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SUB-STANDARD VESSELS

How to avoid them?

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How to avoid sub-standard vessels ?

- ◆ Need QUALITY Assureds, using QUALITY vessels
- ◆ (and “quality brokers”...)

How to avoid sub-standard vessels ?

◆ LINERS :

- ◆ Assureds have not a lot of power, but have to insist upon quality vessels.

◆ CHARTERED VESSELS

- ◆ Assureds have a lot of power!
- ◆ Assured decides!

Selection criteria

- ◆ classed with a member of IACS
- ◆ insured with a member of the International Group of P & I Clubs (and a few reputable fixed premiums insurers)
- ◆ age < 25 years
- ◆ part of a fleet

IACS = panacea?

NO!



If not classed with IACS ?

- ◆ But insured with a member of the International Group of P & I Clubs (and some fixed premiums insurers)?
- ◆ > SURVEY!

If classed with IACS ?

- ◆ But NOT insured with a member of the International Group of P & I Clubs (and some ...)?
- ◆ > SURVEY!

And what if :

- ◆ classed with IACS
- ◆ insured with Intl. Group of P & I Clubs
(and some ...)
- ◆ but > 25 years and/or singleton?
- ◆ ↑ SURVEY!

If survey shows serious deficiencies ?

- ◆ refuse to insure!

or at least

- ◆ limit conditions

If unseaworthy and IACS-classed

- ◆ A member of IACS HAS TO accept liability!!!
- ◆ Their clear commitment in this respect is most welcome (at last)!

Institute Classification Clause

- ◆ “vessels not in the scope of the Clause are held covered, subject to a premium (!!!) and on conditions to be agreed (!!!)”
- ◆ This is irrespective of age!
- ◆ WHO DOES IT?

If and only if

- ◆ IACS does accept to be liable in case they have classed an unseaworthy vessel,

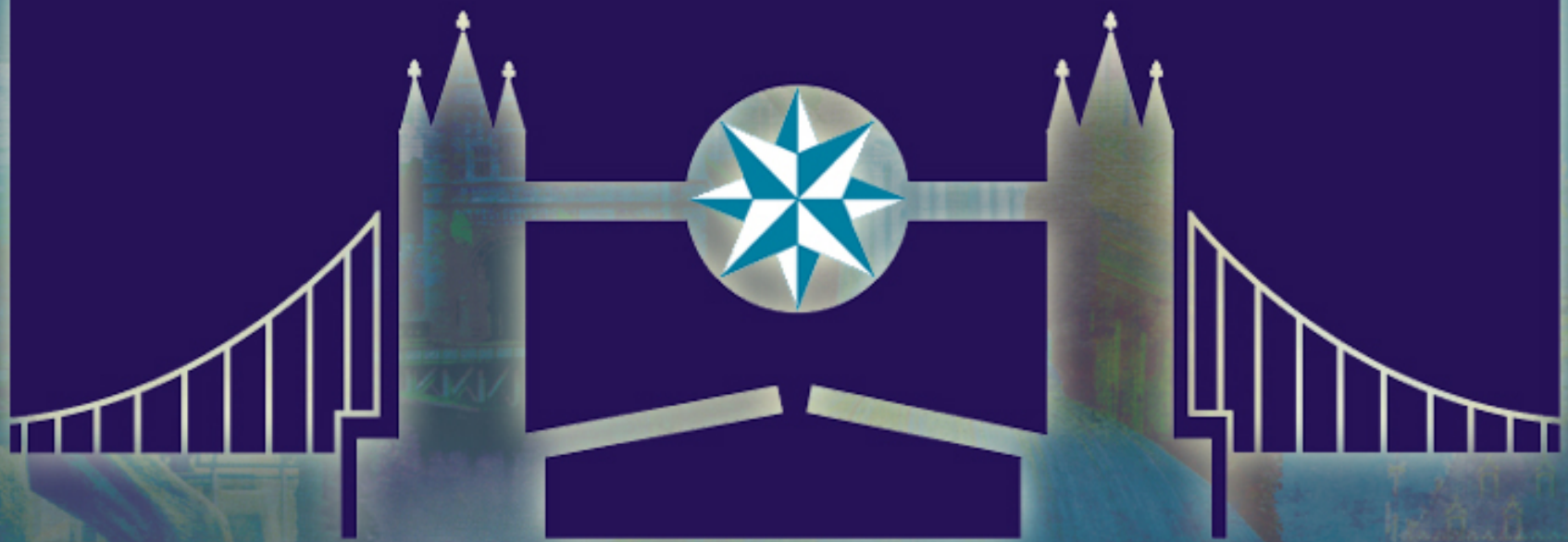
⇒ THEN

- ◆ Underwriters can rely on IACS
- ◆ Underwriters can go ahead and charge a huge “N.I.A.P.” for all the others.

N.I.A.P. ?

◆ = Non IACS-classed Additional Premium!

(= essence of the Institute Classification Clause)



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