



BRITANNIA P&I

MULTIMODAL TRADES

P&I and FD&D (legal expenses) cover for shipowners are central to Britannia's business. Equally importantly, Britannia also offers cover for charterers' liabilities. This area of the business has evolved and grown in response to the needs of the Club's charterer Members. This is an overview of Britannia's covers for charterer Members, with a particular focus on Members engaged in multimodal trades.

BRITANNIA IS THE OLDEST P&I CLUB IN THE WORLD. TRUSTED BY OUR MEMBERS SINCE 1855, WE HAVE BUILT A REPUTATION FOR PROVIDING EXCEPTIONAL LEVELS OF SERVICE. AS ONE OF THE LEADING P&I CLUBS, BRITANNIA INSURES APPROXIMATELY 190 MILLION TONS OF OWNED AND CHARTERED TONNAGE, ACCOUNTING FOR OVER 12.5% OF THE WORLD MERCHANT FLEET. MANY OF THE WORLD'S BEST KNOWN SHIPOWNERS ARE MEMBERS.

CHARTERERS' LIABILITIES

Britannia's Charterers' Liabilities Insurance (CLI) and Additional Insurances (AI) are wide-ranging, fixed premium packages that can be tailored to a Member's particular requirements.

Cover is provided on the basis of a combined single limit (CSL) up to USD750 million or EUR750 million per event.

CHARTERERS' P&I

Standard protection and indemnity insurance in accordance with Britannia's CLI Terms & Conditions. Heads of cover include:

- Liabilities in respect of crew members
- Liabilities arising from collisions
- Damage to property
- Pollution
- Removal of wreck
- Responsibilities in respect of cargo
- Fines



MULTIMODAL TRADES

CASE STUDY 1

During loading of a container onto the entered ship the luffing wire of the ship's crane breaks and the container presented by the charterer falls onto the container stack below, injuring a stevedore and also causing damage to the stack and the cargo in the container. It is found that the weight of the container exceeded the safe working load of the crane.

P&I insurance will cover the charterer Member for legal liabilities in respect of:

- personal injury to the stevedore
- damage to the dropped container and its cargo
- damage to the containers in the stack and their cargoes

COMMENT

Where required, Britannia is able to offer more comprehensive third party liability cover, either in the form of standard extensions to cover (see below) or on bespoke terms.

CHARTERTERS' LIABILITY FOR DAMAGE TO HULL

This section of Britannia's cover is wider than the heading might suggest.

Cover falls into three broad subheadings:

- Liabilities to owners
- Member's own interests
- Member's costs, fees and expenses

a) Liabilities to owners

Cover includes liability for:

- physical damage to and/or loss of the ship
- ship's proportion of salvage, salvage charges and/or general average
- losses, costs and expenses reasonably incurred by owners

for the purpose of averting and/or minimising physical damage to and/or loss of the ship

- demurrage and/or loss of use and/or hire of the ship and/or any similar financial loss arising out of an incident for which the Member is responsible
- surveyors' fees and disbursements, other experts' fees and disbursements, legal fees and disbursements and/or similar expenditure

CASE STUDY 2

A charterer Member stems bunkers on an entered ship. The bunkers are found to be off spec but the ship has no alternative but to burn the bunkers while it continues to the nearest port where the bunkers can be offloaded and new bunkers stemmed.

Britannia will cover the Member for liability in respect of:

- damage sustained by the ship's machinery which could not be avoided
- the costs of deviation to the port of refuge and associated port costs
- the costs of de-bunkering the ship
- the costs of cleaning and making good the bunker tanks
- the fees of the surveyor/expert instructed by owners

b) Member's own interests

While Britannia's cover focuses on charterers' liabilities, this head of cover provides indemnity for the following outgoings and costs to which the Member is potentially exposed:

- contributions to general average, salvage, salvage charges in respect of the Member's interest in bunkers, other property on board (excluding cargo and/or containers), hire and/or freight
- losses, costs and expenses reasonably incurred by the Member for the purpose of averting and/or minimising physical damage to and/or loss of the Member's interest in bunkers, other property on board (excluding cargo and/or containers), hire and/or freight



CASE STUDY 3

The entered ship grounds on its passage inwards to a port and suffers bottom damage. The owners arrange for salvage services and declare General Average (GA). The owners subsequently allege that the loss occurred because the port was unsafe for the ship and pursue the Member for repair and other costs.

The Member arranges for a surveyor to ascertain the nature and extent of the damage, instructs lawyers to defend the claim and instructs an expert on navigation.

In the event, evidence shows that the grounding was due to an error in the navigation of the ship.

