

Specialist Operations Coverage

As ships navigating from one port to another are predominantly subject to marine risks, the classic P&I coverage is sufficient for these vessels and meets the needs. However, vessels engaged in activities other than routine navigation at sea are subject to additional risks. These risks are considered under the “Specialist Operations Cover” and excluded from the classic P&I cover.



Vessels such as tugboats, pontoons, floating cranes, which perform operations like quay, bridge construction, underwater cable laying, dealing with pollution need this cover but they do not exactly know the scope of the cover, why they have to purchase this cover and the differences from classical P&I cover.

What is important for the insurers is not the type of the ship but the activity it performs. To provide an example; a ship carrying material to a construction site is considered under P&I cover, but when it is used for this construction, it is covered under the Specialist Operations Cover.

P&I insurers have classified the risks arising from Specialist Operations under 3 headings and excluded them from the classical P&I cover. However, in certain cases, it may not be crystal clear whether a claim incurred is covered by the P&I or Special Operations Cover. In order not to cause any grievance until the issue is resolved, P&I insurers evaluate the human issues such as disease, injury, death and social issues such as wreck removal, ship related pollution, and environmental issues, where time is of essence under the classical P&I cover, regardless of the activity.



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But there is also a thin line here. For example, if a vessel engaging in underwater cable installation, sinks a fishing boat or diving boat in the vicinity during this operation, injury to personnel and third parties on the sinking boat is beyond the standard P&I cover. The issues, which are mentioned above and are under P&I cover regardless of the activity performed, are related to the incidents that take place in the insured vessel (in our example, the vessel laying underground cables) .

- 1) Claims made by third parties because of the Special Operation
- 2) Claims due to the quality of the work performed
- 3) Claims arising as a result of the damage to the work performed.

The insurers, when requested, can provide cover for the vessel engaging in a special activity. However the cover provided will be limited to item 1 above. Items 2 and 3 in most cases are excluded from cover.

If we examine these items in detail:

Claims made by third parties because of the Special Operation: It is the main clause that determines the standards and conditions of the Special Operations coverage. It emerged after the Chicago incident.

In 1992, a pile driving barge operating at Chicago river, had caused perforation of an old subway tunnel passing under the river. River water discharged into the tunnel and had caused disruption of transportation in almost entire Chicago city center via subway network, collapsing of electrical systems, and flooding the ground floors of buildings. The resulting damage exceeded \$ 2 billion.

Because of this high risk, the insurers question where and what work the boat performs before giving coverage and make their evaluations accordingly.

Claims of damage due to the quality of the work performed: Performance guarantees and the demands regarding the quality of the work or incomplete and defective work performed are out of coverage. The claims arising from the use of poor quality materials and failure to complete the work on time are not under coverage. Failure to complete the work due to the engine failure of a vessel operating in the project also considered under this article.

Claims of damage arising as a result of the damage to the work performed: Claims of damage arising as a result of the damage to the work performed are out of coverage. Here it is not sought whether the damage is due to the work performed. It is sufficient that it took place while the work was being performed. The damage caused by a boat working in a bridge construction by hitting the bridge related to its work is out of coverage. Even if the cause is a navigation error, it is still not covered.

As it is tried to be explained briefly above, Special Operations coverage is designed to cover additional operations where the vessel will be out of its routine navigation. The ship-owner who will carry out such activity must contact its insurer and provide necessary information.

