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INTRODUCTION

- Standard clauses
- Insured perils
- Partial loss
- Total loss
- Owner's obligations

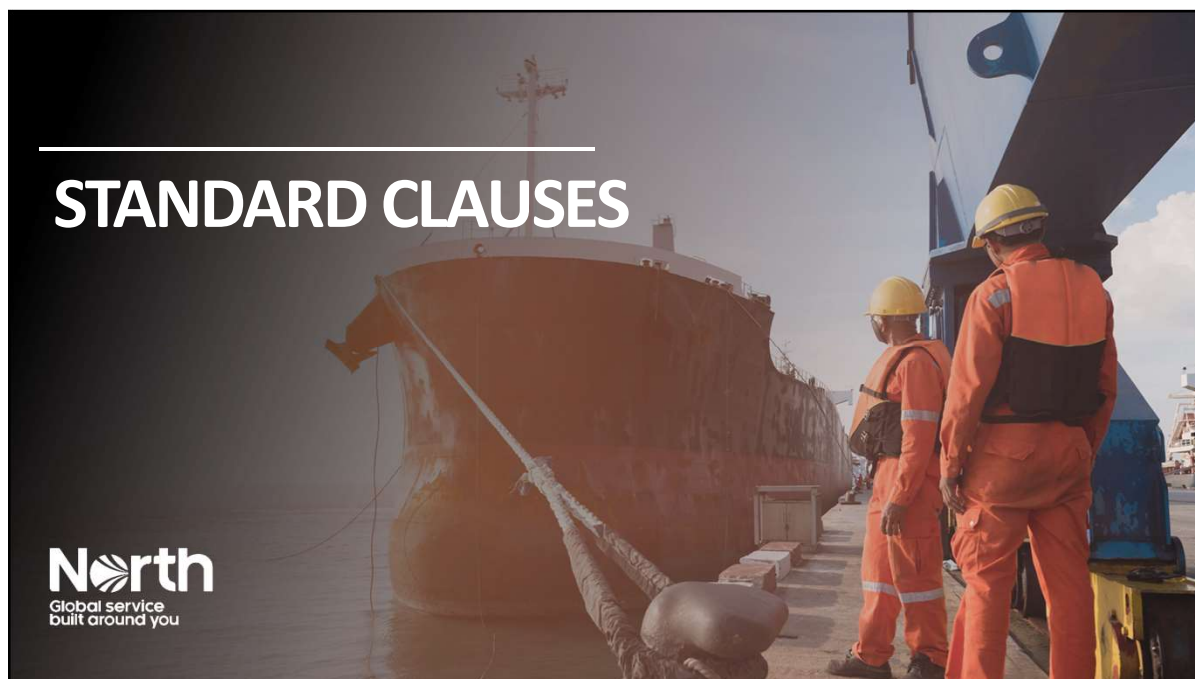


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H&M

- COVERS:
 - (i) Ship
 - (ii) Equipment on-board – Propulsion, Cargo Handling, Navigation Equipment.
 - (iii) Ship's contributions in GA and salvage.
 - (iv) Part liability in case of a collision (RDC).

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STANDARD CLAUSES

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STANDARD CLAUSES

Markets:

- London
- Scandinavia
- Europe
- USA
- Others

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STANDARD CLAUSES – LONDON MARKET

Institute of London Underwriters (ILU)
Institute Time Clauses (ITC) - Hulls

- 1983
- 1995

International Underwriting Association of London (IUA)
International Hull Clauses (IHC)

- 2002
- 2003

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INSURED PERILS

- Traditional
- Inchmaree



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TRADITIONAL PERILS

ITC – Hulls Clause 6.1 - 1 October 1983

Loss or damage caused by:

- Perils of the seas, rivers, lakes or other navigable waters
- Fire, explosion
- Violent theft by persons from outside the vessel
- Jettison
- Piracy

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TRADITIONAL PERILS (CONT'D)

- Breakdown of or accident to nuclear installation or reactors
- Contact with aircraft or similar objects, or objects falling therefrom, land conveyance, dock or harbour equipment or installation
- Earthquake volcanic eruption or lightning

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INCHMAREE PERILS

ITC – Hulls Clause 6.2 - 1 October 1983

Loss or damage caused by:

- Accidents in loading discharging or shifting cargo or fuel
- Bursting of boilers, breakage of shafts or any latent defects in the machinery or hull
- Negligence of Master Officers Crew or Pilots

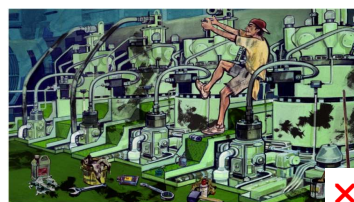
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INCHMAREE PERILS (CONT'D)

Loss or damage caused by:

- Negligence of repairers or charterers, provided such repairers or charterers are not an Assured hereunder.
- Barratry of Master, Officers, or Crew

Provided NOT from want of due diligence by assured, owners or Managers



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PARTIAL LOSS

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PARTIAL LOSS (PARTICULAR AVERAGE)

- Loss other than a total loss
- Damage caused by a “peril”



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PARTICULAR AVERAGE

- Cover includes reasonable costs for:
 - Repair
 - Removing ship to place of repair
- Cover does not include:
 - Wear and tear
 - Ordinary use

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OTHER PARTIAL LOSSES

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GENERAL AVERAGE

There is a general average act when, and only when, an **extraordinary sacrifice or expenditure** is **intentionally and reasonably** made or incurred for the **common safety** for the purpose of **preserving from peril** the property involved in a common maritime adventure.

