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Insurance Solutions

SPECIALITY **INSURANCE** EXPERTS





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Marine Trade/SRL Insurance

What is it?

A Marine Trade insurance policy is specifically designed for the marine Industry as a lot of non-marine insurers will not insure a business if there is a marine element. A Marine Trades policy can cover these activities and is designed specifically by Insurers for those operating within the Marine industry.

Examples of Who a Marine Trade/SRL Policy can cover:

- Boat Builders and repairers
- Boat vendors, boat valeters, and boat maintenance
- Boatyards
- Chandlers
- Hire Fleet Operators
- Marinas
- Electricians
- Marine Engineers
- Mooring Owners and Servicing Contractors
- Riggers
- Sail makers
- Yacht Brokers
- Suppliers of Marine Equipment including Spare Parts and Electronics for Yachts and Ships
- Commercial Divers and Operators
- Ship repairers



Marine Trade/SRL Insurance



Examples of Who a Marine PI Policy can cover

- Ship Brokers
- Ship Managers
- Ship Agents
- Yacht Managers
- Yacht Brokers
- Marine Surveyors
- Marine Consultants
- Marine Pilots
- Naval Architects
- Marine Engineering Consultants
- New Build Supervisors
- Bunker Brokers
- Crew Agents
- Crew managers
- Loss Adjusters
- Classification Societies
- ISM and ISPS Designated Persons



Liability insurance

We all owe a duty of care to each other. It follows that we can be liable at any time to pay damages (i.e. compensation) to someone who suffers injury or loss which they can prove resulted from our negligence (lack of care). Even if we can prove that we were not the cause of the alleged injury or damage, certain costs and expenses may be incurred in taking legal advice or defending an action in court. All of this can be taken care of by liability insurance.

Types of liability insurance:

- **Public liability insurance**
- **Product liability insurance**
- **Employers' liability insurance**
- **Professional indemnity insurance**



Public Liability Insurance

Basic features:

It is an 'open' policy that covers all legal liability that is not otherwise excluded.

Intention:

Compensate an insured in respect of claims for legal liability from members of the public or companies who may suffer due to the insured's negligence or that of their employees.

Standard policy cover:

Provides an indemnity to the insured for legal liability to third parties for damages (including claimants' costs and expenses) in respect of bodily injury, death, disease or illness, nervous shock and for any loss of or damage to material property which happens in connection with the business insured under the policy and occurring during the period of insurance.

The legal liability referred to here covers all forms: negligence, which is by far the most common cause of claims, but also nuisance, trespass, wrongful arrest, detention, imprisonment or eviction and liability under statute.

Example:

Stephan runs a Boatyard. An employee of Stephan's is operating the boatyard's crane and drops a mast injuring a passing member of the public. The member of the public makes a claim against Stephan's firm and his public liability insurers take over negotiations with the claimant on Stephan's behalf.



Public Liability Insurance

Summary:

Protects the client by covering their legal liability for injury to Third Parties and damage to their property which may arise out of the course of their business activities.

This includes:

- Liability caused by defects in the business premises, plant, marine installations (slipways, jetties or moorings) used in the business or by careless use of machinery such as cranes or hoists for example.
- Liability arising out of work done. This does not include however the cost of making good faulty workmanship or of replacing materials which give rise to a claim.
- Liability caused by goods sold, supplied, manufactured, repaired, tested or serviced by the client.
- Liability for vessels in your custody
- Liability incurred when working away (can be overseas) and at exhibitions
- Demonstration, Tuition, or Trial Trips (subject to limits of speed, time, and distance)
- Liability for damage to premises hired or rented to the client's business
- Liability arising from Pollution: sudden and unexpected
- Liability in respect of the use of Lifting Equipment such as cranes, and also Pressure Devices
- Liability assumed under agreements or contracts
- Hired in Plant



Difference Between Ship Repairers' Liability (SRL) and Public Liability Cover

Many people get confused between a Ship Repairers Liability Cover (SRL) policy and a Public Liability policy. The main difference between an SRL policy and a Standard Public Liability cover is that an SRL policy is designed for someone who owns premises, e.g a shipyard, and has custody of a vessel(s). It therefore covers legal liabilities and obligations that a ship repair yard will have for property damage to vessels in their care, custody or control, including bodily injury and death of third parties.

Public Liability cover, on the other hand, is designed for people who work on vessels and covers them for any accidents or damage that may occur whilst on a third party's vessel.

Am I covered if I have an SRL policy and work on a Third party's vessel.

The simple answer is Yes. However, given that the SRL cover is wider than a Public Liability policy you may be paying more premium for it.



