Chartering: Rights, duties and liabilities

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PRODUCTS

- **Hull & machinery**
  - Premiums 33.1 million €
  - 3,484 insured vessels

- **P & I**
  - Premiums 2.95 million €
  - 2,250 insured vessels

- **Ports & terminals**
  - Premiums 0.2 million €
  - 10 insured risks

- **Cargo**
  - Premiums 2.65 million €
  - 593 insured contracts

- **Statutory accident insurance**
  - Premiums 2.4 million €
  - 4,700 insured seafarers
INSURANCE FOR SHIPS, BOATS AND SEAMEN

1938 Hull & machinery
1948 Yacht insurance
1952 Cargo insurance
1957 Smaller marine risks (small hull & machinery and leisure boats)
1953 Statutory accident insurance
1981 Representing the Strike Club
1985 Swedish small hull & machinery business
1986 Underwriting so-called SMA business (first Norwegian hull & machinery business)
1988 Agreement with SXK Mediterranean section
1989 International business ceases in order to focus resources on Norway/Denmark.
1988 Launches P&I solution for smaller tonnage
1995 Office i Stockholm
1996 Office i Gothenburg
1997 Baltic business
1998 Launches P&I solution for smaller tonnage
1999 Launches P&I solution for smaller tonnage
2000 Offices in Helsinki and Gothenburg
2001 Offices in Helsinki and Gothenburg
2003 Norwegian hull & machinery business
2009 Demutulisation of RÖF
2015 Demutulisation of RÖF
Alandia P&I – in short

- Representation of P&I Club since 1955
- Alandia P&I since 1999 (fixed premium)
- P&I Insurance for vessels up to 10 000 GT
- Limits up to 500 MEUR
- Stand alone
- Owner’s and Charterer’s P&I-Cover equivalent to IG Clubs
- Abt 2250 vessels insured
- Active loss-prevention function
Alandia P&I – in figures

**VESSELS PER VESSEL TYPE**

- Passenger: 33%
- Work crafts: 6%
- Fishing vessel: 6%
- Dry cargo: 12%
- Tug: 7%
- Tanker: 6%
- Other: 0%

**VESSELS PER MARKET**

- Sweden: 40%
- Finland: 24%
- Baltic states: 29%
- Norway: 5%
- Other: 2%
Alandia P&I – in figures

PREMIUM PER MARKET

- Sweden: 10%
- Finland: 6%
- Baltic states: 30%
- Norway: 30%
- Other: 24%

PREMIUM PER VESSEL TYPE

- Passenger: 1%
- Work crafts: 12%
- Fishing vessel: 10%
- Dry cargo: 44%
- Tug: 8%
- Tanker: 6%
- Other: 19%
KEY FACTS FOR ALANDIA INSURANCE

- Finland’s most solvent insurance group
- Market areas: The Nordic countries and the Baltic states
- Balance sheet total: 583 million €
- Number of offices: 4
- Number of employees: 125
KEY FACTS FOR ALANDIA INSURANCE

- Number of insured vessels: 3,584
- Largest single risk: 200 million €
- Number of insured boats: 22,000
- Number of personal policies: 33,245

Standards & Poor’s have awarded Alandia Insurance Company the credit rating A- based on an interactive rating process.
Charterer’s liability

- Main contracts
  - Charterparty
  - Bill of Lading

- Types of Charterparties
  - Timecharter
  - Voyagecharter
  - Bareboatcharter
Bill of Lading

• A legal transport document issued by a carrier to a shipper

• Functions of the b/l
  • Receipt for the goods loaded
  • Document of title of goods
  • Evidence of contract of carriage

• Types of b/l
  • Straight b/l
  • Negotiable or to order
Carrier

- Liability in tort
  - Damage or loss has been caused by negligence

- Contractual liability
  - Directly between carrier and cargo claimant
  - Carrier will seek indemnity from other contractual party
Carrier

- Who is the carrier?

  “Carrier includes the owner or the charterer who enters into contract of carriage with a shipper.”

