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INTRODUCTION

Shipowner has obligations to:

- Ensure ship is seaworthy
- Care for the cargo in his custody

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INTRODUCTION

If the cargo is lost or damaged while in the shipowner's care:

- The shipowner may have to compensate the cargo owner
- The shipowner has insurance cover for such liabilities with his P&I Club
- P&I is **NOT** a cargo insurer

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INTRODUCTION

If the cargo is lost or damaged while in the shipowner's care:

- The cargo owner may present his claim to the cargo underwriters
- The cargo underwriters may seek to recover the claim from the shipowner
- The cargo owner may present his claim to the ship owner

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INTRODUCTION

P&I covers:

- Damage or loss to cargo arising from shipowner's liabilities
- Additional costs and expenses for minimising claim
- Additional costs and expenses for dealing with claim

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INTRODUCTION

- Cargo risks covered
Rule 19(17)
- Provisos to cargo risks covered
Rule 19(17)

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CARGO RISKS COVERED

Preamble to Rule 19(17)

Liabilities, costs and expenses for cargo:

- Intended to be, or being, or having been carried on entered ship

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CARGO RISKS COVERED

Rule 19(17)(a)

- Loss, shortage or damage to cargo
- Resulting from a breach of obligation to care for the cargo

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CARGO RISKS COVERED

Obligation to care for the cargo

- Failure to care for cargo whilst in custody
- Also includes breach of unseaworthiness obligations unless ship sent to sea in unseaworthy state with knowledge of owner/ managers (Rule 26(4))

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CARGO RISKS COVERED



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CARGO RISKS COVERED



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CARGO RISKS COVERED



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CARGO RISKS COVERED



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CARGO RISKS COVERED

Rule 19(17)(b)

Additional costs:

- Discharging or disposing of damaged or worthless cargo

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CARGO RISKS COVERED



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CARGO RISKS COVERED



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CARGO RISKS COVERED

Rule 19(17)(c)

Additional costs:

- Discharging, disposing of, or restowing cargo
- For the safe prosecution of the voyage

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CARGO RISKS COVERED



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CARGO RISKS COVERED

Rule 19(17)(d)

Multimodal transport:

- Cover when using through or transshipment bills of lading
- Additional premium and contract approved by Managers

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CARGO RISKS COVERED



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CARGO RISKS COVERED

Rule 19(17)(e)

- Loss, shortage or damage to cargo
- Resulting from cargo carried on another ship
- When there is a consortium or cargo space sharing agreement

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CARGO RISKS COVERED



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PROVISOS TO CARGO RISKS COVERED



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PROVISOS

- (A) Hague Rules Exceptions
- (B) Deviation
- (C) Deck Cargo
- (D) Discharge at Wrong Port etc
- (E) Ad Valorem Bills of Lading
- (F) Refrigerated Cargo
- (G) Rare and Valuable Cargo
- (H) Property of the Member
- (I) Paperless Trading

Cover is generally subject to the discretion of the Members Board.

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PROVISOS

Rule 19(17)(A)

(A) Hague Rules Exception:

- Member is expected to make his contracts of carriage subject to Hague or Hague Visby Rules.
- Cover restricted to Hague/Hague Visby position if he does not.
- Hamburg rules which apply by force of law do not affect cover.

Managers & Directors discretion.

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PROVISOS

Rule 19(17)(B)

(B) Deviation:

- Deviation can be geographical or by delay
- Serious consequences – loss of defences
- Managers & Directors discretion
- Board discretion
- Shipowners Liability Insurance (SOL)

