

Covid-19 and P&I Cover – What is in and what is out of the P&I scope?

“Does Covid-19 cases bring me out of the scope of my P&I cover? What do I need to do when a crew has fallen ill with Covid-19? Am I covered for loss of hire and what if I need to deviate? What is quarantine in terms of P&I cover?”

These are some of the many questions Shipowners, Charterers and other Shipping Industry players are asking themselves in these times of uncertainty and global crisis.

The aim of this circular is providing guidance on what a Shipowner and a Charterers can expect from EF Marine’s insurance cover.

1/ ARE COVID-19 CASES TREATED DIFFERENTLY THAN ANY OTHER ILLNESS CASES?

The answer is simple: no, they are not.

Covid-19 infections are covered the same way as any other illness. The fact that it is a pandemic causes logistical and practical issues but does not in itself affects the P&I cover.

If you have taken out insurance inclusive of crew and / or passenger illness, then it will be covered as per the terms and condition of that cover.

2/ AS A SHIPOWNER, WHAT AM I COVERED FOR IN CASE OF CREW ILLNESS?

Section 4 of the Shipowners policy provides a comprehensive list of what is covered and what is not. Typically, medical costs, repatriation and sick wages are covered.

A copy of our terms and condition can be found on our website under Product / Shipowners’ P&I or can be provided on demand.

You should also check your Certificate of Insurance where additional terms and conditions might have been agreed (in respect of a specific crew employment contract, what deductible will apply and if there are exclusions on the crew nationality).

3/ WHAT IF THE CREW MEMBER CONTRACTS COVID-19 WHEN EN ROUTE TO THE VESSEL OR FROM THE VESSEL TO HIS HOME COUNTRY?

Provided that the travelling is part of the employment contract and the crew member contracts the illness during that time then the cover will respond.

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4/ MY CREW MEMBER CANNOT GET HOME DUE TO COVID-19 RESTRICTIONS AND MUST STAY ON THE VESSEL FOR A LONGER PERIOD. WHAT DO I NEED TO DO AND WHAT IS COVERED?

Even if the crew contract has expired, as long as the crew members remains on board the P&I cover will respond in the usual manner.

The costs (payment of wages / costs of maintenance of the crew) during this prolonged stay on board will not be covered by the P&I insurance. Should a crew member however become ill or injured then the P&I cover will respond as normal.

In case the situation leads to having an excessive number of persons on board (above the maximum allowed), you should immediately notify us of the situation. This otherwise might bring you out of cover.

5/ ONE OF MY CREW MEMBERS IS STUCK IN TRANSIT ON HIS WAY HOME. WHAT CAN I CLAIM FROM MY P&I?

If the crew member was being repatriated to his country of origin on an operational matter (end of employment contract for example) then the extra expenses for maintaining the crew member during his prolonged transit time will not fall under the P&I cover.

The P&I cover responds only in case of repatriation due to an illness or other listed events in the terms and condition of the insurance wording such as a casualty.

For example, a crew member has suffered an injury on board a vessel and needs to be repatriated home due to the injury. Injury medical care and repatriation due to an injury is covered under the Shipowners P&I insurance. If because of Covid-19 restrictions he needs to stay longer in the country where he was disembarked before proceeding home (due to no flights availability, extra quarantine measures on shore, etc...), these extra expenses will be covered under the P&I insurance cover as they are part of the expenses made to repatriate the injured crew.

6/ HOW DOES IT WORK WITH MY DEDUCTIBLE WHEN THERE IS MORE THAN ONE CREW MEMBER ILL WITH COVID- 19?

It will depend on how the deductible was agreed.

Per incident means one deductible even if more than one crew is ill if they got ill at the same time (same port, same disease).

Per crew member means one deductible per sick crew even if all are ill at the same time.

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7/ Quarantine – definition as per the Shipowners’ P&I cover

The Shipowners’ P&I policy provides for cover of expenses in case of a quarantine situation on board of the insured vessel. For this cover to be activated the following conditions must be in place:

- the crew is already ill or becomes ill
- it takes place on board the vessel

Therefore, preventive quarantine when no crew is ill will not be covered under this clause.

8/ QUARANTINE EXPENSES INCURRED BY A SHIPOWNER: IS MY LOSS OF HIRE OR OTHER EARNING ALSO INCLUDED?

