

# Insurance and Liability Issues

Jonathan Gutoff,\* UNOLS Risk Manager

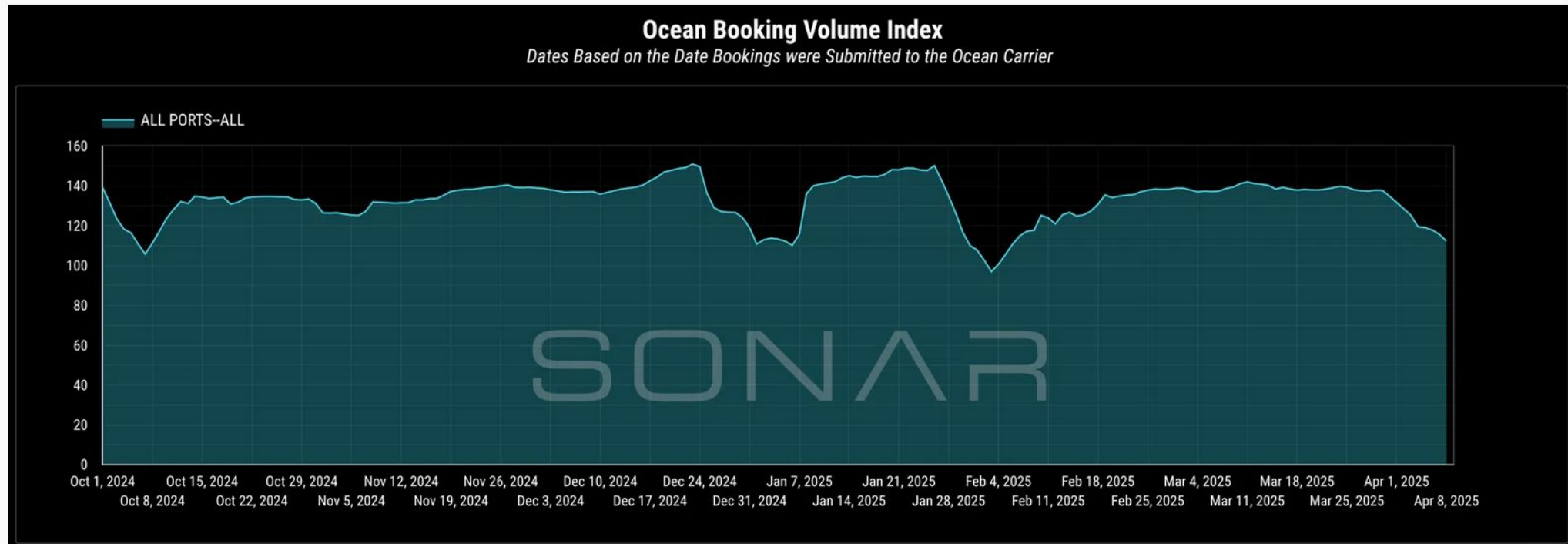
\*Professor

Roger Williams University School of Law Bristol, RI, United States

[jgutoff@rwu.edu](mailto:jgutoff@rwu.edu)

# Insurance: Shipping Market Current Market Volatility

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(This chart displays global ocean container bookings from all origins to all destinations. Chart: SONAR. To learn more about SONAR, [click here.](#))

# From March to Mid-April

- China-US booking down 31% (March 19<sup>th</sup>-April 9<sup>th</sup>)
- Global booking down 18%
- Potential impact on P&I and hull insurance?

# Impact of Potential Decline in Trade

- Withdrawal of provider participants. Should drive rates down.
- Fixed operational costs per policy holder/club member. Should drive rates up.
- Reduced number of premium payers/club members means reduced capital reserves. Should drive rates up.
- Constricted market forces out high-risk participants. Should drive rates down.
- Reduced port congestion leads to reduced casualties from collision and allision. Should drive rates down.
- Reduced shipping stock mean reduced risk. Should drive rates down.

# Example from 2020 Drastic Reduction in Shipping

- Not the “containergeddon” of 2021.



# Effects of Shipping Reduction in 2020

- Early 2020 shipping down 20-30%
- Hull rates volatile but overall up slightly. Premiums down but risk down.
- P&I, where clubs depend on participants to form the capital pool, rates up 5%-15%
- Note: Pressure on P&I clubs from on-board COVID outbreaks leading to claims by mariners that were covered by P&I insurers.

