



Pre-Employment Medical Examinations programme (PEME)

Healthier and fitter crew are part of the ongoing quest to reduce claims, avoiding delay and improving safety aboard ships.



UK P&I CLUB
IS MANAGED
BY **THOMAS
MILLER**

A proven system

The PEME programme proves to be the leading loss prevention initiative within the UK Club. It is evident from the statistical findings that it has provided a system for proper accountability by the clinic on the quality of the pre-employment medical examinations.

It has also led to consistency in a high examination standard to protect a shipowner from claims arising from medical conditions that should have been detected during the examination. Participating shipowners are provided with a proven system for managing this aspect of crew risks and thus they benefit by having a fitter and healthier crew. This programme is the most extensive and inclusive system in the industry. According to Phil Nichols, Personal Injury Claims Specialist -

“An unfit crewman will have, or is likely to cause a major incident due to illness; so it's not just medical costs and sick wages that are at stake. Consider a few avoidable interruptions: delay in journey, disruption aboard vessel and unhappy customers or passengers”.

History of the PEME programme

In recognition of high crew medical costs and the lack of accountability of clinics in general for failing to discover pre-existing medical conditions, the UK P&I Club set up the Pre-Employment Medical Examination Programme in August 1996. Under the programme, accredited clinics are held accountable to both the Club and Members for their performance. The initiative was piloted in the Philippines, as the country remains easily the largest supplier of merchant seafarers.

This scheme is designed to protect shipowners from claims arising from medical conditions existing prior to employment and to provide crew with a first rate health check before going to sea. The programme originates from the findings of the Club's Analysis of Major Claims 1995. The analysis found cases of compensation claims whose proximate causes could be attributed to medical conditions which existed prior to the employment.

The Club's investigations found huge inconsistencies in the standards used by the clinics for pre-employment medical examinations. To a large extent, the clinics adhered to the minimum standard required by the local authority. While conforming to the standard required for their registration, there was no accountability by the clinics to a shipowner for not identifying existing medical conditions at the pre-employment medical examination.

What concerned the Club more was the examination did not extend sufficiently to screen out pre-existing medical conditions that would impact on a shipowner's liability to compensation. The consequences to a shipowner can be drastic. The potential exposure can run to a liability of hundreds of thousands of dollars under normal contractual obligations and to millions of dollars in worse case scenarios.

The Club has assisted its Members to overcome the problems by designing a universally accepted standard medical examination form; stringently accrediting and auditing clinics to exacting criteria; and implementing a system of quality control.

Clinics

Since 1996, there have been 36 clinics accredited into the scheme. The programme also provides a clinic network throughout the USA and Canada.

Clinics approved by the Club are fully accountable for excluding any examinee if in any doubt about fitness. The clinics liaise directly with the PEME team rather than with the manning agencies. Information and examination results are compiled into a five page medical report (some national tests require only two pages). Clinics verify individual crew details before each medical exam by cross-checking against Club PEME records via the Internet to avoid possible deception by examinees.

The UK Club manages an online database of all its examinee medical records. This information allows the PEME team to review statistics on nationality, causes of unfitness etc. Pre-employment medicals are offered to the UK Club's PEME standard in fifteen crew supply countries. Clinic selection is driven by the geographical requirements of Members.

The PEME team regularly discusses requirements with participating shipowners and clinics. Currently, expansion of the clinic network is being considered in Poland, Russia and China. Members can also discuss their requirements for additional clinics.

If Members have suggestions for additional clinics in countries where there are none, they can contact the PEME team to discuss their requirements.

Cost benefit analysis

The Club takes a close interest in the value of the PEME in terms of the cost of crew illness claims saved. Between 1999 and 2008 the average cost of Members' crew illness claims was \$7000 per claim.

An idea of the total savings can be calculated by applying the average cost to the number of seafarers prevented from joining Members' ships whilst medically unfit.

