

Specification of Competency Standards for the Logistics Industry

Unit of Competency

1. Title	Arrange for freight, demurrage and defense insurance
2. Code	LOGGIL511A
3. Range	This unit of competency is applicable to shipping companies and charterers. Practitioners should be capable to understand operating risks; to consider different factors and use the knowledge of insurance law to arrange for freight, demurrage and defense cover so as to transfer the risks.
4. Level	5
5. Credit	9 (for reference only)
6. Competency	<p style="text-align: center;"><u>Performance Requirements</u></p> <p>6.1 Understand operating risks and P&I Club and the freight, demurrage and defense insurance</p> <ul style="list-style-type: none">◆ Understand the possible disputes and litigation arising from daily operation◆ Understand P&I Club , including its purpose, membership, the board of directors, the managers, applications for insurance, calls, policy year and termination of insurance◆ Understand the freight, demurrage and defense risks covered and the exclusions◆ Understand the legal costs and limitation of liability and deductible◆ Understand the practices of different P&I Club◆ Understand the current situation and trend of the insurance market for freight, demurrage and defense

	<p>6.2 Arrange for freight, demurrage and defense insurance</p>	<ul style="list-style-type: none"> ◆ Consult different departments and analyze past claims record so as to understand that the company is liable to disputes, litigation and relevant legal costs when it is engaged in business activities ◆ Formulate the appropriate sum insured, deductible exclusion and limitation on certain clauses according to the needs of the company ◆ Select and provide P&I Club with relevant information for consideration, including information of the vessels to be insured, business scope, contractual liabilities and claims record ◆ Select appropriate P&I Club or intermediaries according to their background, financial position, reputation and underwriting capacity ◆ Fight for the most appropriate terms for the enterprise when negotiating quotations with insurance companies or intermediaries ◆ Verify the insurance documents issued by P&I Club or intermediaries ◆ Handle the premium with other departments of the company
	<p>6.3 Professionalism in arranging for insurance contracts</p>	<ul style="list-style-type: none"> ◆ Handle insurance issues according to the terms of P&I Club ◆ Avoid conflict of interests ◆ Act in a cautious manner to protect the interests of the company

7. Assessment Criteria	The integrated outcome requirement of this unit of competency is: <ul style="list-style-type: none"><li data-bbox="386 293 1481 488">(i) Capable to decide on the appropriate insurance for vessels according to various factors, including the characteristics of ships, the practices of different P&I Club and the needs of the company so as to transfer the risks; and<li data-bbox="386 506 1481 645">(ii) Capable to select appropriate P&I Club or intermediaries to handle insurance matters according to company's requirements and different factors of consideration.
8. Remarks	