# Current and Potential Further Reduction in Shipping.

- Upcoming period of market volatility. Should be price variation across market.
- Opportunity to shop around and bargain.

# Cyber Insurance

- Growth in providers.
- Increase in buyers.
- Increase in attacks and ransom events – Example: March 2025 a claim of an attack 116 Iranian tankers, by Iranian anti-government group, Lab Dookhtegan, claimed to have disabled external and internal communications.
- In spite reported surge in incidents, expanded market should give opportunity to shop and bargain.
- Note on insurance: USCG regs do not apply to vessels regulated under subpart U of title 46 of the CFR, but insurers are free to impose whatever requirements they want by contract. READ THE POLICY.



# War Risks: Typical Clauses

## 1. NAVIGATION PROVISIONS

Unless and to the extent otherwise agreed by the Underwriters in accordance with Clause 2, the vessel or craft insured hereunder shall not enter sail for or deviate towards the territorial waters of any of the Countries or places, or any other waters described in the current List of Areas of Perceived Enhanced Risk (listed areas) as may be published from time to time in London by the Joint War Committee.

## 2. BREACH OF NAVIGATION PROVISIONS

- (a) If the Insured wishes to secure continuation of coverage under this insurance for a voyage which would otherwise breach Clause 1, it shall give notice to Underwriters and shall only undertake such voyage if it agrees with the Underwriters any amended terms of cover and any additional premium which may be required by the Underwriters
- (b) In the event of any breach of any of the provisions of Clause 1, the Underwriters shall not be liable for any loss, damage, liability or expense arising out of or resulting from an accident or occurrence otherwise covered under this insurance during the period of breach, unless notice of such breach is given to the Underwriters as soon as practicable and any amended terms of cover and any additional premium required by them are agreed.
- (c) The absence of prior notice shall not affect the cover under this insurance but it is a condition of this insurance that the Insured is bound to declare to the Underwriters all breaches of the provisions of Clause 1.
- (d) If Clause 2(c) is deleted, continuation of coverage under this insurance is conditional upon notice to the Underwriters being given prior to the vessel or craft entering the listed areas.

# Importance of reading the policy. Example war risk. The wording of policies recommended by Lloyd's.

## 2. BREACH OF NAVIGATION PROVISIONS

(a) If the Insured wishes to secure continuation of coverage under this insurance for a voyage which would otherwise breach Clause 1 [requiring the vessel to stay out of listed areas], it shall give notice to Underwriters and shall only undertake such voyage if it agrees with the Underwriters any amended terms of cover and any additional premium which may be required by the Underwriters

(b) In the event of any breach of any of the provisions of Clause 1, the Underwriters shall not be liable for any loss, damage, liability or expense arising out of or resulting from an accident or occurrence otherwise covered under this insurance during the period of breach, unless notice of such breach is given to the Underwriters as soon as practicable and any amended terms of cover and any additional premium required by them are agreed.

(c) The absence of prior notice shall not affect the cover under this insurance but it is a condition of this insurance that the Insured is bound to declare to the Underwriters all breaches of the provisions of Clause 1.

(d) If Clause 2(c) is deleted, continuation of coverage under this insurance is conditional upon notice to the Underwriters being given prior to the vessel or craft entering the listed areas.

# The Language of clauses 2(c) and 2(d) close-up.

(c) The absence of prior notice shall not affect the cover under this insurance but it is a condition of this insurance that the Insured is bound to declare to the Underwriters all breaches of the provisions of Clause 1 [requiring the vessel to stay out of listed areas].

(d) If Clause 2(c) is deleted, continuation of coverage under this insurance is conditional upon notice to the Underwriters being given prior to the vessel or craft entering the listed areas.

# The Listed Areas

Lloyd's Market Association, [lmalloyds.com](http://lmalloyds.com) ☐ "Underwriting" ☐  
"Marine" ☐ "Joint War Committee"

Mitsui maps:

<https://www.msins.com/business/hull/war/pdf/listedAreaMap.pdf>

Warning from Mitsui:

Please read carefully "Navigation Limitations for Hull War, Strikes, Terrorism and Related Perils" to check "THE LISTEDAREAS" with proper nautical/Admiralty charts.

