



Steamship  
Mutual

# Charterers' Liability Cover, War and K&R Cover



Fern Attree

Mutual Vision

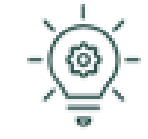




# Presentation Highlights



Charterer's Liability Cover



Hull War Cover



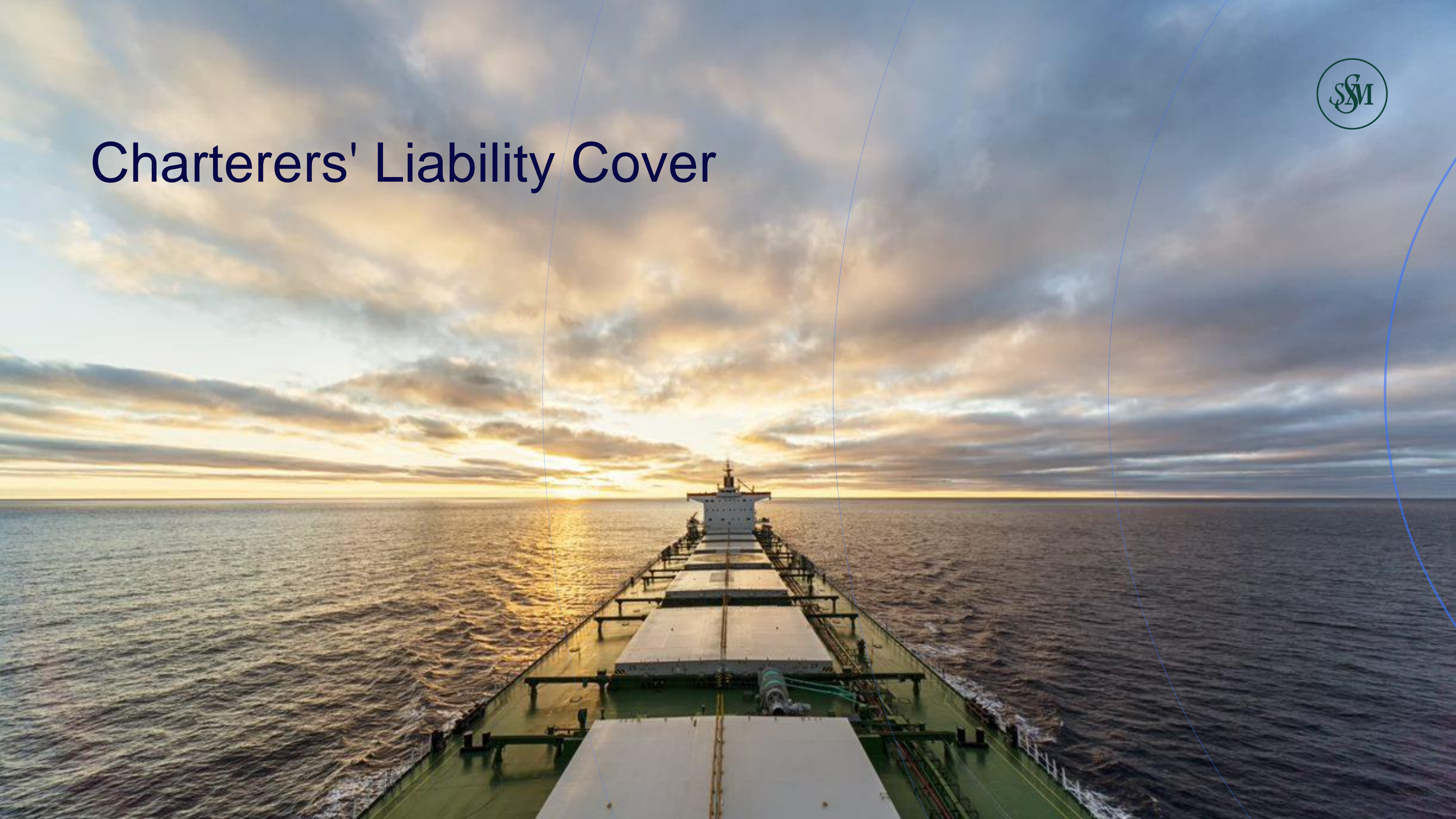
K&R Cover





