Introduction
The Standard Club has been involved in some of the largest maritime casualties in recent years. As an insurance and risk manager, would you know what to do if one of your ships was involved in a major incident? In this article, we draw on our experience to set out key issues that members should consider in order to respond effectively.

Initial notification
The initial notification you receive may come from a number of sources – a panicked master, a colleague, your underwriters or perhaps professional salvors. In any event, you can expect to receive an enormous amount of information – some of it contradictory and some of it unreliable – in a very short space of time, and you will need to assimilate it quickly to build up as accurate a picture as you can of what is happening at the casualty site. Your aim should be to gain a clear understanding of the situation as quickly as possible so that you can react appropriately.

The anatomy of a major casualty
You will need to understand the anatomy of a major casualty to properly plan your response and determine the resources you will need. This involves having a clear understanding of the condition of the ship and how it might deteriorate, whether there is loss of life and/or pollution, the likely involvement of the authorities, what professional and media relations assistance you will need, the claims you are likely to face and the pitfalls you need to avoid in order to protect the shipowner’s position.

You will also need to understand the interrelationship between insurance interests. This can be an acute issue in the context of a major casualty where an operation to salvage a stricken ship can become a wreck removal if salvage and repair ceases to be economically viable.

Major casualty response plan
You should have a good working knowledge of your company’s casualty response plan. The plan should:
- define what is meant by a major casualty
- provide key information in relation to your fleet
- confirm the information you need to gather
- confirm who you need to notify and what you need to tell them
- identify your incident management team and clarify their responsibilities
- provide guidance in relation to preserving evidence
- set out key contacts (including authorities, salvors, pollution responders, underwriters, and technical and legal advisors)
- provide basic information in relation to salvage and wreck removal, and towage contracts.

It is best practice to have conducted drills at regular intervals using realistic scenarios involving your underwriters and advisors.

Building a team
Once you understand the anatomy of the casualty, you will be able to assemble the team you will need to resolve the situation. These are the people you will rely on most heavily in the days, weeks and months ahead.

In most major casualties, the team will include your underwriters, local correspondents and surveyors, salvors, technical experts and legal advisors specialising in casualty work. You may also need to draw on other experts, including in relation to pollution, fire, cargo handling and, increasingly, tax.

War blue cards
There is a difference of approach by the clubs in the International Group to the provision of war blue cards. As explained in the club circular of 24 September 2012, the risk for which the war blue card is required is a risk that is only partially covered by the clubs, and some clubs have decided that they will not issue war blue cards.

The Standard Club has been working on obtaining additional reinsurance that will enable us to issue war blue cards for ships entered with the club at the request of the member. The necessary reinsurance contract has been completed satisfactorily and we believe that the club’s provision of a war blue card will be an attractive choice for members. There is an application form to complete and the member will be required to pay for the reinsurance that will enable the club to issue the war blue card. We are aware that members may prefer to obtain their war blue cards from a third-party provider other than the club, but if they choose to obtain the war blue card from the club, which is known by States’ authorities as an experienced and acceptable insurer/guarantor, our website will be updated daily to identify that a war blue card has been issued for relevant ships, naming the carrier as above.

Members who would like the club’s assistance should approach their usual club underwriter for more details.

Managing a major casualty
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Whilst the make-up of your team will vary depending on the nature of the casualty, in every case you should be dealing with experienced professionals with the right skills, who are known to you and who you are comfortable working with.

**The club’s role**

The club can provide invaluable assistance in the event of a major casualty. We have gained a considerable body of experience though helping members to resolve some of the most challenging major casualties in recent years. We have long-standing working relationships with salvors (some of whom are our members), technical advisors, pollution experts, correspondents, surveyors, cargo experts and legal advisors from all over the world.

In the event of a major casualty, an experienced claims handler from the club may be deployed to the scene of the incident. Their role would be to provide advice and practical assistance to the member on site. This may include liaising with the authorities, advising and assisting in relation to casualty management (including contractual arrangements with salvors), assisting in building the team and formulating the overall strategy to resolve the situation.

**Liaison with the authorities**

You will need to positively engage with the bodies that have authority over the casualty at the earliest opportunity. This means you will need to work with your local advisors to determine who those authorities are, the powers they have and the information they will require from you. You will need to be ready to respond to orders from the authorities – for example, to remove the wreck and to address pollution issues – which could have very tight deadlines.

Practically, it may not be possible to comply with the deadlines set (a not uncommon one being the requirement to remove a wreck within a matter of days), but you will need to be able to respond in a positive way, setting out a credible strategy.

**Planning**

Formulating a clear strategy for resolving the casualty situation and communicating it to the authorities effectively will demonstrate that you are in control, provide a degree of comfort and make it less likely that you will lose control of the situation. The danger is that if you do lose control then there is a risk the resolution of the casualty situation could be delayed, the authorities may step in, costs could escalate rapidly and your company could suffer reputational damage.

