

## What is P&I?

Protection and Indemnity insurance, or as it is more commonly known - 'P&I', is the policy ship owners purchase to protect them against liability claims from crew, passengers and third parties. Liability claims include those such as collision, property damage, pollution, environmental damage and removal of wrecks.

The name dates back to the 1800s when 'Protection Clubs' were formed in order to cater for the liabilities imposed on ship owners by the British Merchant Shipping Act of 1854. The first Club to respond to these liabilities was the Shipowners' Mutual Protection Society, [conceived in 1855](#) (latterly the Britannia Steam Ship Insurance Association). For a period, separate Indemnity Clubs existed alongside Protection Clubs, offering insurance against the then novel risk of liability to cargo. However, in 1874 it was decided that the two would merge to create the form we recognise today.

The cover provided by Mutual P&I Clubs is continually evolving. From its origins as protection against collision liability, it now caters for a wide variety of people-related marine exposures and provides the deep pockets needed to ensure ships can trade in an environmentally sensitive world, where pollution and wreck removal are top of the agenda.

Seafarers today enjoy a standard of living unthinkable to previous generations, thanks to the willingness of P&I insurers to embrace the legislative changes brought about by the [Maritime Labour Convention](#). The industry continues to evolve, with mutual P&I Clubs recently combining to provide security against the risk of unpaid crew wages. Those same minds are now engaged in deciding how best to protect club members against cyber risks.

Throughout time, one thing has remained constant: Insurance is provided on a mutual basis.

**Next week we'll delve further into what it means to be a mutual insurer.**