



SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE

Pool Management

Specialist professional indemnity insurance

ITIC
IS MANAGED
BY **THOMAS
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Professional indemnity insurance for pool managers

Expert view

Although there are different models, a standard shipping pool brings together a number of similar vessels under different ownership and operated under a single administration. In its simplest form, pool management is commercial management with meticulous division of earnings through the pool participation agreement.

There are areas of risk exposure from fixtures, post fixtures and pool partnership accounting. Errors are made by all pool managers. Sometimes, it's the complexity of the pool agreement that causes the problem, but more often than not it is the human error of someone just getting it wrong.

Whilst it may be self-evident that the fail-safe approach to errors is to check and cross-check; time pressures can often create less than perfect conditions for operational excellence.

Examples of errors that might be encountered include:

- Fixing the wrong ship for the cargo
- Fixing the wrong ship for the port conditions
- Failure to distribute the pool points properly

The team at ITIC have seen the problems before and we are here to help.

Policy highlights

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

Why choose **ITIC** ?

ITIC provides professional indemnity insurance at cost	ITIC is the mutual insurer of the transport industry with no external shareholders to take a profit from the business.
ITIC will provide a sympathetic approach	ITIC understands that you will often have commercial relationships which will need preserving and will work with you to allow that business association to continue. ITIC's unique insurance cover could support any claim which may not normally be paid by another professional indemnity insurer.
ITIC understands your business	ITIC's specialist knowledge of your business will make it quicker and easier for you to obtain advice and support on a claim under your professional indemnity insurance.
ITIC is more than just insurance	As an assured at ITIC you will receive support from a team who understand the unique situations and liabilities that your business faces.
ITIC pays dividends annually	Surplus funds have been paid out to the members in the form of continuity credit since 1994.

ITIC has extensive experience in the pool management sector which grows every year. ITIC's loss prevention advice channels the experience of all the members to best help you navigate the ever changing global landscape.

Deviation costs



A pool manager failed to submit the owners' deviation claim of US\$205,000 to the charterers within the time limit. It was clear in the charter party that all such claims needed to be submitted within 60 days. The operations team in the pool management company overlooked this crucial date. The owners then looked to the pool manager to cover the cost. ITIC reimbursed the pool manager.

Demurrage delay

A demurrage claim needed to be submitted within 60 days. The pool manager received the claim from the owners and sent it on to the charterers within time. The claim was sent by email, without the attachments of the demurrage invoice and relevant supporting documentations. The charterers confirmed receipt, but did not mention that there were no supporting documents. Eventually charterers advised that there were no supporting documents and advised that the claim was time barred. The loss was US\$140,000, which was reimbursed by ITIC.

Fixture fudge

A ship was fixed on the basis that the last 3 cargoes be clean/unleaded and CIQ (China inspection and quarantine) acceptable. The ship loaded vegetable oil on the basis that the immediate last cargo would be ethanol and CIQ compliant. The last cargo was in fact ethanol, in most of the tanks, however, the vegetable oil was loaded in the tanks that had carried gasoil. The cargo was no longer CIQ compliant and en route to China, where it could not be discharged and sold.

A solution was found, which entailed selling the damaged cargo to another buyer below the market price. The loss amounted to US\$120,000.

Pool points error

A pool manager has to be scrupulous in the application of the pool agreement and particularly the division of the profit.

ITIC insured a pool manager who, during the accountancy process, overlooked some expenses for one of the pool partner owners. The pool manager overpaid the pool participant US\$180,000.

The pool consisted of a large number of ships and US\$180,000 would not have been notable on an individual basis. Therefore, the error was only noticed many months later, when the accounts were being reconciled. The pool manager looked to the ship owner to reimburse them, so that they could redistribute the funds to the other pool partners. Sadly, however, the ship owner had gone into liquidation and the ship had been sold and renamed.

The US\$180,000 was reimbursed by ITIC.

Frozen out



A pool manager fixed a ship which could not perform, due to a scheduled call at a port which stipulated ice class requirements which the vessel did not have. The pool manager had incorrectly stated in the charter that the vessel was "ice classed".

Class refused to approve the port call, stating that without modifications to the vessel (structural changes to the hull), it was unsafe. As a result the vessel could not perform the fixture and the owner had no choice but to cancel the fixture. This meant that the charterer would have a claim against the owner, who in turn would have a claim against the pool manager's pools.

In order to mitigate the potential loss the pool manager arranged for another vessel to perform the fixture. This vessel was entered into another of the pool manager's pools.

The substitute ship was a larger more expensive vessel and the pool manager advised the owners/pool of the ship that they would be compensated for performing the fixture at the market rate – an amount of the rate for the initial ship plus an additional US\$397,000 to be paid by the pool. This was later indemnified by ITIC.

ITIC facts & figures at a glance

All figures US\$
All facts and figures correct as of 1st July 2024

Fact Sheet Series

Pool management

Gross premium

\$71m

for the year

Claims paid

\$491m

since 1992

Members

3,651

Security rating

Backed by at least "A-" rated reinsurance programme



Worldwide insurance cover

ITIC is able to provide professional indemnity insurance, without restrictions, worldwide. An ITIC account executive is responsible for each country and will be your first point of contact. The ITIC team speaks French, German, Greek, Japanese, Mandarin and Spanish.

Credits paid

\$205m

surplus funds have been paid out to the members in the form of continuity credit since 1994

Disbursements & commissions

\$244m

of disbursements and commissions collected for members since 1992

Free reserves

\$260m

for ITIC and TIMIA combined

Annual premium

from **\$1,500**  **\$1.8m**

ITIC is committed to consistently providing competitively priced professional indemnity insurance (and related insurance covers) with valuable and high quality loss prevention advice to businesses servicing the marine, aviation, rail and general transport industry. The ITIC team have a wealth of experience and knowledge.

28

Staff

A full time team to provide you with the best service possible.

22

Years

Average staff member's experience in the insurance/transport industry.

12

Years

Average staff member's time with ITIC. Several staff have over 25 years of service.

6

Lawyers

6 lawyers and a dedicated claims team.

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