

Responsibilities and liabilities when carrying third party goods

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Abstract

Companies often use third-party logistics companies to transport goods, as it reduces costs and it can improve the speed and efficiency of moving the goods. This means that whilst the goods are in transit the logistics company are contract bound to ensure timely and safe delivery. This report looks at the responsibilities third-party logistics companies have when transporting goods, and how the third-party can be liable when the goods are damaged or the quality of service they provide is below par.

Contents

Responsibilities and liabilities when carrying third party goods	1
Abstract	1
1. Introduction	1
2. Responsibilities	1
2.1 Insurance.....	2
2.1.1 Goods in transit insurance	2
2.2 Dangerous goods	2
2.2.1 Dangerous goods exemption	4
2.3 Driver Licencing.....	4
3. Summary	4
4. References	4

1. Introduction

When a third- party logistics company takes a consignment from a company, they take responsibility for the safe transport of the product to the recipient. This includes legal responsibility and the following of legal requirements. The driver needs to transport the goods in a safe and timely fashion, in keeping with the terms of the contract they have accepted. The following report will investigate the requirements that a third- party logistics company have when transporting goods.

2. Responsibilities

There are many responsibilities that a third-party logistics company has when transporting goods, from environmental responsibilities and reducing emissions to covering the cost of goods damaged in transit. To maintain focus, in this report the author has categorised responsibilities into six groups using a PESTLE system, as shown in table 1.

From this table, the author has elected to focus on the legal responsibilities of the third-party logistics company, more specifically insurance and dangerous goods, and the consequences of failure to uphold these responsibilities.

Political	Economical	Social	Technology	Legal	Environmental
Trading relationships	Covering damaged goods	Delivering on time	Asset tracking	Insurance	Emissions
EU directives			RFID	Statutes	
				CPC driver	
				CPC operator	
				Dangerous goods	
				Special type orders	
				Litigation	
				Food safety	
				Liscence for drugs	
				Hygiene regulations	
				Vehicle safety regulations	

Table 1: PESTLE system categorising responsibilities of third-party logistics companies

2.1 Insurance

When driving any vehicle in the United Kingdom or in any EU member country, it is a requirement that the driver of the vehicle must be covered under an insurance policy ‘...against third party risks’ (Lowe, 2015). This ensures that in the event of a crash, the company’s damage costs are covered. An insurance company is also required to ‘...include cover against those liabilities which are compulsorily insurable under the laws of every other EU member state’(Lowe, 2015). This means that the insurance policy can provide full cover when the vehicle is used in anther EU member country, allowing third-party logistics companies to ship goods through other countries, extending the range of a company and expanding the number of contracts the company can accept. Logistics companies can also choose to cover their entire fleet of vehicles under one policy. The vehicles are not individually insured, and this can be a cheaper method of insurance. ‘there is a statement on the Certificate to the effect that cover is provided for any vehicle owned’

2.1.1 Goods in transit insurance

Whilst vehicle insurance does cover the cost of damages the vehicle in the event of an accident, it does not cover the cost of goods damaged in an accident. This would mean the third- party logistics company would be liable for damage to a consignment. The company can cover this by obtaining goods in transit insurance. This, according to D. Lowe, is ‘...needed to provide protection for this eventuality, in spite of not actually being required under UK law’.

Some goods in transit insurance policies, however, do not cover certain high value loads, or items more likely to be stolen such as alcohol or tobacco. This means that the logistics company must check that the load they are transporting is covered under their policy, as damages to the goods or missing goods not covered under their policy leave them liable to financial penalties.

2.2 Dangerous goods

Dangerous goods are goods that are named in the ADR classification list. Vehicles carrying these goods must display the appropriate signage to signal to other drivers and anyone else operating near the vehicle that it is carrying a hazardous load. According to D. Lowe, ‘It is for the manufacturer or consignor initially to determine the classification for dangerous goods’ this is dependent on whether they are explosives, radioactive materials, or are mentioned in the ADR classification list. It is the logistics company that are responsible for the correct use of signage to indicate the hazardous load, as stated by D. Lowe when they say that the responsibility for ensuring the legal requirements are met rests with ‘employers/carriers; dangerous goods safety advisors (DGSAs); drivers of dangerous goods carrying vehicles; employees and other people’.

The ADR classification list divides substances into nine classes. These are:

- Class 1: Explosive substances
- Class 2: Gases
- Class 3: Flammable liquids
- Class 4: Flammable solids, substances liable to spontaneous combustion and substances which, on contact with water, emit flammable gases
- Class 5: Oxidising substances and organic peroxides
- Class 6: Toxic and infectious substances
- Class 7: Radioactive material
- Class 8: Corrosive substances

This rating system can be used to identify dangers associated with a substance, such as fire hazards or risk of explosion. This is key as it allows the logistics company to take measures to reduce these risks, such as packing the goods in a way that ensures minimal risk or movement during transit, and separating large consignments into smaller loads.



