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 of 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 sand 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

Chris Richmond, CIC, AAI, CMIP

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

Dan Bookham, AAI

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.

Chris Wilson Earns CPIA Designation

Chris Wilson

Chris Wilson, ACSR, a member of the personal insurance team at Allen Insurance and Financial, has earned the Certified Professional Insurance agent designation from the American Insurance Marketing and Sales Society.

The CPIA designation emphasizes critical skills in insurance underwriting, coverages marketing and client services.

Wilson also holds an Accredited Customer Service representative (ACSR) designation. She joined Allen in 1998.

“All of us here at Allen are incredibly proud of Chris’s professionalism and commitment to both customers and community,” said Scott Carlson, personal insurance division manager at Allen Insurance and Financial.

Anna Moorman Recognized by Anthem for Medicare Sales

Anna Moorman

Anna Moorman of Allen Insurance and Financial has been recognized with a gold level award for Medicare supplement sales in 2022 by Anthem, one of the largest Medicare supplement carriers in the state of Maine.

Moorman is one of three agents at Allen Insurance and Financial who specialize in the complex market of Medicare insurance, working with a number of insurance carriers to give customers a range of choices to suit their needs. Moorman has been with Allen Insurance and Financial since 2012.

This is the eighth consecutive year that Moorman has received an award from Anthem for Medicare sales; she is consistently ranked in the top three of Anthem’s sales leaders in Maine.

Moorman and her colleagues Jo-Ann Neal and Lee Cabana have a goal of simplifying the process of enrolling in a Medicare plan, by providing dedicated, one-on-one attention to their customers, assessing each person’s needs and finding options that will align with their budget and healthcare goals.

Covering Your Marine Business for Potential Liability Claims

By Chris Richmond
For March 2023 WorkBoat Magazine.

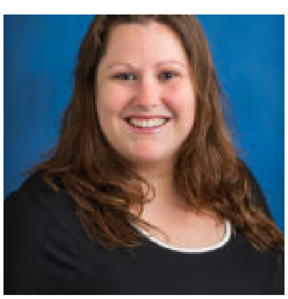
Keeping your working vessel and business covered for liability claims does not stop at the water's edge. While you may be focused on the liability you have while working on the water, don't forget about the liability that you may be exposed to on dry land.

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.

Jaime Hannan Earns Accredited Customer Service Representative Designation



Jaime Hannan

Allen Insurance and Financial is pleased to announce that Jaime Hannan, a personal insurance account assistant has achieved the designation of Accredited Customer Service Representative in Personal Lines from The Institutes, an insurance education organization.

Jaime has been with the company for six years. She is based in our Rockland office.

ACSR courses help insurance professionals advance their skills, build knowledge and stay ahead of evolving trends so they can better serve their customers. Allen Insurance and Financial encourages all of the company's employee-owners to include continuing education as part of their professional development goals.

End of Public Health Emergency Means Changes in Health Insurance Coverage (MaineCare)

In December 2022 Congress passed a law regarding the COVID-19 public health emergency that will cause the State of Maine to conduct a review of every member on MaineCare to determine their ongoing eligibility for coverage. The process will start in April 2023 and a full review must be completed by May of 2024. By the end of the process it is expected that 65,000 to 90,000 individuals will lose MaineCare.

If you are someone impacted by the loss of MaineCare, you will have a 90-day special enrollment period (SEP) before or after your MaineCare ends to purchase a health plan in the private market. If you need assistance with this process, we have specialists in our office who can assist you with this process. Call 236-4311 and ask for a member of our benefits team to help you with individual health insurance.

Here are some additional notes for those who want to read more:

What is the Medicaid Continuous Coverage requirement?

1. Public health emergency declared in Jan 2020 because of COVID19
2. Received increase from the feds to help offset the cost of Medicaid- to receive those resources states had to agree to provide continuous coverage and not terminate Medicaid coverage
3. This means even if someone should lose MaineCare because of a change in income, they continued to be enrolled in Medicaid
4. In December 2022 Congress passed a law that separates the continuous coverage provided from the COVID-19 public health emergency and in April 2023 every state has to begin review Medicaid eligibility

Implications for MaineCare members?

1. In April 2023 states need to start review of every MaineCare member’s eligibility
2. States have 12 months to initiate the process
3. May 2024 is the last month for the state’s Office for Family Independence to complete all renewals/terminations
4. About 1 in 3 Mainers are covered by MaineCare
5. By the end of the redetermination process an estimated 65,000 to 90,000 members will lose MaineCare
6. Renewals start April 2023 and for example if a member is

typically reviewed in July of 2021, they would be reviewed in July 2023
7. Current members will lose MaineCare if they do not fill out renewal paperwork or respond to requests for income verification or if they are determined to no longer be eligible because of their income

Preventing coverage loss?

1. Renewal letter will go out one month prior to scheduled renewal
2. OFI will mail members a pre-populated renewal form in an envelope with a blue box
3. OFI will also text and email members with a reminder
4. Renewals can be submitted online at www.mymaineconnection.gov
5. On May 11, 2023, MaineCare will stop waiving copays, premiums for CubCare, etc

CoverME.gov

1. Loss of MaineCare will create a qualifying event for individuals to apply for coverage through the Marketplace
2. Applying for MaineCare and being uninsured then denied MainecCare no longer creates a qualifying life event to enroll in a Marketplace plan
3. With a loss of MaineCare, there's a 60-day Special Enrollment Period for Marketplace enrollment

Additional information: www.mainecare.gov/unwinding

Welcome, Sam Grinnell

Sam Grinnell of Lincolnville has joined Allen Insurance and Financial as an account manager in the company’s business insurance division.

Grinnell is a graduate of Colby-Sawyer College and before starting his insurance career as an employee-owner at Allen, he has worked as a carpenter, home inspector and aquatics director at the Penobscot Bay YMCA in Rockport.

Said Grinnell: “I like that I can use my experience to provide a critical service to our customers. Having worked for myself, I understand what goes into it and navigating risk is a big part of that. I enjoy working with a group of talented and thoughtful and caring team members, it makes every day more fun and encourages me to be the best I can.”

Grinnell will be based at Allen’s office on Elm Street in Camden.

Signs of a Hard Market in 2023

Dan Bookham, AAI

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.