



Australian Government

Department of Education, Employment and Workplace Relations

TLIL5063A Review contracts, insurance, risk and liability in the international freight forwarding context

Release: 1

TLIL5063A Review contracts, insurance, risk and liability in the international freight forwarding context

Modification History

Not Applicable

Unit Descriptor

Unit Descriptor

This unit involves the skills and knowledge required to review contracts, insurance, risk and liability in the international freight forwarding context. This includes examining an international freight forwarding sales contract; examining an international freight forwarding service contract; managing risk in international freight forwarding; assisting in organising transport insurance requirements; confirming or organising liability insurance requirements; assisting a customer to make a claim on a transport insurance policy; and making a claim on a liability insurance policy. International freight forwarding covers the importing, exporting and transiting of freight. There are no specific licensing or certification requirements applicable to this unit.

Application of the Unit

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This unit was developed for persons involved in reviewing contracts, insurance, risk and liability as part of advanced international freight forwarding functions. Typically these individuals must demonstrate the ability to work independently or as part of a team under direct and/or indirect supervision, perform detailed analyses, use discretion and judgement, and take responsibility for the quality of their outputs. All activities are carried out in accordance with relevant organisational policy and procedures, as well as national and global codes of practice and regulations applicable to international freight forwarding.

Licensing/Regulatory Information

Refer to Unit Descriptor

Pre-Requisites

Not Applicable

Employability Skills Information

Employability Skills This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.

Performance criteria describe the required performance needed to demonstrate achievement of the element. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1 Examine an international freight forwarding sales contract	1.1 The sales contract (or evidence of the sales contract) is reviewed and the relevant Incoterm and other factors relevant to the forwarder are confirmed and used as the basis for the apportionment of costs throughout the forwarding activities 1.2 The sales contract is used to determine project deadlines as well as the respective responsibilities, rights and liabilities between the buyer and seller in any given transaction
2 Examine an international freight forwarding service contract	2.1 The service contract and supporting documents are reviewed and confirmed 2.2 The service contract and supporting documents are interpreted and the required action is taken
3 Manage risk in international freight forwarding	3.1 The risks associated with a planned international freight forwarding activity are assessed using appropriate risk analysis techniques 3.2 Suitable strategies for controlling the identified risks are established in consultation with the customer 3.3 Risk factors are identified and monitored throughout the freight forwarding project 3.4 Alternative routing and other risk control measures are implemented where justified in the event of critical contingencies that arise before or during the freight transport 3.5 Checks are made that all conventions for international freight transport are fulfilled
4 Assist in organising insurance requirements for international freight forwarding	4.1 Insurance requirements for the international freight transport are evaluated as per standard procedures taking into account the critical risk factors in the project 4.2 Assistance is provided in organising an appropriate policy providing the required cover for the project where required 4.3 In the event of loss or damage, assistance is provided to the customer to make a claim on the insurance as per the policy requirements and standard procedures 4.4 All documentation to support an insurance claim is lodged with the insurer as per policy requirements
5 Manage legal liability in an international freight forwarding project	5.1 Risks of legal liabilities towards customers and third parties as a direct result of an internal mistake or negligence on the part of the forwarder are evaluated using appropriate risk analysis techniques 5.2 Appropriate liability insurance is confirmed or organised that provides the required cover for the risks involved 5.3 In the event of loss or damage directly attributable to a forwarder's mistake or an act of negligence, a claim is made on the insurance as per the policy requirements and standard procedures

ELEMENT

PERFORMANCE CRITERIA

5.4 All documentation to support an insurance claim is lodged with the insurer as per policy requirements

Required Skills and Knowledge

REQUIRED KNOWLEDGE AND SKILLS

This describes the essential knowledge and skills and their level required for this unit.

Required knowledge:

- Legal principles and liabilities in international freight transport
- Relevant security, safety and environmental procedures, regulations and conventions (including those applicable to the importing, exporting and transiting of goods)
- Procedures and protocols for the provision of international freight forwarding services (including those applicable to the importing, exporting and transiting of goods)
- Ways of managing legal liability in international freight transport
- Basic principles that govern the discipline of law
- Law of Contracts as it applies to international freight transport
- Definitions, purpose and use of Incoterms and Combiterms
- Processes for ensuring compliance with legal requirements
- Conventions in international freight transport
- Standard trading conditions in international freight transport
- Principles of risk management as it applies to international freight forwarding
- Ways of managing risk in international freight transport
- Ways of managing contingencies in international freight transport including consideration of alternative transport options and anticipation of the 'unexpected'
- General elements and principles of insurance policy in international freight transport
- Procedures and policies for organising and managing insurance requirements for various types of international freight forwarding projects
- Types of liability insurance - their purpose and processes for their organisation, including an understanding of the liability of different parties involved in international freight transport
- Types of transport insurance coverage - their purpose and processes and documentation for their organisation
- The use of the 'general average' in insurance policy and practice
- Duties of the freight forwarder in the event of damage to goods in transit
- Processes for making insurance claims
- Sources of information and documentation needed when providing freight forwarding services
- Principles and techniques of closed-loop communication in which checks are made to confirm

