



# The 7 Deadly E&O Sins in Commercial Marine

13 July 2021  
Webinar

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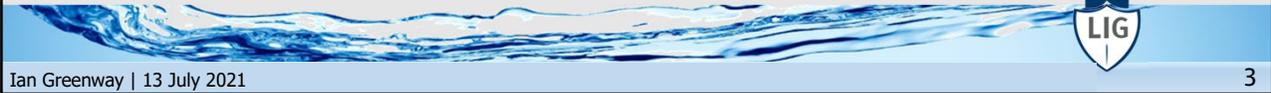
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Engine repair company on about 50% marine and 50% dry

Coverage in force

Monoline General Liability  
MOLL with P&I endorsement

Separate carriers



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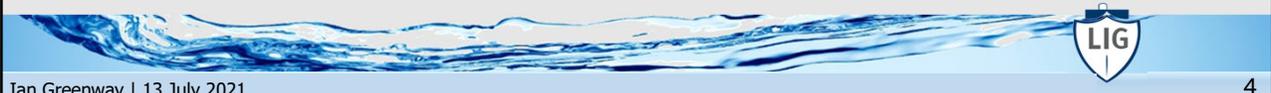
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Boat explodes about half an hour after returned to the owner

Destroys boat, kills one person,  
and critically injures a second



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## 1



"Bodily injury" or "property damage" arising out of the ownership, maintenance, use, or entrustment to others of any aircraft, "auto," or watercraft owned or operated by or rented or loaned to any insured

Use includes operation and "loading or unloading"

Remove MGL exclusion OR get the carrier to confirm they are not denying products/completed operations

Claims move to marine package



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5

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## 2

Marine engineering: Main office Texas -  
Branch in Florida

Coverage in force

- WC In Texas company for TX office
- Separate WC in Florida for Florida office
- Longshore endorsements on both



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2

Employee injured whilst performing  
Longshore work in Alabama for 2-3 days



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Both policies had standard Longshore  
endorsement that provides Longshore coverage  
ONLY in the listed state

- TX policy listed TX only
- FL policy listed FL only
- 3C does not apply to Longshore

Listing "ALL states" insured could possibly work  
in the Longshore endorsement or adding "ALL  
States" Longshore endorsement

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# 3

## Business

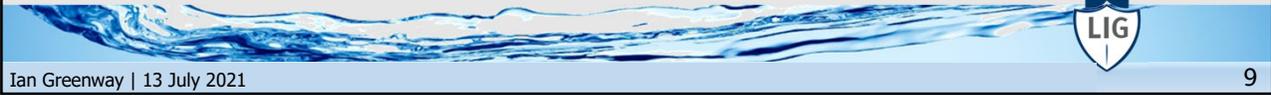
Tow boat operator

## Coverage in force

Hull with Collision and Towers

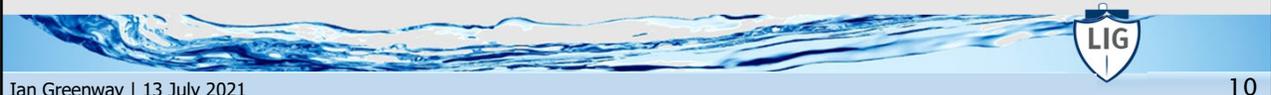
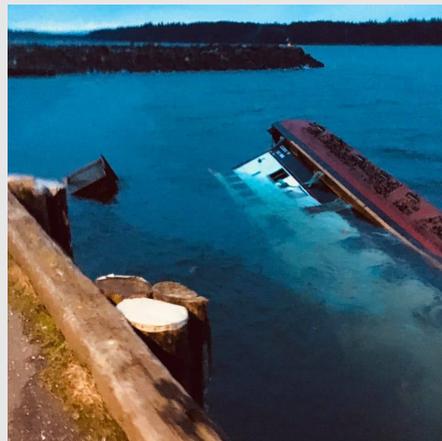
P&I including Cargo Legal Liability