Consider breaking the operation down into key phases. These might comprise an emergency response phase (often involving bunker removal or other preventative measures to mitigate potential environmental impact), a caretaking phase once the casualty has been stabilised to allow time for a long-term strategy to be put in place and, finally, a resolution phase, whether it be the removal of a wreck or the towage of a stranded ship.

The club can assist in the planning process, drawing on the experiences we have had in previous cases to try to arrive at the most effective solution. This will often include assisting in any tendering process – a tried and tested method for arriving at the most effective and cost-efficient strategy for wreck removal. The club would work with technical consultants in the preparation of the invitation to tender and actively participate in the tender review process, to include interviewing the various bidders, advising in relation to the selection of the successful contractor and assisting in negotiating the final contract.

**Pollution**

Pollution can take many forms – oil, chemicals, cargo – and is often a key concern to authorities and local populations. Getting the pollution response right is an important factor in building trust.

You should have a good working knowledge of the various experts you can turn to in the event of a pollution incident. In cases of significant oil or chemical pollution, you are likely to turn to the International Tanker Owners Pollution Federation (ITOPF), which provides objective technical advice and information on all aspects of pollution response and the effects of spills on the marine environment.

ITOPF has a considerable body of knowledge and experience in resolving pollution incidents around the world. It has credibility with authorities and can send technical experts to a casualty site to report and provide advice in relation to remedial action. You should also have a good relationship with the spill response contractors embedded in your company’s casualty response plan.
Public relations issues
If you suffer a major casualty, you need to be prepared for it to fall under the glare of the media spotlight, particularly if there is loss of life, pollution or if it occurs in an environmentally sensitive area. With the rise of social media, everybody can be a reporter or a commentator, and news networks clamour for material with the advent of continuous rolling news.

You should be prepared to deal with a large number of enquiries and you will need a clear strategy for how you will respond. You are likely to require professional advice in relation to how to respond, how issues reported in the media can impact on your casualty response strategy and how to manage newer phenomena such as social media.

In fact, your public relations strategy should begin long before any major casualty occurs, through cultivating constructive relationships with the media and presenting the image of your company that you would like them to portray in the event the worst happens.

Legal issues
You will need access to legal advice in relation to local issues, as well as in relation to wider issues such as salvage, wreck removal, towage contracts and the environment. Cultivate a relationship with the legal advisors you would turn to in the event of a major casualty. They should have the resources to cope with a major incident, including a sufficient number of suitably qualified and experienced personnel.

You should also have a good working knowledge of the main forms of salvage, wreck removal and towage contracts – Lloyd’s Open Form (LOF), Wreckhire, Wreckfixed, Wreckstage, Towcon and Towhire. You should understand the key contractual provisions and the factors to be considered in deciding which contract to select. Whilst this is an issue upon which you would ordinarily seek legal advice, if the initial notification of the casualty includes an invitation to sign a LOF contract under extremely pressured circumstances, are you confident you would know what to do and what the possible consequences might be?

Claims handling
Understanding the anatomy of a major casualty includes understanding the various third-party claims you may face and protecting your company’s position. There may be claims for personal injury or death, pollution, damage to another ship, harbour facilities or cargo. Your emergency response plan should help you to formulate a strategy for gathering and preserving evidence, including restricting access to the ship and crew. This should be done in conjunction with your legal advisors, who can assist in protecting confidential evidence and preparing for the inevitable local and flag state enquiries.

On a practical level, you may be required to respond to a large number of claims and you will need to have an appropriate system in place to handle them. The club and your legal advisors will be able to assist, but there will be a need for central control and record-keeping.

Conclusion
Suffering a major casualty is something that no shipowner would wish to experience, but if the worst does happen, you should feel confident that you will be able to understand the situation you face and formulate a strategy to deal with it effectively and to the satisfaction of the authorities. Preparation is vital and by making sure you understand the issues that are likely to arise, planning how you will resolve them, knowing who you will call upon in case of need and rehearsing your casualty response plan, you will give yourself the greatest prospects of bringing the casualty situation under control and managing it to a successful conclusion.

Top 10 tips
1. Record and distribute information quickly and accurately
2. Understand the situation you face, the interests involved and what needs to be done to resolve it
3. Have a good working knowledge of your company’s casualty response plan and conduct regular drills with your club and your advisors
4. Have good working relationships with ITOPF and specialist pollution responders, and be aware of the sensitivity of environmental issues and how they can impact on the overall operation
5. Make sure you have access to specialist legal advice in relation to major casualty issues and have a good working relationship with your legal advisors
6. Build an effective team of trusted advisors known to have the right skills and experience
7. Engage positively with the authorities at the earliest possible stage and throughout the life of the casualty
8. Communicate an effective strategy for resolving the casualty to maintain the authorities’ confidence and retain control
9. Anticipate the claims you are likely to face and formulate a strategy for gathering and preserving the evidence you are likely to need
10. Make sure you have appropriate systems available to you for recording and managing a large number of diverse claims – organisation is critical