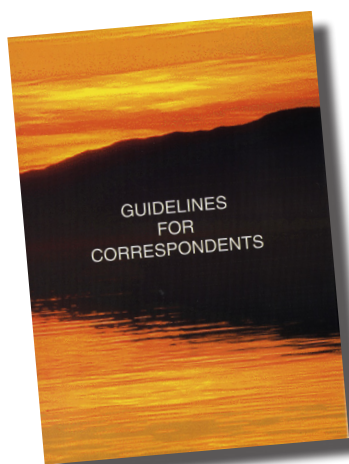


Correspondent | Guidelines



The International Group of P&I Clubs has, through its Representation Sub-Committee, issued a pamphlet, "Guidelines for Correspondents" which has been distributed to all correspondents appointed by the IG Clubs. The booklet is presently subject to revision, and once a new edition has been issued, it will be distributed to correspondents. Some of the more important issues raised in these guidelines are outlined below. Additionally, the guidelines also contain information as regards invoicing, etc.

A tool for consequence

THE P&I CLUBS in the International Group of P&I Clubs rely heavily on the worldwide network of P&I correspondents. Correspondents are the Clubs' "eyes and ears". The main purpose of the guidelines is to provide the foundation for a common approach to the handling of incidents and to encourage a consistent response by all Correspondents representing an International Group Club.

First Notification

Apart from being notified by the Club, a correspondent may receive notification of a potential or actual claim from a number of different sources: the vessel, the vessel's agent, the vessel's owner, the charterer, or directly from a claimant or the claimant's underwriters.

In instances where the first notification to the correspondent has not originated from the Club, it is critical for the correspondent to:

- ⦿ Promptly ascertain the identity of the Club holding the vessel's entry,
- ⦿ notify the Club, and
- ⦿ seek confirmation from the Club that the vessel is entered with the Club for the liability in question.

Guarantees

Under appropriate circumstances, the Club may issue a Letter of Undertaking or other form of guarantee to secure claims that fall within the scope of cover.

A correspondent has no power to issue a Letter of Undertaking or other form of security without the express authority of the Club. The provision of Club security is discretionary and will depend upon a number of considerations.

Once a security demand has been made

known to the correspondent, the Club will need to be informed as soon as possible of the quantum and form of security that is being requested by the claimants, in order to consider whether it is appropriate to arrange the provision of security.

Reporting

All reports to the Club should be addressed to the person handling the file (once known) and should also include, as a minimum requirement, the Club file reference and the name of the vessel.

In the initial period following an incident, reports will be required on a more frequent basis, including but not limited to:

- ⦿ Cause of the incident.
- ⦿ Specific details identifying the property damaged/person or persons injured etc (as applicable).
- ⦿ Steps which may need to be taken locally or otherwise to protect the Member's position, including but not limited to measures required to preserve the Member's right of regress against third parties.
- ⦿ Claimed amount and correspondent's or expert's assessment of quantum (subsequent updates should include any material changes)
- ⦿ Current status of any authorized negotiations with claimants or their representatives.

Claims Handling

Should a correspondent receive claims documents, he should notify the relevant club office and seek instructions. The club or member may wish to handle a claim themselves. In other cases the correspondent may be authorized to enter into negotiations locally, in order to settle the claim



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amicably. Should the correspondent be asked to handle the case, she/he should provide her/his best monetary estimate of the likely liability with a separate rough estimate in respect of legal and other costs likely to be incurred due to services to be rendered by the correspondent, lawyers, surveyors, experts and other third parties. If the claimant starts legal proceedings, the Club should be advised immediately.

The Correspondent should not enter into settlement negotiations or agree to any settlement proposal on behalf of the Club or its Member without having received express authority to do so from the Club. No time extension is to be granted to any party without the Correspondent having received express authority from the Club or from the Member.

Claims Settlement

All settlements must include the return of any Club or Bank Guarantees. A suitably worded Receipt and Release document, which should be submitted in draft to the Club for approval, must be obtained. As Clubs are Indemnity Associations, settlement funds are likely to be forwarded directly by the Member; there may, however, be some exceptional occasions when the Club itself will settle directly.