

## **INTERNATIONAL NAVIGATION LIMITS (INL) (sometimes referred to as International Navigation Conditions)**

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The International Navigating Limits (INL), formerly Institute Warranty Limits (IWL), were revised and renamed by the Institute of Chartered Underwriters in London, United Kingdom, in 2000 and became effective in November 2003. The term IWL is still (in 2013) frequently found in charter parties and related documents and should be updated to refer to INL because there are significant changes in some areas.

To “breach” INL is to navigate into or through one of the either seasonal or permanently “excluded areas” without advising the hull insurance underwriters and without paying the additional insurance premia which will void the vessel’s hull insurance cover.

Areas permanently excluded include Polar Regions, North and South, typically above latitude 50° or 52°. Also permanently excluded are St. Lawrence Seaway and Great Lakes, Aleutian and Queen Charlotte Islands, and the Bering Sea with conditions.

The seasonally excluded areas, typically the Northwest coast of North America (Alaska), Northwestern Russia, the Baltic, and the Northeast coast of North America (Gulf of Saint Lawrence and St. Lawrence River) cannot be navigated during the winter season under summer hull insurance conditions. The one and only reason is the ice. Ice is known to be extremely hazardous to ships, and too many ships are not fitted for navigation in ice and even if they are, the risk of damage is high. To navigate in such areas, the shipowners have to contact their hull underwriters to get permission to enter such an area or, as it is often expressed, they breach the INL. This is short for International Navigating Limits, the set of clauses that regulates where the ship may trade under English Hull Conditions (Institute of Chartered Underwriters).

Note however: all shipowners are not insured according to English Hull Conditions and the trading warranties may differ depending on the conditions of cover. Thus it is proper to check the trading warranties agreed upon, especially since charterparties very often refer to the INL, which may not be the conditions as the owner’s hull insurance policy.

The hull underwriters may allow vessels to trade outside IWL depending on conditions and the time of the season. If vessels are allowed to breach the warranties, that is, to trade in the excluded areas, the underwriter will charge an additional premium for such a voyage. Unless otherwise agreed, the premium is set for a voyage in and out of the excluded area. Should the vessel stay in the area and add ports or cross trade, the cover may be void unless the underwriters have agreed to such extension.

Vessels trading in an excluded area or calling at such an excluded area regularly can often elect to pay seasonal cancellation, which is a premium for the period instead of paying on a per voyage basis.

The intention of charging additional premia is to be able to keep a low basic annual premium for hull cover. Only the owners electing to expose their vessels for an increases risk have to pay, otherwise such exposure has to be borne by all owners, even those that decide not to expose their ships to ice or other hazards. Therefore the additional premium for breaching the trading warranties may be regarded as quite high but it has to cover the increase in exposure.

Winters may be different in severity and some hull conditions, will have additional premia set for the Baltic depending on the current ice situation. Other conditions often have an advisory scale that is used, irrespective of actual ice conditions and owners or charterers often complain that they have to pay high additional premia when there is no or very little ice during a voyage.

In severe winter, the additional premia charges may not be sufficient to cover claims made. Past experience has shown that ice damage is directly related to the severity of the winter, the ice created and the condition of the ship, including the skill of the officers.

### **Worth Knowing: Breaching INL Clauses**

It is fairly common that a time charter will contain a clause allowing the charterers to order a ship to a place outside International Navigating Limits (INL). There is, of course, a reason why the underwriters have made the limits; trading outside those limits may be more dangerous to the ship, i.e. the risk of damage increases once the ship trades outside the INL.

Generally the time charterers are aware of this and may, therefore, propose a clause such as the following:

- The charterers are allowed from time to time to order the vessel to proceed to a port or place outside the current INL against payment of the additional insurance premium incurred.

Such a clause is acceptable so long as there is no reason to dispute the additional premium demanded by the insurers and so long as the vessel suffers no damage. Assuming that the vessel is in fact damaged by ice, there is nothing in the clause which would support a claim from owners that the time charterers must defray the loss of time needed for the repairs. This is particularly relevant if the ship is damaged to an extent that affects its seaworthiness.

The aforementioned clause would be to no avail as regards the time used for repairs and charterers might argue that the repairs may be put off until some time in the future when the ship would undergo survey or similar, if vessel's seaworthiness is not affected.

Hence the provision fails on two counts; it does not specify that the owners may take out additional insurance as they see fit, not does it specify that the time needed for repairs of damage to the vessel caused by complying with time charterer's orders to breach INL is to be absorbed by the charterers.

## INTERNATIONAL NAVIGATING CONDITIONS (01/11/03)

### 1. NAVIGATING LIMITS

Unless and to the extent otherwise agreed by the Underwriters in accordance with Clause 3 below, the vessel shall not enter, navigate or remain in the areas specified below at any time or, where applicable, between the dates specified below (both days inclusive):

#### **Area 1 - Arctic**

(a) North of 70°N. Lat.

