

▶ **SPECIALIST OFFSHORE PACKAGE 2018/19
ENHANCED**

The protection we provide

This package of cover insures *you* against liability claims which may be made against *you* as a result of owning or operating a vessel engaged in the offshore industry. It provides cover additional to *our* Club Rules and incorporates all of the terms and conditions of those Rules, unless they cease to apply because *we* have given you this additional cover.

Any limitations, amendments or endorsements which form part of your Certificate of Insurance also apply to this additional cover.

Additional cover

We agree to extend the cover *we* provide to *you* to include liabilities, costs and expenses arising from any of the following:

1.0 Liability arising under indemnities and contracts

You are covered for contractual indemnities and other contractual liabilities *you* agree to when *you* charter or hire *your* vessel to others and claims are made against *you* due to any of the following:

1. Loss of life, personal injury or illness.
2. Loss or damage to cargo or property, including. property in your care, custody or control.
3. Pollution.
4. Waiver of right to limit liability.

5. Removal of wreck [or debris arising from a Casualty.](#)

Explanation

This section of cover is widened to recognise that Members are often contractually required to remove debris following a casualty.

You have the additional benefit of the following:

Naming [of Co-assureds](#) ~~and waiving~~

~~The naming of contractors, sub-contractors and clients of any tier as other parties as contractual~~ [If we agree to name a Co-assureds, as envisaged by in accordance with Rule 41 2 \(c\) then that Co-Assured shall](#)

be entitled only to recover for liabilities costs and expenses which are your responsibility and would, if borne by you, be recoverable by you from us. If you have a contract, then your responsibility is your responsibility under the terms of the contract. ~~The Association waives its rights of subrogation against the named parties for those liabilities which you have agreed to be responsible for under the contract. Unless you and the contractual Co-assured are named on or entitled to the benefit of a separate insurance policy, this shall be the primary policy.~~

Explanation

Rule 41 now sets out each of the various categories of Co-assureds together with a full description of the cover provided in each case. Contractual Co-assureds are catered for at Rule 41 2 (c).

2.0 Seafarers' Additional Cover

Seafarers and other persons

You are insured for *your* liability to seafarers, or other persons for whom *you* have a responsibility, where they are working on vessels which *you* do not own, providing such work is of a temporary nature. *We* will also cover liability claims made against *you* as a result of their presence aboard these vessels, providing *we* have been notified in advance and *we* have seen and approved any related contracts or indemnities.

Seafarers' Detention Response

In the event that a seafarer is detained by the authorities whilst in service to the entered vessel, *we* will arrange for *our* nearest correspondent or legal representative to urgently investigate the situation and provide the best report possible on the reasons for the detention, any related liabilities *you* may have under local law and give initial advice on the possibility of securing their release. This service is available worldwide, 24 hours a day and 7 days a week and is provided regardless of the reported grounds for detention.

3.0 Specialist operations and incidental salvage

You are insured for claims arising from ~~activities described as~~ specialist operations ~~and~~ which would otherwise be excluded by Club Rules, Rule 28.3 A. Insured activities include amongst other things: dredging, blasting, pile driving, well-intervention, cable or pipe laying, construction, installation and maintenance work, core sampling, depositing of spoil, and fire-fighting; ~~or pile driving, oil spill training or response.~~ This includes claims made by the party who engaged *you* to do the work as well as any other person. *You* are also insured for liabilities, costs and expenses arising from salvage operations *you* undertake as part of contractually agreed services or scope of works ~~under an offshore contract~~, when these activities are considered to be incidental to the main scope of works described in the contract.

~~This Enhanced Specialist Offshore Package also insures cable or pipe laying, dredging and well stimulation.~~

Explanation

Surplus wording from the first two lines of this section is removed.

For clarity, all specialist activities listed as excluded in Rule 28 are now set out here.

Oil Spill response is no longer considered a Specialist Operation and hence can be removed.

Cover for salvage operations is clarified as extending to 'contractually agreed' services when those activities are incidental to the main scope of works.

Claims under this Section 3, arising in respect of the following, are excluded:

3.1 Loss of or damage to or the removal of any *contract works* or any pollution arising therefrom.

3.2 Your failure to perform specialist operations.

3.3 The fitness for purpose and quality of *your work*, products or services.

Explanation

The exclusions set out at 3.1 to 3.3 previously appeared in the 'What is not Covered' section. They have now been moved so as to make plain that they apply only in so far as claims arise from specialist operations.

Exclusion 3.1 now extends beyond *loss or damage* to contract works; removal of any contract works and any pollution therefrom are also excluded.

