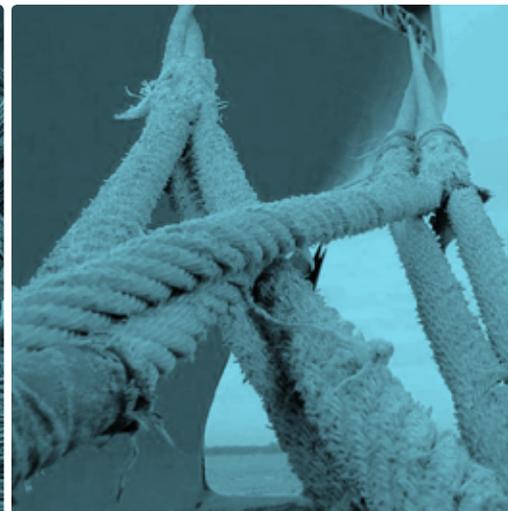
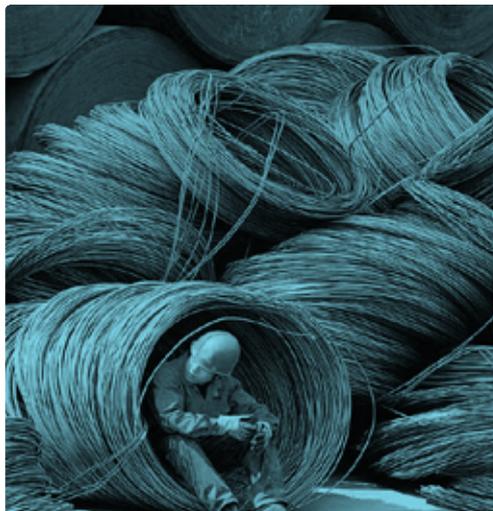
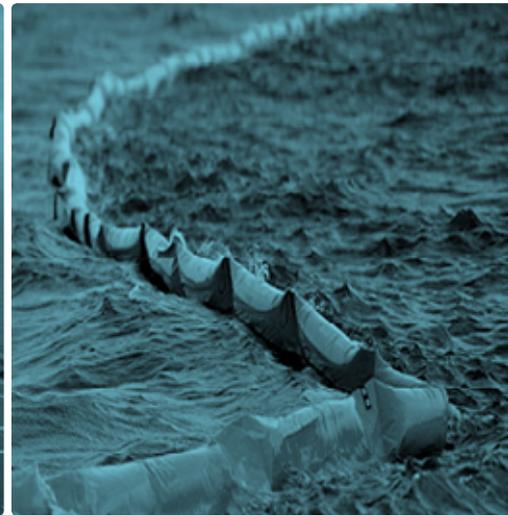


# Standard P&I Cover

Responds to the Assured's legal liabilities in direct connection with the operation of the ship



# Covering third party liabilities

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.

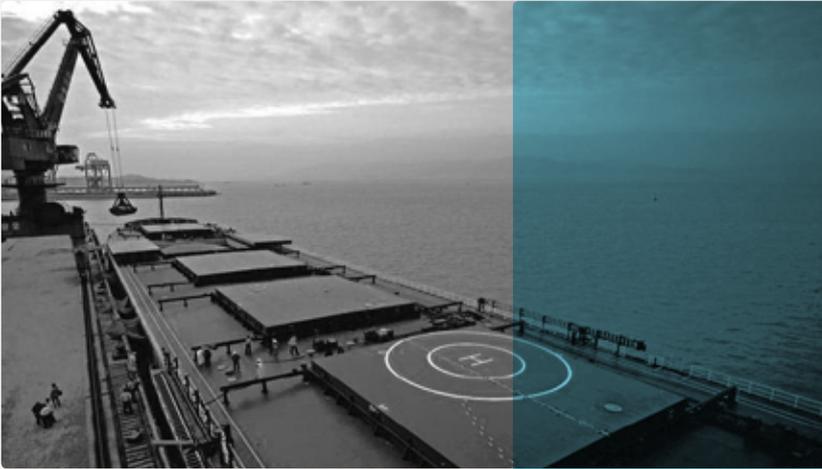
The purpose of Protection and Indemnity (P&I) insurance is to shield the assured from the risk of the liabilities arising from their maritime activities, to damage or loss which the assured has caused to others. Modern P&I, available to shipowners and charterers alike, provides coverage for a wide range 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 Statutes and Rules on our website ([www.gard.no](http://www.gard.no)) under "Products", as well as the Gard Guidance to the Statutes and Rules under "Publications".

# Scope of cover



The Member is afforded protection against the majority of the liability risks to which they may be exposed in the course of their maritime activities.

## 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 standard P&I cover is reinsured through the Pool operated by the International Group of P&I Clubs (IG), which is a claims-sharing arrangement between the IG clubs, as well as by market reinsurance purchased collectively by the IG clubs.

The current limit of the market reinsurance is USD 2,000 million in excess of a Pool retention of USD 80 million. The members of IG clubs retain the risk of P&I claims exceeding USD 2,080 million through an "overspill mechanism" whereby each member is liable to pay contribution to satisfy the liability up to a pre-defined limit related to the tonnage of the entered ship.

Special limits of cover apply per event in respect of liability for oil pollution (USD 1,000 million), passengers (USD 2,000 million) and passengers and crew combined (USD 3,000 million).

## 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

# Case studies



Practical examples of how the cover will respond.

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.

# Why choose Gard



Everything we do is about managing risk and its consequences.

## Key facts

- The largest mutual P&I club with steady growth in quality tonnage
- Committed to high quality service
- Swift and correct settlement
- Tailor-made additional products

We offer comprehensive insurance solutions for most conventional vessel types and operations, including liner, tanker, bulk and passenger/cruise operations. We understand the challenges and can provide tailor-made protection for a wide range of trades and operations worldwide.

## Market leading expertise

Our focus is entirely on the maritime industries – we understand where you have come from, and the dynamics of your businesses. This provides real depth to the contribution we make, and our highly experienced staff of claims handlers and underwriters can share their experience and expertise.

With a network of 13 offices and teams of in-house claims specialists, we can deliver the right skill set to the right place at the right time. By ensuring that we also focus on risk assessment and loss prevention – as well as how we handle all aspects of casualties and crises – we can offer support every step of the way

## Financial and operational strengths

- Strong financial status: Contingency reserve of USD 1.05 billion (20.08.14).
- S&P rating: A+ (stable outlook).

# The Gard group

05

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