

RECOVERY

Amount received from a third party responsible for a loss on which a claim has been paid. See “*Subrogation.*”

RED LABEL

A label on shipments of dangerous material requiring on-deck stowage.

RED LETTER CLAUSE

A clause printed in red on a contract to alert the parties to certain limitations and exclusions in the contract. The clause originated with ship repair contracts.

REEF

A ridge of rock or coral lying at or very close to the surface of the sea forming a barrier and hazard to navigation.

REEFER

Refrigerated container or cargo hold of a vessel.

REINSURANCE

An arrangement between insurance companies, where one company (the ceding company) cedes a portion of a risk (policy, premium, and losses) to the other insurance company (the assuming company or reinsurer). Thus the risk of loss is spread and a disproportionately large loss under a single policy does not fall on one company. Reinsurers can be other insurance companies or companies specializing in reinsurance only. There are two types of reinsurance:

Facultative

Reinsurance of one particular risk (policy) where the reinsurer retains the right (faculty) to accept or reject each risk offered by the ceding company.

Treaty

Reinsurance (usually written on an annual basis) of an entire class of business consisting of many policies, where the ceding company agrees to cede and the reinsurer agrees to assume all of the risks (policies) of a particular class of business.

When a ceding company places either facultative or treaty reinsurance, the reinsurance is usually placed on one of the following bases:

Pro Rata or Quota Share

Reinsurance in which the reinsurer shares a pro rata portion of the premium and losses of the ceding company on a fixed percentage basis; e.g. 25%, 30%, or some other percentage.

Excess of Loss

Reinsurance in which the reinsurer (subject to a specified limit) pays 100% of the losses of the ceding company in excess of a certain agreed limit (e.g. \$1,000,000. retention) either on a per risk basis or in excess of a certain aggregate of all losses of a particular type (e.g. \$10,000,000 for windstorm losses). It includes various kinds of reinsurance: catastrophe, per risk, per occurrence, and aggregate excess of loss.

RELEASE

A document signed by a third party claimant acknowledging receipt of a claim payment and agreeing to make no further claim.

REPATRIATION

Transporting a seaman from a foreign port back to the port where he or she signed on as part of the vessel's crew. See "*Seaman's Rights and Remedies.*"

RESPONDENTIA

An ancient form of loan by the ship's master secured by the cargo. If the cargo arrived at destination, the loan was to be repaid; but

if the cargo did not arrive, the borrower did not have to repay the loan. See "*Bottomry Bond.*"

RIGGING

Collective term for all the ropes, lines, wires, chains, and rods used to support the masts, and move the spars and sails of a vessel.

RISK

A fortuitous peril or hazard; i.e. something that may happen, not something that is inevitable.

R.O.D. (Rust, Oxidation, and Discolouration)

An exclusion often used when insuring shipments of steel.

ROLL

See "*Vessel Movement.*"

R-O-R

See "*Vessel Types.*"

RUB RAILS

Superimposed heavy strips of wood or other material running the length of the vessel on the outside of the hull to protect the hull against impact and scraping damage.

RUDDER

A movable fin extending into the water (usually at the aft end of the vessel) used to steer the vessel.

RUNNING DOWN CLAUSE

See "*Collision Clause.*"

RUNNING LIGHTS

Various coloured lights required by law on vessels underway between sunset and sunrise to distinguish its height, starboard from port; and stern from bow. Vessels at anchor use different lights.

RYAN/COX TAPE

See "*Temperature Recording Devices.*"



SACRIFICE

The deliberate destruction or jettisoning of property to prevent greater loss. See "*General Average.*"

SAID TO CONTAIN (STC)

A disclaimer on ocean bills of lading indicating that the ocean carrier did not verify the type, quantity, or condition of the cargo when the ocean carrier received the loaded and sealed container to transport.

SALVAGE

A contractual or voluntary service rendered by a third party for assistance at sea in saving vessel or cargo from peril.

The monetary award for rendering such service.

See “*Salvage Award.*”

Vessel or cargo which is saved from loss at sea.

SALVAGE AWARD

The sum awarded to salvors for saving property damaged or endangered in a maritime adventure.

SALVAGE CHARGE

The cost incurred by a third party in saving, preserving, and reclaiming cargo or vessel from a loss at sea.

SALVAGE LOSS ADJUSTMENT

Insurance company’s adjustment of a constructive total loss cargo claim by paying the difference between the insured value and the salvage proceeds realized by selling the damaged cargo. See “*Particular Average Adjustment/PA Adjustment.*”

SALVAGE VALUE

The estimated amount of money that could be realized by selling damaged property, cargo or the vessel.

SALVOR

A third party who saves or assists in the saving of a vessel or cargo from loss at sea.

