

The Risks of Inadequate Crew Pre-Employment Medical Examinations (PEME)

Background

Crew claims consistently represent a significant proportion of all routine claims that are reported to the Club, i.e. those below US\$250,000. In the last five years the average proportion was approximately 41%, and in the last three years, that proportion has shown an upward trend as can be seen from the figures below.

2006	34%
2007	41%
2008	38%
2009	43%
2010	48%

The majority of crew claims arise from illness. Quite frequently seafarers are diagnosed with serious medical conditions within a short period of time after first joining a vessel notwithstanding the fact that a Pre-Employment Medical Examination (PEME) may have been undertaken. Often, the nature of the illness and the underlying lack of fitness for seagoing employment that this represents brings into question the adequacy of the PEME that resulted in the seafarer being engaged.

In the last three years, routine crew claims have amounted to an average of approximately US\$19 million. From a loss prevention perspective, it is therefore clear that there is the potential for substantial savings to be made if the exposure to unnecessary crew illness claims can be reduced.

The Club's PEME Scheme

According to the Philippine Overseas Employment Administration (POEA), the Philippines supply more than 25% of crew employed aboard internationally trading vessels. Further, it is known that Philippine seafarers



have a pre-disposition to certain medical conditions, associated with diet and lifestyle, that have the potential to generate costly P&I claims.

In recognition of this the Club's PEME Scheme was established in the Philippines in 2009. Arrangements were made for a small number of recommended clinics in Manila, Cebu, Davao and Iloilo to undertake enhanced PEMEs on behalf of Club Members. These clinics are recommended on the basis of advice received from the Managers' medical consultants, who also undertake annual audits to ensure that performance standards are maintained.

The objective of the Club's Scheme is to ensure that Members employing seafarers from the Philippines have access to a means of ensuring that recruits are engaged only after having undergone a comprehensive age-related examination at a medical facility that can be relied upon for its competence and integrity.

Following the successful launch of the pilot programme in the Philippines, the scheme was expanded in 2010 to Russia and Ukraine on a

similar basis, since both countries are suppliers of significant numbers of seafarers.

The Risks of Economy

Naturally the cost of a more rigorous examination is higher than that for a basic PEME, which is often all that has been undertaken in those instances where an avoidable crew illness claim has arisen. Under the Club's Scheme in the Philippines, the cost of an age-related examination, as compared with typical costs for a basic examination, are set out below:

Age	Typical Cost for Basic Examination	Club PEME Scheme Cost
<30	US\$46	US\$75
31-45	US\$46	US\$85
>45	US\$46	US\$120



Whilst it is recognised that the cost differential of undertaking more rigorous PEMEs could be significant depending upon the number and age profile of seafarers that are engaged, avoiding that additional expenditure could well be a false economy when compared with the consequences that can flow from less rigorous medical examinations.

The following typical case-studies illustrate the point.

Case Studies

These recent illness claims were caused by commonly encountered medical issues, not rare health conditions. Obesity, defined by a Body Mass Index (BMI) in excess of 30, and High Blood Pressure or Hypertension, with reference to the normal or ideal blood pressure of not more than 120/80, are both common causes of crew illness claims.

Case A

A 42 year old Philippine Assistant Cook was employed after undergoing a basic PEME outside the Club's Scheme on 1st February 2011. That PEME recorded a BMI of 31 and blood pressure (BP) of 130/90 but he was nonetheless declared fit. On 29th March 2011 he suffered a stroke whilst the vessel was at sea. Deviation was necessary to land him ashore for medical treatment, and he was ultimately repatriated by air ambulance. The air ambulance alone involved a cost of US\$140,000, and the total cost of this incident is estimated to be in the region of US\$260,000.

If this seafarer had been examined pursuant to the Club's Scheme, which would have involved a typical additional cost of around US\$40, he would have been found unfit by virtue of his BMI and BP, and this unnecessary claim could have been avoided.

Case B

A 59 year old Russian Chief Engineer was employed after undergoing a basic PEME outside the Club's Scheme on 19th April 2010.

This recorded a BMI of 31 and BP of 152/96, but he was nonetheless declared fit. On 22nd September 2010 he suffered a cerebral haemorrhage whilst the vessel was at sea, which necessitated a deviation and repatriation from Australia with a medical escort. The total cost of this incident is estimated to be in the region of US\$135,000.

If this engineer had been examined pursuant to the Club's Scheme, which would have resulted in an additional cost of approximately US\$80 he would have been found unfit because of his BMI and BP, and the claim could have been avoided.

Case C

A 47 year old Philippine Oiler was employed after undergoing a PEME outside the Club's Scheme on 18th May 2010. He was declared fit but four months later complained of breathing difficulties and was found to be suffering from a chronic lung disease. The resulting claim for medical expenses and disability compensation amounted to US\$90,000.

If this individual had been examined pursuant to the Club's Scheme, which would have involved a typical additional cost of the order of US\$40, poor lung function would have been detected resulting in a finding that he was unfit for sea service, and the claim could have been avoided.

Case D

On 3rd July 2010 a 56 year old Philippine AB underwent a PEME outside the Club's Scheme and was found to be fit for sea service. Eight days later, this individual died because of cardiac arrest.

If the AB had been examined pursuant to the Club's Scheme, which would have involved additional cost of approximately \$75, his age profile would have required a stress ECG to have been undertaken, which would have detected the cardiac issue that led to his death.

As death occurred two days before he was due to join the vessel the financial consequences were not as severe as could very easily have otherwise been the case.

In contrast to basic PEMEs in the Philippines, where commonly only seafarers over 40 years of age are required to undergo an Electrocardiogram (ECG), under the Club's Scheme this requirement extends to all candidates. Similarly with regard to lipid analysis, liver analysis, and kidney function and fasting blood sugar test, the Club's scheme requires these tests to be undertaken for all candidates over 31 years of age.

Quite apart from the financial risk associated with unfit individuals being at sea, such lack of fitness represents a serious and unacceptable risk to both the individual seafarer and his or her colleagues. There can be no guarantee that the onset of serious illness will occur at a time when the vessel is within reach of reliable shore medical facilities. Further, a sudden collapse by a bridge watch-keeper at night could easily put the entire crew, the vessel, its cargo, and the environment at risk.

In view of the above, the Managers strongly recommend Members to consider use of the Club's PEME scheme when recruiting seafarers from the countries in which it is operative.

Claims data is currently being analysed to identify other countries in which significant claims benefit could be derived from expansion of the scheme. Pending such expansion, if any Member should require advice or recommendations in relation to PEME clinics elsewhere, the Managers will be happy to address these in consultation with their medical advisers.

It should also be noted that the Club's recommended clinics in the Philippines are also able to assist with the medical aspects of crew illness and injury claims after repatriation, particularly in recommending facilities, treatment plans and cost auditing.

For further information on this or other Loss Prevention topics please contact the Loss Prevention Department, Steamship Insurance Management Services Ltd.

Tel: +44 20 7247 5490

Email: loss.prevention@simsl.com