

North COVID-19 FAQs

Crew and third party claims

Q Are COVID-19 type claims covered by P&I or is there an exclusion in the Club Rules for global disasters of this type?

A There are no such exclusions and COVID-19 is covered in the same way as for any other crew illness.

Coronavirus is a particularly virulent and potentially deadly strain of flu but for Club purposes it is treated no differently to other types of illness. It might mean that, due to potential delays and difficulties, obtaining treatment might be more complicated, become more expensive and/or take longer, but it is still covered.

Q Will the Club cover the risks arising from crew travelling to and from vessels?

A Where crew contracts are door to door the Member still has a liability and Club cover will respond accordingly should a crew member contract COVID-19 whilst travelling to/from the vessel. However, Members need to act responsibly and check the situation with local agents in advance in order all necessary precautions can be taken. Any additional costs arising from additional safety measures are operational and for Member's own account.

Q If a crew member has signed off and shows signs of infection some time later when back home, does this fall within P&I?

A Member's contractual liability ceases when the crewmember has arrived home and therefore so does Club cover. However, if it can be shown that

the Member would still be liable because the crew was infected during the period of his contract then Club cover would respond accordingly.

Q If a third party, such as a superintendent, has visited an entered vessel and later shows a sign of COVID-19 infection, is that covered?

A The Club only ever covers the vessel's liabilities, and as third parties and supernumeraries are not employed by the ship, but are instead shoreside staff or contractors etc., the only liability that would arise is if the ship was negligent in causing their illness. Provided all sensible precautions are taken it is unlikely that the vessel would be found responsible and instead any costs/expenses would arise under their contracts of employment and would be covered by the employer/shoreside insurer of the personnel involved.

Q If crew are on board for a prolonged period because crew changes cannot be effected, and their contracts expire, will this affect the vessel's seaworthiness?

A If safe manning levels for the ship are maintained in compliance with flag state requirements the vessel should not be found unseaworthy.

Quarantine

Q If the vessel is subjected to a 'quarantine order' are the associated costs covered?

A Under North's Quarantine Rule, the net additional costs for fuel, insurance, seamen's wages, stores, provisions and port charges are covered where there has been an outbreak of an infectious disease on board, or where there are reasonable grounds to believe there might be.

Q If crew are subjected to a 'quarantine order' before or after boarding are the associated costs covered?

A This doesn't fall within any of the Clubs' Rules and are considered operational costs. However, the crew contracts will still be in place and therefore cover for P&I liabilities, such as illness or injury, arising under them will not be affected.

Diversion

Q If the vessel is obliged to divert as a result of COVID-19, for example to seek treatment for a crewmember, are the associated costs covered?

A Where a diversion is necessary to obtain appropriate treatment for a crewmember, whatever the illness, the net additional costs of same are covered by the Club. We would recommend however that Members should, where possible, consult with the Club first and it will be necessary to check with potential alternative ports of call that the affected crewmember can be disembarked and hospitalised there.

North COVID-19 FAQs (cont).

Cargo Issues

Q Can I deliver perishable cargo without waiting for production of an original Bill of Lading which has been delayed in the banking chain due to the impact of COVID-19?

A Where a Bill of Lading or similar document of title cannot be produced at the discharge port before delivery due to extraordinary circumstances beyond the control of a prudent shipowner, then the Members Board has discretion to allow a claim which would otherwise be excluded from standard P&I cover. A situation involving perishable cargo may attract sympathy of the Members Board.

Members anticipating issues with the timely arrival of negotiable Bills of Lading could consider, where possible, using alternative transport contracts such as waybills or electronic bills of lading.

Q Are carriers liable for delay due to port congestion or closure arising from COVID-19?

A The Hague and Hague-Visby Rules do not require carriers to deliver cargo within a particular time or without delay. To pursue a claim for delay under the Rules, cargo interests would

have to show the vessel was unseaworthy prior to the commencement of the voyage and overcome the carrier's due diligence defences. It is difficult to see how issues arising from COVID-19 could render a vessel unseaworthy.

At common law, a carrier has an obligation to carry goods with all reasonable dispatch to their destination. An unreasonable or protracted delay may entitle a bill of lading holder to damages. In either situation, the deviation must be unreasonable. If a Member was held liable for deviation by delay, with the consequence that all defences are lost, that would prejudice Members' cover subject to the exercise of Members Board discretion. That discretion may be exercised where a Member was held liable by a court, though objectively the Board considers the Member acted reasonably.

Q Can I deliver cargo to alternative ports due to port closure or congestion?

A Where a change of port is agreed with all parties to the adventure, then the best course of action is to switch all

sets of the original Bills of Lading with replacement Bills recording the new discharge port. This will mitigate the risk of a claim for geographical deviation or delivery at the wrong port.

Carriers may be protected against the risks of a unilateral change of destination, or temporary off-loading, by liberty clauses in their contracts of carriage. Deviation might also be protected by certain exceptions in the Hague and Hague-Visby Rules, though English law is presently unclear on this subject. Members Board approval is required to allow a claim incurred as a liability resulting from an unjustifiable deviation in these circumstances.

Members may also need advice on the impact of the change of port under their charterparty arrangements.

Charter party

As every charter party is different, every answer will depend on the wording of the charter party. Members should direct enquiries to their usual contact at the club and they will be answered individually.

Port and Country Information

Port and country information is updated daily. For the latest advice please visit MyGlobeView in the members area or our Coronavirus updates webpage www.nepia.com/industry-news/coronavirus-outbreak-impact-on-shipping

MyGlobeView



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