

UK P&I for Traders and Charterers

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WHAT RISKS DO YOU FACE?

Trader, bank or commodity house: whatever shipping terms or contracts you use, involvement in marine transport means you are exposed to liabilities. Our experience and expertise will help you manage your risk cost-effectively.

Damage to the chartered ship

Damage caused to the ship by your cargo, at the port, by off-spec bunkers or by stevedores may be your responsibility under the charter party.

Pollution from your cargo

Even if you are not at fault, as the buyer, seller or holder of a bill of lading for goods carried on board, you can be liable for clean up costs or a fine after an environmental incident involving the ship.

Damage to the cargo

Third-party cargo claims may be brought against you as the charterer for cargo damaged by the ship, either under the charter party if you were responsible for loading of the cargo or the bill of lading if you issued it.

Pollution from the chartered ship

A number of jurisdictions such as Australia and the United States target the charterer of the ship for pollution caused by the ship, either from the cargo or bunkers or both.

Obligation to pay hire

If the ship is detained, delayed or arrested, you may still be obliged to pay hire despite the ship not trading, meaning you could incur substantial losses.

Personal injury

Ship operations are dangerous. Where a charterer is contractually responsible for those operations, there could be a large claim for injuries or deaths that occur.

Wreck removal and obstruction

You could be liable for the cost of removing the wreck and cargo: an expensive and time consuming operation costing sometimes several multiples of the value of the cargo and ship.

Loss of your bunkers

Bunkers are the largest single cost associated with operating a ship. Your bunkers can be lost or damaged due to a marine accident.

General Average and salvage

Any cargo or bunker owner or party receiving freight on a ship that declares General Average or has to be salvaged, must contribute in proportion to the value of the property at risk. Your contribution could be more than that of the shipowner.

THE IMPACT ON YOUR BUSINESS

Claims occur a lot more often than you think, and their consequences can be major and far-ranging.

Financial

Customer and third-party claims and fines can be substantial and threaten the profitability, or worse the survival, of your business.

Reputation

To protect your company's reputation, an incident requires professional handling.

Business interruption

Claimants often seize assets to secure their claims and pressurise those they hold responsible. This causes significant business interruption unless these assets can be speedily released and returned to service.

PROTECTING YOUR BUSINESS

The UK Club has been insuring traders for over 20 years, including some of the best-known names in the industry.

Insurance

Dealing with claims when they arise and providing financial assistance.

Contractual risk management

Transferring risks to counterparties makes good sense but is not always commercially or legally possible. We advise and assist our Members on finding ways to maximise their risk transfer.

Advice and loss prevention

Legal developments, customs of trade and patterns of risk are always changing. The insights we gain through dealing with our Members' problems and claims are shared with you.



WHY CHOOSE THE UK CLUB

We begin with best practice and then seek to make it better. This is why many of the world's leading ship operators are members of the UK Club.

Financial security

With excellent capital resources and reinsurance programme backed by A-rated reinsurers, the UK Club is one of the financially strongest clubs in the International Group: Standard & Poor's rating A (Outlook: Stable).

Speedy claims resolution

Our chartering, legal, seagoing and ship-broking expertise can be brought to any problem or cover issue, and help you get to the right solution quickly.

In a claims situation, the UK Club's security is widely accepted by state and private sector organisations alike, helping to keep ships trading – and earning.

Strong relationship with Members

We provide our industry-leading service and support on a 24/7 basis throughout the year. A named 'on-call' executive is assigned from your dedicated service team to always be available outside normal office hours on a direct mobile number.

Worldwide network

Whatever the time of day where you are, one of our unique network of international offices will be available. Two offices in the Americas, five in Asia and two in Europe including London, strategically assist our Members, wherever they are trading.

The best risk management and loss prevention advice

We are at the forefront of targeted risk management material for our Members. Our market leading loss prevention addresses a wide range of shipping risks relating to cargo, environmental matters, human error, navigational issues operational practice, personal injury, safety and security.

Understanding Members' priorities

We are specialists who understand the nature of traders' needs. The Club's cover extends to almost anywhere you are trading, including the United States. War risks are covered as standard. But if your requirements change ancillary covers can be added as needed.

