A market leader in providing comprehensive insurance solutions

The Swedish Club is a pioneer in providing comprehensive one-stop-shop insurance solutions. As global trade increases in complexity, our mission of offering expert assistance to our members and clients in managing current and future risks remains at the forefront of everything we do.
The Swedish Club is with you at all times, providing a full range of insurance solutions for every area of your business. We provide cover to some of the largest ship owning companies in the world.

Through the Club’s comprehensive approach and diversified offering we have developed a level of expertise in risk management, claims handling, underwriting, technical services, and loss prevention that few can match.

This expertise is reflected not only in the effective handling and resolution of existing claims, but also in how the Club monitors industry developments in order to prevent future claims and to provide insurance solutions for new risks. As part of our commitment to our members we offer a review of contract terms, such as charter party riders and bills of lading terms.

We are committed to loss prevention and communicate regularly with our members and the market as a whole.

Our goal is to reduce marine liability issues through the sharing of experience and offering recommendations through online and printed communication.
The Swedish Club’s Charterers’ Liability All-in-One Cover

The Swedish Club’s Charterers’ Liability All-in-One Cover is available to time or voyage charterers, as well as slot and space charterers. It is particularly appropriate for risk averse charterers in trades with relatively low claims frequency, but high claims severity, and who need high limits and flexible terms.

The cover is not suitable for bareboat or demise charterers, who would need to arrange for Owners’ P&I insurance.

Relevant limits

Standard limits up to USD 750 million per entry per event.
The terms of the cover are based on the Owners’ P&I Rules and the add-on for traders and cargo owners.

It includes:
• Cargo
• Pollution
• Personal injury
• Damage to hull
• Salvage
• Detention and similar delay
• Charterers’ debunkering costs
• Damage to other property
• Freight and bunkers contribution to general average
• War risks (including terrorism)
• Fines (customs, immigration and accidental pollution)
• Wreck removal
Options and extensions

Cargo Owners’ and Traders’ Cover

This optional cover encompasses both cargo owners’ and traders’ liabilities in respect of both chartered and non-chartered vessels:

- Damage to vessels, including salvage and detention, caused by cargo traded by the assured, whether contractual (i.e. under the sales contract) or in tort; damage to berth, terminal or other property caused by cargo.
- Certain contractual liabilities (under for example, sales contracts); Charterers’ Liability All-in-One Cover, including personal injury, damage to property, wreck removal (including removal of cargo).
- Cargo owners’ cover restricted to pollution and pollution fines is also available.

Cargo owners’ and traders’ exposure to chartered and non-chartered vessels

A new definition of cargo owner/trader has been introduced that includes buyer, seller and holder of the bill of lading. This cover is available even in instances where the trader is no longer the cargo owner, for example, where the cargo has been sold on, but where the trader is nevertheless held liable in his capacity as seller.

Cargo Owners’ Legal Liability Cover, Cargo Owners’ Pollution Cover and Traders’ Cover may be extended further to apply in respect of cargo carried on non-chartered vessels. This means the cover can apply to cargo movements where there is no chartering relation vessel in place and the only connection between the assured and the vessel carrying the cargo, causing the pollution or other third party liability, is a contract in respect of the cargo, such as a cargo sales contract or a bill of lading.
Cargo owners'/traders’ liability for pollution

- Pollution cover for the assured and affiliated/associated companies in their capacity as cargo owners/traders
- Includes pollution during customary lightering and STS (ship to ship) transfers
- Includes fines for accidental pollution
- Optional inclusion of cover for carriage on non-chartered vessels

Cargo owners'/traders’ legal liability

- Cover for the assured and affiliated/associated companies as cargo owners/traders
- Same scope as Charterers’ Cover
- Includes cargo owners’ pollution
- Option to include vessels not chartered by the assured

Cargo carried on a non-chartered vessel

If the charterers or their affiliated or associated companies are concerned about risks related to the cargo on a chartered vessel, the cargo owners’ cover can be arranged to apply in respect of chartered vessels only. This would be suitable for cargo owners and traders who always use chartered vessels to move their goods.

However, if the cargo is carried on other vessels, not chartered by the assured or one of its associated or affiliated companies, there may still be risk exposure and the assured may want the protection of the cargo owners’ or traders’ cover for non-entered vessels.

