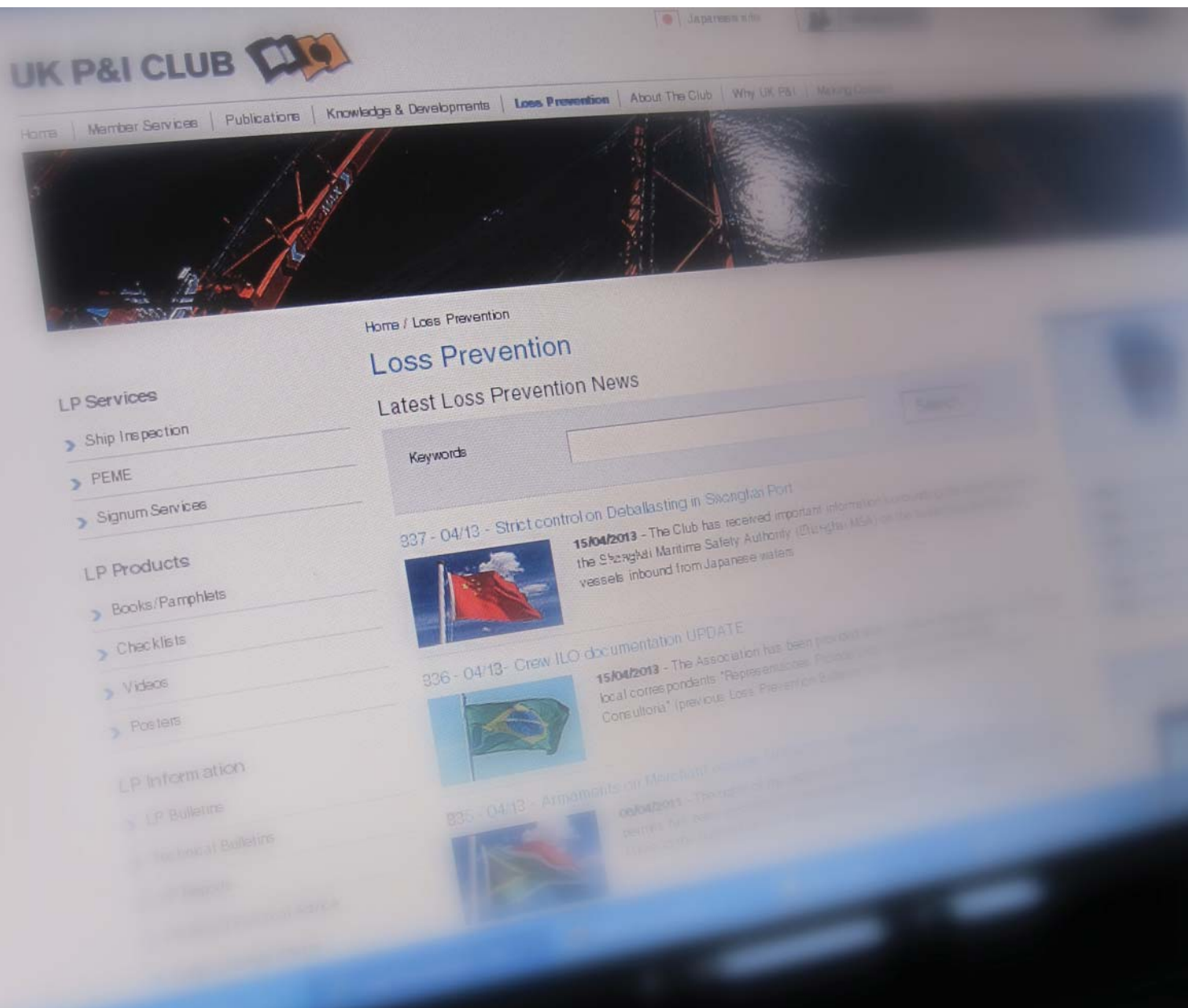


Loss prevention

The UK P&I Club is committed to safety. Its high-level loss prevention programme – the most extensive in the industry – aims to offset rising claims and maintain quality amongst Members

January 2013



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Ship Visit Programme



A new approach

Mutual insurance is insurance at cost. Owned by its assureds, and designed not to make a profit, the cost of mutual insurance to its Members is directly linked to its claims. Therefore anything which reduces claims will directly impact on a Member's contributions (premiums).

Since 1987, the Club has focused heavily on using its experience of handling shipping liability claims to raise awareness of what goes wrong and to get that information to those at the sharp end. Much of this has been done in the form of contemporaneous advice on current claims trends, posters, videos, cargo loading advice etc.

