

# Smooth Sailing

When it comes to managing risk at sea,  
Starr Companies is in command

**D**ense fog spread across the English Channel in mid-December of 2002 as two loaded container ships, the *Kariba* and the *MV Tricolor*, steamed toward their destinations. Navigation safeguards failed catastrophically, and the two vessels collided. The *Kariba* remained afloat while the Norwegian-registered *MV Tricolor* dropped quickly toward the muddy bottom—destroyed along with its cargo of 2,862 BMW, Volvo and Saab automobiles. The vehicles' wholesale value was tagged at \$45 million.

All crew were rescued, so the story of this maritime disaster is purely one of property loss. And as far as high drama, it's all this article has to offer. That's because risk management in the ocean cargo sector of the modern supply chain tends to be granular and analytic, not monumental. "Unlike other areas of property and casualty, there is very seldom a total loss in the marine sector," says David French, president of Starr Marine, a member of Starr Companies. "What we confront instead are an array of obstacles to efficiency and profit at multiple checkpoints."

A 36-year veteran of the marine cargo insurance industry, French oversees an operation with a vast geographic footprint and matrix of loss-prevention services, to accompany its core function of loss mitigation through claim payments. Partnering with clients that tend to be the heavyweights of global commerce, French and his far-flung team take on the comprehensive task of supply chain protection.

"Companies served by Starr Marine push themselves to the highest level of strategic operation, whether it's to achieve JIT inventory management or simply to meet the huge current demand in markets like China and Brazil," says French. "We become part of their logistics mission and a means of guaranteeing goodwill with the foreign customer. An array of questions surrounds the actual

sea passage. We will ask, for example, if the manufacturer has done what's necessary to avoid refusal at the destination, by taking care of local compliance protocols."

Complications lurk at either end of the chain, in foreign and domestic ports. One of Starr Marine's clients, a major high-tech firm, came on at a time when it was having serious warehouse losses due to pilferage. "We put a team on it and got granular—going warehouse by warehouse," French says. "That's assistance you can't provide unless you've got personnel 'at the coalface,' gathering and updating information—which we commit ourselves to doing."

Starr Marine's services are also on display at the domestic embarkation. "At the port of origin, we'll sometimes assign either an employee or a trusted third party to make sure the loading operation meets our standards for protection of the goods en route," says French. "Along a supply chain, you get many chances to build in loss-prevention safeguards, if you're set up properly to do it."

That same comprehensive approach is valued by market-leading clients of Starr Marine when losses occur and the task becomes recovery. Adjusting the loss and paying the claim is just a first step. Through subrogation, an insurance carrier can pursue the responsible parties and win judgments or

settlements (in foreign courts), reducing what has to be paid out from the primary policy. The net result is a lower cost of coverage on subsequent shipments.

Done correctly, marine insurance and logistics drives the economies of dozens of nations, at a time when the import-export sectors are often the primary source of growth. "We serve each client in a detail-oriented manner," French observes. "In the big picture, we're here to enable global trade, which to my view has never been more important." ●





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