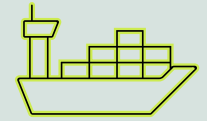


# Charterers' Liability Cover

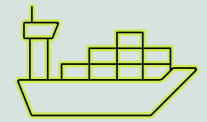




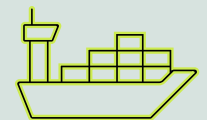
# Charterers' Cover with Steamship Mutual



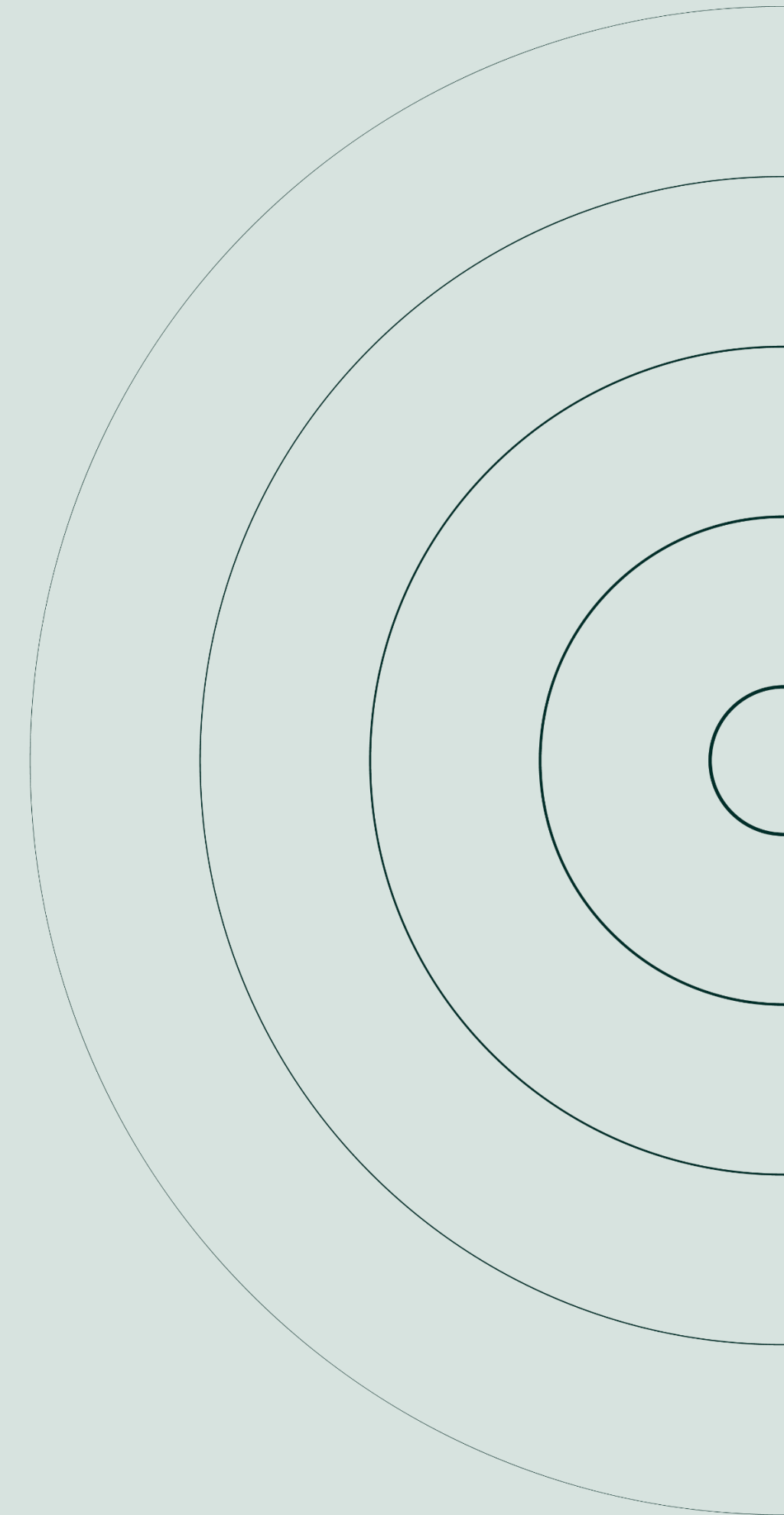
Combined owned and chartered tonnage is over 200m GT