(b) Barents Sea

except for calls at Kola Bay, Murmansk or any port or place in Norway, provided that the vessel does not enter, navigate or remain north of 72°30' N. Lat. or east of 35° E. Long.

#### **Area 2 - Northern Seas**

(a) White Sea.

(b) Chukchi Sea.

#### **Area 3 - Baltic**

(a) Gulf of Bothnia north of a line between Umea (63° 50' N. Lat.) and Vasa (63° 06' N. Lat.) between 10<sup>th</sup> December and 25<sup>th</sup> May.

(b) Where the vessel is equal to or less than 90,000 DWT, Gulf of Finland east of 28° 45' E. Long. between 15<sup>th</sup> December and 15<sup>th</sup> May.

(c) Vessels greater than 90,000 DWT may not enter, navigate or remain in the Gulf of Finland east of 28° 45' E. Long. at any time.

(d) Gulf of Bothnia, Gulf of Finland and adjacent waters north of 59° 24' N. Lat. between 8<sup>th</sup> January and 5<sup>th</sup> May, except for calls at Stockholm, Tallinn or Helsinki.

(e) Gulf of Riga and adjacent waters east of 22° E. Long. and south of 59° N. Lat. between 28<sup>th</sup> December and 5<sup>th</sup> May.

#### **Area 4 - Greenland**

Greenland territorial waters.

#### **Area 5 - North America (east)**

(a) North of 52° 10' N. Lat. and between 50° W. Long. and 100° W. Long.

(b) Gulf of St. Lawrence, St. Lawrence River and its tributaries (east of Les Escoumins), Strait of Belle Isle (west of Belle Isle), Cabot Strait (west of a line between Cape Ray and Cape North) and Strait of Canso (north of the Canso Causeway), between 21<sup>st</sup> December and 30<sup>th</sup> April.

(c) St. Lawrence River and its tributaries (west of Les Escoumins) between 1<sup>st</sup> December and 30<sup>th</sup> April.

(d) St. Lawrence Seaway.

(e) Great Lakes.

**Area 6 – North America (west)**

- (a) North of 54° 30' N. Lat. and between 100° W. Long. and 170° W. Long.
- (b) Any port or place in the Queen Charlotte Islands or the Aleutian Islands.

**Area 7 – Southern Ocean**

South of 50°S. Lat. except within the triangular area formed by rhumb lines drawn between the following points

- (a) 50° S. Lat.; 50° W. Long.
- (b) 57° S. Lat.; 67° 30' W. Long.
- (c) 50° S Lat.; 160° W. Long.

**Area 8 – Kerguelen/Crozet**

Territorial waters of Kerguelen Islands and Crozet Islands.

**Area 9 – East Asia**

- (a) Sea of Okhotsk north of 55° N. Lat. and east of 140° E. Long. between 1<sup>st</sup> November and 1<sup>st</sup> June.
- (b) Sea of Okhotsk north of 53° N. Lat. and west of 140° E. Long. between 1<sup>st</sup> November and 1<sup>st</sup> June.
- (c) East Asian waters north of 46°N. Lat. and west of the Kurile Islands and west of the Kamchatka Peninsula between 1<sup>st</sup> December and 1<sup>st</sup> May.

**Area 10 – Bering Sea**

Bering Sea except on through voyages and provided that

- (a) the vessel does not enter, navigate or remain north of 54° 30' N. Lat.; and
- (b) the vessel enters and exits west of Buldir Island or through the Amchitka, Amukta or Unimak Passes; and
- (c) the vessel is equipped and properly fitted with two independent marine radar sets, a global positioning system receiver (or Loran-C radio positioning receiver), a radio transceiver and GMDSS, a weather facsimile recorder (or alternative equipment for the receipt of weather and routing information) and a gyrocompass, in each case to be fully operational and manned by qualified personnel; and
- (d) the vessel is in possession of appropriate navigational charts corrected up to date, sailing directions and pilot books.

2. **BREACH OF NAVIGATING LIMITS**

In the event the vessel is in breach of Clause 1 above, the Underwriters shall not be liable for any loss, damage, liability or expense arising out of or resulting from an accident or occurrence during the period of breach, unless notice is given to the Underwriters immediately after receipt of advices of such breach and any amended terms of cover and any additional premium required by them are agreed.

3. **PERMISSION FOR AREAS SPECIFIED IN NAVIGATING LIMITS**

The vessel may breach Clause 1 above and Clause 2 shall not apply, provided always that the Underwriters' prior permission shall have been obtained and any amended terms of cover and any additional premium required by the Underwriters are agreed.