

The Value of a Sturdy Preventative Maintenance Schedule



Dan Bookham

By Dan Bookham

For [WorkBoat Magazine](#)

Recently I read of a mooring bollard failure at a Mississippi shipyard which precipitated a collision between a drillship and a cargo vessel and resulting in almost \$5 million in damage to both ships and the yard. The bollard broke away from the dock due to strong winds pushing on the tied-up vessel, which then drifted into channel, hitting the freighter. Thankfully there were no injuries or pollution issues, but the incident still resulted in a hefty hit to multiple insurance policies and huge headaches for the owners and management of the shipyard and the vessels involved.

The National Transportation Safety Board determined that there were several elements that caused the bollard to snap at its base. Among those elements cited in the report were age, corrosion, and modifications intended to allow for more lines.

Additionally, there were and are broader factors that could well have contributed, including the increasing size of commercial vessels and the absence of a regulatory bollard inspection regime. Each of these on its own would not necessarily send alarm bells ringing but taken collectively caused a significant mishap.

This story tells us at least three important things relating to insurance and risk management: The importance of holistic thinking about risk; the importance of preventative maintenance; and the importance of drawing on the resources your insurance company offers for risk control.

Holistic risk management means trying to account for all the variables as part of a cohesive risk review rather than running through a checklist without pausing to consider how each element plays off each other. An older bollard, for example, isn't a risk in and of itself, but level of corrosion it might be exposed to (and which might not be externally visible) and the bulk of the vessels using the dock might change the equation.

A preventive maintenance schedule helps you organize and prioritize your maintenance tasks so you can create the best possible working conditions and life span for your equipment and infrastructure. By conducting regular preventive maintenance drawing on holistic risk management, you can ensure your equipment continues to operate efficiently and safely. We all know we should be doing preventative maintenance, but sometimes other pressures intervene. It is one of the jobs of an effective manager to resist those pressures and to stick to preventative maintenance plans – the pay off in the long run is usually more than that generated by the shortcut in terms of dollar savings, reduced unplanned downtime and a safer work environment.

Finally, making use of insurer risk control services is one of

the best ways to ensure you are getting value for money out of your insurance premium. Calling in subject matter experts for help identifying and preventing or reducing loss evolving from accident, injury, illness and property damage is just smart business, and sometimes just saying “the insurance company requires it” can be the metaphorical WD-40 that unclogs the gears needed to run more safely.

None of us has a crystal ball that allows us to predict where a system or equipment failure will occur, but by applying the principles above we all can take responsibility and control over accident prevention both onboard and onshore.

Additional Coverages to Consider for Your Marine Business



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By Chris Richmond

For [WorkBoat Magazine](#).

Recently I presented a marine insurance session at a national conference. The topic was additional coverages – and I repeated what has become a mantra for these times: In today's world just having hull and protection and indemnity may not be enough.

Does your vessel have tenders? While your hull's coverage extends to the tenders and launches, they will also have the same deductible that your vessel carries. This could often be higher than the value of your tender. By listing your tenders separately, you can have them insured for a stated value and also have a much lower deductible for them. And don't forget to let your agent know if you install a new outboard on your tender. It won't have increased coverage unless you notify the insurance company.

Pollution is excluded from all hull and P&I policies. There is some buy back coverage available but it is limited and often still will not respond when needed. A stand-alone pollution policy provides wide ranging coverage not only for clean up but also for fines, penalties and potential liability. And don't forget that there is more to pollution besides petroleum spills. Black water and chemical spills can be just as damaging and costly to you.

Your vessel is often your sole means of making money. If your boat is not operating, then you are losing income. Having loss of income coverage added to your policy is a way to maintain a source of revenue while your boat is being repaired due to a covered claim. Coverage for loss of income is based on the amount you want; the more coverage the higher the premium. The big thing to remember is that loss of income is not triggered unless your vessel suffers a claim that is covered.

As a vessel operator your merchant mariners license can be as important to you as the vessel you operate. Without your license you are not operating a commercial vessel. Insurance coverage for your license can be as important should you find yourself in an admiralty hearing. Coverages are wide ranging and limits can vary depending on how much you desire to carry.

