

## Ship Repairers - Insurance Cover

In 1994, a case was considered by the Club's Board which highlighted concern as to the existence or adequacy of the insurance cover of many ship repairers.

Two employees of a ship repairer, were contracted by the owner of a fishing vessel to carry out modifications to the fish holds, they alleged that they suffered serious illness as a result of exposure to noxious and toxic fumes while welding in the fish holds. Each claimed US\$ 4.5 million from their employer, the repair contractor, as well as from the owner of the vessel. Although it was considered likely that the claim against the owners of the vessel could be successfully defended, problems with the adequacy of the repair yard's insurance left the owners of the vessel and the Club exposed as the main 'deep pocket' targets for the claimant's lawyers.

Third party claims of this nature come clearly within the scope of the Club's cover in the event that the owner's liability is demonstrated. Nevertheless, when Members are considering which contractors to use for the repair work they should have regard to the extent of contractor's insurance cover not only for deficient work but also for such third party claims. So far as possible, contractual agreements should set out specifically that the contractor is responsible for safe conditions being maintained on the vessel and should provide an indemnity by the contractor to the owner in respect of any claims by the employees or the contractor or other third parties. At the same time Members are reminded that the Club does not itself provide cover in respect of liabilities arising under the terms of an indemnity or contract unless it has been agreed by the Managers in writing.