

July 1976

TO ALL MEMBERS

The Britannia Steam Ship
Insurance Association Limited

Supply Vessels and Ancillary Craft Engaged in Connection with Off-shore Industry

The increase in offshore exploration, drilling and production of minerals worldwide has brought with it an abundance of differing contracts relating to the use of supply vessels, and other ancillary craft employed on such operations.

We, the undersigned Clubs, feel that it might be useful to clarify to owners and charterers of supply vessels the extent to which Protection and Indemnity cover can be afforded for liabilities arising under contracts commonly in use and, with this aim, we set out the following guidelines:

- 1 The Clubs will only cover owners for statutory or common law liabilities or for contractual liabilities which are assumed under a Charter Party which distributes liability between the owner and charterer as follows:

The owner to be responsible for loss of or damage to his vessel or death or injury to his crew irrespective of whether there is any fault or neglect on the part of the charterer and/or his servants and the charterer to be similarly responsible for death or injury of his personnel and loss of or damage to his equipment.

- 2 Charterers (and others) who are additional assureds and who are named as additional assureds in the owner's Club cover will only be covered insofar as they may be found liable to pay in the first instance for liabilities which are properly the responsibility of the owner (including liabilities assumed by the owner) under a Charter Party agreed by the Club. The Clubs' limitation of liability rules will apply.
- 3 Charterers may apply to the Clubs in the normal way for charterers' liability cover at terms and rates to be agreed individually. The Clubs' standard limits for charterers will apply.
- 4 Cover can be provided in respect of carriage of cargo only on the assumption that the Hague Rules (or similar terms and conditions) apply to such carriage.
- 5 Indemnities should not be given by owners to charterers unless owners' right to limit liability is preserved. We recommend that a clause along the following lines is used:

'Nothing contained in this Agreement shall be construed or held to deprive the owner of any right to claim limitation of liability provided by any applicable law, statute or convention.'

Owners of vessels being chartered for any activity in connection with the offshore industry are strongly recommended to contact their Club if they have any doubts about the extent of their cover for any contractual obligations which they may have towards charterers.

Issued by the Clubs comprising the International Group.