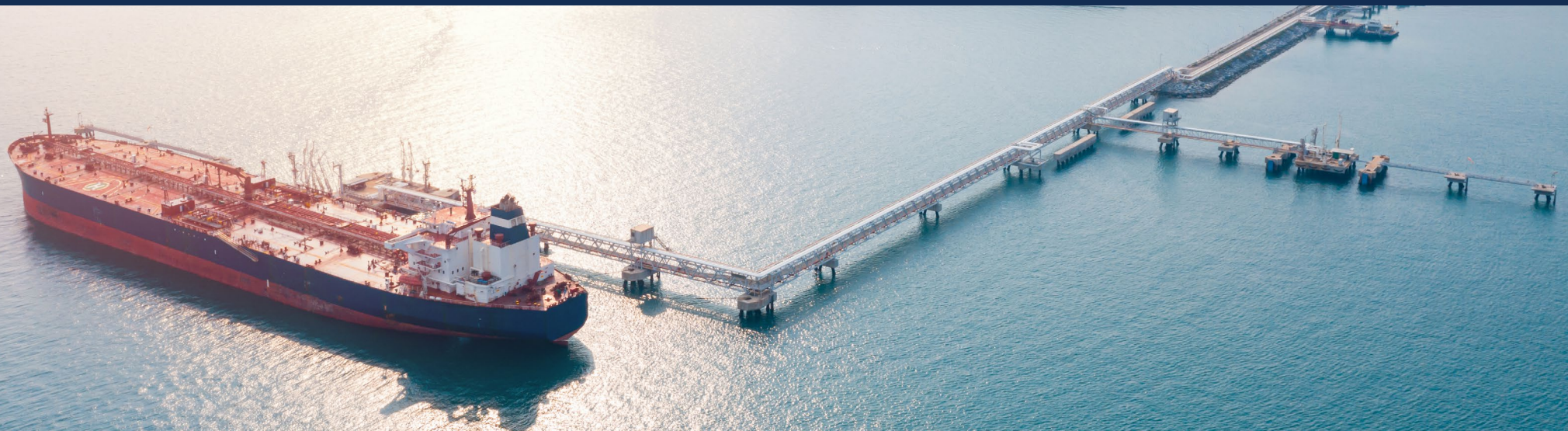


# Charterers' Loss of Use Cover

Covering liability to pay hire to the shipowner under the terms of a charterparty in the event the charterer cannot make use of the vessel





In a world of increasing complexity,  
our objective is to  
**help our Members and clients**  
manage the totality of their exposures -  
both to existing and developing risks.

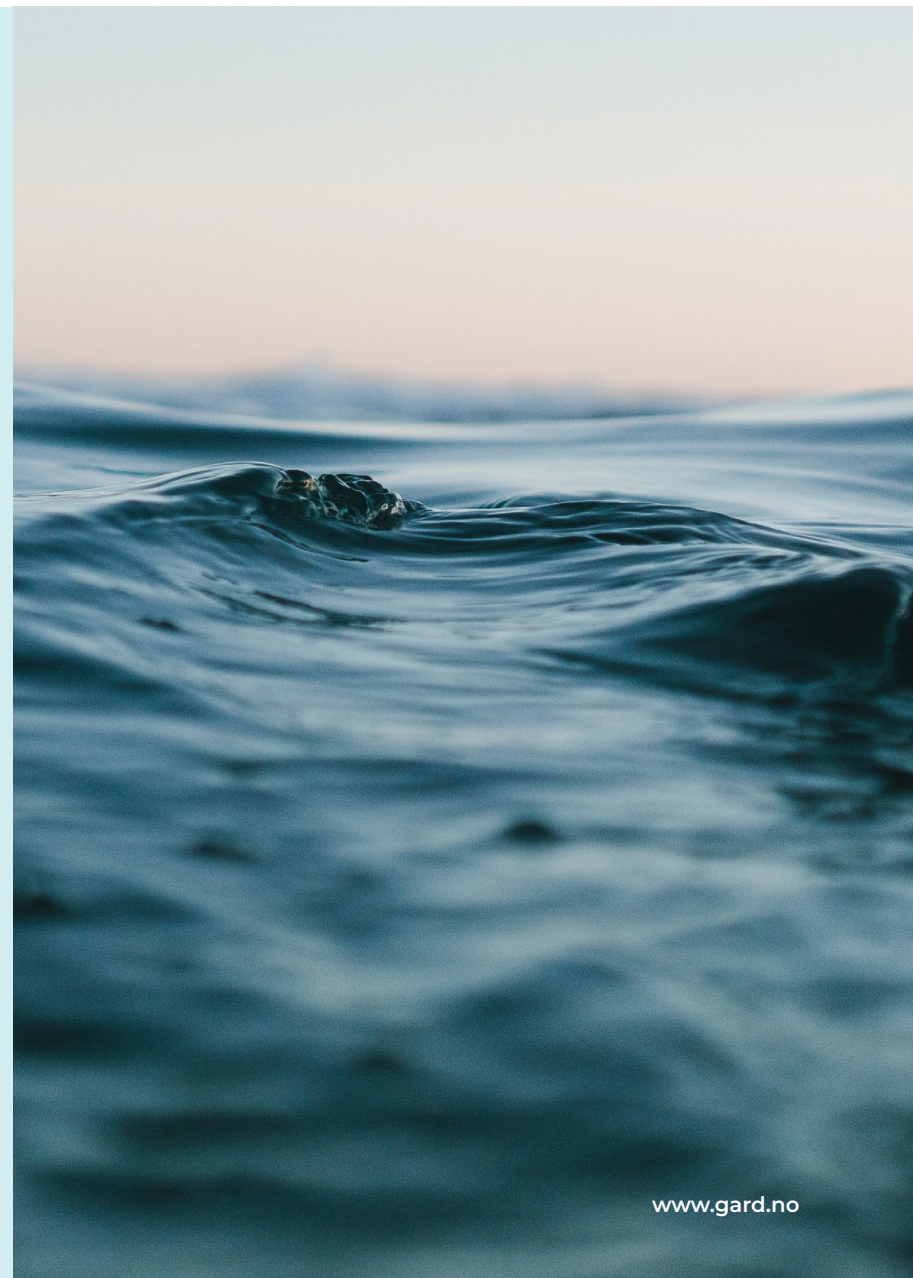
# Providing the widest range of risk solutions

