



# Shipowners' P&I

Version 1/2020

It has been three years since we last updated our Shipowners' P&I policy wording. As in previous reviews we have focused on clarifying existing terms as well as improving the cover offered to our Assureds. This year's amendments are mainly driven by the latest IMO conventions, such as MARPOL Annex VI ("Sulphur Cap 2020") and the Ballast Water Management Convention ("BWM Convention"), which have a major impact on the shipping industry.

Customarily, the terms of our current policy wordings (2/2017) will continue to apply to those insurance contracts with a policy start date in 2019. The 2020 terms will apply to those contracts entered into or renewed as from 2020. For your reference, please find below a short summary of the major changes coming into effect with the new 2020 policy version.

Should you have any specific questions regarding the amendments kindly direct these to your usual contact person at MS Amlin or to [ClientServices@msamlin.com](mailto:ClientServices@msamlin.com)

The new wording of the 1/2020 Shipowners' P&I can be found [here](#).

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## Part 1 – Protection and Indemnity

### *Section 1 and 6 – Illness, Personal Injury and Loss of Life*

The wording of these sections is amended to obtain clarity. The word "death" is replaced by "loss of life" and the word "personal" is inserted before injury.

### *Section 10 – Collision with Other Ships*

In section 10.1 we have added the words "and/or party" after "any other Person" in order to clarify that liability should not be limited to any other Person, but shall extend to any other party as well.

### *Section 19 – Fines*

A lot has already been written about the Sulphur Cap 2020 and the BWM Convention and the impacts on the

maritime industry are well discussed. Both Conventions have been created in order to protect the environment and battle against climate change. As a global P&I insurer, we endorse the goals set out in these conventions and aim to contribute to a green and sustainable world.

From the 1st of January 2020 the Sulphur Cap 2020 will come into force which prevents Shipowners from the use and carriage of fuel oils with a sulphur content of more than 0.5% m/m, unless they use other means of compliance such as a scrubber.

Infringements of MARPOL were already excluded in the 2/2017 wording under section 19.2.10. We now specified that this exclusion extends to the MARPOL Convention in full, whereby the Company retains

its discretionary power to cover any fines up to the amount it sees fit. This amendment is in line with industry practice.

Furthermore, to reflect the BWM Convention, a new subsection 19.2.11 has been inserted in order to exclude cover for fines which result from any infringement of the BWM Convention.

Please note that no material changes have been made in Part 2 (Defence Cover For Legal Costs), in relation to the Sulphur Cap 2020, according to which the Company shall indemnify the Assured against the reasonable and necessary legal costs and expenses which are incurred in relation to the operation of the Insured Vessel as set out in section 23.

## Part 4 – General Terms and Conditions

### Section 32.3 – Cyber Exclusion Clause

Following the new Lloyd's recommendations the Institute Cyber Attack Exclusion Clause has been replaced by the latest version of the Marine Cyber Endorsement Clause [LMA5403].

### Section 45 – Flag State & Statutory Regulations

The Assured shall comply with the flag state and classification requirements. These extend to the operations of the Insured Vessel and therefore the word "operation" has been added in order to make the section more in line with industry practice. The new section is identical to wording of the widely known Institute Hull Clauses.

## Part 5 – Additional Cover and Extension Clauses

### Clause 3 – Towage Liability Clause

The appearance of clause 3 is different as the sequence of the sub-paragraphs has been amended. Please note that there are no material changes to the coverage provided.

### Clause 6 – Steel Cargo Clause

The clause has been reviewed as part of our loss prevention program. In order to prevent damages, the presence of a surveyor during the loading operations benefits both the Assured and the Company. The amended clause not only authorizes the attending surveyor to inspect the hatches and cargo, but also to review the stowage plan and the stowage itself, which should prevent the cargo from shifting in the holds.

Furthermore, a new paragraph is inserted stating that there is no requirement for a pre-loading survey for billets, blooms, scrap, swarf, slabs and pig iron.

### Clause 10 – Deck Cargo Clause

We have received questions about the extension of cover for on-deck carriage

of cargoes. To clarify the terms of cover and thus make it more user-friendly, we have deleted the references to the policy limits. These limits have been moved from the policy wording to the Certificates of Insurance, as they may differ per case.

Due to developments in recent case law, the clause has been revised in order to allow the Assured to carry deck cargo under specifically outlined circumstances. The amendments are made to ensure that both the cargo and vessel are suitable for such higher risk carriage.

Nevertheless, we would like to point out that we do not extend or reduce the scope of coverage under the revised clause.

### Clause 12 – Bagged Cargo Clause

This clause has been amended in order to be more in line with the other clauses of PART 5. A warranty has been inserted to inform the Company in case bagged cargoes are being carried.



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