

Cover for Charterers

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Introduction

Charterers and Traders can face significant liabilities from a wide range of risks, both contractual and non-contractual. We assist in reducing your exposure through the cover available under our comprehensive combined single limit (CSL) programme; and the extensions and additional insurances we can offer.

Charterers' and Traders' risks include:

LOSS OF OR DAMAGE TO SHIP

LOSS OF HIRE

POLLUTION

WRECK REMOVAL

CARGO CLAIMS

PERSONAL INJURY

Our CSL cover provides:

- A bespoke product to meet your particular needs.
- A single limit – you choose the coverage you require and we will provide one limit to cover all the components, typically up to US\$500m, or more if required.
- A tailored deductible structure to suit your risk profile.
- Cover at a fixed premium usually calculated on the chartered ship's tonnage or the volume of cargo carried, but we will also consider alternative rating structures.
- Extensions and additional insurances complementing our standard cover, to meet your needs.



OUR COVER IN ACTION

Examples of where
Charterers' and/or Traders'
liabilities may arise:



Loss of or damage to the ship

A charterer orders a ship to a discharge port and the ship grounds. The port is held to be unsafe. The charterer may face liability to the shipowner for loss of or damage to the ship, sustained as a result of the grounding. Our CSL liability to hull insurance would provide cover for this exposure, as well as for loss of hire of the ship arising from the incident.

Other examples of where this insurance provides protection include where a charterer is liable for damage to the ship caused by his stevedores, or by the provision of off-spec bunkers.

Pollution

If the grounding incident were also to cause the ship's cargo or bunkers to spill, the charterer may face liability for the resulting pollution. Our CSL P&I insurance would provide cover.

Wreck removal

Additionally, if the ship becomes a wreck following the grounding, the charterer may face liability to the shipowner for wreck removal, due to the unsafety of the port or berth. Our CSL P&I insurance would provide cover.

Cargo

A charterer may be responsible under a charterparty for the loading, stowing, lashing and securing of the cargo. The charterer will face liability for any damage to or loss of the cargo due to the negligent performance of these operations. Our CSL P&I insurance would provide cover.

Personal injury

Under a charterparty, a charterer is responsible for discharging a cargo of steel during which a coil drops, killing one seaman and injuring another. Our CSL P&I insurance would provide cover for liability for any death and injury compensation claims (and our CSL liability to hull insurance would cover claims for any damage to the ship).

Traders' liabilities as a cargo owner

In the above scenarios, the charterer could face liability as the owner of the cargo on board the ship, as well as in his capacity as the charterer of the ship. For example, the charterer can be held responsible as the cargo owner for clean-up costs or fines where his cargo causes pollution; or he may face liability where his cargo causes damage to property or personal injury or illness. Our CSL liability as cargo owner insurance would provide cover.

Salvage & GA

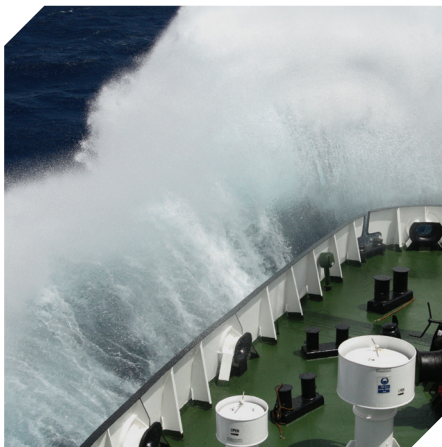
A ship under time charter suffers main engine problems, loses power and starts drifting. Salvors are engaged, but the ship is caught in bad weather and grounds on a reef. Part of the cargo needs to be jettisoned to allow the salvors to refloat the ship. GA is declared. The charterer will be required to contribute to GA in respect of his interest in the bunkers that are recovered/salved. Our CSL liability to hull insurance would meet these contributions.

Contractual liabilities

Ships in the offshore and construction sectors are often chartered on amended charterparty forms or bespoke service agreements. The exposure under these contracts may exceed the charterer's liability at law or the liabilities customarily assumed in those trades and as a result the associated risks may fall outside our standard cover. We can advise on such matters and, where applicable, arrange cover to meet these risks.

RISKS COVERED

Our assureds can select the cover they require from the following:



Charterers' P&I

Cover for standard P&I risks – including pollution, wreck removal, cargo claims and personal injury.

Charterers' P&I War Risks

Extends standard P&I cover to include war risks.

Charterers' Liability as Cargo Owner

Cover for liabilities that a charterer incurs where he is also the owner of cargo onboard the ship. Commonly of interest to traders who may face liabilities as cargo owners.

Extensions and additional covers

We can also arrange cover against a range of other risks, depending on your needs. Examples include loss or damage to your bunkers, liability for deviation under the contract of carriage and bailees' liabilities. Or covers to meet your exposure under contracts with onerous conditions, falling outside our standard cover.

Charterers' Liability to Hull

Charterers can be exposed to charterparty claims for damage to the insured ship in a variety of ways – and can face significant liabilities as a result. This element of our cover provides protection against risks such as:

- *Liability for physical damage to and/or loss of the ship.*
- *Demurrage and/or loss of hire of the ship arising out of an incident for which the charterer is liable (for example, damage to the ship).*
- *War risks*
- *Liability to owners for the ship's proportion of salvage and/or general average.*
- *Contributions to salvage and/or general average in respect of the charterers' interest in hire, freight and/or bunkers.*
- *Costs and expenses (for example, surveyors, engineers or experts) which the charterer may incur or for which the charterer may become liable to owners.*



Working with The London P&I Club

About us

The London P&I Club is one of the world's leading P&I insurers, underwriting P&I, FD&D and War Risks insurance for Charterers and Shipowners. We are a Member of the International Group of P&I Clubs, and have a total entered tonnage of over 50m gt.

Legal expertise / FD&D

Prompt and practical legal advice is important for Charterers; and we aim to provide first-rate FD&D support and service.

We have a strong in-house legal team with more than 20 lawyers based across our three offices, including English solicitors and others drawn from a range of jurisdictions.

We help deliver the maximum FD&D benefit for Charterers by providing swift and clear legal advice.

In some cases, when it becomes necessary to engage external lawyers, we work effectively with our strong contacts at the major maritime law firms.

Service and support

We have claims teams and underwriting resources in each of our offices in London, Hong Kong and Greece.

Our teams are drawn from commercial, legal, seafaring and other relevant backgrounds. This experience and specialist know-how mean that we work efficiently and understand the issues involved with Charterers' inquiries and claims. For example, we know the importance of quickly collecting relevant information 'on the ground' following an incident; and assembling reliable evidence for possible legal action later.

Contact us

For further information on our cover for Charterers, please get in touch with your usual London P&I Club contact or our underwriting team at:
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