

Guidelines for **casualty liaison**
between the JMCC and IG

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Overview

Representatives of the London insurance market through the JMCC (Joint Marine Claims Committee) and the IG Salvage Committee have agreed the following mechanism to establish lines of communication in future casualty cases where there is a common interest.

Types of market underwriter

The market underwriters may have an interest in any of a wide number of different insurance products. Common marine property insurance products include:

Those where the Assured is likely to be the beneficiary and where there is greatest scope for common benefit:

1. Hull insurance
2. Additional Value hull insurance
3. War risks insurance (hull risks & liability risks)
4. Kidnap & Ransom

Those where the beneficiary may be different to the Assured and where there is more risk for a conflict of interest:

5. Mortgagee's lien insurance
6. Cargo insurance
7. IG reinsurance

Benefits of liaison

There can only be benefits from knowing your counterparts but more specific benefits may include:

- a. Establishing a direct channel of communication at an early point in the claim, which may be particularly helpful when pressing decisions are required in an active casualty situation.
- b. Co-ordinating the approach to shared RDC liability collision claims.
- c. Adopting a common approach to recovery actions that are of joint benefit.

d. In a salvage situation:

1. In contracting salvage resources, a balance needs to be struck between reducing salvage costs for hull insurers and not creating a pollution or wreck removal liability for the P&I Club.
2. Sharing knowledge of the vessel's situation will ensure decisions are based on the same facts.
3. Understanding the concerns of the other insurer can help to avoid delays in reaching agreement over the contractor best placed to assist and the contractual terms (unamended LOF or negotiated terms where speed of response is not the priority).
4. Liaison over investigation, on-site reporting and legal representation, including the preservation of legal privilege.
5. Early agreement on the terms for the provision of security (including counter-security arrangements).
6. Better management of conflicts of interest.
7. Clarifying policy limits including whether specific risks are ring-fenced (for example hull and liability insurance on a common war risks policy, and sue and labour costs on any policy).
8. Clarifying cover limits (for example a vessel being declared a CTL under a hull policy may change a casualty response from salvage to wreck removal for the holding Club to bear alone).

Disadvantages of liaison

If not addressed in advance, these may include:

- i. Sharing information that for the Assured is sensitive, either directly or through informal market communication.
- ii. Alienating the Assured or their broker if they have not supported the concept of direct contact.

Further considerations

- iii. If the approach is not from/to the Leader of the relevant market policy/policies, early thought to be given to their inclusion.
- iv. Taking care not to risk undermining well established reporting guidelines from IG Clubs to their reinsurers.

Maximising the benefits while managing the disadvantages

The establishment of a high level structure on both sides to facilitate initial contact is desirable to promote both the benefits and to manage the potential pitfalls.

London market underwriters are recommended to approach the relevant IG Club through one of the IG Secretariat, Chair of the Salvage Committee or Chair of the Large Casualty Committee (details below).

P&I Clubs are advised to approach one of the JMCC Chair, Deputy-Chair or JHC Claims Representative (details below).

Upon being approached the contact will seek the minimum following details in writing:

- i. Vessel(s) name(s).
- ii. Nature of casualty/claim.
- iii. Name of insurer making the approach and contact person.
- iv. Name of their assured(s).
- v. Confirmation they have the claims lead and the policy.
- vi. Details of other relevant interest (as a participant in a reinsurance for example) when identifiable.
- vii. Areas of potential common interest.

In notifying the insurer's interest to the concerned insurer, the individual approached will share this document as a convenient reminder of the potential benefits and limitations, having in mind also:

1. Claims over USD10m are pooled by IG Clubs and so any risk below that level is retained by the holding Club and any sub-Pool reinsurers, and therefore co-operation over a casualty is very unlikely to risk circumvention of reporting guidelines.
2. Pooled claims are reinsured by the IG above USD100m and so there is modest risk of circumventing reporting guidelines below this exposure.
3. Claims with the potential to produce an exposure over USD100m need the greatest care to avoid undermining the Leaders of the working layer of the IG's RI programme and P&I claims handlers are advised to discuss co-operation with the IG's primary broker, Miller (contact: [Stuart Normand](#)), before responding.

JMCC contacts

Chair

Amy Dallaway
Amy.Dallaway@lancashiregroup.com
M +44 (0) 7548 826 208

Deputy Chair

Stephen Chapman
Stephen.Chapman@ascotgroup.com
T +44 (0) 20 7743 9600

JHC Claims Representative

Paul Cunningham
paul.cunningham@talbotuw.com
T +44 (0) 20 7550 3680
M +44 (0) 7786 431 520

IG contacts

Chair of Salvage Committee

Ben Harris
Ben.Harris@shipownersclub.com
T +44 207 423 7146
M +44 7825 333367

Chair of Large Casualty Committee

Sam Kendall-Marsden
sam.kendall-marsden@north-standard.com
T +44 (0) 20 3320 8876
M +44 (0) 7827 850 655

Chief Executive Officer of IG

Nick Shaw
nick.shaw@igpandi.org
T +44 (0) 20 7929 8061
M +44 (0) 7768 278 088