Insurance is never a one size fits all. Coverages vary depending on what you ask for and the limits that you and your business desire. Have a conversation with your agent to see if any of your operations are left unprotected.

For a Successful Safety Program, Catch Someone Doing Something Right

By [Dan Bookham](#) for April 2023 [WorkBoat](#) Magazine



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The data is in: A strong safety culture has the single greatest impact on accident reduction in the workplace on land and water

both. With that in mind, a smart employer will look to prioritize the creation or reinforcement of a strong safety culture and will often turn to an incentive program to drive the desired results. But what's the best approach?

Incentive programs fall into two categories. Calendar-driven, aka rate-based, incentive programs reward employees for injury free time periods such as months or quarters. Action-driven programs recognize employees for taking proactive steps to prevent workplace injuries and encourage the reporting of near-misses and safety hazards.

Both approaches are allowed under current OSHA standards, but rate-based programs come with an important caveat. There are concerns that these programs can encourage folks to brush injuries and incidents under the rug. Pressure from coworkers can be significant as well: Nobody wants to be the one to mess up everyone else's shot at the bonus. OSHA has specifically stated that employers cannot create incentive programs that would "deter or discourage an employee from reporting an injury or illness," but human nature is a tricky thing and we all know such things can be – to throw in a little Shakespeare – more honored in the breach than in the observance.

The other downside to rate-based programs is that they can make it easy to assume a safety record is a product of an excellent culture rather than a product of luck. We've all marveled at boneheaded behavior by a coworker that surely will see them carted off in an ambulance, but folks can often engage in unsafe behaviors for a time before an injury occurs. If we throw money at the entire group for avoiding injury, we can inadvertently reward employees when they are not actually behaving safely.

With action-driven programs however, the rewards are triggered by proactive efforts to both avoid and acknowledge potential

hazards and issues, as well as to ensure there's no penalty associated with the timely reporting of all workplace injuries. Because sustained safety depends upon knowing what injuries are occurring, what the real hazards are and knowing if employees are engaged in safe behaviors and following their training, these data-rich programs feed long-term success. Additionally, they incentivize employees to take positive actions to prevent injuries rather than pay them to not be injured.

For this month's take away, establish a safety program that includes a safety incentive aimed at taking positive actions. For example, pay a bonus to someone who reports an unsafe condition. Recognize someone for volunteering to conduct safety training, participate in the safety committee, or for writing a new safety policy. Reporting near-misses and stopping unsafe actions can also be rewarded. Catching someone doing something right can lead to a more positive culture, better employee engagement and fewer workplace injuries.

Covering Your Marine Business for Potential Liability Claims



By Chris Richmond

For March 2023 [WorkBoat Magazine](#).

Keeping your working vessel and business covered for liability claims does not stop at the water's edge. While you may be focused on the liability you have while working on the water, don't forget about the liability that you may be exposed to on dry land.

Chances are the crew on your working commercial vessel are covered under Protection and Indemnity for an injury or illness occurring while they are in service to the ship. This coverage extends to crew while they are away from the boat but on ship business. But what if a crewmember gets into an accident while driving to the marine supply store and, worse, another person is injured?

In a motor vehicle accident, the vehicle's coverage is primary. This means that if you send your employee to the store in their own vehicle to pick up some supplies for your boat and they get into an accident, their personal automobile coverage will be the primary insurance should someone get injured. Required automobile liability limits vary from state to state and if the accident is severe your employee's personal auto policy may not carry sufficient limits to pay for the damages. In case like this, you can expect your business will be dragged into this.

This is where non-owned auto coverage comes in. This is a coverage which extends third party liability limits for accidents involving your employees when your business is sued.

There are number of ways to have this rolled into your overall insurance package. A non-owned auto policy can be covered by any excess liability policy that you may have or coverage can be attached to your business' commercial auto policy. Alternatively, non-owned auto coverage often can be included in

your general liability policy. Last resort would be a stand-alone policy. The premium for non-owned auto is based on the number of employees and generally is reasonably priced.

