Pre-Employment Medical Examination Programme (PEME)

Healthier and fitter crew = safer ships

- Ongoing quest to reduce claims
- Improve safety aboard ships
- Avoid costly delays
- Provide the highest standard medical examinations

Why the programme is effective:

The PEME programme has proven to be the leading loss prevention initiative within the UK Club. It is evident from the statistical findings that it has provided a system for proper accountability by the clinic on the quality of the pre-employment medical examinations. It has also led to consistency in a high examination standard to protect a shipowner from claims arising from medical defects that should have been detected during the examination.

Participating shipowners are provided with a proven system for managing this aspect of crew risks and thus they benefit by having a fitter and healthier crew. This programme is the most extensive and inclusive system in the industry.

According to Phil Nichols, Personal Injury Claims Specialist, UK P&I Club - “An unfit crewman will have, or is likely to cause a major incident due to illness; so it’s not just medical costs and sick wages that are at stake. Consider a few avoidable interruptions: delay in journey, disruption aboard vessel and unhappy customers or passengers”.

Programme Objectives:

- Screen out medical conditions during pre-employment exam
- Eliminate repatriation cases for PEME Members by end of 2004
- Continue delivering a proven value added service to Members
- Expand clinic network in response to Member needs
- Handle all administrative work and provide statistics for Members
History of the PEME programme

In recognition of high crew medical costs and the lack of accountability of clinics in general for failing to discover pre-existing medical conditions, the UK P&I Club set up the Pre-Employment Medical Examination Programme in August 1996.

Under the programme, accredited clinics are held accountable to both the Club and Members for their performance. The initiative was piloted in the Philippines, as the country remains easily the largest supplier of merchant seafarers. This scheme is designed to protect shipowners from claims arising from medical conditions existing prior to employment and to provide crew with a first rate health check before going to sea.

The programme originates from the findings of the Club's Analysis of Major Claims 1995. The analysis found cases of compensation claims whose proximate causes could be attributed to medical conditions which existed prior to the employment.

The Club’s investigations found huge inconsistencies in the standards used by the clinics for pre-employment medical examinations.

To a large extent, the clinics adhered to the minimum standard required by the local authority. While conforming to the standard required for their registration, there was no accountability by the clinics to a shipowner for not identifying existing medical conditions at the pre-employment medical examination.

What concerned the Club more was the examination did not extend sufficiently to screen out pre-existing medical conditions that would impact on a shipowner's liability to compensation. The consequences to a shipowner can be drastic. The potential exposure can run to a liability of hundreds of thousands of dollars under normal contractual obligations and to millions of dollars in worse case scenarios.

The Club has assisted its Members to overcome the problems by designing a universally accepted standard medical examination form; stringently accrediting and auditing clinics meeting exacting criteria; and implementing a system of quality control.

Clinics

Since 1996, 26 clinics have been accredited into the scheme. Clinics approved by the Club are fully accountable for excluding any examinee if in any doubt about fitness. The clinics liaise directly with the PEME team rather than with the manning agencies.

Information and examination results are compiled into an eight page medical report (some national tests require only two pages). Clinics can verify individual crew details before each medical exam by cross-checking against existing Club records via the Internet to avoid possible deception by examinees.

The UK Club manages an on-line database of all its examinee medical records. This information allows the PEME team to review statistics on nationality, causes of unfitness etc.

Pre-employment medicals are offered to the UK Club’s PEME standard in twelve crew supply countries. Clinic selection is driven by the geographical requirements of Members.

The PEME team regularly discusses requirements with participating owners and clinics. Currently, operations are being expanded in the Ukraine, India, and Spain. If Members have suggestions for additional clinics in countries where there are none, they should contact the PEME team to discuss their requirements.

PEME Programme Director, Sophia Grant, explains. "Enhanced health screening and direct accountability by clinics for performance provide a credible system for minimizing the risks of employing seafarers with pre-existing illnesses. The programme provides the seafarers with the confidence that they are fit for the duration of their contracts."
Cost benefit analysis

The Club takes a close interest in the value of the PEME in terms of the cost of crew illness claims saved. Between 1999 and 2002 the average cost of Members’ crew illness claims was $6,860 per claim.

