



SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE



FACT SHEET SERIES: 22

Shipbrokers

Specialist professional indemnity insurance

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@ITIC insurance

Expert view

Who does ITIC cover?

- Charter brokers
- Sale & purchase brokers
- Forward Freight Agreement brokers (FFA)
- Demolition (recycling brokers)
- Valuation brokers

ITIC has wide experience in assisting shipbrokers in minimising the financial impact arising from such mistakes as:

- 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

You don't have to make a mistake to be sued.

You could receive a claim even if you were not negligent in the provision of your services. ITIC insurance covers defence costs, which can be extremely expensive.

The team understands these problems and is here to help.



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.

Policy highlights

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



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.

Facts & figures at a glance

All figures US\$
All facts and figures correct as of 31st May 2025

Gross premium

\$76m

for the year

Claims paid

\$520m

since 1992

Members

3,741

Security rating

Backed by at least "A-" rated reinsurance programme

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, Greek, Italian, Japanese, Mandarin, Russian and Spanish.

Credits paid

\$223m

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

Disbursements & commissions

\$272m

of disbursements and commissions collected for members since 1992

Free reserves

\$289m

for ITIC and TIMIA combined

Annual premium

from **\$1,300**  **\$2.1m**

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 and general transport industry. The ITIC team have a wealth of experience and knowledge.

36

Staff

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

16

Years

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

11

Years

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

7

Lawyers

7 lawyers and a dedicated claims team.



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