REQUIRED KNOWLEDGE AND SKILLS

that messages and responses being given or received are unambiguous and are correctly and clearly understood

REQUIRED KNOWLEDGE AND SKILLS

- Typical problems that can occur when organising transport or liability insurance, and related appropriate action that can be taken to prevent or resolve them
- Understanding of the principles of quality assurance and customer service standards, policies and procedures as they apply in the international freight forwarding industry

Required skills:

- Communicate effectively with others when reviewing international freight forwarding contracts, insurance, risk and legal liability, including unambiguous closed-loop communication in which checks are made to confirm that messages and responses are correctly and clearly understood (particularly in situations where communication is with a person for whom English is not the native language)
- Read and interpret instructions, procedures, and other information relevant to sales contracts, insurance, risk and legal liability
- Interpret and follow operational instructions and prioritise work
- Complete documentation related to contracts, insurance, risk and legal liability, including data entry to a computer system
- Operate information and communication technology to required protocol
- Work collaboratively with others when reviewing international freight forwarding contracts, insurance, risk and legal liability
- Adapt appropriately to cultural differences in the workplace, including modes of behaviour and interactions with others
- Promptly report and/or rectify any identified problems that may arise when reviewing international freight forwarding contracts, insurance, risk and legal liability in accordance with regulatory requirements and workplace procedures
- Implement contingency plans for unanticipated situations that may occur when reviewing international freight forwarding contracts, insurance, risk and legal liability
- Monitor work activities in terms of planned schedule
- Apply relevant codes of practice and legislative requirements
- Modify activities depending on differing operational contingencies, risk situations and environments
- Work systematically with required attention to detail without injury to self or others, or damage to goods or equipment
- Operate and adapt to differences in equipment in accordance with standard operating procedures

Evidence Guide

EVIDENCE GUIDE

EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required knowledge and skills, the range statement and the assessment guidelines for this Training Package.

Critical aspects for assessment and evidence required to demonstrate competency in this unit

- The evidence required to demonstrate competency in this unit must be relevant to and satisfy all of the requirements of the elements and performance criteria of this unit and include demonstration of:
 - examining an international freight forwarding sales contract
 - examining an international freight forwarding service contract
 - managing risk in an international freight forwarding project
 - assisting in organising transport insurance requirements
 - confirming or organising liability insurance requirements
 - making a claim on a transport or liability insurance policy

Context of and specific resources for assessment

- Performance is demonstrated consistently over a period of time and in a suitable range of contexts
- Resources for assessment include:
 - a range of relevant exercises, case studies and/or other simulated practical and knowledge assessment, and/or
 - access to an appropriate range of relevant operational situations in the workplace
- In both real and simulated environments, access is required to:
 - relevant and appropriate materials and equipment, and
 - applicable documentation including workplace procedures, regulations, codes of practice and operation manuals

Method of assessment

- Assessment of this unit must be undertaken by a registered training organisation
- As a minimum, assessment of knowledge must be conducted through appropriate written/oral tests
- Practical assessment must occur:
 - through activities in an appropriately simulated environment at the registered training organisation,

EVIDENCE GUIDE

and/or

- in an appropriate range of situations in the workplace

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance.

International freight forwarding includes services related to:

- the importing of goods
- the exporting of goods
- the transiting of goods

Provisions and stipulations that should be in a sales contract include:

- detailed description of the goods
- precise quantity of the goods and tolerances where appropriate
- exact price of the goods
- final date for shipment with schedules for continuing contracts
- the seller's delivery point
- transport mode
- discharge port, airport or transport terminal and the final destination
- the correct Incoterm for the transaction
- special packaging, load restraint and stowing requirements for the cargo
- documents required and responsibility for their preparation and provision
- Force Majeure clause
- arbitration clause
- law and jurisdiction clause
- payment terms
- buyer requires pre-shipment inspection of the cargo by surveyors

Supporting documents to a service contract may include but are not limited to:

