

# STANDARD P&I COVER

RISK SOLUTIONS RESPONDING TO THE  
ASSURED'S LEGAL LIABILITIES IN DIRECT  
CONNECTION WITH THE OPERATION OF  
THE SHIP





IN A WORLD OF INCREASING COMPLEXITY,  
GARD'S OBJECTIVE IS TO HELP OUR MEMBERS  
AND CLIENTS MANAGE THE TOTALITY OF  
THEIR EXPOSURES – BOTH TO EXISTING AND  
DEVELOPING RISKS.



# COVERING THIRD PARTY LIABILITIES



Dedicated duty  
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The purpose of Protection and Indemnity (P&I) insurance is to shield the assured from the risk of the liabilities arising from their maritime activities, to damage or loss which the assured has caused to others. Modern P&I, available to shipowners and charterers alike, provides coverage for a wide range of liabilities and losses, for example loss of life or injury to passengers or crew, wreck removal, damage to or loss of other property, including pollution.

Gard has grown from a P&I insurer for local sailing vessels at the turn of the 20th century, to one of the largest players in the international

marine insurance industry covering liabilities, assets and loss of income. Owners mutual P&I is our largest line of business. As a multi-line insurer – with the strongest rating in the marine market – Gard is uniquely positioned to understand how risks fit together, and identify the best choice of products, ensuring seamless coverage and service.

For further details concerning Gard's standard P&I cover, see Gard P&I's Rules and the Gard Guidance to the Rules found under "Publications" on our website - [www.gard.no](http://www.gard.no) or from your usual contact.

# SCOPE OF COVER

The assured is covered for standard P&I risks



## Cover

The assured is covered for standard P&I risks set out in the Gard Rules when the assured's liabilities incur in direct connection with the operation of the ship.

- Loss of or damage to cargo
- Pollution from the ship, or its cargo
- Loss of life and injury to crew members or passengers
- Removal of wreck
- Damage to fixed or floating objects
- Collisions with other ships

## Important exclusions

- Loss of or damage to own property
- Contractual liabilities unless approved by the Club
- Salvage operations conducted by the entered ship

- War risks - Gard and the other Clubs in the International Group have for many years arranged a special war risks P&I cover for the benefit of their Members. The terms of this cover are notified to Members each year in a circular from the Association.

## Limit

The main advantage with the cooperation through the International Group of P&I Clubs (IG) is the claims sharing and the reinsurance agreements, unparalleled both in terms of capacity and limits.

The IG has collectively purchased the largest reinsurance program in the marine industry which currently provides a limit of USD 3.1 bn per incident.

Further there are special sub limits on certain risks relating to pollution claims of USD 1 bn and passenger claims of USD 2 bn.





THE MEMBER IS GIVEN PROTECTION AGAINST THE MAJORITY OF THE LIABILITY RISKS TO WHICH THEY MAY BE EXPOSED IN THE COURSE OF THEIR MARITIME ACTIVITIES.

#### Related products

The standard P&I cover reflects the scope of cover in the IG Pooling Agreement and as such does not cover all liabilities that shipowners, charterers and operators may face in connection with the operation of their ships.

In order to meet the liability insurance needs arising in connection with certain types of ships, operations and trades, Gard has developed a number of fixed premium additional covers, many of which are tailored to work “hand-in-hand” with the underlying standard P&I cover.

Examples are:

- Comprehensive carriers’ liability cover
- Extended crew cover
- Defence cover
- Tour operators’ cover
- Divers’ P&I cover
- Container cover
- Ship manager liability cover
- CGL for offshore vessels
- Extended loss of hire cover

Complementary covers available from Gard



# CASE STUDIES

## Shipowner's liability to crew members



### Crew

During repair work in the engine room a crew member falls and sustains a serious injury to his back. After a period of rehabilitation it is evident that the crew member has become permanently disabled. According to the crew contract, which incorporates the terms of a collective bargaining agreement, the Member is liable to pay compensation to the crew member. The level of contractual liability is normal for the nationality and rank of crew in question. The P&I cover responds to the owner's liability, subject to Gard Rule 27.1.c.

### Cargo

A vessel carrying grain experienced rough weather en route. Upon discharge, part of the cargo was found wet and traces of water was found along the hatch covers. Pursuant to the contract of carriage, to which the Hague-Visby Rules applied, the carrier had a duty to

make the ship seaworthy before the beginning of the voyage. The carrier was unable to provide sufficient evidence to prove that he had fulfilled this obligation. The P&I cover responds to the carrier's liability in respect of the damaged cargo - subject to Gard Rule 34.1.a.

### Collision

Ship A collides with ship B. Ship A is entered in Gard with full collision liability cover. Both ships are to blame for the collision due to negligent navigation. Cover is available under Rule 36 to indemnify the Member for his liability to pay damages to the owner of ship B, the owner of cargo carried by ship B and to injured crew on board ship B.

### Damage to fixed and floating objects

Upon berthing with pilot on board, the ship hits the quay causing damage both to the quay and to shoreside equipment. The Member





is found liable for the costs incurred to repair the quay and equipment, as well as compensation to the operator of the quay for losses incurred while it is inoperable until repaired. The terms of entry for the ship (Gard cover) includes cover in respect of liability for loss or damage to fixed and floating objects (FFO). Hence, the P&I cover responds to the owner's liability, pursuant to Rule 37.

#### Pollution

A large bulk carrier suffers a grounding incident near the coastline, which causes two of its bunker tanks to rupture and leak heavy fuel oil into the sea. A significant clean-up exercise is organised by the coastal state, but cannot prevent oil contamination to natural resources and private properties. The owner is liable for the clean-up costs and compensation for contamination damage pursuant to the terms of the

Bunkers Convention that has been enacted by the state in question. The P&I cover responds to costs and liabilities arising from ship-source pollution incidents – pursuant to Rule 38. Furthermore, the club is liable to pay compensation pursuant to a Bunker Blue Card (BBC) issued in respect of the entered ship.

#### Wreck removal

A vessel ran aground close to the shore and is declared a total loss. The coastal state ordered the owners to remove the wreck as it was an obstruction to safe navigation. The P&I cover responds to costs related to the raising, removal, destruction, lighting and marking of a wreck when this is compulsory by law or legally recoverable from the member, pursuant to Rule 40.

Liability in respect of damage to cargo



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