

# Charterers' Liability Insurance

Charterers' Liability insurance covers the contractual and legal liabilities of the Charterers of vessels under a charter-party.

Cover is typically being provided are; damage to the chartered vessel, cargo and property of third parties, death and personal injury, pollution, wreck removal, fines, mitigation and legal costs, general average, detention and delay, war and terrorism. Additional risks may also be covered on request of the charterer.



In contrast to P&I Insurance, Charterers' Liability Insurance is not mandatory, however just like H&M insurance for shipowners, it is highly recommended for Charterers to purchase such a cover.

Particularly small charterers are reluctant to purchase the cover to save costs, having the wrong impression that they are protected with the existence of cargo, P&I and H&M insurances.

P&I insurance is for the owner of the ship and covers the liabilities of the ship owner. H&M insurance provides cover for the vessel and Cargo insurance protects the cargo related claims. While all seems under the cover with these insurances, this is not the case for Charterers.

Recourse action by the insurer of above mentioned covers, is like sword of Damocles to Charterers. Any insurance deductible paid by the shipowner or rejected claims may also end up being paid by the Charterer. Any dispute or breach of insurance contract by shipowners are additional risks Charterers face.



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Halil graduated from Darussafaka High School in 1995 and Maritime Academy of Istanbul Technical University in 1999. He started his marine career at Zodiac Shipping, London. He completed his MBA degree in Risk Management and Insurance at Georgia State University in USA. Before joining Türk P&I as Assistant Manager, he worked as hull and cargo underwriter for Zurich insurance company and later spent 9 years at Omni Broker House as insurance and reinsurance broker. He presented seminars in Risk Management and Marine Insurance, including Exposhipping and his articles are published in local and international media.



**TURK P&I**

The Charterer of a ship can be liable for damages to the vessel caused during the contracted voyage or period. Damage to the vessel by stevedores or cargo carried, unsafe berth, defective fuel is just a few of the items that ultimately Charterers may be held liable.

Charterers may also be held liable for loss of or damage to Cargo for shortages, non-delivery, stevedore damages, stowage related claims as well.

Pollution is another risk Charterers face. Although this may seem considered under Owners P&I cover. In some jurisdictions (particularly in US), time charterer of the vessel may be regarded as operator of the vessel and held liable. Pollution during bunkering may also be treated similarly.

If there is a sub-charterer and there is back to back charter agreement in place, the Charterers may still face claims, as the sub-charterer can become insolvent or that any dispute may lead to court where huge sums may be at stake in terms of legal expenses.

Considering the vast variety of risks faced by Charterers and different jurisdictions involved due to characteristics of shipping, it is strongly recommended for Charterers to purchase Charterers' Liability Cover.

After all, the sword that was positioned over Damocles' head, suspended only by a single strand of horsehair !