Whilst that activity will of course continue, we feel that we need to focus additionally on ways to help Members prioritise risk within their own fleets, in order to assist them in reducing their costs and their insurance premiums – especially in the present economic climate.

Following the well-known definition
RISK = FREQUENCY x CONSEQUENCE

the Club has analysed the number and value of the Club's claims to prioritise high risk areas and determine what the THREATS are that cause these claims. Then, with the aid of those at the sharp end – our correspondents, surveyors, claims executives and underwriters and last but not least important, our

crews – we have sought to determine what CONTROLS – be it engineered, procedural or managerial – have mitigated such claims, or would have done so if they had been in place. Those threats and controls can then be targeted for assessment, either with the help of the Club's own risk assessors, or by Members themselves in conjunction with their crews.

At the present time, the Club is working with several of its Members, providing in-depth risk profiling of each Member's fleet, and then working with them, both in the office and onboard ships, with the Club's own assessors, claims executives and underwriters, to assess relevant threats and controls.

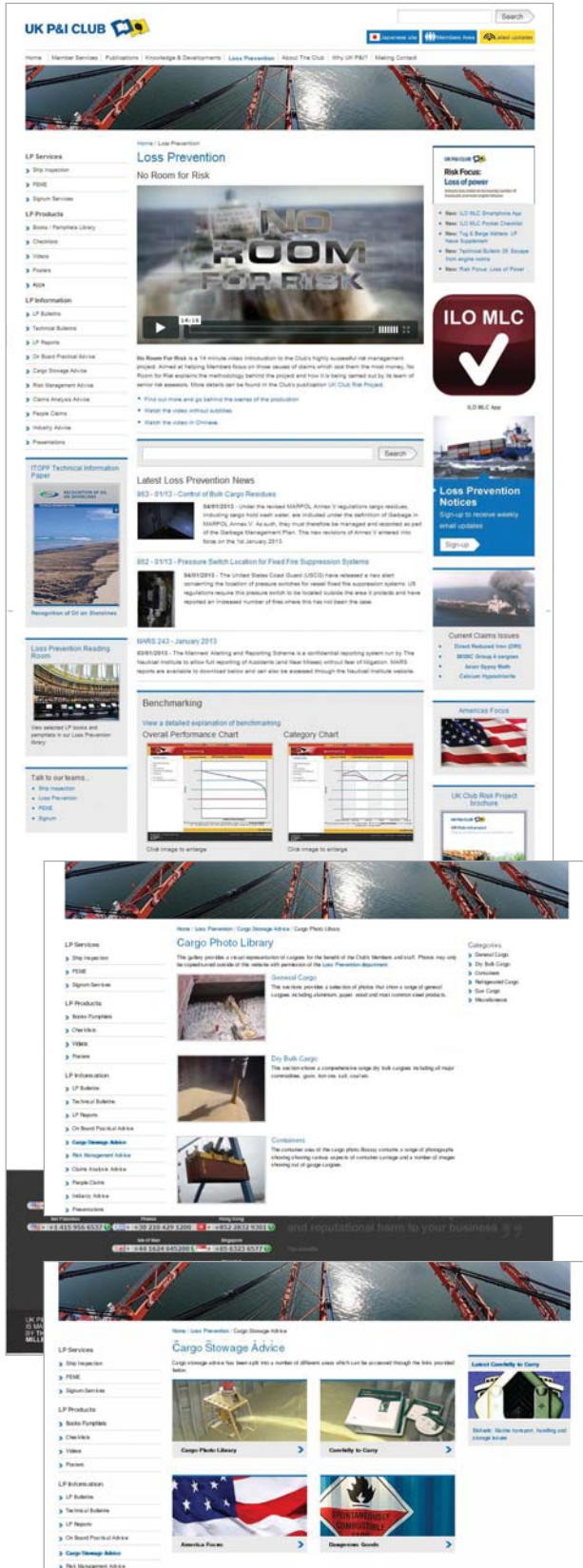
We hope that, by focusing on the high-risk THREATS which we know to have caused P&I claims and the CONTROLS that we know can mitigate their consequences, in future one *small mistake by a human* either onboard OR ashore is *not* 'the straw that breaks the camel's back'.

Drawing on the experience of its claims executives and in-depth claims analysis, the Club has defined 76 of these major threat areas which cause liability claims, and some 450 controls which may be able to help reduce the likelihood of those threats causing an incident.

We have worked closely with individual Members to trial and develop a system to rate and record these risks, so that a more scientific approach to claims prevention/control can be taken. As we extend the use of the system, this will in turn help establish trends and benchmarks which we hope Members can use within their own safety systems to help manage their risks. The old saying "you can't manage what you can't measure" has never been more valid.

