



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:		
▪ 1-10 Passengers	\$5,000,000	P&I should include Collision Liability, unless provided under the H&M policy
▪ 10+ Passengers	\$10,000,000	
▪ 23+ Passengers	\$15,000,000	
Private:		
▪ Not Exceeding 30’	\$500,000	P&I should include Collision Liability, unless provided under the H&M policy
▪ Exceeding 30’	\$1,000,000	

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.



The Regents of the University of California Best Practices for Vessel Charters

The University recommends the following best practices for charters of non-owned vessels.

- Vessel Requirements
 - U.S. Coast Guard Inspection (as required for the vessel)
 - Less than twenty-five (25) years of age
 - Steel or fiberglass construction
 - Diesel engines
 - Survey within the past two (2) years
 - Compliance with any survey recommendations
 - Capability to handle the intended charter
- Captain and Crew Experience
 - A professionally licensed Captain with a least ten (10) years experience
 - Review resumes of Captain and First Mate for experience for the intended charter
- Charter Agreement between UC and Vessel Owner
 - Review responsibilities of Vessel Owner and Charterer (UC)
 - Maintain copy of signed Charter Agreement
- For Bareboat Charterers Only:
 - On-Hire survey must be performed BEFORE vessel charter commences to determine condition of the vessel:
 - Surveyor must be a member of NAMS (National Association of Marine Surveyors) or equivalent
 - Recommendations must be complied with before accepting the vessel
 - Off-Hire survey must be performed BEFORE vessel charter concludes to determine condition of the vessel:
 - Surveyor must be a member of NAMS (National Association of Marine Surveyors) or equivalent

Vessel Charter Agreement

This charter made and entered into as of the _____,
by and between THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California
corporation, hereinafter referred to as University, and _____ hereinafter
referred to as Owner,

WITNESSETH

WHEREAS, the University desires to charter a vessel for the purpose of
conducting various educational studies at sea, and

WHEREAS, the Owner has a vessel available to charter for such purpose,

NOW, THEREFORE, the parties hereto hereinafter agree as follows:

1. Owner hereby charters to the University the documented vessel,
_____, for _____ use _____, said charter to
commence and terminate at _____ with destination of _____.

The itinerary is attached as Exhibit A. The vessel shall be furnished, outfitted, and ready
for service for the purpose above mentioned, and Owner warrants the itinerary is
acceptable and within the capabilities of the Vessel; subject only to the provisions of
Paragraph 8, changes in the itinerary may be made only with the prior written approval of
the University.

2. Owner shall provide a properly qualified captain and crew adequate for the
safety of the vessel and all other persons related to the operation of the vessel as well as
current Coast Guard certification of registration and trading limits, as applicable.

3. Subject to such reimbursement and payment as may be specifically
provided in this charter, Owner, solely at its own cost and expense, shall furnish the
vessel, the captain and full complement of crew, sleeping accommodations and meals for a
maximum of _____ passengers, including staff and/or instructors and the vessel's
operating and maintenance costs, including, but not limited to, fuel, including increased
fuel costs which may exist at the time of the charter, water, other consumable stores,
docking and wharf charges, permits, licenses, tariffs, fees, taxes, and any and all other
expenses relating to such operation and maintenance. Sample menus are attached as
Exhibit B. Exceptions and/or additions to the above requirements of owner are attached as
Exhibit C.

4. Owner agrees to secure and keep in force during the entire term of this
charter, at Owner's sole cost and expense, a standard marine insurance policy including
Hull (to full value) and Protection and Indemnity coverage, in such form, with such
carriers, and in such amounts as are acceptable to University to protect University against
all claims, demands, damages, liabilities, actions and causes of actions incident to the use
of or resulting from any accident occurring in connection with the operation of the vessel.
Said policy or policies shall contain a provision naming The Regents of the University of
California as an additional insured except that such a provision shall not apply to the
extent such losses are caused by the negligent acts or omissions of The Regents of the

University of California, its officers, agents or employees. Certificates of insurance acceptable to the University shall be furnished to University prior to execution of this agreement. Said policy or policies shall contain a provision requiring Owner's carrier or carriers to notify University at least 30 days prior to cancellation or modification of said policy or policies.

5. As and for a material part of the consideration for the entry of University into this charter, Owner agrees to defend, indemnify and hold harmless University, its officers, agents, and employees from and against any claims, damages, expenses or liability, including without limitation, damages to any property, including Owner's property, or damages arising from the death or injury of any person or persons, including Owner's employees and agents, arising out of the performance of this Charter Agreement or the use of the Vessel, to the extent such claims, damages, expenses and liabilities are not caused by the negligence or willful misconduct of University, its officers, agents, or employees acting within the scope of official business of the University.

6. In the event the vessel is disabled or damaged by breakdown of machinery, fire, grounding, collision or other cause, University then shall not be charged for the use of such vessel except that the daily charter rate of the date of such occurrence shall be on a prorated basis. In the event the vessel is lost or damaged or the disability is of such extent that the vessel cannot be repaired within 15 days following such disability, the University, as its election, forthwith may terminate the agreement.

7. Payment of the chartering rate for the use of the vessel shall be made by the University to the Owner as follows:

Amount	Date
_____	_____
_____	_____
_____	_____

8. Owner shall retain full care, custody and control of the vessel including final authority with respect to the management and operation of the same, and with respect to any determination regarding conditions affecting the safety of its crew and passengers and/or the safe navigation of the vessel itself.

9. The charter may be canceled by University on or before _____, without any cost or obligation to the University. Any amount paid by University to the Owner prior to such cancellation shall be refunded by payment to the University within five (5) days of cancellation. Cancellation after the above-specified date shall result in forfeiture of any amount paid by the University prior to cancellation.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

TITLE _____
OWNER

UNIVERSITY

BAREBOAT CHARTER AGREEMENT

This BAREBOAT CHARTER AGREEMENT, made as of _____ by and between the owner of the Vessel (Documentation # _____), hereinafter called "OWNER" and The Regents of the University of California, hereinafter called "CHARTERER."

