



Shipowners' P&I

Version 1/2021

Just like last year, we have reviewed and improved our Shipowners' P&I policy wording in order to stay updated with the latest market developments. As in previous reviews our focus has been on further clarifying existing terms as well as improving the cover offered to our Assureds.

This year's amendments have been driven by the Coronavirus (COVID-19) and the requirements from the reinsurance market. This resulted in the introduction of a Coronavirus limitation. Furthermore, amongst others, we have improved our fines clause and there have been some minor amendments in the numbering of clauses.

Customarily, the terms of our current policy wordings (1/2020) will continue to apply to those insurance contracts with a policy start date in 2020. The 2021 terms will apply to those contracts entered into or renewed as from 2021. For your reference, please find below a short summary of the major changes coming into effect with the new 2021 policy version.

Should you have any specific questions regarding the amendments kindly direct these to your usual contact person at MS Amlin or to ClientServicesDesk@msamlin.com.

The new wording of the Shipowners' P&I – Version 1/2021 can be found [here](#).

Part 1 – Protection & Indemnity

Section 19 – Fines

Due to the continued developments in the shipping industry and in order to stay in line with market practice, we have updated our fines clause. The list of insured fines, under section 19.1, remains similar to the previous policy wording of 2020. Following this year's review, we decided to make the clause more user-friendly by deleting the long list of excluded fines and replaced section 19.2 with the option to cover fines, on a discretionary basis, which are not listed under section 19.1. As such, cover can be discussed on a case-by-case basis. With this amendment, we are better equipped for the developments in the near future and the fines resulting thereof. Nevertheless, we would like to point out that we neither extend nor reduce the scope of coverage provided to the Assured under this revised section.

The new clause will read as follows:

19.1 *Liability for fines in respect of the Insured Vessel imposed by any court, tribunal, or authority of competent jurisdiction upon the Assured, for any of the following:*

- a. *Short or over delivery of Cargo or failure to comply with regulations relating to the declaration of goods or documentation of Cargo, provided that the Assured is insured by the Company for liability under section 9 (Cargo liabilities).*
- b. *Accidental escape or discharge from the Insured Vessel of oil or any other substance, provided that the Assured is insured by the Company for liability under section 15 (Pollution risks).*
- c. *Smuggling or any infringement of any customs law or regulation other than relating to the Cargo on the Insured Vessel.*
- d. *Breach of immigration laws or regulations.*

19.2 *The Company may, in its sole discretion, cover in whole or in part liability for fines in respect of the Insured Vessel imposed by any court, tribunal, or authority of competent jurisdiction upon the Assured, for any of the following:*

- a. *A fine other than those listed in section 19.1, provided the Assured has satisfied the Company that he took steps as appear to the Company to be reasonable to avoid the event giving rise to the fine or penalty.*
- b. *Any fine imposed not upon the Assured but the master or Crew member of the Vessel or on any other servant or agent of the Assured or on another party, provided that the Assured has been compelled by law to pay or reimburse such fine or that the Company determines that it was reasonable for the Assured to have paid or reimbursed the same.*

19.3 *The Company shall be under no obligation to give reasons for its decision pursuant to section 19.2 above.*

Part 4 – General Terms and Conditions

Section 32.5 – Coronavirus Limitation

The year 2020 has predominantly been about COVID-19 which impacted both shipping and insurance. All sorts of exclusions have been introduced on this topic in different insurance markets, including the reinsurance market. Consequently, a Coronavirus Limitation clause has been included, based on the frequently used LMA5395. In light of our experiences over the past year and due to our strong financial position, we still provide cover for claims arising out of COVID-19, SARS-CoV-2 or any mutation or variation thereof, up to USD 10 million per Event and without a sublimit where we are required to provide cover under a Blue Card or similar guarantee such as the MLC Certificate. This cover does not apply to any liability of the Assured relating to passengers and to persons (other than crew) on board of the Insured Vessel, unless agreed by the Company.

The new clause will read as follows:

Section 32.5 Coronavirus Limitation – [LMA 5395] (amended)

32.5.1 *This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.*

32.5.2 *This insurance excludes coverage for:*

32.5.2.1 *subject only to section 32.5.3, any loss, damage, liability, cost, or expense directly arising from the transmission or alleged transmission of:*

- a) *Coronavirus disease (COVID-19);*
- b) *Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or*
- c) *any mutation or variation of SARS-CoV-2;*
or from any fear or threat of a), b) or c) above;

32.5.2.2 *subject only to section 32.5.3, any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a), b) or c) above;*

32.5.2.3 *any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a), b) or c) above or the fear or the threat thereof.*

32.5.3 *The exclusions under section 32.5.2.1 and 32.5.2.2 above, only apply to any loss, damage, liability, cost or expense of the Assured which exceed(s) USD 10 Million per Event.*

32.5.4 *Section 32.5.3 does not apply to any loss, damage, liability, cost or expense of the Assured relating to Passengers and to Persons (other than Crew) on board of the Insured Vessel, unless otherwise agreed by the Company in writing.*

32.5.5 *All other terms, conditions and limitations of the insurance remain the same.*

Section 38.8 – Claims:

Sections 38.5 – 38.7 describe the obligations of the Assured in case of damage. Failure of the Assured to comply with these sections will lead to rejection of the claim in full. In our previous wording this was not always clear for the Assured, which could lead to unpleasant surprises. Therefore, we have inserted a new subsection 38.8 in order to provide the Assured with more clarity in case of non-compliance.

The following subsection has been inserted under section 38, Claims:

38.8 If the Assured fails in any of the obligations mentioned in sections 38.5 – 38.7, the Company shall be entitled in its discretion to reject any claim arising out of the casualty.

Part 5 – Additional Cover and Extension Clauses

Clause 3 – Towage liability clause

The additional Towage liability clause has been slightly adjusted and updated. In order to make the clause more user-friendly and easier to read, the list containing the various versions of the Lloyd's Standard Form of Salvage Agreements (LOF) has been simplified. Instead of naming all the separate LOF forms, clause 3.1.a.3 now reads: "any current Lloyd's Standard Form of Salvage Agreement."

In addition, the set-up for the "exclusions and limitations" has been amended, which results in the clause being more in line with the rest of the policy wording.

Furthermore, a new exclusion has been inserted which reads:

3.4 Under no circumstances shall there be cover for any liability in relation to the tow intended for scrap or break-up not carried out in accordance with any applicable law, statute or convention.

With the introduction of this clause in the policy we, as a global P&I Insurer, wanted to emphasize that we endorse the regulations regarding the recycling of vessels and aim to contribute to a green and sustainable world. This amendment is in line with industry practice.

Clause 5 – Passenger liability clause

Under the Passenger liability clause, an extra exclusion has been introduced (clause 5.E.g.) to provide more clarity to the Assured regarding liabilities related to all sorts of recreational activities. Over the years we have seen an increased number of personal injury claims arising from watersport activities and diving. However, we do not consider these to be 'standard' P&I liabilities. The new clause will read as follows:

5.E.g. There shall be no right of recovery from the Company under this clause in respect of liabilities for personal injury, illness or loss of life, or loss or damage to property, delay or any other consequential loss sustained by any Passenger, by reason of recreational activities, including but not limited to aerial and aquatic activities and diving, from or in connection with the Insured Vessel, unless otherwise agreed by the Company in writing.

This circular is meant for guidance purposes only. Should you require more information or assistance, please feel free to contact us.



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