UK Club Loss Prevention website

The Loss Prevention area of the Club website www.ukpandi.com/loss-prevention is full of advice and information. All of the Loss Prevention initiatives are available online, with many documents available for download.



In addition to the wealth of content, the Loss Prevention website is continually updated to make the latest information from the loss prevention team, the Club, its correspondents and its Members immediately available to the rest of the membership.

Most of the information is available for free public access. For restricted areas a simple online registration process at the Members Area of the Club website enables speedy and extensive access. Members who register receive a concise weekly email bulletin advising the latest updates which have been made to the website.

Members' Questions and Answers

Registered Members can access the Loss Prevention FAQs, a collection of the questions put to the department by Members and claims executives. Storing them in an easy to access database enables the department to answer queries immediately and efficiently.



People Claims area

The People Claims area is the latest secure area on the Club website, where valuable information can be found regarding the legal implications and complications of protecting people at sea. Managed and regularly updated by the Club's personal injury team it contains answers to the questions put to the team, e.g. information and advice on crew contracts. It also deals with cruise and ferry passenger and third party issues, stowaways and refugees.

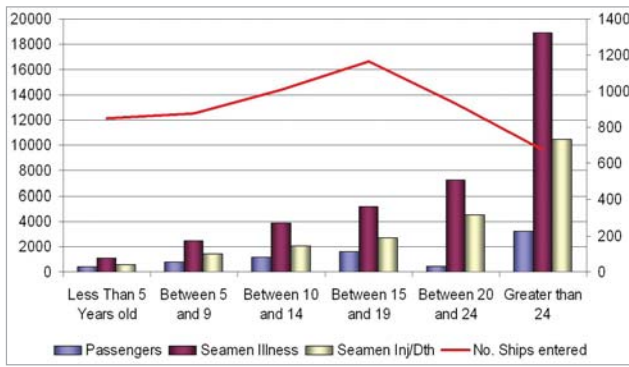
With thirty percent of the Club's payouts attributed to personal injury, people claims are a serious consideration for the Club. This is just one of the sectors for whom loss prevention statistics are published on the Club website.

Cargo Stowage Photo Library



A highly popular part of the Carefully to Carry area of the website is the Cargo Stowage Photo Library. The online library houses a wide range of cargo photos which are useful in providing reminders and examples of what cargoes look like. This library is particularly useful in providing a resource for those working with cargoes but not serving onboard ships, the library is updated regularly, as new photos become available.

Statistics



The Club's significant share of the world P&I market means it can produce statistics on the type of claims most commonly experienced around the world. The subjects of statistics range from who tends to be blamed for an incident to the type of ships most commonly involved in pollution incidents.

Useful ideas

One of the most popular items on the Loss Prevention website is the Onboard Practical Advice area which contains a wealth of ideas and suggestions picked up by the Clubs dedicated risk assessors. The idea of the area is to take the best practices from ships and pass it onto other Members so that they can benefit from the positive things being done throughout the Association.

News and topical issues

The Club is continually developing and improving its communication of loss prevention issues to Members. All such publications are web-enabled to provide speedy access and distribution among Members and their ships and operational colleagues. Details of these publications can be found in this brochure and by browsing the website.

For example, the past issues of the Loss Prevention News can be downloaded in pdf format. The subjects

covered are wide ranging with topical and informative texts regarding claims, pollution, cargo matters, piracy and new regulations. They assist Members in reducing claims by raising awareness of identified risk topics.



Loss Prevention Bulletins

Issued weekly, these informative bulletins cover a wide range of claims related issues and recommendations that come to the Club's attention, and other subjects of interest and importance. For example: Control of bulk cargo residues (863) Iron ore fines (859) Loading of cargoes - Kakinada (853).

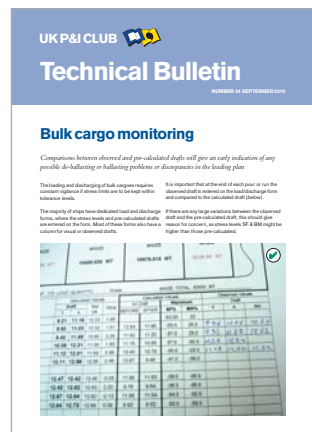
Used to raise Members' awareness, these bulletins are produced as the problem occurs and therefore may assist in reducing claims. They can also be accessed at www.ukpandi.com/loss-prevention



Technical Bulletins

Part of the Ship Visit Programme (see first page), the Technical Bulletins are designed to highlight the problems most frequently discovered by the Club's own assessors. These bulletins inform the shipowner of detrimental technical situations found on visits that may influence P&I claims and will assist in the Members own loss prevention initiatives.

