



International Group of P&I Clubs

Overview of the Group and Club system

Andrew Bardot – Executive Officer

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The Group

- Comprises 13 mutual marine insurance associations (“Clubs”) which between them;
- insure and pool third party liabilities relating to the use and operation of ships
- cover over 90% of world ocean-going tonnage
- and over 95% of ocean-going tankers

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The Group Clubs

- Origins date back to 1850s
- True mutual structures
- Not for profit-at cost cover
- Owned and controlled by shipowners
- Vary in size from c.15m to c.135m GT
- Cover all types and sizes of vessels

Current principal underwriting Group members

- American Steamship Owners Mutual Protection and Indemnity Association, Inc
- Gard P&I (Bermuda) Ltd
- Assuranceforeningen Skuld
- The Britannia Steam Ship Insurance Association Limited
- The Japan Ship Owners' Mutual Protection & Indemnity Association
- The London Steam-Ship Owners' Mutual Insurance Association Limited
- The North of England Protection and Indemnity Association Limited
- The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)
- The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited
- The Steamship Mutual Underwriting Association (Bermuda) Limited
- The Swedish Club
- United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited
- The West of England Ship Owners Mutual Insurance Association (Luxembourg)

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Current Affiliated Group members

- Skuld Mutual Protection and Indemnity Association (Bermuda) Ltd
- Assuranceforeningen Gard Gjensidig
- The Standard Steamship Owners' Protection and Indemnity Association (Europe) Ltd
- The Standard Steamship Owners' Protection and Indemnity Association (London) Ltd
- The United Kingdom Mutual Steam Ship Assurance Association (Europe) Ltd
- The Steamship Mutual Underwriting Association Ltd

Reinsured subsidiary

- The Standard Steamship Owners' Protection and Indemnity Association (Asia) Ltd

Poolable Club Cover

Includes third party liabilities such as:

- Pollution, loss of life/personal injury, repatriation, wreck removal, damage to fixed/floating objects, collisions, cargo loss/damage and SCOPIC

Excludes certain liabilities including those arising from:

- War risks, nuclear risks, offshore production and exploration and other specialist activities, non-approved certificates or undertakings and sanctionable activities

Group functions

- To co-ordinate the operation of the claims pooling agreement for claims in excess of the individual club retention (\$8m) and the collective reinsurances for the Group clubs (\$60m - \$3.06bn).
- To provide a forum for the exchange of information between clubs and other maritime organisations and sectors.
- To represent the views of clubs' shipowner members on matters of concern to the shipping industry in relation to insurance and liability issues.

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Group structure

- Constitution (amended 2006)
- International Group Agreement “IGA” (amended 2008)
- Pooling Agreement (renewed annually)

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Group organisation

- The activities of the Group are co-ordinated through the Group secretariat based in London.
- The work of the Group is carried out by the secretariat and by club managers in sub-committees and working groups which formulate policy recommendations for consideration by boards.
- The Group managers meet three times each year to co-ordinate the work of its sub-committees and working groups.

More than 90 sub-committees and working groups, including:

- Bills of lading
- Claims Co-operation
- Compulsory 3rd Party Liability Insurance
- Capital Adequacy
- Maritime Security
- Blue Cards
- Personal Injury
- Pilotage
- Pollution
- Regulatory Affairs
- Reinsurance
- Representation
- Salvage
- Ships' Standards
- Ship Technical
- War and Terrorism

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Group policy positions

- The Group's policy positions are agreed by club boards who report through their managers into the Group – Group managers do not make Group policy – Shipowners do.
- Need to reflect the wishes, sometimes conflicting, of different industry sectors.
- Need to reflect both public policy desires and shipping and insurance industry practicalities take time to develop with compromise positions having to be adopted.