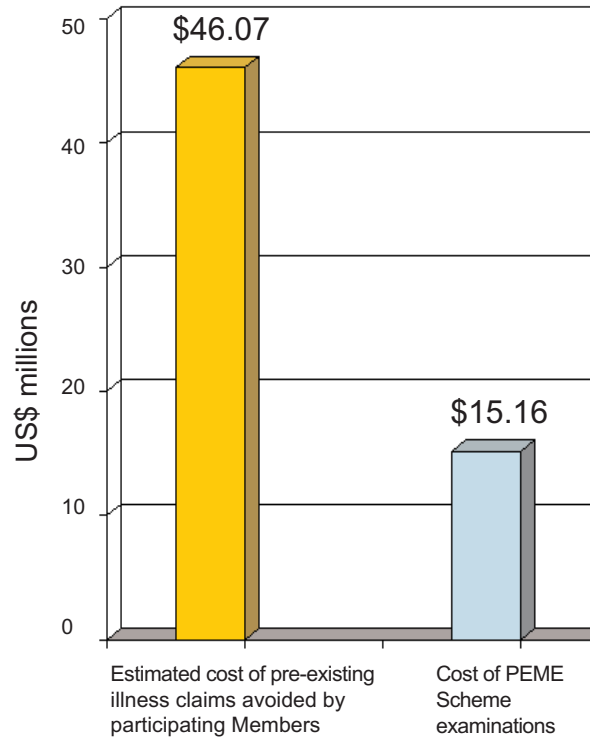
Since its inception, the PEME Programme has identified over 6,500 crew medically unfit. Applying the average cost of a crew illness claim to this figure generates a total potential saving for participating Members of over \$31 million.

Whilst it is difficult to be specific about the monetary benefits derived from the programme, the Club managers have no doubt they are considerable. The average cost of an examination is US\$82 depending on the country. Examinations have cost just over 15.6 million. The cost benefit argument for PEME is compelling.

Average individual illness claim = \$7000
 *6,582 unfit crew @ \$7000 = \$46.07 million

Average individual medical = \$82
 *184,967 medicals @ \$82 = \$15.16 million

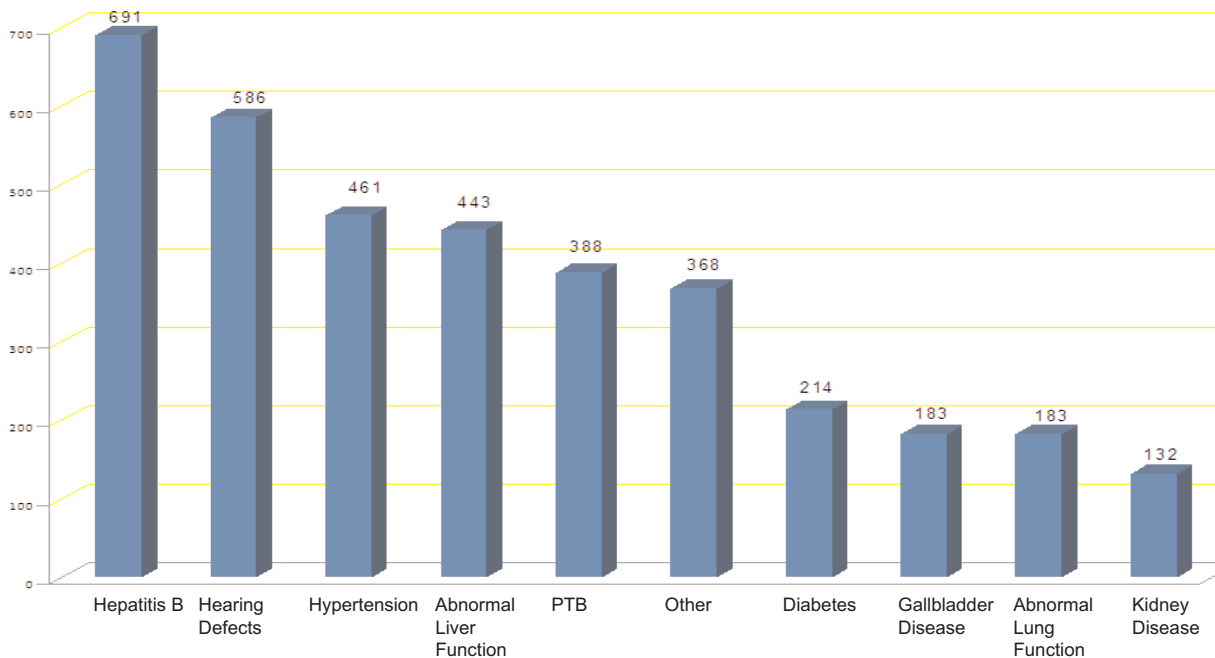
*3.56% of the 184,967 PEME medicals rejected the seafarer as medically unfit, equivalent to 6,582 unfit potential crew members.