## Different carriers



# 3

Third-party barge in tow sank – and cargo destroyed



# 3

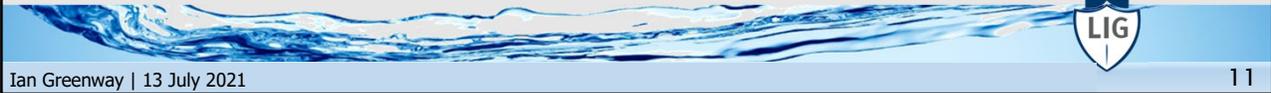
P&I declined, but Hull paid

P&I Cargo Legal only covered cargo on owned vessels

Collision and Towers IN THIS FORM include damage to cargo in third-party barge

MANY DON'T

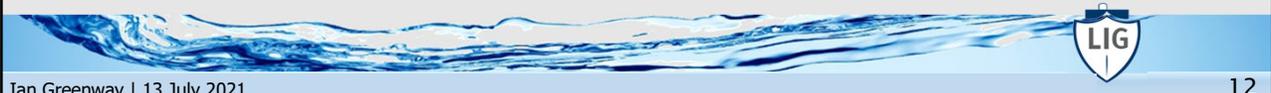
Read the C&T form to ensure covered cargo



# 4

Boat Dealer

Coverage in force  
MGL, Boat Dealers



4

Boat destroyed by fire approximately  
18 months after being sold

No BI or third-party PD

Dealer installed an air conditioner  
before sale

Fire proved to have been caused by faulty  
wiring in the air conditioner



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13

13

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#### *Your Product*

Any goods or products, other than real property,  
manufactured, solid, handled, distributed, or  
disposed of by:

You

Others trading under your name

A person or organization whose business or  
assets you have acquired

Negotiate with underwriter to remove OR explain to  
client that they have no coverage in WRITING OR  
risk-manage



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14

14

## 5

## Tugboat Operator

## Coverage in force

Hull, Collision and Towers \$1.2 mil limit  
for this vessel

P&I \$1 mil limit

Excess monoline P&I (with separate  
carrier) \$9 mil limit



American Institute Excess Clauses



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15

15

## 5

## Collision with cruise ship

Approx. \$5 mil damage to  
cruise ship

No BI or third-party PD



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16

16

# 5

Insured vessel valued	\$1.2 mil
Hull policy pays	\$
P&I policy pays	\$
Excess policy pays	\$
Total coverage	\$

American Institute Excess Liabilities Clauses



# 6

Welder

Coverage in force  
MGL \$1 mil



## 6

Destroyed \$7+ mil mega yacht just before delivery by fire

No fire watch

No one else on board



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19

19

## 6

### Damage to Property - "Property damage"

Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration, or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property

Premises you sell, give away, or abandon (if the "property damage" arises out of any part of those premises)

Property loaned to you

Personal property in the **care, custody, or control** of the insured



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20

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# 6

No Ship Repairers Legal

Inadequate limit \$1 mil



# 7

Shipyard on river system

Coverage in force  
MGL/SRL

Hull & P&I for workboats  
Including crew



## 7

Shipyard on river system

Explosion kills one, injures a second

Employee claims crew status, but ruled under Longshore by court



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23

23

## 7

No Longshore in force

Guardian of minor dependent of deceased sues agent for not requiring the insured to purchase Longshore coverage



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24

24

## Action

### General Liability

- ✓ Deal with watercraft exclusion
- ✓ Add MOLL, SRL, or other CCC coverage
- ✓ Cure or explain your product/your work exclusion



## Action

### Collision and Towers Liability

- ✓ Schedule as an underlying on Excess if Hull limit > or = primary P&I
- ✓ Verify C&T includes cargo coverage on non-owned vessels



## Action

### Longshore

- ✓ Always add Longshore endorsement to WC policy or place monoline Longshore
- ✓ List "ALL states" insured could possibly work in the Longshore endorsement
- ✓ Always cover Longshore

