LONDON OFFSHORE SYNDICATE
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INTRODUCTION

- Some risks are common across all types of vessel. These risks can be covered by the Club and are set out in the Club Rules.

- Vessels are often engaged in projects/contracts which bring additional risks, not faced by the majority of commercial vessels where some risks will fall under standard “poolable” cover and some will require additional cover.
NON POOLABLE
LIABILITIES

Contractual: Liabilities arising solely from the terms of a contract which a Member accepts voluntarily... BUT for the wording of the contract the operator would not have a liability in law.

Specialist Operations: Rule 28.3(A) third party liabilities associated with the operation of specialist vessels whilst performing their specialist functions.

Extended Towage: When any loss of or damage to the towed object is accepted by the tug (even if negligence based).

These liabilities can be written back into the P&I policy with our Specialist Offshore Packages.
SPECIALIST OPERATIONS
WHAT IS A SPECIALIST OPERATION?

In our Rules we say:

The performance of specialist operations including, but not limited to, dredging, blasting, pile driving, well-stimulation, cable or pipe laying, construction, installation or maintenance work, core sampling, depositing of spoil, professional oil spill response or professional oil spill training (but excluding fire-fighting).

The activities of professional or commercial divers.

Operation of submarines, mini- submarines or diving bells.
SPECIALIST OPERATIONS

- Operations that “disturb the seabed”
  – Non exhaustive list e.g. construction, dredging, pile-driving, well stimulation, cable or pipe-laying etc... Overside equipment – ROVs.
- Excluded from Club cover because risks are not common to all shipping.
- Personnel injury, pollution and wreck removal are covered during Specialist Ops.

Three part exclusion:

1. **liability arising from the specialist nature of the operation.**
2. liability for failure to perform/fitness of work.
3. liability for damage to the contract work.
Commercial/Professional Diving.

Contracts should stipulate that Charterer is responsible for operations of Divers.

Check Dive company’s insurance cover and limit.
- Liabilities voluntarily assumed arising from a contract.
- Liabilities other than common law.
| ✓ | Vessel(s) employed for the contract |
| ✓ | Scope of works |
| ✓ | Responsibility/Indemnity clauses |
| ✓ | Insurance Clause |
| ✓ | Specific clauses dealing with removal of wreck/pollution |
| ✓ | Preservation of right to limit liability |
| ✓ | Law and Jurisdiction |
WHAT CONTRACTUAL CONDITIONS MAY PREJUDICE POOLABLE P&I COVER?

**Basic Principles**
Where a contract requires the Member to:

(a) Voluntarily assume responsibility for acts or negligence of others.
(b) Surrender any available rights of limitation.
(c) Accept wreck removal obligations other than when required by legal authority.

Owners should **always** endeavour to enter into contracts which provide for a ‘knock for knock’ division of liability to be compatible poolable cover.
KNOCK FOR KNOCK

- Each Party is liable for its own personnel and equipment/property.
- The Principals of negligence are ignored.
LIABILITY CLAUSE

Should Cover:

- Personnel and Property of Owner, Charterer and Charterer’s other contractors.
- Third party Personnel and Property.
- Pollution.
- Wreck removal.
LIMITATION OF LIABILITY

- Do not accept liabilities in excess of statutory limit of liability.
- This can be by way of explicit waiver of limitation or can be implied by other terms.
WRECK REMOVAL

- Club covers **only** where required by law.
- Removal, raising, lighting or marking of the wreck &/or cargo / property thereon is covered when compulsory by law (Rule 2 section 12).
- C/Ps often require ‘debris’ removal.
- C/Ps often require Owners to remove wreck “if interfering with Charterer’s operation” – too subjective and also non-poolable this prejudices poolable cover.
POLLUTION

- Club cover is for pollution from entered ship regardless of fault.

WARNING!

