

# Low-sulphur fuels see damage to ships' engines claims rise

**Christopher Munro**

MARINE hull and machinery insurers have been warned the increased use of low-sulphur fuel is bringing about a rise in the number of claims.

Changes in pollution legislation are forcing vessels to use

fuels that contain lower levels of sulphur and while this is good news for the environment, it has so far proved to be not so good for insurers.

The new fuels require different refining methods and these methods can introduce a contaminant – catalytic, or cat, fines – into the fuel. This by-product can cause severe damage to vessels'

engines, leaving crews with little option but to purify the fuel once it is on board.

The problem for insurers is this on-board refining is a process that requires specialist training and can take a considerable amount of time to do properly; as such, it is often either done incorrectly or occasionally not at all. If damage to the vessel's

engine does arise because of this, the assured can then make a claim under crew negligence, an insured peril in most hull and machinery policies.

Speaking at an Insurance Institute of London lecture, Captain John David, of casualty investigators and consultants Marine Professionals, said: "Cat fines come down to one issue –

that the crew do not get them out. It's cheaper to use the fuel [with higher levels of fines in] and that's the problem. It's all down to poor fuel management and maintenance."

And the situation is not likely to improve, David warned: "Increased demand for low-sulphur fuel and lowering sulphur limits worldwide will

likely mean more cat fines. Crew are not getting better and the cat fine problem will get worse."

With the size of bad fuel claims increasing to an average of \$1m, underwriters must make moves to limit their exposure and David suggested the best way for carriers to do this would be to ensure better fuel management on board the vessel.