Chartered business makes up more than 1/3<sup>rd</sup> of the Club's business by GT



Experience in dealing with all kinds of ships and cargoes and providing service from the largest charterers, commodity traders and container traders to smaller operators





# Charterers' P&I / DTH Cover



Charterers are covered for liability towards an owner under the charterparty but are also covered for direct liability towards cargo owners, authorities or other third parties who make claims directly against them





# Summary of Cover



Special Charterers' Terms for P&I and DTH

FD&D cover on same terms as owners

Combined single limit (P&I/DTH) of up to US\$1bn and a sub-limit of up to US\$10m for FD&D

Optional extensions and special covers with limits up to US\$1bn

Fixed premium, open/non-open cover with flexible rating structures

# Cover in Detail

## P&I Risks:

- Cargo liability
- Liability to persons
- Pollution
- Fines
- Damage to FFOs, collision, damage to other vessels without collision, towage liabilities
- Contracts and indemnities on terms approved by the Club
- Wreck removal
- Quarantine expenses
- Confiscation, enquiry, legal and other expenses incidental to chartering





# Cover in Detail

## Damage to Hull (DTH):

- Loss of or damage to the entered vessel
- Cost of removal and replacement of bunkers in order to avoid or minimise damage to the entered vessel
- Charterers' proportion of GA and salvage contributions





# Cover in Detail

## Example of available extensions:

- Time charterers' bunkers
- Cargo owners' legal liability
- Loss of or damage to containers
- Contracts and indemnities where terms are more onerous
- Deviation under a contract of carriage
- Carriage on deck with under-deck bills of lading
- Discharge at place/port not permitted by contract
- Ante or post dated bills of lading
- Carriage of valuable cargo, specie etc and 'ad valorem' bills of lading





# War and K&R Cover





# Summary of cover position

## P&I:

Club cover excludes cover for War Risks under Rule 21 and therefore such risks are not poolable. These are defined in Rule 21 i as liabilities, costs or expenses when the incident in respect of which such liability arises, or such costs or expenses are incurred, was caused by:

- a. *war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power or any act of terrorism;*
- b. *capture, seizure, arrest, restraint or detainment (barratry or piracy excepted) and the consequences thereof or any attempt thereat;*
- c. *mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, save for those liabilities, costs or expenses which arise solely by reason of:*
  - i. *the transport of any such weapons whether on board the entered ship or not, or*
  - ii. *the use of any such weapons either as a result of Government order or through compliance with a written direction given by the Managers or Directors where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise fall within the cover of the Club.*





# However, under Rule 21 ii cover is then reinstated for:



Biochemical risks  
with a limit of  
US\$30m

War risks excess of  
the insured value of  
the vessel with a limit  
of US\$500m

War risks reinstatement for  
vessels transiting and/or  
calling within Russian waters  
(and certain European waters)  
as defined shall be US\$80m



# Summary of cover position

## Hull War Insurance:

- Hull War is generally insured under a separate policy from Hull non-War.
- This separate War insurance policy also covers an owner for P&I War risks which are excluded under the owner's P&I policy, but the limit of P&I cover under this policy will be the insured value of the vessel