Figure 1: Flammable gas hazard sign

The consignor, the carrier, and the receiver of goods are all responsible for the safe transport of dangerous goods. This includes the driver of the vehicle carrying dangerous goods. The driver is responsible for following procedures such as using tunnel codes when travelling in the UK or when travelling between the UK and mainland Europe. These codes inform the driver of the vehicle which tunnels can allow each class of dangerous goods through. This allows the driver to take measures to avoid tunnels such goods cannot be moved through. This is for the safety of other road users and to minimise risks when carrying dangerous substances. The ADR regulations also state that the drivers of dangerous goods must not 'carry unauthorised passengers on vehicles transporting dangerous goods' or 'open any package containing dangerous goods unless authorised to do so' (D. Lowe, 2015).

The driver of the vehicle must also participate in training, to ensure competence. They must be adequately trained in knowing the nature of security risks, how to react to the risks and how to address them in a way that reduces the risk.

The consignor must categorise the dangerous goods correctly and ensure that the logistics company have all the relevant information and legal documents for the dangerous goods. They must only use methods of packaging that are ADR approved and must make sure that the dangerous goods are packaged safely.

The carrier must ensure that the correct signage is used on the vehicle carrying the dangerous goods and that the vehicles and containers used for transport have passed all safety tests to date of transport. All necessary documentation on the consignment must be carried in the vehicle and the driver must be fully licenced and trained.

The recipient of the goods must upon receiving and unloading the goods, must confirm that the goods comply with all ADR regulations. Any other workers that have been involved with any stage of

the transport of the goods such as machine operators also must endure that any actions they take do not contravene health and safety regulations and ADR regulations. Workers must also take care for their own health in the workplace by following the relevant regulations.

The logistics company 'must comply with statutory requirements on the prevention of risks to the health and safety of persons, or damage of property or the environment' (D. Lowe, 2015). This means that the company must follow the legal requirements for work safety by providing personal protective equipment to workers unloading or loading goods and must ensure that the employees follow the correct health and safety rules. Failure to do so could leave the company liable to legal action in the event of an employee being injured due to a lack of safety in the workplace.

2.2.1 Dangerous goods exemption

If the dangerous goods are of a small quantity and are correctly packaged and marked, the vehicle is '...exempt from the requirements of ADR' (D. Lowe, 2015) this is because the amount of dangerous goods in transit is small enough that it poses minimal danger to any person, property or the environment.

2.3 Driver Licencing

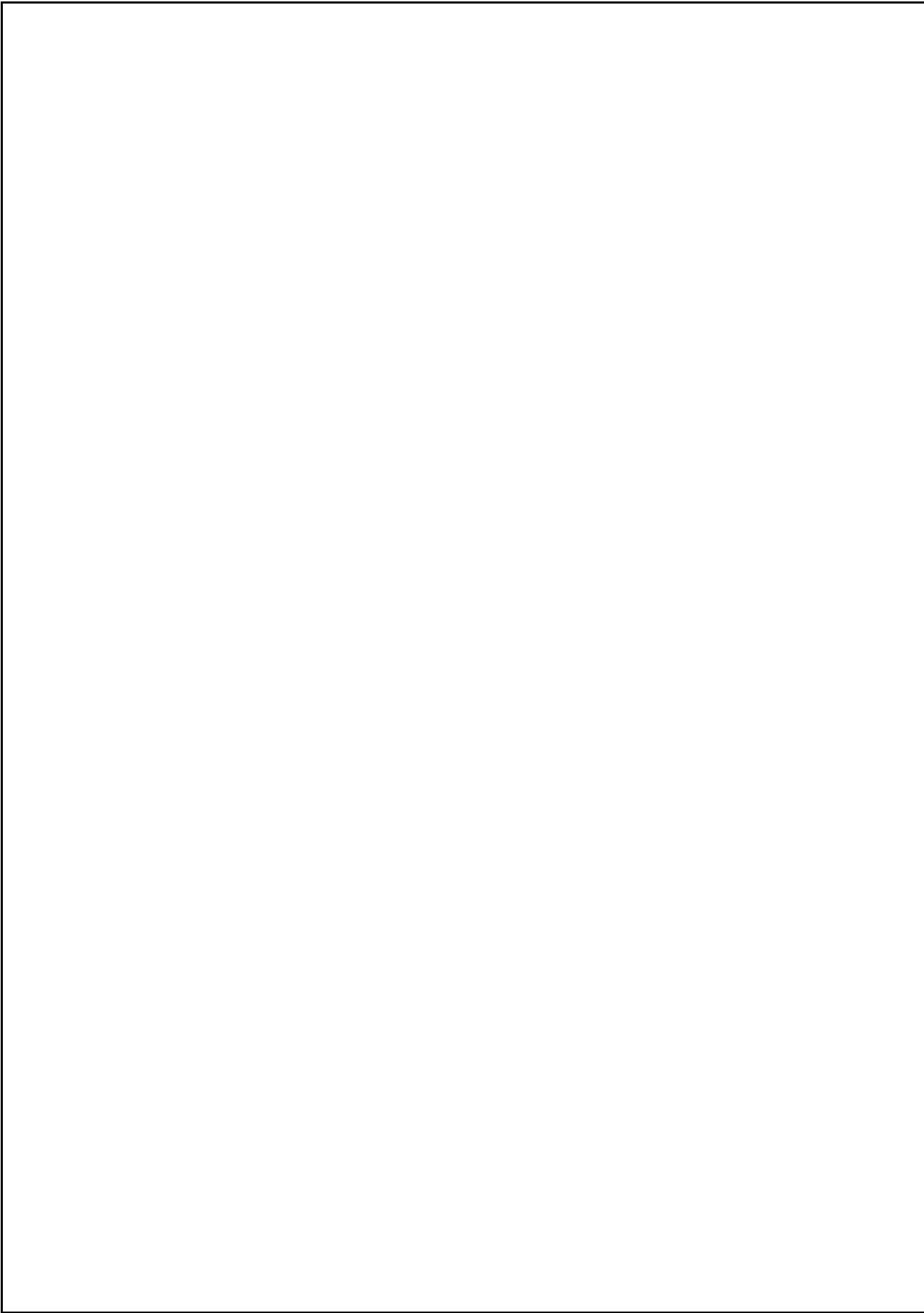
It is illegal to drive or allow a person to drive a motor vehicle on the road without a driving licence. When driving a goods vehicle, the driver must have the correct licence for the category of vehicle they are driving. As D. Lowe writes, it is the responsibility of the goods company to check their drivers' licence regularly, 'otherwise they leave themselves wide open to prosecution for a range of driving offences and for the vehicle insurance to be invalidated'. This means that the driver cannot be in control of a vehicle without proper training and knowledge, minimising risk due to the driver of the goods vehicle.

