



The Edge

LMI Group House, 428 Burke Road, Camberwell
PO Box 2116, Camberwell Victoria 3124
Telephone: +61 3 9835 9900
Facsimile: +61 3 9835 9966
Website: www.LMIGroup.com



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**LMI
Group**

Welcome to the latest edition of *The Edge*!

The romanticism and nostalgia that surrounds the ill-fated maiden voyage of the RMS Titanic was brought to the fore last month with the 100th anniversary of the sinking of the Titanic on 15 April 1912. The focus naturally has been on the loss of lives and the stories of those who survived. To those in our industry, however, there is another fascinating facet to this tragedy, which we explore later in this newsletter.

Turning now to the present day, and I am very pleased to introduce our newest team members. **Paul Tilley** and **Fergal O'Connell** have joined the ranks of our Claims Services team, while our Administration & Operations team has been bolstered by the inclusion of Peter Cocks, Katherine Horsey and Elle Cody.



Many of you will have noticed the now-familiar icons for LinkedIn, Twitter, YouTube and Facebook on the **LMI Group** website. The continued expansion of our services has seen us embrace social media to such an extent that, in addition to these sites, we have built a **blog**

to provide all manner of insurance news. We invite readers to join us for access to these free blog postings.

As we continue our push into the international arena, the last 12 months has seen the release of **LMI BI Calculator** in both the UK and South Africa. I am extremely pleased with the outstanding success of both endeavours, and we anticipate the release of this eService in other countries in the near future. In addition, this month sees the UK launch of **LMI Policy Comparison** at the BIBA conference.

Included in our range of eServices is **LMI RiskCoach**, which has been a resounding success here in Australia. We have recently released this eService to assist our neighbours across the Tasman, and the take-up has been very encouraging. As a result, we are developing additional New Zealand-specific content for this eService, and would welcome any feedback you may have to ensure our range of services meet your needs.

Another exciting venture we have been involved in



is the development of the Master of Insurance Law & Practice degree with Victoria University. This course will be launched in July 2012 and includes electives, enabling specialisation. The course is designed to teach technical insurance, and students may also take some of the subjects as part of an MBA. To learn more, please **click here**. An in depth article will be provided in our next edition of *The Edge*.

Prof. Allan Manning
Managing Director

Landlords & Tenants Cover

Issue 8 of *The Edge* included an article about loss of rent. This area of insurance is one of the most commonly questioned for us at LMI Group. As expected, the article generated a lot of interest and debate, so much so that we consider it is important to revisit this issue.

In fact, two more points need to be considered from the landlord's perspective, and we provide these to complete the discussion...or to keep the discussion going as the case may be!




The first issue to consider is where the tenant not only pays for the rent, but also arranges the insurance. In such a situation, there is the very real risk that if the tenant breaches the policy conditions in some way (such as a non-disclosure), the landlord may find that the entire policy is worthless.

A careful examination of the 'Other Parties Interests' clause is therefore extremely important.

The second issue is that it is not the landlord's broker, but the tenant's broker—someone with whom the landlord has no relationship—that will be in charge of the paperwork. As such, the tenant's broker will be recorded as the address for those notices that lock in the landlord for having acquiesced to such an arrangement.

It is therefore important for the landlord to request terms where the insurance will not be allowed to lapse or be cancelled by the insurer without advice to the landlord. If such a request is made of the tenant's broker, then this has to be carefully noted and followed, otherwise a PI claim may arise if the landlord finds themselves without insurance.

For the full article, please follow this link to **Issue 8**.

If you have an unusual or complex matter that you would like our assistance with, or a topic you would like included in our newsletter, please feel free to **contact us**. Your suggestions and feedback are, as always, appreciated. 

Titanic...A part of insurance history

With the 100th anniversary of the sinking of the RMS Titanic and the tragic loss of over 1,500 lives, much has been said in the popular press. What has not been mentioned is the part that insurance, and in particular Lloyd's, had in the loss.

The first ship to pick up Titanic's distress call was the Lloyd's signal ship at Cape Race. (The signal stations were set up in 1901 to help ships detect 'floating derelicts, ice or other dangers to navigation'.)

