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## Golden years guarantees - ship insurance for the over twenties



By David Glass from Athens

Three established players in the insurance market have combined to meet the needs of a niche but significant sector of the Asian and Mediterranean shipping market.



With the aim of controlling claims before they happen, the project offers two regional All Risks Hull & Machinery insurance facilities: 'Zing' for Asian tonnage and 'Nautilus' for Greek and Mediterranean tonnage.

Over a year in the making the product offers a "seasoned approach for seasoned vessels" according to Paul Robson, claims director at JLJ Maritime SA, one of the three companies involved.

The product offers full insurance for vessels over 20 years, and is based on the proactive control of claims. Backing the project are Glvfada, Athens-based JLJ, a well recognised and respected name in the marine insurance world for over 40 years; Romania's leading insurance company Astra Insurance Co, which has a strong experienced marine department; and Qatar Re, Zurich, part of the Qatar Insurance Corp which gives further confidence to policyholders, their banks and brokers.

With the world's fleet divided between vessels built prior to 1993 and subsequently, respectively some 38,000 (48%) and 41,000 (52%), and Asian-controlled tonnage representing some 40% of the world's fleet and Greek-controlled tonnage represents 40% of European tonnage, the driving force behind the project, Jonathan L Jones, a Lloyd's underwriter based in Greece and head of JLJ Maritime has a reputation for innovative and successful ideas.

As Jones points out: "It is a truism older cars which are properly maintained, serviced and driven with care will produce fewer accidents than a brand new sports car driven by an uncaring, unthinking young driver. The same maybe said for ships.

"Whilst it is true newer vessels generally experience a lower incidence of loss, than older vessels, at the same time, newer vessels have both substantially higher sums insured but with currently extremely modest rates. Newer vessels when they experience casualties result in costly repairs or claims as witnessed by Costa Concordia. Therefore, we expect this sector will produce better risk / reward ratios due to the combination of underwriting factors coupled with pro-active claims management."

Jones says a "unique questionnaire aimed at better understanding the ethos of the management has been drafted to help with a positive pro-active approach to claims which will strongly promote alternative dispute resolution".

Significantly, the trio of backers recognise the role brokers' play is extremely important and therefore brokers will be encouraged to show who can demonstrate a keen appreciation of the facilities and who have an experienced claims team.

"The regional policy approach is geared to optimising regionally available knowledge, expertise, with regard to business production, surveying and claims handling," said Jones. He went on: "The regional facilities will develop strong relations with local surveyors, salvors, and ship repair yards - to source class approved reconditioned parts, if applicable, will further keep a control on the cost of repairs. This highly important area is a strong feature of the benefit of the variety of skills available to the venture."

A comprehensive and standard Survey Report has been developed. Uniquely if insurances are effected, then the cost of the survey will be paid for by the underwriters. Surveyors will be encouraged to use thermography as part of the risk management procedures to further eliminate any dispute regarding wear and tear.

Discussions are set to take place regarding appointing a dedicated salvage facility which will be on LOF. "The outcome of the salvage will be agreed by salvors and underwriters to mutual satisfaction, aimed at both reducing costly arbitration and the time taken," said Jones, who concluded, "proactive control of claims is considered highly desirable to give an efficient service to not only the assureds but to ensure a positive outcome for the underwriters and their re-insurers".

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