Technical Bulletins are a useful and informative addition to the Club's publications. They are available in pdf format from the Loss Prevention Department or direct from the Loss Prevention section of the Club's website.



Good/Bad Practice posters

The Club has issued a series of Good Practice posters each year for use on board, illustrating some good and bad operational practices seen on Members' ships.



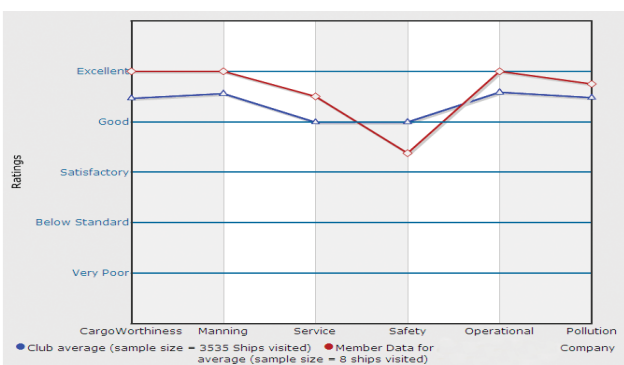
The posters are designed to draw attention to everyday occurrences, as witnessed primarily by the UK P&I Club's own risk assessors. Some of the photos illustrated under the title 'Bad Practice' are not necessarily bad, but when compared to the 'Good Practice' photo, it is clear that improvements could be made. Conversely, some of them can be considered as 'Bad Practice' and should clearly be discontinued.

A combination of photographs taken by the risk assessors and cartoon images help these engaging posters cross the language boundary. They are frequently posted on notice boards or in areas close to the hazard they illustrate.

Benchmarking

This system assists shipowners to assess their operational standards against the Club as a whole. The information is collated by the assessors, whilst onboard the Member's vessels, in: Cargo worthiness; Safety standards; Manning; Pollution control; Service and maintenance, and; Operational performance.

This service is being expanded. The new system will provide a more wide-ranging and comprehensive benchmarking service.



The system is confidential, with only the Member involved having exclusive access to their results. It is an important tool to highlight areas that Members can improve on to assist in the reduction of claims and outgoing costs.

Pre Employment Medical Examination

The Club's PEME Programme was set up in 1996. Since its inception the scheme has identified more than 8,100 crew as medically unfit for employment at sea from a total of 243,604 examinations.



The aim of the Programme is to minimise shipowners' exposure to claims which arise from crew with medical conditions which exist prior to employment.

The Programme also provides effective screening for crew to ensure seafarers have a clean bill of health before going to sea. A detailed explanation of the PEME Programme and its benefits to Members can be found on the Loss Prevention section of the UK P&I Club website.

The achievements of the PEME Programme are clear: Fewer claims, Safer ships, and a fitter, healthier crew.

Signum Services

The attention paid to the increasing criminalisation of seafarers and shipowners obscures the fact that those same individuals are more often the victims of criminal activity. Furthermore, the international nature of shipping makes arrest or prosecution of criminal activity difficult.

Signum is a unique team of senior detectives (ex Scotland Yard) who travel the world investigating every type of criminal activity that affects Club Members. The team's extensive relationships with international and national law enforcement agencies are particularly valuable. They present a highly cost-effective solution as time spent on Members' cases is free. Specific case disbursements are charged to the claim file.

Signum is also on hand to provide crime prevention and security advice. Their investigative experience identifies why, how and where premises are vulnerable and can assess the effectiveness of security procedures.

Carefully to Carry

Established in 1961, the CtoC committee has produced many articles – on cargoes that have caused a wide range of claims and other cargo-related issues such as hold washing, cargo securing and ventilation.

All articles and newsletters published by the committee are available to Members for download from the loss prevention area of the Club website. The list below gives an idea of the range and variety of these articles which are also available on disk and in a printed volume. Members also receive the latest reports from the committee by email

The quality of advice given has established Carefully to Carry as a key source of guidance for shipowners and ships' officers. In addition, the articles have frequently been the source of expertise in negotiations over the settlement of claims and have also been relied on in court hearings.