A person or firm who arranges for the sale of distressed or damaged property.

SCREW

See “*Propeller.*”

SCUTTLING

The deliberate sinking of a vessel by opening the sea valves, cutting holes through the hull, or otherwise admitting water into the vessel.

SDR

See “*Special Drawing Rights.*”

SEA-BEE VESSELS

See “*Vessel Types.*”

SEAL

See “*Container Seal.*”

SEAMAN

A person employed on board a vessel whose labour contributes to the main objective of the vessel; a sailor or mariner, commonly excluding the officers of a ship.

SEAWORTHY

The sound condition of a vessel’s hull and equipment, machinery, crew, and stowage of cargo, so it is reasonably fit to successfully meet all the varying conditions of sea, wind, and weather normally to be expected on the intended voyage.

SED

Shipper’s Export Declaration.

SETTLEMENT CONFERENCE

See “*Alternative Dispute Resolution.*”

SETTLING AGENT

An insurance company’s representative in a foreign country who is authorised to settle claims and make payment on behalf of the insurance company.

SEWERAGE

A system of sewer pipes and drains for the removal of water and waste material. Sewage; waste material.

SHAFT

The tailshaft (or drive shaft) that transmits power from the engine to the vessel’s propeller.

SHIP

A general term for a large seagoing vessel of considerable size. It is not the type, construction, rig, machinery, equipment, or means of propulsion that makes a ship, but rather the purpose of marine transportation (either military or commercial). Pleasure vessels are called “*yachts.*” A ship becomes a subject of admiralty jurisdiction from the moment its keel first touches the water. See “*Vessel Types.*”

SHIP CHANDLER

An individual or company selling equipment and supplies for vessels.

SHIPPER

The consignor (usually the seller) who tenders the goods to a carrier to transport to the consignee.

SHIPPER’S INSTRUCTIONS

The consignor’s instructions to its agent and/or transporters of cargo. The instructions may be varied; e.g., specific details/clauses to be printed on the B/L, directions for cargo pickup and delivery.

SHIPPER’S LOAD AND COUNT (SL&C)

Notation on a bill of lading indicating that the contents of a container were loaded and counted by the shipper; i.e. not checked or verified by the transporter.

SHIP’S BELLS

The ringing of a bell makes an audible signal to mark time of the watch on board ship. One bell sounds for each half hour starting at the commencement of the watch. One bell means 12:30, two bells mean 1:00, three bells means 1:30, and so on until 4:00 (eight bells). At 4:30 the cycle begins again with one bell.

Each vessel must carry a bell to sound when the vessel is anchored in fog.

SHIP TYPE

See “*Vessel Types.*”

SHOAL

Any place in a sea, river, etc. where the water is shallow and difficult to navigate.

SHRINK WRAP

Polyethylene or similar substance heat-treated and shrunk around several units, thereby securing them as a single unit on a pallet.

SIGHT DRAFT

See “*Draft.*”

SIGHTING THE BOTTOM

Examining the underside of a vessel.

SILVER NITRATE

A chemical used by cargo surveyors to test for the presence of salt (sea) water.

SINKING

A vessel which loses buoyancy and descends until it rests on the bottom or submerges as far as it can under the surface of the water. It is not necessary that it disappears entirely beneath the surface, since a vessel may sink in shallow waters and still have its superstructure exposed.

SISTER

To double a structural component of a vessel to increase its strength; e.g. the doubling of the ribs in the structure of a ship when one is broken or cracked.

Resembling another object in form, size, or design; e.g. sister ships.

SISTERSHIP CLAUSE

In the event of a collision between two vessels owned by the same Assured, this clause in the hull policy confers on the Assured the same rights as if the two vessels were separately owned and separately insured.

SKEG

The aft section of the keel to which the rudder can be attached. Modern sail boats, surfboards and runabouts have a small appendage at the aft end of the vessel that is detached from the keel, it provides directional stability to the vessel. See also "*Keel.*"

SKIDS

A pair or series of parallel runners, fitted beneath boxes or packages to raise them clear of the floor to permit easy access of forklift blades or other handling equipment. See "*Pallet.*"

SKIFF

See "*Vessel Types.*"

SLACK WATER

See "*Tides.*"

S L & C

See "*Shipper's Load & Count.*"

SLOOP

See "*Vessel Types.*"

SLOPS

Material collected after such operations as stripping, tank washing, or dirty ballast water separation. It may include oil, free water, suspended sediment and suspended water and is usually contained in a tank or tanks permanently assigned to hold such material. Also known as "*Bilge Water.*"

SMALL CRAFT WARNINGS

A system of flags displayed during the day and lights shown at night at prominent locations in a harbour to warn mariners of anticipated weather conditions and wind strength.