Signs of a Hard Market in 2023



Dan Bookham,
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By [Dan Bookham](#) for February 2023 [WorkBoat](#) Magazine

With 2022 rapidly receding to stern but with the new year still as fresh as a cadet on their first cruise, I thought this would be as good a column as any to step back from coverage and safety details and instead give a high-level view of how the marine insurance landscape appears to be shaping up for 2023.

The phrase to familiarize yourself with above all others this year is “hard market.” Insurance is subject to a range of forces – claims activity, social inflation in jury awards, stock market performance, inflation and the overall state of the economy, the availability and affordability of reinsurance, the end of an era of cheap capital, geopolitical concerns and climate instability, among others. These factors combine to harden the market by driving insurers into a defensive posture to protect their

balance sheets. In a hard market, premiums increase, underwriting becomes much more selective, the capacity to offer policies decreases and insurance carriers become less aggressive competitors. There's no point in soliciting your competition's customers if you don't have the capacity or appetite to write the risk.

Economy-wide, inflation and labor issues are big drivers of disruption, as is the drying up of the cheap capital well (which funded large tranches of reinsurance) and the challenging performance of the financial markets – most insurers invest portions of the premium they collect to offset claims losses and to generate additional revenue. In the marine universe, the supply and cost issues around energy and distillates, the war in Ukraine, climate driven uncertainty, record-smashing hull, cargo and property claims and huge settlements and nuclear jury awards on P&I claims all have insurers battening the hatches.

We are also seeing other longer-term trends in the economy having increasing impacts on insurance. The oft-discussed troika of “Environmental, Social & Corporate Governance” concerns (ESG) are coming to the fore and will likely feature more heavily in approaches to underwriting. We are already seeing this where some insurers and reinsurers are declining to take on new hydrocarbon business: State legislatures in oil and gas states are less than impressed. AI, machine learning and increased automation will also continue to decouple the person from the process when it comes to underwriting and quoting coverage. This will mean potential expense savings for insurers, but will they pass these on to customers? And what impact will robo-underwriting have on the quality of the product that has been driven by the expertise of actual people since the early days at Lloyds' Coffee House?

What can individual operators and companies do to offset this?

Well as the old saw has it, quality will out. A good risk will still be attractive to insurers, even in a time of retrenchment. Making sure you are paying attention to the details like vessel or yard housekeeping, working on culture, making your safety management systems a living process, investing in maintenance and training, being responsive to loss control recommendations and working with your insurance agent to both present your business in its best light and to understand how insurance functions as a tool will put you in the best position to weather the storm. Hard markets are no fun for anyone, but a proactive and prepared business can avoid most of the issues they cause.

Loss Control Visits: Taking a Proactive and Collaborative Approach



By [Dan Bookham](#) for December 2022 [WorkBoat](#) Magazine

Hang around vessels, shipyards, terminals and insurance long enough and you are bound to become familiar with the seemingly strange ritual of the loss control visit. The frequency of the visits depends on the individual insurance company but invariably at some point risk engineers will show up to visit clad in high viz and hard hat, usually clutching a camera (and sometimes a clipboard) to inspect your boat or facility for potential hazards and issues. Sometimes they bring donuts. They also always issue a report and list "recommendations" (read requirements, lest you lose your insurance), which, unlike the Krispy Kremes, can often feel hard to digest.

It doesn't have to be that way, however. By taking a proactive approach to risk management and drawing on the resources of your insurance company (resources your premium payments fund), those loss control visits can feel less like a visit by a drill instructor looking for an unmade bed and more like a collaboration with safety specialists who can both save you money and ensure your people head home each day or after each trip with the same number of digits and limbs they had when they came in.

In preparing for a loss control visit, I highly recommend working with your insurance agent to undertake a preliminary walk-through to see if you both can spot any easy fixes or potential trouble spots (a frayed cord on a tool for example, or sloppy housekeeping in a workshop). Having your own punch list of planned corrections and improvements will minimize any surprises and make it easier to budget for the fixes. When the loss control team visits, rather than just relying on the written report, be sure to ask them to flag issues in a post walk-through meeting so you can discuss them while memories are fresh.