This map shown herein is only for your information and you should not rely upon this map for geographical accuracy



# Mitsui Charts Page 1

[MAP (1)]

Please read carefully "Navigation Limitations for Hull War, Strikes, Terrorism and Related Perils" to check "THE LISTED AREAS" with proper nautical/Admiralty charts.  
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# Mitsui Charts Page 2

[MAP (2)]

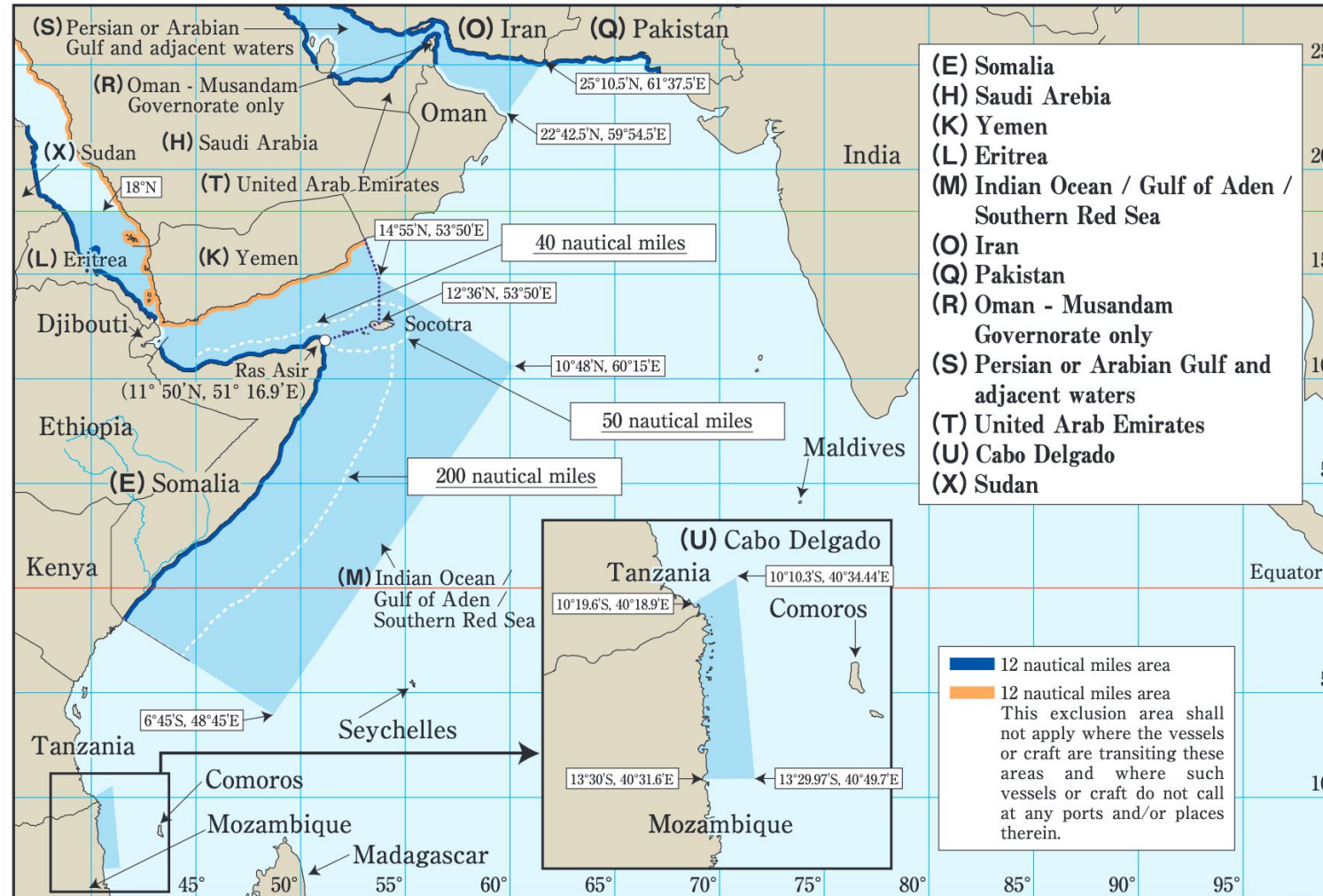
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# Mitsui Charts: Page 3

[MAP (3)]

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# Mitsui Charts: Page 4

[MAP (4)]

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# Mitsui Charts: Page 5

[MAP (5)]

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# Mitsui Charts: Page 6



# Mitsui Chart: Page 7

[MAP (7)]

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# Lessons the MV Dali: Check the Wiring