Product Liability insurance

Basic features:

All sellers of goods, whether they are manufacturers, intermediaries or retailers, may incur liability to their customers and others for injury, illness, loss or damage arising from the supply of goods or services.

Standard policy cover:

The standard policy covers legal liability for death and bodily injury or property damage which arises out of goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the insured.

Note:

- The policy covers consequential loss following actual injury or damage.
- It is not usual to cover financial loss if unaccompanied by bodily injury or loss of or damage to property.
- The basic cover is dependent on there being some form of accident.
- The injury or damage must occur during the period of insurance.
- It is usual to specify a yearly aggregate limit of indemnity; i.e. a limit applying to all injury and damage occurring during any one period of insurance.

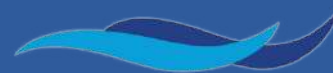


Product Liability insurance

Limitations :

In addition to the exclusions applicable to a public liability policy, a product liability policy excludes the **following**:

- **Contractual liability:** This is where the insured has entered into a specific contract with another party and has accepted more restrictive conditions than would normally apply. The exclusion makes it clear that what is not covered is liability which exists only because of the agreement which has been made. This limitation may be modified or deleted subject to the agreement of the insurer.
- **Damage to goods supplied:** The cost of repairing, renovating, reinstating, replacing or recalling unsuitable or defective goods is not covered, unless the insurer believes it is in its interests to do so, for example, to mitigate a future potential insured liability. This would otherwise be considered to be a 'trade' risk, which the manufacturer or supplier must either bear themselves, or obtain a more specific policy (such as product recall insurance) to cover.
- **Faulty design or formula:** This excludes any claims arising through faulty or defective design or formula, lack of efficacy or the unsuitability of the goods for the purpose for which they were designed.



Employers Liability

Basic features:

If we are negligent (i.e. we fall below the standard expected of us) then we can be liable at any time to pay damages, costs and expenses to someone who suffers injury or loss which they can prove resulted from our negligence. An employer may be liable for injury to an employee. Therefore, they need to obtain EL insurance, so that, if they lose in a court action, the employee's claim for damages is covered by the insurance. In practice, most claims are settled without the need to resort to a court action although recent court awards can provide a benchmark for the size of any sum the insurer agrees to pay.

Standard policy cover :

EL policies provide an indemnity to the insured for legal liability for damages (including claimants' costs and expenses) in respect of bodily injury, death, disease or illness: sustained by any person under a contract of service or apprenticeship with the insured; caused during the period of insurance; arising out of and in the course of employment by the insured in connection with the trade or business; and occurring within certain territorial limits.

Any person who is under a contract of service or apprenticeship with the insured.
Cover applies in respect of bodily injury or disease caused during the period of insurance



Employers Liability

Standard extensions:

All EL policies include additional clauses in their policies to provide additional cover or to extend some of the standard terms.

Defence costs and expenses:

- In addition to paying compensation to the claimant and their costs and expenses, the EL policy also indemnifies the insured in respect of their own costs and expenses incurred in settling or defending a claim.

Additional persons insured:

- An EL policy usually provides that cover is also available in respect of, for example, any director, partner or employee of the insured for any action brought against them, in their personal capacity, for which the insured would be entitled to indemnity under the policy.

Summary

Covers the client's legal liability for injury to employees. Injury includes death, illness, or disease occurring in the course of their employment.

Legal costs for defending are included

Limit of Indemnity: in the UK it is a legal requirement for £5m minimum but in practice insurers will provide £10m – I understand in Greece though lower limits are used.



Professional indemnity insurance (PI)

Basic features :

Protects a professional person against claims alleging that injury or loss resulted from their actions.

Such actions usually relate to advice they provided which need not necessarily have been for a fee.

Allegations from dissatisfied clients can be damaging to a professional person's reputation.

Standard policy cover :

The standard policy covers the liability of members of the profession for damage or financial loss to clients or the public as a result of breach of professional duty or negligent acts, misappropriation of intellectual property and errors or omissions in their professional capacity.

Policies are on a claims made basis ie claims made against the insured during the period of insurance and subject to a limit of indemnity for any one period of occurrence.

Optional extensions :

- Continuation of cover beyond the date of cancellation in the event of the firm being wound up, often referred to as 'run off' cover, to allow a period for claims to be made following negligent acts committed prior to the closure of the firm.
- Liability for breach of warranty of authority, in case an insured takes an action in good faith on behalf of a client which they are, in fact, not authorised to do.
- Liability for financial loss caused by loss of documents.

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