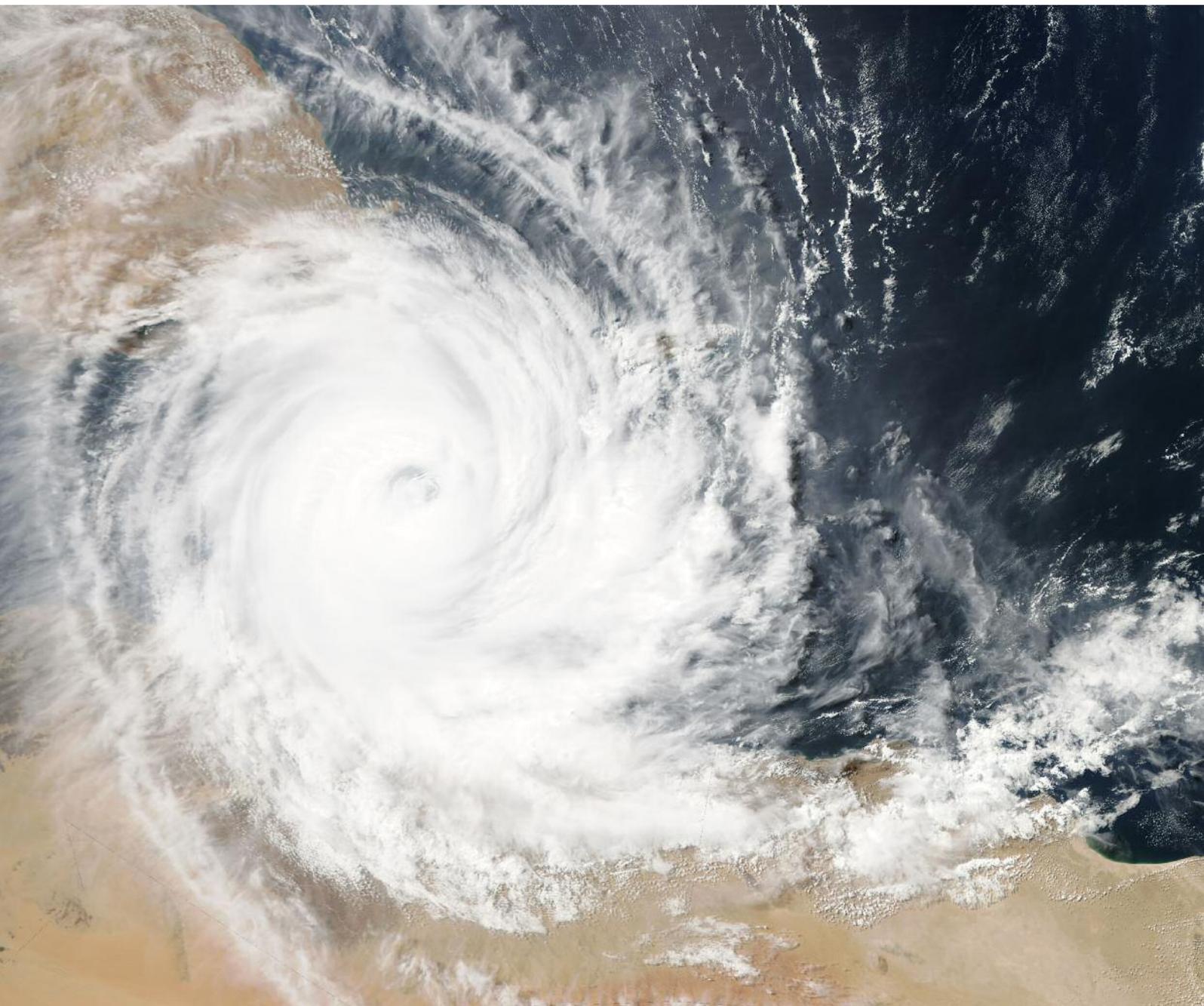


Strike Club Bulletin

Are you covered for: Hurricanes?



