Extended Loss of Hire Cover

Risk solutions covering loss of income caused by delay/detention of a ship that has not been physically damaged.
Providing the widest range of risk solutions

In a world of increasing complexity, Gard’s objective is to help our Members and clients manage the totality of their exposures – both to existing and developing risks.

As a multi-line insurer – with the strongest rating in the marine market – Gard is uniquely positioned to understand how risks fit together and identify the best choice of products, ensuring seamless coverage and service.

Innovation has always been a cornerstone of Gard’s business model and, over the years, we have refined and extended our standard products and introduced a range of additional products, responding to special needs and requirements from different parts of the marine industry.

Gard’s extended loss of hire cover responds to a shipowner’s loss of income caused by delay or detention of a ship that has not been physically damaged.

Further information can be found on our webpage (www.gard.no) under “Covering risks”, or from your usual contact.
Scope of cover

Loss of income arising from P&I events such as

- Pollution spills resulting in third party property damage.
- Stevedore personnel injury in connection with loading/unloading operations.
- Cargo dispute leading to arrest of the vessel.

Loss of income arising from external circumstances beyond the owner’s control such as

- Denial of access to a place of refuge.
- Imposed quarantine restrictions.
- Delay in arrival or departure to or from scheduled port (except due to weather or ice conditions).
- Saving persons at sea, followed by intervention from the authorities.
- Pirate seizure.

Important exclusions include no cover for losses

- Recoverable under standard loss of hire insurance (subject to the Nordic Marine Insurance Plan).
- Arising from war perils (except for piracy seizure).
- Arising from nuclear perils or the ship being employed in any unlawful trade/act.
- Arising from strikes.
- Arising from failure to comply with classification society/flag State requirements.
- Arising from charterer’s failure to pay hire.
- Arising from owner’s failure to pay a legally enforceable debt.
- Arising from discovery of drugs onboard the vessel (option to include).

Limit and deductible

- Standard maximum limit of USD$5 million per event.
- Standard minimum deductible of 7 days (2 days for piracy).

Who can be covered?

- Gard Members and clients with underlying Loss of Hire or P&I cover.
Case studies

Detention of ship caused by death or illness of a port stevedore

The ship is held for a prolonged period by the authorities following a fatal or serious injury to a pilot or stevedore. This detention could be due to a real or alleged need for the authorities to complete their accident investigation. Gard has also seen examples where the ship is detained until financial security for future claim payments has been arranged.

Delay of ship caused by blocking on arrival in loading port

Prior to a ship’s arrival at a loading port in South America, another vessel becomes grounded. The grounded ship blocks a channel to the port basin, leaving no room for other iron ore carriers to safely navigate and berth. A significant salvage (and subsequent wreck removal) operation is conducted, but it takes three months to clear the channel. The ship is delayed for 35 days while seeking an alternative loading port.

Detention caused by pirate attack

A ship is captured by pirates as she approaches her Nigerian discharge port with a cargo of bagged sugar. She is diverted by the hijackers into a secluded part of the Niger Delta. The ship resurfaces two months later with a different name and a repainted funnel. With the help of high-level diplomacy and negotiators provided by the IMB Piracy Centre, the owners manage to get their ship back. However, much of the cargo has been lost and the ordeal has cost the owners four months of lost charter hire as the London arbitrators disagree about whether the nominated discharge port was unsafe.

Delay caused by intervention from the authorities following the rescue of persons at sea

Instead of receiving praise from the local authorities for rescuing refugees lost at sea in South East Asia, the ship is boarded by militant forces. The vessel is held for five weeks off the coast while the fate of the illegal immigrants is decided with the help of the UN High Commissioner for Refugees.

Practical examples where the cover will respond.
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