The Member can recover:

- **salvage costs and GA contributions in respect of the Member's bunkers and any freight at risk**
- **survey costs**
- **legal and other costs incurred in defending the claim from owners**
- **strikes, civil commotion, malicious, politically motivated and confiscation risks**

CASE STUDY 4

During the unloading of an entered ship a container becomes wedged in the ship's cell guides bringing discharge operations to a halt. Owners allege that the container became stuck due to rough handling by stevedores arranged by the Member and hold the Member liable for any resultant damage to the ship.

The Member's agent in the port promptly engages the services of local steel fabricators who succeed in releasing the container and making good the damage. A local surveyor, acting for the Member, is present throughout and establishes pre-existing damage as the cause of the container becoming lodged in the cell guides. The Member counterclaims against owners.

In the event, at the Club's instigation, and bearing in mind the conflicting merits of the case, the parties conclude a 'drop hands' agreement.

Britannia agrees to treat the Member's cost of making good as a mitigation expense and also reimburses the Member for the fees of the local surveyor.

MULTIMODAL LIABILITIES

The following extensions of and/or additions to cover may be available to Members of Britannia engaged in multimodal trades on application to the Managers.

Through transit liability

Britannia's standard P&I cover in respect of cargo is 'port to port' for the period that the cargo is on board the entered ship. However, Members engaged in containerised or liner trades often contract on 'through' or 'combined' bills of lading, assuming liability for the cargo prior to loading on, or after discharge from, the entered ship. These additional liabilities may relate to periods in storage pending trans-shipment or while the cargo is being carried on board other ships or by air, rail or road.

Through transit insurance covers the Member for loss or shortage of, or damage to, or other responsibility for cargo carried under a contract of through carriage, including transit by land, water or air to or from the entered ship.

Extended through transit liability

Britannia is able to extend its through transit liability cover to include liability (arising out of the carriage of cargo) in respect of the illness or death of, or injury to, any person; and liability for loss of or damage to any fixed or moveable property when the cargo is being carried other than on the entered ship. This insurance includes cover arising out of the carriage of cargo while on land.

However, damage to the hull of any feeder ship and/or any water borne conveyance on which the cargo is being carried is expressly excluded as these liabilities can be covered under Britannia's consortium and/or slot charterers' liabilities (see below).



Consortium and/or slot charterers' liabilities

Britannia's standard P&I cover is focused on liabilities arising out of the Member's interest in an entered ship and in connection with the operation of the entered ship.

It is a key element of liner and multimodal trades that a Member's liabilities may extend to the Member's interest in other ships and/or conveyances on which the cargo is carried.

Examples include:

- **space charters**
- **slot charters**
- **slot swaps**
- **slot purchases**
- **consortium agreements**
- **connecting carrier agreements**
- **NVOCC contracts**
- **freight forwarder arrangements**
- **contracts of affreightment**

Britannia has become a specialist in this area and is able to extend a Member's P&I cover to include liabilities arising in these different scenarios.

In addition, Britannia is able to offer Members damage to hull insurance in respect of those ships and/or conveyances on which the cargo is carried under such agreements.

CASE STUDY 5

The Member has a number of entered ships engaged in a consortium operating from Europe to South America.

A container containing 100 litre drums of highly concentrated sulphuric acid is loaded at Felixstowe for carriage by feeder ship to Antwerp, prior to ocean carriage from there to Rio de Janeiro.

On the voyage from Felixstowe to Antwerp, the container is found to be leaking acid, causing damage to the containers and cargoes in the stack: fusing the ship's electrics and causing noxious fumes to permeate throughout the ship as well as breathing difficulties for the ship's crew.

Britannia will indemnify the Member for legal liabilities arising out of the damage to the third party containers and cargo, the damage to the feeder ship and for the Member's legal liability for the costs of the medical assessments and treatment of the feeder ship's crew.

EXTENDED CARGO LIABILITY

Britannia's standard P&I cover in respect of cargo is based on the Member contracting on terms no less favourable than those contained in the Hague Visby Rules (HVR) or equivalent. However, it is common in the liner and multimodal trades for Members to enter into service agreements with shippers whereby they assume liabilities as carrier which are less favourable than HVR and may potentially prejudice their standard cover from the Club.

As part of its service to Members, Britannia is happy to review such contracts and, if necessary, provide cover under Britannia's Additional Insurance terms.

