

22 January 2024

TO ALL ASSUREDS

Dear Sir or Madam

Deviations & Implications for P&I cover

With recent attacks on vessels in the Red Sea and congestion at the Panama Canal, the Club is receiving an increased number of queries about the effect on P&I cover if a ship is re-routed to avoid the Red Sea or Panama Canal.

There may be various reasons for diverting a vessel from a contractually agreed voyage with cargo on board; Assureds are reminded that a decision to deviate should take into account the bill of lading and charterparty terms as well as P&I cover. Any deviation from the direct geographical or customary route, may prejudice P&I cover for cargo claims if as a result of the deviation in breach of the contract of carriage the Assured is deprived of any defences or rights of limitation that would otherwise have been available (See Class 5 Rule 9.19.2.3; Owners Fixed Premium T&Cs Section A19.5.3; Charterers CSL T&Cs Section I Clause I 2.3).

The factors which decide whether a deviation amounts to a breach of the contract of carriage depriving the carrier to rely on defences or rights of limitation are complex. Depending on the type of vessel, cargo, reasons for the deviation and other factors, the Club will either:

- agree to hold the Assured covered for cargo claims arising out of the deviation under the Club's standard P&I cover; or
- offer to arrange Deviation Cover as an extension to their P&I cover for such claims which may require an additional premium. Deviation Cover should be arranged before the deviation takes place.

Accordingly, Assureds considering a potential deviation from the direct geographical or customary route are advised to contact their usual underwriting/claims contacts for further guidance on the cover available for cargo claims arising out of such deviation.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)

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