See "*Weather Warnings.*"

SOUND

Undamaged condition of cargo or a vessel, i.e. sound condition.

To measure the depth of water in which the vessel is sailing or the amount of liquid in a tank.

A long narrow body of water connecting two larger bodies of water, e.g. Puget Sound.

SPARS

A general term for pieces of rounded wood or metal used on vessels to support its rigging, principally as masts and booms.

SPECIAL CARGO POLICY

A stand-alone cargo policy covering a specific shipment for one voyage or trip. It is the complete policy and not subject to the terms and conditions of an open cargo policy, even if issued in conjunction with an open cargo policy. It is used when evidence of insurance is required, especially by a bank issuing a letter of credit. See "*Certificate of Insurance.*"

SPECIAL DRAWING RIGHTS (SDR)

An international monetary unit used to measure and compare the changing market values of currencies of member countries of the International Monetary Fund. It is equal to the market value of currencies of the 5 member countries: United States, France, Germany, Japan and England.

SPINNAKER

A large colourful triangular sail on a sailboat which is used when running before the wind, usually when racing.

SPOILS

Material dredged from the bottom of a river or harbour; dredge spoils.

SPONTANEOUS COMBUSTION

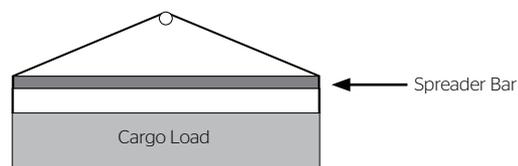
Self-ignition of combustible material by the internal development of heat, without the action of an external cause. See also "*Fire.*"

SPOTTING

Locating a container or railcar in a designated place to be loaded or unloaded.

SPREADER

A horizontal steel beam which is attached to a crane wire and is used to spread lifting wires apart so they are vertically aligned to lift cargo safely and efficiently without bending or flexing.



Spreader Bar D.Noland

Spreaders used for lifting containers have 4 remotely operated twist locks to attach to the corners of the container.

A bar on the mast of a sailboat used to keep lines apart and taut.

SPRING LINE

A docking line led forward or aft at an angle to the vessel to prevent forward or aft movement of the vessel.

SR&CC WARRANTY (Strikes, Riots & Civil Commotions)

A clause in marine insurance policies that excludes liability for losses caused by the acts of strikers, locked-out workers, or persons taking part in labour disturbances or riots or civil commotions or for losses which are directly caused by persons acting maliciously. This coverage may be restored to the policy by means of the SsR & CC Endorsement, for an additional premium.

STABILITY

See "*Vessel Stability*."

STACKTRAIN

A rail service in which intermodal containers are loaded two-high on railcars. Truck trailer chassis' are NOT transported with the containers. See "*Piggyback*" and "*Container*."

STAND-ON VESSEL

When meeting another vessel, the vessel with the right of way under the navigational rules; formerly called "*privileged vessel*". See "*ColRegs*" and "*Give-way vessel*."

STARBOARD

The right side of a vessel or airplane when onboard facing the bow. The word is derived from "*steer board*" referring to a steering board or oar located on the rightside amidships (rather than at the stern) of early sailing ships, which was used as a rudder. See "*Port*."

STATUTE OF LIMITATION

A law limiting the time in which claims or lawsuits may be filed.

ST C

See "*Said To Contain*."

STEM

The vertical part of a vessel's bow between the waterline and the main deck where the sides of the vessel come together. Most stems are angled forward to increase buoyancy as the vessel dips through the waves, but some older vessels (e.g. "*TITANIC*") were designed with a plumb (i.e. straight up and down) bow.

STERN

The rear or aft part of a vessel, opposite the bow.

STERN DRIVE

See "*Inboard - Outboard*."

STEVEDORE

A company that employs longshore workers to load or unload vessels.

Can also refer to a person who loads or unloads a vessel; a longshore worker.

STEVEDORING

The act of loading or unloading cargo from vessels.

STORES

Consumable supplies carried aboard a vessel for use during the voyage; e.g. provisions for the crew and fuel for the engine.

STORM

A general term for strong winds accompanied by rain, snow or

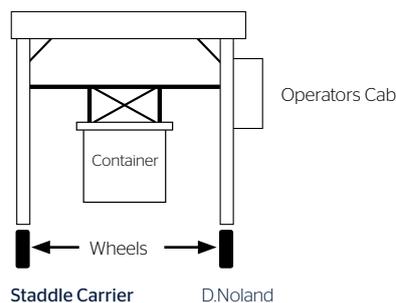
other violent weather conditions. Storms originating at sea are known by different names in different areas of the world: see "*Hurricane*," "*Typhoon*," and "*Cyclone*." Other local names for storms having their origin over land: "*Tornado*"; "*Williwaw*"; and some local ones: "*Willy-Willy*" in Australia, Baguio in the Philippines; "*Cordonazo*" in Mexico and the west coast of Central America; "*Mistral*" in the Mediterranean; "*Monsoon*" and "*Dafeng*" in China. See "*Weather Warnings*" and "*Beaufort Wind Scale*."