The risk could arise in contract, most likely a sales contract, or in tort, such as third party property damage caused by a dangerous cargo. For instance, if the assured is purchasing cargo on terms whereby title and risk pass at the load port, then the assured is cargo owner once the cargo is loaded on the carrying vessel and could be liable in the capacity as cargo owner for pollution caused by the escape of the cargo from the carrying vessel even though the cargo owner has played no role in organising the carriage.

Traders’ Cover – typical scenario

A trader enters into a contract governing the purchase of a cargo on cost, insurance and freight (CIF) terms. The seller is the party responsible for arranging the transport and to this end they charter in a vessel. During the voyage the cargo causes damage to the tanks.

The owner of the vessel puts forward a claim for damage under the charter party against the seller as well as a claim in tort against the trader for damage to the vessel. The trader’s liability to the owner for damage to the vessel, as well as costs of defending the claim, would be recoverable under the Traders’ Cover.

If it turns out that the cargo was off-spec and caused damage to the tanks the Club would potentially be subrogated to a claim against the cargo seller. The costs of such recovery action would also be covered.

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Cargo owners’ risks

Charterers’ liability for pollution in his capacity as cargo owner

This feature is of particular interest to traders of cargo which may cause pollution, such as persistent oils, gas and chemicals. The Charterers’ Liability All-in-One Cover can be extended by agreement to include cover for the charterer or any affiliated company of the charterer being held liable for a pollution claim in his capacity as owner of the cargo, as opposed to or in addition to the capacity as charterer of the vessel. Some cargo owners’ and traders’ pollution liability exposures are set out in the following examples:

1. Under the law in some states in the United States, the party causing pollution may be found liable for it. This may include the charterer of the vessel releasing the pollutant as well as the owner of the cargo causing the pollution in areas that are subject to the Civil Liability Convention (CLC), even where the applicable legal framework directs liability to a party other than the cargo owner.

Following a pollution incident, usually attempts are made to bypass this and claimants could try to hold cargo owners and charterers liable, in addition to shipowners. The cargo owner may eventually be proven not liable, however the process of defending such claims takes time and is costly. The Swedish Club in this case covers any liability which may ultimately be established, as well as the cost of defence and, more importantly, provide the expertise and resources required to assist our member to defend such claims.

2. Normally, the rules governing carriage of persistent oils are uniform. For other products that could be construed as pollutants, this may not be the case. Defining what constitutes pollution and who should be held liable for the consequences is the responsibility of individual states under their marine and environmental protection regimes. This results in a fairly complex map of the risk exposure for cargo owners and charterers.

Due to an ever increasing desire by authorities to widen the scope and limits of liability, a just reflection to be made is that the cargo owners going forward will to a greater extent than before be subject to increased risks as far as this exposure is concerned.
Charterers’ Interest

Should the chartered vessel become a total loss, the charterer will be indemnified by this section of the cover for the loss of future freight.

Charterers’ Loss of Hire

If the chartered vessel is sub-let and the charterer wishes to insure the difference between the charter rates paid and received, this section of the cover will indemnify the charterer in the event that the vessel sustains a particular average covered by the relevant Hull & Machinery insurance.
Charterers’ liability for damage to hull

Charterers’ liability for damage to or loss of the vessel may arise in a number of ways:

1. Damage to or loss of the vessel caused by charterers naming an unsafe port or berth.

2. Damage to or loss of the vessel due to shifting of the cargo during the voyage if this is the result of inadequate or incorrect stowage of cargo, contrary to the terms of the charterparty, by stevedores employed by the charterer.

3. Damage to tanks caused by the cargo itself, such as corrosive cargo or sediment, or shifting during transport.

4. Damage to or loss of the vessel, including winches, derricks etc. caused during the loading or discharging of cargo by stevedores or other agents or servants of the charterer.

5. Damage to the vessel or vessels during STS (ship to ship) operations or lightering.

6. Damage to the vessel's engines caused by inferior quality bunkers, which is for the account of and supplied by the charterer.

7. Charterers’ liability for salvage of the vessel could form part of a claim against charterers for damage to the vessel. However, there have also been incidents where a vessel has been subject to extensive salvage operations without having suffered damage – for example following a grounding in soft mud. The Charterers’ Liability All-in-One Cover would cover a charterer’s liability also for such salvage.

