



## Hull and Machinery Insurance

Who buys this insurance? **Those responsible for the physical well being of a vessel be they Shipowners, Bareboat Charterers or Third Party Managers**

### What is covered:

- Costs of repairing physical loss or damage to a vessel.
- Reimbursement following total loss of a vessel (Actual and Constructive)
- Expenses to prevent loss (Sue & Labour, Salvage and GA contributions)
- Collision Liability
- Expenses associated with claims ( survey fees etc)

### Who we are:

Willis has the largest specialist Hull & Machinery Department of any broker. Head quartered in London, this specialist unit has experienced practitioners based in our offices in all the main marine insurance centres. London / Oslo / New York / Singapore / Hong Kong. The team is accessible either directly or through any Willis' office world-wide.

Through this network Willis are able to offer the most comprehensive coverage of the world-wide market thus insuring our clients obtain the most comprehensive cover available (I.T.C. / Norwegian Plan / American Institute or bespoke owners clauses) at the most competitive premiums available.

Our client base covers the widest variety of vessel from the smallest valued yachts to the largest cruise vessels, container vessels and supertankers worth hundreds of millions of dollars.

### Information we need from you:

- Value, type, size, trade, flag, class of vessel.
- Year built.
- Operator loss record and experience



## Hull Interest/Disbursements/Freight Interest

### Or Increased Value (I.V.) insurance

Who buys this insurance? **Those responsible for the physical well being of a vessel be they Shipowners, Bareboat Charterers or Third Party Managers**

#### What is covered:

Pays a defined amount following declaration of a total loss on the Hull & Machinery policy.  
Can include Sue & Labour, excess Collision liability and General Average.

Freight Interest covers the anticipated future (long term) income for the shipowner in the event of a total loss, thus providing cover which is excluded by a Loss of Hire policy.

#### Available limits:

As a normal rule 20% of the total value of the vessel can be insured under Increased Value, however, in certain circumstances a higher percentage can be negotiated.

#### Information we need from you:

- Value, type, size, trade, flag, class of vessel.
- Year built.
- Operator loss record and experience

# Hull and Associated Risks

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## Loss of Hire Insurance

## Or Marine Business Interruption Insurance

Who buys this insurance?: **Any party who has an insurable interest in the earning capabilities of a vessel and who would be financially prejudiced should the vessel be unable to operate.**

### What is covered:

- Loss of charter hire
- Increased cost of charter hire
- Daily running costs following an incident
- Partial loss incidents only. (Loss of earnings due to Total Loss is accounted for in the Hull & Machinery insured value under Freight Interest)

### Available Limits:

Underwriters will offer coverage limits based upon number of days lost multiplied by the daily earnings amount at risk at the inception of the policy. 90/120 or 180 days are the most common limits purchased.

### Deductibles:

Historically a 14 day excess point is required but for older vessels 20-30 is now becoming more commonplace and an Additional Machinery Damage excess point is likely to be needed.

### Available Markets:

Markets for Loss of Hire insurance are quite restricted. The leading market is the Norwegian market who in general tend to be more competitive than London Loss of Hire underwriters.

# Hull and Associated Risks

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## War & Political Risks

Who buys this insurance? **Those responsible for the physical well being of a vessel be they Shipowners, Bareboat Charterers or Third Party Managers.**

### What is covered:

The purpose of the War cover is to provide the vessel owner with insurance against war and marine terrorism perils.

No deductible applies under a War policy.

These perils include capture, seizure, arrest, restraint, detention, confiscation, expropriation and any terrorist act or person acting maliciously or from a political motive.

These perils are usually excluded from the Hull & Machinery cover, so it is necessary for an assured to buy cover separately against war risks.

The extent of cover under a War policy includes all the following Hull and P&I risks.

- Hull Interest / Disbursements
- Freight Interest
- Collision Liability
- War P&I liabilities

Loss of Earnings can also be covered but is most usually included under the Marine Loss of Hire policy.

### Geographical Areas

A 12 month War policy gives cover for vessels whilst trading world-wide but outside certain excluded areas which are deemed areas of increased risk. Cover can be obtained for vessels trading to these breach areas but underwriters need to be informed before the vessel enters any restricted waters. They will then advise an additional premium for the call which is set no earlier than 48 hours before entry. Insurers give a specific list of exclusions which is attached to the policy at inception. They have the ability to amend this list during the policy period having given 7 days notice.

### Cancellation provision

Either party can give 7 days notice of cancellation at any time during the policy period. Marine War policies also automatically terminate following an outbreak of war between any of the major powers.