STOWAGE

The placement of cargo aboard the vessel.

STRADDLE CARRIER

A mobile 4-wheeled vehicle which straddles a container and lifts and transports it to and from the vessel within the container yard.



STRAIGHT BILL OF LADING

See "*Bill of Lading*."

STRANDING

The grounding of the vessel, causing it to remain fast for an appreciable length of time. Mere contact of the vessel with the bottom without losing momentum and proceeding on course is commonly termed as "*touch-and-go*" and is not considered a stranding.

STRIKES COVER

See "*SR & CC Warranty*."

STRIPPING

To unload cargo from a container; devanning.

STUFFING

To load cargo into a container.

SUBROGATION

The transfer of the Assured's right of recovery to the insurance company after payment of a claim. The insurance company steps into the shoes of their Assured (usually the cargo owner) and pursues recovery from any third parties responsible for the loss.

SUBROGATION RECEIPT

A document signed by the cargo owner acknowledging receipt of payment of a claim, and assigning its rights of recovery (against any third party) to the insurance company.

SUBSCRIPTION POLICY

A policy issued on behalf of two or more insurance companies who "*subscribe*" to a stated percentage of the coverage. In the event of default of any of them, each company is only liable for its stated portion of the risk and not that of any other insurer. Also

known as a “Joint Policy.” This is not reinsurance. See “*Coinsurers.*”

SUBSTITUTED EXPENSES

Expenses incurred to prevent or reduce a loss for which the insurance company would have been liable.

SUE AND LABOR

Action of the Assured or its representative to prevent or minimize loss or damage to insured property for which an insurance company would be liable. The Assured is required by the insurance policy to take this action so as not to jeopardize the insurance claim. See “*Sue and Labor Clause.*”

SUE AND LABOR CLAUSE

The clause in a marine policy requiring the Assured, in the event of a loss, to act as a prudent uninsured to prevent or minimize damage by taking steps to save and preserve the property from further loss or damage. The clause provides that charges or expenses reasonably incurred in preserving the property are recoverable from the insurance company, if the loss itself is recoverable.

SUMMARY JUDGMENT

A ruling by a judge that there is no genuine issue of material fact and that the party bringing the motion is entitled to prevail as a matter of law.

SUPERCARGO

The cargo owner’s agent or representative who travels on the ship with the cargo to supervise the loading, stowing, and discharging of the cargo and to handle any purchases or sale of cargo. Before the advent of rapid communications, supercargos were seagoing merchants engaged in trade as the vessel made its voyage. Today, they can still be found on chartered vessels.

SUPERSTRUCTURE

The structure above the main deck of a vessel.

SURGE

See “*Vessel Movement.*”

SURVEY

An inspection report issued by a marine surveyor to show the condition of cargo, vessel, or other maritime property, either before or after a loss.

SURVEYOR

A marine specialist who inspects cargo, vessels, and other maritime property to determine:

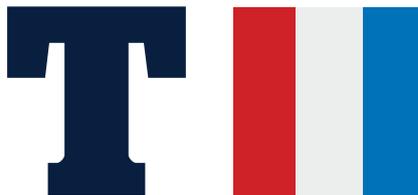
- The condition and/or value of property. Condition can include adequacy of packing, stowage aboard the vessel, and/or towage arrangements. The surveyor is not an insurance company loss adjuster, but an independent expert who acts without prejudice to the parties involved.
- The cause, nature, and extent of damage and recommended methods of repair and/or replacement. The surveyor is not an adjuster, and all actions are without prejudice to the insurance policy terms and conditions.

SWAY

See “*Vessel Movement.*”

SWEAT DAMAGE

Cargo damage caused by water condensing from humid air inside a container or hold of a vessel due to a drop in the outside temperature.



TACKLE

A system of ropes and lines (tackle) and pulleys (block) used to gain mechanical advantage to move heavy objects or rigging; collectively called “*running rigging.*”

TAIL SHAFT

See “*Shaft.*”

TANDEM TOW

One tug pulling two or more barges at the same time.

TARE WEIGHT

The weight of packing material, container, vehicle, etc., i.e. everything except the cargo. The tare weight is deducted from the total weight to calculate the weight of the cargo load being transported.