The Charterers’ Liability All-in-One Cover responds to these risks, as well as the liability for related consequential losses (i.e. shipowners’ economic losses resulting from the damage to hull.) This includes, for instance, shipowners’ claims for demurrage, detention, loss of hire and loss of use where the vessel is delayed beyond the stipulated loading/discharge time due to damage to the vessel.
Charterers’ liability for detention and other delay

The Charterers’ Liability All-in-One Cover also extends to a charterer’s liability for detention of the chartered vessel. Detention would include such reasons for delay as blocking, trapping, arrest, detainment etc. but would exclude detention arising from legally enforceable debt, insolvency and failure to comply with class and statutory requirements.

Charterers’ liability for detention could in an extreme case amount to total loss of the chartered vessel. This could be the case when owners have been deprived of the vessel sufficiently long to trigger payment of compensation for total loss under the Hull or War Risk insurances. In most cases, however, charterers’ liability for detention would be in respect of owners’ loss of use.

It is worth noting that the cover for consequential losses caused by damage to or detention of a vessel would exclude liability to pay charter hire.

Charterers’ liability for loss of or damage to cargo

Liability for loss of or damage to the cargo is the single most important aspect of conventional charterers’ P&I cover. The charterer may have absorbed cargo liabilities in a charter party, for example the BALTIME charter, where the charterer has wide responsibilities for cargo. This can also be the case under the New York Produce Exchange Form (NYPE), which when combined with the Interclub Agreement, shifts certain cargo liabilities on to the charterer.

Pursuant to other standard forms, the charterer will to various degrees have absorbed liability for loss of or damage to the cargo. Such liability may also be incurred outside contracts, and will then be based on an action in tort.

Charterers’ liability for freight and bunkers contribution to general average

The charterer will normally be liable for contribution in general average, special charges or salvage in respect of the value of his bunkers and his freight at risk. The Swedish Club may provide a guarantee or Club letter to meet the bond requirements by the average adjuster from the charterer and indemnify the charterer for his proportion of the total compensation made in respect of general average, provided the charterer is not covered for this risk by other insurance.
Removal and replacement of bunkers

The Charterers’ Liability All-in-One Cover would respond to cover a charterer’s extraordinary costs and expenses in connection with removal and replacement of bunkers when such removal and replacement would be necessary in order to avoid or minimise damage to vessel engines or other parts of a chartered vessel.

The cover includes extraordinary costs in connection with such as pumping, barging, trucking, extraordinary wharfage, cleaning of tanks and pipelines etc., both in respect of removal of inferior bunkers and replacement with sound bunkers, but excludes the value and purchase cost of the bunkers itself. The cover further extends to the cost of lawful disposal of removed bunkers, which can be substantial if bunkers are considered toxic waste by local authorities.

It should be noted that cover for bunkers removal and replacement costs is strictly for such costs incurred by an assured in capacity as charterer of a vessel. If, for example, a charterer also operates as bunkers supplier, liability and costs incurred in such capacity would not be covered.
Charterers’ liability for death, injury and illness

Although the personal injury, illness or death of a crew member is usually thought of as an owners’ risk, charterers are also exposed by way of a recourse claim from owners under the charter party. This could arise where the injury to the crew results from the charterers’ breach of duty to nominate a safe port or berth, for instance where charterers nominate a port unsafe by reason of war risks.

Charterers are also exposed to liability for injury to parties other than crew members. One common example is liability for personal injury to stevedores on the basis of charter party terms making the charterer responsible for loading and/or discharging the cargo.

Charterers’ liability caused by war and terrorist risks

There is no exclusion for war and terrorist risks, although there is an exclusion for chemical, bio-chemical, electromagnetic weapons and computer virus risks. There is no sub-limit on the war risk cover. The cover is not subject to the London Market War Risk Trading Warranties, but is subject to the Institute Notice of Cancellation Clause and Automatic Termination of Cover and War and Nuclear Exclusion Clauses.

Special conditions, such as certain charter party provisions, may apply in respect of cover for damage to hull caused by war risks while the vessel is trading to a conditional area. Alternatively, cover may be available for such risk against payment of an additional premium. Any applicable special requirements and other useful information relating to war and terrorist risks cover, including an up-to-date list of the conditional areas, is available in the most recent special circular relating to war risks. The current circular, as well as previous circulars, are available on the Club’s website.
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