

Protection and Indemnity (P&I)

Protection and Indemnity insurance, commonly known as P&I insurance, is a form of marine insurance provided by a P&I Club. These organisations provide insurance cover for broader, indeterminate risks, such as third-party liabilities that marine insurers do not cover. By contrast, marine insurers provide cover for known quantifiable risks, mainly hull and machinery insurance for shipowners, and cargo insurance for cargo owners.

More than 90% of the world's oceangoing tonnage is insured by the mutual P&I Clubs that are members of the International Group of P&I Clubs (IG P&I Clubs). Table 11 presents an overview of each P&I Club's market share in both absolute numbers of vessels and percentages for 2011 and 2012.

The results this year reveal that The Japan Ship Owners' Mutual and the UK P&I Club continue to dominate the market with 12.09%, and 12.03% of the global fleet respectively. In addition, The North of England and Gard P&I Clubs have increased their overall market share and now have an almost equal share of the global fleet standing at around 10.3%.

In terms of net growth in absolute numbers, The Standard P&I Club expanded their fleet by 109 vessels,

with the UK and Gard P&I Clubs following (104, and 103 net increases in vessel numbers respectively).

It's also worth noting that for the first time since this publication was introduced that the UK P&I Club has broken the 1,000-vessel barrier and now has a fleet similar to that of The Japan Ship Owners' Mutual in terms of numbers.

The DPI column of Table 11 again reveals unambiguous support for the hypothesis that vessels entered with the International Group of P&I Clubs tend to outperform those in Clubs that are not. Specifically, the average 2012 DPI score of the IG P&I Clubs is 2.16, making a significant improvement from 2.67 in 2011, while that of non-IG is considerably higher at 5.32.

Table 11: P&I Market Share

	No. of ships in 2012	% of total fleet in 2012	DPI in 2012	No. of ships in 2011	% of total fleet in 2011	DPI in 2011
American Steamship	261	2.96	4.59	256	3.14	4.96
Britannia	739	8.37	1.70	684	8.40	1.98
Gard	910	10.31	1.55	807	9.91	1.83
The Japan Ship Owners' Mutual	1,067	12.09	1.59	1,065	13.08	1.71
The London P&I Club	503	5.70	2.08	488	5.99	2.57
North of England	911	10.32	1.81	820	10.07	2.13
Shipowners Mutual	2	0.02	3.50	1	0.01	6.00
Skuld	648	7.34	1.96	554	6.81	2.62
The Standard	636	7.21	1.61	527	6.47	1.99
Steamship Mutual	467	5.29	1.89	452	5.55	2.45
The Swedish Club	279	3.16	1.87	262	3.22	2.01
The UK P&I Club	1,062	12.03	1.42	958	11.77	1.82
West of England	675	7.65	2.55	613	7.53	2.71
Not Recorded	667	7.56	5.32	654	8.03	6.12
Total	8,827	100%		8,141	100%	



KEY FINANCIAL DATA AT A GLANCE

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