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PROVISOS

Deviation Examples

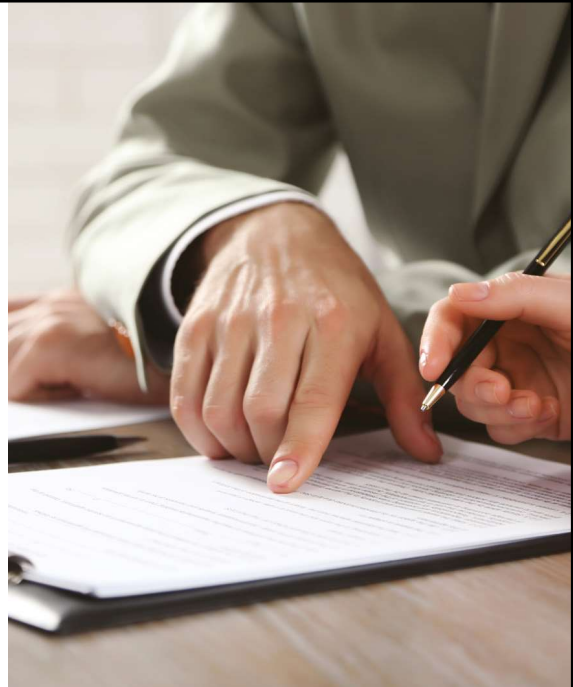


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PROVISOS

Rule 19 (17) (C) Deck Cargo:

- Article 1 of Hague / Hague Visby Rules



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PROVISOS

- Covered if:
 - (i) The cargo is suitable for carriage on deck of the Entered Ship,
and

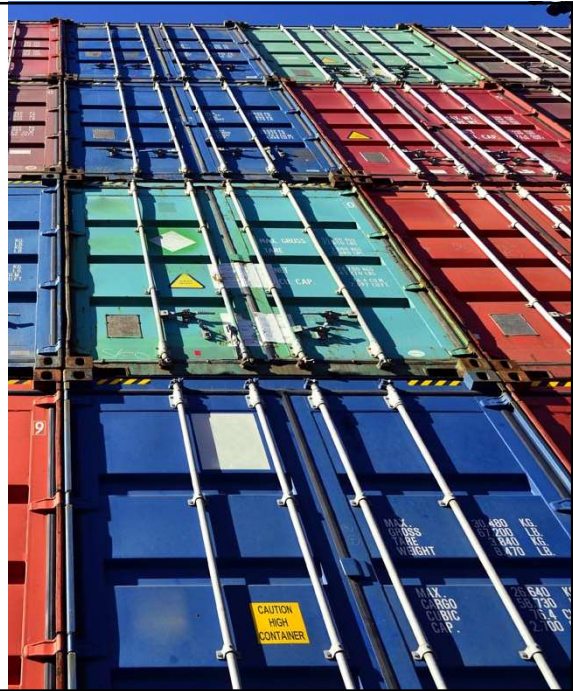


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PROVISOS

Rule 19 (17) (C) Deck Cargo:

- (ii) the contract of carriage contains an appropriate **liberty** to carry cargo on deck; **and**



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PROVISOS

Rule 19 (17) (C) Deck Cargo:

- (iii) the **contract of carriage** is specially **clauséd** to the effect that the cargo is carried on deck and that either the **carrier is exempted from all liability for loss or damage** to such cargo howsoever caused, **or** that the **Hague Rules or the Hague-Visby Rules apply** to carriage on deck notwithstanding Article 1(c) of the said Rules

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PROVISOS

- General Deck Cargo Clause
Bill of lading to be claused

“**Carried on deck at shipper's risk without responsibility for loss or damage howsoever caused**”

- Custom Of The Trade
- Managers/Members Board Discretion

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PROVISOS

Rule 19(17)(D)(i)

Change of Destination:
Discharge of cargo at a port or place other than the bill of lading.

- Potential Consequences.
- Letter of Indemnity.
- Members Board discretion.



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PROVISOS

Rule 19(17)(D)(ii)

Late Arrival / Failure to Load:

- Failure to arrive at load port.
- Late arrival at load port.
- Failure to load any particular cargo or cargoes.

