

► SUPPLYTIME 2017: IT'S NOT JUST A CHARTERPARTY, IT'S A STATE OF MIND

Most of us know how a knock for knock clause is supposed to work: I take care of my property and my people, you take care of yours. If my property gets damaged or my people are injured, I don't sue you for compensation – my insurers cover it and we can continue to work together.

So far, so good.

But what if your property is damaged or your people are injured in circumstances which are clearly the charterers' fault? Hang on, says the owner - it surely can't be right that I should have to deal with claims from crew who have, for example, been injured by dangerous cargo which charterers have loaded on board my vessel. Nor is it fair that such claims are reflected in my loss record with my insurer!

Enter, Supplytime 2005...

The contract contains a knock for knock clause with 16 exceptions to the regime allocating liability for claims arising out of dangerous or explosive cargo, contraband, pollution, ISPS Code compliance and General Average to name but a few. Simon Rainey QC, the offshore contract guru, has likened it to a piece of swiss cheese: full of holes.

Supplytime 2017 does away with most of these exceptions to leave a purer form of knock for knock. I take care of my property and my people, you take care of yours. The only exceptions remaining are for owners' and charterers' towing wires, limitation of liability at law and salvage of charterers' property.

Owners might foresee problems with this. To return to the dangerous cargo example, an owner of an OSV which is supporting construction work might find their charterer loading explosives on board. If an explosion occurs due to the charterers' negligence and damages the vessel and kills members of the crew, owners contracting under the Supplytime 2017 terms would find the charterers' liability to indemnify the owners for such loss and damage excluded. For owners who feel that this is not the right outcome, bear in mind that the fundamental purpose of the knock for knock regime is to remove the need to establish fault through expensive litigation and to allow the parties to continue performing the contract while their insurers settle claims.

There have been other changes to the Supplytime form. [Explanatory notes](#) on the changes from the 2005 terms are available from BIMCO.

If you have any questions on the issues raised above or any other changes to the Supplytime form or its knock for knock regime, please contact the [CTRL team](#).