The total savings can be calculated by applying that average cost to the number of seafarers prevented from joining Members’ ships whilst medically unfit.

Since its inception, PEME has identified 3,725 crew who were medically unfit. Applying the average cost of a crew illness claim to this figure generates a total potential saving for participating Members of $25.5 million.

The corresponding cost of the total number of all medicals which identified these potential risks was $6.2 million, representing a potential payback ratio of four to one! The costs of the medicals are not paid directly, by the Member, but instead allocated to his claims record. The cost benefit argument for PEME is compelling.

Average individual illness claim = $6,860
3,725* unfit crew @ $6,860 = $25.5 million

Average individual medical = $82
76,000 medicals @ $82 = $6.2 million

*4.9% of the 76,000 PEME medicals rejected the seafarer as medically unfit, equivalent to 3,725 unfit crew members.

Crew unfitness statistics

As of September 2004, 76,000 crew examinations have been undertaken by the UK Club accredited PEME clinics. Notably, 3,725 of these examinations identified unfit crew who were rejected for the reasons illustrated below. These cases could have easily led to repatriation claims. These statistics show the programme is meeting its objective to screen out pre-existing illnesses prior to commencement of employment.

Case studies

The importance of properly conducted pre-employment medical examinations is illustrated by the following cases, which occurred outside the Club’s PEME programme.

- Some 10 days after joining his ship a seafarer was hospitalised in the United States, initially for an infected injury to his elbow. He developed respiratory problems and needed a tracheotomy to assist with breathing. He stayed in the US hospital for a number of weeks since he was not in a suitable condition to risk repatriation to Europe. It was also discovered that this crewman was diabetic and had a recent history of alcohol abuse. None of these incipient problems were detected during the conventional crew medical examination. When he was finally repatriated to Sweden the total net costs amounted to $307,000.

- Following a conventional medical examination at a local clinic in his resident country a seafarer was despatched...
to join a ship in the Philippines. Before he had a chance to join his ship, he had to be hospitalized for emergency medical attention due to a painful tumor in his upper abdomen. He was diagnosed to be suffering an advanced stage of stomach cancer. He died within 48 hours of repatriation to his country of origin.

The Club continually reviews the performance of PEME with its Members identifying beneficial improvements and innovations in the medical examinations and the overall administration of PEME.

- One of the Members participating in PEME wanted to know when any of his crew failed a Club medical. The PEME team modified its web-based records system to alert via email each time a crewman was held to be unfit. If a crewman fails their medical, the team are now advised instantly and can forward that information directly to the participating Member.

Realising the benefits

The UK Club delivers a service of proven added value to the Club’s existing membership through its PEME programme. It has become a key element in the Club’s loss prevention scheme.

Ship operators are invited to contact the PEME team to discuss their particular requirements and for information on how to join the scheme.

As the programme develops and expands, the concerns and needs of existing and new members continues to be of the utmost of importance.

Sophia Grant, Programme Director says - “We constantly audit the performance of our clinics whilst actively seeking new shipowner Members to our programme. It is essential to establish and improve relationships with Members and clinics. We have to know what the former want and what the latter can do.”

PEME Team

Sophia Grant, Programme Director
Saidul Alom, Processor
Leslie Scott, Marketing Assistant

- Significant savings in illness costs and repatriation
- Healthier crew and safer ships
- Free for entered ships of UK Club Members.
- All administration duties taken care of by Club
- Efficient medical examinations
- Industry leading quality control and biennial audit of clinics
- Clinic network developed in direct response to Member needs
- Close co-operation between Members and PEME management team
- 8 years experience

For further information please contact Sophia Grant (tel: +44 20 7204 2417 fax: +44 207204 2210 email: peme.ukclub@thomasmiller.com) or your usual Club contact.