

## NEWSLETTER NO. 6/21

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### **Bulkers carrying containers; operational, contractual and insurance considerations**

7<sup>th</sup> October, 2021

#### **Overview**

Increasing demand for the shipment of containers has generated interest in, and the utilisation of, non-cellular or specifically designed ships for their transportation: whilst modern safety and loss management techniques can be applied to reduce associated operational risks, there are a multitude of concerns and considerations related to the subsequent change of use required for the carriage of containers by these ships, which include bulk carriers and general cargo ships.

We will address the three main categories of such considerations below:

1. Operational
2. Contractual
3. Insurance

The adaptations required to convert non-cellular ships to load, carry and discharge containers effectively, safely and legally are complex and there is no one exhaustive check list to be referred to, however we hope that this may constitute a starting point for anyone with interest in the requirements and provide a launch pad for the required conversations with the interested and necessary parties.

#### **Operational Considerations**

The main operational considerations include the following:

##### **Safety:**

The risks associated with shipping containers are high, even when a ship is specifically designed to service the needs of their carriage (understanding of these risks and how to mitigate them for non-cellular ships is therefore of

utmost importance - the recall of several large incidents involving cellular container ships will be easy for most readers of this newsletter).

Some specific considerations and the related regulations and requirements are briefly below discussed:

1. Seaworthiness (all related Class and statutory requirements must be satisfied)
  
2. Ship's structure and strength:
  - The allowable load density can be increased by reinforcements, subject to approval by Class
  
  - All welding works must be carried out by a Class-approved welder
  
  - Stability analysis:
    - The vessel must comply with stability and longitudinal strength criteria
    - The ship's manuals must be updated
    - Loading computer systems may also need to be updated
  
  - Cargo securing/care:
    - CSS code compliance is required
    - CSM must be updated and approved to the satisfaction of both Class and the flag state
    - Safe access to cargo is required for monitoring at sea and managing securing arrangements during loading and discharging
    - Operational matters and emergency response plans should be incorporated into the vessel's SMS
    - Twist locks and lashings may be required and must be appropriate to the intended use
  
  - Firefighting capabilities (FFA): The carrying of dangerous goods must be done so in compliance with the IMDG code and additional equipment may be required
  
  - Crew (SMS, EMS, MFAG)
  
  - Weather and environmental considerations
    - Exposure of deck cargo to wind and ice
  
3. Statutory and classification:
  - Flag state requirements: compliance with regulation such as SOLAS and COLREG

- Classification Society requirements: the vessel may need to be reclassified and there will be a multitude of requirements and regulations to be complied with

It is worth noting that any changes may need to be verified by the external ISM audit of the office and vessel and Class may furthermore require a survey to reconfirm the ship's class.

## Contractual Considerations

### 1. Bills of lading:

- Some contracts of carriage may be adequate, however (if the containers are to be carried on deck) the bill of lading must be properly remarked so that the Owners' liability is excluded and the risk therefore lies with the shipper.
- The clubs suggest adequate wordings for inclusion in bills of lading.

### 2. Charterparties:

- Owners should check if container carriage is excluded under the terms of the charter party as usually a standard c/p form is unlikely to be suitable without substantial amendments.

## Insurance Considerations

The complexity of the arrangements required to effectively carry containers on non-cellular container ships generate the possibility of prejudicing Owners' P&I cover, primarily through the material change of risk that may be generated through such arrangements. It is therefore important that we are notified well in advance so that we may discuss with the Club any requirements to avoid prejudicing cover (in some circumstances, an additional cover may be necessary).

## Additional Notes

It is of fundamental importance that the updating, approval and revision of all documentation and requirements is completed prior to loading for a multitude of reasons, including those that have above been mentioned.

It should be noted that if the containers are to be carried for a single voyage, as opposed to on a more regular or permanent basis, the impact on the requirements varies, such as an exemption letter being available from Class, rather than the requirement for reclassification.

Whilst the above list of considerations is not exhaustive, it should form a starting point from which the relevant requirements can be discussed with P.L. Ferrari, Class society and flag state.

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