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Is this the Future of Claims? - Waypoints Issue 04



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ESG is playing an increasing role in the handling of both P&I and Defence matters. It impacts in a number of different ways, writes Tim Davies.

A recent example of the environmental impact encountered by the Club concerned the heightened requirements in respect of a wreck removal. In the past, we have seen occasions where Authorities would not consider it necessary for the wreck to be removed.

Such cases could be where the location of the sunken vessel was remote or had no local communities nearby. In this particular case the Authorities insisted on the removal of the wreck, despite it being far from any shipping routes or close to any inhabitants, for purely environmental reasons.

While wreck removal incidents are rare, the operations are becoming increasingly influenced by ESG considerations, including the mobilisation of the parties attending on site, the methods used in the removal of the vessel, the removal and disposal of cargo and any hazardous products or pollutants, and the place where the wreck or disassembled parts are finally taken.

Social aspects are very important in the handling of crew claims. Delay in dealing with an injury or illness can affect whether a case deteriorates or leads to a legal claim being pursued. There will be social implications if there is a delay in getting medical treatment ashore, if the medical facility to which the crew member is sent to is inadequate, or if, after they are discharged awaiting repatriation there is a failure to look after them and their basic needs.

Both the local correspondents and claims handlers need to be proactive when dealing with cases so that the crew members receive the correct care and the case does not deteriorate or escalate.





Certain aspects of the ESG mix have resulted in benefits for various parties. For example, taking the E (environmental concern), the advent of Covid resulted in the insurance industry working from home for extended periods. Meetings, conferences and even court cases were conducted using Zoom, Teams and other similar video conferencing technologies. Going forward it should be possible to continue this form of communication where appropriate and avoid the carbon-generating need to travel for meetings, whether locally or abroad.

Even some of the traditionally 'hands-on' aspects of the P&I business such as vessel inspections can be conducted with a vastly reduced carbon footprint due to technological developments.

The use of drones (where allowed) or Remotely Operated Vehicles (ROVs) can be employed to survey vessel damage or a casualty site. The information can be overlaid onto a digital plan of the vessel thereby making it possible for a repair yard or salvor to 'walk' or 'fly-through' the casualty on a computer screen. This means that fewer expensive assumptions about the scope of work need to be made. It also means that tenders can be made without the need to fly numerous contractor representatives to personally attend the site, saving both carbon and costs. Costs that would eventually find their way through to the P&I Club's Members.

ESG related issues can themselves impact on claims, where for example, climate changes give rise to more frequent and stronger storms, high winds, rough seas, and lower water levels in rivers.

Governance has an important role to play in shaping the equality and gender diversity of both the Board and Management of the Club, the values of the Club, and transparency in claims handling.

ESG is now an intrinsic part of the way in which any company is run, and increasingly, for P&I Clubs, the way in which claims are influenced and the way in which claims are handled.



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