

Out of the ordinary

by Charlotte Kirk, *Commercial Director, International Transport Intermediaries Club (ITIC)*

Last year was, without question, a year where businesses and people had to be both flexible and adaptable. Like so many others, at the start of 2020, the International Transport Intermediaries Club (ITIC) team were out and about, travelling the world, meeting with clients and attending events. But since the COVID lockdown in March, we have all been working remotely. For us, it was a very simple transition as we were already set up and had implemented a part-time remote working regime. But for others, there were the inevitable teething issues which, now almost a year on, have largely disappeared. However, and from an insurance point of view, challenges remain.

Disappointingly – but unsurprisingly – the disruption that the coronavirus pandemic was causing to many businesses was seen as an opportunity by fraudsters to take advantage. Following the outbreak, we began to receive an increasing number of reports of fraudulent invoices being submitted to vessel owners and managers for medical testing services. It was apparent that many of these forged invoices often contained errors which probably due to a change in a working environment were not so easily detected by those responsible for settling disbursement accounts. We were quick to flag this up with our members who were urged to be extra vigilant and check all invoices thoroughly, particularly those relating to coronavirus testing.

Uncertain ship value chains, missing bill of landings, migrant smuggling

Another recommendation we made was for sale and purchase shipbrokers to consider stressing the current unusual market conditions in their ship valuation certificates. When the financial crisis hit in 2008, brokers providing valuations were recommended to include additional wording in their certificates to reflect and take into account the state of the market at the time. These wordings highlighted that the lack of comparable sales made the assessment of values uncertain. As the pandemic has caused, and continues to cause, considerable disruption to the ship sale and purchase market, we thought it important for individual brokers to consider whether they should

highlight the current uncertain market conditions when reviewing their valuation certificates.

Port agents were also warned of issues with receiving original bills of lading as some were reporting that consignees were requesting the delivery of goods without providing a bill of lading. In these cases, the consignee would claim that they had not received the bill of lading from the shipper or could not present it to the port agent because of the lockdown. In order to protect the port agents, ITIC provided advice for when the original bills of lading were not lodged with them. This included obtaining written permission from the principal before releasing any cargo without receiving a bill of lading in return; asking the principal if a Letter of Indemnity from the

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Photo: Pexels

consignee was required; and checking if all freight had been paid.

In order to avoid releasing the goods to a fraudulent party, we advised that the principal should ask the agent to check with the shipper (or the “to order party” if the original shipper had already sold the goods on) as to whether they had released the bill of lading to the consignee or the party requesting the goods. We then advised that all relevant information should then be passed by the agent to their principal for review and approval.

Another more regrettable event that has arisen from the COVID environment has been an increase in the fraudulent activity of attempting to smuggle illegal immigrants through ports. ITIC warned ship agents to be aware of this growing situation as traffickers were approaching ship agents and requesting them to handle a change of crew, including booking travel and accommodation.

Members who have fallen for this scam have been left with unpaid hotel bills and other expenses. More serious consequences are that they can face fines from the immigration authorities plus liability for detention and repatriation costs if the migrants are caught. Traffickers obtain a degree of legitimacy by operating through an agent in this way as it provides a cover for their illegal operations. Frequently the ship agent will make the arrangements, but the migrants will simply disappear.

Protection guidance

Unfortunately, there are always people who will try to profit from the misfortunes of others. Fraudulent scams and related issues will continue but can be harder to identify whilst teams are working from home. From the issues we had seen, we provided our members with some over-arching guidelines to help them protect themselves.

Some of the key points include: staying on top of your debt as monies owed can quickly escalate out of control; with the majority of people working remotely, take more time to carefully read all documents and e-mails; check your Internet connection regularly and ensure that all important e-mails are actually sent, particularly when they relate to a time-sensitive matter; talk to your team regularly; and, finally, be aware of fraud.

The dust will eventually settle

We are all hoping for a return to a more ‘normal’ operating landscape later this year – but the risk of fraud remains high. We saw an increase in fraud cases

throughout 2020, largely due to the opportunities created by COVID, and we expect this to continue. We expect fraudsters to continue to target transportation companies, and we anticipate their methods will become more sophisticated and harder to detect.

Beyond the risks resulting from the pandemic, we also predict some teething troubles following the enactment of Brexit. Within the EU, we are able to provide underwriting facilities from our parent company’s office in the Netherlands, and so members will see no change in ITIC’s cover or service. However, as the Brexit deal was finalised at the eleventh hour, there remains an underlying level of uncertainty, and we recommend that ship agents and others continue to remind themselves of the new laws and regulations. The dust will eventually settle.

It is not easy to predict what 2021 will bring, but we all hope for an end to the pandemic and return to normality. Whatever the future holds, ITIC will continue to protect its members and deliver the high levels of service the industry has come to expect. ■



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