## Mortgagees Interest/Innocent Owners & Additional Perils

Who buys this insurance? **Banks and financial institutions that have financed the purchase of a vessel. Also Innocent Owners who do not participate in the operation of a vessel.**

**What is covered:**

### **Mortgagees Interest**

This cover protects Mortgagees, often named as additional assureds under a Hull & Machinery policy, for outstanding loans and interest should there be any non payment of a claim by underwriters due to a breach of warranty by the operators of the vessel in question.

### **Mortgagees Interest Additional perils (Pollution)**

Indemnifies the Mortgagee if an insured peril results in legal liabilities for the operator exceeding the P&I policy pollution limit.

Both provide cover to the mortgagee independent of fault.

### **Claim payment**

Underwriters will usually wait until a final court judgement is given that confirms that a claim will not be paid under the original Hull or P&I policies. Certain MII wordings amend this time frame however.

### **Information required:**

- Name of financial institution.
- Outstanding loan amount
- Conditions, Trading Area and Security under the Hull policy
- Name of P&I Club

# Hull and Associated Risks

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## Brown Water Hull Insurance for Tonnage with a Restricted Trading Area

The Willis Marine Division's hull portfolio extends to include both small and very large vessels but specialist craft often require specialist markets and tailored products. Willis has an extensive portfolio of such tonnage and we negotiate with specialist insurers who are dedicated to providing highly specific policies.

The requirement of smaller craft owners is often a combination of hull and liability (protection and indemnity) insurances and the Willis Marine hull/protection and indemnity teams collaborate in order to deliver the most comprehensive coverage possible.

The shipowning/chartering clients for whom we arrange insurance/reinsurance have fleets which include:

- Tugs
- Tank/hopper barges
- Crane barges
- Fishing vessels
- Dredgers
- Pilot boats
- Life boats
- Gaming vessels
- Eco-passenger vessels
- Floating drydocks

The specialist nature of the policies often requires that we arrange coverage with Underwriters in the London (re)insurance market but the Willis 'glocal' approach means that you can access the highest calibre of coverage and our specialist brokers via your nearest Willis office.

Hull and Associated Risks

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## Yacht Insurance

As one of the largest global marine brokers, we are proud to arrange insurance for some of the most prestigious yachts in the world. We particularly specialise in yachts with a value exceeding USD5m. Every yacht at this level is unique and we believe requires a bespoke approach to insurance solutions.

Through our strong technical knowledge of Marine Insurance and our close relationships with the International Yacht market we are qualified to offer first class discreet service combining quality security with comprehensive cover for the most competitive price.

### What can be covered:

- Hull and Machinery
- Increased Value
- Tenders and accessories
- Protection and Indemnity
- War risks (including piracy)
- Contents of yachts, including jewellery, fine art and personal effects
- Loss of charter hire

### Related coverages

- Crew personal accident and sickness, medical expenses, repatriation
- Guest medical expenses
- Kidnap and Ransom

# Hull and Associated Risks

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## Builders' Risks

Who buys this insurance? This protection is usually purchased by the Vessel Owners, their financiers or the actual Shipyard when constructing or converting a vessel. It can be vessel specific or, an annual policy providing coverage for all vessels constructed by a Shipyard.

Shipyards are exposed to a diverse range of perils and insurance coverage, irrespective of any contractual requirement, is required to respond in the event of physical loss of or damage to the vessel in the course of construction, as well as associated liabilities, which is under their care, custody and control.

We have in-depth knowledge and experience in arranging Builders' Risk insurance for both standard and bespoke placements for vessel construction ranging from conventional Commercial to Military and Specialist Offshore Units.

### What can be covered:

- All Risks of Physical loss or damage to Vessel during construction, testing and trials.
- Failure to launch;
- Collision with other vessels;
- Protection and Indemnity (Third Party Liability) risks, including loss of life, damage to fixed and floating objects and removal of wreck;
- Cargo shipments and transit risks including storage and work in progress;
- Perils can be extended to include Earthquake and Volcanic Eruption.

### Related/additional coverages

- War Risks following launch of the vessel;
- Strikes, Riots and Civil Commotions;
- Terrorism;
- Guaranty Coverage;
- Non-delivery/Delay in Delivery;
- Product Liability;
- Public Liability;
- Paint Guarantee.

# Hull and Associated Risks

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### **What limits are available?:**

Up to USD1 billion any one accident or occurrence is currently available in the global insurance market however higher limits can be arranged if necessary.

### **What deductible will apply?**

Deductible levels will be dependant upon the nature of the work being performed and the type(s) of vessel. The minimum level is currently USD 50,000 but on larger commercial vessels will be considerably more.

# Hull and Associated Risks



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