



PRIORITY 6

SUSTAINABLE SURFACE TRANSPORT

MTCP

Maritime Transport Coordination Platform

Contract: 506328

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WORK PACKAGE 2.1
QUALITY & EFFICIENCY

**Term of Reference Outline of Insurance Practices for Third Party Liability
in the field of Marine Transport**

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Study on maritime insurance

TERMS OF REFERENCE

The transport sector has been recently affected by negative events very different in nature (11 September 2001, Prestige) having the common feature consisting in damages being caused by transport operations to third parties.

This kind of events has drawn the attention on the issue of operators' responsibility vis-à-vis third parties, and, as a consequence, on the issue of insurance cover for transport activities. The Commission intends to have a clear outline of insurance practice for third-party liability in the field of maritime transport. Therefore, the consultant should:

1. Provide an overview of third party liability insurance for maritime operators/vessel owners provided by the market. More particularly, describe and examine insurance cover provided by the P&I clubs. Reference should be made to current market practice, also on the basis of interviews. The most common contract models should be provided. An outline of the case-law on the implementation of these contracts should also be provided. It should be assessed, in particular, whether P&I clubs make a distinction on the basis of the “quality” features of the different operators/vessel owners, the flag they fly, the safety and security measures they have adopted, their accident or detention records. It should be highlighted whether different pricing is foreseen for such different "quality" features.
2. Conclude the above analysis by highlighting to what extent the cost of insurance would provide a financial incentive for responsible vessel operators / owners operating quality ships respecting international standards.
3. In order to represent a case of concrete application of what has been explained about insurance, provide a simulation (“case-study”) of the legal and economic effects of :
 - a serious marine pollution accident occurred in EU waters;
 - a terrorist attack such as the explosion of a bomb on board a ship calling at a large EU port.

Because of the specific character of maritime insurance, attention is drawn to the need of expertise in this particular sector.