



The Regents of the University of California Guidelines for Vessel Charters

This document is provided to outline the risk management guidelines when the University charters non-owned vessels.

A charter is a contract for the commercial leasing of a vessel or space on a vessel.

When chartering a vessel, several steps should be taken to ensure adequate insurance coverage for the University of California as a charterer.

As outlined in Business and Finance Bulletin BUS-63, an attempt should be made to name UC as an additional insured under the vessel owner's Protection & Indemnity and Hull & Machinery policies.

- Protection & Indemnity (P&I) Coverage – request that the vessel owner name UC as an additional insured with a waiver of subrogation. Please note that if the P&I coverage is placed through a mutual P&I club, the vessel owner is prohibited from naming a charterer as an additional insured. If the P&I coverage is placed in the commercial insurance market, then it is feasible for the owner to comply with this request.

Note: it is important for UC to request an insurance certificate for P&I coverage to understand the limits available in case the vessel owner/employees are liable for injury to the university's employees/passengers on the vessel, and to make sure the limits satisfy UC's internal guidelines (see table below).

- Hull & Machinery (H&M) Coverage – in addition to being named as additional insured, request a waiver of subrogation on the vessel's H&M policy to protect UC against needing to pay for damage caused by the university's employees to the vessel itself.

Please carefully review certificates of insurance or copies of the insurance policies provided for exclusions/ limitations to ensure that coverage is appropriate for the specific charter in question.

Note the following guidelines for P&I limit the vessel owner needs to carry in order for the vessel to be chartered by UC:

Chartered Watercraft	P&I Limit	Notes
Commercial: <ul style="list-style-type: none">1-10 Passengers10+ Passengers23+ Passengers	<ul style="list-style-type: none">\$5,000,000\$10,000,000\$15,000,000	P&I should include Collision Liability, unless provided under the H&M policy
Private: <ul style="list-style-type: none">Not Exceeding 30'Exceeding 30'	<ul style="list-style-type: none">\$500,000\$1,000,000	P&I should include Collision Liability, unless provided under the H&M policy

NOTE: in addition to the policies in place arranged by the vessel owners, the University of California purchases Charterer's Liability coverage, which provides protection against liabilities arising out of UC acting in the capacity of a vessel charterer. However, this policy provides coverage **only for chartered vessels under 500 Gross Registered Tons, chartered by UC on a time or voyage basis, and operating on the Pacific coastal and inland waters of the U.S., Canada, or Mexico.** Should the vessel charter not fit these parameters, or should the type of activity involved in chartering a vessel present high risk or severe exposures, consult with your local Risk Management office for specific coverage requirements as may be applicable. Depending on the charter particulars, additional coverage may need to be purchased at extra premium.

Charters in which the crew is not provided by the charterer (called bareboat or demise charter) require advance approval for coverage under the University's ocean marine policy. A specific request must be submitted to Marsh Risk & Insurance Services prior to charter, allowing sufficient time to make necessary coverage arrangements (30-day lead time).

All vessel charters must be reported to Marsh Risk & Insurance Services via the quarterly Marine Exposure Report to ensure coverage for the charter. Campus departments must report any charters to their local Risk Management offices who is responsible for submitting the quarterly reports to Marsh.

A copy of the charter agreement and the charterer's certificate of insurance must be maintained at the campus. In the event of a loss, it will be necessary to provide this information.

Sample vessel charter agreements are attached to this document for your reference.

For further information, contact your local Risk Management office.