TARIFF

A publication setting forth the conditions, charges, rates, and rules of transportation companies for carrying cargo.

TEMPERATURE RECORDING DEVICES

Built-In Temperature Recorder (Partlow)

The temperature recording device that is part of a reefer container’s cooling equipment. During transit, the temperature of the air coming out of the cooling equipment, before it enters the cargo container, is continuously recorded on a round chart, i.e. the Partlow chart. As the equipment cycles on and off just like a home refrigerator) “*peaks*” and “*valleys*” are produced on the chart as the output is recorded. The chart is in the possession of the carrier before, during, and after the voyage.

Portable Temperature Recorder (Ryan, Cox And Other Brands)

A battery powered self-contained temperature recording device that is independent of a reefer container’s cooling equipment. One or more units are placed in a container (usually by the supplier) when the cargo is loaded. During transit, the temperature of the air inside the cargo container is continuously recorded on a roll of paper, e.g. the Ryan tape. When the cargo is unloaded at its final destination, the unit is removed by the consignee, who usually opens the unit and removes the tape. The unit can be sent to the manufacturer for testing and authentication of its accuracy.

TENDER

See “*Vessel Types.*”

To offer for acceptance; e.g. as tender of abandonment of property or the tender of defense of a lawsuit.

To offer goods for transportation or to make railcars, trucks or containers available for loading or unloading of cargo.

TERMINAL

A large open storage area adjoining a wharf, pier, or runway for loading or unloading dry, bulk, or container cargo from vessels or aircraft to trucks or railcars.

TEU (Twenty-foot Equivalent Unit)

A standard size designation of an ocean cargo container, since the early containers were 20 feet in length. Later containers were 40 feet in length and were sized by their cargo carrying capacity in terms of 20 foot units; i.e. a 40 foot container is the equivalent of two 20 foot containers; 1 FEU = 2 TEU's. Vessels are sized by the number of containers of a certain size they can carry; i.e. the number of TEU's or FEU's.

THIEVES

Persons stealing property. See "*Assailing Thieves.*"

THIRD PARTY

A person or company outside the two parties to a contract; e.g. someone other than the Assured or the insurance company.

THWARTSHIP

See "*Transverse.*"

TIDES

The alternating rise and fall of the oceans of the world (usually twice a day) as they react to the gravitational attraction between the earth and the sun and the moon. Tides are made up of two components: the height of the water and the flow of the current as the height changes. No two tides are the same height. Some of the more common terms to describe various stages of tide are:

Rising Tide

The vertical movement of water as the current flows in towards land.

Falling Tide

The vertical movement of water as the current flows out from land.

Current

The horizontal movement of water which leads to the rise and fall in the level of water.

Flood Tide

The horizontal flow of water (current) towards the land. (This is the opposite of wind direction which is expressed in the direction the wind is blowing from).

Ebb Tide

The horizontal flow of water (current) out to sea.

Slack Water

The brief time when the current is not in motion as it reverses between flood and ebb and vice versa.

High Tide Or High Water

When the water reaches its greatest height in the tidal cycle.

Low Tide Or Low Water

When the water reaches its lowest height in the tidal cycle.

Spring Tides

Tides which have the greatest range between low water and high water. This usually occurs once a month when the earth, sun, and moon are aligned and results in the greatest amount of current.

Neap Tides

Tides which have the least range between low and high water. This usually occurs once a month when the earth, sun, and moon are out of alignment and results in the least amount of current.

TIME CHARTER

See "*Charter Party.*"

TIME POLICY

A policy covering the subject matter for a specified period of time.

TLO

See "*Total Loss Only.*"

TONNAGE (Vessel)

Deadweight Tonnage

Actual weight in tonnes (2240 lbs.) of cargo, stores, fuel, passengers and crew that can be carried by a vessel when fully loaded to summer load line mark. See "*Load Line.*"

Displacement Tonnage

Weight of water in tonnes (2240 lbs.) that a vessel displaces either empty or loaded.

Gross Tonnage

The total capacity in cubic feet of all the spaces within the hull and the enclosed spaces above the deck available for cargo, stores, fuel, passengers and crew. One gross tonne equals 100 cubic feet of capacity.

Net Tonnage

Cargo carrying capacity of a vessel; i.e. gross tonnage of a vessel less spaces used for stores, fuel, passengers, crew, navigation and propulsion machinery. One net tonne equals 100 cubic feet of cargo capacity.

TOPSIDES

The upper part of a vessel's sides, from the waterline to the rail.

