



Marine Liability Policy for Charterers

Version 1/2021

Just like last year, we have reviewed and improved our Marine Liability Wording for Charterers in order to stay updated with the latest market developments. As in previous reviews our focus has been on further clarifying existing terms as well as improving the cover offered to our Assureds.

This year's amendments have been driven by the Coronavirus (COVID-19) and the requirements from the reinsurance market. This resulted in the introduction of a Coronavirus limitation. Furthermore, amongst others, we have improved our fines clause and there have been some minor amendments in the numbering of clauses.

Customarily, the terms of our current policy wordings (1/2020) will continue to apply to those insurance contracts with a policy start date in 2020. The 2021 terms will apply to those contracts entered into or renewed as from 2021. For your reference, please find below a short summary of the major changes coming into effect with the new 2021 policy version.

Should you have any specific questions regarding the amendments kindly direct these to your usual contact person at MS Amlin or to ClientServicesDesk@msamlin.com.

The new wording of the Marine Liability Policy for Charterers - Version 1/2021 can be found [here](#).

Part 1 – Charterers' Liability

Section 13 – Fines

Due to the continued developments in the shipping industry and in order to stay in line with market practice, we have updated our fines clause. The list of insured fines, under section 13.1, remains similar to the previous policy wording of 2020. Following this year's review, we decided to make the clause more user-friendly by deleting the long list of excluded fines and replaced section 13.2 with the option to cover fines, on a discretionary basis, which are not listed under section 13.1. As such, cover can be discussed on a case-by-case basis. With this amendment, we are better equipped for the developments in the near future and the fines resulting thereof. Nevertheless, we would like to point out that we neither extend nor reduce the scope of coverage provided to the Assured under this revised section.

The new clause will read as follows:

13.1 *Liability for fines in respect of the Insured Vessel imposed by any court, tribunal, or authority of competent jurisdiction upon the Assured, for any of the following:*

- a. *Short or over delivery of Cargo or failure to comply with regulations relating to the declaration of goods or documentation of Cargo, provided that the Assured is insured by the Company for liability under section 4 (Cargo liabilities).*
- b. *Accidental escape or discharge from the Insured Vessel of oil or any other substance, provided that the Assured is insured by the Company for liability under section 10 (Pollution risks).*
- c. *Smuggling or any infringement of any customs law or regulation other than relating to the Cargo on the Insured Vessel.*

13.2 *The Company may, in its sole discretion, cover in whole or in part liability for fines in respect of the Insured Vessel imposed by any court, tribunal, or authority of competent jurisdiction upon the Assured, for any of the following:*

- a. *A fine other than those listed in section 13.1, provided the Assured has satisfied the Company that he took steps as appear to the Company to be reasonable to avoid the event giving rise to the fine or penalty.*
- b. *Any fine imposed not upon the Assured but the master or Crew member of the Vessel or on any other servant or agent of the Assured or on another party, provided that the Assured has been compelled by law to pay or reimburse such fine or that the Company determines that it was reasonable for the Assured to have paid or reimbursed the same.*

13.3 *The Company shall be under no obligation to give reasons for its decision pursuant to section 13.2 above.*

Part 5 – General Terms and Conditions

Section 28.4 – Coronavirus Limitation

The year 2020 has predominantly been about COVID-19 which impacted both shipping and insurance. All sorts of exclusions have been introduced on this topic in different insurance markets, including the reinsurance market. Consequently, a Coronavirus Limitation clause has been included, based on the frequently used LMA5395. In light of our experiences over the past year and due to our strong financial position, we still provide cover for claims arising out of COVID-19, SARS-CoV-2 or any mutation or variation thereof, up to USD 10 million per Event. This cover does not apply to any liability of the Assured relating to passengers and to persons (other than Crew) on board of the Insured Vessel, unless agreed by the Company.

The new clause will read as follows:

Section 28.4 Coronavirus Limitation – [LMA 5395] (amended)

28.4.1 *This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.*

28.4.2 *This insurance excludes coverage for:*

28.4.2.1 *subject only to section 28.4.3, any loss, damage, liability, cost, or expense directly arising from the transmission or alleged transmission of:*

- a) *Coronavirus disease (COVID-19);*
- b) *Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or*
- c) *any mutation or variation of SARS-CoV-2;*
or from any fear or threat of a), b) or c) above;

28.4.2.2 *subject only to section 28.4.3, any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a), b) or c) above;*

28.4.2.3 *any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a), b) or c) above or the fear or the threat thereof.*

28.4.3 The exclusions under section 28.4.2.1 and 28.4.2.2 above, only apply to any loss, damage, liability, cost or expense of the Assured which exceed(s) USD 10 Million per Event.

28.4.4 Section 28.4.3 does not apply to any loss, damage, liability, cost or expense of the Assured relating to Passengers and to Persons (other than Crew) on board of the Insured Vessel, unless otherwise agreed by the Company in writing.

28.4.5 All other terms, conditions and limitations of the insurance remain the same.

Section 30.8 – Claims:

Sections 30.5 – 30.7 describe the obligations of the Assured in case of damage. Failure of the Assured to comply with these sections will lead to rejection of the claim in full. In our previous wording this was not always clear for the Assured, which could lead to unpleasant surprises. Therefore, we have inserted a new subsection 30.8, in order to provide the Assured with more clarity in case of non-compliance.

The following subsection has been inserted under section 30, Claims:

30.8 If the Assured fails in any of the obligations mentioned in sections 30.5 – 30.7, the Company shall be entitled in its discretion to reject any claim arising out of the casualty.

Section 34 – Several liability clauses

Due to the fact that we deleted our old section 34 – Limit of liability, as this section was very similar to section 33 – Maximum insured amount, it has now become the Several liability clause, which used to be section 49. With this amendment, we have tried to minimize changes in the sequence of the sections in between. Please note that there are no material changes to the coverage provided.

This circular is meant for guidance only. Should you require more information or assistance, please feel free to contact us.



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