

Market Update: Hanjin Shipping Corporation Facing Insolvency

Media reports this week have confirmed that Hanjin Shipping Corporation has filed for Court Receivership after creditors rejected the debt restructuring plans for the largest container shipping line in South Korea.

Presently, the situation with regard to the group and its assets, including dry bulk and container shipping lines, containers and interests in Ports and Terminals around the globe is fluid and Crawford® Marine will be keeping a close watch as matters develop.

Meanwhile, further reports indicate that several Hanjin vessels have been seized by creditors and also containers with a large variety of goods in transit are being held and not currently being delivered to final destination(s). This may eventually run to many thousands of containers all around the world and will affect many insured clients and their internal and external insurance partners.

Depending on the extent of the delay, it could lead to non-deliveries, production stops and interruption of wholesale and retail businesses. Temperature sensitive and perishable cargo might also be affected along with additional costs incurred for handling, trans/re-shipping and forwarding to destination.

The global marine insurance market is already on notice and no doubt carefully following the situation. Whilst at this early stage, we have not heard reports of claims for material damage to cargo, it is inevitable there will be some physical loss, damage or expense to a variety of cargo arising from this situation. No doubt cargo owners and their logistics departments/partners are in contact with freight forwarders and other parties in the logistics chain, aiming to get their cargo released and delivered to final destination.

It is likely that at some point, guarantees will be requested from cargo owners and/or that payments are demanded in order to obtain release of cargo/containers. Insured's and their Insurer interests will no doubt require goods to be inspected and the condition of their cargo be fully verified, prior to security or letters of undertaking being provided. This becomes more important as the length of cargo delivery delays increases.

Crawford Marine & Transportation has a large team of expert global marine surveyors and experts standing by ready to assist insurer and corporate clients alike. Our main international contacts are prepared to perform inspections and make inventories of the condition of cargo/containers, and advise ports and terminals, freight forwarders and other liability interests to assist in mitigation of any potential losses. Having received reports of a number of blocked containers already, we are in close contact with their respective representatives to assist them.

In the event of any questions, further information or enquiries for assistance please do not hesitate to contact Crawford Marine:

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