The Migrant Crisis – Implications for P&I Cover

Richard Stevens, Divisional Claims Director

April 2016
Introduction

• United Nations Human Rights Council Report
  - 1 million migrants reached Europe via a Mediterranean crossing in 2015
  - 3,800 individuals lost their lives
  - Five fold increase in arrivals from 2014 figures

• Majority of arrivals are from Syria and Afghanistan

• Primarily arriving in:
  - Greece
  - Italy

• Shipowners under an obligation to assist through international law and convention

• Inevitably leads to questions regarding insurance
The Standard Club

• One of 13 Clubs in the International Group of P&I Clubs
• Between them insuring 90% of world’s ocean going tonnage
• Standard Club provides cover for approximately 10% of world tonnage
• Deal daily with shipowner Members trading in the Mediterranean
• Receive questions form shipowners regarding search and rescue (‘SAR’) Operations

1. Costs and expenses incurred as a result of a SAR
   - Can these costs be recovered from the P&I Club?

2. Whether SAR operations and deviations result in P&I cover being excluded
   - Particularly cover for cargo liabilities
• Rule 3.4

Port and other charges solely incurred for the purpose of landing stowaways or refugees, or others saved at sea, or landing or securing the necessary treatment for an injured or sick person, other than crew, including the net loss to the member in respect of fuel, insurance, wages, stores and provisions incurred for such purpose.
• Whether costs are ‘solely incurred’

• Deviation can be defined as:
  - Commencing as soon as the vessel changes course
  - Completed when the vessel has returned back on course
Deviation example

Port B

A

Deviation

Intended Voyage Route

C
Costs recoverable

- Members should be able to recover:
  - Extra cost of bunkers
  - Insurance
  - Wages
  - Stores
  - Provisions
  - Port charges

- Must be supported with evidence
Costs recoverable

- Costs of maintaining those rescued
  - Food
  - Water
  - Medicine

- Costs of security at receiving port

- Loss of hire not covered by Club
  - Consider making express provision for this in commercial contracts
• Whether SAR operations and deviations result in P&I cover being excluded
  - Particularly cover for cargo liabilities

• Vessels are often laden with cargo when ordered to assist

• Deviation may be a breach of contract of carriage (under any bill of lading issued)
Rule 3:13 (Exclusion):

….there shall be no recovery [from the Club] in respect of [cargo] liabilities arising out of …..deviation, or a consequence of a deviation, from the contractually agreed voyage, which may deprive the member of the right on defences or rights of limitation which would otherwise have been available to him ……..
Cargo liabilities

• Hague-Visby Rules

• Article 4:

  - ‘Any deviation in saving or attempting to save life or property at sea or any reasonable deviation shall not be deemed to be an infringement or breach of these Rules or of the contract of carriage, and the carrier shall not be liable for any loss or damage resulting therefrom.’

• SAR missions will not be a breach of the Hague-Visby Rules

  - Shipowner defences remain in place
• Members should always inform the Club if requested to undertake a search and rescue operation

• This allows for:
  - Guidance can be provided
  - Correspondent appointed
The Standard Club

The Standard Club Ltd is regulated by the Bermuda Monetary Authority. The Standard Club Ltd is the holding company of the Standard Club Europe Ltd and the Standard Club Asia Ltd. The Standard Club Europe Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Standard Club Asia Ltd is regulated by the Monetary Authority of Singapore.

The Standard Syndicate

The Standard Syndicate 1884 is managed by Charles Taylor Managing Agency Ltd, a Lloyd’s managing agent, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Standard Syndicate Services Limited, trading as 1884 Europe, is a service company and a Lloyd’s coverholder that is part of the Charles Taylor PLC group of companies. The Standard Syndicate Services Limited is an appointed representative of Charles Taylor Managing Agency Ltd which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Standard Syndicate Services Limited has authority to enter into contracts of insurance on behalf of the Lloyd’s underwriting members of The Standard Syndicate 1884 which is managed by Charles Taylor Managing Agency Ltd.

The Standard Syndicate Services Asia Pte. Ltd, trading as 1884 Asia, is a service company and a Lloyd’s coverholder that is part of the Charles Taylor PLC group of companies. The Standard Syndicate Services Asia Pte. Ltd. is regulated by the Monetary Authority of Singapore in its capacity as a Lloyd’s coverholder under the Insurance (Lloyd’s Asia Scheme) Regulations. The Standard Syndicate Services Asia Pte. Ltd. has authority to enter into contracts of insurance on behalf of the Lloyd’s underwriting members of The Standard Syndicate 1884 which is managed by Charles Taylor Managing Agency Ltd.