The P&I will cover liability to pay damages or compensation and/or additional expenses incurred by the Assured as a direct consequence of an outbreak of a contagious or infectious disease on the Insured Vessel during her Operation including:

- quarantine and disinfection expenses
- the net loss to the Assured in respect of bunkers, insurance, wages, stores, provisions and port charges

It does not include loss of hire or other commercial losses. Loss of hire is not a liability incurred by the Shipowner and therefore will only be covered under a P&I insurance when it is specifically and explicitly mentioned.

9/ QUARANTINE – DEFINITION AS PER THE CHARTERERS LIABILITY COVER

As a Charterer you might not be too concerned by crew illness expenses but might still suffer delay and loss of income due to any quarantine of the vessel, depending on the contractual terms.

The Charterers Liability cover provides for some compensation due to quarantine of a vessel. It is restricted to liability for extra costs reasonably, necessarily and solely incurred to comply with unavoidable quarantine and disinfection requirements resulting from the outbreak of a contagious or infectious disease on board of the Insured Vessel.

These costs should be unexpected. This means that in case it was already known that extra quarantine costs were to be incurred at the time of sending the vessel to a specific port then the Charterers Liability cover does not respond. Also, the Charterers need to be responsible under the applicable contracts for such costs.

It does not include loss of earnings such as hire payment or demurrage.

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10/ Am I covered in case a cargo is damaged due to a Covid-19 related delay?

There is no specific exclusion in the policy for cargo damages resulting from epidemics / pandemics and therefore cargo claims resulting from delays caused by the Covid-19 prevention restrictions will be covered as per the usual cargo liability cover of the Shipowners' P&I and Charterers liability policies.

Specific exclusions such as loss of market will remain in force as in every other cargo claim.

11/ What is my liability as a carrier under the B/L for cargo claim related to Covid-19 restrictions?

The extend of a carrier under the B/L's liability towards the third-party claimant will depend on what has been agreed in the contracts / C/P. Some contracts have a force majeure or general exemption clause encompassing the epidemics scenario.

The Hague Visby Rules (HVR) governing most of the B/L claims, have a specific exemption of liability of the carrier in case of quarantine restrictions (see art IV-2-h).

12/ Deviation and P&I cover, what is covered?

The P&I insurance covers for:

- deviation to disembark a crew member who is ill
- under certain circumstances, deviation to an alternative port of discharge in case the cargo is damaged and cannot be discharged at her initial port

Deviation is often considered as a breach of the contract of carriage and is only allowed under very specific circumstances. To avoid putting yourself in breach of either the contract of carriage or your insurance cover, you must notify EF Marine of the intention to deviate before deviating and the deviation should be allowed under the applicable contracts (B/L, C/P).

As a general rule and condition, Sue and Labour expenses must be agreed before these are made.

13/ I cannot get my class certificates renewed due to Covid-19 preventive measures. What do I need to do to remain covered?

If you encounter any delay in keeping your vessel's class certificate up to date and valid or cannot have a P&I condition survey performed due to Covid-19 restrictions, you must immediately notify us of the difficulties. A case by case approach will be applied to such situation after assessment of the specific situation.

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14/ Lay-up and P&I insurance: condition survey and premium return?

When the vessel is unfortunately in lay-up due to the poor market caused by the pandemic, you need to notify us of the situation so as to guarantee continuity of the P&I cover.

Depending on how long the lay-up will last, a condition survey might need to be performed prior to the vessel being put back in operations.

Premium refund due to lay-up of the vessel will be considered on a case by case basis, always depending on what has been agreed under the terms and condition of the specific certificate of insurance.

15/ One of the skeleton crew left on board during vessel's lay-up gets ill with Covid-19. Is this covered?

Yes, it is in the same way than any crew illness, provided always that the vessel remains covered as per 14 above.

Necessary steps to protect the crew remaining on board the vessel during the lay-up from Covid-19 infections should be taken by the Shipowners. Please refer to our circular on Covid-19 – Take Responsibility for further guidance or contact us / your insurance broker for assistance.

QUESTIONS?

Should you have any questions following this information, please do not hesitate to contact us.

ABOUT EF MARINE

EF Marine provides Fixed Premium P&I solutions to Shipowners, Charterers and MultiModal operators.

EF Marine has a global client base and offices in Singapore and Rotterdam. EF Marine provides 'AA-' rated security from Swiss Re Corporate Solutions with limits up to USD 500m. Through our partnership with Swiss Re Corporate Solutions we provide our clients with first class security combined with EF Marine's extensive knowledge of the P&I market.

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