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Market Practices – Sweden

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The outline of market practice in Sweden set out below is influenced, as one might expect, by the way in which The Swedish Club operates. It should be said, however, that our background is founded in the Swedish/Scandinavian Marine Insurance tradition, where the main features of claims handling have a common thread.

In general

The approach to casualties and claims is direct and “hands on”. Most shipowners enjoy close relationships with their underwriters. The attitude to claims is considered less adversarial than in some other markets.

Claim notification

Claims are normally notified by the assured to the underwriter, on a direct basis. It is not uncommon nowadays, however, for the claim to be notified by the brokers, depending on the domicile of the shipowner. Occasionally, claims may be notified directly to the Club’s Correspondents by the Master of a ship in need of assistance.

Leading underwriter’s response

The underwriter responds immediately by mobilizing the necessary expertise, including surveyors and other experts. Such appointments and other actions are clearly communicated to the assured and the broker. Claims response is regarded as a joint effort, with the underwriter working in tandem with the shipowner, particularly in the emergency phase of a case involving, say, a collision and subsequent salvage.

The Club has an emergency duty system in operation round-the-clock, from three offices, to provide immediate assistance beyond normal working hours. Other underwriters in the Swedish market have similar arrangements.

Surveyor selection

The appointment of surveyors is the claims leader’s prerogative. Damage surveys are dealt with by in-house surveyors or through external appointments. In the latter case, the selection is based on locality, expertise and costs.

Instructions to surveyors

Instructions and terms for the appointment of surveyors are set out on the Club’s website. Formats for damage survey and condition survey reports are also provided. The templates are downloaded by the nominated surveyor as per instructions.

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Lawyer selection

Appointments of lawyers are normally made by the lead underwriter, on behalf of the assured. The criteria for selection of a lawyer include jurisdiction involved, the particular expertise required and cost. Occasionally, in-house attendance by master mariners or lawyers is arranged, in lieu of an external appointment, according to the circumstances of the case.

Instructions for lawyers

Typically, separate instructions and terms of engagement for solicitors and attorneys are provided. These instructions concern attendance, reporting, assessment of merits (in stages) and billing practice.

Budget for experts

The degree of expert involvement is discussed on a case-by-case basis. In rare instances, pecuniary budgets are discussed prior to attendance. More often, however, the scope of services to be provided is discussed, rather than attendance in terms of a fixed budget. The development of the case is monitored with great care. Issues are addressed as they arise, rather than at the conclusion of the matter. Good communication between all parties is always a priority.

Loss adjustment

Most claim adjustments are performed by in-house adjusters, in close cooperation with the assured. Potentially contentious issues are addressed as they arise in this process. Occasionally, the lead underwriter agrees with the assured to appoint an external loss adjuster, given the special features of the claim. In this event, the underwriter remains in close contact with the external loss adjuster, to address pertinent issues. Payments on account are approved by the attending surveyor, appointed by the Club. Frequently, requests for payments on account are submitted directly by the assured to the underwriter, even though a loss adjuster has been appointed.

Claim estimates

Claim estimates for indemnity and fees are set by the underwriter. This information is available on the Club's website - Swedish Club OnLine - dedicated for member use through unique passwords. Naturally, estimates are frequently discussed with the assured and the broker, not least at the time of renewal!

P&I Club involvement

In cases of marine casualties involving both P&I and Hull components, early contact is made with the P&I Club concerned, to outline the extent of the involvement of respective parties. In the event of split collision liability entries (RDC), it is of utmost importance to agree on who should "lead" the conduct of the case. Our experience in this area is good, with few exceptions.

Broker's role

The broker's role in the claims process can be of great significance in facilitating an understanding of respective parties' positions. The broker often adds valuable experience to the process. More often than not, the broker will endorse the decision of the underwriter as being in line with established market practice.

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Security for liability claims

Some insurance conditions (notably the Swedish Hull Conditions, The Norwegian Plan and German Conditions) provide for obligatory provision of undertakings. Under other conditions, while security is provided as a matter of practice and service, this is not obligatory. In either case, liability to provide undertakings is on a several basis. The Club will issue undertakings in salvage and collision cases for 100%, on a case-by-case basis. Great care is exercised, however, in agreeing suitable counter security.

Claim settlements

Claims are normally paid directly to the assured. In terms of payments on account, transfer would be direct to the shipyard, to alleviate the shipowner's cash flow unless the assured has already paid. Only in exceptional cases, are we requested by the assured to pay via the broker.

There exists no central accounting system for insurers in the Swedish market.

Protocol of practice

There is no general protocol in operation in the Swedish market that governs the handling of claims. Market practice, however, is embodied in the Swedish Hull Conditions and The Norwegian Plan. These insurance conditions take the form of "agreed documents", established and approved by national insurance associations and shipowners' organisations.