4.0 ~~Remotely operated vehicle (ROV)~~ Unmanned Underwater Vehicles (UAVs) including Remotely Operated Vehicles (ROVs)

~~You are insured for liabilities and related costs and expenses when you operate a remotely operated vehicle from your own entered vessel or a vessel belonging to another which you have chartered in. The operation, direction and control of the ROV must remain with you at all times and the person operating the ROV must be adequately trained for such operations, which would otherwise be excluded by Club Rules, Rule 28(6).~~

~~You are also covered for your liabilities when ROVs belonging to others are operated from your vessel.~~

Any loss of, damage to, and cost of raising or removing of an UAV itself (or any part of it or any equipment on it), is excluded unless caused by a *Casualty*.

Explanation

This section is broadened to encompass not only ROVs but all unmanned underwater vehicles. Cover is now also expressly restricted with respect to raising or removal of UAVs (in addition to the exclusion for loss or damage to them) unless caused by a *Casualty*.

5.0 War risks

In respect of the risks contained in this additional cover, *you* are insured for liabilities, costs and expenses arising out of war risks which would otherwise be excluded by Club Rules, Rule 25.

~~If you have no other war risks policy, then Claims are payable in excess of the deductible shown on your Certificate of Insurance for these additional covers.~~ your deductible for war risks P&I claims under this section is the deductible shown on your Certificate of Insurance.

If you have purchased a war risks P&I policy from another insurer, your deductible shall be the amount you can recover under your war risks P&I policy with another insurer.

There is no cover for war risks liabilities arising directly or indirectly from any of the following: chemical, biological, bio-chemical or electromagnetic weapon;

the use or operation, as a means of inflicting harm, of any computer virus except that this exclusion shall not operate to exclude losses (which would otherwise be covered under the terms of this cover) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile; or

~~We do not insure claims arising from incidents within any of the areas listed under the current Hull War, Strikes, Terrorism and Related Perils Listed Areas.~~

requisition for title or use.

We may cancel the War Risks Cover by giving 7 days' notice of cancellation at any time.

War risks cover will terminate automatically should war break out between any of the following countries: The United Kingdom, the United States of America, France, the Russian Federation and the People's Republic of China. No claims are payable arising out of such outbreak of war.

~~You can obtain a copy of the Listed Areas from our website under www.shipownersclub.com/brokers or from any of our offices.~~

Explanation

This amendment recognises that Members may have alternative primary war risks cover. It further sets out the standard war risks exclusions which are in line with the Club's purchased reinsurance arrangements.

56.0 Extended towage

You are covered for liabilities, costs and expenses arising out of towage by your insured vessel of another vessel or object and loss of, damage to and wreck removal of ~~wreck~~ the tow and any object or cargo or property on it, arising out of towing when the towage takes place under a written contract which is not ~~an approved Approved Contract~~ under Club Rules, Rule 2 section 10C ii and D.

Explanation

This amendment clarifies that liabilities arising out of towage BY an insured vessel are covered on the terms set out more fully in this section of the cover.

Special Condition regarding offshore drilling rigs

You are also insured for liabilities, costs and expenses arising out of towage by your insured vessel of an ~~when towing an~~ offshore drilling rig, oil platform or other offshore structure, including loss of, damage to and wreck removal of the offshore drilling rig, oil platform of other offshore structure and any object or cargo or property on it, providing you are towing within it is being moved within an *oil field* and the time and duration of the tow does not exceed 48 hours from inception or 200 nautical miles in distance whichever occurs first.

Explanation

This amendment clarifies that cover extends to loss, damage and wreck removal of the offshore structure being towed.

7.0 Diving risks cover

You are insured for liabilities, costs and expenses arising from the activities of professional or commercial divers, when you are responsible for their activities. As such you are covered for liability claims made against you as an employer of professional or commercial divers or other divers for whom you have a responsibility, as a result of incidents occurring whilst diving is taking place from your vessel or a non-entered vessel.

What is not covered

~~Your cover is~~ [This package of cover is](#) subject to certain exclusions. We do not pay claims for or arising from the following:

Explanation

This change makes plain that the exclusions listed below are pertinent only to this package of cover. This package is additional to the cover provided in the Club Rules; these exclusions do not impact upon your Club Rules Cover which is subject to the terms and conditions contained within those Rules.

1. Those which can be recovered under Club Rules. ~~However, you remain insured for claims arising under Club Rules. This exclusion simply determines which policy would respond in the event of a loss.~~

Explanation

Surplus text is removed.

- ~~2. Loss of or damage to or the removal of any contract works.~~
- ~~3. Your failure to perform specialist operations.~~
- ~~4. The fitness for purpose and quality of your work, products or services.~~

Explanation

See the explanation for the exclusions set out at 3.1 to 3.3.

