

MARINE HULL GLOBAL TRADING LIMITS

A study of the Institute warranties 1976, American Institute Trade Warranties (1972) and International Navigating Conditions (2003).

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Written by
Stephen J Harris
Senior Vice President
Marine Practice

This presentation is for insurance training purposes only.

Comparing Institute Warranties, American Institute Trade Warranties and International Navigating Conditions.

Institute Warranties (1 July 1976)

American Institute Trade Warranties (1 July 1972)

- Both created about 40 years ago, to give standard, global views of where vessels could navigate without restriction and those areas where restrictions apply.
- These formed draconian WARRANTIES. A breach of a warranty will allow underwriters to be discharged from liability to pay any claims under the policy from the date of a breach of warranty (*cf Article 33 of the English Marine Insurance Act 1906*).
- Both sets of warranties were drawn up taking into account the commercial, climatic and political conditions prevailing at that time.

International Navigating Conditions (1 November 2003)

- A revised set of areas, created about 30 years later, taking into account commercial, climatic and political changes since the old (but still widely used) warranties had been created.
- Some new restrictions were introduced to reflect the growth in size of vessels since 1976; some to clarify a few areas, but generally, due to global warming and positive political changes, the International Navigating Conditions 2003 offer considerably wider global navigation.
- These are PROVISIONS not warranties.** A breach of a provision does not have the same fundamental effect on the validity of the whole policy that a warranty breach would have. Only those losses occurring whilst navigating outside the agreed, permissible areas would be avoidable by underwriters.

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when ready.

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The geography of marine hull perils

Institute Warranties (1 July 1976), American Institute Trade Warranties (1 July 1972) and the International Navigating Conditions (1 November 2003) are largely (but not exclusively) dictated by weather conditions



The maps shown in this presentation are not to scale and should only be used for general insurance information and for educational purposes.

... and most significantly by

Proper Admiralty or official naval charts should be used for all other purposes.

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A global overview of the areas where restrictions may apply

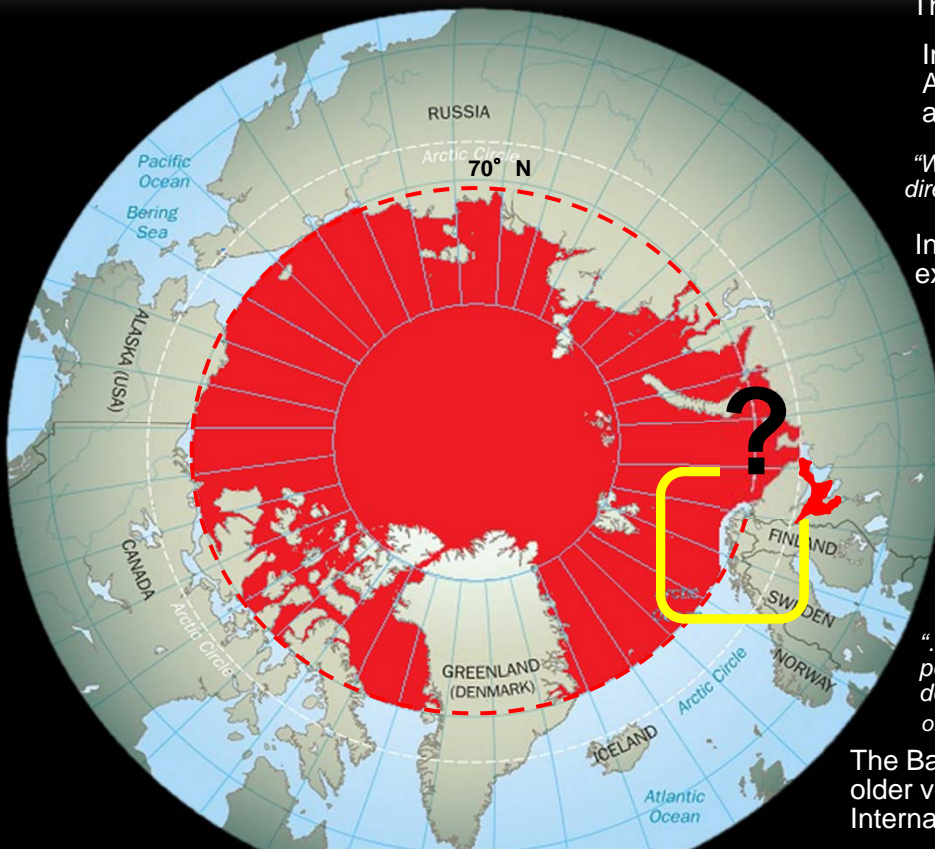
These are the areas affected by International Navigating Conditions (2003). There are some important changes to the Institute Warranties (1976) and American Institute Warranties (1972) in some of the regions.



