

Claims Review

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Ask the legal team

Welcome to the 54th edition of ITIC's Claims Review

The ITIC board met for their March 2026 board meeting in Hamburg. ITIC continues to be in excellent health, financially strong and maintaining its position as the leader in its field.

It was announced at a presentation given to insurance brokers in Hamburg that ITIC is launching a new product, "Debt collection and MARPOL legal costs cover for ship managers". This cover has been designed to provide ITIC's ship management members with assistance with unpaid invoices, helping with disputes over FuelEU and ETS scheme payments or with legal issues arising from the termination of SHIPMAN contracts. Please note, the MARPOL legal costs is an optional extra to assist with the costs of defending any allegations. It would not cover the MARPOL fine. If you are interested in learning more about this product please speak to your [ITIC Account Executive](#). You can also read the fact sheet [here](#), for more information.

ITIC would like to extend thanks to those of you who continue to submit questions for the "ask the legal team" feature. Please send any questions that you may have to askeditorCR@thomasmiller.com.

As always, this edition of the Claims Review provides a selection of marine cases recently handled by ITIC. We hope that these claims examples will be of interest to you and will also help you to identify and act to prevent these types of situations occurring in your businesses.



Grain expectations

A marine surveyor conducted a joint survey acting for the seller of a cargo of grain at the load port. The buyer accepted the cargo then sold it on. At the discharge port, the ultimate buyer and consignee alleged the cargo was off-spec due to ambrosia seed and other impurities. The original buyer pointed to the original joint survey as being negligent due to not having run tests on specific parameters. The cargo had to be re-sold at a discount for a total loss of US\$5/mt (approx. US\$30,000). The original buyer attempted to recover their loss from the seller and subsequently the seller's surveyor.

The matter was referred to ITIC. A thorough review confirmed that the surveyor had (a) acted strictly within the scope of their engagement by the seller and (b) owed no duty of care to the buyer who had their own surveyor at the joint survey. It appeared that the buyer's own surveyor was operating under a separate and different set of instructions to the ones provided by the sellers.

Their claim against the seller's surveyor was therefore misdirected, and there were no grounds for legal action.

It is important for surveyors to have clearly defined instructions and scope of engagement. Surveyors must ensure their responsibilities are documented and aligned with their principal's expectations. Of course, it is arguable that a joint surveyor may owe a duty to the other party relying on the joint survey to perform their obligations with reasonable skill and care (but here, there was no obligation).

Therefore, where applicable, it is important to state what has and has not been tested especially where it is believed someone might think it would be tested. For example, if it is industry standard to always test for a specific impurity and the principal instructs the surveyor not to test for it, it would be prudent to state this in the survey report. This way it becomes much harder for the other party to rely on the fact that they reasonably believed the surveyor would have done a specific test if the report clearly says such a test has not been performed.



Freezing them out

A ship agent based in Southeast Asia had unpaid disbursements amounting to US\$55,000 from a shipowner. Despite numerous chasers from the agent, the owner would not pay.

The agent notified ITIC. At first, formal payment demands were issued by ITIC and then followed up by a locally appointed lawyer. Despite clear documentary evidence that the funds were owed, the owner continued to resist payment, going so far as to claim, without evidence, that they were not the responsible party.

In view of this, ITIC instructed the lawyer to investigate the owner's assets. That investigation quickly revealed the existence of a bank account held by the owner.

Acting decisively, the lawyer applied for a freezing order. The application was successful and the order was granted. The owner could not access their bank account at all. Faced with restricted access to all their funds, the owner reassessed their position and promptly settled the full outstanding amount of US\$55,000 in order to lift the freezing order.



This case once again demonstrates how proactive legal action and targeted asset investigations can cut through delay and avoidance tactics, turning even the most difficult debtors into paying ones. The legal costs were all covered by ITIC.



