

UK P&I CLUB



SAFER, HEALTHIER, MORE SECURE

A Member's guide to loss prevention

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

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COMMITTED TO SAFETY

As a marine liability insurer owned by its Members, it is our duty to help you reduce accidents and losses on your ships that lead to claims, thereby directly reducing your insurance costs.

But insured losses are not the whole story – they can even be the tip of the iceberg. Suffering and loss of life caused by shipping incidents are irretrievable, as can be the consequent damage to your business reputation and relationships.

Right controls

Given the extensive hazards and human involvement in shipping, it is inevitable incidents will continue to happen. However, we believe that with the right controls in place, the consequences – and therefore the losses – can be limited to an absolute minimum.

For over 30 years, the Club's full-time and highly experienced loss prevention team has been analysing the causes of shipping liability claims to understand what goes wrong – both before and after an incident.

The result is an unrivalled and growing range of loss prevention data and advice that is freely available to you via the Club's website. It includes bulletins, articles, guides, videos, checklists and posters, and covers every aspect of merchant shipping.

Bespoke services

But there is no one-size-fits-all approach: every shipowner is different. You face different risks in different ways to your competitors.

We have therefore developed a unique series of bespoke loss prevention services for UK P&I Club Members. These cover the safety of your ships, the health of your crews and the security of your operations. This brochure explains these services in more detail. We hope you will take full advantage of them.



SHIP SAFETY

What we think you need

- To avoid claims, fines, delays, detentions and other losses resulting from incidents on your ship.
- To ensure investment in safety controls and training is cost-effective.
- To have evidence you are operating safely.
- To reduce your insurance premiums and need for future inspections.

Our solution

A detailed safety analysis of your ship by world-class experts – either directly or by self-assessment.



Every year the UK P&I Club deals with thousands of claims using the expertise and experience of its professional claims handlers, ex-seafarers and lawyers. The insight gained from this over the past 30 years has enabled us to develop a structured approach to risk analysis on ships.

This proven approach is now embedded in our risk assessment programme.

Proactive approach

As such we encourage you to take a more proactive approach. We invite you to commission our experienced team of inspectors and surveyors to conduct risk analyses of your entered ship at a time and place that suits you.

The analysis will show you how major hazards can occur on your ships and what safeguards you can use to prevent them. We will develop simple 'bow tie' diagrams of the causes and consequences of incidents with your crews and shore teams, helping to win safety participation and buy-in across your whole organisation.

The transparency of the analysis will enable your risk management to be prioritised, ensuring the most cost-effective use of limited resources. Furthermore, the evidence-based approach will help you satisfy the demands of charterers, shippers and authorities for proof you are in control of your risks.

Bow Tie

We have developed a system to rate and record risks, and to assist Members in assessing and reducing their onboard risks by visits to entered ships. We aim to conduct Risk Assessments on at least 10% of entered ships, in each member group, at least once in every two years. However, fleets may be targeted for more frequent visits where there is a persistent pattern of claims, or other reason to be concerned about the level of risk, with the result that in practice the number of ships on which risk assessments are carried out is close to 10% of our ocean-going fleet per year.

The results of ship risk assessments are benchmarked against results from the Club as a whole, offering in-depth risk profiling of Members' fleets. Through office and ship visits, the Club's own Risk Assessors help Members to assess relevant hazards and threats, to compare their performance with averages for the Club, and to examine the controls in place to reduce the risk of incidents occurring.

Self-assessment option

We can also offer you a self-assessment option of the risk analysis service. We have developed a self-assessment kit which allows your crews to rate and review risk preparedness of their ships themselves, as well as areas of exposed risk.

SUMMARY

Features of our ship safety service

- Proactive strategic approach based on known risk threats when analysing 12,000 claims.
- Covers cargo, pollution, personal injury, collision and third party property damage hazards.
- Graphic presentations for your crews and managers of major hazards specific to the ship and a prioritised set of measures on how to control them.
- An evidence-based schedule of risk management measures.
- Includes risk profiling and benchmarking of safety performance.
- Structured, repeatable, transparent and easily updated.