The Arctic region

A northern limit of 70° N is common to all three sets of conditions.

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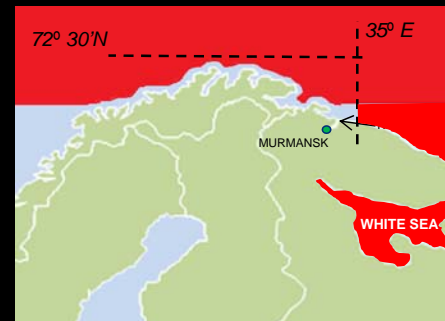


There is one exception to this:

Institute Warranties (1976) and American Institute Trade Warranties (1972) are almost identical.

“Warranted not north of 70°N other than voyages direct to or from any place in Norway or Kola Bay.”

International Navigating Conditions (2003) express it slightly differently.

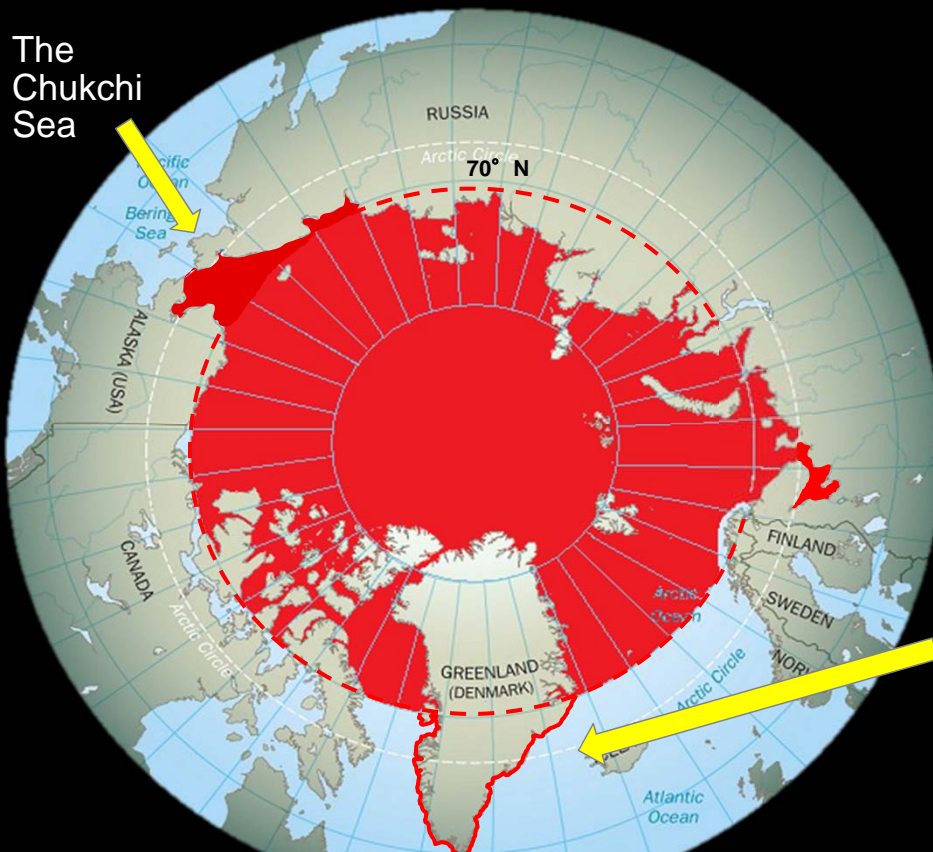


“... except for calls at Kola Bay, Murmansk or any port or place in Norway, provided that the vessel does not enter, navigate or remain north of 72° 30'N, or east of 35° E. Long.”

