



A VL real life claim example

Bailees Liability

Bailee or Carrier

The Insured was a freight forwarder who organised inter-Island cargoes. It operated a store at the port and routinely held high valued goods.

In the claim, 11 pallets of electronics goods were delivered to the Insured by the owners in their own vehicle. Each pallet was addressed to a final consignee and invoices had been raised against the consignees. The goods were kept in the Insured's warehouse awaiting shipping. They were then to be put onto a container by the Insured and shipped. There were no separate charges for the storage.

The Insured's warehouse was burgled and six pallets were stolen with a total value in excess of \$100,000. It was alleged the Insured was negligent to the extent that it had a liability for failing to adequately safeguard the goods. The owner was indemnified by a cargo insurer who in turn claimed against the Insured for bailees liability and a claim was made under the Insured's Bailees policy.

The cargo insurer eventually conceded that there was no carrier's liability. A bailees liability claim was thereby averted but substantial costs were incurred in defending the Insured.

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