

Standard covenant clause

Definitions:

The below are standard definitions and covenant wording to be inserted [subject to appropriate drafting adjustments to take into account each specific set of definitions] in the relevant vessel insurance documents.

“Annex VI” means Annex VI of the Protocol of 1997 (as subsequently amended from time to time) to amend the International Convention for the Prevention of Pollution from Ships 1973 (Marpol), as modified by the Protocol of 1978 relating thereto.

“Poseidon Principles for Marine Insurance” means the marine insurance industry framework for assessing and disclosing the climate alignment of marine insurance portfolios published in December 2021 as the same may be amended or replaced [to reflect changes in applicable law or regulation or the introduction of or changes to mandatory requirements of the International Maritime Organization] from time to time.

“Poseidon Principles Association for Marine Insurance” is a non-profit association registered in Denmark whose object is the management, administration, and development of the Principles for Marine Insurance.

“Recognized Organization” means, in respect of a [vessel] an organization representing that [vessel’s] flag state and, for the purposes of this [Clause], duly authorized to determine whether the [Owner] has complied with regulation 22A of Annex VI.¹

“Statement of Compliance” means a Statement of Compliance related to fuel oil consumption pursuant to regulations 6.6 and 6.7 of Annex VI.

Covenant Clause: The Assured shall, upon the request of the Insurer(s), on or before [30 November] in each calendar year, supply or procure the supply to the Insurer(s) of all information necessary² in order for the Insurer(s) to comply with its obligations under the Poseidon Principles for Marine Insurance in respect of the preceding year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of MARPOL Annex VI and any Statement of Compliance, in each case relating to the Vessel(s) for the preceding calendar year [provided always that the Insurer(s) shall not publicly disclose such information with the identity of the vessel(s)] without the prior written consent of the Assured.

For guidance: Whilst the inclusion of the Covenant Clause creates an obligation upon an Assured to provide the relevant information, it is not intended to be more onerous than any of the Assured’s other obligations in relation to the provision of periodic information to Lenders under its facility agreements (for example to provide copies of class and ISM documentation) and the Covenant Clause should benefit from any relevant grace periods as customarily negotiated in those facility agreements.

1 For most Owners, this is likely to be its classification society.

2 See Figure 7 in the Technical Guidance, referring to the IMO DCS and SoC.