



SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE

Shipbrokers

Specialist professional indemnity insurance

ITIC
IS MANAGED
BY **THOMAS
MILLER**

Professional indemnity insurance for shipbrokers

Expert view

Shipbroking errors can be made as fast as negotiations can be conducted. The immediacy of electronic communication can often lead to expensive mistakes since detail may be missed in the haste, often driven by other parties, to close deals.

Whilst it may be self-evident that the fail-safe approach to errors is to check and cross-check; time pressures can often create less than perfect conditions for operational excellence. Examples of errors that might be encountered include:

- **Corresponding with incorrect e-mail addresses**
- **Misdirected demurrage statements**
- **Negotiation errors**
- **Vessel or cargo wrongly described**
- **Breach of warranty of authority**
- **Acting for a non-existent principal**

We've seen the problems before and we are here to help.

Policy highlights

- **Worldwide professional indemnity (errors & omissions) cover**
- **Legal defence costs insurance**
- **Automatic cover for subcontractors**
- **Contractual risk management guidance**
- **Quality loss prevention advice**
- **No external shareholders**
- **Support from worldwide network of correspondents**
- **Discretionary insurance adjudicated upon by fellow transport industry professionals**
- **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 shipbroker 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.

Check before answering

A broker was acting for the owner of a vessel trading in the Mediterranean. When considering an offer from charterers, which included the term “time from 1700 Thursday or a day preceding a holiday until 0800 hours next working day not to count even if used” the owner asked the broker for the weekend working times in Algeria.

The broker answered the owner’s question without checking and got it wrong. The broker had advised the owner that the weekend working times were 1700 Thursday to 0800 Saturday, when in fact (as set out in BIMCO’s holiday calendar) the correct answer should have been 1700 Thursday to 0800 Sunday - a difference of 24 hours.

The owner agreed to the fixture following this negligent advice and had calculated the freight rate on the basis of the shorter period the broker had given. The vessel was delayed in port. The laytime commenced later than the owner anticipated and the eventual shortfall in demurrage was claimed from the broker.

The result of the longer than anticipated weekends was a claim of US\$ 25,527 which was settled by ITIC. This is a classic example of how a claim could have been avoided if the broker had checked before answering.

Message on mobile - US\$ 900,000

When fixing a tanker to carry vegoil the charterer asked whether the tanks had been washed. The owner’s broker telephoned the charterer’s broker to inform him that the tanks had been “washed but not fresh water rinsed”.

The charterer’s broker, who was contacted on his mobile phone while having lunch in a restaurant, mistook the message as being “fresh water washed”. Salt left on the tank walls from a seawater rinse contaminated the vegoil to the tune of US\$ 900,000.

Take care who you are writing to

A number of claims against shipbrokers are caused by a failure to take care who a message is addressed to. One example is the broker using the “reply” button, instead of “forward” in email communication. The result being that an offer with a time limit was not passed on to the charterers, but sent back to the owners. When the time limit expired the owners fixed the ship to another charterer.

Sale and purchase business is not immune from this type of error. In a recent case, a ship had been sold but not yet delivered to the buyers. The seller’s broker received a speed and performance claim from the charterers. The ship had been fixed with the same charterers in direct continuation once the buyers took possession of the vessel. The sellers’ brokers mistakenly forwarded the claim to the buyers and not their clients, the sellers.

The buyers immediately became concerned whether the performance of the vessel would match the figures they had been given. The buyers’ lawyers sent a strongly worded message reserving their rights against the sellers for misrepresentation.

The sellers, of course, vehemently complained to their brokers.

Missed message

A shipbroker missed a message from owners explaining that the vessel they were fixing needed to inert tanks before loading. The message was therefore not seen by the charterers. The vessel was then fixed.

Once the vessel arrived it was apparent that the tanks needed inerting. A claim against the broker was made for loss of time of US\$ 30,000. Clear negligence on the part of the broker meant the claim was quickly paid. The buyers immediately became concerned whether the performance of the vessel would match the figures they had been given. The buyers’ lawyers sent a strongly worded message reserving their rights against the sellers for misrepresentation. The sellers, of course, vehemently complained to their brokers.

ITIC facts & figures at a glance

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

Fact
Sheet
Series

Shipbrokers

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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For further information on any of the products, services or cover provided by ITIC contact Charlotte Kirk at:
International Transport Intermediaries Club Ltd, 90 Fenchurch Street, London EC3M 4ST.
tel +44 (0)20 7204 2928 email ITIC@thomasmiller.com web itic-insure.com
© International Transport Intermediaries Club Ltd



itic-insure.com



+44 (0)20
7204 2928



@ITICLondon



[linkedin.com/company/
international-transport-
intermediaries-club-itic/](https://www.linkedin.com/company/international-transport-intermediaries-club-itic/)