All operators of commercial vessels face marine delay exposure. Environmental or weather events like Hurricane Harvey highlight individual as well as the aggregated risks associated with force majeure occurrences. These are risks the Strike Club can cover tailored specifically to an individual operator's exposure.

Case Study – Hurricane Harvey

- Hurricane Harvey has caused significant damage to large parts of Texas and the Gulf Coast region.
- The Category 4 hurricane- the strongest to make landfall in the US since 2004 landed in Texas on Friday 25/08/17. Ports in the Galveston Bay and surrounding areas were badly affected.
- The Ports of Houston, Freeport and Corpus Christi all closed on orders from the US coast Guard.
- 11.8% of total US refining capacity went offline as a result of Hurricane Harvey with 6 refineries in Corpus Christi and five in the Houston Galveston area shutting. As a result of this shut down, up to 22 tankers carrying around 15.3million barrels of crude oil were left stranded outside Texas ports.
- Further delays in vessel operations are expected over the coming weeks and months as different facilities repair damage and begin to work through the backlog of vessels delayed as a result of the Hurricane.
- Pre-emptive action taken by ports and refineries as well as damage caused by the hurricane creates a range of areas where Marine Delay Insurance (MDI) can provide protection to operators of vessels.
- Below are some scenarios showing how MDI coverage operates in these situations.

SCENARIOS

Closure of a port by a lawful authority

Grounding of the entered vessel

Consequential delay caused by a covered risk

High water levels affecting navigation of a waterway

Weather affecting the normal operation of the vessel

Damage to inland facilities and supply chain infrastructure

Mechanical breakdown on land

Closure of a port by a lawful authority

A VLCC's discharge is suspended when the captain is informed that due to the imminent arrival of Hurricane Harvey the refinery was shutting down operations by order of the coast guard. The vessel is moved to the anchorage and awaits the hurricane to arrive 2 days later.

Time lost:	2 days	Recoverable?	Yes - Rule 8(a)[ii](ff)
Daily entered sum:	\$20,0000	Amount:	\$20,000 1 days excess 1 day deductible

Up until the point the vessel would have been unable to continue to discharge due to the weather the delay suffered by the pre-emptive shutting down of the refinery would be recoverable excess of the applicable deductible up to a maximum of 20 days.

Grounding of the entered vessel

A Handysize geared bulk carrier is anchored outside the Port of Galveston throughout the hurricane. The vessel dragged anchor due to the strong winds and shifted into the shipping channel ultimately grounding on a shingle bank. The vessel remains hard aground after the hurricane passes, finally being refloated 9 days later on the next high tide with the assistance of several tugs.

Time lost:	9 days	Recoverable?	Yes - Rule 10(a)[ii]
Daily entered sum:	\$8,700	Amount:	\$43,500 - 5 days excess 4 day deductible

Insofar as the vessel was insured fully for Class III Risks (Shipboard) the time lost as a result of the delay caused from the grounding is recoverable excess of the applicable deductible up to a maximum of 17 days.

Consequential delay caused by a covered risk

10 days after the above vessel was refloated an MR product tanker arrives at the Port of Galveston but is unable to proceed to the berth due to a backlog of vessels to be discharged as a result of the grounding. The tanker makes the berth 9 days after its arrival.

Time lost:	9 days	Recoverable?	Yes - Rules 8(a)[ii](gg) and 9[ii]
Daily entered sum:	\$15,000	Amount:	\$120,000 - 8 days excess 1 day deductible