As a multi-line insurer – with the strongest rating in the marine market – Gard is uniquely positioned to understand how risks fit together, and identify the best choice of products, ensuring seamless coverage and service.

Innovation has always been a cornerstone of Gard's business model and, over the years, we have refined and extended our standard products and introduced a range of additional products, responding to special needs and requirements from different parts of the marine industry.

This cover responds to the liability to pay hire to the shipowner under the terms of a charterparty over a period during which the ship is prevented from sailing by detention, delay or arrest. The cover will only apply when there is no physical damage to or loss of the ship.

Further information can be found on our webpage ([www.gard.no](http://www.gard.no)) under "Products and Services", or from your usual contact.



# Scope of cover

*Cover responds to a charterer's liability to pay hire to the shipowner when a ship is delayed, detained or arrested.*

## **Liabilities to pay hire arising as a result of delay of the ship caused by P&I events such as**

- Pollution spills resulting in third party property damage.
- Stevedore personal injury in connection with loading/unloading operations.
- Cargo dispute leading to the arrest of the vessel.

## **Liabilities to pay hire arising from external circumstances beyond the charterer's control**

- Denial of access to a place of refuge.
- Delay in arrival or departure to or from scheduled port (except due to weather or ice conditions).
- Pirate seizure.

## **Limit and deductible**

- Standard maximum limit of USD 5 million per event and in the aggregate per year.
- Standard minimum deductible of 7 days (2 days for piracy).

## **Who can be covered?**

Gard Members with underlying charterers' P&I cover.

## **Important exclusions**

- No cover for liabilities, losses, costs and expenses recoverable under a standard P&I entry and/or primary war risk cover and/or any public or private insurance required by any applicable legislation.
- No cover for losses arising from strikes.
- No cover for losses arising from discovery of drugs onboard the vessel (option to include).
- No cover for credit risks.
- No cover for losses arising from owner's failure to pay a legally enforceable debt.

# Case studies

## **Vessel hijacked by pirates**

Whilst on a laden voyage from Indonesia to Spain, the vessel was seized by pirates in the Gulf of Aden. The vessel was forced to sail to a location off the Somali coast, where she was detained until a ransom was paid. The ship, chartered on a BIMCO time charterparty, was released two months later. The charterparty contained an off-hire clause stating the charterer's obligation to pay hire for the first 90 days in case of piracy. Thus, the vessel remained on-hire throughout the period.

## **Delay of ship caused by a blockage on arrival at the loading port**

Prior to a vessel's arrival in South America to collect iron ore bound for China, another carrier became grounded in a channel in the port basin, leaving no room for other vessels to safely navigate and berth. It took three months to clear the channel. The ship was delayed for 35 days as it looked for an alternative loading port. It was later held that the delay was due to the

charterer's breach of safe port warranty and thus the charterer was not able to put the vessel off-hire.

## **Cargo dispute leading to arrest of vessel**

A product tanker was contracted on a Shelltime 4 charterparty. The vessel was ordered by the charterer to load a "clean" cargo, naphtha, which required a high level of cleanliness in its tanks. The master had the tanks thoroughly cleaned and vessel was inspected by a surveyor. The surveyor was satisfied, but expressed concerns that two of the last three cargoes carried were "dirty" products. Nevertheless, the vessel was allowed to commence loading. At the discharge port, cargo in several of the tanks was found to be unacceptable due to discoloration. The vessel was arrested by the cargo receivers while they claimed for cargo contamination. The ship remained under arrest for two months. It was later decided that the owner was entitled to be indemnified as a consequence of obeying a time

charterer's order, so the vessel could not be claimed to be off-hire.

## **Vessel delayed due to third party oil pollution**

A bulk carrier was en route from Africa to the United States. As she approached her discharge port with a cargo of sugar, a nearby tanker grounded and started leaking oil. As a result, the vessel could not proceed without sailing into contaminated waters. The master's immediate obligation was to ensure that the vessel did not worsen the spill by spreading oil into clean waters, so he anchored outside the port. Clean-up work lasted for several weeks and the charterer eventually had to find an alternative port of discharge. The owners claimed that the full working of the vessel was prevented due to the charterers' voyage orders and were able to claim back the unpaid hire in damages.

# We are here to help



**1907**  
founded in Arendal,  
Norway



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Owned by shipowner  
members



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