

Port Liability Insurance: Coverage Structure and Other Key Considerations

Ports are among the indispensable stakeholders of global maritime trade, and depending on a port's size and the number of berths, the operations carried out throughout the year inherently involve substantial and often difficult-to-bear risks. In order to ensure the continuity of trade, such risks are transferred and secured through Port Liability Insurance. For this reason, port liability policies are regarded as technically complex insurance products requiring a specialised underwriting approach, both in Türkiye and in the global insurance market.



Port Liability Insurance is one of the core marine insurance products, providing cover for the legal liabilities that port and terminal operators may incur as a result of bodily injury to third parties, damage to third-party property, or harm to the environment arising from their operational activities. Berthing, mooring, loading and discharging, storage, and in-port logistics operations involve substantial liability exposures due to high operational volumes, the use of heavy equipment, and the simultaneous presence of multiple stakeholders within the same operational area. For this reason, port liability policies are regarded as technically complex insurance products requiring a specialised underwriting approach, both in Türkiye and in the global insurance market.

Risk analysis studies conducted prior to policy issuance form the basis for establishing appropriate coverage and sound pricing.



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He graduated from Marmara University, Department of Insurance in 2015. While continuing his education, he started his career as an intern at Groupama Insurance in November 2014, where he worked in the bodily injury and legal departments for a total of 4.5 years. Between 2019-2021, he worked as a litigated bodily claims specialist at Zurich Insurance. Between 2021 and 2022, he worked as a bodily claims executive at Doğa Sigorta. After working there, he worked as an insurance executive at Kumport Port Services. Lastly, he worked as a claims assistant manager at ECB Insurance and Reinsurance Brokerage and joined Türk P&I Insurance as a claims specialist in November 2023.



These analyses typically involve a detailed assessment of the port's operational profile, the types of cargo handled (in particular dangerous goods subject to the IMDG Code), annual vessel calls, total throughput and tonnage, the characteristics of cranes and handling equipment, and the condition of berths and related port infrastructure.

In addition, the extent of subcontractor usage, liability and indemnity clauses contained in service agreements, historical claims performance, and the maturity of loss prevention and risk management practices are of critical importance from an underwriting perspective. In international practice, Port Facility Security Assessments (PFSA) carried out under the ISPS Code also contribute to a more accurate evaluation of liability exposure by addressing security-related risks such as sabotage and unauthorised access.

When structuring coverage, the scope of the policy may be expanded beyond standard third-party liability through additional covers addressing specific risk areas. These typically include environmental pollution and oil spill liability, wreck removal and clean-up costs, liabilities in respect of cargo under the care, custody, and control of the port operator, liabilities relating to subcontractors and employees, and professional liability arising from operational errors or omissions. In recent years, with the increasing integration of digitalisation into port operations, cyber risks capable of giving rise to third-party losses have also emerged as a significant consideration within insurance programmes. Low-frequency but high-severity losses, such as infrastructure or server damage following cyber incidents, are among the key factors to be taken into account when determining appropriate policy limits.

Deductible levels are primarily assessed by reference to the port operator's risk appetite, loss frequency, and financial strength. While higher deductibles may be applied to frequent, low-severity operational losses, allowing such claims to be retained and managed by the insured, it is crucial that deductibles applicable to major or catastrophic losses are structured in a balanced manner and aligned with the underlying reinsurance programme. In this context, accurate risk disclosure and analysis, together with transparent information sharing, play a critical role in preventing potential coverage disputes at a later stage.



The reinsurance structure of port liability insurance is likewise a key determinant of the long-term sustainability of the policy. Capacity is generally provided through quota share and excess of loss reinsurance arrangements, while facultative reinsurance solutions are utilised for high-limit or exceptional risks. On a global scale, the model adopted by P&I Clubs for managing large liability claims through mutual reinsurance and pooling mechanisms serves as an important reference point for how port liability risks can be layered and effectively distributed across the insurance and reinsurance markets.

