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## Boat owners sue for insurance settlements

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Times staff

At least three Gloucester boat owners have filed superior court suits against insurance companies that have not paid claims on sinkings.

Several other boat owners in similar situations have hired local attorneys to represent them. Attorneys say some cases have been settled out of court, while others probably would end up in trial.

Suits have been filed at superior court in Salem by owners of the Frances D., which sank July 19, 1982; Grace and Tom, which sank Oct. 17, 1983; and Capt. Scrod, which sank Nov. 14, 1983.

Joseph Orlando, lawyer for the owners of Grace and Tom and Capt. Scrod, declined comment on the specific cases. But, he said, insurance companies have become increasingly reluctant to pay for sinkings.

"In every case, the excuse has been different," said Orlando. "But they say the cases don't fit into the four corners of the contract."

Orlando said insurance companies are unfairly withholding claims on many of the 37 Gloucester boats that have sunk in the 1980s. He said he recently settled a similar case out of court after "intense negotia-

tions." Orlando said he's had about six such cases in recent months.

Attorney Robert Larramee, who represented the owners of the Frances D. until they hired another attorney, disagreed: "I don't think it's a trend. It's just one company or two that have taken a lot of losses."

Larramee, who said he has about three similar cases pending, said most of the problems are with an Italian company called Societa Italiana Assicurazioni Trasporti (SIAT). That company has repeatedly not paid on sinkings, or has paid less than the policy's full amount, Larramee said.

SIAT is named as a defendant in the Frances D and Capt. Scrod cases.

SIAT's Massachusetts agent is Mariner's Insurance of New Bedford. Samuel Tucker of Mariners Insurance said SIAT stopped writing or renewing policies in Massachusetts on Jan. 1, 1984.

Tucker said SIAT has routinely paid all its claims, "except in Gloucester," because of the port's current poor reputation in insurance circles. SIAT has referred all its Gloucester cases to its attorneys for review, he said.

"The situation in Gloucester continues to deteriorate," he said.

Tucker said the insurance company claims that, in some sinkings, the boat owner has not proven that "the perils of the sea" caused the sinking.

"Just because water enters a vessel, it's not necessarily reason to pay a claim," Tucker said. He said the "burden of proof" rests with the boat owner, who must "demonstrate why his boat flooded."

"In the vast majority of these cases, it hasn't been demonstrated why the vessel flooded," Tucker said. "If a vessel just takes on water and sinks, that is not necessarily an insurance situation."

In many other cases, Tucker said, boat owners have reported that their vessels struck underwater objects or sank after fires. That better satisfies the insurance company's definition of "perils of the sea," Tucker said.

Many believe some Gloucester boats have been sunk intentionally to defraud insurance companies.

But Tucker said a company that withholds payment is not necessarily making that allegation. They are simply following the terms and wording of the policy, he said.

"I don't think any company in its right mind would actually come out and say, 'We're not paying this because we think you sank it,'" Tucker said.

Orlando said he has had the most problems with

Zurich American Insurance of Schaumburg, Ill. Officials at Zurich declined comment on the cases, or any marine insurance issues.

Groppo Inc., which owns Frances D, hired Larramee and filed suit. Attorney Michael Latti has taken over the case, Larramee said. The case has still not come to trial, he said.

Joseph Groppo of Honeysuckle Road was the skipper of the 22-year-old, 65-foot wooden boat when it sank. The suit states that in 1981 Groppo Inc. paid an \$8,250 premium for \$150,000 worth of coverage.

The money was paid to SIAT, through Mariner's Insurance Agency. On Sept. 1, 1983, the suit states, SIAT paid \$52,500, \$97,500 short of the total value of the coverage.

Tucker said the \$52,500 payment covered the boat's obligation to the Cape Ann Bank and Trust Co. That was the payment covered under an separate "breach of warranty" policy that Groppo Inc. had purchased. Such a policy guarantees payment to a lienholder, regardless of fault for the loss.

The remaining \$97,500 "is being resisted," Tucker said.

The suit filed by Grace and Tom Inc. states that the

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corporation paid a \$10,500 annual premium for \$100,000 worth of coverage on Grace and Tom. That 37-year-old, 75-foot wooden boat was skippered by Anthony Scola of LaRose Avenue when it sank.

Records at the state Secretary of State's office show that the current president of Grace and Tom Inc. is Edward McCollum of Manchester, owner of Ocean Crest Seafoods Inc.; treasurer is Anthony Parco, also an owner of Ocean Crest; secretary is Robert Hatcher of 8 Marchant St.

The Grace and Tom suit names as defendants: Zurich Insurance, Beacon Insurance International Inc. of Orlando, Fla., Trend Insurance Inc. of Portsmouth, R.I., and

Gloucester Marine Insurance Agency Inc., 284 Main St. Gloucester Marine Insurance Agency is run by Ronald Gilson, who could not be reached for comment yesterday.

The Capt. Scrod suit states that Boat Capt. Scrod Inc. paid \$7,500 for \$125,000 coverage on Capt. Scrod. Dominic Novello Jr. of 32 Macomber Road was the skipper of that 39-year-old, 78-foot wooden boat when it sank.

State records show that the president and treasurer of Boat Capt. Scrod, Inc. was Mary Novello of Tower Road.

The suit names as defendants: SIAT, Canadian Underwriters Ltd., Maritime Adjusters Inc. of New Bedford, and Mariners Insurance Agency.