The Barents Sea is not mentioned in either of the older versions, but it is specifically EXCLUDED in International Navigating Conditions (2003).

Other northern restrictions

In addition to the Arctic regions.



Neither Institute Warranties (1976) nor American Institute Trade Warranties (1972) mention this sea, (but it was physically impossible to get there anyway, given other exclusions).

Like the White Sea, (already mentioned) this sea is specifically excluded under International Navigating Conditions 2003, simply for clarity.

Greenland

All 3 sets of conditions are united in excluding Greenland waters.



Click to proceed to the next region.



The Baltic region



Institute Warranties (1976) and American Institute Trade Warranties (1972) are identical in this region except for the dates when winter restrictions apply.



During the summer, there is no restriction at all.

Only as the winter ice advances do permissible areas become progressively restricted.

IW (1976) + INC (2003)	10 December – 25 May	
AITW (1972)	15 November – 5 May	


IW (1976) + INC (2003)	15 December – 15 May	
AITW (1972)	21 November – 5 May	

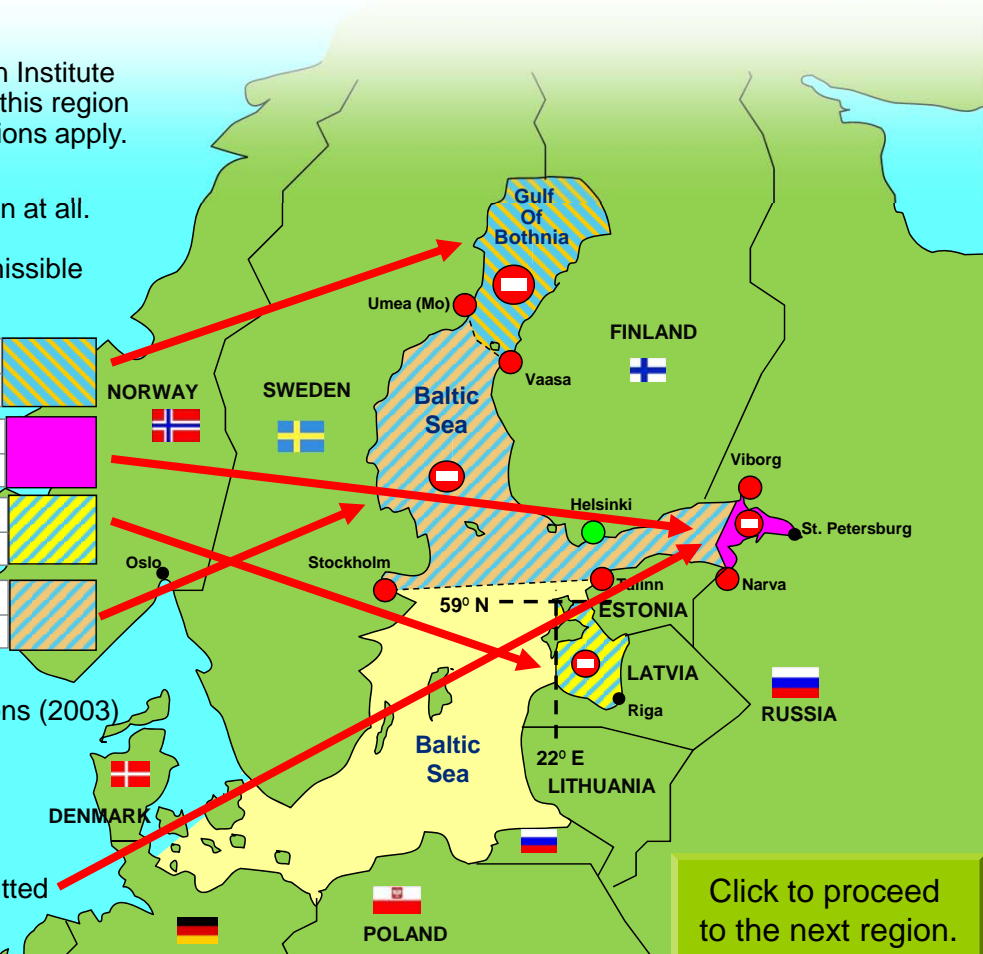
IW (1976) + INC (2003)	28 December – 5 May	
AITW (1972)	15 December – 15 April	

IW (1976) + INC (2003)	8 January – 5 May	
AITW (1972)	15 December – 15 April	

But the International Navigating Conditions (2003) have some further important alterations.

