

## The Most Common Causes Of Damage In Hull and Machinery Insurance and Out-Of-Coverage Causes

Nowadays, more than ninety percent of world trade is provided by maritime transportation. Vessels, which play a key role in this maritime transportation, face many risks during their activities. Hull and machinery insurance plays a significant role in the transfer of these risks by shipowners, and these risks are covered by insurers with Institute time clauses, NMIP, DTV hull clauses or similar clauses against many risks such as machinery breakdown, fire, collision, collision, grounding, baratary. These clauses provide coverage on listed perils basis or all risk basis. As Türk P&I, we currently provide many types of coverage, including but not limited to the clauses listed above. We always first look at the root cause of the damage when deciding whether a risk is covered or not. In this article, we will discuss the most common causes of damage in hull and machinery insurance and some cases that are not covered.



### Crew Negligence

As in many areas, most of the existing risks in maritime are caused by human factors. The subject cause of damage is one of the most common causes of damage in hull and machinery insurances. However, in such cases, it is of great importance to determine whether the cause of damage is due to crew negligence or crew inadequacy in terms of coverage. In many cases, in order to distinguish between these two situations, it is necessary to understand the mentality of the ship's crew in the negligence that led to the damage. Incidents such as absent-mindedness, momentary confusion between what should be done and what should not be done, taking wrong decisions in situations where immediate action should be taken can be considered as crew negligence. However, the fact that the crew made a mistake by applying a way that is accepted as correct may be a clue that the incident is caused by crew inadequacy. It is very important to distinguish between these two situations.



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## Latent Defect

Hull and machinery damages caused by latent defects are also among the most common causes of damage. Latent defect in the policy means damage caused by material or manufacturing defects in parts or systems used in the construction of the ship or subsequently added or renewed, which cannot be detected by comprehensive tests carried out by experienced surveyors before the damage occurs. The point to be considered here is to determine whether the damage is caused by a error in design in the hull. As a matter of fact, in such a case, there may be a possibility of recourse to the manufacturer. In the compensation phase, In case of damage caused by a latent defect, the repair of the damage and the repair of the latent defect should be considered separately. The latent defect itself is not covered, but there may be a possibility that the repair costs incurred due to the damage caused by it may be covered under the terms of the policy.

## Wear and Tear

As with many insurances, wear and tear is not covered in marine insurance. So what is meant by wear and tear? Every mechanical part has a lifetime and must be replaced at the end of its useful life. Within the scope of planned maintenance, manufacturers provide information about this and surveyor inspections can determine whether the cause of damage is due to wear and tear. But even here there are some situations that need to be distinguished. It is necessary to determine whether the wear and tear on a part is ordinary or occurs faster than usual. In the case of wear and tear that occurs faster than usual, it may indicate that the damaged part may be caused by another part or reason. In addition, this may be confused with a latent defect. The big difference here is that latent defect is a result of human error, but wear and tear inevitably occurs in the ordinary course of commercial life. It is therefore important for surveyors to clarify the cause of the damage.



## Inadequate Maintenance

"Inadequate maintenance", which is also one of the most common causes of damage, is one of the situations that are excluded from coverage in hull and machinery insurance. Whether a damage is caused by inadequate maintenance is determined by the surveyors after technical examinations. What we expect from our assureds here and what they should do as prudent insureds is to carry out the planned and routine maintenance recommended by the manufacturers for all parts that cause damage within the periods specified by the manufacturer without delay and to keep regular records of these maintenance and to share them with the surveyors in case of a possible damage.

In the event of a loss, we expect our insureds to provide full and complete information about the incident and to always provide the necessary assistance and support to the appointed surveyors in order to ensure a smooth process in terms of insurance technique and to clearly and accurately determine the cause of the damage. Otherwise, it will become inevitable that damage assessment, reporting and indemnification processes will be prolonged and complicated. In this process, we believe that uninterrupted information transfer and support from insurance brokers to the insured on how the process will proceed will be of great importance.