

# Charterer's Liability to Damage to Hull (CLH) Insurance

## INTRODUCTION

It is usual in the modern shipping industry that charterers enter into a charterparty according to which the charterers could be held liable for the loss of or damage to the vessel. Liability to damage to Hull is not a standard P&I cover but extended cover can be obtained from Skuld.

## WHAT IS COVERED?

Skuld's Charterer's Liability to Damage to Hull (CLH) Insurance covers member's liability for the following:

- Physical loss of or damage to the vessel
- Demurrage, detention and loss of use of the vessel following physical damage
- Contribution to general average, salvage, salvage charges, and/or sue and labour expenses in respect of member's interest as charterer in hire, freight and/or bunkers
- Physical loss of or damage to the vessel as a consequence of war or strikes activities. (See comment below)
- The total sum insured is per declaration from member, which should include value of the vessel plus an allowance for legal costs and expenses

## WHO CAN BE COVERED?

Any member of Skuld who has a full charterer's entry for P&I in the Association can apply for Skuld's Charterer's Liability to Damage to Hull (CLH) Insurance. The cover is usually offered on a per annum basis.

## EXAMPLES

1. During the loading of logs, a log is dropped into the vessel's hold causing damage to the hull. The owner holds the charterer liable for the damage to the vessel's hull as the charterer has appointed the stevedores.
  - The CLH cover will respond to owner's claim for damage to the vessel's hull.
2. The vessel suffers a main engine breakdown as a result of bad quality bunkers that the charterer has supplied. The charterer may be held legally liable for the damage.
  - The CLH cover will respond to owner's claim for the consequential dry-docking and repair costs.
3. The charterer has directed the vessel into a port where there is inadequate draft and the vessel's bottom is damaged.



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4. Same example as 2 above. The charterer declares the vessel off hire. However, the charterer is found liable and as a result is obliged to pay the owner his loss of hire.
    - The CLH cover will respond to the claim for loss of hire.
  5. The owner declares General Average after the vessel is struck by a typhoon. A tugboat is called in to keep it from drifting towards the cliffs. 60% of the freight was prepaid but 40% is at risk.

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- The CLH cover will respond to charterer's contribution in respect of the 40% freight.

6. The charterer's agents have privately advised him that the discharge port is showing signs of increased military activity. The charterer nevertheless orders the vessel in. The vessel suffers damage from a shell. The owner holds the charterer liable and the courts uphold this view.
  - The CLH cover will respond to the owner's claim for damage and loss of hire.