Detention dispute

A ship manager took over the management of a ship in June 2023. They inherited a ship with over 150 known defects. These were fully disclosed and acknowledged by the owners. In response, the manager and owners jointly developed a phased rectification plan, deploying additional crew in 2023 and scheduling further rectifications in 2024 to improve the ship's condition. However, operational delays ensued, including a prolonged drifting period of about a month and a half. This disrupted the improvement schedule.

Just before the ship was due to receive extra crew, it was detained in March 2024 following

a Port State Control (PSC) inspection. Owners alleged both crew and manager were negligent and initially claimed over US\$2.5m in losses, a figure far exceeding the SHIPMAN contractual liability cap of US\$1.5m.

Aside from this, the ship manager had consistently maintained that the detention and resulting losses did not arise from their own negligence and to the extent anything did, it was certainly not solely from their negligence. Furthermore, they argued they were not responsible for the negligence of the crew.

That said, there were allegations the manager's plan had not been as good as it should have

been and that delays in repairing critical issues had in part led to the detention. There were also allegations that the crew had not been properly trained which needed to be addressed.

In defending this position, ITIC successfully reduced the claim to US\$250,000, a reduction of US\$2.25m from the initial claimed amount. This was a sum that was paid in lieu of legal costs, and which properly reflected the potential litigation risk.

ITIC has observed a recurring pattern in which owners seek to recover substantial sums from managers without providing adequate substantiation of their claims. Usually, the amount the owners seek from the manager is almost identical to the amount they owe to the manager in fees and operating expenses.

It is therefore very important that managers keep proper records and actively defend such claims to prevent further unjustified claims in the future.



ARTICLE 5 ↓



No defence

A ship agent in South America was served with a claim brought by subrogated cargo insurers for approximately US\$58,000 against the owners/the ship and against the ship agent personally, arising from alleged damage to cargo carried on board.

The claim documentation was received by the member in their capacity as local agents, not as a defendant themselves, but they inadvertently failed to pass it on to the owners. Consequently, the owners alleged they lost the opportunity to submit reply arguments, raise preliminary objections and request evidence at the appropriate stage of proceedings. This omission also left the ship agent without any defence filed.

Once the owners were eventually informed of the matter, their P&I Club became involved to assist in handling and resolving the claim. The owners subsequently sought an indemnity from the agent asserting that the failure to notify them promptly had prejudiced their ability to defend the case effectively.

ITIC argued that no evidence had been produced to demonstrate that the owners' defence had, in fact, been prejudiced, as they could have made an application to have their defence reinstated nor was there any evidence that the outcome of the proceedings would have been different had the claim been notified earlier, due to the fact that their defence was not very strong. ITIC also noted that the owners had incurred reduced costs by not defending the claim from the outset, particularly given that they were moving towards settlement with the claimant instead of trying to defend the claim.

The owners ultimately settled the claim for US\$42,000, and ITIC agreed to contribute US\$20,000 to finalise the matter, particularly in light of the agent being named as defendants and being subject to joint and several liability.

ARTICLE 6 ↓



Picture not perfect

A naval architect designed a series of yachts in 2010 and subsequently displayed photographs of these yachts on their website to promote their design work. The photographs had originally been arranged through an intermediary and taken by a professional photographer.

In 2025, the photographer discovered these images on the naval architect's website and could not locate any record of having granted permission for their use. He issued a cease-and-desist notice requesting the removal of the photographs and demanded a settlement of €18,500. The naval architect maintained that they would not have used the images without permission but were unable to locate any documentation confirming this.

Local lawyers were instructed to assist, as the naval architect wished to retain the ability to use the photographs of their yachts on their website.

ITIC assisted in resolving the dispute, ultimately paying the settlement and associated legal costs, while the naval architect covered the cost of acquiring the new image rights.



It is always recommended to keep documents safely for at least seven years. Here, the naval architect was contacted after 15 years. The seven-year period is chosen because it is usual in most cases to have a statutory six-year time bar, plus an extra year for delayed service. However, often there is a question as to when the six years starts to run or if it has been interrupted. In copyright claims, if the infringement is "ongoing" the period can be extended. This claim was not subject to English law.





