

## Shipowners' Liability arising under Exxon GA C/P Clause Insurance

### INTRODUCTION

Ship owners will come across charterers who insist on using a charterparty in which the normal provisions of the York-Antwerp Rules 1994 ("YAR 1994") in the General Average ("GA") clause has been amended. The amendment concerns the costs of preventative measures taken to avoid or minimise pollution. Under the YAR 1994, such costs are allowed in GA under certain circumstances, but under the terms of the charterparty they are not allowed in GA, resulting in the full costs of such measures falling on the ship owner. Examples of such charterparties are the Exxonvoy 90 and the Exxonmobilvoy 2000.

### WHAT IS COVERED?

Skuld can assist in arranging ancillary cover for the cost of measures undertaken to prevent or minimise damage to the environment that would otherwise have been recoverable from charterers but for the amended GA clause. The sum insured is the amount member elects, but usually not exceeding USD 25 million any one accident or occurrence, any one vessel.

### WHO CAN BE COVERED?

Any owners or operators who have a full P&I entry in the Association can apply for the cover.

### EXAMPLE

A member has chartered his VLCC [*M/T Mysterious*] (valued at USD 40,000,000) on an Exxonmobilvoy 2000 charterparty to carry USD 60,000,000 of persistent oil from the Gulf to the United States. The tanker suffers heavy weather damage and grounds outside the port of discharge. Oil is seen seeping from one of the cargo tanks. General Average is declared. As a condition of entry into the port, the authorities require booms to be positioned round the tanker to prevent any damage to the environment. The cost is USD 250,000.

Under the YAR 1994 the member could perhaps have recovered 60% or USD 150,000 of the costs from the charterer. By agreeing to the Exxonmobilvoy 2000 charterparty, the member is left bearing the charterers' proportion as well as his own.

Skuld's Shipowners' Liability arising under Exxon GA C/P Clause Insurance will indemnify

member for the cost of measures undertaken to prevent or minimise damage to the environment which would otherwise have been recoverable from charterers but for the amended GA clause.