Calls at Stockholm, Tallinn and Helsinki are permitted all year round.

Vessels over 90,000 DWT are not permitted to enter, navigate or remain within the Eastern Baltic area  at any time



Click to proceed to the next region.

North America (East coast)



70° N

All 3 sets of conditions are identical in this region.

All waters north of 70° N and Greenland are already excluded by the Arctic limitations.

North of 52° 10' N. Lat and between 50° W. Long and 100° W. Long.

Then, in the winter months only:

Gulf of St. Lawrence, St. Lawrence River and its tributaries (*east of Escoumins*), Strait of Belle Isle (*west of Belle Isle*), Cabot Strait (*west of a line between Cape Ray and Cape North*) and Strait of Canso (*north of Canso Causeway*), between **21 December** and **30 April**.

St. Lawrence River and its tributaries (*west of Escoumins*) between **1 December** and **30 April**.

St. Lawrence Seaway west of Montreal and the Great Lakes excluded **all year round**

Click to proceed

North Pacific Area and North America (West Coast)

Arctic region excluded, north of 70° N
and the Chukchi Sea.

CHUKCHI SEA

BERING SEA

SEA OF
OKHOTSK

Ketchikan

54° 30' N

46° N

130° 50' W

Vladivostock & Nakhodka

In this region, Institute Warranties (1976) and American Institute Trade Warranties (1972) are almost identical:

"Warranted no Bering Sea, no East Asian waters north of 46° N and no port or place in Siberia except Vladivostock and/or Nakhodka"

"No Pacific coast of North America, its rivers and adjacent islands north of 54° 30' N. Lat. and west of 130° 50' W."

The port of Ketchikan is specifically permitted under American Institute Trade Warranties (1972), but is not mentioned in Institute Warranties (1976).

Click to see how some of these restrictions are reduced under International Navigating Conditions (2003).

North Pacific Area and North America (West Coast)

Arctic region excluded, north of 70° N
and the Chukchi Sea.

