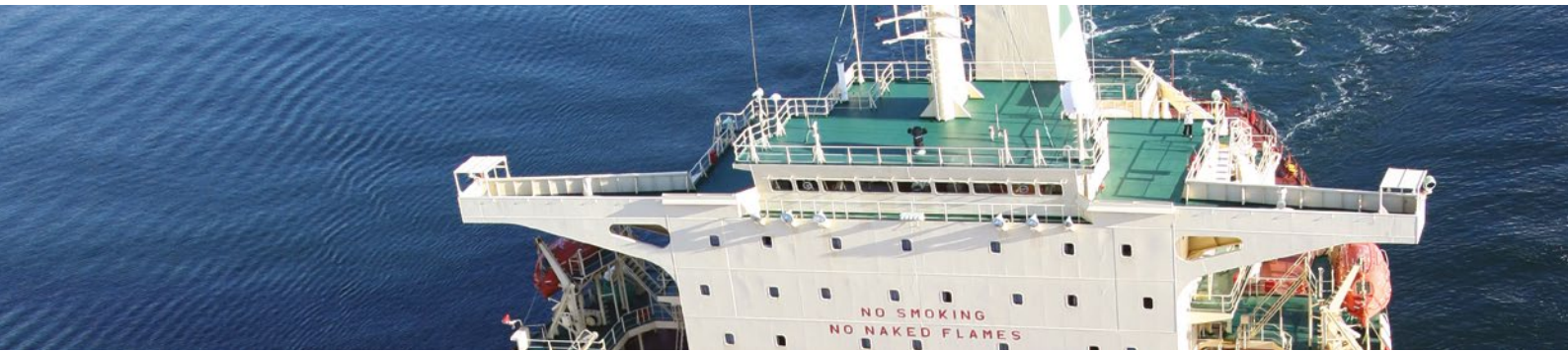




SPECIALIST  
PROFESSIONAL  
INDEMNITY  
INSURANCE

## Professional Indemnity Insurance for Ship Managers



- ➔ With over 2000 members in more than 100 countries, ITIC is the world's leading insurer for professionals who provide services to the transport industry.
- ➔ For more than 80 years ITIC has been offering transport industry professionals peace of mind. The experienced ITIC team working in your sector knows your business. ITIC helps clients to identify problems before they become issues.

### Expert care

ITIC is the leading provider of professional indemnity insurance to ship managers, insuring more than 150 companies worldwide. The team at ITIC has a complete understanding of the risks, combined with a high degree of claims experience.

#### Examples of claims

- ▶ Failure to maintain ship – one of the largest claims paid by ITIC was as a result of a delay to the repair of a ship.
- ▶ Appointing unqualified crew – if the crew are not certified to perform the jobs for which they are hired, the owner will be in breach of the terms of his insurances and the ship manager will be liable.
- ▶ Failure to arrange insurance – ITIC has seen reports of claims against ship managers where banks or ship owners have sued them for negligence in failing to arrange adequate insurance.
- ▶ Error in fixing ship – for example a ship with a Cyprus flag being fixed to discharge in Turkey.

### Policy highlights

- ▶ Worldwide professional indemnity (errors & omissions) cover
- ▶ Legal defence costs insurance
- ▶ Automatic cover for subcontractors
- ▶ Contractual risk management guidance
- ▶ Quality loss prevention advice
- ▶ Support from worldwide network of correspondents
- ▶ Discretionary insurance adjudicated upon by fellow transport industry professionals
- ▶ No external shareholders
- ▶ Mutual dividends paid at renewal over the last ten years
- ▶ Underwritten with industry knowledge

The above list is merely to show examples of the areas ITIC covers. If your particular field is not included, just contact ITIC to discuss your needs.

Beijing | Bermuda | Hong Kong | The Isle of Man | London | New Jersey | San Francisco | Shanghai | Singapore | Sydney

ITIC  
IS MANAGED  
BY **THOMAS  
MILLER**

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## Professional Indemnity Insurance for Ship Managers

...because everyone makes mistakes

Any specialist within marine sector services, facing any day-to-day exposure to risk, can rely on ITIC to help mitigate the risk. To demonstrate potential liabilities in this sector, the following claims scenarios may be helpful.

### ➔ Check the ship before taking it on!

A ship manager accepted the management of a ship, but had not inspected it. In fact due to a high staff turnover in their technical department, nobody from the manager's office visited the ship. The owners went on board some ten months after it had been under management and were appalled at the condition of the ship and immediately made a claim against the managers for failing to manage and maintain the ship.

The ship was old and had probably not been in the best of conditions when the managers took it over. However, they had no proof of this. The owners brought a claim of over USD 400,000 against the managers. There was no starting point/initial survey on which to commence negotiations.

### ➔ A tale of two sea charts

A tanker had changed from hard copy sea charts to electronic sea charts and it was a Flag State requirement that the second officer had an ECDIS Certificate.

Unfortunately the ship manager overlooked this requirement and the second officer assigned by the ship manager did not have this certificate. A subsequent routine vetting inspection by one of the oil majors revealed the mistake and the oil major informed the ship manager that the ship had been put on technical hold.

A technical hold can only be lifted after a new oil major vetting, which can take up to six months. In the meantime the trading flexibility of the tanker had been reduced and the earnings had reduced similarly. The owners claimed the difference in earnings from the manager.

### ➔ Oily problems

A number of governments are increasingly involving the private sector in their research and development. A ship manager contracted with the owner of an experimental hull platform to manage, operate and maintain it for a navy.

One of the manager's duties entailed the changing and analysis of the main engine lube oil. Over a period of only two years, it was necessary to change the lube oil 27 times. On each occasion, an independent testing company found a high debris content and fuel oil, from which it appeared that the lube oil was not acting adequately as a lubricant. Despite these results, the ship manager failed to properly investigate the cause of the persistent problem and eventually the ship suffered engine failure.

A report concluded that the lube oil had been providing inadequate lubrication, and that a prudent and competent superintendent should have conducted further investigations. The owner presented a claim for GBP 800,000, which included many consequential damages and losses. As the manager was obviously at fault, the claim was contested on quantum, rather than liability, and the owner's claim was eventually settled for GBP 590,000.



Specialist professional indemnity insurance for transport professionals everywhere.

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