

Breaches of Contract of Carriage of Cargo Insurance

INTRODUCTION

Ancillary cover for Breach of Contract is usually referred to as Shipowners' Liability cover (SOL). A typical breach of contract of carriage situation is deviation. When a ship operator enters into a contract of carriage, he implicitly undertakes that the ship will proceed for a particular voyage by a usual and reasonable route without unjustifiable departure from that route and without unreasonable delay. A deviation situation may arise when, in the absence of express stipulations to the contrary, there is any unnecessary departure from the proper and usual course of an agreed voyage, whereby the character and risks of such voyage are altered.

Deviation is not just restricted to a geographical departure; other instances may also constitute a deviation. Deviation, or departure from the contractually agreed voyage, deprives the insured member of the right to rely on defences or rights of limitation which would otherwise have been available to him. We understand that there are occasions where ship operators may decide for commercial and/or operational reasons to

breach the contract of carriage with cargo interests. Members are reminded that liability to loss of and/or damage to cargo arising out of a deviation fall outside the standard scope of P&I cover.

WHAT IS COVERED?

Skuld's Breaches of Contract of Carriage of Cargo Insurance provides coverage to members for liability for loss of and/or damage to cargo and cargo's proportion of general average and salvage and special charges not recoverable by reason of breach of contract or duty in respect of carriage, custody or care of cargo arising out of the following scenarios:

- geographical deviation of the vessel from the contractual voyage
- cargo being carried on vessels other than as stated in the bill of lading
- cargo loaded and/or discharged in a port different from that stated in the bill of lading
- cargo being loaded in overweight containers
- cargo being loaded on the vessel after a casualty prior to dry-docking or repair
- cargo being carried beyond its destination and returned by the same vessel
- cargo being shipped aboard vessels other than those of the member prior to the delivery of such cargo to the member's vessels for the carriage thereof and similarly after such carriage
- cargo, including mail and/or merchandise, being stowed in spaces not certified for the carriage of cargo
- cargo remaining on board the vessel while dry-docking
- cargo being transferred to and/or from and/or being carried on board feeder vessels
- cargo being transferred from one point to another by water and/or rail and/or air



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and/or motor trucks and/or other conveyances

- cargo being transshipped at any port or ports, place or places (including both under-carriage and over-carriage of cargo) instead of being carried on board the original vessel to the destination stated in the bill of lading
- cargo being discharged from and reloaded upon the same vessel and/or cargo being shifted within the confines of the vessel for any reason whatsoever at any port or place of shipment or destination and/or at any port or place between the point of shipment and the point of destination
- cargo being discharged onto lighters at any port or place prior to the surrender of bills of lading by the consignees or their representatives
- cargo being lightered to other than the scheduled loading or unloading berth
- cargo being stored on lighters before loading or after discharging from vessels
- cargo being delivered to other than the rightful bill of lading holder or owner
- cargo being delivered without production of bill of lading

The sum insured will be the total value of the cargo declared by member, plus an allowance for all costs and expenses.

WHO CAN BE COVERED?

Any member of Skuld with a full P&I entry in the Association (including cargo) can apply for Skuld's Breaches of Contract of Carriage of Cargo Insurance.