CHUKCHI SEA

BERING SEA

54° 30' N

46° N

130° 50' W

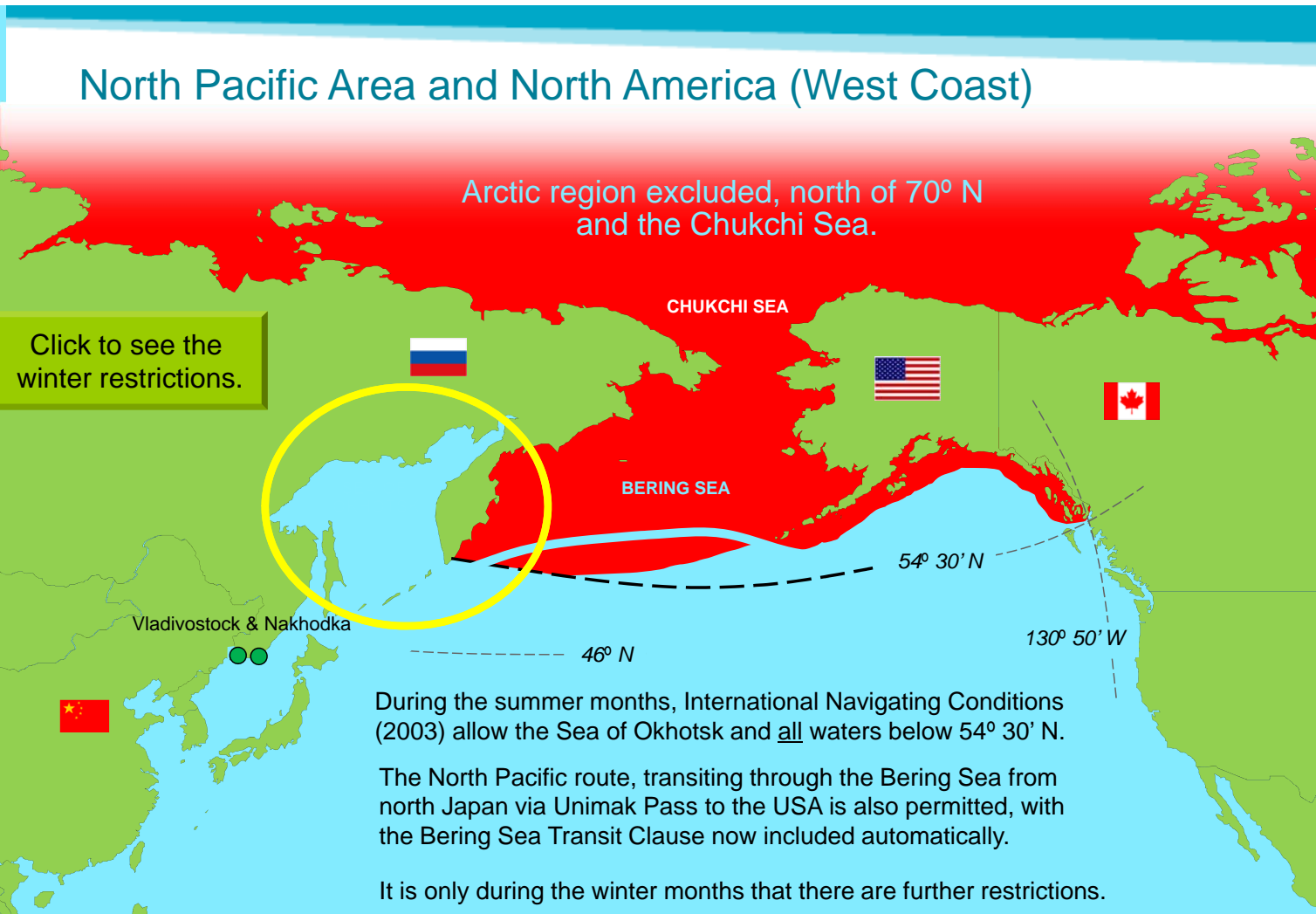
Vladivostock & Nakhodka

During the summer months, International Navigating Conditions (2003) allow the Sea of Okhotsk and all waters below 54° 30' N.