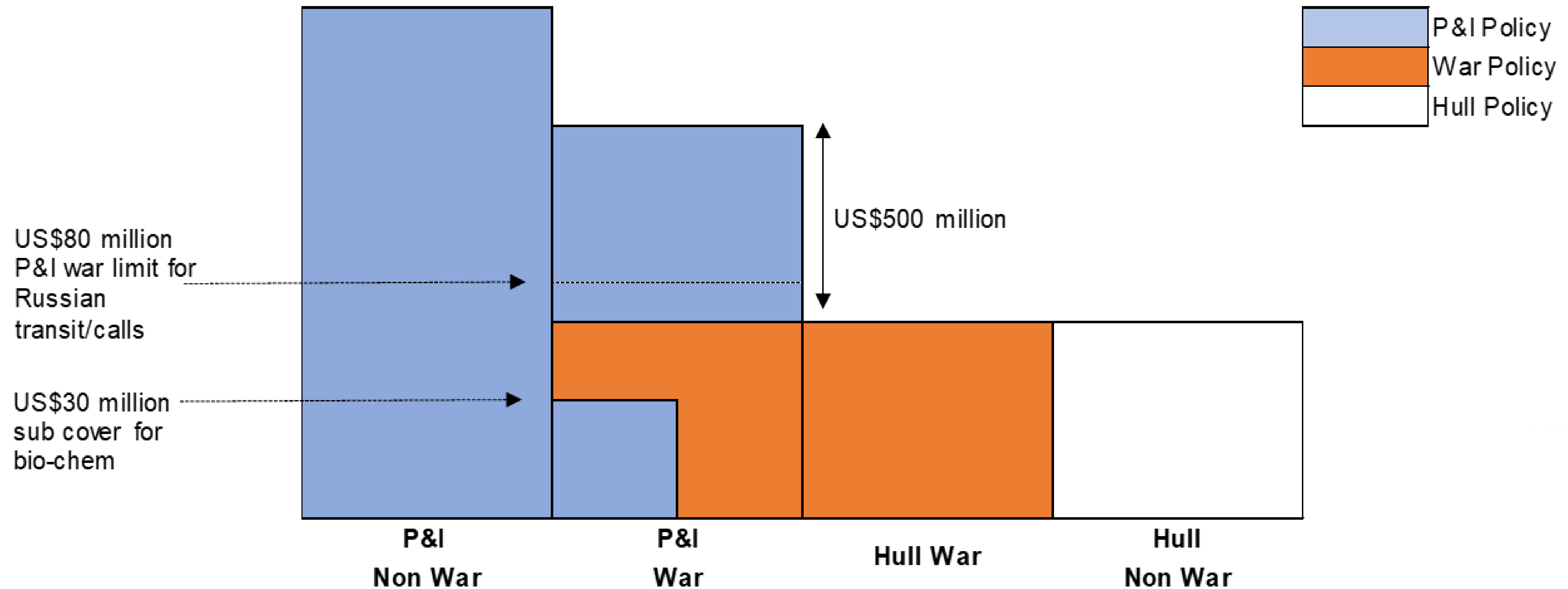
## K&R:

- Developed in response to the escalation of piracy
- These policies generally cover ransom, loss of ransom in transit and response consultant fees (and may also provide limited personal accident cover and port/fuel costs)
- Brings certainty of coverage. K&R providers also have established, close working relationships with professional response consultants





# War – Who Covers What?





# War Terms & Conditions

- War cover generally provided on an annual basis for an annual premium but with additional premium payable when a vessel enters a high risk (listed) area
- Standard policy wordings, limits up to US\$300m per vessel
- Joint War Committee list these high-risk areas and there is a requirement to notify insurers of any breach
- Exclusions are likely to include loss, damage or liability arising from the outbreak of war between certain countries UK, US, France, Russia and China (five powers of war exclusion), nuclear risks etc.
- Premium:
  - Charged as % of hull value
  - Annual premium plus premium for breaches
  - Amount will depend on breach area, K&R and the use of armed guards
  - Breach quote valid for 48 hours and provides 7 days cover
- Loss of hire also available





