

MARINE P & I CLUBS, AND A THAI PERSPECTIVE

Brian Lawrence*

School of Management, Assumption University of Thailand

Abstract

Protection and Indemnity (P&I) Clubs began in England in 1855 as shipowners decided to provide their own mutual insurance for liability risks which traditional insurance companies refused to offer. They prospered and spread, as essential components of booming maritime trade, and became international organizations.

P&I clubs mainly provide liability insurance to shipowners, giving financial protection against compensation payable to third parties such as crew, passengers, cargo owners, other shipowners, and port authorities. The clubs also give substantial advice and assistance around the world, through their representatives, known as correspondents. Each club is controlled by a Board whose directors are elected by and from the shipowner members. Day to day administration is by professional managers, skilled in the maritime law and insurance. Most clubs in the world also belong to the International Group, which provides pooling and reinsurance and other facilities. Clubs exert influence on national governments and international bodies.

Clubs are financed by premiums known as 'calls', including supplementary calls, unlike insurance companies which can charge only one premium at inception or renewal. Marine risks are increasing, due to bigger ships, greater international trade, and more liability impositions by governments and international Conventions. Clubs are under pressure to make rational risk assessments and make adequate calls. Clubs are regulated by government financial or insurance authorities, some in several countries because of their international presence.

The Thai perspective is examined, through a description of a Bangkok correspondent's role and experiences, plus two pollution incidents and a ship detention.

*Asst. Prof. Brian Lawrence is a member of the Insurance and Industrial Management Departments in the university, teaches Marine insurance, and is the editor of two journals.