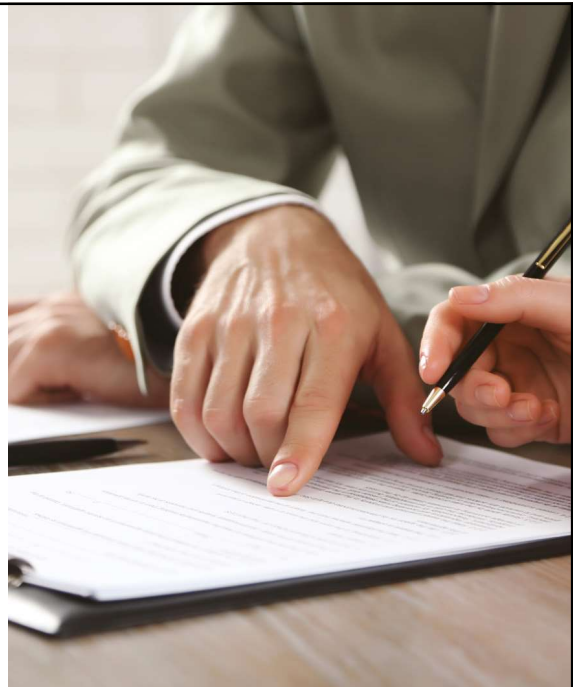
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PROVISOS

Rule 19(17)(D)(iii)

Delivery of Cargo Without
Bill of Lading:

- Potential Consequences
- Managers & Directors discretion
- Letter of Indemnity



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PROVISOS

Rule 19(17)(D)(iv)

Delivery of Cargo under a waybill/ straight bill of lading to a person other than that named:

- Potential consequences.
- Members Board discretion.

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PROVISOS

Rule 19(17)(D)(v)

Ante-dated / post-dated Bill of Lading:

- Potential Consequences
 - Fraudulent? Bill of lading should tell the truth.
- Members Board discretion.

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PROVISOS

Rule 19(17)(D)(vi)

Incorrect Description of Cargo:

- Incorrect description of the cargo or its quantity or its condition...
- ... with the knowledge of the Member or Master.
- Potential consequences: loss of Club cover and potentially fraudulent.
- Members Board discretion.

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PROVISOS



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PROVISOS

Rule 19(17)(E)

Ad Valorem Bill of Lading, recovery from club restricted to

- US \$2,500 per unit, piece or package **OR**
- Hague Visby Limits (whichever is higher).

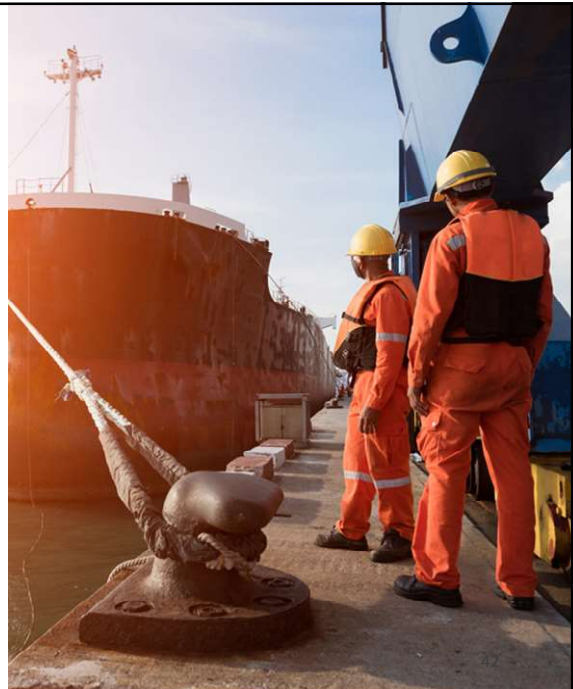
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PROVISOS

Rule 19(17)(G)

Rare and Valuable Cargo

- No recovery for loss or damage to rare or valuable cargo
- Unless approved by managers



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PROVISOS

Rule 19 (17) (I)

Paperless trading:

- Management approved systems.
- E-Title, Electronic International Ltd. (ESS) and Bolero International Ltd. (Bolero).
- Members Board discretion.



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THE END

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