

January 25th, 2019

Dear Valued ONE Customer,**General Average declared for Yantian Express**

On January 25, 2019, General Average was formally declared by the owners of the vessel Yantian Express v108E in the EC5 service string. The declaration of General Average is the result of the fire on deck of the Yantian Express and the subsequent firefighting efforts on the vessel.

General Average may be declared when an extraordinary and severe event occurs that threatens the safety of a vessel and its cargo. General Average allows the costs to preserve a vessel and its cargo in such extreme circumstances to be shared among the shipowner, container, and cargo interests saved. This means that prior to cargo being released, all cargo interests will be required to contribute to the General Average fund.

In conjunction with declaring General Average, the owners will appoint Average Adjusters. The Average Adjusters will be responsible for coordinating the collection of General Average securities and all documentation required from parties with interest in cargo, containers, vessel, and fuel. Cargo interests (or their insurance companies) should plan to contact the Average Adjusters directly once they are appointed. Additionally, ONE will provide information regarding what documents will be required by the Average Adjusters once that information is received.

ONE North America has set-up a dedicated phone queue to answer questions about cargo and General Average on the Yantian Express. From the United States and Canada, please call our toll-free customer service line 844 413 6029, select Option 2 for Import Services and then Option 3 for information on the Yantian Express.

Sincerely,
Ocean Network Express Pte. Ltd.

Questions and Answers

Q: I have a container on the Yantian Express and I heard General Average was declared. What do I need to do?

A: Cargo interests should immediately contact their insurance companies to put them on notice that General Average has been declared. Additionally, all cargo interests (regardless of whether they are insured) should contact the Average Adjusters to begin the process of providing required documents and with any questions they may have.

Q: What is General Average?

A: General Average is declared when an extraordinary and severe event (such as a fire) occurs that threatens the safety of a vessel and its cargo. General Average is a way for the costs to preserve a vessel and its cargo in such extreme circumstances to be shared among the parties with interest in the voyage (i.e. shipowner and cargo interests).

Q: What is the current status of the Yantian Express and the fire?

A: The fire has been contained and the vessel is still underway. The vessel owner has officially named Freeport, Bahamas as the port of refuge.

Q: Is my cargo damaged or destroyed as a result of the fire aboard the Yantian Express?

A: ONE does not currently have updates available with regard to specific containers. More specific information will be provided as it becomes available.

Q: Do I have a choice of whether or not to participate in the General Average?

A: No. Participation in General Average is mandatory.

Q: Since General Average was declared and I have to pay into a General Average fund, am I still required to pay outstanding ocean freight?

A: Yes. A declaration of General Average is unrelated to your legal obligation to pay ocean freight that is owed. As per section 6 of ONE's Bill of Lading, ocean freight is deemed fully earned upon receipt of cargo by ONE, regardless of whether the cargo is ultimately lost or not. For cargo that is insured, you may be able to recover ocean freight paid from the insurance company.

Q: What do I need to do to have my cargo released?

A: Before cargo will be released, cargo interests may be required to provide relevant documents as required by Average Adjusters in the notice of General Average. Under no circumstances will cargo be released until all required documents have been received.

Q: What do I do if my cargo was not insured?

A: For any cargo interests that do not have insurance for their cargo, a guarantee in the form of certified or cashier's check will be required. For additional instructions and guidance on the amount of the guarantee, please check with Average Adjuster since all General Average settlement is centrally controlled/managed by the Average Adjuster. For reference only, it is expected the value of the guarantee will be a percentage of the commercial invoice and freight value of the cargo that is determined by the Average Adjuster.

Q: What is the difference between an Average Bond and an Average Guarantee?

A: The Average Guarantee is provided by the insurers to guarantee payment into the Average Fund. The Average Bond provides the name and contact details of the cargo interest, so they can be contacted if necessary even after cargo has been released. Additionally, the Average Bond is what establishes a promise to pay into the General Average fund and therefore triggers the liability of the cargo insurer.