

# Loss Prevention methodology

August 2015

The Standard  
for service and security

The Standard



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**The club's continuing objective is to provide sustainable, good value cover with first-class financial security and excellent service. It aims to grow selectively without compromising its commitment to operating quality and financial stability. The club's approach to loss prevention is a critical enabler in achieving these objectives and a key part of its service to members.**

## Introduction

The club's loss prevention approach dates back to the establishment of its Loss Prevention (LP) team in 1989, and it has evolved continuously since in order to meet the needs of members in an ever-changing maritime industry. This multidisciplinary team includes master mariners, naval architects, ship production engineers and specialist surveyors, with expertise spanning technical issues, crew and bridge management, management practices and organisation. This unique mixture of skills enables the team to meet the needs of members and of the club, whether those needs are routine or specialist and bespoke.

The objectives of the Loss Prevention team are to:

- ensure the club (and *The Standard Syndicate at Lloyd's*) underwrites ships and members of appropriate quality;
- minimise losses to members and to the club;
- provide expert technical and loss prevention advice to members, and to the club's underwriting and claims teams.

The Loss Prevention team achieves this through its efforts in four areas:

1. publications and safety initiatives;
2. risk assessment programme;
3. the club's Safety and Loss Advisory Committees;
4. daily interaction with underwriting and claims departments.

## 1. Publications and initiatives

Training and education are viewed by The Standard Club as key tools in the fight against preventable claims. The club's educational efforts cover technical and behavioural/managerial topics, and include both loss prevention publications and loss prevention initiatives. The original publication strategy included the production of detailed '*Master's Guides*' dedicated to specific topics. The focus is currently on shorter, more frequent articles grouped together in the *Standard Safety* and *Standard Cargo* publications.

Articles written for *Standard Safety* and *Standard Cargo* advise on industry best practices and issues that have caused or may potentially cause losses. The aim is to provide enough guidance for members to ensure that they and the club have a shared understanding of good conduct of operations at sea. In addition, the club's *website*, *LinkedIn* and *twitter* alerts are used to publicise the club's position on unfolding events as widely and quickly as possible. Examples include the ongoing migrant situation in the Mediterranean Sea and the start of the Asian Gypsy Moth season.

The LP team is also frequently asked by members and industry bodies to attend their educational seminars in order to share the team's views on different topical risk issues and how to overcome them. This has recently included presenting to the United Kingdom Hydrographic Office (UKHO) Safety of Navigation Assurance Committee (SONAC) on navigation related claims involving Admiralty chart products.

Lastly, the LP team works on various initiatives, either alone or in partnership with other organisations, to promote safety at sea. These efforts tend to be launched in response to new regulations, negative claims trends or persistent material losses. Examples of previous initiatives include the *horizon fatigue* study; the VideoTel *hazard series*, which created safety films for crew training; and the *Human Element* book and movie. There are three further initiatives currently underway:

- A Pre-Employment Medical Examination (PEME) programme to recommend specific clinics in the Philippines that have been assessed and approved by the club and its providers, so members can be certain of a quality service from PEME providers;
- A VideoTel co-operation on a new safety video;
- Together with the International Chamber of Shipping, a project on safety awareness: the '*spot the hazard*' competition.

## 2. Risk assessment programme

### Member Risk Review (MRR)

The aim of the *MRR* is to conduct a thorough review of the shore-side elements of a member's organisation and to assess effectiveness. It also allows the member to meet the LP team and for the team to identify areas where it can be of assistance. The MRR in its current form was designed and formalised in 2009 (between 1993 and 2009, the club audited members' management systems according to 'minimum operating standards').

The Standard Club is still the only IG club that implements a Member Risk Review for all members on entry. MRRs are also used for existing members, either on request or in response to issues that arise, and can equally be applied to members' third-party ship management companies, where appropriate.

The MRR is crucial to maintaining our members' confidence in the club's system of quality control. Each can be assured that it does not subsidise the poor claims record of a less conscientious member.

Since its inception, the MRR checklist used by LP team members has been based on the Tanker Management Self-Assessment (TMSA) guidelines. However, a recently completed review has significantly changed its content in favour of a more risk-based approach. The areas assessed during an MRR are:

- management;
- office/sea staff recruitment and training;
- marine/safety operations;
- ISM;
- technical management; and
- cargo/commercial operations.

Each area of the MRR contains specific questions designed to provide a thorough assessment of an organisation's strengths and weaknesses in order to really understand how well its operations are conducted. The answers are then rated using a specific scoring system and compared to a reference quality framework.

This process is designed to provide the member with practical feedback and advice, and to provide the club's underwriters with input. Where deficiencies are found, the LP team advises on ways to improve the organisation's performance and its score. One of the strengths of the MRR system is that information provided to the underwriters is both quantitative and qualitative, the scientific quantification of risk being combined with the thoughts and impressions of the maritime professionals who conduct them.

Shipowners or managers who wish to join The Standard Club will automatically undergo an MRR within 30 days of attachment. In circumstances where a higher than average number of claims or a single very costly casualty have occurred, another MRR may be undertaken. Follow-up MRRs are held to monitor a member's progress with the implementation of the recommendations made by the LP team.

