

THINK BEFORE YOU FIX!

As chartering activity increases, there can be pressure to fix quickly or to enter new trades to secure the best rates. When considering new business and the associated contracts, the attached checklist should provide a useful reminder of the main issues to consider. Performing these checks may help in enabling our Members to trade with confidence and ensure they are well positioned to minimise risk and/or deal with any claims arising. This checklist is only a starting point and we are happy to offer further guidance to our Members on any specific issues arising. Please contact Tricia Forrest or Steve Cockburn for further information on +44 (0) 191 232 5221.

Have you performed a full background check to confirm your counterpart is financially stable and has insurance?

Do your contracts allow the intended voyage(s) and trade(s)? If you do not own the vessel, and intend to sub-charter her, are your contracts back-to-back?

In particular, check:

- Law and jurisdiction
- Clause Paramount
- Permitted cargoes
- Compliance with regulations, such as MARPOL
- Trading range
- Vessel description and specifications
- Hold cleanliness requirements
- Key dates (e.g. delivery and redelivery dates)

Are there any known risks associated with the intended trade (cargo or geographical route)?

Have you checked any issues with your Club? If in doubt, ask!

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Do your contracts contain balanced provisions? Industry standard forms usually balance the interests of owners and charterers. Bespoke contracts can be expected to favour the drafting party. All terms should be considered carefully but particular attention should be given to clauses drafted by your counterpart.

Do any of the terms contradict each other or limit your ability to make a recovery from a party and/or make you strictly liable for a risk? Could any terms prejudice your ability to defend or pursue a claim? Could you be prejudicing your P&I cover?

Have you considered potential sanctions issues or any other laws/regulations which may prevent your intended trade?