TOTAL LOSS (TL)

Actual Total Loss

Total loss of an entire vessel or an entire cargo shipment when the property is completely lost or destroyed due to one of the following:

- **Physical Destruction**
e.g. plywood being totally consumed by fire.
- **Irrecoverable Deprivation**
The owner of the property is deprived of the use of the property even though it is still intact and undamaged; e.g. a shipment of silver ingots is lost overboard; even though they still exist and are undamaged at the bottom of the ocean, they are irretrievably lost.

- **Loss Of Specie**
Changes in the character of the property so that it ceases to be the thing shipped; e.g. bags of cement wetted by sea water and hardened into concrete.
- **Vessel Lost**
A vessel (and its cargo) is posted “*missing*” at Lloyd’s and is considered an actual total loss, even though there is no evidence of it sinking.

Constructive Total Loss (C TL)

A vessel or cargo is so damaged that an actual total loss is inevitable, or the part or remnant remaining can only be recovered and repaired at a cost exceeding the insured value of the property.

Compromised (Or Arranged) Total Loss

A negotiated total loss settlement between the property owner and the insurance company under unusual circumstances, e.g. a vessel owner accepts a settlement of less than the face value of the hull policy and retains title to the vessel.

TOTAL LOSS ONLY (TLO)

An insurance policy covering ONLY the total loss of an entire vessel, an entire cargo shipment, or other property from an insured peril. A partial loss, even from an insured peril, is NOT covered by the Total Loss Only policy.

TOUCH & GO

See “*Stranding.*”

TOVALOP

See “*Pollution Liability.*”

TOWER’S LIABILITY

A tugboat owner’s legal liability arising out of the operation of tugboats towing or pushing barges or other vessels. (Pronounced toe-ers, not as in radio tower.)

TPND (Theft, Pilferage, and Non-Delivery)

Theft, pilferage and non-delivery of cargo.

TRACTOR

A self-propelled vehicle used for pulling one or more detachable trailers on a highway; as in “*tractor-trailer*” combinations. Sometimes it is called a truck tractor or highway tractor to differentiate it from a farm tractor. See “*Tractor Tug*” in “*Vessels Types.*”

TRADE LOSS

Commodities shipped in bulk are subject to natural shrinkage and evaporation. A trade loss is the percentage of that particular commodity normally lost during the voyage, and is therefore not a fortuitous loss. When insuring such commodities, insurance companies usually apply a deductible equal to the normal percentage (commonly %) lost, in order to avoid paying inevitable losses.

TRADING WARRANTIES

The geographical scope of a vessel’s operation stated in an insurance policy; navigating limits.

TRAILER

The detachable part of a truck that is pulled by the tractor, usually consisting of a wheeled chassis and a cargo container; e.g. tractor-trailer combination.

TRAMP STEAMER

A vessel maintaining no regular schedule, calling at any port where it may be able to pick up available cargo. See “*Liner.*”

TRANSOM

The vertical portion of a vessel’s stern, connecting its sides, bottom, and decks.

TRANSSHIPMENT (Transshipment)

The transfer of cargo from one vessel or conveyance to another for further transit to complete the voyage and carry the cargo to its ultimate destination; e.g. a connecting carrier.

TRANSTAINER

A large wheeled vehicle used to lift and move containers around a container yard. See “*Straddle Carrier.*”

TRANSVERSE

Across the width of a vessel; athwartship.

TREATY

See “*Reinsurance.*”

TRIM

To adjust sails, rigging, or cargo to balance a ship to achieve optimum performance.

TRIMARAN

See “*Vessel Types.*”

TSUNAMI

A tidal wave caused by an earthquake under the sea. See “*Storm.*”

TUG

See “*Vessel Types.*”

TUMBLEHOME

An inward curve of the sides of a vessel.

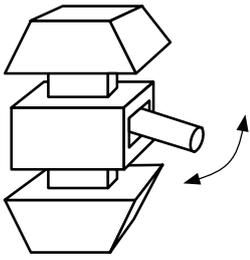
TURNAROUND

In water transportation, the time needed for a vessel to dock, discharge cargo, refuel, service machinery, make incidental repairs, load new cargo, and depart. See “*Demurrage.*”

TWIST LOCK

A metal locking device with a rectangular cone-shaped top and bottom that is inserted into each of the four corner posts of a container and is turned or twisted to lock the container to the spreader for lifting to or from the vessel deck or to or from another container. See “*Corner Post*” and “*Spreader.*”

TWIST LOCK DEVICE



TWIST LOCK DEVICE
D. Noland

Divides the world into 24 time zones, the same as Greenwich time, but the hours are expressed using the 24-hour clock, i.e. military time (1400 = 2 p.m.). See *“Time Zone Map.”*

