



**By your side**

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## **Locked Down**

***P&I Assistance, US Regulation and  
Communications in a Socially  
Distant World***

**30 April, 5 and 6 May 2020**



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# COVID-19's impact on vessel operators

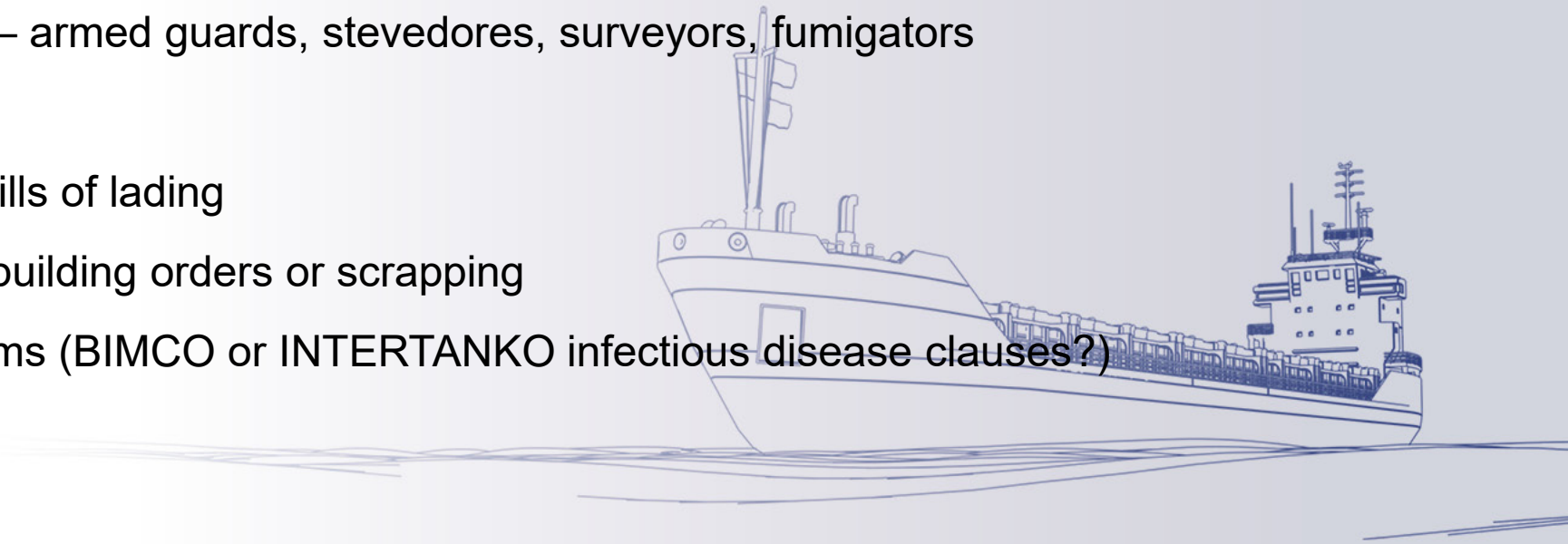
## Claims

- Crew claims
  - COVID-19 infection/ suspected infection
  - Mental illness/ welfare related claims
  - Repatriation issues – for sick, deceased or even after hostage release
- Passenger claims
  - Particularly for the cruise ship sector (DIAMOND PRINCESS)
- Deviation/ quarantine claims
  - Vessel deviation, quarantine or delays (eg. due to crew hospitalisation ashore)
- Commercial claims
  - Cancellation of charterparties/ seeking reduction in hire rates
  - Delays to deliver cargo, port congestion due to lack of labour, or force majeure

# COVID-19's impact on vessel operators

## Issues

- Difficulty with crew changes
  - Rapid testing for crew – is it effective?
  - Extension to crew contracts beyond the 12 months allowed by MLC 2006.
  - Familiarization crew for vessel deliveries – need post-delivery crew cover
- Third-parties attending onboard – armed guards, stevedores, surveyors, fumigators
- Commercial issues
  - Inability to receive original bills of lading
  - Delays/ cancellation of shipbuilding orders or scrapping
  - Renegotiation of charter terms (BIMCO or INTERTANKO infectious disease clauses?)