You don't pay for unnecessarily high cover limits. Cost-effective cover for any amount up to USD 750m is available, but higher levels may be arranged. You decide the level of cover you require.

If you would like to find out more about the UK Club's trader product, ask your broker to contact one of our underwriting team. If you don't have a broker, feel free to contact us direct at charterers@thomasmiller.com



INFORMATION FOR BROKERS

Liaising closely with brokers, we have designed this product to make it as convenient as possible. We offer a number of features to make life easy for you and your clients.

A dedicated underwriting team – we have a specialist team of underwriters focusing on charterers' and traders' risks so you can always deal with the same people and know whom to contact at the Club.

Specialised questionnaires for the type(s) of trade your client is engaged in. All the information needed to provide a quotation can normally be collected in one form.

Our iPad app allows you to see what is happening on your clients' accounts in real time. You can access and print loss records, documentation and statements of account. You can also set up personalised alerts to notify you when something changes on one of your accounts.

We offer flexibility in premium calculation and underwriting methodology. Clients can declare every fixture as it occurs or in arrears; we can calculate premium based on tonnage or number of fixtures and by adjustment at year end or based on a non-adjustable lump sum.



Unsure whether your client needs protecting by the UK Club's product? Here are some examples of the risks they face to help you decide.

Trader's pollution liability

A bulk carrier grounds on a reef, causing significant pollution from ruptured bunker tanks.

As well as pursuing the owner for the cost of the clean-up and pollution, the authorities also target the trader charterer, who is based in the jurisdiction, and is fined as owner of the bunkers. This is despite the incident's primary cause being a navigational error by the ship.

Safe port or berth

A ship grounds at a port due to a channel between rocky outcrop being incorrectly marked and suffers significant damage.

The ship requires extensive repairs and the owner loses significant profits during the dry-docking. The owner holds the trader charterer liable for all these losses on the basis of a breach of safe port warranty in the charter. The charter is subject to English law and the charterer is found liable by a tribunal.

The trader charterer seeks to pass on their liability to their sub-charterer but the sub-charter is subject to US law and New York arbitration, where a different finding is made and the sub-charterer held not liable.

Damage by cargo

A trader charterer buys a chemical cargo from the shipper and the chartered tanker carries it to their plant for processing. The tanker waits for a significant period at discharge port due to a falling market for the cargo.

On discharge, extensive damage to ship's tanks is discovered. The cargo was off specification, being more acidic than specified. The owner claims repair costs and damages from the trader.

Trader's servants

A trader purchases a coal cargo and arranges the shipment, chartering a ship for the purpose. During loading of the coal, stevedores appointed by the trader negligently puncture bunker tanks with grabs causing an oil spill at the port.

Under the charter party, the charterer is liable for the acts of the stevedores and the owner claims the cost of the pollution clean-up and fines from the charterer.

Bunkers

A trader charterer supplies bunkers to a ship. Upon testing of samples taken during loading, it is found that the bunkers are off-specification. Excessive silica suggests that, if used, the bunkers would damage the main engine.

Joint testing and analysis are organised with the owner and the trader charterer. The Club retains expert consultants to re-test the bunkers and determine whether the bunkers can be treated on board by the addition of chemicals or by using the ship's filters so that they can be safely burned.

The bunker supplier refuses to take part in the testing of the sample or the discussions in relation to treatment measures. It maintains the bunkers are within specification and that the only valid samples of the bunkers are those presented by the bunkering barge.

The experts conclude that bunkers have to be pumped off. This will be at the trader charterer's expense.

Cargo owner's liabilities

A trader loads a gasoil cargo aboard a ship at their own storage facility in Antwerp under a sales contract. The trader has no chartering relationship with the ship.

The ship goes into floating storage in the North Sea. When the cargo is later discharged, the ship's pumps are found to have been damaged by microbial growth on the oil. The shipowner makes a claim against the trader as shipper of the cargo on the basis that the cargo was harmful to the ship.

If you would like to find out more about the UK Club's trader product, please ask your broker to contact one of our underwriting team. If you don't have a broker, feel free to contact us direct at charterers@thomasmiller.com



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