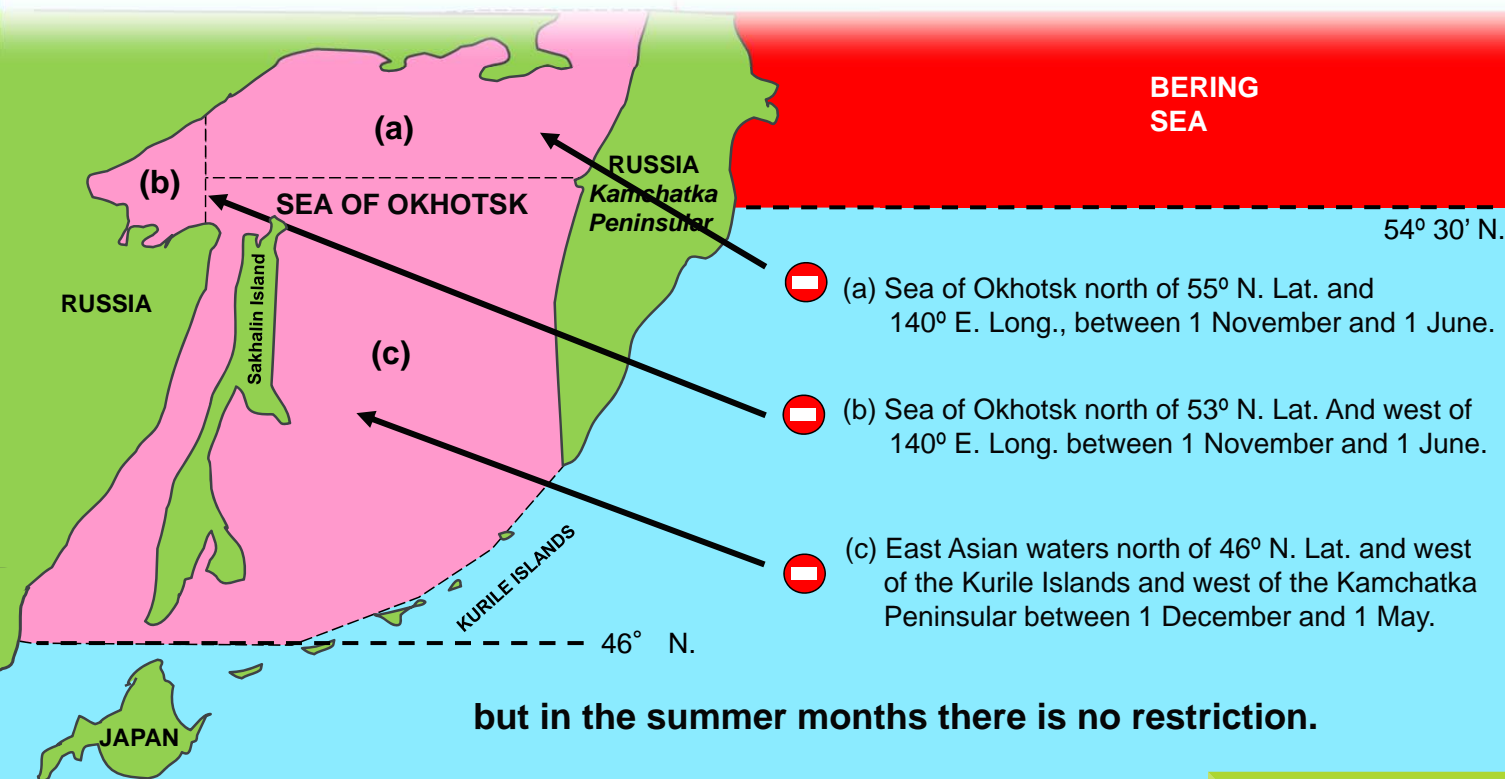
The North Pacific route, transiting through the Bering Sea from north Japan via Unimak Pass to the USA is also permitted, with the Bering Sea Transit Clause now included automatically.

It is only during the winter months that there are further restrictions.

Click to see the
winter restrictions.



Sea of Okhotsk winter restrictions under International Navigating Conditions (2003)



but in the summer months there is no restriction.

Click to proceed
to the next region.

Antarctic and southern sea limits

All 3 versions specifically exclude: (a) the Kerguelen and/or Crozet Islands.
(b) All waters south of 50° S. Latitude.