- ~~5.2.~~ Waste incineration or waste disposal operations.

- ~~6. Loss of or damage to an ROV which you own or for which you have a responsibility under contract.~~

Explanation

This is deleted as cover for UAVs (including ROVs) together with exclusions, is set out fully at Section 4 above.

~~7. Fines or penalties levied due to a breach of anti-bribery laws.~~

Explanation

Cover for Fines, in limited circumstances, is provided in the Club Rules. Hence this exclusion is removed, as it is considered unnecessary.

~~7.3.~~ Liability for death or bodily injury of a commercial diver who is under a contract of employment with you, [which arises from diving activities.](#)

Explanation

These additional words clarify that the exclusion is triggered only when the incident arises from diving activities. Divers that are injured or die whilst on board the insured vessel will ordinarily fall within Club Rules cover.

~~4.9.~~ Loss of or damage to diving equipment, ~~such as diving bells,~~ which you own or for which you have a responsibility under contract, or any liability from their use.

Explanation

Surplus text is removed.

~~105.~~ Liability arising from loss or damage to a vessel you are towing intended for scrap or break-up, [or any vessel that is owned or demise chartered by you, or by one of your affiliated companies.](#)

Explanation

It is expected that Members will take out property insurance to guard against risks in respect of owned or demised chartered property insurance under tow.

~~116.~~ Liabilities and expenses that arise out of or during drilling or production operations as described under Club Rules, Rule 28.2.

~~127.~~ [Liabilities arising where subsea operations are sub-contracted by you to another party, unless the terms of that subcontract are approved by Managers in advance in writing or are on identical terms to those upon which you are yourself contracted.](#)

Explanation

This new exclusion guards against the added risk posed when works are subcontracted by Members, yet potentially onerous liabilities relating to those works are not passed down the contractual chain to subcontractors.

Definitions

Please note that the use of italic text in this policy indicates that for the purposes of this additional cover the word or phrase has a defined meaning, which is shown below.

Casualty for the purpose of this Specialist Offshore Package means a fortuitous incident caused by collision, stranding, explosion, fire or similar cause, but excludes any wreck caused by dereliction or neglect.

Explanation

This definition, introduced for the first time, ties in with the amended element of section 1 above, in respect of contractual removal of wreck and debris. It also ties in with the new exclusion to cover in respect of UAVs as set out at Section 4 above.

Contract works means the material, plant or equipment which *you* are contracted to construct or work upon. It does **not** include property belonging to others which may be adjacent or connected to the *contract works*.

~~**Contractual Co-assured** means a named person or entity who we will indemnify for their own losses and for payments they make to third parties for liabilities incurred but always only when you have agreed to be responsible for such liabilities or losses under the terms of an offshore contract. The liabilities or losses agreed to must be recoverable under your policy with us and cannot exceed what you would be entitled to recover had the claim been brought directly against you~~ cover in accordance with Club Rule 41 2 (c) and the terms and conditions of your certificate of insurance.

~~**Contractual indemnities** means agreements under which you accept liability towards another party regardless of whether you would be liable at law, for any of the circumstances included under Section 1 'Liability arising under indemnities and contracts', 1 to 5 inclusive.~~

~~**Offshore contract** means a contract under which your vessel has been engaged for the supply of services to the offshore oil and gas industry. **We must have approved the contract in advance.**~~

Offshore drilling rig means a mobile offshore unit that is not intended to be placed permanently or long term on an *oil field*, but is designed to be moved from location to location whether or not it has a means of

propulsion or of lowering legs to the seafloor. Examples include self-elevating drilling units, such as jack ups and surface type drilling units such as drill ships. It does **not** include floating units intended for production such as FPSOs (Floating Production, Storage and Offloading installations).

~~When we refer to an offshore drilling rig, our definition and cover also extends to cover any cargo or other property on board it.~~

Oil field means an area with an industry recognised name in which oil exploration is taking place and to which you are engaged to provide marine services.

~~**Tow** means the towed vessel or any cargo or property on it.~~

We or **our** or **us** means The Shipowners' Mutual Protection and Indemnity Association (Luxembourg), the insurer.

You or **your** means the persons named as the Assured in the Certificate of Insurance. ~~If more than one person is named as the Assured in the Certificate of Insurance, we will treat an act, omission, statement or a claim by any one of those persons as an act, omission, statement or a claim by all of them.~~

Explanation

Various definitions are deleted as it is considered that they are sufficiently captured by the text of this Specialist Offshore Package and/or the Club Rules.

Words in the singular shall include the plural and vice versa.

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