UNSEAWORTHY

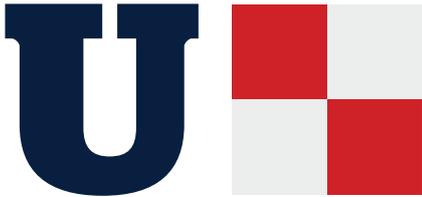
See *“Seaworthy.”*

UTC

See *“Universal Time.”*

TYPHOON

A tropical cyclone with winds of 74 mph or greater in the China Seas and the Northwest Pacific Ocean. See *“Storm.”*



UTMOST GOOD FAITH (Uberrimae Fidei)

A basic principle of insurance is that the Assured and his or her broker must disclose and truly represent every material circumstance to the insurance company before a risk is accepted for coverage. Marine insurance contracts demand the utmost good faith in disclosing all information that may possibly influence the judgment of the insurance company because the vessel or cargo may be in some far off place in the world, not subject to inspection or verification. It goes beyond the ordinary requirement that there be no actual fraud, which is implied in all contracts. A breach of good faith entitles the insurance company to void the contract See *“Lost or Not Lost.”*

UBERRIMAE FIDEI (pronounced OO ber ee may fee day)

See *“Utmost Good Faith.”*

ULCC (Ultra Large Crude Carrier)

See *“Vessel Types.”*



ULLAGE

The unfilled portion of a drum or tank.

ULTIMATE NET LOSS

The total paid on a claim including expenses.

UNCLAIMED FREIGHT

Cargo that has not been picked up by the consignee, and may be subject to demurrage or late charges.

VALUATION CLAUSE

The clause in the Marine Policy that contains a consistent basis of valuation agreed upon by the Assured and the insurance company and which establishes the insured value of the cargo or vessel when the insurance attaches. See *“Dual Valuation clause.”*

UNDER DECK

The spaces below the main deck of a vessel.

VALUED POLICY

A policy in which the insured value of the property insured has been agreed between Assured and insurance company when the policy attaches rather than after a loss has occurred; as opposed to an Actual Cash Value policy.

UNDERINSURANCE

Insurance effected for less than the value of the property at risk.

VANNING

The loading of cargo into a container or van.

UNDERLYING INSURANCE

All insurance policies below a particular layer of excess insurance. See *“Primary Insurance”* and *“Excess Insurance.”*

VENTILATED CONTAINER

A container designed with openings in the side and/or end walls to permit the exchange of inside and outside air when the container doors are closed.

UNDISCOVERED LOSS CLAUSE

A cargo insurance clause providing coverage for losses that are not discovered until boxes are opened after the termination of the risk. See *“Concealed Damage.”*

VENTURE

See *“Adventure”*

UNEARNED WAGES

See *“Seaman’s Rights and Remedies.”*

VESSEL

Watercraft of every description used as a means of transporting people or cargo from place to place on navigable waters. See *“Vessel Types.”*

UNITIZATION/UNIT LOAD

The consolidation of a quantity of individual items into one large shipping unit (usually on a pallet) for easier handling. See *“Cargo Packing.”*

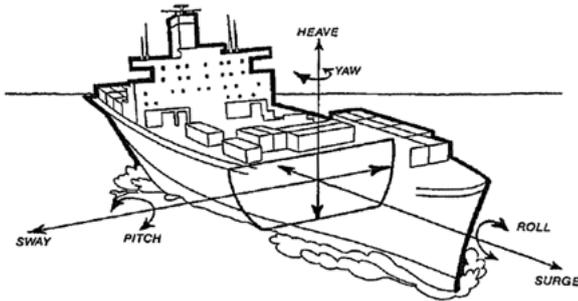
UNIVERSAL TIME (UTC) (Universal Time Coordinated)

VESSEL MOVEMENT

Caused by the action of the waves as the vessel moves through the water.

A vessel at sea may move in six different directions at the same time:

- HEAVE** Rise or fall of the entire vessel.
- SURGE** Forward or aft movement of the entire vessel.
- SWAY** Sideways movement of the entire vessel.
- PITCH** Rise and fall motion (bow and stern) on the width centre axis.
- ROLL** Side to side (port and starboard) rocking motion on the length centre axis.
- YAW** Port and starboard twisting motion on the vertical centre axis.



VESSEL STABILITY

The tendency of a floating vessel to return to its original upright position of equilibrium after being tipped by the forces of wind and sea. In order to maintain its stable upright position a vessel's Centre of Gravity must lie vertically below its Metacentre on the Centre of Buoyancy line.

Centre Of Gravity

The central point around which the total mass or weight of a vessel and its cargo is evenly distributed and balanced. The point at which all of the downward forces of a vessel's weight can be considered to act. If the Centre of Gravity is low the vessel is "stiff." If the Centre of Gravity is high the vessel is "tender" and tends to roll more in the waves. If the Centre of Gravity is too high the vessel's stability decreases and it could capsize. The Centre of Gravity is "C" on the diagram below.

