



SPECIALIST  
PROFESSIONAL  
INDEMNITY  
INSURANCE

# Marine Surveyors

Specialist professional indemnity insurance

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ITIC  
IS MANAGED  
BY **THOMAS  
MILLER**

# Professional indemnity insurance for marine surveyors

## Who does ITIC cover?

- Hull & machinery surveyors
- Cargo surveyors
- Lloyd's agents
- Draft surveyors
- OVID inspectors
- Compass adjusters
- P&I surveyors
- Bunker surveyors

## Policy highlights

- Worldwide professional indemnity (errors & omissions) cover
- Legal defence costs insurance
- Automatic cover for subcontractors
- Contractual risk management guidance
- Quality loss prevention advice
- Support from worldwide network of correspondents
- Discretionary insurance adjudicated upon by fellow transport industry professionals
- No external shareholders
- Mutual dividends paid at renewal
- Underwritten with industry knowledge

The above list is merely to show examples of the areas ITIC covers. If your particular field is not included, just contact ITIC to discuss your needs.

## Why choose **ITIC** ?

ITIC provides professional indemnity insurance at cost	ITIC is the mutual insurer of the transport industry with no external shareholders to take a profit from the business.
ITIC will provide a sympathetic approach	ITIC understands that you will often have commercial relationships which will need preserving and will work with you to allow that business association to continue. ITIC's unique insurance cover could support any claim which may not normally be paid by another professional indemnity insurer.
ITIC understands your business	ITIC's specialist knowledge of your business will make it quicker and easier for you to obtain advice and support on a claim under your professional indemnity insurance.
ITIC is more than just insurance	As an assured at ITIC you will receive support from a team who understand the unique situations and liabilities that your business faces.
ITIC pays dividends annually	Surplus funds have been paid out to the members in the form of continuity credit since 1994.

Any marine surveying professional will face day-to-day exposure to risk, but will be able to rely on ITIC to help reduce any potential hazards. To demonstrate potential liabilities in this sector, the following claims scenarios may be helpful.

## Swordfish survey

A Lloyd's agent was instructed to carry out pre-shipment surveys on twelve consignments of frozen swordfish chunks. The buyer required the Lloyd's agent to warrant that laboratory tests had been carried out prior to shipment to establish the mercury content in at least 5% of the swordfish selected on a random basis.

The Lloyd's agent asked a laboratory to carry out the surveys. The correct number of cartons were opened, samples were taken and the analysis report showed that the mercury content was within the tolerated limits. Unfortunately, the Lloyd's agent had omitted to tell the laboratory that all samples must be analysed separately and the laboratory, in accordance with their normal practice, mixed the samples together and analysed only one or two composite samples.

Furthermore, the wording of the Lloyd's agent's report suggested that 5% of the cartons had been both sampled and tested, which was not correct. On arrival in the United States the consignments were subjected to additional analysis by the US Authorities and the majority were found to contain mercury in excess of the permitted maximum. The cargo was rejected as being unfit for human consumption and the US importer suffered considerable financial loss which was only partially covered by his cargo insurers.

Subsequently the Lloyd's agent received a claim for US \$1m from the importer and ITIC instructed lawyers to act for the Lloyd's agent. Legal proceedings were commenced against the Lloyd's agent in the Californian courts and ITIC's San Francisco correspondent was instructed to assist the lawyer's California office in the preparation of the defence.

Detailed investigations revealed certain information which was useful to the defence but the documentary evidence against the Lloyd's agent was difficult to dispute. An attempt to obtain a summary judgement to dismiss the claim against the Lloyd's agent was dismissed in California and it was decided that a negotiated settlement was the better option. The negotiations were lengthy but agreement was finally reached whereby the claim was settled in the sum of US\$ 412,500. Inevitably, substantial costs had been incurred amounting to over US\$ 200,000.

This claim is a reminder that the financial consequences of simple errors are impossible to foresee and highlights the need to carry the highest affordable level of insurance.

## Ensure you incorporate your standard terms and conditions

Shippers of a cargo of wheat instructed a marine surveyor to survey and certify the holds of a bulk carrier as fit for loading.

The surveyor issued a certificate of fitness to load and 70,000MT of wheat was loaded. Following the arrival of the ship at the discharge port the local authorities ordered the stevedores to stop discharge operations as they suspected that the cargo was heat damaged. A subsequent survey report, obtained by the shippers, indicated that the cargo was contaminated by delaminating paint, rust, dirt and paint powder from the ship's holds.

The shippers negotiated a reduction in price with the receivers as a result of the deterioration of the cargo, and pursued a claim against the shipowners under the terms of the contract of carriage. That dispute was resolved at a mediation, but the shippers then brought a separate claim against the surveyor. They were seeking to recover alleged losses, including loss of sale proceeds, additional hire paid to the owners and costs, on the basis that the surveyor had negligently certified the vessel as fit for loading in circumstances when it was not.

The claim was for in excess of US \$1m. ITIC appointed lawyers and expert evidence was sought. That evidence suggested that the damage may have been caused by bobcats used in discharging the cargo. The surveyor also had terms and conditions which – if properly incorporated into their business dealings – would have reduced their liability to a fraction of the shipper's claim.

Unfortunately the surveyor had not explicitly made the shipper aware of the terms and conditions, so it was unlikely that a Court would find that these had been incorporated.

It also became apparent that after the surveyor had inspected the vessel, customs inspectors had carried out an inspection and had ordered that the vessel should be cleaned prior to loading. This was both helpful and unhelpful for the surveyor: while it was a strong indication that the surveyor had failed to properly carry out his survey, it also arguably meant that it was not the surveyor's report that the shippers were relying on, but instead custom's approval to load.

A mediation took place but the claim could not be settled. Negotiations continued nevertheless, and the matter was resolved with the surveyor contributing to around 30% of the claim, which was covered by ITIC.



# ITIC facts & figures at a glance

All figures US\$  
All facts and figures correct as of 1st January 2023

Fact Sheet Series

# Marine surveyors

Gross premium

**\$66m**

for the year

Claims paid

**\$450m**

since 1992

Members

**3,490**

Security rating

Backed by at least "A-" rated security



Worldwide insurance cover

ITIC is able to provide professional indemnity insurance, without restrictions, worldwide. An ITIC account executive is responsible for each country and will be your first point of contact. The ITIC team speaks French, German, Greek, Japanese, Mandarin and Spanish.

Credits paid

**\$174m**

surplus funds have been paid out to the members in the form of continuity credit since 1994

Disbursements & commissions

**\$232m**

of disbursements and commissions collected for members since 1992

Free reserves

**\$222m**

for ITIC and TIMIA combined

Annual premium

from **\$1,500**  **\$1m** or more

ITIC is committed to consistently providing competitively priced professional indemnity insurance (and related insurance covers) with valuable and high quality loss prevention advice to businesses servicing the marine, aviation, rail and general transport industry. The ITIC team have a wealth of experience and knowledge.

**23**  
Staff

A full time team to provide you with the best service possible.

**20**  
Years

Average staff member's experience in the insurance /transport industry.

**12**  
Years

Average staff member's time with ITIC. Several staff have over 25 years of service.

**5**  
Lawyers

5 lawyers and a dedicated claims team.

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