

# defence cover

Defence cover is insurance for the legal and other costs of pursuing and defending claims related to entered ships where the sum in dispute is not insured. It is however more than just insurance. The Club's legally qualified staff are also available to assist and advise on claims without the need to instruct lawyers and to be used as a sounding board before particular steps are taken, as well as to advise on particular contracts or clauses.

**Consider – if your usual insurers say it's not covered, is it covered under defence?**

## Examples of disputes covered

- Wide range of disputes under time and voyage charterparties, concerning for example payment of hire or freight, payment of demurrage (including container demurrage), exercising liens over cargo, sailing orders, safety of ports, ship's performance and characteristics
- Disputes under contracts of affreightment and bills of lading
- Bunker quality disputes with bunker suppliers and between owners and charterers
- Claims for damage to the ship (where losses are below hull and machinery deductible) and loss of use between owners and charterers, shippers / cargo owners, terminal operators, third parties
- Disputes with agents, brokers, ship managers, stevedores, terminals or others supplying services to ships
- Coverage or other disputes with marine insurers
- Employment claims or other disputes with crew members
- Disputes with governmental or port state authorities, representation at official investigations.

### What is available?

- Costs not exceeding \$10,000 available automatically
- Costs in excess of \$10,000 available following a review of the case
- Costs include fees charged by lawyers, experts, surveyors and correspondents arising in any jurisdiction
- There is no mandatory deductible under defence cover.

### How do I claim?

- Notify the Club at the earliest opportunity – as soon as possible once the dispute arises
- Keep the Club involved – discuss strategic steps e.g. appointment of lawyers, start of proceedings, settlement discussions.

### It's not just about legal fees!

- The Club can advise on and assist in disputes without the involvement of lawyers. Our legally qualified claims executives can help settle disputes at an early stage
- The Club can advise on particular contracts or clauses.

**DO I NEED TO INSTRUCT A LAWYER OR CAN THE CLUB ASSIST?**

# Examples of claims covered

## Hire dispute

A Member charters out a tanker on a long term basis. During the course of the charter international regulations are implemented, the effect of which restricts the range of cargoes which the ship is legally allowed to carry. Although the likely effect of the regulations was known before the charter was agreed, the charterer pays a reduced rate of hire for the balance of the charter period, and brings a claim for lost profits.

The Club supported the Member's costs of a claim in the English High Court to recover the outstanding hire as well as the costs of defending the charterer's claim for lost profits. The Club also supported the costs of an appeal to the English Court of Appeal after the Member was unsuccessful in the lower court.

## Explosion and loss of ship

A cargo carried in a container explodes, and the resulting fire leads to the loss of the Member's ship. Proceedings are commenced against the slot charterer for damages for the carriage of an undeclared dangerous cargo, comprising of the loss of the ship and loss of earnings.

The Club supported the proportion of costs relating to the loss of earnings claim and amounts falling within the H&M deductible as well as a claim against the ship's loss of hire insurers. The remaining proportion of the costs were met by the ship's P&I and Hull insurers.

## Bunker quality dispute

Defective bunkers are supplied to a ship chartered out by a Member which cause substantial damage to the ship's engines and loss of earnings during repairs.

The Club supported the costs of the claim against the charterer, as well as a direct action against the bunker supplier.

## Port agency dispute

A local agent is failing to account to the Member for freights received and to perform its duties in accordance with an agency agreement.

The Club advised the Member over its rights to terminate the agency agreement and thereafter supported the legal costs of an action to recover the sums due to the Member.