# JWC Listed Areas (as at April 2023 – JWLA-031)



## Africa

Benin  
Cabo Delgado, waters as defined  
Eritrea, *but only South of 15° N*  
Gulf of Guinea, waters as defined  
Libya  
Nigeria  
Somalia  
Sudan  
Togo

## Europe

Sea of Azov and Black Sea waters  
Indian Ocean, Gulf of Aden and Southern Red Sea  
Waters as defined

## Asia

Pakistan

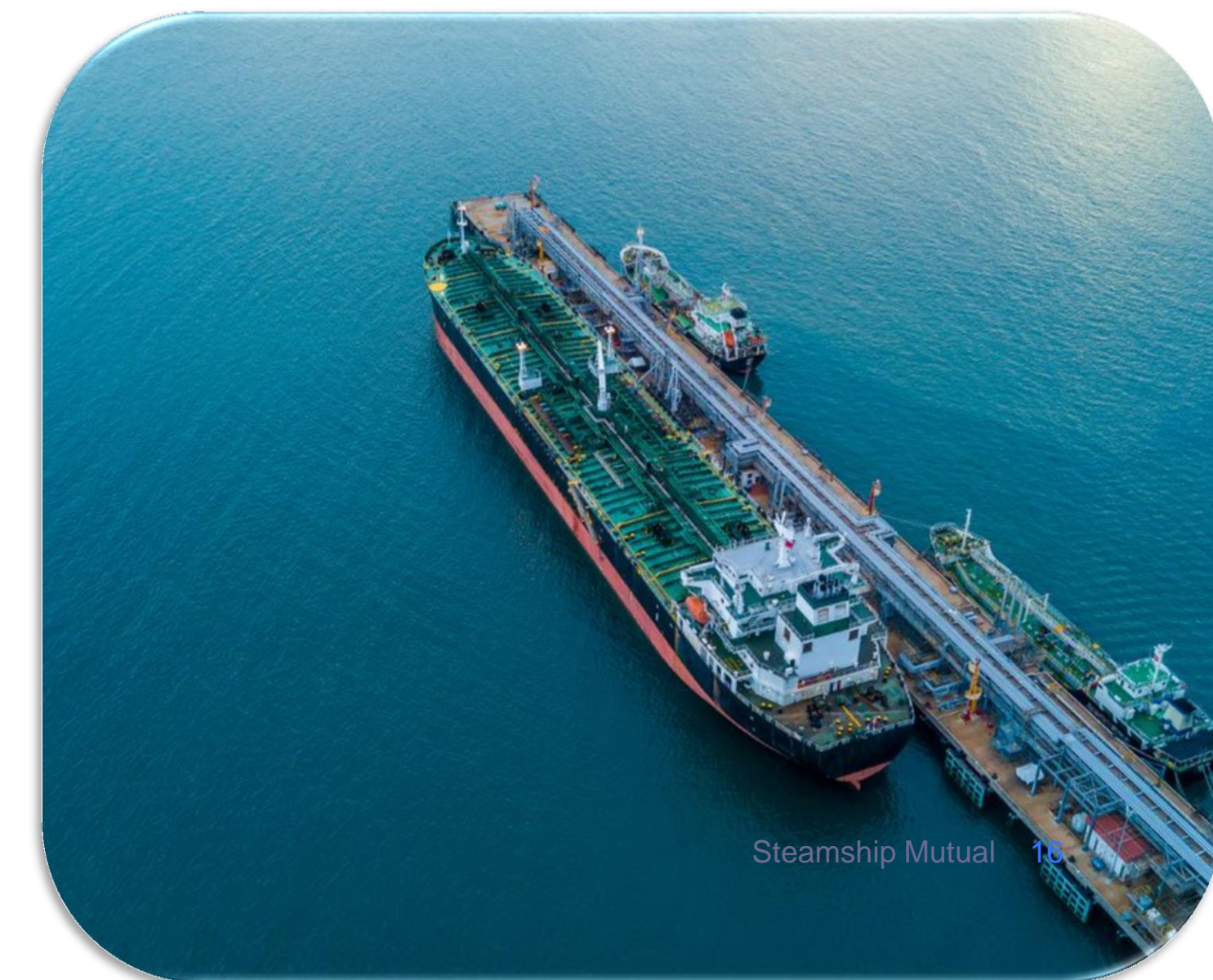
## Middle East

Iran  
Iraq, including all Iraqi offshore oil terminals  
Israel  
Lebanon  
Oman (Musandam Governorate)  
Persian or Arabian Gulf and adjacent waters as defined  
Saudi Arabia (Gulf coast)  
Saudi Arabia (Red Sea coast) excluding transits  
Syria  
United Arab Emirates  
Yemen

## Russia

## South America

Venezuela, including all offshore installations in the  
Venezuelan EEZ





# Charterers' War

War / terrorism cover is provided ground up for P&I/DTH liabilities

However, as of 1st January the following was introduced:

*This policy excludes all loss, damage, liability, cost or expense:*

- a. caused by or arising from or in connection with any Russia-Ukraine conflict and/or any expansion of such conflict; or*
- b. in any area or territory or territorial waters where Russian armed forces, Russian-backed forces, and/or Russian authorities, are engaged in conflict within the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova.*
- c. arising from capture, seizure, arrest, detainment, confiscation, nationalisation, expropriation, deprivation or requisition for title or use, or the restraint of movement of vessels and cargo in the territories (including territorial waters) of the Russian Federation, Belarus, Ukraine and any disputed regions of Ukraine, the Crimean Peninsula and the Republic of Moldova.*

Club can offer a buy-back RUB cover for charterers with limits up to US\$92.5m





