



MAX-PLANCK-GESELLSCHAFT

# Insurance Cover Contracts in Offshore Sector

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# **Knock for Knock Contract versus Single Liability Cover**



# Knock for Knock Contracts

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*„Cover for damage **to** equipment and personnel as contrasted with cover for damage caused **by** equipment and personnel“*



# Benefits of KFK

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- **Standard Basis for Offshore contracts**
- **Supported by Standard Form contracts**
- **Supported by P&I Clubs**



# The Hidden Dangers

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- Exclusions
  - Consequential losses
  - Gross negligence
- Failure to preserve right to limit
- Co assurance
- waiver of subrogation
- Mutual Hold Harmless clause

Such amendments and exceptions erode certainty and affect cover



# Standard Exception

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**„The Company shall hold harmless and indemnify the contractor from and against any and all claims and liabilities arising from or relating to any loss or damage – even if caused by act, neglect or default of the contractor- unless *caused by the Contractor’s own gross negligence and/or wilful misconduct, regardless of ownership...***



# Knock for Knock contracts

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- **Petrofina (U.K) Ltd. V. Magnaload Ltd (1983)**
- **Super Scorpio II (1998)**
- **E.E Caledonia v. B.T (2002)**



# Alternative

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## Single Liability Cover



# Benefits

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- **Cover undertaken by Operator on behalf of all Contractors and Subcontractors**
- **Cover on a Back to Back and Word for Word Basis**
- **Less litigious**
- **Less paperwork**



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**Feasibility?**  
**Yet to be tested!!**



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**Thank you for your attention!!**