- Shipper's Letter of Instruction (SLI)
- invoice
- insurance certificate
- regulatory requirements (including permit issuing requirements) in both importing and exporting countries

Risks that may occur during

- damage to the cargo

RANGE STATEMENT

international freight forwarding activities include but are not limited to:

- transport accident
- breaches of security
- theft and fraud
- terrorism
- revolution
- war
- political instability
- strikes
- lockouts
- work slowdowns
- natural disasters
- climate
- port congestion
- overbooked carrier

RANGE STATEMENT

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|---|---|
| Ways of controlling risks that may occur during an international freight forwarding project include but are not limited to: | <ul style="list-style-type: none">• keeping up to date with geopolitical and industrial developments• ensuring there are no regulatory restrictions or prohibitions on the export, import or transit of the cargo• monitoring weather conditions• being aware of the impact of impending or current natural disasters on freight transport routes• making provision for suitable alternative routes• ensuring packaging, packing and stowage is appropriate for the mode(s) of transport• ensuring that security arrangements are adequate• ensuring that insurance cover is sufficient for the risks involved |
| Types of cargo insurance policies may include: | <ul style="list-style-type: none">• single shipment policy• annual policy• open policy |
| Sources of information required to perform international freight forwarding functions may include: | <ul style="list-style-type: none">• websites of key international and Australian organisations such as FIATA, IMO, ICAO, IATA, CASA, AMSA, Australian Customs and Border Protection Service, AQIS, government agencies responsible for transport security etc.• key reference publications such as Incoterms, FIATA forms and documents, ICC publications, and other manuals, texts and handbooks on freight forwarding, international trade and related topics etc. |
| Parameters of freight forwarding services relevant to customer requirements may include: | <ul style="list-style-type: none">• standard procedures for the international forwarding of freight• type of transport modes• various consignment methods• relevant legislative requirements• required import/export documentation and requirements• transport security requirements• insurance requirements• service costs• payment requirements and procedures• fiduciary and legal responsibilities of either party |
| Consultative processes may involve: | <ul style="list-style-type: none">• customers• international and domestic agents and suppliers,• insurance brokers• representatives of insurance companies• relevant regulatory authorities and institutions• other employees and supervisors |

RANGE STATEMENT

- management
- freight forwarding specialists
- other professional or technical staff

RANGE STATEMENT

Depending on the type of organisation concerned and the local terminology used, workplace procedures may include:

- company procedures
- enterprise procedures
- organisational procedures
- established procedures

Communications systems may involve:

- face-to-face conversation
- telephone including fixed, mobile and IP phones
- fax
- email
- electronic data transfer of information (EDI)
- mail

Information/documents may include but are not limited to:

- Australian and international regulations, conventions and codes of practice for the international forwarding of freight
- summaries and definitions of Incoterms and Combiterms
- customers' instructions and transport requirements
- workplace standard operating procedures and policies
- sales contracts
- standard FIATA forms and documentation such as:
 - a Negotiable Multimodal Transport Bill of Lading (FB/L)
 - a Non-negotiable Multimodal Transport Waybill (FWB)
 - a Forwarders Certificate of Receipt (FCR)
 - a Forwarders Certificate of Transport (FCT)
 - a Forwarders Warehouse Receipt (FWR)
 - a Forwarders Forwarding Instructions (FFI)
 - a Shippers Declaration for the Transport of Dangerous Goods (SDT)
 - a Shippers Intermodal Weight Certification (SIWC)
 - an Original Bill of Lading (OB/L)
 - a Master Air Waybill (MAWB)
 - a House Bill of Lading (HBL)
 - a House Air Waybill (HAWB)
 - Multimodal Transport Bill of Lading (MTB/L)
- insurance policies
- insurance certificates
- insurance claim forms
- cargo manifests
- pre-advice and pre-alert documents
- suppliers advice for the handling, transport and storage of

RANGE STATEMENT

Applicable regulations and legislation may include:	goods and materials • operations manuals, job specifications and procedures and induction documentation • freight forwarding competency standards and training materials • Australian and international standards, criteria and certification requirements • data obtained through communications technology equipment and oral, aural or signed communications • freight forwarder company's quality assurance standards and procedures • emergency procedures
	• Australian and international regulations, conventions and codes of practice for the international forwarding of freight • relevant regulations for the import and export of cargo • Australian and international standards and certification requirements • relevant regulations pertaining to international trading and financial transactions • relevant Australian and international transport security and safety legislation • relevant Australian and international environmental protection legislation

Unit Sector(s)

Not Applicable

Competency Field

Competency Field	L - Resource Management
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