### Ship Risk Review

While the MRR process is used to assess the quality of a member's office-based organisation, a *Ship Risk Review* (SRR) is used to determine the condition of the ships within a member's fleet and the risks associated with insuring them. The Standard Club rules require new members to submit newly entered ships for a SRR if the ships are over 12 years old.

In addition to those fulfilling the criteria above, the club also conducts SRRs on board 10% of entered tonnage to simply sample the quality of a fleet, selecting ships based on the member's loss record, vessel age, carriage of persistent oil or based on trading area. Surveys are also conducted when a claims trend within a fleet or on board a particular ship gives cause for concern, following a Port State Control detention, or where a member's trading pattern or ship management has changed.

Whilst the majority of surveys are conducted by external surveyors, The Standard Club is unique within the P&I industry for using in-house staff to undertake approximately 20% of surveys. External surveyors are selected from an approved list and effort is taken to ensure that the surveyor with the right skill set is chosen for each review. Regardless of who conducts the survey, it will be carried out using the club's SRR framework, which specifies the areas to be included in the review and ensures consistent classification of the risks that are identified. The SRR framework is reviewed on a yearly basis to ensure that it remains up to date with all the new regulations and potential risk factors.

The Standard Club aims each year to survey 10% of the club's tonnage, which currently stands at over 136 million gross registered tonnes.

Following the survey, the information is reviewed by an internal surveyor who analyses the report and liaises with the member's relationship team and, if necessary, formulates a course of action and makes any recommendations to the member. A standardised deficiency list, which sets out recommended courses of action for specific deficiencies, is used to ensure consistency in the club's approach. Where the LP team feels that repairs are urgently required to reduce the risk to the member and to the club, evidence of repairs or a follow-up survey is requested, and continuing cover may be dependent on repairs being completed within an appropriate time.

### 3. Safety and Loss Advisory Committees

Another unique feature of The Standard Club's loss prevention approach is the *Safety and Loss Advisory Committee* (SLAC) system, which has advised the club for the last 22 years. The SLAC system was established at the request of the club's board as a means to bring together senior technical and marine managers from the club's membership. The members of the committees possess the necessary experience and knowledge to grapple with complex issues and have sufficient authority to enable them to act on the findings within their own organisation.

There are three distinct SLAC divisions, one for each of:

- The Standard Club Asia, the club's Singapore-based insurer;
- The Standard Club Europe, the club's UK-based insurer; and
- the club's London Class, specialising in smaller coastal and inland waterway vessels.

All divisions meet twice yearly.

The SLACs examine both claims trends and individual claims in order to determine the root causes and recommend preventative measures. They also discuss the implications of any new regulations due to come into force, and review loss prevention initiatives and other topical subjects affecting the maritime industry. These discussions provide direction and detailed input to the club's loss prevention approaches, initiatives, publications and other activities. The SLACs' findings are reported to the *club's board*.

### 4. Interaction with claims and underwriting departments

Close co-operation with the underwriting and claims departments is essential to the timely flow of information in both directions, so that the club identifies risk factors accurately and promptly, and responds appropriately. To that effect, the LP team has dedicated specific surveyors for each of the syndicates (member service teams) within The Standard Club. These appointed surveyors attend the weekly syndicate meetings and liaise closely with the underwriters and claims handlers to discuss specific member issues, new ships or members coming on risk, recent claims, ongoing Ship Risk Reviews and other risk indicators that may pose a concern or warrant an action, e.g. a change in trading area or expansion of the fleet with a new ship type.

### Conclusion

The Standard Club's loss prevention efforts remain critical to the club's strategy and to its service to members, and the club's approach, resources and experience in this area are unique among IG clubs. The Loss Prevention team is continuously developing its tools and its personnel to enable it to meet the needs of the members it serves and the club it represents. The team welcomes direct discussion with members and would encourage any member with technical or risk-related queries to get in touch. Contact details are on the next page.

### Biographies of our Directors

#### Yves Vandeborn

##### Director of Loss Prevention

- Master mariner, extensive senior experience on LPG/LNG tankers
- Marine Superintendent for oil/chemical/gas tankers
- P&I surveyor for various International Group P&I Clubs
- Independent Marine Consultant, including TMSA audits, SIRE vettings, ISM/ISPS audits
- Joined Charles Taylor in February 2010 as Marine Surveyor, based in Singapore
- Appointed Director of Loss Prevention in July 2013

#### John Dolan

##### Deputy Director of Loss Prevention

- Master mariner, senior officer experience on Oil Major tankers/bulk carriers
- Post graduate degree – M.Sc. International Shipping
- Extensive technical and commercial ship management experience – ten years as General Manager/Director
- Marine and technical due diligence/asset protection consultancy services to major shipping finance institutions – four years
- Board member – International Chamber of Shipping – Ireland representative
- Member of the Standard Club Safety & Loss Advisory Committee – nine years
- Joined Charles Taylor in April 2015 as Deputy Director of Loss Prevention

## Loss Prevention Team

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### Web alerts

The Standard Club issues a variety of publications and web alerts on topical issues and club updates. Keep up to date by visiting the News section on our website [www.standard-club.com](http://www.standard-club.com) [@StandardPandi](https://twitter.com/StandardPandi) [in The Standard P&I Club](https://www.linkedin.com/company/the-standard-p-i-club)

This Bulletin is published on behalf of The Standard Club Ltd by the managers' London agents:

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**Charles  
Taylor**