When the report comes in, be prepared to respond with a timeline

to address the elements they raise. I've often found that draconian demands to make immediate fixes soften if you demonstrate a willingness to work on trouble spots at a reasonable (and often more affordable) pace. Proactively use the tools insurers provide, both online and in person, to make the most of your premium dollars and improve the safety and risk profile of your business.

Not only does a proactive and collaborative approach to loss control make the workday safer for your people, your customers and their property, your passengers, and your own stuff, it also can result in lower lifetime insurance costs as fewer claims and a proactive approach to safety and risk make you an attractive customer for insurers to woo.

When it Comes to Claim Reporting, Don't Hesitate



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You have heard it before but it bears repeating: If something occurs that you think might be a claim let your agent know sooner rather than later. If a passenger or crew member is injured, report it, even if they say they are fine and do not need medical attention at the time.

The time to record information pertaining to any sort of occurrence is immediately after it happens. This is when everything is still fresh in your mind and you can accurately record the events that happened. Who was injured? Where did it happen? What were they doing at the time? It is much easier to obtain this information at the time of the event rather than try to track it down six months later when you receive a letter from an attorney. By letting your agent know what happened, they in turn can report the claim to the insurance company. There is no harm in sending something in for reporting purposes only. Adjusters would much rather have this information sooner than later – even if the eventual medical bill is less than your deductible.

We had a passenger vessel operator contact us recently to report a claim. A passenger had fallen while disembarking from a tender while on a shore trip. The captain had offered medical assistance off the boat at a local clinic but the passenger had refused, stating that they were fine and wanted to continue on with the trip. The cruise continued and the passenger enjoyed the remainder of the trip with no complaint. Fourteen months later, the owner of the vessel receives a notice from an attorney looking for payment of medical bills as well as for pain and suffering.

Another client had a similar situation but with a crew member. The individual injured her back while on board. The insured reported the occurrence and the crew member received medical treatment for her injury. Eighteen months later the insured was issued a notice of summons from the crew member's attorney looking for pain and suffering. The adjustor was able to reopen the claim and review the file with all the pertinent notes from the time of the claim.

You should never feel that you can't report something to your insurance agent. Unsafe areas of operations can be determined on board and corrected. This can help reduce injuries and ultimately save you money in the long run. By including your agent in the conversation you can help keep your passengers safer and your business more profitable.

Underinsurance Headache – for October 2022 WorkBoat Magazine



By Dan Bookham

For October 2022 [WorkBoat Magazine](#)

You cannot escape the headlines: Almost everything is getting

more expensive. Supply chain issues, increased demand, workforce shortages and other pressures are driving inflation at a sharp clip, and every industry is affected. And while an uptick in prices might be a boost to one's top line profits, there's obviously a negative impact on the cost of doing business. Insurance is not immune to inflationary pressures either, and most insurance and reinsurance companies continue to look warily at the cost of materials, the time it takes to replace or rebuild property, legal expenses and other factors as they review their books of business. The indications are that American businesses have a large (and self-inflicted) underinsurance headache.

Think about your own operations. How much money would you need to replace a string of damaged or destroyed barges? To repair or replace systems or deck machinery on a tug? To build a new ferry? To bring in replacement containers, reefer points or gensets? To source and replace a dock crane, a warehouse, or even something as basic as bollards? Is the insurance limit you have in place going to cut it?

Additionally, scarcity of materials, labor shortages and transportation & logistics problems have lengthened the time needed to repair or replace damaged property. Under these conditions, it might take two to three times as long to rebuild and reequip a facility or vessel than it took prior to the pandemic. Think about your key assets. How quickly can you get the replacement part or unit from the factory to your facility? How congested is the shipyard orderbook or the construction pipeline in your state? Do you have the relationships that could help you bump your project to the top of the list, or do you have to resign yourself to waiting in line? And at the end of the day, have you factored that into your business income insurance limit?