Interview with Antonios Vyrgiotis

Director, Senior Account Executive

Antonios Vyrgiotis, Director and Senior Account Executive, sits down to chat with the Claims Review editor, as part of this regular interview series in which we get to know ITIC's claims handlers. Antonios discusses the realities of managing complex claims alongside wider responsibilities, reflecting on memorable cases and key career lessons. Outside of work, he provides an insight into his hobbies and interests.

1. How do you balance claims handling with your other roles and responsibilities?

Whereas we know when renewal dates are due, claims can be reported at any time and with varying levels of urgency. Much like buses come in threes, new claims notifications also tend to come in batches. Prioritising is an art, but we always have the safety net of our dedicated claims team when needed.

2. What is the biggest challenge when it comes to claims?

It always is the first step of agreeing with members the likely apportionment of liability and therefore our chances of success and the strategy going forward. Once we are aligned, executing the plan is rewarding.

3. What is the most memorable claim you have handled?

It has to be a ship arrest under our rule 10, debt collection cover. We were fortunate with the jurisdiction, so we were able to recover the entire debt plus all legal fees incurred. Members being unpaid for their hard work on the basis the debtor believes they can just get away with it is one of the most irksome things we see.

4. What is your favourite part of dealing with a claim?

Celebrating a resounding victory with members and lawyers. Few roles in the industry offer such a definitive moment to celebrate the effort which has gone into a matter.

5. What's the most useful thing someone has taught you in your career?

Do not assume that someone knows more than you. Relying on a counterparty on the basis they are a large multinational or someone more senior on the basis they should know better than you due to experience without doing your own checks or at the very least critically evaluating the advice received may save time on the spot but is the source of many an error.

6. If you could name a ship, what would you call it and why?

Ship names are formulaic. They tend to be named after cities, oceans, family members, historic figures or most commonly, virtues. This makes sense as conventional names inspire confidence in counterparties and crew, but were these not concerns I would just pick band and song names I like such as Polaris.

7. What are your hobbies?

Electric guitar and video games. Exposure to art and travel are necessary for all, so not really hobbies.

8. What is the last book you read or music you downloaded?

The last book I read was 'This Way Up: When Maps Go Wrong (and Why it Matters)'.

9. What is your favourite food?

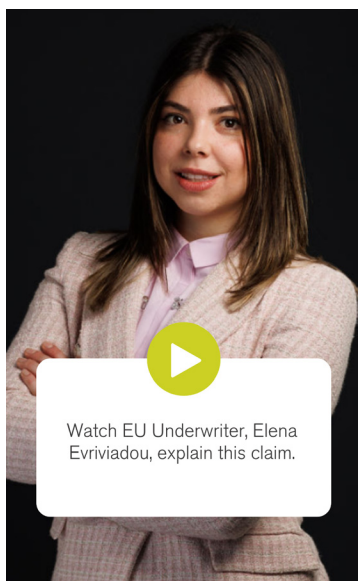
Sushi or just a grilled fish with salt only. Good ingredients with the cook doing as little as possible to them is unbeatable, as much as I can appreciate technique.

10. What is your favourite saying?

May you live in interesting times.

→ [Read Antonios's full interview on ITIC's website](#)





Watch EU Underwriter, Elena Evriviadou, explain this claim.

Mexican wave goodbye to funds

A pool manager sent an email to the owner of a ship notifying them of the intention to make a payment of US\$320,000 and requesting confirmation of the relevant bank details. The bank details received in response were obtained from a fraudulent email, and the funds were subsequently transferred to an account in Mexico which did not belong to the owner.

Although the police and the involved banks were notified immediately, the payment could not be intercepted or recovered.

The pool manager had appropriate procedures and supervisory controls in place. However, on this occasion, the correct checks were not fully followed due to workload pressure, and one of the required supervisory approvals was inadvertently bypassed. Additionally, the pool manager did not carry out a verbal confirmation of the change in bank details.

