



MARITIME RISK & GOOD ADVICE

Marine Underwriting with John Martin

“The biggest stumbling block for insurance,” said NTI Underwriter John Martin, “is when a client may not have the correct cover in place.”

With more than twenty years of experience as an underwriter, John has seen it all.

“The most common example is when a cargo policy is requested, but the client is carrying other peoples’ goods,” he said.

“In that case, they don’t need a cargo policy. They need a carrier’s policy.

“It’s a great example of how sometimes we need to give people what they need, not what they ask for.”

The problem is, of course, that if you have the wrong policy and have to make a claim, you may not be covered.

That’s where John and his fellow underwriters can assist. Clients and brokers alike should pick up the phone, he says, and get clarity about what they need.

Of course, things aren’t always so clear-cut.

Managing maritime risk

John recalls a conversation with a broker who didn’t often deal with marine risk. They called for guidance to help a client that had just won a contract to supply and install internet equipment around Australia.

The equipment was to be imported from the USA and distributed across the country. The broker had sourced an import policy with another insurer but wasn’t sure if it gave their client – the insured – the cover it needed.

“I gave them a call and talked through what they actually needed,” John said.

“I found out that the insured was going to be importing several loads by sea – containerised – per year from Canada to Australia. They’d store the goods in a warehouse pending distribution.

“I also found out they were directly shipping from Canada to Thailand and Southeast Asia as part of their contract.”

Through further discussion, John clarified for the broker that the insured would need import and inland cover policies. This clarification was critical, as they’d initially thought the import policy would also cover inland transits.

They would also need world-to-world cover for the equipment. John worked through the limits (sums insured) they’d need to be fully protected.

“We ended up increasing by almost double what they had originally requested. This helped the broker to fully understand what was covered and what the insured could claim for in the event of a loss,” John said.

“We were also able to clarify the equipment’s basis of valuation so the insured could put the correct cover in place.”

By discussing the insured’s whole requirement with the broker and fully understanding its business requirements, we put the right policies in place and ensured they were properly covered for the correct amounts.

Good advice

John also recalls helping an insured with an annual cargo policy. The policy included exports, nothing out of the ordinary.

Then the insured's broker called to request a Certificate of Currency – again, nothing out of the ordinary.

But John quickly spotted some anomalies. He noticed that “some of the information requested for inclusion on the certificate was out of the norm.

“So, I contacted the broker to query what they were chasing and why.”

It turned out that the insured was transacting some business overseas, and its finance company had requested a document to comply with its letter of credit terms and conditions. These documents go to foreign banks to allow for transfers of payment between buyers and sellers. Without the correct documents, the banks may withhold the insured's funds.

“When I asked for a copy of this document, I realised they required a Certificate of Insurance (Export Certificate), not a Certificate of Currency,” John said.

“That's a very different document. It specifies details of the goods in transit and the terms of cover provided.”

Only John's eagle eyes picking up on the request's specific wording guaranteed the insured received the correct document.

“Without the correct document, the insured may not have been able to complete the sale of their goods,” John said. “In that case, the sale may have been held up or even fallen through completely.”

Bring the experts onboard.

To find out more about how NTI's marine underwriting specialists can help you and your clients, contact your local NTI Representative.