Centre Of Buoyancy Line

The vertical line at which all of the upward forces of the water's support (buoyancy) can be considered to act. The centre plane of a vessel; "A" on the diagram below when it is floating upright, and "B" when slightly tipped.

Metacentre

The highest point to which the Centre of Gravity may rise and still permit a vessel to have positive stability; "M" on the diagram below. The Metacentre must be above the Centre of Gravity, or the vessel would be top-heavy and capsize.

VSC (Voluntary Settlement Conference)

See "Alternative Dispute Resolution."



WA (With Average)

See "Average Clauses."

WAREHOUSE

A place for the shipment, delivery, consolidation, distribution, or storage of cargo. See "Terminal" and "Go Down."

WAREHOUSE ENDORSEMENT

An endorsement that may be added to the Marine Cargo Policy to provide coverage on cargo while being stored.

WAREHOUSE TO WAREHOUSE CLAUSE

A clause in a cargo policy defining when coverage attaches and terminates.

Coverage attaches when the cargo leaves the warehouse at the place named in the policy, and continues during the ordinary course of transit after discharge at the final port.

Coverage ends when one of the following first occurs:

When the cargo is delivered at the final warehouse at the destination named in the policy, or delivered to any other warehouse for the purpose of storage not incidental to transit.

See "Ambit" and "Marine Extension Clauses."

WARRANTY

An undertaking in which the Assured promises to comply with certain conditions. Non-compliance constitutes a breach of warranty and the insurance company is discharged from liability from the date of the breach.

Expressed Warranty

An agreement written in the policy that the Assured must strictly and literally comply with. A violation thereof voids the insurance; e.g. trading warranties.

Implied Warranty

Fundamental conditions implied in a contract of marine insurance:

1. Seaworthiness of the vessel;
2. Legality of the adventure.

WAR RISKS

Those risks related to two (or more) belligerents engaging in hostilities, whether or not there has been a formal declaration of war. Such risks are excluded by the F.C. & S. (Free of Capture and Seizure) Warranty, but may be covered by a separate War Risk Policy, at an additional premium.

WATERCRAFT

See "Vessel" and "Vessel Types."

WAYBILL

A document prepared by a transportation company (usually a trucker or airline) as a receipt for the cargo at the point of shipment; showing point of origin, destination, route, consignor, consignee, description of shipment, and amount charged for the

transportation service. It is forwarded with the shipment or sent by mail to the agent at the transfer point or waybill destination. Unlike an ocean bill of lading, a waybill is NOT a document of title and is NOT a negotiable document.

WAYS

The framework on which a vessel is built and from which it slides into the water upon launching.

WAYS TABLE

See "*Marine Railway.*"

WEAR & TEAR

The ordinary wearing away of the various parts of a vessel, machinery, and equipment through use. Such damage is not accidental in nature, but is inevitable.

WHARF

A fixed platform (usually on pilings) built parallel to the shore to which vessels tie up to load or unload cargo or passengers. (A pier is a similar structure but is built perpendicular to the shoreline.) See "*Pier*" and "*Dock.*"

WHARFAGE

Fees charged to cargo and vessels for using a wharf or pier.

WHARFINGER

The owner or operator of a wharf.

WHEEL

A vessel's propeller. See "*Propeller.*"

The steering wheel of the vessel used to move the rudder.

WHEELHOUSE

See "*Pilothouse.*"

WINCH

A rotating cylinder used for pulling rope or line. See "*Capstan.*"

WITHOUT BENEFIT OF SALVAGE

A clause in an insurance policy in which the insurance company agrees that, in the event of loss or damage, salvage which may be realised from the property involved shall not be deducted from the claim.

WITHOUT PREJUDICE

A notation in a report to indicate that the opinion is objective and unbiased to any interested party involved.

A claim paid "without prejudice" to the policy terms and conditions. Payment is made without admission of liability, where doubt exists that the claim is recoverable, and payment does not set a precedent for recovering future claims.

WPA

With Particular Average. See "*Average Clauses.*"

WRECK

A vessel so battered, broken or destroyed by a storm, fire, grounding or other disaster that it is without further use as a vessel; a shipwreck. See "*Total Loss.*"



YARD

A place of construction, repair, and/or storage of vessels; e.g. a dockyard, boat yard, shipyard, or repairyard.

YAW

See "*Vessel Movement*"

YORK-ANTWERP RULES (Y.A. Rules)

An international code for adjusting General Average claims on a uniform basis.





Covers your world