  “Contract of carriage applies only to contracts of carriage covered by a bill of lading or any similar document of title, in so far as such document relates to the carriage of goods by sea, including any bill of lading or any similar document as aforesaid issued under or pursuant to a charter party from the moment at which such bill of lading or similar document of title regulates the relations between a carrier and a holder of the same”
Carrier

• Cargo claims relate to:
  • Damage to cargo
  • Delivery to wrong recipient
  • Loss of part/all of the cargo
  • Extra costs due to discharging/storing damaged cargo
  • Costs for disposal of damaged cargo
  • Misdescription of cargo
Shipowners´ main obligations under charter

- Owners´ warrant that the description of the vessel is in accordance with c/p
  - Intermediate terms and conditions of contract
  - Substitute vessel

- Delivery of ship to charterer at a agreed date and place
  - Date and place
  - Proper condition, fit and ready for charter service
Shipowners’ main obligations under charter

- Owners’ guarantee that the vessel is seaworthy

  - “The ship must have that degree of fitness which ordinary careful owner would require his vessel to have at the commencement of her voyage having regard to all the probable circumstances of it.”
    

  - “there are two aspects of seaworthiness. The first requires that the ship, her crew and her equipment shall be in all respects sound and able to encounter and withstand the ordinary perils of the sea during the contemplated voyage. The second requires that the ship shall be suitable to carry the contract cargo.”
    
    *The Aquacharm [1982] 1 Lloyd’s Rep. 7*
Shipowners’ main obligations under charter

• Seaworthiness – particular features of the ship
  • Certificates, documents – “Legal fitness”
  • Crew
  • Cargo spaces
  • Cargo gear, hatches
  • Bunkers
Shipowners’ main obligations under charter

- Owners’ undertake to comply with the charterers’ orders as to the vessels employment
  - Master to prosecute voyages with the utmost despatch/due despatch
  - Master obliged to follow the charterers orders, except when orders put ship, crew or cargo in danger.
  - Employment - Navigation
Shipowners’ main obligations under charter

- Owner’s undertake to co-operate with charterers in loading and unloading cargoes

- “...Charterers shall perform all cargo handling, including but not limited to loading, stowing, trimming, lashing, securing, dunnaging, unlashing, discharging, and tallying, at their risk and expense, under the supervision of the Master.”
  
  NYPE 93, Clause 8 (a)

- “The Charterers shall... Arrange and pay for loading, trimming, stowing... , unloading, weighing, tallying.... of cargoes.....”
  
  BALTIME 1939, Clause 4
Shipowners’ main obligations under charter

- Owners undertake that they will enter into contracts with third parties for carriage of cargoes loaded on ship
  - Issuance of the b/l?

- Owners undertake to keep the ship properly manned and to provide her with necessary supplies (excluding bunkers when t/c) and meet the running expenses during the charter period
  - Insurance
  - Wages
  - Stores
  - Maintain vessels class and keep her in efficient state
Charterers’ main obligations under charter

- Charterer has to pay hire from the time that the ship is delivered until she is redelivered
  - Payment in advance
  - Right to make deductions from hire
  - Owners’ right to withdraw

- Charterer promise to trade the vessel within certain limits and loading certain cargo
Charterers’ main obligations under charter

- Charterer will supply the vessel with bunkers and pay certain costs
  - Quality and quantity of fuel
  - Port charges
  - Pilotage

- Charterers will co-operate with the owners in loading and unloading cargoes

- Charterer will finish using the vessel, and redeliver her, at the end of charter period
Duties on both parties

• Both parties have to co-operate in the performance of the contract

• Co-operation to settle the charter account
Alandia Försäkring was founded in 1938 by successful shipowners from Åland whose large fleets and courageous seamen sailed the seas of the world.

EXPERIENCE IS WORTH ITS WEIGHT IN GOLD

We have been in this market for 80 years. We are down to earth people with both feet firmly on the ground. We are a safe harbour in a storm.