

Marine Liability Policy for Charterers 2012

Tuesday 20th December 2011

For us at RaetsMarine 2011 has been a year of growth. This has entailed an increase in the services offered to our client base as well as the development of new products to satisfy their requirements.

Looking towards 2012 we prepare ourselves to serve an increasing number of clients spreading over still further regions of the globe. In order to meet their needs we have sought to improve the cover offered by all our products. To that effect our policies for 2012 have seen their terms both enhanced and improved.

Version 1/2012 of our policy wording for Charterers will be effective as from the 1st January 2012. As usual, policy wording 1/2011 will continue to apply to those insurance contracts entered into prior to the end of this year.

For your guidance we have elaborated a recap of the most significant changes.

PART 1 – PROTECTION AND INDEMNITY

SECTION 10 – POLLUTION RISKS

In order to ensure a uniform approach when dealing with these claims, a new section 10.2.3 has been included, currently present in the policy of our other insurance products.

SECTION 12 - SUE AND LABOUR

Over the years the question of which costs are recoverable under our Sue and Labour section has often been raised. Although the matter is inevitably to be considered on a case by case basis, the fact is that there are certain costs which in the industry have traditionally not qualified under it. In order to bring certainty to this issue we have introduced a new section 12.2 with Exclusions and Limitations. We hope that by outlining which costs are unrecoverable there can be a better understanding of the extent of what actually constitutes Sue and Labour.

EXTENSION OF COVER – EXTRA BUNKER HANDLING COSTS

We are pleased to introduce an extension to our standard Protection and Indemnity cover. This clause is mainly designed to respond in cases when clients, in their capacity as Charterers, are liable to 'remove, store, process or dispose' defective bunkers. The two main conditions are that bunkers are to have been appropriately ordered and that recourse against suppliers has not been contractually compromised. Please note that for this cover to be effective this will have to be approved beforehand by the Company in writing.

PART 2 – DEFENCE COVER FOR LEGAL COSTS

SECTION 2 – EXCLUSIONS AND LIMITATIONS

A closer review of Part 2, and in particular its Exclusions and Limitations, has invited improvement. The previous sections 2.1.1 to 2.1.4 have been reduced in number. At present only three sections remain standing, those running from 2.1.1 to 2.1.3.

Noticeable, however, is the inclusion of an altogether new section 2.1.2 which seeks to emphasise the need for a reasonable correlation between the disputed amount and the prospects/costs of obtaining the desired result. This is in line with the nature of this Class of Insurance, as well as other sections within it.

PART 4 – GENERAL TERMS AND CONDITIONS

SECTION 4 – EXCLUSIONS AND LIMITATIONS

Section 4.1.1, previously requiring the Assured to exercise reasonable care in the chartering, operation or management of the Insured Vessel, has been expanded to require for reasonable steps to be taken in order to verify the standing of their counterparties in the contractual chain.

We are certain that clients will find this an appropriate prudent measure.

The last years have seen a dramatic increase in the number of claims due to liquefaction of certain types of cargoes often transported by our Assureds. In order to reaffirm the importance for goods to be transported in compliance with international regulations, section 4.1.5 (i) has been expanded to refer (besides the IMDG) to other international codes to be complied with. Specific mention is thus now also made to the IMSBC and the IBC Codes.

In addition, a new section 4.1.9 has been included. Clients may already be familiar with this wording, as it is an exclusion presently used in respect of liability for Illness, Injury and Loss of Life (P1,S2). Its main purpose is to emphasize the importance of timely providing the Company with contracts which have an impact on risks underwritten.

SECTION 5 – PREMIUMS

The heading of this section is now ‘Payments to the Company’.

SECTION 6 – CLAIMS

A new section 6.15 has been included into the policy, in order to serve of guidance on how to proceed in cases of unforeseen savings or extra expenses. This is in accordance with the fact that contracts of marine insurance are mainly intended to indemnify the Assured.

SECTION 8 – EFFECT OF CESSER OF INSURANCE

The opening paragraph of this section (8.1) has been enhanced to bring it closer in line with our other products.

SECTION 12 – JOINT ASSURED AND CO-ASSURED

Although both concepts are presently used when underwriting, Charterers’ policy lacked a specific section outlining the difference between the roles of both in their relationship with the Company. To this effect this new section, in line with the wording of our other insurance products, seeks to fill this gap. A definition of Co-assured has also been included into Part 5.

SECTION 19 – SUBROGATION

A new subrogation section has been included. The intention is to clearly outline steps to be taken both by the Company and the assured to secure a sound transition of rights and obligations resulting from the payment of the claim.

SECTION 21 – TOTAL ASBESTOS EXCLUSION

Also new is section 21 concerning the exclusion of asbestos related claims. This exclusion is not a novelty in the insurance market and it is one frequently found in many insurance programs.

For any queries on this topic, please do not hesitate to contact our Support Desk:

SupportDesk@RaetsMarine.com