

SECTION 8: SPECIAL COMMODITY PROCEDURES

SUBJECT: CHARTERS PROCEDURE #8.13

POLICY: Charter agreements require unique insurance coverage that varies by the type of charter, size of the charter, and length of the charter. For all charters, the charter company must have the appropriate licenses to operate the charter and sufficient insurance to cover any liabilities that may arise. For additional information regarding insurance, see Policy 7.2.11, Insurance Requirements.¹

PROCEDURE:

Prior to contracting with a charter company, ensure that the charter company provides the vessel name and has the appropriate licenses and insurance in at least the following amounts (depending on the type of charter):

Vessel Charters

Vessel (marine) charters require specific marine charter insurance. There are two types of vessel charters: ocean-going and local (“local waters”) charters. Ocean-going charters are for vessels that will be traveling outside of the local inland water and have live-aboard crews necessary to run the vessel. These vessels are required to carry a specific type of insurance (marine protection and indemnity (P&I) to cover their crew. Local waters charters are for vessels that will not travel outside of the protected, local waters, and do not have the same type of crew insurance requirements

For local waters charters, at least \$1 million in marine liability insurance is typically sufficient. For ocean going charters, protection and indemnification (P&I) insurance is required in addition to marine liability insurance. P&I insurance ensures that the owner of the vessel will be able to pay for any damages to the vessel or crew, and lessens the likelihood there could be a claim against UW.

Aircraft Charters

Aircraft charter insurance is a specialized market with very few insurers. Large aircraft charter companies typically have sufficient specific aircraft charter insurance to cover any UW requirements.

For smaller aircraft charters, the most common form of insurance is combined single limit insurance. However, many smaller aircraft charter companies have insufficient combined single limit insurance to meet UW’s needs. For small aircraft charters, UW prefers \$2 Million in combined single limit insurance, but can accept as little as \$1 Million.

Vehicle Charters

Vehicle charter insurance is treated similarly, regardless of vehicle size. The size of the vehicle and length of the trip will dictate the level of insurance required. The University typically

¹ Available at: <https://f2.washington.edu/fm/ps/sites/default/files/purchasing/policies-and-procedures/Section7/7.2.11InsuranceRequirements.pdf>

prefers \$1 Million/passenger vehicle coverage per accident for long, nationwide charter contracts. However, for shorter, local charters, \$5-10 Million in vehicle coverage per accident is usually sufficient, depending on the exact size of the charter.

For vehicle charters for groups of only faculty and staff, lower levels of insurance may be accepted, because workers' compensation would cover injuries to an injured employee.