With all of this in mind, if you aren't talking to your insurance agent about the ongoing inflation in construction and materials costs and longer time horizons on projects you could well find yourself underinsured. The point of your policy is to protect your assets and make you whole in the event of a loss. Proper valuations of the cost to replace or rebuild your assets (including your lost income resulting from a loss) are at the core of making sure your insurance is working for you.

Marine Professional Liability Coverage



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By Chris Richmond
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A very long time ago when I was captain of an old wooden sailing vessel, I was bringing the boat in to the harbor to tie up to

the dock, something that I had done countless times. Except this time when I put the engine in reverse to stop forward movement the boat went ahead. Quickly losing room in the congested harbor, I tried again to engage reverse propulsion, to no avail. A wooden tour boat tied up ahead of me finally stopped my movement. There was season-ending damage.

While my vessel's Hull and P&I policy took care of the damage claim, the Coast Guard felt that I had been derelict in duties as captain and wanted to conduct an admiralty hearing against my license. I now needed professional liability insurance coverage.

Typically used by attorneys, accountants, consultants and real estate brokers, professional liability provides coverage against claims made against professionals who have not performed up to the standards of their profession. This type of liability coverage is also available to licensed mariners. Should a claim occur, and the captain be deemed negligent, he or she could be sued in addition to the vessel.

Coverage can include defense costs (both against your license, civil legal defense as well as criminal acts defense), coverage for fines and penalties as well as a daily subsistence allowance. It is important to note that professional equipment, such as a personal GPS or similar navigational device, can also be included. Loss of income can be added to compensate for lost wages due to down time resulting from a claim.

Whether you are driving a 6 pack harbor taxi or a blue water tanker, your livelihood requires you to hold a valid USCG license. When you are involved in a claim involving your license, having professional liability coverage to fall back on can both help alleviate the headache of defending yourself and help take care of some defense costs. Have a talk with your marine insurance agent before you need this kind of protection.

How to Read Your Insurance Policy



By [Dan Bookham](#) for [WorkBoat](#) magazine, August 2022

After being an avid reader of Workboat for many years it's my distinct honor to be joining my colleague Chris Richmond as a contributor to the monthly "Insurance Watch" column. For my first go around I figured it makes sense to start with revisiting a basic topic: How to read your insurance policy.

Once you get past various legal notices, billing options and marketing messages, insurance policies have five parts: Declarations, insuring agreements, conditions, exclusions and endorsements. The smart mariner will take the time to review each of these in order, as they define the rights and responsibilities that come with the coverage you purchase.

Declarations. This is the what, where, when, by whom and for whom, price and coverage period of the policy. Check to make sure the named insureds are correct, any lenders are shown and that the right coverage lines are in place.

Insuring agreements. These explain the coverage you've bought in

detail. An “open perils” policy covers everything except those areas covered in the exclusions (more on that below) while a “named perils” policy is for a list of specific things. Depending on the appetite of the insurer, certain additional perils can be agreed to and listed, usually by endorsement (again, more on this below).

Conditions. The insurer uses this section to outline what you must do to collaborate with them and in turn what they will do to help you get paid or to defend you in the event of a loss. This section also lays out how to file a claim. Pay close attention to the conditions, ideally before you are scrambling to file a claim, as following the ‘rules of the road’ in the policy will expedite claims handling and ordinarily lead to a smoother resolution of any call on your insurance coverage.

Exclusions. While the word itself fits certain stereotypes of insurance, this section is actually driven by logic and common sense. You can’t deliberately sink your boat or burn your warehouse and expect to get paid, and you can’t expect your Hull and P& I coverage to respond to an automobile accident. Exclusions exist to ensure your policy remains affordable, that it covers reasonable risks associated with the appropriate operations and that exposures outside the realm of insurability aren’t subject to your policy.

Endorsements. These can be used to expand or limit coverage, either at your request or at the discretion of the insurance company. Because a policy is a contract these serve as customized amendments that allow the coverage you buy provide a better fit to your unique operations. Here’s where your agent can really earn their salt and why working with agents or brokers with marine experience can make a real difference in the coverage you call on when the chips are down.