



The role of the ship agent

ASBA: ensuring quality and integrity

The Association of Ship Brokers and Agents (ASBA) was established in January of 1934 to advance and foster ideals and standards of personal and professional conduct and practices, to inculcate just and equitable principles among those engaged in the trade, to define customs of the business, to establish and maintain uniformity in commercial usages, to adjust

controversies and misunderstandings, and to promote the common interests of those business establishments which are engaged in business as ship brokers and agents. One of the first tasks of the Association was to set forth the Code of Ethics (see box below).

After a number of high-profile agent company bankruptcies,

ASBA Code of Ethics

The officers, partners and associates of each member firm of this Association are firmly pledged to the following principles in the conduct of their brokerage and agency business.

1. In the conduct of his profession, a member shall exercise great care to avoid misrepresentation and shall be guided by the principles of honesty and fair-dealing.
2. A member shall be diligent at acquainting himself with market conditions and shall keep his principal accurately informed thereof.
3. A member shall always assist — never hinder — principals in reaching and performing an agreement, always rendering his best efforts and using his best judgement on their behalf.
4. A member shall handle all proposals accurately and expeditiously.
5. When acting as a broker, he shall not make decisions for

the principals unless so authorized by them; and when negotiating on a standard or well-known form of charter party, a member shall advise the principals of any deviation from the usual form.

6. The member's responsibility as ship's agent is to protect the ship's interests at all times. The ship agent will make every effort to manage the ship's call efficiently.
7. Each member agrees to inculcate his organization with the principles set forth herein, for it is recognized that only by their observance will the standards of personal and professional conduct be advanced, and the practice of ship brokerage and agency continue to inspire confidence as an essential and effective part of the shipping industry.

As adopted December 16, 1949

As amended June 23, 1981 and February 3, 2011

ARTICLE XIII: Criteria for Certification of ASBA Ship Agent Members

- Section 1.** All Ship Agent Members ("Ship Agents") must abide by the ASBA Code of Ethics.
- Section 2.** All Ship Agents must comply with the following standards of Financial Responsibility.
- A) Retain an external CPA for issuance of an "Agreed Upon Procedure Report" submitted to ASBA annually.
- The following procedures, based on random sampling, must be attested to:**
- ❖ Amounts due from/to principals in company's general ledger are supported by detailed accounting and reporting for principals which agrees in total to the general ledger.
 - ❖ Detailed accounting/reporting for principals includes a listing of cash receipts and disbursements (by invoice) for sample voyages with total amounts due to/from the principal for each selected voyage and in total at end of reporting period.
 - ❖ Maintain separate files for principals to include supporting documentation.
 - ❖ All transactions for principals must be supported by invoices and/or receipts.
- B) Certification by Ship Agent's management that undisputed accounts are settled in accordance to agent's agreement with principals and vendors.
- C) Ship Agents must demonstrate adequate insurance coverage, submit proof annually and name ASBA as a notify party.
- a) Automobile Coverage (owned and non-owned vehicles)
 - b) Workmen's Compensation for USL&H as required.
 - c) Liability Coverage – minimum of 1 million dollars per event.
- D) Company in good standing as certified annually by the Secretary of the State in which the Ship Agent is incorporated.
- Section 3.** Industry Experience
- A) At least one year in the business.
- Section 4.** Each Ship Agent must ensure that its Employees are Trained and Professional
- A) Ship Agents must provide on the job training or participate in member or ASBA provided training seminars.
- B) Ship Agents must successfully complete the ASBA Ship Agent Exam.
- Section 5.** Ship Agents agree that the ASBA Ethics & Grievance Committee will be the governing body should issues regarding noncompliance with this article arise.
- A) Ship Agents agree to abide by the ruling of the committee.
- B) Ship Agents face possible suspension of and/or expulsion from membership for failure to comply with the requirements of this Article.



and the general opinion of ASBA's members, it was decided that the industry was in need of a mechanism whereby principals could identify quality ship agency providers. In February of 2005, the full membership of the Association approved the Guidelines for Certification — please see box above.

ASBA is an active member association of the Federation of National Associations of Ship Brokers & Agents. It presented its certification to the FONASBA members and, happily, the members approved the FONASBA Quality Standard in 2008 with approximately 20 member Associations having received approval to issue the Quality Standard to their member companies.

ASBA's members have used the following text to inform their principals of ASBA's certification.

"The Association of Ship Brokers and Agents (USA) Inc. (ASBA) agent members have raised the bar for agency companies by implementing an annual certification process that is intended to assure principals of member agent's quality and credibility in three areas:

- ❖ Sound handling of principal's cash

- ❖ Adequacy of insurance coverage
- ❖ Competence of staff

ALL ASBA member agents are required to submit an annual procedure report from an external CPA, insurance coverage of \$1M per event of liability, automobile and workmen's compensation as required. All agents employed by member companies must pass the ASBA Agent Exam testing their knowledge of the industry and agency business.

ASBA promoted the endorsement of a similar international standard through its international counterpart the Federation of National Associations of Ship Brokers & Agents (FONASBA), which has as one of its core values the promotion of the highest levels of professionalism in the agency and broking professions worldwide. FONASBA approved their Quality Standard that embraces the core objectives of ASBA's Certification. ASBA Agent Members were one of the first to be awarded same. INTERTANKO and BIMCO have endorsed the FONASBA Quality Standard (FQS), which attests to their recognition of the value of this initiative for their members. Over 20 FONASBA Member National Associations have been approved to award the FQS to qualifying members.