- Don’t allow clauses giving Charterer right to clean-up and bill.
- Owner – retain control.
TOWAGE
TOWAGE

Must be under approved contract:

- UKSTC, Netherlands/Scandinavian STC.
- Towcon, Towhire.
- LOF or other contracts on Knock for Knock basis e.g. Supply time.
- Even with K-for-K Contracts the towed/assisted vessel may be described as third party property... Tug Owner has no privity of contract with Owners of the vessel being towed.
TOWAGE AND THIRD PARTY PROPERTY

- Poolable cover will not respond to damage IRO damage to/loss of the towed vessel or object.
- Vessels tow barges, rigs etc. owned by Charterer’s other contractors. Important to ensure this liability is covered by Contract wording or by MHH.
- If no K-for-K/UKSTC etc. between Tug and Owner of towed object. **Extended Towage** cover is required to bridge the gap.
- NB: Liability for loss/damage to third party Property as a result of coming into contact with the tow remains fully covered.
LAW AND JURISDICTION

- Better to be somewhere with recognized maritime expertise e.g. New York, London, Paris, Hong Kong, Singapore.
- Avoid difficult jurisdictions if possible.
- Sometimes can persuade Charterer to arbitrate in one place under another law e.g. Arbitration in Singapore under Indonesian law.
Recently, the Club has become concerned that Owners are being requested to agree to provide indemnities in respect of damage that is caused to offshore property.

In some cases, under certain jurisdictions, contracts have extremely large or unlimited exposure for damage caused.

In jurisdictions where we have seen the introduction of less favourable contract conditions, it is important that Owners do not push the limits in undertaking hazardous operations in unsuitable weather conditions.
CREW
COMPETENCE

- This is a major focus currently for the Club.
- Loss Prevention.
- Training.
- Culture.
Specialist Offshore Packages

Additional Cover for Offshore Vessels and Specialist Craft

Know Your Cover
THANK YOU FOR LISTENING, WE WELCOME YOUR QUESTIONS
OFFSHORE SYNDICATE CLAIMS TEAM

- Claims team specialised in and dedicated to offshore claims.
- The majority of the Claims team are legally qualified.
- Extensive experience over recent years in complex multi million dollar claims.
- Prompt and reliable response for all claims whether big or small: 24/7 service including emergency response.
- Global network of Correspondents.
- Claims-friendly approach.
LONDON OFFSHORE SYNDICATE
CLAIMS

Camilla Slater
Syndicate Manager
Claims
Employee since 2007

Alex McCooke
Deputy Syndicate Manager Claims
& LADC Manager
Employee since 2010

Louise Sell
Claims Handler
Employee since 2008

Daisy Rayner
Claims Handler
Employee since 2014

Mathew Bevan
Assistant Claims Handler
Employee since 2013

ADDITIONAL TEAM MEMBER
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WHAT HAPPENS WHEN IT ALL GOES WRONG?

- Immediate emergency steps.
- Capture evidence.
- Involve Club’s local Correspondents.
- Co operation with Claimant but no admission of liability.
- Early notification to the Club of any incident which may give rise to a claim.
  - Why?
  - What do we need from you to help us?
OFFSHORE VESSELS
FREQUENCY OF CLAIMS BY TYPE

- Crew injury and illness is by far the most frequent claim type followed by...
- damage to third party property and collision.
Crew injury/illness is the most frequent claim type. However, damage to 3rd party property has by far the highest impact financially.
OFFSHORE CLAIMS
THEMES AND EXPERIENCES
IN RECENT TIMES

- Crew Error.
- Adverse contracts.
- Challenge to standard form ‘knock for knock’ contracts.
- Adverse jurisdiction.
- Commercial pressures.
- Importance of the ‘right’ Club cover.
CASE STUDY 1

The Incident:

- Vessel in automatic DP mode a short distance from the platform.
- Divers are performing an inspection of the jacket.
- Winds in excess of 25 knots cause vessel to drift into platform.
- DP operator attempts to switch to manual mode but this is done incorrectly and too late.
- Vessels makes contact with the platform.
Claims Scenario

- Financial impact – likely to be in the region of US$ 5–10 million.
- DP error.
- A basic P&I claim or specialist cover required?
- Tonnage limitation – does it apply?
- Contract – a cap on Member’s exposure or a waiver of the right to limit?
Claims Observations

- Contract wordings may seem clear to both parties at the time of agreement, but what happens when things go wrong?

- Commercial considerations and market conditions.
The Incident:

- Pipelay barge lays a spur line with a chartered tug providing anchor handling services.
- In the vicinity there is a power cable providing power to an adjacent platform, owned by Member’s client.
- The anchor pattern used by the tug does not incorporate the pre construction survey data which had identified the position of the cable.
- Whilst one of the anchors of the barge is being relocated by the tug it drags over a pre existing cable providing power to the adjacent platform.
Claims Scenario

- Financial impact – likely to be in excess of US$ 5 million.
  - Damage to platform.
  - Cost of inspection.
  - Interruption to power supply.
- Tug chartered on Supplytime ‘89 form - a claim for the tug or the barge?
- A basic P&I claim or a specialist operation?
- Existing property or damage to contract works?
The Incident

- Member’s AHTS and pipe lay barge are engaged in laying a new 14 inch pipeline.
- During anchor handling for the barge, insufficient tension is kept on one of the anchor wires.
- Anchor wire becomes fouled on and causes damage to a spool piece connecting a pipeline to a riser.
Claims scenario and Observations

- Tonnage limitation.
- Member’s contract – a waiver of the right to limit.
- A basic P&I claim or contractual cover required?
Offshore support and supply vessel delivers goods to a platform offshore in Mexican Waters. Vessel comes into contact with platform causing damage.