Crew unfitness statistics

Since its 1996 inception, there have been over 180,000 crew examinations undertaken by the UK Club accredited PEME clinics. Notably, 6,582 of these examinations identified unfit crew who were rejected for the reasons illustrated below. These cases could have easily led to repatriation claims. These statistics show the programme is meeting its objective to screen out pre-existing illnesses prior to commencement of employment.

PEME Worldwide Statistics



Case studies

The importance of properly conducted pre-employment medical examinations is illustrated by the following cases, which occurred outside the Club's PEME programme.

Some 10 days after joining his ship a seafarer was hospitalised in the United States, initially for an infected injury to his elbow. He developed respiratory problems and needed a tracheotomy to assist with breathing. He stayed in the US hospital for a number of weeks since he was not in a suitable condition to risk repatriation to Europe.

It was also discovered that he was diabetic and had a recent history of alcohol abuse. None of these incipient problems were detected during the conventional crew medical examination. When he was finally repatriated to Sweden the total net costs amounted to \$307,000.

Following a conventional medical examination at a local clinic in his resident country a seafarer was despatched to join a ship in the Philippines. Before he had a chance to join his ship, he had to be hospitalised for emergency medical attention due to a painful tumor in his upper abdomen.

He was diagnosed to be suffering an advanced stage of stomach cancer. He died within 48 hours of repatriation to his country of origin.

The Club continually reviews the performance of PEME with its Members identifying beneficial improvements and innovations in the medical examinations and the overall administration of PEME.

One of the Members participating in PEME wanted to know when any of his crew failed a Club medical. The PEME team modified its web-based records system to alert via email each time a crewman was found unfit.

If a crewman fails their medical, the team are now advised instantly and can forward that information directly to the participating Member.

Realising the benefits

The UK Club delivers a service of proven added value to the Club's existing membership through its PEME programme. It has become a key element in the Club's loss prevention scheme.



PEME Team (from left to right)

Saidul Alom, Sophia Grant, Programme Director & Stuart Last

As the programme develops and expands, the concerns and needs of new and existing members continues to be of the utmost of importance. Sophia Grant, Programme Director says -

"We constantly audit the performance of our approved clinics whilst meeting the needs of our membership. Good communication and enhanced working relationships with clinics and Members remains our highest priority. We need to know what the former can do in order to fulfil what the latter require."

Ship operators are invited to contact the PEME team to discuss their particular requirements and for information on how to join the scheme.

- Significant savings in illness costs and repatriation
- Healthier crew and safer ships
- All administration duties taken care of by the Club
- Efficient medical examinations
- Industry leading quality control and biennial audit of clinics
- Clinic network developed in direct response to Member needs
- Close co-operation between Members and PEME management team
- 12 years experience
- Reduction in claims above and below deductible

For further information please contact Sophia Grant

tel: +44 20 7204 2417

fax: +44 207204 2210

email: peme.ukclub@thomasmiller.com