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Qwest Legal - Evening out unpredictable legal costs



Mark Mathews

The new Qwest Legal service plugs a number of holes in the existing arrangements that owners or charterers have to protect themselves from the day to day legal costs encountered in the shipping business writes Mark Mathews.

How does an owner or charterer handle their everyday pre and post fixture issues when they don't have the benefit of an in-house team or FD&D insurance? How do they deal with disputes between counterparties where legal advice is required but there is no insurance to cover the costs? These are questions that I have only given a lot of thought to since my involvement in Qwest and in particular since we developed the Qwest Legal service.

One reaction might be that surely such operators would purchase FD&D. However, this has proved not to be the case. Speaking from my own experience of the business, a significant proportion of owners or charterers, do not buy FD&D insurance, as they believe they do not need it and in many cases, years of operation with no significant disputes may have proved them right.

Issues and Disagreements

However, they can still find themselves in need of guidance for those 'run of the mill' pre and post fixture issues relating to charterparty wordings, off hire, demurrage, unpaid freight, speed and consumption, as well as other disagreements with suppliers and partners arising out of the general course of their business.

Each of those enquiries, if not fielded by the P&I insurer, could result in a cost and legal spend that slowly builds up over the course of a year – so how does the operator deal with this?

For a one-off occurrence, service can often be negotiated from their P&I provider or a friendly lawyer. But any advice would be caveated as the professional providing the answers would neither have been appointed nor likely been able to consider in great detail the circumstances and documentation relating to the matter.

This approach will only go so far which leads to my next question – what can the operator do to get assistance on those issues which could potentially cause him operational difficulties and, potentially, financial losses without the costs associated with repeat enquiries to law firms?

This is where a retainer arrangement with Qwest is of assistance. Qwest Legal provides clients with access to a team of lawyers and claims experts who will provide unlimited legal advice on the full range of maritime or trade enquiries, acting as an extension beyond P&I and FD&D matters including, but not limited to, Hull & Machinery claims.



Legal Expert

It is like having access to a legal expert in your pocket on a 24/7 365 days a year basis where the client can source guidance on all types of English law pre and post fixture difficulties, as well as other maritime issues that may arise out of their business.

Not only is the retainer competitively priced – usually a fixed annual fee per vessel – it is sufficiently flexible to cater for a more bespoke arrangement. Solutions are tailored to the client's individual requirements, so if the client feels they may not make full use of an annual retainer, they can opt for a 'pay as you go' arrangement based on a pre-purchase of hours that carry over if unused. Under such an arrangement the client is therefore not paying for something that they do not use and future legal budgets hold no nasty surprises.

FD&D Complement

Some clients choose Qwest Legal to complement their FD&D entry, especially where the enterprise does not have a fully dedicated in-house legal or insurance team. Qwest Legal is structured in such a way that it acts as an extension of the client's shore based service – in effect providing the client with an 'in-house' team that knows its business and advises accordingly.

There is no deductible for retainer enquiries – the fixed fee is the only fee the client will pay for the retainer service, so for clients that engage law firms several times a year, incurring several deductible payments under their FD&D cover, money is effectively saved through the retainer.

On top of this, the client is able to extend the retainer to include legal fee protection insurance up to the sum of USD1m, which takes effect when a matter reaches arbitration or litigation. The majority of claims do not reach that stage, but this is a cost-effective way of addressing that risk.

This flexible approach extends to a derivative of Qwest Legal called Qwest Shipmanagers which is designed to cover some awkward scenarios that can occur in the shipmanagement business. Here the Shipmanager benefits from the same service at a competitive cost and on a fleet, rather than per vessel basis.

As we've particularly seen over the last few years future costs in the shipping business can be unpredictable. With Qwest Legal, at least those little legal costs that had a nasty habit of building up over the course of the year can now be known in advance.

Qwest Legal

You can find out more information about Qwest Legal via our product page.

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