

SHIPWRECKS & GAS TURBINES

Marine Underwriting with Jason Warrick

Marine underwriting requires specialist skills and, sometimes, assistance from technical experts to help the underwriter fully understand the risk exposures involved. Fortunately, NTI's marine underwriting team has access to all the expertise and experience it needs. Recently we spoke with Jason Warrick, a Senior Underwriter at NTI, about how he and his team get involved in helping clients sort out their insurance needs.

"I've been doing marine insurance for about 20 years," Jason said. "I get involved in complex accounts and jobs. No two are ever alike - that's part of the challenge."

Jason supplied us with two examples of his work: one reasonably straightforward and one more complex.

Commercial boats

"One of our clients owns and operates commercial boats," he said. "They do a lot of commercial towing, working in the oil and gas industry."

"Their broker rang me, trying to get his head around wreck removal. He had a simple question: if the client sinks one of its boats, what part of their policy coverage picks up the removal?"

If a boat sinks in a national park or other protected waters, the operator is required to remove it. Wreck removal clauses cover going to the site and salvaging the wreck or removing it by any means, which can include cutting it up.

There are two components to a commercial hull cover policy. First, hull and machinery cover, which covers damage to the boat itself. Second, liability cover - also called protection and indemnity, or P&I cover - which covers the liability associated with operating the vessel.

"I explained to the broker that wreck removal falls under P&I, which in this instance had a limit of \$20,000,000," Jason said.

"He needed to explain how it fitted into the cover and that it didn't come under hull and machinery.

"So, after our conversation, he was able to go back to the client and explain the situation and how wreck removal fitted into the policy."

Gas-powered insurance

A more complex case arose when a long-standing client needed to move a 375-tonne gas turbine from a port to its new home in Australia.

"Our cover commenced with it arrived here in Australia. Generally speaking, this is called a tail-end risk," Jason said.

"What that means is because this is an import of goods into Australia, we don't know if there's any damage done to the item on its voyage to Australia. Generally, we'd only offer a restricted cover for the transit, from when we pick it up to when we take it to its destination."

Two types of cover are relevant in such situations: accidental damage (AD), which picks up any damage to goods in transit, and insured perils, which picks up defined events such as fire, flood, collision or overturning. Insured perils is essentially a reduced form of cover.

Due to the item's nature, NTI sent one of its internal team, a risk engineer, to oversee the turbine's transport. It also engaged an external surveyor to watch the gas turbine's unloading and transfer from the ship to its transport cradle.

"We assisted the insured by giving them accidental damage cover on this tail-end risk," Jason said. "It was a very technical move because of the item's size, weight, and value; it was \$31 million worth of gear.

"We asked the company to provide its transport plans so we could review them. They were very detailed and showed they were thorough and a good operator."

"They'd planned out the route to make sure the turbine would be able to clear bridges and power lines.

"The trailers they used had hydraulics so they could lower the load to fit under any bridges ... they'd covered off all contingencies."

Moving such a large item is a complex operation. "The company had to submit a transport plan to the state government to get permission to move the turbine on public roads."

"It required a police escort and road closures, even though it was only an 18 km trip."

The transport company moved the gas turbine in the small hours of the morning, with a police escort and NTI's third-party surveyor present. The trip took around six hours.

"We got our surveyor's report," Jason said. "Everything went smoothly. But if it hadn't, they would have been covered."