

Marine Liability Policy for Shipowners 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 Shipowners 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 1 – ILLNESS, INJURY AND LOSS OF LIFE

This section has been substantially amended. In continuation to last year's review the main section (1.1) has been rephrased in a manner which clearly establishes cover for liabilities the Assured may have towards a member of the Crew when these arise during employment on the Insured Vessel.

Clients will be pleased to note that section 1.2, on Exclusions and Limitations, has been significantly reduced by having sections 1.2.2 and 1.2.3 removed. The remaining section 1.2.1 has also been reworded for clarity and the maximum limits therein contained shall remain applicable in cases when the liability results from a contract of employment not previously agreed by the Company.

SECTION 3 - SUBSTITUTES AND CREW UNEMPLOYMENT

Sections 3.2 and 3.2.1 have been merged into one new section 3.2 for clarity's sake. Cover, however, remains the same.

SECTION 18 - 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 18.2 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.

SECTION 19 – FINES

One of the exclusions under this risk (S19.2.8) has been amended to remove reference to desertion, as it is our view that this risk should remain covered under S19 (d) which governs 'breach of immigration laws or regulations'.

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 3 – GENERAL TERMS AND CONDITIONS

SECTION 4 – EXCLUSIONS AND LIMITATIONS

Section 4.1.5 (b) has been amended in order to clearly affirm piracy and barratry as exceptions to this exclusion. With this step the need for a separate section confirming this is extinguished, and as such former Section 22 of Part 1 has been accordingly removed.

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.

Just before this a new section 4.1.5 (h) has been included in order to incorporate into Owners' policy a radioactive exclusion already present in the policies of our other products. This is an appropriate compliment to related sections already present in this policy.

In addition a new section 4.1.11 has been included. Clients may already be familiar with this wording, as it is an exclusion presently used in respect of Damage to Property (P1,S11). 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 and SECTION 7 – CESSER OF INSURANCE and its EFFECT

Section 6 has been expanded with a clarifying introductory paragraph; whilst section 7 has also seen its opening paragraphs (7.1) enhanced to bring it closer in line with our other products.

SECTION 10 – CLAIMS

A new section 10.15 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 23 – 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 25 – TOTAL ASBESTOS EXCLUSION

Also new is section 25 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.

PART 4 – EXTENSIONS OF COVER

As a final point it must be noted there is an addition to Part 4 of our policy. For 2012 we are pleased to introduce a new 'Salvors Extension Clause'. The main purpose behind it is to cover liabilities which the Assured may incur in the performance of salvage operations (as professional salvors). As with other clauses, these are all extensions on our Part 1 and must be approved beforehand by the Company in writing.

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

SupportDesk@RaetsMarine.com