York-Antwerp Rules 2004

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GENERAL AVERAGE

Contributing parties:

- Ship
(H&M underwriters)
- Cargo
(Cargo underwriters)
- *Bunkers*
(*Time charterers*)



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COLLISION LIABILITIES

[ITC – HULLS – CLAUSE 8]

Third party liabilities covered under standard collision clause (RDC):

- $\frac{3}{4}$ damage to other ship
- $\frac{3}{4}$ damage to cargo and property on other ship
- $\frac{3}{4}$ detention of other ship
- $\frac{3}{4}$ general average and salvage of other ship

[upto 3/4 insured value of the vessel]



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COLLISION LIABILITIES

Third party liabilities **not** covered under standard collision (RDC) clause:

- Loss of life or personal injury
- Pollution
- Wreck removal

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TOTAL LOSS

- Permanently deprived of use of ship
- Actual total loss or constructive total loss

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ACTUAL TOTAL LOSS

- Ship is lost and cannot be salvaged



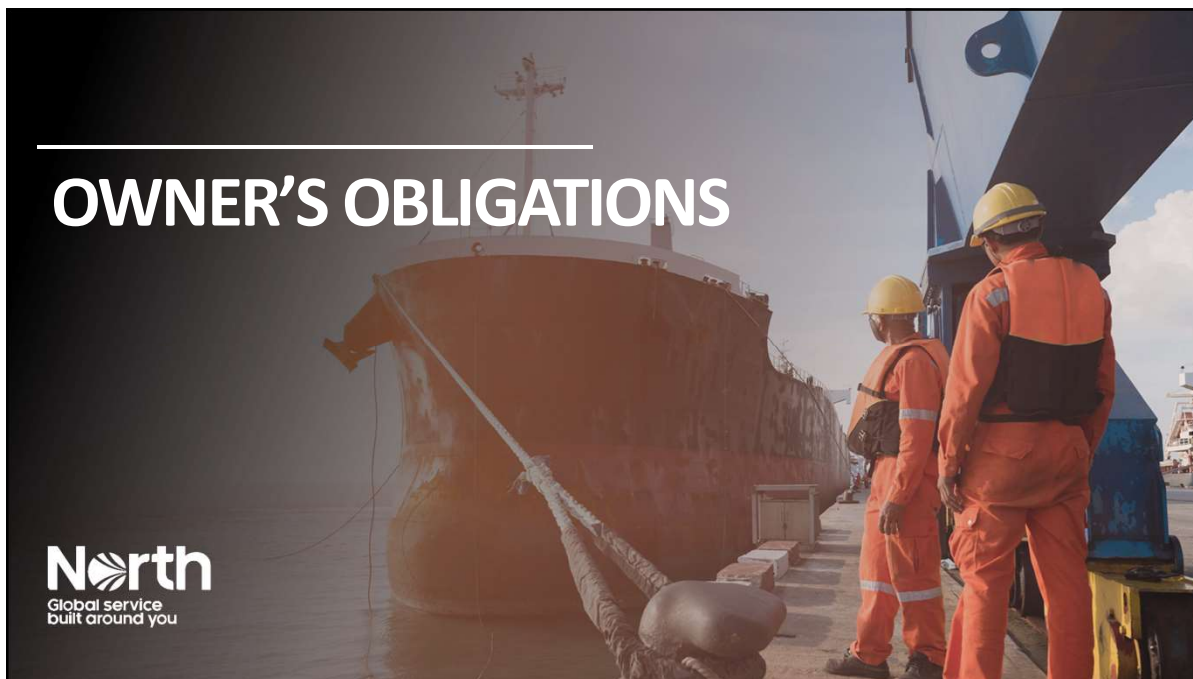
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CONSTRUCTIVE TOTAL LOSS

- Recovery and repair exceed the insured value
- Recovery is unlikely



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DUE DILIGENCE

Proviso to clauses describing perils:

- Loss or damage has not resulted from want of due diligence by the assured, owners or managers
 - ITC – Hulls dated 1 October 1983
 - IHC - dated 1 November 2003

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DUE DILIGENCE

Proviso to clauses describing perils:

- Loss or damage has not resulted from want of due diligence by the assured, owners or managers or superintendents or any of their onshore management

– ITC – Hulls dated 1 November 1995

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SUMMARY

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SUMMARY

- Standard clauses
- Insured perils
- Partial loss
- Total loss
- Owner's obligations



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THANK YOU

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