Main areas covered are:

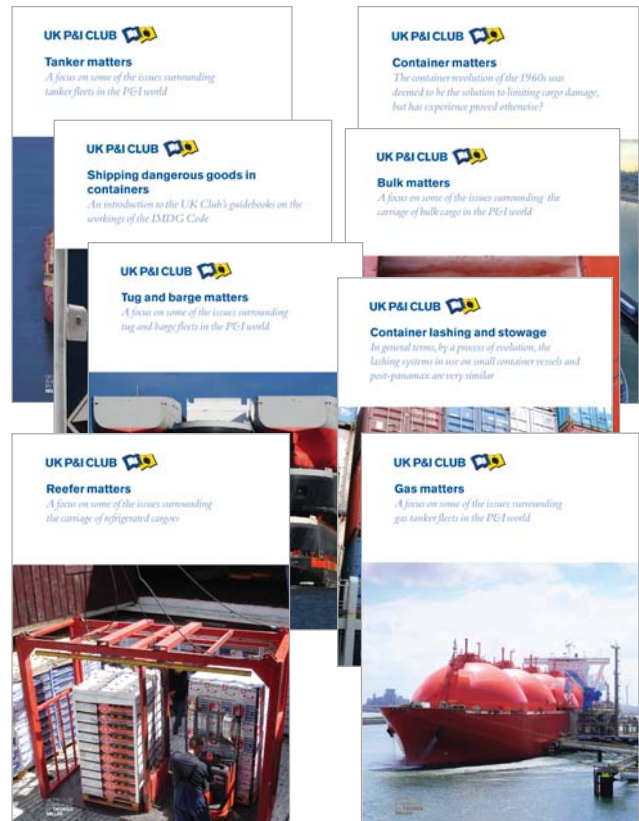
- Dry bulk cargoes
- Liquid bulk cargoes
- Containers
- Refrigerated cargoes
- Gas cargoes
- Miscellaneous.

Cargo matters brochures

The Club has recently started drawing together some CtoC articles as brochures focusing on specialist areas.

Currently they are:

- Bulk matters
- Container lashing and stowage
- Container matters
- Dangerous goods in containers
- Tanker matters
- Gas matters
- Reefer matters
- Tug and barge matters.

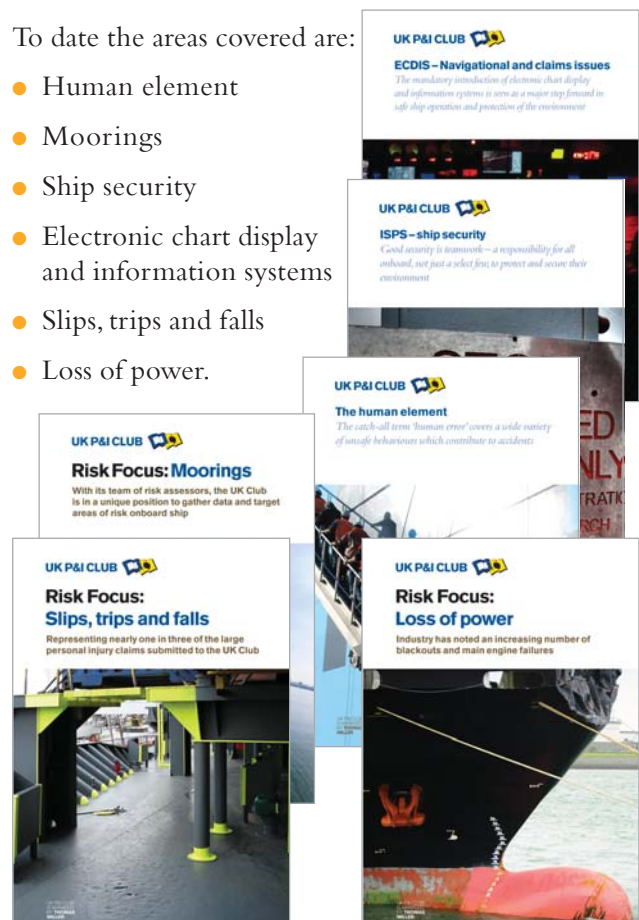


Risk focus brochures

Like the cargo matters series, the Club has also begun drawing together information to focus on key risk areas and publishing it in brochure format.

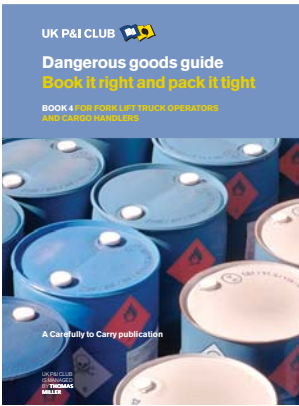
To date the areas covered are:

- Human element
- Moorings
- Ship security
- Electronic chart display and information systems
- Slips, trips and falls
- Loss of power.