ITIC indemnified the loss up to the policy limit of US\$250,000, less the deductible.



A request to change bank details is a red flag. Always check with the payee by telephone on a number already known to you or that is publicly available, not the number on the potentially fraudulent email or invoice. If you are passing on such changes of bank details at the very least, you should make your principal aware you have not checked them (if you have not) and advise them to do so before paying.





Rotation refusal

A shipbroker was instructed by their principal to find a ship to perform a shipment under a Contract of Affreightment (COA) which their principal had entered into with a trader. Once the trader nominated a shipment under the COA, the shipbroker sourced a suitable ship and introduced the principal to an owner. A voyage charter was subsequently concluded between them.

After the fixture was completed, it became clear that the head COA and the voyage charter were not fully back-to-back. Under the voyage charter, the charterer was required to nominate the load

and discharge ports and provide their rotation within five days of loading. However, the head COA contained no such restriction.

The charterer under the COA initially nominated ports and rotation within five days but later changed the rotation, as they were contractually entitled to do. When the voyage charterer informed the shipowner of this revised rotation, the owner refused to comply unless an additional US\$200,000 was paid.

Faced with no practical alternative, the voyage charterer paid the additional amount and

subsequently incurred a loss on the carriage. They pursued a claim against the shipbroker, alleging that they had failed to ensure that the two charterparties were back-to-back.

ITIC argued that the shipbroker had not actually received any instruction requiring them to make the contracts fully back-to-back. The principal contended that such instruction was unnecessary because the requirement was “obvious,” although their legal department later acknowledged it could present an issue for them if litigated.

A commercial compromise was ultimately reached, with settlement agreed at US\$110,000.



ARTICLE 10 ↓



Fashionably mis-released

At a discharge port in Europe, members acted as agents for a carrier carrying a container of branded clothing shipped from Asia. Half of the cargo was to be released against original bills of lading, while the remaining half had been authorised for telex release.

The agent mistakenly released the entire container against telex release, failing to notice that originals were required for part of the shipment.

In the interim, the clothing brand that had ordered the goods entered bankruptcy.

The shipper subsequently threatened proceedings against both the agent and the carrier, arguing that they had not been paid for the portion of the goods intended for release against the original bills, which they continued to hold.

ITIC fully defended the claim on the basis that the shipper had suffered no recoverable loss: the consignee was bankrupt and would not have paid for the goods in any event, and the branded clothing had no resale or salvage value given that it was customised for the insolvent buyer.



This case demonstrates clearly that while an operational error occurred, it was not causative of any actual loss. This is often the case with claims that are reported to ITIC. It is worth remembering that even though an error occurs it does not necessarily mean that it causes any loss to any party.

ARTICLE 11 ↓



Ask the legal team

Does a commission agreement improve your chances of getting paid?

Yes. Having a formal commission agreement can significantly improve a broker's chance of getting paid. For brokers, securing payment can sometimes be as challenging as closing the deal itself.

A formal commission agreement can clearly define the terms of payment, including when commission is earned, how much is due, and under what conditions payment must be made. By setting expectations upfront, they reduce ambiguity and help prevent disputes later on.

In the event of non-payment, a written commission agreement also strengthens your legal position. It provides a documented basis for pursuing payment through formal

channels, whether via negotiation, mediation, or legal action. It may also set out a law that governs the contract and a jurisdiction and dispute resolution forum. In short, a commission agreement isn't just a formality, it can be a vital tool for protecting your income and ensuring transparency in brokerage relationships. However, in the real world it is unlikely that a formal commission agreement will exist. Therefore, the next best thing is to have your own terms and conditions apply. ITIC has written terms and conditions for shipbrokers which are available on the [ITIC website](#). Failing that, the minimum should be recording the right to commission in the Charterparty or Memorandum of Agreement (MOA).

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