- Repairs estimated in the region of US$ 1.9 million.
- Mexico is a signatory to the 1976 Limitation Convention.
- Damage can be limited by Convention to US$ 200,000.
- Limitation contested.
- Extensive litigation to the highest Court in Mexico.
- International Group Support.
The incident

- Diver (US citizen) employed by sub charterers
- Crew observe unusual noise from vessel’s port azimuth thruster
- Master sends diver down to investigate
- Diver’s umbilical cord becomes trapped when the propeller moves
- Diver dies of asphyxiation
Claims Scenario

- Supplytime 2005 – knock for knock terms
- Deceased’s relatives bring claim against the Owners and all other parties in the US
- Charterers agree to indemnify and take over the defence of the Owners but later withdraw their agreement and place vessel under arrest. Charterers dispute the knock for knock terms.
- Club provide LOU to release vessel against arrest and Club support arbitration proceedings against the Charterers in London
- Claims is favourably resolved
Claims Observations

- Charter is on Standard knock for knock terms with English law incorporated.
- Despite contractual near certainty, Members must defend the claim in the first instance and resolve challenge from Charterers on the knock for knock terms.
CONCLUSIONS

- Dedicated Offshore claims team – we are here to help you.
- Our claims experiences:
  - High quantum property damage claims.
  - Crew error.
  - Adverse contracts and challenge to standard form ‘knock for knock’ contracts.
  - Jurisdictional uncertainty.
  - Commercial pressures.
  - Importance of the ‘right’ Club cover.
THANK YOU FOR LISTENING, WE WELCOME YOUR QUESTIONS
LOSS PREVENTION: BETTER THAN CURE!
LOUISE HALL, HEAD OF LOSS PREVENTION
LOSS PREVENTION
DEPARTMENT

Department consists of:

- 5 ex-Mariners with over 23 years combined command experience and 20 years Loss Prevention experience.
- All Lead Auditors (ISO 9001 & ISM).
- Dedicated to providing services that help Members minimise their exposure to the risk of claims.
LOSS PREVENTION DEPARTMENT

- Offer Members technical advice, seminars, publications and ship visits.
- Work closely with our claims team to analyse cause and provide in-depth technical input.
- Ensure the quality of our entered tonnage is of a standard that is of mutual benefit to all through ship inspection and management audits.
ANALYSIS OF RISK

- Learning from incidents and near misses – an important part of an operation.
- Two year ‘causation’ project – Result continual analysis.

Aims:
- Identification of regional and sector trends.
- Targeted loss prevention initiatives.
- Assist Members in reducing their specific claims exposure.
Results of the Two Year Causation Study Showing Number of Incidents on Offshore Craft by Claim Type

- Personal Injury/Illness (658)
- Navigation (310)
- Miscellaneous (94)
- Pollution (20)
- Cargo (14)
Results of the Two Year Causation Study showing the Cost of the Incidents on Offshore Craft by Claim Type (US$)

- Navigation (60,977,930)
- Personal Injury/Illness (4,152,931)
- Miscellaneous (748,412)
- Cargo (335,164)
- Pollution (82,361)
Since the initial two year study the Club is finding the type of claim and contributing factors are consistent.
NAVIGATION
INCIDENTS ON OFFSHORE CRAFT >1 MILLION US$
– NUMBER AND COST OF CLAIMS

The Number and Cost of Claims
(Offshore Craft) >1million (US$) 2004–2014 Policy Years

Claim Type
- Collision
- Allision/FFO
- Grounding
- Sank/Wreck Removal
- Operational Damage

Cost of Claims (US$)

Number of Claims
OFFSHORE VESSELS
FREQUENCY OF CLAIMS

- Towage
- Liabilities in respect of persons other than seamen or passengers
- Liabilities in respect of Passengers
- LADC
- Inquiries and criminal proceedings
- Fines
- Environmental
- Damage to 3rd party property
- Crew Injury / Illness
- Collision
- Cargo
- Vessel Count