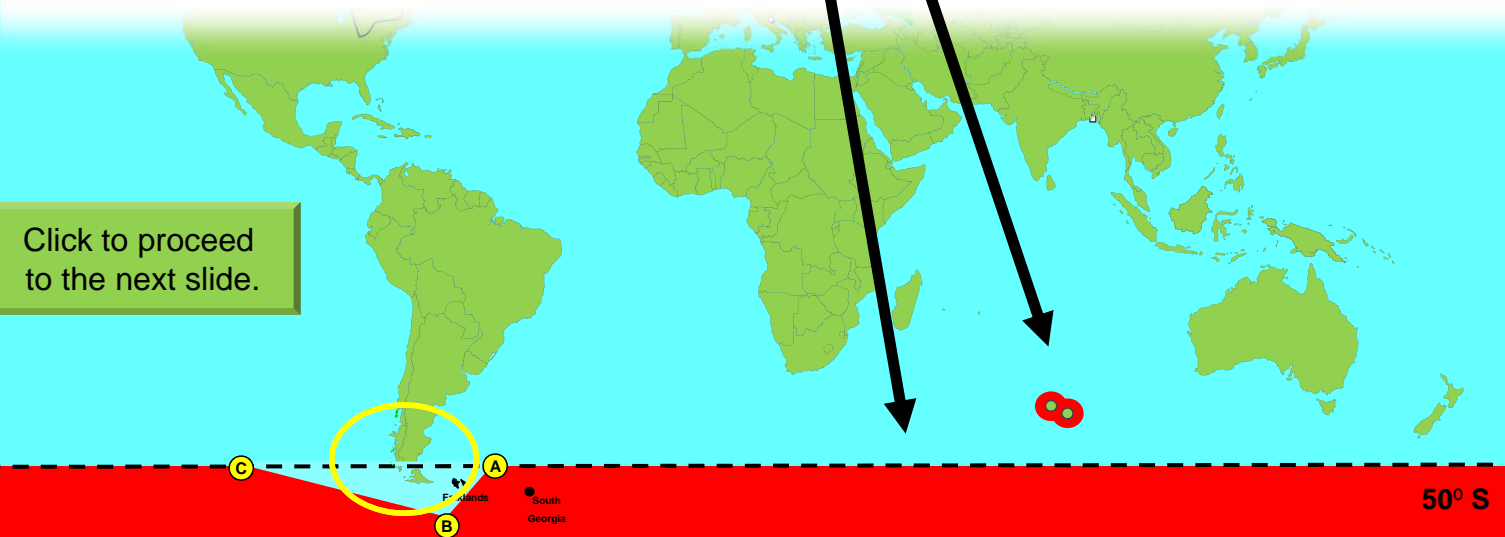
except

Institute Warranties (1976) and American Institute Trade Warranties (1972)
to places in Patagonia and/or Chile and/or Falkland Islands.

International Navigating conditions (2003)

Except within the triangular area formed by rhumb lines drawn between the following points:

(A) 50° S. Lat.; 50° W. Long. (B) 57° S. Lat.; 67° 30' W. Long. (C) 50° S. Lat.; 160° W. Long.



Indian coal as cargo

Institute Warranties (1976) and American Institute Trade Warranties (1972)

This is the only cargo type mentioned specifically

From 1 October – 28 February, there is no restriction.

...but

Warranted not to sail with Indian coal as cargo between
1 March and 30 September (both days included),

...except

from 1 July – 30 September (both days included) sailing
with Indian coal as cargo is permitted, but only to ports in
Asia, not west of Aden and not east of Singapore.



International Navigating Conditions 2003

There are no restrictions on Indian coal (or any other type of cargo) mentioned at all.

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To summarise

Institute Warranties (1976) and American Institute Trade Warranties (1972)

- As warranties, severe penalties if breached without underwriters' prior permission.
- Unclear or silent in a number of places (e.g. Barents Sea, White Sea and Chukchi Sea).
- Out of date political and weather restricted areas.
- Unclear about vessels over 90,000 DWT in the eastern Baltic Sea.
- Far more restrictive in Asian waters, with the Sea of Okhotsk excluded completely.
- The Bering Sea Transit Permission Clause has to be added separately if required.

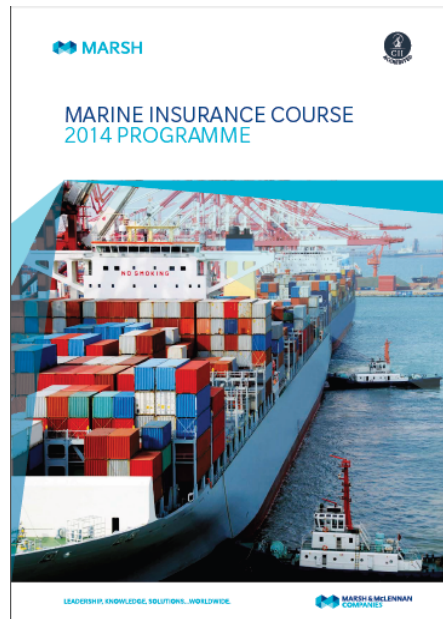
International Navigating Conditions (2003)

- Provisions, NOT warranties, so a breach will not have same severe penalties if breached (*only losses occurring during the time of the breach voyage are not covered*).
- Much clearer about cover in many of the places mentioned and Asian waters in particular are considerably more relaxed, with the Bering Sea Transit Permission Clause included.
- Clearly stated that Vessels over 90,000 DWT must not enter the eastern Baltic Sea area without underwriters' prior permission.

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