



SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE

Debt collection and MARPOL costs cover for ship managers

Specialist professional indemnity insurance for transport professionals everywhere

ITIC
IS MANAGED
BY **THOMAS
MILLER**

Debt collection and MARPOL costs cover for ship managers

ITIC's ship managers' debt collection and MARPOL costs cover is specifically tailored to assist prevailing challenges faced by ship managers when carrying out their obligations under the ship management contract.

Debt collection insurance is very popular with ITIC's members. This cover has been offered since 1925 to shipbrokers and ship agents and assists in the recovery of outstanding debts (such as commission, survey fees and port disbursements).

ITIC will now extend debt collection cover to support ship managers who often find themselves struggling to recover sizeable debts under their ship or crew management contracts.

The cover will include (subject to the terms) pre-approved costs incurred in respect of:

- (1) Debt collection for any unpaid fees for ship and/or crew management
- (2) Debt collection for unpaid EU ETS/FuelEU liabilities
- (3) Pursuing a claim on behalf of the ship manager against a shipowner (other than for fees in (1))
- (4) Defending a claim for alleged MARPOL violation (optional extension to cover)
- (5) Any adverse costs arising from 1 to 4 above

For debt collection support, ITIC considers that tact is often vital to preserve commercial relationships and, in some cases, a polite reminder is all that is needed to secure payment. If proceedings are, however, necessary and supported by the member, ITIC's specialist claims team will use whatever legal means necessary to try to recover the monies owed. The cover will pay the legal costs of pursuing the debt or defending the alleged violation.

For more information or a quotation, please contact your insurance broker or ITIC Account Executive.

Why choose ITIC?

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

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 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 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 potential liabilities, which you could face as a ship manager, the following claims scenarios may be helpful.

Losing debt collection claim

A ship manager alleged they were owed over US\$3m in respect of unpaid fees and operating costs in relation to two ships that they were managing. The owners alleged that the costs incurred by the manager were over inflated and that the manager could have had the same work performed for approximately US\$1.8m if they had done a better job. Accordingly, the owner made an offer to settle at US\$1.8m. This was rejected by the manager.

The matter proceeded to arbitration where the owner was successful. It was held that the manager could have arranged the structure of repairs in a better way meaning that the costs incurred could have been almost half. The court awarded the owner all their legal costs from the date their offer of US\$1.8m could have been accepted.

In this scenario, ITIC would cover the manager's legal costs of pursuing the claim and the adverse costs award in favour of the owners.

MARPOL defence costs

A ship was accused of violating MARPOL regulations in the USA following an inspection by port state control. The owner, Master and ship manager were all detained and some of the crew were held as witnesses. ITIC covered the legal costs of the defence of the manager following the insolvency of the owner and their non-IG fixed premium insurer's refusal to assist. The allegation was that the manager had directed the crew to conceal the conduct of bypassing the oily water separator. The manager denied this and alleged it was the crews decision to do this because they were poorly paid and disliked the owners. The Master and manager were placed in a hotel under bail conditions which they could not leave for a significant amount of time (over three months). Eventually, it was shown that the manager had no liability for the acts of the crew – who had acted independently and contrary to the instructions and training provided by the manager. If this ship manager had purchased ITIC's debt collection and MARPOL costs cover, ITIC would cover the legal costs and defence of the manager.



Essential transport industry services from ITIC



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