

### **FUNCTIONS OF THE INSURANCE AND CLAIMS DEPARTMENT**

#### **Functions of the Insurance and Claims Department in a typical ship operator set-up:**

##### **Analysis of insurance requirements/risk management**

The insurance department has to take in not only the broad picture regarding potential exposure to risk and the insurance cover required, but also must keep an eye on details such as compliance with warranties (particularly those dealing with areas and types of trading) as well as the maintenance of classification requirements. This latter point is most important under jurisdictions such as those existing in the United Kingdom, where the breach of warranty under a policy has the effect that underwriters may avoid liability from the date of that breach.

##### **Liaison with insurers/insurance brokers**

The desire for complete cover for all eventualities has to be balanced against consideration of cost.

Indeed, the long term benefits of a lengthy relationship with a particular market should not be overlooked in the rush to obtain any short term gains which may occur by shifting from market to market, when placing insurance.

##### **Obtaining optimum recovery after damages**

Optimum does not always mean maximum - much time and expense can be wasted on items that are not worth pursuing in the overall context of the claim. Liaison between the insurance department and the average adjuster will help identify such items. As long as safety is not compromised in any manner, commercial considerations should dictate the pursuit of a claim for settlement.

##### **Settling liabilities advantageously**

Continuing from the point above, there is little or no point in defending claims just for the sake of it. It is important for the insurance department to be able to recognize either a lost cause or where an early offer to settle can lead to reduced costs, and enhance commercial relationships.