Titanic was insured for £1 million and Lloyd's paid out the full sum insured within 30 days of the tragedy. To put this into perspective, this amounted to just under 15% of the total amount paid out by Lloyd's on all marine claims in 1912.

LMI Group's insurance library contains a copy of the schedule of co-insurers, showing the signatures of the various underwriters concerned and the amount of risk they agreed to accept. Based on a payout of £1 million, it appears that the White Star Line was grossly under-insured.



List of Underwriters on RMS Titanic

It is interesting to note that insurers continued to trade reinsurance on the Titanic even after she sank, following a message from the Exchange Telegraph in New York advising that Titanic was safe and being towed to Halifax, Nova Scotia.

In addition to the ship itself, many passengers were also insured. To our knowledge, the largest claim payout was to the wife of John B Thayer; a prominent Philadelphian businessman, who drowned when the Titanic went down. The wife received US\$50,000 and it is our understanding it was the largest claim paid out under a life insurance policy to that time.



In one of those 'truth is stranger than fiction' episodes, Mrs Thayer herself died on

the 32nd anniversary of the death of her husband, that is, 15 April 1944.

The sinking of the Titanic brought the first ever claim for a car damaged in a collision with an iceberg. William Ernest Carter survived and claimed US\$5,000 for his 25 horsepower Renault, which went down with the ship.

And, finally, for those who like a good conspiracy theory, some believe the Titanic never sank, but rather it was her sister-ship, RMS Olympic, which had been badly damaged in a maritime collision with the Royal Navy cruiser HMS Hawke near Southampton on 20 September 1911. It has been suggested that, to scam insurers, the ships were switched and the vessel sunk where it could never be recovered. Fact or fiction?

Interestingly, Violet Jessop, who was on board RMS Olympic when it hit the Navy cruiser, was also on the Titanic on its fateful voyage. She was ordered aboard a life raft and, at the last minute, a baby was thrown into her arms having been left behind by the parents in the confusion. Both Violet and the baby survived, with the baby's mother snatching the baby from Violet when she was rescued by the Cunard ship RMS Carpathia.

But Violet's story doesn't end there. She was serving as a nurse for the British Red Cross on board HMHS Britannic in 1916 when it struck a mine and sunk.

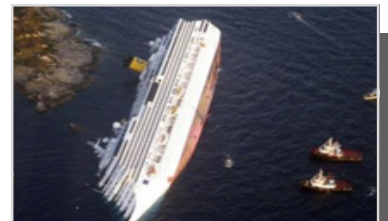


Violet Jessop in her Red Cross uniform aboard HMHS Britannic

Violet Jessop must have been a remarkable woman. These three events did not stop her going to sea, and she returned to RMS Olympic as a stewardess after the war, working on board ships until she retired in 1950.

Like many tragedies, much good came out of the sinking of the Titanic. The legislation that had been lagging behind developments in technology required that all ships carry enough life rafts for all passengers and crew. As a result, the sister-ship Britannic had more than enough life rafts on board at the time of its sinking. In addition, the engine room was split in two so that if one area was flooded, the other could continue to operate.

At the time the Titanic was struck, there were ships closer to the Titanic than the Carpathia. However, their radio rooms were not manned when the calls went out. As such, a further risk management provision following the loss of the Titanic, was for all large cruise ships to have at least two radio rooms, and they were to be manned 24/7 for distress signals.



Costa Concordia

Such measures do not stop large ships from sinking, as we saw on 13 January 2012 with the Italian cruise ship Costa Concordia. At 114,500 gross tonnes, the Concordia is 2.4 times larger than the Titanic. Thanks to the lessons learned from the Titanic, far fewer lives were lost and, of course, insurance is there again with the expected loss of the ship (insured for US\$523 million). It shows we will continue to learn with every event, and there is still a need for full insurance to the present day.

On a lighter note...

It's a cold winter's morning, when husband receives a text from his wife: Windows frozen!

Being a bit of a handyman, husband texts back: Pour some lukewarm water on it, honey.

10 minutes later, wife sends text to husband: Uh oh, computer won't turn on at all now... ?

