

Circular From SKULD

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Ukraine - Black Sea Grain Corridor Initiative

27 July 2022, the Joint Coordination Centre was established in Istanbul, with the aim of facilitating the export of foodstuffs and fertilisers from Ukraine. To this end, a humanitarian maritime corridor in the Black Sea was agreed and created; the Black Sea Grain Corridor Initiative (the "Corridor Initiative"). In this article we set out the current cover position as well as provide guidance to charterers seeking to participate in the initiative.

Cover

War risks are not automatically excluded under our Charterers' Terms and Conditions, and as of now Skuld has not declared Ukraine as a Listed Area under clause 24.14.1.

We therefore confirm that P&I cover for charterers is intact if vessels are trading under the Corridor Initiative and where the requirements under that initiative are complied with.

Recommendations

For charterers considering trading under the Initiative, we recommend that they ensure that the relevant contract of carriage / charterparty provides the best possible protection by way of suitably drafted clauses confirming that the charterers benefit from the war risk insurance cover, given that they will likely bear the costs of any additional war risk premium:

1. The most efficient way to achieve this would be for charterers to be named and waived (for subrogation purposes) under the owners' war risk insurance policy, with a specific clause to this effect in the charterparty.
2. If this is not possible, we recommend that charterers ensure the war risk clauses and/or the safe port/berth clauses are drafted in a manner which will reduce the possibility of a recourse action from owners against charterers for consequences arising out of calling at the relevant port and/or trading out of Ukraine. For example, if charterers name the specific Ukrainian loading port in the charterparty (but without stating that the port is "safe"), then the owners are deemed to have accepted the risk of trading

at that port.

It is self-evident that all voyages undertaken under the Initiative are done so in accordance with the stated best practices and Standard Operating Procedures of the Black Sea Grain Initiative. In addition, we remind our charterers of their obligations under the Skuld Terms and Conditions.

Finally, charterers are strongly recommended to ensure that the owners' war risk insurance policy provides for sufficient coverage, sufficient limits of coverage, and is provided by a reputable first-class insurer.

Source of Information: The Skuld P&I Club