Vessel Count for each year:
- 2010: 57
- 2011: 57
- 2012: 57
- 2013: 57
- 2014: 57
- 2015: 57
PERSONAL INJURY/ILLNESS INCIDENTS
PERSONAL ILLNESS INCIDENTS

- Crew Injury/illness:
  - Often unhealthy lifestyle.
  - Detectable illnesses through pre-employment medical examination Programme.
  - Main illnesses Heart Problems, Infections, Appendicitis, Stomach pain and Kidney Problems.
  - Repatriation.
PERSONAL INJURY
WORKING PRACTICES

Mainly arose due to individual carelessness, cases including:

- Hand injury whilst knocking a shackle pin out.
- Ankle injury when stepping off a ladder.
- Injuries due to a trip over a safety rope.

How do we prevent such incidents?

- Analysis of incidents to establish trends.
- Reporting of near misses.
- Ensure crew are competent/trained.
PERSONAL INJURY
SLIPS/TRIPS/FALLS

Mainly arose due to:

- Slips on deck.
- Trips over equipment and vessel structure.
- Transiting ladders and stairways

How do we prevent such incidents?

- Marking of hazards.
- Good housekeeping.
- Encouraging awareness of personal safety.
LOSS PREVENTION
SAFETY AND OPERATIONAL CULTURE ON BOARD

- Ensure a culture is adopted on board that reflects that ashore.
- Encourage the crew for input – Closed Loop feedback.
- To continuously appraise routine working situations.
- To have pre-operation meetings.
NAVIGATION
HUMAN FACTOR INCIDENTS

- Nearly 60% – navigational failures/handling errors.

Due to:

- Weather conditions.
- Failure to follow Colregs and misjudgement when manoeuvring.
- Over reliance on technology.
NAVIGATION
HUMAN FACTOR INCIDENTS
– LOSS PREVENTION

- Are the officers/crew suitably qualified?
- Are they adequately experienced in operating vessel type and in the geographical area?
- Do they feel part of a team?
- Is manning sufficient for the current operation?
The incident
A platform supply vessel was manoeuvring in the vicinity of the rig.
- Weather conditions were moderate, gusting winds (Beaufort force 3–5).
- Master misjudged the prevailing conditions, lost control of the vessel and collided with the structure.
- The rig sustained damage to the lifeboat and its surrounding structure.

Observations
- Even a short loss of concentration can have major consequences both financially and to the reputation of the operator.
- It must be ensured that Masters receive ship familiarisation/handling training.
- On board crews should try to look at each new assignment with fresh eyes to avoid complacency in routine operations.

Financial cost
The cost of this claim was US$ 1,534,295.
The incident
A supply vessel was discharging pipes to a rig.

- After discharge from port side, vessel position changed in to discharge from starboard.
- This resulted in the vessel’s bow moving closer to one of the rig’s legs.
- Due to a loss of GPS signal and despite manual controls being engaged, the vessel was unable to maintain its position in the prevailing heavy swells and came into contact with one of the rig’s legs.

Observations

- It must be ensured that the ship’s crew are fully familiarised with all operating modes of the vessel’s Dynamic Positioning System (DPS) so, if there is a failure in one mode, swift and effective action can be taken to continue the safe navigation of the vessel.

- The vessel’s crew should also be fully appraised of the DPS’s operating envelope as laid down in the DPS operating manual, including the weather limits such as wind speed and direction, currents and tides so to be able to assess when the thresholds are being approached.

- Additionally, full awareness of the prevailing circumstances of the operation which is being undertaken should be maintained to ensure that the vessel is operating within the company’s procedural limits for the intended operation.

Financial cost
The cost of this claim was US$ 1,200,000.
The incident

- Vessel operating under DP engaged in drilling operations.
- The surge axis button was inadvertently pressed on the operating station.
- The vessel came out of DP and started drifting ahead. On observation the DP control was selected. No immediate result therefore joystick mode selected.
- Alert given to disconnect however it was not possible.
- Vessel moved back to its original point.

Observations

- Operating station relocated and buttons covered with plexi glass.
We have a number of claims on record where the root cause was found to be the same as earlier incidents. This highlights the importance of learning from incidents to assist in mitigating against future claims.
THANK YOU FOR LISTENING, WE WELCOME YOUR QUESTIONS