

## Timely advice for charterers seeking liability insurance

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DEMAND for charterers' liability insurance is on the increase and has become more complex, according to Chris Else, managing director of Michael Else, which manages the Charterers' P&I Club, writes Sandra Speares.

Taking Charterers' liability cover has become increasingly common, he said at the recent launch of a book about best practice in this area.

"It is remarkable how much more complex charterers' liability coverage has become. Twenty years ago, it was quite common to find charterers who were not even aware that they had any exposure, who did not consider it worthwhile bothering to insure their risk."

Recently, he said, there had been a significant increase in the potential exposure of charterers "driven by a shift in the balance of power between owners and charterers, by a marked increase in the value of vessels and cargoes and by the emergence of an increasingly hostile regulatory and legislative environment".

Many owners will now insist that charterers have cover in place as a pre-condition of contract negotiations, Mr Else said.

The book has been written by Heinz Gholish, who believes that it is the first attempt to draw together all the varied aspects of charterers' liability cover.

The book is split into several different sections, covering the basic principles that underpin the insurance market, a discussion of the market itself, the various kinds of cover available, charterers' insurance issues, including shipowners' liability, war risk and piracy, and ship quality issues.

The book outlines the wide range of legal and contractual liabilities to which the charterer is exposed.

If such risks are not properly managed, the author says, they each have the potential not only to wipe out any profits the charterer might be expected to make but also possibly to destroy their business altogether.

"Fortunately, there is a highly sophisticated and wide-ranging management capability in the international marine insurance market that caters specifically for the protection of a ship charterer from the deleterious effects of such legal and contractual operating liabilities."

"The key is to marry the charterers' risk management requirements with the markets' specialist insurance capabilities. That is not always a straightforward task"

It is not an option for charterers to deny that an operating liability risk exists, or to hide behind the owner's P&I cover, the author suggests. At the same time Charterers' Liability insurers should recognise that a charterer is not the same as a shipowner or cargo owner, but operates in a "Unique liability environment".

The book provides a good round-up of many of the issues that charterers need to consider in order to mitigate their risks. **Charterers' Liability Insurance: Essential Best Practice by Heinz E. Gholish is published by Witherbys Insurance, priced £125.**