CASE STUDY 6

The Member has entered into a service agreement with ABC Ltd in respect of the carriage of laptops from China to the USA. The six month contract has a minimum quantity commitment of 500 cartons, each containing ten laptops valued at USD1,000 each. The value of goods to be shipped under the contract is therefore USD5 million. Britannia has approved the contract, excepting the limit of indemnity in respect of liability to cargo; under US Carriage of Goods by Sea Act (COGSA) package limitation (USD500) would apply to each carton, whereas under the service agreement the carrier's liability is up to the laptops' stated retail value of USD1,000 each.



Britannia can assist the Member in arranging excess liability insurance under Britannia's AI Terms & Conditions. During discharge in the USA a container stuffed with 200 cartons breaks free from the gantry twist-locks and falls into the water. The cargo is lost.

Britannia indemnifies the Member on the same basis as it would have done had the cargo been carried on US COGSA terms [USD 500 x 200 = USD100,000 (less the Member's deductible)] while Britannia's Additional Insurance cover responds to the excess liability [USD1,000 x 10 x 200 less USD100,000 = USD1.9 million].

BUNKERS INSURANCE

Bunkers can represent a significant investment for the Member and when oil prices rise the value of bunkers on board a ship at any one time can therefore rise sharply.

Britannia's insurance covers the Member for physical damage to or loss of bunkers while on board an entered ship.

Standard cover protects the Member's interest in this valuable commodity/asset up to a maximum sum insured of USD5 million.

CHARTERERS' FD&D COVER

Freight demurrage and defence cover (FD&D) – covering legal costs and expenses arising out of a variety of disputes in which a charterer Member may be involved – is available from Britannia under its Class 6 Rules.

This cover does not form part of the Charterers' CSL but is a valuable adjunct to it covering such matters as:

- **disputes with owners over the validity of voyage instructions under the charterparty**
- **disputes over freight, charter hire, demurrage and detention**
- **disputes with port authorities, ship's agents, customs authorities or terminal owners**
- **disputes over the loading, stowing and discharge of cargo**
- **disputes with bunker suppliers over the supply of off spec or inferior bunkers**

Cover is limited to USD10 million for any one claim. The first USD7,500 of all legal costs and expenses is covered in full and thereafter the Member contributes one-third of all additional expenses up to a maximum of USD150,000 per dispute.

CASE STUDY 7

At the end of a charter a charterer Member withholds hire otherwise due to the entered ship's owner on the grounds that the ship failed to attain the speed and bunker consumption figures stipulated in the charterparty which had been based on weather conditions up to and including 4 on the Beaufort scale. The charterer Member further disputes the weather conditions recorded in the ship's log. Britannia accepts that the Member has a valid case and supports the Member instructing external experts in speed and bunker consumption, compiling weather data from independent sources and drawing on its in-house legal expertise.



CASE STUDY 8

A reefer container containing frozen prawns is on-carried by road from the container terminal to the inland depot of the consignee's supermarket chain. The haulage contract is on acceptable terms and falls within Britannia's CLI cover. As a result of an electrical fault on the lorry, power to the container's refrigeration unit fails and the cargo thaws, rendering it unfit for human consumption.

Britannia indemnifies the Member in respect of the claim from the consignee for the lost cargo. Using rights of subrogation the haulage contractor is pursued for negligently failing to maintain its vehicle.

Extended through transit liability

Britannia is able to extend its through transit liability cover to include liability (arising out of the carriage of cargo) in respect of the illness or death of, or injury to, any person; and liability for loss of or damage to any fixed or moveable property when the cargo is being carried other than on the entered ship. This insurance includes cover arising out of the carriage of cargo while on land.

However, damage to the hull of any feeder ship and/or any water borne conveyance on which the cargo is being carried is expressly excluded as these liabilities can be covered under Britannia's consortium and/or slot charterers' liabilities (see Case Study 4).

CASE STUDY 9

The Member has a contract of affreightment with an industrial conglomerate for the carriage of containerised chemical cargoes worldwide.

A container containing a volatile chemical that has to be maintained at a temperature below 50°C is collected from the shipper's factory. It is brought to the container terminal prior to loading but, instead of being stored under cover, it is inadvertently left out in the open in direct sunshine. The

temperature in the container rises to 60°C and the chemical vaporises and then explodes. This results in damage to surrounding containers and their cargoes and a passing longshoreman is critically injured.

Britannia will indemnify the Member both for the Member's liability for the injury to the longshoreman and for damage to third party property.

Consortium and/or slot charterers' liabilities

Britannia's standard P&I cover is focused on liabilities arising out of the Member's interest in an entered ship and in connection with the operation of the entered ship. It is a key element of liner and multimodal trades that a Member's liabilities may extend to the Member's interest in other ships and/or conveyances on which the cargo is carried.

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