



Standard Club

Part of NorthStandard

Strike & Delay Insurance

Are you covered for:

Hurricanes, cyclones & typhoons?

We specialise in helping ship operators to protect their revenue and control costs.

Whether you're an owner or charterer, your ship is at risk of unexpected delays.

The Strike & Delay cover we offer provides protection from costs caused by 29 different delay risks.

Are you covered?



Hurricanes and cyclones are key risks associated with ship operations in many parts of the world. The impact of these events is wide ranging, from the rerouting of ships in the face of weather events to delays at ports in the aftermath as key infrastructure is repaired. The delay caused by these events and the impact on revenue can be considerable, whether for an owner or a charterer. This is compounded by the increasing frequency and ferocity of these events with a 46% increase in weather disasters since 2000. The Standard Club's Strike & Delay class can cover these risks, tailored specifically to an individual operator's exposure. Below we look at a recent event (Cyclone Amphan in India) to demonstrate the impact of these events as well as some examples of how our marine delay insurance (MDI) provides balance sheet protection when they do occur.

Case study – Cyclone Amphan

- Category 5 super cyclonic storm making landfall on the 20th May 2020.
- Major ports on the West Bengal coastline were forced to cease operations in the interests of safety in advance.
- Rail and sorting yards affected by flooding, as well as mines inland; significant backlog in the weeks afterwards.
- USD 13.6 billion in economic losses, primarily from damage to infrastructure.
- Storm estimated to effect 70% of West Bengals inhabitants and recovery was hindered by COVID-19 distancing protocols.

Scenarios

- Closure of a port by a lawful authority
- Damage to inland facilities and supply chain infrastructure
- Damage to port infrastructure
- Consequential delay caused by a covered risk



Scenarios

To help understand the range of situations in which Strike & Delay cover could help ship operators protect their revenue and control costs, these are examples of claims scenarios arising out of named storms.

Damage to inland facilities and supply chain infrastructure

Following the passage of Cyclone Amphan over the West Bengal region, several mines and their infrastructure are severely affected by flooding. This leads to a prolonged suspension of operations and impacts the loading schedule at surrounding ports. This causes severe delay in the production and transport of cargo to port facilities for transshipment. A Panamax bulk carrier is delayed by 14 days because of this damage and delay.

Time lost: 14 days

Daily entered sum: \$6,500

Recoverable?: Yes. Rule 3.4

Amount: \$91,000 – 13 days excess 1 day deductible

Damage to port infrastructure

Kolkata Port's wharves are badly affected by the named storm, rendering them unusable for a number of weeks afterwards. On the port's reopening, ships experience delay as the loading speed is reduced.

Time lost: 3 days

Daily entered sum: \$15,000

Recoverable?: Yes. Rule 3.4 or possibly 3.8 (depending upon the factual circumstances)

Amount: \$45,000



Delay caused by a non-covered risk

One week after Cyclone Amphan has passed, a vessel making its way to West Bengal is unable to enter port due to a high level of water which is non-consequential to the named Cyclone. It is forced to wait outside port for several days until the water levels lower.

Time lost: 3 days

Daily entered sum: \$15,000

Recoverable?: No. This is not covered and would be excluded under 3.8(1)

Closure of a port by a lawful authority

The loading operations of a handy-size bulk carrier are suspended by authorities at Haldia due to the imminent arrival of a category 5 tropical cyclone. This cyclone has been assigned a name by the India Meteorological Department. The vessel is moved to the anchorage and awaits the arrival of the cyclone 2 days later. The delay suffered by ships due to the arrival, passage and possible congestion flowing from a named cyclone is recoverable excess of the applicable deductible up to a maximum of 20 days.

Time lost: 8 days

Daily entered sum: \$10,000

Recoverable?: Yes. Rule 3.8

Amount: \$70,000 – 7 days excess 1 day deductible

Consequential delay caused by a covered risk

In the weeks following the reopening of the ports, congestion forms at various terminals in the region. This congestion, which is a direct result of the damage caused by Amphan, continues for some weeks as full capacity returns to the region.

Time lost: 9 days

Daily entered sum: \$15,000

Recoverable?: Yes. Rule 3.4

Amount: \$120,000 – 8 days excess 1 day deductible



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