3. Summary

In summary, the third-party logistics company must make sure that any vehicle used to transport goods must be covered under valid insurance to cover damage costs and liability in the event of an accident. This can be in the form of single vehicle policies or multiple vehicles extending to a whole fleet under a blanket policy and must be valid in all countries travelled in. the logistics company can also obtain a goods in transit insurance policy, which would ensure cover for damaged or lost goods. Any vehicles carrying dangerous goods must display the correct ADR signage to warn other drivers of a dangerous load, and the driver must follow all ADR regulations when driving the vehicle to ensure minimal risk to any person, property or the environment. The driver must also have a valid licence for the vehicle they are driving and the logistics company are responsible for ensuring this. Failure to do so could result in liability.

4. References

LOWE, D. PIDGEON, C. (2015) Lowe's Transport Managers & Operator's Handbook 2015



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GRADEMARK REPORT

FINAL GRADE

29/100

GENERAL COMMENTS

Instructor

The assignment is to be in the form of a written report in which you will discuss the Carrier's Responsibilities and Liabilities when carrying third party goods. The task assignment is to be 1,750 words, +/- 10%.

Assessment Criteria:

Outline the carrier's responsibilities and liabilities under law and their defence against spurious claims

Word Count. 1669

Line Spacing to be 1.5, not 1.0

This assignment lacks any meaningful research effort and demonstrates a lack of understanding of what is required when writing an assignment. The Carrier's responsibilities are:

To deliver the product, in the right quantity, right condition, to the right destination, in the right time. In doing so they are obliged to operate within the law.

In doing so, what are the carriers defences against spurious claims for not meeting the requirement to: To deliver the product, in the right quantity, right condition, to the right destination, in the right time.

This is the basis of your assignment. I get that there absolutes under law that the carrier company is required to meet, but adherence to the law in all aspects is not a defence in itself against spurious claims.

The lack of reference material has impeded your knowledge and understanding, provided poor analysis and in the end a disappointing assignment.

You could have used the PESTLE analysis as the tool for identifying the areas within the Carriers responsibilities and then produced counter measures against spurious claims

	Grade
RIL	14.3%
K&U	28.6%
Analysis	28.6%
Prac	
Skills	42.9%
Total	28.6%

PAGE 1



Comment 1

Define Timely and Safe delivery and your evidence to support this is what??



Comment 2

This figure is what???



Comment 3

The responsibilities of the carrier are: To deliver the product, in the right quantity, right condition, to the right destination, in the right time. In doing so they are obliged to operate within the law.

In doing so, what are the carriers defences against spurious claims for not meeting the requirement to: To deliver the product, in the right quantity, right condition, to the right destination, in the right time.

PAGE 2

PAGE 3

PAGE 4

PAGE 5