How we think you will benefit

- Strategic guidance for you on tackling the root cause of expensive claims.
- Quantified real-life case examples enable you to invest proportionately in risk management and loss prevention activity.
- Detailed reports enable you to share information across your fleet and operational departments, enhancing co-operation and effectiveness.
- Consistency in approach facilitates sustained and measured loss prevention activity over the longer term.
- Assistance with port state control compliance, reducing the delay to ships and the burden on your masters and crew during port calls.
- Self-assessment option encourages a ship's crew to take more pride in their professionalism and in their ship.
- Demonstrate your sense of corporate social responsibility and care for the safety of your workforce.
- Improved claims performance will result in reduced insurance premiums.
- No mandatory inspections provided a satisfactory assessment is carried out every two years.

CREW HEALTH

What we think you need

- To ensure your crewmembers are healthy and fit before joining your ship.
- To avoid the suffering and distress caused when a crewmember becomes ill at sea from a pre-existing medical condition.
- To avoid the often high costs associated with diverting to port, hospitalising and repatriating an ill crewmember.

Our solution

A high quality yet cost-effective pre-employment medical examination service.

A healthy crew is vital for the safe and successful operation of your ship.

Crewmembers who fall ill at sea can suffer terribly, as can the other crewmembers who are trying to care for them, as well as covering for their roles and doing their own jobs. It usually means returning to port or making a major diversion, causing further disruption. In addition, are the costs of delays, diversions, hospital care and repatriation.

While illness can strike at any time, it is far less likely to happen if each crewmember has had a proper medical examination before joining your ship. The challenge is ensuring that medical certificates offered by crewmembers are genuine and have been carried out by reputable and accountable clinics.

Pre-employment medicals

The UK P&I Club's pre-employment medical examination (PEME) service has been operating for over 20 years. It has become one of our most effective loss prevention initiatives.

The aim of the service is to reduce the volume and value of crew illness claims which are caused by a pre-existing illnesses or disease. These underlying conditions often impact on the crewmember's fitness for service and can endanger not only the health of the seafarer but also the safety and wellbeing of the whole crew and ship.

We have designed a standard pre-employment medical examination for crewmembers compliant with the Maritime Labour Convention 2006. The examination is conducted on our behalf in one of over 65 approved clinics in 24 crew-supply countries. Approved clinics are regularly audited and held accountable by us for their performance.

Cost savings

The average cost of crew illness claims handled by UK P&I Club in recent years is approximately US\$20,000. Over the past 20 years, the PEME service has arranged over 350,000 medicals for Members and screened out some 11,500 unfit crewmembers.

If the unfit crew had gone to sea and become ill, total claims cost could have been around US\$200 million. The average cost of a PEME medical over this period was just US\$112, so the total spent by Members has been around £33 million – just 17% of the potential losses.

Whilst it is difficult to be specific about the monetary benefits derived from the service, we have no doubt the savings are considerable. The Club continually reviews the performance of the PEME service, identifying beneficial improvements and innovations in the medical examinations and the overall administration.

Case studies

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

Diabetes and drink problem

Some 10 days after joining a Member's ship, a seafarer was hospitalised in the USA, initially for an infected injury to his elbow. He then developed severe respiratory problems and needed a tracheotomy to assist with breathing. It was a number of weeks before he became well enough to be repatriated, resulting in a total cost to the shipowner of US\$307,000. It became evident during his hospitalisation that the primary causes of his ill health were diabetes and a recent history of alcohol abuse, neither of which were picked up by his conventional crew medical examination.

Advanced stomach cancer

Following a conventional medical examination at a local clinic in his resident country a seafarer was despatched to join a Member's ship in the Philippines. Before he had a chance to join, he had to be hospitalised in the Philippines for emergency medical attention due to a painful tumour in his upper abdomen. He was diagnosed as suffering from an advanced stage of stomach cancer. He died within 48 hours of being repatriated.

Diabetes and pneumonia

A crewmember who failed to pass the UK P&I Club PEME carried out on behalf of a Member joined another Member's ship after a basic Department of Health examination. Shortly after joining the ship, he suffered a high fever and fell unconscious. The ship had to divert back to port in the USA to hospitalise the crewmember. After a lengthy stay in intensive care following complications caused by pre-existing diabetes and pneumonia, total costs to the Member were US\$237,000.