Pooling And Reinsurance

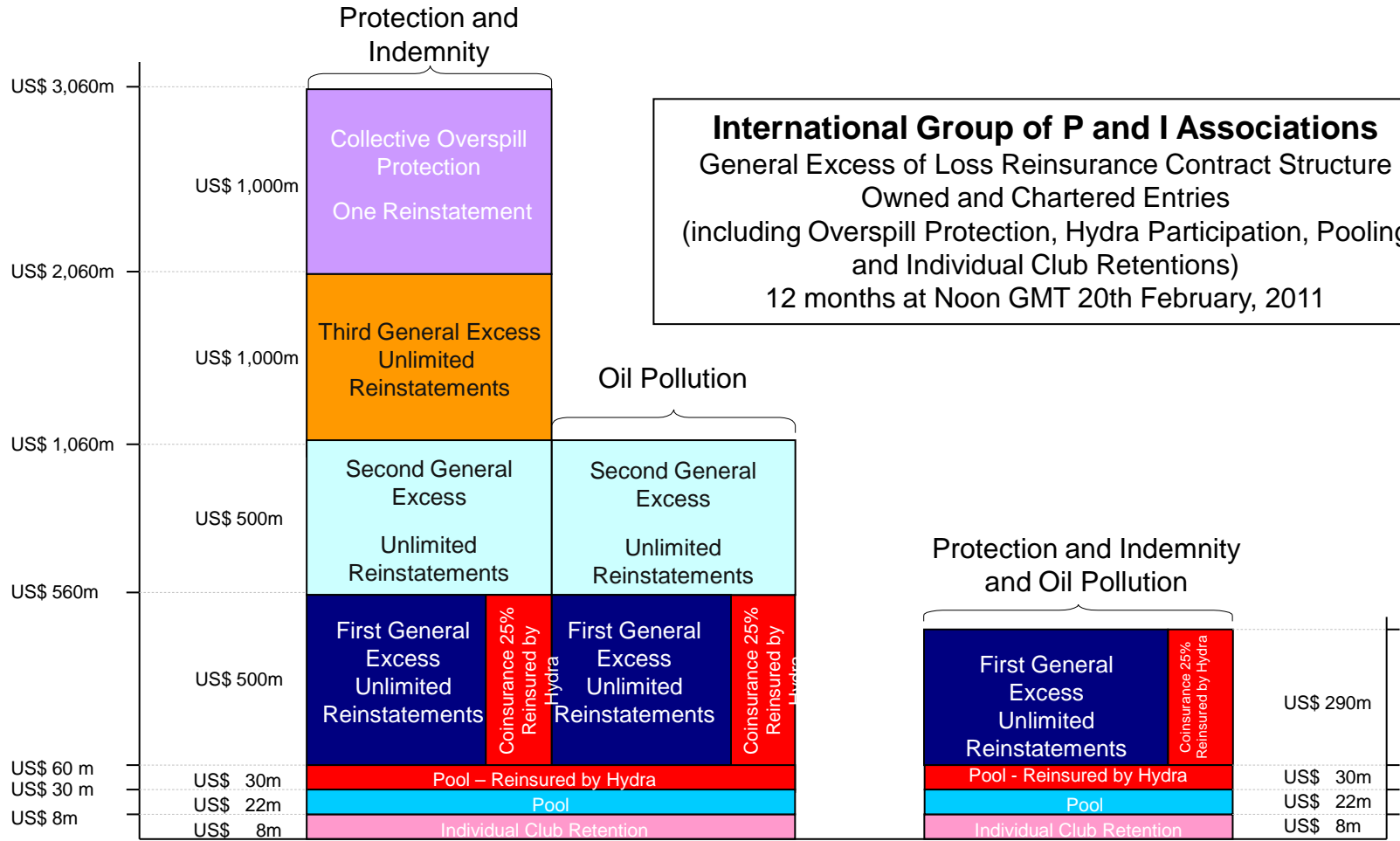
- Highest level / limit of cover (\$1bn oil poll / \$2bn passengers / \$7bn non oil (approx.))
- Most comprehensive extent of cover
- Cover “at cost” (mutuality = no profit)
- Facility to admit discretionary claims
- Ensures prompt and certain compensation
- Financial security recognised by governments and maritime authorities worldwide – “Blue Card” system

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Pool and Reinsurance programme structure

- Individual club retention US \$8m.
- Pool layer US \$8m. – US\$60m.
- GXL programme – three layers - US\$60m. – US\$2.06bn.
- Collective Overspill reinsurance US\$2.06bn. – US \$3.06bn.
- Overspill limit c. US\$7bn.
- Hydra reinsures US\$30m-US\$60m pool layer and 25% of first layer GXL (US\$60m. - US\$560m).

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Group liaison and consultation roles

- Inter-governmental bodies such as IMO, IOPC Funds, UNCTAD, UNCITRAL and OECD.
- National governments and agencies such as the UK MCA and USCG, and EU organisations and agencies, USCG, NPFC, NOAA and DOI
- Other industry organisations such as BIMCO, ICS, Intertanko, Intercargo, OCIMF, ITOPF, IACS, IUMI, LMA and IUA.
- Promoting and encouraging industry positions on practical and legislative issues and providing technical advice and input in the drafting of new legislation, regulations, conventions and protocols.

Current and future issues and challenges include:

- Increased claims severity
- Competition (Anti-trust) legislation and regulations
- Piracy
- Reinsurance security and capacity
- Increasingly stringent solvency/regulatory/sanctions compliance requirements

Increased claims severity

- Large claims becoming significantly more expensive
- Very significant escalation in wreck removal costs
- Athens Convention Protocol passenger/crew limit increases
- STOPIA/TOPIA exposure
- Continuing threat/challenges to shipowner Limitation rights
- LLMC limits review in IMO Legal Committee

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Summary of benefits provided by the Group system

- Unparalleled range and limits of cover provided at cost
- Guaranteed prompt security / payment of compensation to victims
- Unparalleled “intellectual capital” resource
- Experienced and effective casualty and claims management
- Assistance to States and IGOs in legislation/regulation drafting and promotion/implementation of ship standards and safety measures

In conclusion

- The Group is a well-established, effective and unique organisation
- Product of choice for the majority of world shipowners
- Proven to work in the interests of its membership and the public at large
- Well structured to address and adapt to the challenges of the future



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www.igpandi.org