

# The Importance of a Current Marine Survey



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By [Chris Richmond](#) for [WorkBoat Magazine](#).

If you have a commercial hull policy you should expect a request for an updated survey from your underwriter every five years or so. This is done to both confirm the vessel's insured value as well as the current condition. Depending on what this survey states you can expect to see changes in both your coverage limits as well vessel usage.

I always like to tell vessel owners that they know their boats better than anyone else, the good and the bad, so they should not expect any major surprises when they have a surveyor inspect their boat. When an underwriter requests a new survey it can be to your benefit to have a surveyor who has previously inspected your boat to do so again. They are familiar with the boat, with your operations and with you. You can also know what to expect from this surveyor and what sort of report to expect.

When you receive your report, the underwriter will want to know what your plan is with the survey recommendations. Depending on the severity you may not be able to operate until they have been addressed. Some recommendations can simply be noted that you will monitor the condition and take action in the future. One thing to remember though is that if you falsely state that you have addressed a survey recommendation and then have a claim you can potentially have no coverage should it be determined that you falsely claimed to have corrected the survey recommendation.

The survey will also provide both a market value as well as cost to build new value. The underwriter almost always goes with the market value. This recently presented a problem to a client of ours who had a new survey done by a different surveyor. His initial survey stated the value of the boat at \$250,000. A subsequent survey 10 years later (the underwriter missed the five-year request) done by a different surveyor showed the hull value at \$650,000. This proved to be a major increase in hull premium that the insured was not able to absorb. Through some negotiations with the underwriter we were able to insure the boat to 80% of the new survey value. This saved the insured some premium and also satisfied the underwriter's need to insure the vessel to its close enough to its value.

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# Mental Health: An Area of Focus in Loss Prevention and Workers Comp



Dan Bookham

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

We are hearing more and more about mental health in all aspects of daily life these days, and while this new openness about a once taboo subject is to be welcomed it can still cause squeamishness for employers and concerns about intrusion and privacy that a cut or a burn may not. Even so, it is an important enough risk factor for workplace injuries and vessel & yard accidents that it behooves all of us to pay attention to it.

First, the why. Mental health is a workplace safety issue because if issues aren't recognized or challenges aren't addressed, it can lead to a number of negative consequences. Mental health problems can impair an employee's ability to focus, concentrate and make sound decisions. This can lead to terrible outcomes, both for the employee and for others. Mental health problems can result in an increase in injuries and

accidents, decreased productivity, absenteeism and turnover. This can cost employers a significant amount of money. In addition, mental health problems can lead to decreased morale and increased stress levels. This can create a negative work environment, which is not conducive to safety. All of these are drivers of stress on people and systems, and in turn these increase a company's risk exposure.

There are several things employers can do to address mental health in the workplace. By taking the following steps, employers can help to create a safe and healthy workplace for all employees.

- Provide proactive mental health awareness training to employees. This training can help employees understand mental health issues and how to identify and support someone who may be struggling. Your workers comp/P&I insurer will likely have resources they can refer you to, as will occupational health clinics and local health care providers.
- Create a culture of open communication about mental health. This means encouraging employees to talk about their mental health and to seek help if they need it. The military are real leaders in this area and offer proven, concrete examples of functioning programs for populations where talking about feelings and mental health may not be a default setting.
- Offer mental health resources to employees. This could include providing access to mental health professionals, offering on-site counseling or providing financial assistance for mental health treatment.
- Promote healthy work-life balance. This means encouraging employees to take breaks, to get enough sleep and to have a life outside of work. Remind your people that toughness is not always analogous to pushing yourself to a breaking

point.

- Address workplace stressors. This could include identifying and reducing sources of stress, such as unrealistic deadlines, heavy workloads or bullying.

By taking these steps, employers can reduce the risk of mental health issues driving injuries and accidents, improve quality of life for their people, reduce insurance claims and help to create a safe and healthy workplace for all employees.

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# 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.

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## **Additional Coverages to**

# Consider for Your Marine Business



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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.

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# 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.

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# 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.

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## **Signs of a Hard Market in 2023**



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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.

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# Wet, Damp and Dry– Insuring Your Marine Industry Employees



By Chris Richmond

For January 2023 [WorkBoat Magazine](#).

Shipyards and marine related business comprise a wide variety of jobs which in turn require different forms of workers compensation coverage. What your employees are doing will determine what coverage extends to their injury. Take a moment to review these three areas of injury coverage.

**Jones Act:** Officially titled “The Merchant Seaman Act of 1920,” this covers your employees who are considered crew members on your vessels. Seamen employed on vessels traveling from U.S. port to U.S. port are entitled to coverage under the Jones Act, with the coverage provided under your vessel’s Protection and Indemnity policy. Crew are covered for injury and illness while ‘in service to the ship’ through the Maintenance and Cure portion of the coverage. Crew are also entitled to sue the ship or ship owner for unseaworthy or negligent conditions which they believe caused their injury. To be considered a crew member, the



employee must spend roughly a third of their time at work in service to the ship.

**USL&H:** Employees who are working around docks, wharves or servicing a vessel will fall under the U.S. Longshore and Harborworkers Act. These are your stevedores, repair crew, crane operators or similar employees who service, load or go on and off vessels but are not considered crew members. The two determining factors for USL&H are Situs and Status, both of which need to be met in order to be eligible for this coverage. To meet the Situs test, the injury must have occurred while working on or near navigable waters. The Status test is met by the work being done. Exclusions include office workers, aquaculture and boat builders who build recreational vessels less than 65 feet in length. Even if you have a boat yard where you feel you would never have a USL&H risk, it is very inexpensive to have this coverage added to your state workers compensation policy on an 'if any' basis. This way you at least have some defense covered should a USL&H claim be filed against you.

**State workers compensation:** Your office staff and other employees are covered under your state workers compensation act. Keep in mind that if you have employees who work in other states besides the one where your business is located then you need to list these as well. State workers compensation acts are no-fault laws which means they cover a claim as long as the employee's accident happened within the scope of their employment.

This is a very quick explanation of a very important insurance coverage. Take the time to review your operation and exposure with your agent to help you get the coverage you need.

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# 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.

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# When it Comes to Claim Reporting, Don't Hesitate



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For November 2022 [WorkBoat Magazine](#).

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.