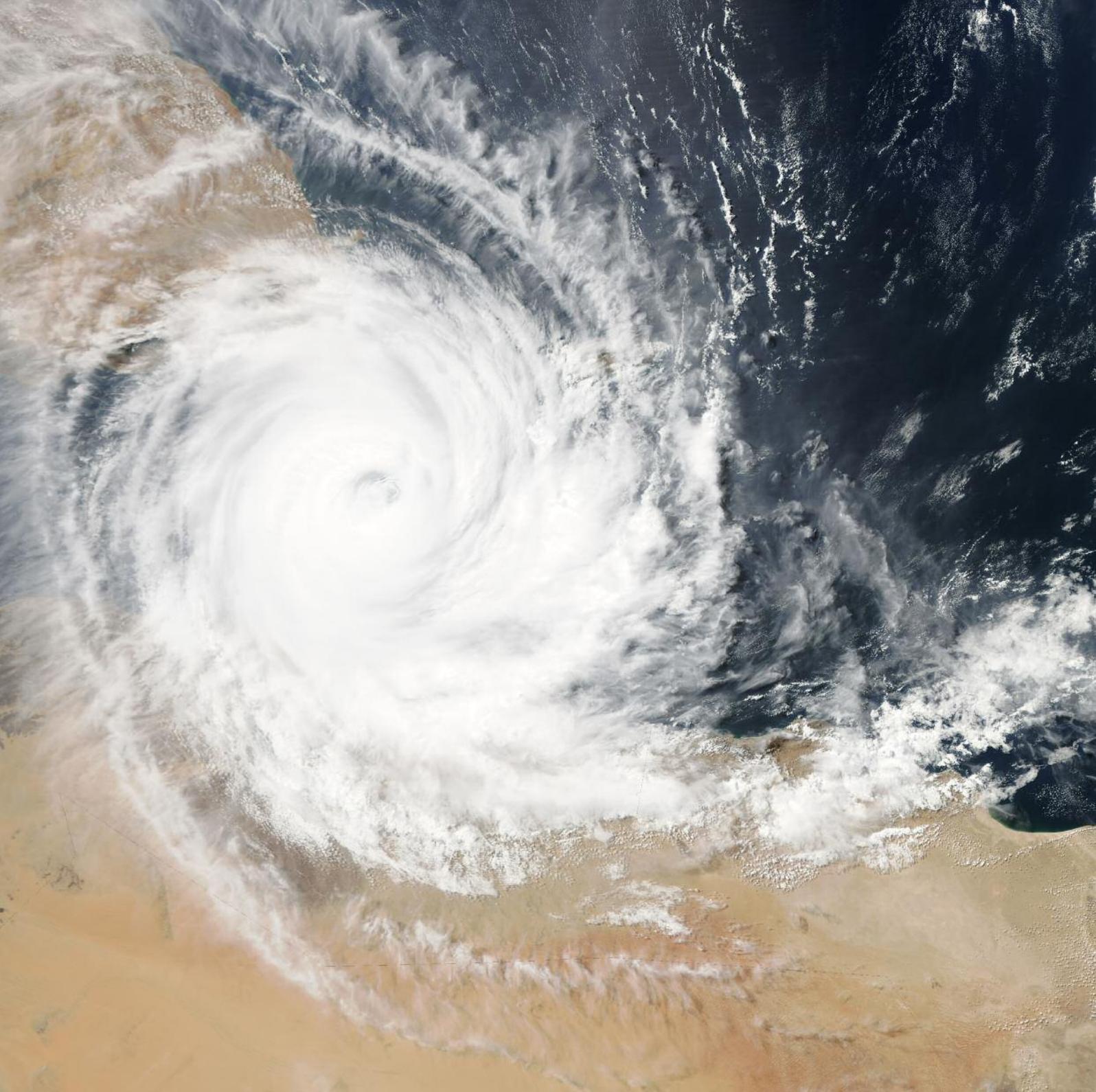
Up Insofar as the vessel was insured for Class I & II risks (Shoreside) the time lost as a consequence of the grounding of the other ship and subsequent congestion arising directly from it would be recoverable excess of applicable deductible up to a maximum of 20 days.

High water levels affecting navigation of a waterway

Further inland a barge operator is refrained from moving a train of cargo from a storage facility at Lake Charles to its transshipment point at Port of Orange. The hurricane has resulted in extreme silting rendering the waterway impassable- preventing the movement of cargo.

Time lost:	8 days	Recoverable?	Yes - Rule 8(a)[ii](gg)
Daily entered sum:	\$7,500 per train	Amount:	\$52,500 - 7 days excess 1 day deductible

Insofar as the vessel was insured for Class I risks (Shoreside), the time lost as a consequence of the delay caused by silting is recoverable excess of the applicable deductible up to a maximum of 20 days.



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