The 7 top problems for Leasing Companies with Longshore Exposures:

Leasing companies, like just about every type of company, run the gamut from great to poor. The major concern is that many "great" leasing companies in the dry arena are less experienced in marine exposure and can leave severe problems for their client:

1. **Carrier Not Approved**
   Many leasing companies have coverage with carriers licensed in the state(s) in which they operate, but not all those carriers are approved by the Federal Department of Labor and as such are not "approved to write Longshore" coverage.

2. **"IF ANY"**
   Leasing companies often obtain Longshore on an "if any" basis from their carrier. This implies that the carrier expects there to be no real Longshore coverage. If there is a client with real Longshore exposure, this can result in issues of misrepresentation or lack of coverage

3. "**IF ANY" & Carrier Not Approved**
   These first two problems are often combined when an insurance carrier who is not approved to write Longshore, add Longshore on an "if any" basis. This compounds each problem.

4. **Low Price**
   At first glance this sound like an advantage, but to a large extent the leasing company, particularly here in Florida, must play the same rules as the rest of the insurance market. Although they might see some small savings due to past experience or through large buying power (premium discount), this should be only a maximum of 10-20% of the premium. If the leasing company only charges the client the state rate for Longshore exposure the client runs the significant risk of the audit coming back at year end demanding almost 4 times the original premium! – a huge shock. If the client is in a business where they have to build payroll costs into their job quote, this makes it impossible to accurately cost.
   Even if you have not run across this before, the carriers who write leasing companies are becoming more knowledgable and audits are becoming more frequent and detailed.

5. **Certificate Issues**
   Can the leasing company provide an acceptable certificate? Again risk managers and others reviewing certificates are becoming more aware of

these issues, and as such frequently recognize unauthorized companies or "if any" coverages.

6. Maritime Exposures

If client employees are aboard vessels of any size "in navigation" they are exposed to Jones Act, Maintenance & Cure, Unseaworthiness and other maritime exposure EVEN IF the water is a river, intercoastal or similar. Many leasing companies do not recognize these exposures and may leave the client holding the bag.

7. Deep Pocket Syndrome

In the past 1 year we have had two major writers of leasing companies that are involved in marine business go out of business; no one can predict the number for the next 12 months. If the leasing company is also not around in a few years, the client may be the only pocket left to pay any outstanding claims!

Of the numerous leasing companies in existence today, there are only a handful that can offer the proper coverage to the risk with any marine exposure, and only the prudent buyer can really understand these exposures, evaluate the companies and find those professional leasing companies who have the knowledge and coverage to handle the mare risk. I believe the old adage is the best… if it looks too good to be true then it probably is and it will come back and bite you.