Hypertension and heart attack

Despite having a basic Department of Health medical, a crewmember on a Member's ship was taken ashore to a local hospital emergency room complaining of severe stomach pains. Diagnosed with congestive heart failure, renal failure as well as possibly having suffered a recent heart attack, he was subsequently placed into intensive care. The diagnosis also identified he was receiving medication for pre-existing high blood pressure. Following a month of intensive hospital treatment and an accompanied repatriation, the Member incurred over US\$500,000 in costs.



SUMMARY

Features of our crew health service

- Efficient, high quality medical examinations including personal details, medical history, vaccinations, physical examination, plus blood, urine, hearing, vision, lungs and any further tests requested by you (subject to local laws).
- Carried out by 65 approved clinics in 24 countries: Australia, Bulgaria, Croatia, Egypt, France, Greece, Holland, Hungary, India, Ireland, Pakistan, Philippines, Poland, Portugal, Romania, Russia, Singapore, South Africa, Spain, Thailand, Ukraine, UK, USA and Canada.
- Clinics directly instructed by and fully accountable to us rather than manning agencies.
- Clinics audited every two to four years.
- Standardised examination results maintained in secure online database for monitoring and fraud checks by PEME team, clinics and Members.
- Over 20 successful years of experience, with over 350,000 examinations completed and 11,500 unfit crewmembers identified.

How we think you will benefit

- Screening of all crewmember before employment ensures only the healthiest and fittest crew are on board your ship.
- Reassurance that your crewmembers' medical certificates are genuine and carried out on your behalf by a reputable clinic.
- Avoids unnecessary suffering of crewmembers with pre-existing medical conditions. becoming ill at sea, as well as reducing the stress and risk to other crewmembers.
- Enables you to keep track of the health of all your crewmembers via online records.
- Reduces crew illness claims both above and below your P&I insurance deductible.

OPERATIONAL SECURITY

What we think you need

- To identify the source of any suspected criminal activity relating to your ship, crew or cargo.
- To avoid liability for any suspected criminal activity and ensure it does not happen again.
- To reduce your insurance premiums.

Our solution

A specialist yet cost-effective maritime criminal investigation and security advisory service.

The shipping industry has long been a target for criminal activity. The high value and volume of maritime cargoes, the perceived 'deep pockets' of shipowners, and the inherent difficulty of making anything on or next to the sea entirely secure, continues to attract opportunist and organised crime.

Increasing reliance on information technology has also exposed owners and operators to the growing risk of cyber attacks. These can come from a diverse range of sources, including criminals, terrorists, rogue governments, activists, competitors and employees.

But it is often difficult for the owner of a ship trading internationally both to prove criminal activity and to identify the perpetrators. Stolen cargo, fraudulent documents, smuggled drugs or assaulted crew often simply become the shipowner's problem, resulting in claims, fines, delays, increased insurance premiums and even imprisonment.

Specialist investigators

The UK P&I Club therefore provides a unique criminal investigation and security advisory service to Members known as Signum Services. Staffed by former senior detectives from London's Metropolitan Police Service, the service has been solving crimes against Members for over 60 years.

The service is designed to provide a prompt, confidential and professional response to any maritime crime involving our Members worldwide. Cases our investigators have been called upon to investigate include cargo thefts, bunker frauds, fraudulent claims, forged bills of lading, cyber attacks, drug smuggling, people smuggling, arson attacks, homicide, sexual assaults and threats.

They will travel throughout the globe to make their enquiries, supported by extensive high-level contacts within national law enforcement agencies, intelligence services and military special forces. They are also Members of international, European and UK law enforcement associations.



Security surveys

You can also contact Signum for advice on any aspect of your operational security, from firewalls to firearms and from countermeasures to container seals.

Signum also carries out security surveys of terminals and warehouses for you. The team's long experience of dealing with criminals tells them how, why and where premises are vulnerable. Investigators will attend to examine the physical security of premises and, equally importantly, to assess the effectiveness of security procedures.

Experience has shown that in many cases crime can be prevented by thoroughly vetting staff, good physical protection of premises including closed-circuit television and good security procedures which are properly enforced.

Case studies

Copper theft at load port

Signum was asked to investigate a cargo claim against a Member who delivered a container with sand inside it rather than US\$2 million of copper wire. The cargo owner had seen the container being stuffed in the Philippines and had even followed the truck to the load port. However, from analyses of weights and times, Signum proved the truck had diverted just before the port to another location, where the copper was substituted for sand. The culprits were also identified as members of an organised crime gang, which had committed similar frauds in recent years. As a result of the investigation, the Member was able to defend the claim and the perpetrators were brought to justice.