Dangerous goods guides

Book it right and pack it tight:
Shipping containerised dangerous goods by sea

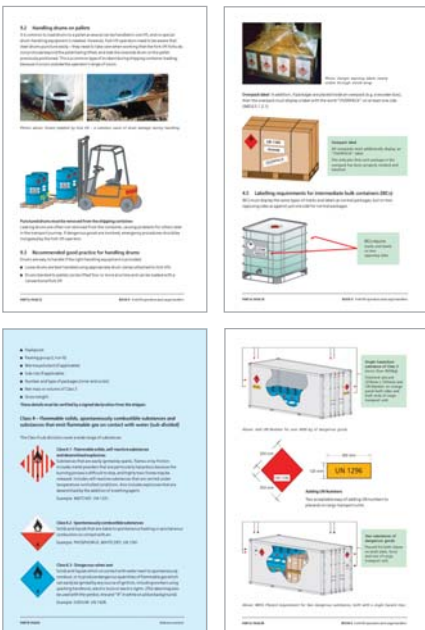


Serious ship fires have proved container ships are vulnerable to incidents caused by dangerous goods. One in six container journeys results in damaged cargo. Many incidents are caused, or made worse, by bad packing and losses exceed \$5 billion a year.

This Carefully to Carry publication series 'Book it right and pack it tight: shipping containerised dangerous goods by sea', provides basic safety critical guidance for those engaged in all stages of preparing dangerous goods for carriage by sea; from booking cargo to packing the shipping container.

There are four guidebooks in the series each focused on a key operational stage in the transport chain – shippers and forwarders; shipping lines and freight sales agencies; consolidators and container packers; fork lift operators and cargo handlers.

IMDG Code procedures are comprehensive, but frequently misunderstood causing dangerous goods incidents that regularly put ships and lives at risk. These guidebooks assist those preparing dangerous goods consignments to understand and implement the requirements of the IMDG Code by identifying and clarifying their key duties and requirements.



UK Club 'how to' checklists

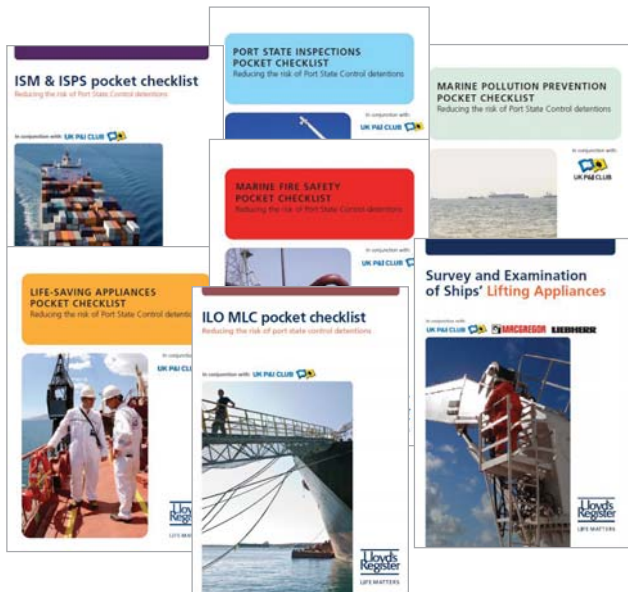
These are the first in a new series of handy, pocket-sized *aide-memoires* offering guidance on what to check or look for in certain procedures and situations.

The series, so far, includes:

- Stowaways
- Paris Memorandum of Understanding (MOU) new inspection regime
- Sampling and testing iron ore fines
- How to make dangerous goods declarations
- How to prevent tanker cargo shortage claims
- How to prevent tanker contamination claims
- How to monitor coal cargoes from Indonesia
- How to reduce bunker claims and associated costs.



Partnered publications



Port State Control checklists

Produced by experts from Lloyd's Register and the UK Club, the guides advise officers on board, and owners, about Port State Control, highlighting deficiencies found during PSC inspections. They provide a detailed checklist of areas that must be up to standard and highlights areas where operational deficiencies are frequently found.

The first in the series of checklists provides an overview and covers a broad range of areas that should be checked onboard, the checklists are clearly separated by shipboard area.

The following seven checklists cover some of the most important sections of the ship and as a result they will receive significant attention from Port State inspectors. The checklists cover:

- Port State Control Detentions
- Marine Pollution Prevention
- ISM & ISPS
- Life-Saving Appliances
- Marine Fire Safety
- Survey and Examination of Ships' Lifting Appliances
- ILO Maritime Labour Convention.

Each checklist is clearly separated into a number of key areas where operational deficiencies are frequently found. With the help of each checklist it is believed that members can significantly decrease the numbers of detentions and deficiencies encountered through Port State Control.

Each checklist measures 15cms x 10.5cms and is printed on recyclable polypropylene.