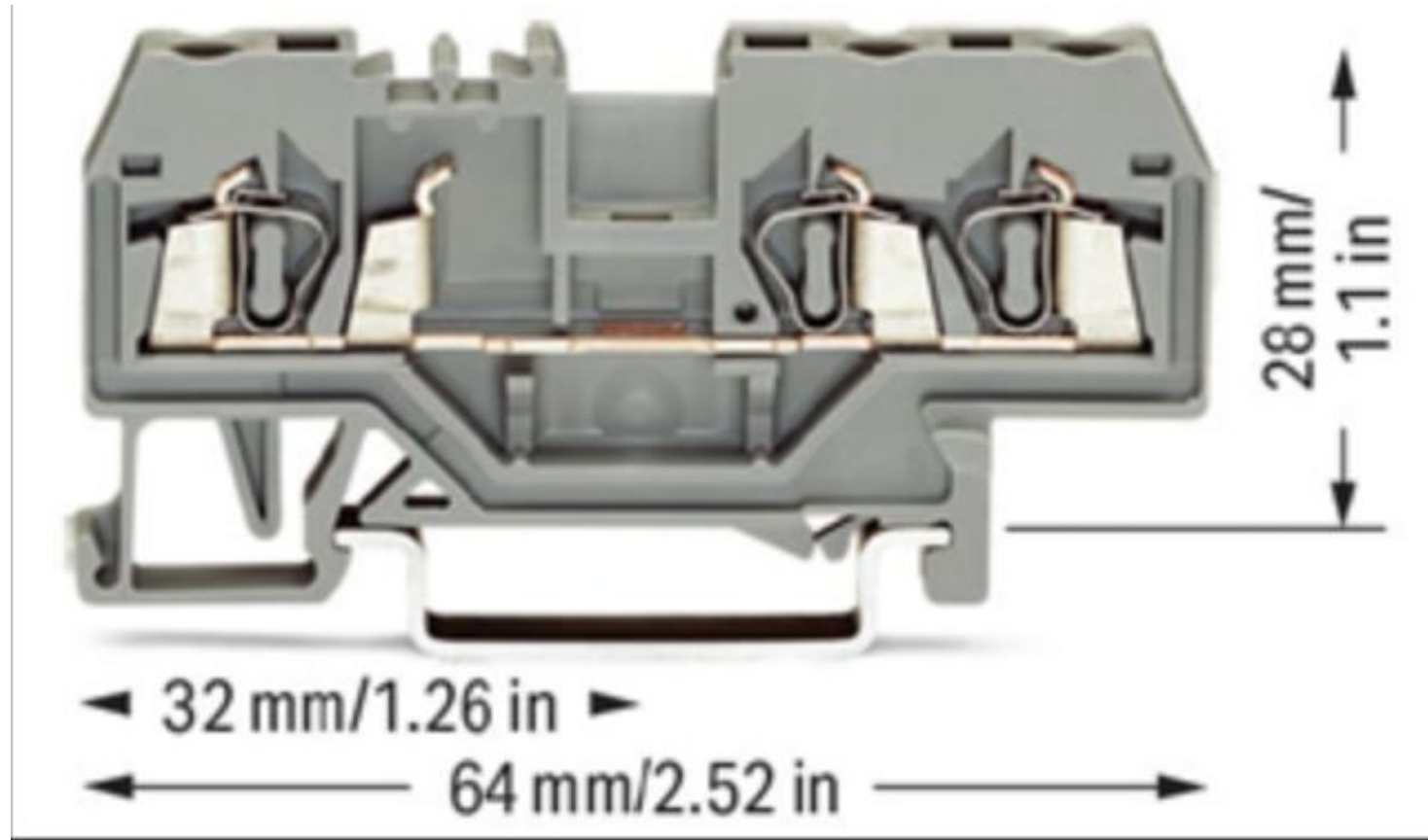


The bow of the MV Dali and the Remains of the Francis Scott Key Bridge

# NTSB on the Allision: The Wiring.

During the accident voyage, electrical breakers HR1 and LR1 unexpectedly opened when the vessel was three ship lengths from the Key Bridge, causing the first blackout (loss of electrical power) to all shipboard lighting and most equipment. While examining and testing the vessel's electrical power distribution system and control circuitry, NTSB investigators (in coordination with vessel crew and parties to the investigation) noted an interruption in the control circuit for HR1's undervoltage release.

# The Part at Issue



"Exemplar terminal block identical to model removed from ship. (Source: WAGO)"