



Increase in liability limits

Amendments to the 1996 Protocol to the LLMC Convention increase liability limits by 51 per cent and enter into force on 8 June 2015.

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The Convention on Limitation of Liability for Maritime Claims (LLMC) 1976

The LLMC Convention allows shipowners, including the charterer, manager and operator of the vessel, as well as salvors to limit their liability for certain maritime claims arising out of any one occurrence. Different limits apply for claims for loss of life or personal injury, and claims for other types of loss or damage. The limit for claims for loss of life or personal injury is higher than the limit for other claims (see table below), and also has priority over other claims. The limits are based on the vessel's gross tonnage (GT) and are expressed in Special Drawing Rights (SDR) as published by the [IMF](#).

The new limits

From time to time, the applicable limits are adjusted to take account of both general and claims-related inflation factors. A major revision was done with the adoption of the 1996 Protocol, which entered into force in May 2004, and in April 2012 the IMO Legal Committee decided a 51 per cent increase in the 1996 Protocol limits which will enter into force on 8 June 2015. See [IMO Resolution LEG.5\(99\)](#) for further details.

Impact

The revised limits will increase a shipowner's liability exposure in case of significant maritime incidents where claims are settled or adjudged according to the law of any State party to the 1996 Protocol. Worth noting is that States that are party to the 1976 LLMC Convention, but have not accepted the 1996 Protocol, will not be affected by the change in limits.

Below are two examples illustrating the USD effect of the new limits:

The above-mentioned changes do not affect any rights to limit liability concerning individual claims of any particular type, such as the Hague-Visby Rules for cargo claims, Athens Convention for passenger claims, or the CLC92 concerning claims for oil pollution from tankers. Moreover, the change in liability exposure is covered by standard P&I insurance, which responds to legal liability arising under international maritime conventions and the laws of State parties to such conventions.

Recommendations

Members and clients should take note of the increased limits of liability that apply to maritime claims that are subject to the 1996 Protocol to the LLMC Convention and consider the effect in potential exposure for ships in their fleets taking into account ship sizes and trade patterns.

For additional information, please see the Gard Insight article [Increased limits of liability enter into force in 2015](#) of 8 July 2014.

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