Witnesseth:

1. OWNER hereby agrees to let and demise bareboat and the CHARTERER agrees to hire on a bareboat basis upon the terms and conditions and for the consideration hereinafter set forth, the said Vessel for a period commencing at _____ o'clock on _____ 19__ and monthly thereafter. This Agreement may be revoked on 30 days advance written notice by either party hereto to the other.
2. The vessel shall be delivered to CHARTERER at _____ on _____, 19____, at the Port of _____. "OWNER warrants that Vessel, when delivered to CHARTERER, shall be in good seaworthy condition and shall comply with all applicable laws and regulations pertaining to the condition of the Vessel."
3. CHARTERER shall maintain Vessel in good order and condition, reasonable wear and tear excepted. CHARTERER shall not be responsible for repairs to Vessel except to the extent that the need for such repairs arises from the negligence or willful misconduct of CHARTERER, its officers, agents, employees, students, invitees or guests. OWNER agrees to furnish any necessary maintenance materials needed by CHARTERER in order for CHARTERER to fulfill its obligation to maintain Vessel in good order and condition. OWNER agrees to make any repairs needed to keep Vessel in good seaworthy condition and in compliance with all applicable laws and regulations to the extent the need for such repairs does not arise from the negligence or willful misconduct of CHARTERER, its officers, agents, employees, invitees or guests. Vessel shall be subject to inspection at any reasonable time by OWNER or its agent or employee provided OWNER has furnished reasonable advance written notice to CHARTERER of its intent to make such inspection.
4. CHARTERER warrants that the skipper hired by CHARTERER will be a qualified and competent person, who shall be the employee of the CHARTERER, and be responsible for the safe navigation of the Vessel.
5. CHARTERER expressly agrees that the operation of said Vessel will be limited to the following areas and waters:

"CHARTERER further agrees that the operation of said Vessel be limited to any areas in waters specified in any insurance policy provided pursuant to paragraph 6, and any insurance policy which has been disclosed to CHARTERER prior to execution of this Agreement."

6. CHARTERER agrees to secure and keep in force during the entire term of this Charter, a standard marine insurance policy including hull coverage, to full value, and protection and indemnity coverage in such form, with such carrier or carriers so as to protect OWNER against any and all liability incident to the operation of the Vessel. Said protection and indemnity coverage shall not apply to liability or loss to the extent such liability or loss arises from the negligence or willful misconduct of Owner, its officers, agents or employees. Said policy or policies of insurance with respect to the negligent acts or omissions of CHARTERER, shall name OWNER as an additional insured, and shall obligate the carrier or carriers to notify OWNER at least 30 days prior to cancellation of or changes in said policy or policies of insurance.

CHARTERER shall indemnify, defend and hold harmless OWNER, its officers, agents and employees from and against any claims, damages, expenses or liabilities arising out of the performance of this Agreement or the use of said Vessel including without limitation, claims, damages, expenses or liabilities for loss or damage to any property, or from death or injury to any person or persons, in proportion to and to the extent such claims, damages, expenses or liabilities arise from the negligence or willful misconduct of CHARTERER, its officers, agents, or employees.

OWNER shall indemnify, defend and hold harmless CHARTERER, its officers, agents, and employees from and against any claims, damages, expenses or liabilities arising out of the performance of this Agreement or the use of said Vessel including, without limitation, claims, damages, expenses or liabilities for loss or damage to any property, or from death or injury to any person or persons, in proportion to and to the extent such claims, damages, expenses or liabilities arise from the negligence or willful misconduct of OWNER, its officers, agents, or employees.

7. CHARTERER agrees that the Vessel shall be employed exclusively as a training and pleasure vessel for the sole and proper use of itself, students, and guests, during the term of this Charter. CHARTERER further agrees not to transport MERCHANDISE FOR HIRE or CARRY PASSENGERS FOR HIRE, or engage in any trade, or in any way violate any laws of the United States or of any other government within the jurisdiction of which the Vessel may be at any time during the Charter.
8. CHARTERER shall have no rights, power, or authority to create, incur, or permit to be imposed upon the Vessel any liens or encumbrances of any nature. A fully-executed copy of this Charter Agreement shall be carried aboard the Vessel with the ship's papers at all times during the term of the Charter and shall be exhibited by CHARTERER to any person having business with the Vessel which might give rise to any lien. CHARTERER shall redeliver said Vessel free from any liens incurred as a result of the operation of the Vessel under this Charter Agreement, and shall indemnify and hold harmless OWNER or its agent against any lien not incurred by OWNER or covered by insurance arising out of the possession, use, or operation of said Vessel or by any persons aboard said Vessel by invitation of CHARTERER.
9. CHARTERER shall not subcharter or assign this Charter without obtaining the consent of OWNER in writing. If at anytime CHARTERER fails to remedy any default with respect to any of the provisions, covenants or conditions of this Charter to be kept or performed by CHARTERER within _____ days after notice thereof, or such additional time as is reasonably required to cure such default, OWNER shall have the right to terminate this Charter by giving written notice of such termination to CHARTERER.

10. OWNER shall not be responsible for failure to deliver the Vessel at commencement of the Charter if such failure is caused by reasons beyond the control of OWNER or by reason of said Vessel having been lost or disabled. Should such delivery not be made within one day after specified date, this Agreement may be canceled by CHARTERER and any deposits or amounts theretofore paid on charter hire shall be returned by OWNER to CHARTERER.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

TITLE _____

OWNER

UNIVERSITY