Cocaine find on arrival

A Members' ship and crew were detained under armed guard in Venezuelan territorial waters following the discovery of a large quantity of cocaine in the funnel. Signum investigators boarded the vessel at anchor two miles offshore and interviewed all crewmembers for several days. One of the engine crew eventually confessed to bringing the drugs on board and his role in a major international drug-smuggling operation. As a result of the investigation, the crewmember was sentenced to 14 years in jail and the vessel and remaining crew were released without charge.

Television thefts at discharge port

Several Members asked Signum to investigate thefts from containers they had shipped from the Far East to a particular Indian port. The investigator found that the containers were being broken into at the import terminal. The contents – usually television screens – were being smuggled out of the terminal by hiding them in the space under a truck chassis. During a subsequent surveillance operation in conjunction with local police, seven men were caught committing another theft. They then admitted responsibility for all of the previous thefts and were convicted. As a result of the investigation, all Members were able to defend cargo claims against them.

People smuggling in containers

A Member delivering a container from the Far East via Morocco to Spain became suspicious about its construction, and asked Signum to investigate. It was found that the container had been modified with a false rear wall hiding a 600 mm wide compartment in which people had been smuggled. Examination of the waste inside the container revealed a baker's bag and empty water bottles from Casablanca. From these the investigator eventually discovered where the container had been altered and occupied, resulting in those involved being held to account. As a result of the investigation, the Member put in place a new security procedure to enter, check, measure and seal every empty container on the quayside before loading.

SUMMARY

Features of our operational security service

- Investigates any kind of criminal attack against your ship, crew or cargo – including cargo theft, bunker fraud, fraudulent claims, forged bills of lading, cyber attack, drug smuggling, arson, homicide, sexual assaults and threats.
- Service includes desk research, background profiles, liaison with local law enforcement agencies, interviews, surveillance, forensic examination, asset tracing, locating missing persons and container seal testing.
- Provides you with an immediate response anywhere in the world.
- Every effort made to uncover all the facts and gain the truth.
- Detailed and confidential advice given on how to improve your operational security to avoid a recurrence.

How we think you will benefit

- A unique and highly experienced team of investigators who will quickly get to the bottom of any suspected criminal activity relating to your operations.
- When perpetrators identified, written evidence will provide you with a strong defence against claims or penalties for the criminals' actions.
- Operated by us on your behalf, the service ensures absolute confidentiality and control of costs.
- Comprehensive advice on how you can prevent criminal activity happening or recurring, both at sea and ashore.
- Reduced losses from criminal activity will lead to a reduction in insurance premiums.

THE LOSS PREVENTION TEAM

We are committed to safety. Our high-level loss prevention programme is the most extensive in the industry. Our full-time, worldwide loss prevention team provides our Members with proactive and inclusive loss prevention support. The team provides technical and operational advice to Members as well as participating in crew seminars and training days. If you would like to know more about the work of the team, please contact us on lossprevention.ukclub@thomasmiller.com

Loss Prevention and Ship Inspections

Tel: +44 20 7283 4646

Team mailbox: lossprevention.ukclub@thomasmiller.com

shipsurveys.ukclub@thomasmiller.com

shipvisits.ukclub@thomasmiller.com

PEME

Tel: +44 20 7204 2417

Email: peme.ukclub@thomasmiller.com

Signum

Tel: +44 20 7204 2258

Email: signum@thomasmiller.com



From left to right: **Stuart Last** PEME Administrator, **David Thompson** Signum Investigator, **Sophia Bullard** PEME Director, **Mike Carroll** Signum Director, **Stuart Edmonston** Loss Prevention Director, **Aoife Supple** Loss Prevention Secretary, **Petar Modav** Loss Prevention Senior Executive, **George Devereese** Loss Prevention Executive. *Not shown:* **Costas Zoidis** Senior Claims Executive (Greece), **George Radu** Claims Executive (USA), **Captain Anuj Velankar** Senior Loss Prevention Advisor (Asia), **Saidul Alom** PEME Administrator.

GLOBAL NETWORK

