

TT Club Mutual Insurance Ltd

From the London agent of the Managers
International Transport Intermediaries Management Company Ltd

DEBT COLLECTION INSURANCE

Specialist professional indemnity insurance
for transport professionals everywhere

Any transport 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 how ITIC can assist you with unpaid fees, disbursements or commission, the following claims scenarios may be helpful.

→ Arctic Arrest

A South American port agent advised ITIC that the owners of a cruise ship owed them over US\$ 25,000 relating to the costs of crew and supplies incurred during various calls. Reminders and chasers to the owners had not resulted in payment and it was decided that more aggressive action was needed. ITIC ascertained that the ship was chartered to a cruise line and was due to sail from a port in the Canadian Arctic for the High Arctic, and had no apparent plans to revisit South American waters. ITIC instructed Canadian lawyers to arrest the ship where she was in the Canadian Arctic and within hours of the arrest being served the owners paid all the outstanding debts in full. The owners admitted that they did not think that anyone would be able to arrest the ship in such a remote place. The owner's miscalculation led to them having to pay not only the outstanding disbursements, but also the arrest costs.

→ Two different ways to collect commission

The first case involves commission on a time charter. Hire had been paid. ITIC made contact with debtors who confirmed that the commission was due. They said that it would be paid but could not give a date as to when the ship broker would receive it.

The ship broker became aware that the vessel was scheduled to call in South Africa, a jurisdiction which allows ships to be arrested for commission owed by the owners. ITIC arranged for local lawyers to arrest the ship on behalf of the ship broker and the outstanding commission was paid.

The second case involved an undisputed commission owed to a ship broker by Turkish owners. The owners were contacted by ITIC and its local correspondent but, despite promises, payment was not forthcoming. The vessel was no longer trading and arresting the vessel was not an option.

The registered owners of the vessel were a Maltese company. It was discovered that they had an ongoing legal dispute, which meant the company had to continue to exist. A Maltese lawyer was engaged to issue a statutory demand against the company and then commence winding up proceedings. The threat of insolvency proceedings meant the ship broker was paid in full.



DEBT COLLECTION INSURANCE

Debt collection insurance is very popular with ITIC's members and is included in the ITIC Rules at Rule 10. The cover has been offered since 1925 and assists in the recovery of outstanding debts (such as commissions, brokerage, survey fees and port disbursements). It also covers the legal costs involved in disputes under agency agreements. This cover pays the legal costs incurred in the recovery of the debt, but not the debt itself. The cover can easily be added to a policy by endorsement.

In the last 25 years, ITIC has recovered more than US\$165,000,000 in unpaid commission, outstanding port disbursements, survey fees and other debts for members. The insurance pays the legal costs of pursuing the debt. Tact is vital in order to preserve commercial relationships and often a polite reminder is all that is needed to secure payment. If proceedings are, however, necessary, ITIC's specialist team will use whatever legal means necessary to try to recover the monies owed.

If you would like a quotation for ITIC's debt collection insurance, please contact your insurance broker or your underwriter at ITIC.

WHY CHOOSE ITIC?

ITIC provides professional indemnity insurance at cost

ITIC is the mutual insurer of professionals in 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 discretionary insurance cover could support any claim which may not normally be paid by another professional indemnity insurer.

ITIC is the world's leading insurer for professionals who provide services to the transport industry.

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.

Essential transport industry services from ITIC.

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