



Marine Liability Policy for Charterers

Version 1/2020

It has been three years since we last updated our Charterers' Liability policy wording. As in previous reviews we have focussed on clarifying existing terms as well as improving the cover offered to our Assureds. This year's amendments are mainly driven by the latest amendments to the MARPOL Convention ("Sulphur Cap 2020") which has a major impact on the shipping industry.

Customarily, the terms of our current policy wordings (2/2017) will continue to apply to those insurance contracts with a policy start date in 2019. The 2020 terms will apply to those contracts entered into or renewed as from 2020. For your reference, please find below a short summary of the major changes coming into effect with the new 2020 policy version.

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

The new wording of the 1/2020 Marine Liability Policy for Charterers can be found [here](#).

Part 1 – Charterers' Liability

Section 4 – Cargo Liability

A new subsection has been inserted for the carriage of livestock. Previously this exclusion was only stated in the Certificate of Insurance.

To provide more clarity and uniformity, we have transferred the exclusion from the Certificate of Insurance into Part 1 subsection 4.2.8.

Furthermore, in section 4.2.1a the reference to "agent" is amended into "officer of the Insured Vessel". The bill of lading is issued by an officer of the Insured Vessel, who does not necessarily have to be an agent. The new wording links the issuance of the bill of lading to the responsibilities of the crew on board the Insured Vessel.

Finally, due to developments in recent case law, section 4.2.7 has been revised in order to allow the Assured to carry deck cargo under specifically outlined circumstances. The amendments are made in order to ensure that both the cargo and vessel are suitable for such higher risk carriage. The revised section has a new structure, which is more user-friendly and easier to read.

Nevertheless, we would like to point out that we do not extend or reduce the scope of coverage under the revised section.

Part 1 – Charterers’ Liability cont’d

Section 13 – Fines

A lot has already been written about the Sulphur Cap 2020 and the impacts on the maritime industry are well discussed.

From the 1st of January the Sulphur Cap 2020 will come into force which prevents Shipowners from the use and carriage of fuel oils with a sulphur content of more than 0.5% m/m, unless they use other means of compliance such as a scrubber. Under a time charter party the Charterers are often responsible for the supply of fuel, thus they may face a fine (directly or in recourse) if a high sulphur content is found during a Port State Control inspection.

As a global P&I insurer, we are supportive of the new Sulphur Cap 2020 and aim to contribute to a green and sustainable world. Infringement of MARPOL was not mentioned as a covered fine in the 2/2017 wording, and it was also not our intention to cover such fines. For the 2020 version we have explicitly added it in our exclusions by adding a new sub paragraph 13.2.e, whereby the Company retains its discretionary power to cover any fines up to the amount it sees fit. This amendment is in line with industry practice.

Please note that no material changes have been made in Part 2 (Defence Cover For Legal Costs), in relation to the Sulphur Cap 2020, according to which the Company shall indemnify the Assured against the reasonable and necessary legal costs and expenses which are incurred in relation to the Operation of the Insured Vessel as set out in Section 18.



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Part 5 – General Terms and Conditions

Section 28.3 – Cyber Exclusion Clause

Following the new Lloyd’s recommendations the Institute Cyber Attack Exclusion Clause has been replaced by the latest version of the Marine Cyber Endorsement Clause [LMA5403].

Part 6 – Additional Cover and Extension Clause

Clause 1 – Extra Bunker Handling Costs

In order to protect and assist the Assured in a situation where defective, unfit or contaminated bunkers are supplied by the Assured, cover under Part 6 is offered as an optional extension of CLASS 1 cover, albeit of limited scope.

Clause 1 of Part 6 has been revised to provide the Assured with more clarity about the cover provided.



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