

# Marine underwriter talk of boom in hull claims is 'chit-chat', broker says

**Christopher Munro**

CONCERNS within the market over a surge in hull claims in 2009 are likely to be unfounded, a senior marine broker has warned.

This is despite a number of underwriters in the marine hull market suggesting there could be an big increase in claims owing to the downturn in the global shipping industry.

Piers O'Hegarty, a director within Tysers' marine division, has dismissed the underwriters'

suggestions as "chit-chat" and explained that, because of the lack of business available in the shipping industry at present, shipowners will want their vessels to be ready to take advantage of any business that does become available.

O'Hegarty did concede some claims could arise but remarked: "Will there be an upsurge in claims? Probably not."

The shipping boom of the past few years was highly profitable for shipowners, and there have been some suggestions that they postponed minor maintenance and repairs in order to take full

advantage of the high rates that were available.

O'Hegarty questioned this and said vessels must adhere to strict regulation including the International Safety Management Code and Port State Control, so shipowners must ensure that their fleet is in good order if they are to attract business.

In January, the International Union of Marine Insurance's (IUMI) Cedric Charpentier warned that claims would "inevitably rise" in 2009 as vessels were sent to dry docks for maintenance and repairs.

Deirdre Littlefield, the president of IUMI, said there would be "spiralling requests for return of premiums applying to ships going into 'cold' or long term lay-up".

O'Hegarty admitted that this could be a concern for insurers, but added that underwriters "are very concerned about the humidity" in some areas in the Far East where many vessels will be laid up as well as the possible implications of laying up vessels in an area where typhoons occur.

However, O'Hegarty said he "would like to think that the underwriters are wise to that".