ILO MLC app

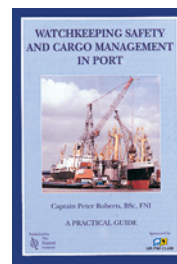


As an adjunct to the printed pocket checklist, dealing with ILO Maritime Labour Convention 2006 compliance, we have developed an iPhone and iPad 'app' which provides a more interactive and convenient way of using the checklist.



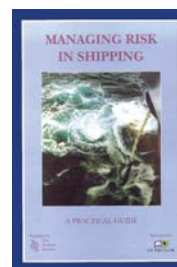
Nautical Institute/UK Club publications

To emphasise that safety and commercial profitability go hand in hand, the Nautical Institute, in co-operation with the UK P&I Club, has produced the following publications:



Watchkeeping Safety and Cargo Management in Port

A practical guide for junior officers covering a wide range of relevant shipboard operations, from safe use of pesticides to keeping within stress limits during ballast operations.



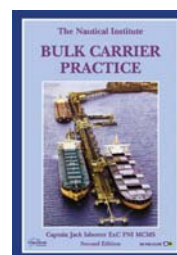
Managing Risk in Shipping

The first comprehensive book for shipowners and managers on all aspects of managing risk in port, onboard ship and through insurance.



Commercial Management for Shipmasters

A guide aimed at both masters and chief officers to increase their understanding of their role in commercial management, providing an introduction to some aspects of modern management practice.



Bulk Carrier Practice

Perhaps the industry's most comprehensive publication on the operation of bulk carriers. This publication is also available to Members under the Club's logo and includes the Club's DVD *Bulk Matters*.

UK Club DVDs

To raise awareness of how, where and when claims arise, the Club has produced a collection of videos focusing on the different areas of risk covered.

The videos are produced for use, primarily, onboard Members' ships and feature reconstructions of real incidents, highlighting what can go wrong, the costs to shipowners and insurers, and how such situations might be avoided. They include:

No Room for Risk – UK P&I Club's risk project



'No Room for Risk' describes the UK P&I Club's risk project which helps Members prioritise risk and reduce claims. It offers strategic guidance to owners and operators on tackling the root cause of expensive claims. (See Ship Visit Programme page 3).

NEW

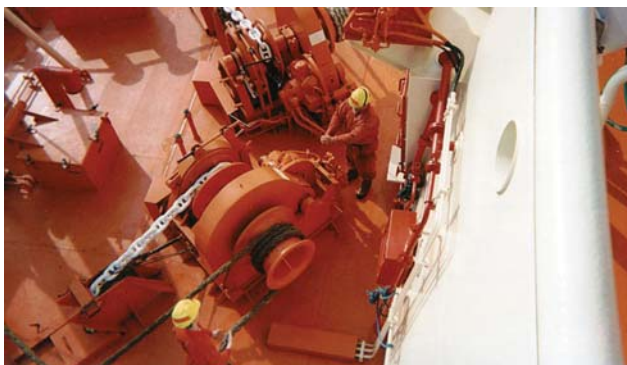
The Missing Link – Improving the mooring process



Failure of ropes and wires can cause serious personal injuries. Most of these injuries occur during mooring operations. Mooring incidents can also result in substantial claims for damage to ship and shore equipment. 'The Missing Link' shows how to make mooring

safer and how to prevent damage, step by step:

- The mooring plan
- The weakest link
- Winches
- Mooring lines
- Quick release hooks and bollards
- Line handling
- Innovation.

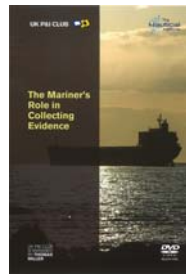


Counting the Cost



'Counting the Cost' demonstrates the P&I claims that cost the shipping industry \$2 billion annually by reconstructing real incidents. It highlights what can go wrong, their costs to shipowners and insurers, and how such situations might be avoided.

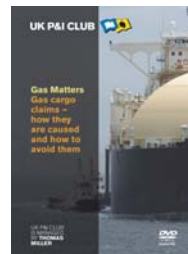
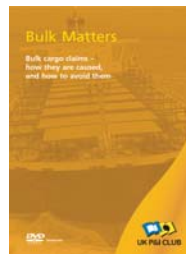
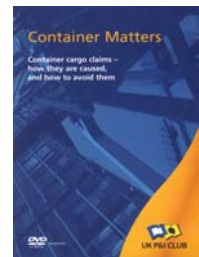
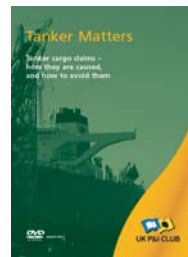
The Mariner's Role in Collecting Evidence



Liability claims cost the shipping industry \$2 billion each year. Successful defence of these claims depends on the quality of the evidence. The real-life examples in this video show why it is important to collect evidence and how to do it.

