

Navigating regulatory complexities for flood loss in a bonded warehouse

INDUSTRY

Logistics services

LOCATION

South Asia

CLAIM TYPE

Flood loss - Cargo, Duty insurance

CHALLENGE

A major flood at a Bonded Warehouse in South Asia caused extensive damage to imported goods held under customs control for multiple parties. The loss involved several overlapping insurance interests, including the warehouse operator's policy, individual importer cargo policies, and a duty insurance policy covering potential customs duty exposure. Initial claim were presented across multiple policies, including a duty-related claim and aggregated cargo claims with combined exposure in the seven-figure range. The situation was further complicated by strict customs regulations, as all post-loss activities from water removal to segregation of damaged goods required compliance and detailed documentation. The multi-stakeholder environment and regulatory constraints made the situation exceptionally complex and required a carefully sequenced response.

SOLUTION

We initiated detailed documentation to calculate total duty exposure based on import and inventory records. Recognizing that resolution of duty-related issues were essential before salvage of bonded goods could proceed, we prioritized assessment of the duty insurance policy. This was ultimately resolved for an amount materially below the initial claim submission. Following settlement, the necessary customs approvals were obtained to permit lawful salvage operations. We then coordinated the assessment and settlement of cargo claims for multiple importers, with cargo claims adjusted to reflect verified damage and recoverable losses. This structured, regulation-aligned sequence helped facilitated progress while aligning with applicable custom procedures, while managing numerous operational, technical, and document-heavy requirements.

RESULTS

Customs-approved salvage operations **completed successfully** in a timely manner

Overall claim exposure materially reduced through **effective assessment and settlement**