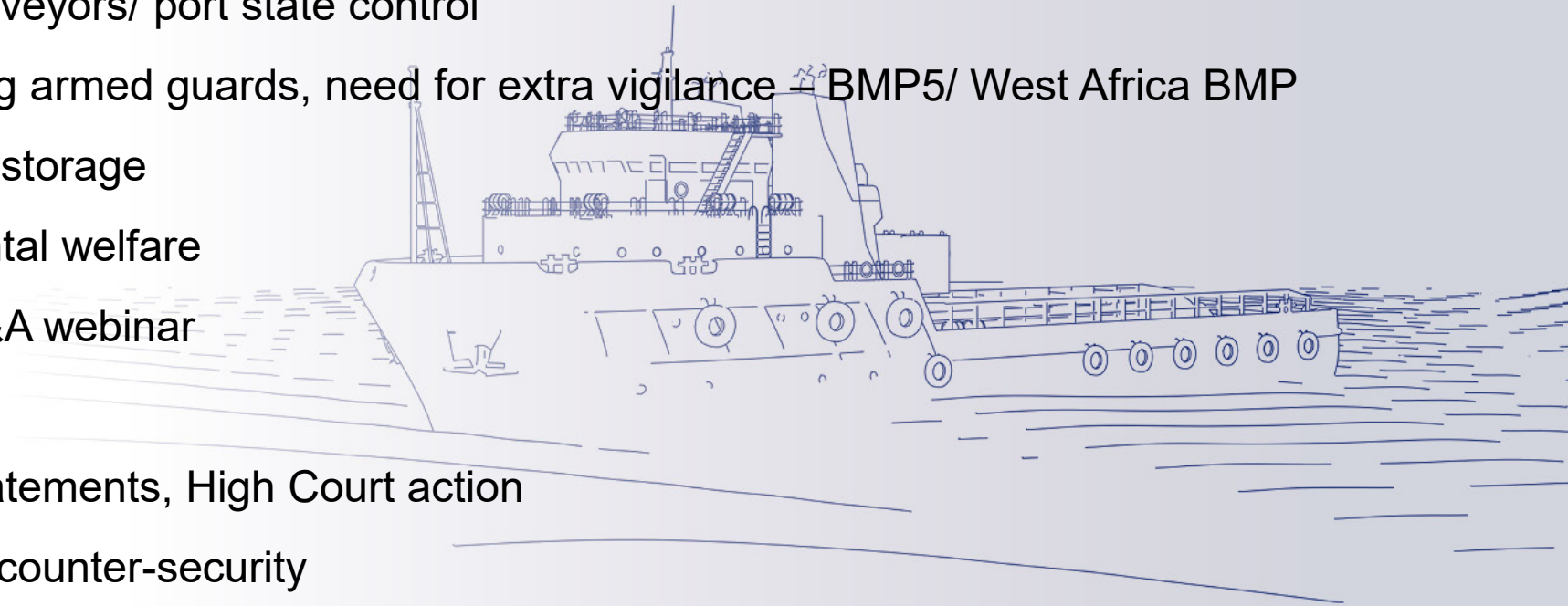


# How P&I Clubs are responding

- Number of COVID-19 claims and queries are plateauing
- Some potentially large P&I and Delay claims are starting to filter through
- Increase in FDD activity, eg. seeking security in commercial disputes
- Dedicated COVID-19 working group
  - Publication of our FAQ's and information on our COVID-19 webpage
  - Collating advices from our correspondent and legal network
- IG working group – IG covid-19 tracker ([www.igpandi.org/covid-19](http://www.igpandi.org/covid-19))

# How P&I Clubs are responding

- Loss Prevention response
  - Advising on lay-ups
  - Visitors onboard – pilots/ surveyors/ port state control
  - Increase in piracy – obtaining armed guards, need for extra vigilance – BMP5/ West Africa BMP
  - Using tankers for floating oil storage
  - Crew changes (PEME)/ mental welfare
    - Watch the Club's LP Q&A webinar
- Claims response
  - Remote surveys, witness statements, High Court action
  - Issuing original guarantees/ counter-security
  - Cybersecurity awareness with large payments made remotely. IMO cyber security resolution – Jan '21



# P&I cover: what Coronavirus claims are and are not covered?

Scenario:

- A 2/O on board a bulk carrier is suffering from COVID-19 symptoms. The ship deviates to an interim port to offload the 2/O so he can receive medical treatment. Upon arrival, several other crew are displaying similar symptoms. The entire crew are tested and three, including the 2/O, are confirmed to have COVID-19. The ship is placed into quarantine by the local authorities. What is covered?
- Deviation expenses
- Expenses incurred as a direct consequence of an **outbreak** of infectious disease on the ship
  - Quarantine, disinfection, deep cleaning costs, necessary repatriation + other expenses that are a direct consequence of the outbreak on board
- **Net loss** to the member in respect of fuel, insurance, wages, stores, provisions, cargo handling and port charges.
- Crew claims (including substitutes)



# P&I cover: what Coronavirus claims are and are not covered?

- What if there is ***no outbreak*** of infectious disease on board the ship? What is covered?
  - Enhanced operational expenses (such as precautionary repatriations, precautionary COVID-19 testing, quarantine costs etc) would generally not be covered in the absence of an outbreak on board.
  - Crew substitution costs (including hotel costs arising as a result of quarantine waiting periods etc) would not be covered if no outbreak on board or if substitute is not replacing an otherwise ill or injured crewmember.
- Other issues:
  - Deviation – is cargo cover prejudiced?
  - Passenger ships – liabilities arising out of a casualty
  - Is loss of hire covered?
- Please get in touch with your usual club contact if you have any queries



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