# K&R Terms & Conditions

Generally provided on an annual basis with APs payable when a vessel enters a high risk area (N.B. These are different from the war breach areas)



## K&R:

- Up to US\$10m per insured event
- Loss of ransom in transit - up to US\$10m per insured event
- Fees and expenses of consultants - unlimited per insured event

## *Additional expenses, including but not limited to:*

- Fees and expenses of independent negotiator
- Fees and expenses of independent public relations consultant and/or interpreter
- Travel costs
- Crew wages
- Interest on loans raised to pay ransom
- Fees and expenses of security guards to protect crew after an insured event
- Cost of getting the ransom to the kidnappers
- Cyber Extortion extension cover ransom, expert fees and the costs of restoring data arising from a ransomware attack
- Limits up to US\$1m available



# K&R Terms & Conditions



## Premium:

- Dependent on limit required
- For the Indian Ocean/Gulf of Aden these rates also depend on location, free board, speed, whether there are armed guards/a citadel/razor wire
- For the Gulf of Guinea, the rate is not dependent on such factors, though for both Indian Ocean / Gulf of Aden and Gulf of Guinea we will not normally provide cover for fishing vessels or vessels over 29 years old, or for vessels under 10,000 gt unless there are armed guards on board
- Club provides 100% of cover
- The premium is based on a single transit with a maximum number of days (usually 30).
- Loss of hire also available





# Why have War and K&R cover with the Club?



## Significant advantages:

- ✔ It avoids or minimises potential conflicts between P&I and War cover and likewise avoids conflict between War and K&R
- ✔ Economies of scale
- ✔ 'Club' approach to handling of claims
- ✔ If the Club are able to at least match their current terms then we hope Members will prefer to pay premium into the Club rather than to commercial insurers



Any Questions?