Cargo Matters series

At least seven out of ten cargo claims arise from incidents caused by human error. The 'Cargo Matters' series aims at increasing awareness of the causes of P&I claims for cargo damage and loss. The first 'Cargo Matters' concentrates on general cargo loss prevention and the rest of the series concentrate individually on specific trades – Tanker, Container, Bulk and Gas.



Examples are taken from actual claims to show the physical and commercial risks onboard ship.

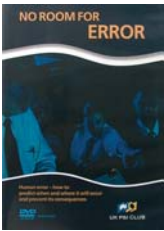
The films are divided into modules, each of which can be viewed independently. The modules deal with the separate stages of operations that must be undertaken properly for cargo to be carried safely and profitably.

Taking Care



Personal injury claims costs are continually rising. 'Taking Care' increases awareness among ships' crew of personal injury incidents that may occur.

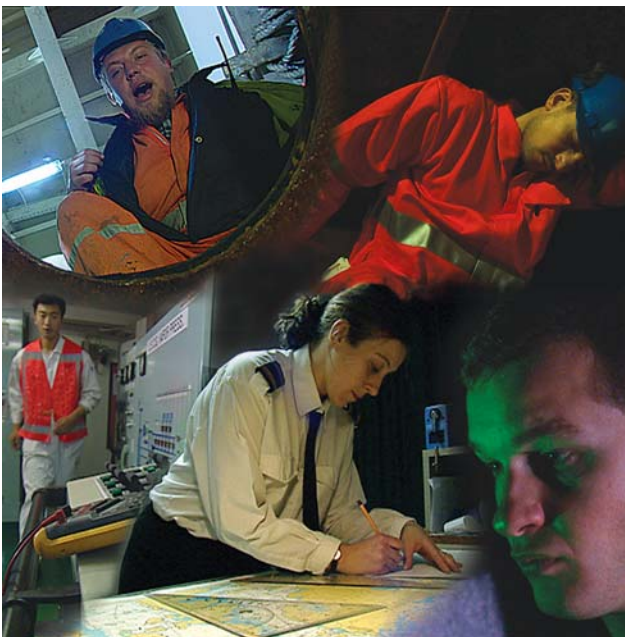
No Room for Error



As 60 per cent of all liability claims are caused by human error, the UK Club has made a comprehensive DVD concentrating on why human error occurs. This DVD is designed principally for company trainers and in five fictional maritime scenarios illustrates the root causes of human error.

- Ship collision
- Cargo loss
- Personal injury
- Pollution
- Property damage.

It shows how to look beyond the 'active failures' – the immediate causes of incidents – to identify the 'latent failures' – the root causes. Mariners and shore staff can avoid incidents by predicting when and where they will occur.



All too often, incident investigators identify and blame the person most obviously responsible but do not uncover the root causes. Failing to tackle root causes limits the effectiveness of any remedial action to prevent occurrences of an identical incident.

With the help of Club Member Shell, research distinguished the immediate causes of incidents ie. 'active failures' from the root causes ie. 'latent failures'. An active failure – something that happened at the sharp end – is generally blamed for causing an incident, but the researchers found that latent failures are a greater threat. They create the conditions in which the active failures are more likely – and more serious.

Any Fool Can Stuff a Container



If you think any fool can stuff a container, think again! One in six container journeys results in damaged cargo. Over \$5 billion is spent every year on claims due to damage of cargo in containerised units.



'Any Fool...' is intended to assist shippers and receivers of containerised cargo by explaining the importance of how to pack units carefully and teaching basic principles of good practice in respect of:

- Choosing a container
- Checking the container
- Making a packing plan
- Packaging cargo
- Packing containers
- Container security, and
- Receiving containers.

No qualifications are required to pack containers, and training is not necessarily given. Many customers packing containers have no understanding of what a container is likely to experience on a ship at sea, and do not stow cargo appropriately for the conditions.

Ordering Loss Prevention material

Members

Members can order any of this material directly from the Club (see contacts below). The UK P&I Club Loss Prevention department publishes over forty different books, DVDs, videos, newsletters, bulletins and other electronic media. Members can explore this diverse range of initiatives on the Club's website:

www.ukpandi.com/loss-prevention

Non-Members

A selection of UK Club Loss Prevention material is available to non-Members through Marisec Publications. More details of how to purchase this material can be found at the Marisec website: www.marisec.org.