

BHSI Project Cargo Risk Management Concept

By: Lewis Liem, Marine Risk Engineer, Asia Middle East | September 2021

As the world learns to live with the pandemic, government funding and investments are slowly coming back into domestic and/or international infrastructure projects. These projects – from railroad network expansion to renewable energy plant build-up – require efficient and safe delivery of project cargo.

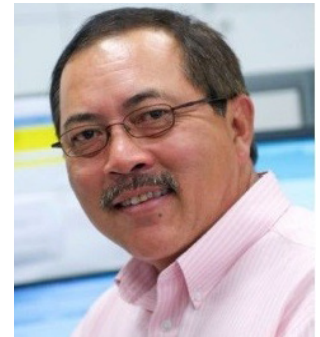
Throughout the life of a project, project cargo will usually be moved via multiple forms of transportation – a combination of voyage by sea, air and/or road. The large-scale nature of project cargo means that specialized equipment and handling techniques are required throughout the transportation chain. In addition, these large, complex, often high valued pieces of equipment usually have long replacement lead time. If such cargo is damaged beyond repair during transport, it is most likely that the project's completion will be delayed because of the lead time required for replacement equipment.

In addition, project sites can be in remote areas where access is limited and conditions challenging. For example, hydro-electric projects are usually situated in hilly areas so that power can be extracted leveraging the height difference between the plant and water source. Roads to these project sites are often barely existing, making access dangerous especially when transporting large equipment. Meticulous preparation is crucial when it comes to the successful planning and execution of any project cargo risk management plan. Proper assessment of delivery routes and schedules must be conducted beforehand in order to identify danger zones and recommend strategies.

Project cargos are exposed not only to traditional perils such as adverse weather but also hazards arising from receiving and handling of these cargos which can evolve when everything is in motion. As a result, specialized loss prevention support is also of vital importance throughout transportation to assess and address challenges arising from the ongoing journey.

A delay in the completion of a project could lead not only to monetary losses for investors, but there could also be intangible loss in broader economic and social terms as well. For example, the revival of a certain industry or job opportunities for local population could very well depend on the successful completion of the project. It is not unusual to see reputation damaged and relationships strained following a project delay caused by cargo loss. To add on to the headache, complex and expensive contingent logistics have to be agreed upon and implemented to rectify the delay.

Insurance can provide monetary compensation in the event of cargo damage/loss, so that investors' financial interests are protected. But it is clear that monetary compensation is just one piece of the risk management puzzle when it comes to project cargo. BHSI's team is experienced in helping key stakeholders manage the details of major logistic projects from start to finish. At BHSI, our underwriters, marine risk engineers and claims experts work together so that we can provide you with a tailored solution that is more than just an insurance policy. Our marine risk engineers will work alongside you every step of the way including developing and implementing an appropriate cargo risk management framework for the project.



LEWIS LIEM
Risk Engineer
Asia Middle East

ASIA MIDDLE EAST MARINE TEAM.....

Julia Joes
Head of Marine, Asia
+65 6675 1161
julia.joes@bhspecialty.com

Venny Oktaviani
Assistant Vice President, Marine
+65 6675 1502
venny.oktaviani@bhspecialty.com

Lewis Liem
Marine Risk Engineer, Asia Middle East
+65 6675 1491
lewis.liem@bhspecialty.com

Meenakshi Srinath
Head of Marine, Middle East
+971 4 3816 129
meenakshi.srinath@bhspecialty.com

Cyril Forbes
Senior Risk Engineer, Marine
+603 8408 1094
cyril.forbes@bhspecialty.com



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