



International Group of P&I Clubs

CMI Dublin Symposium

30 September 2013

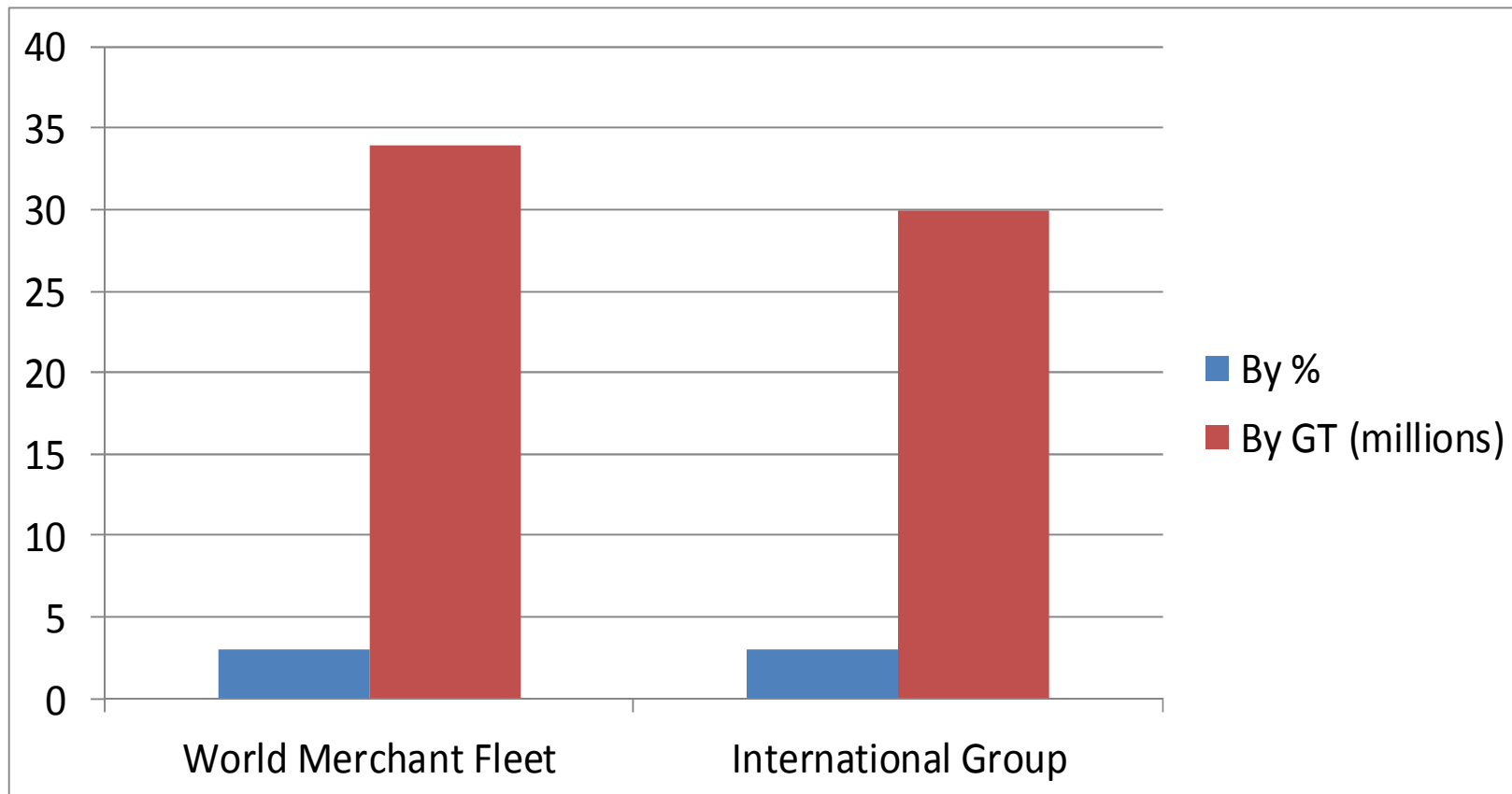
The International Group



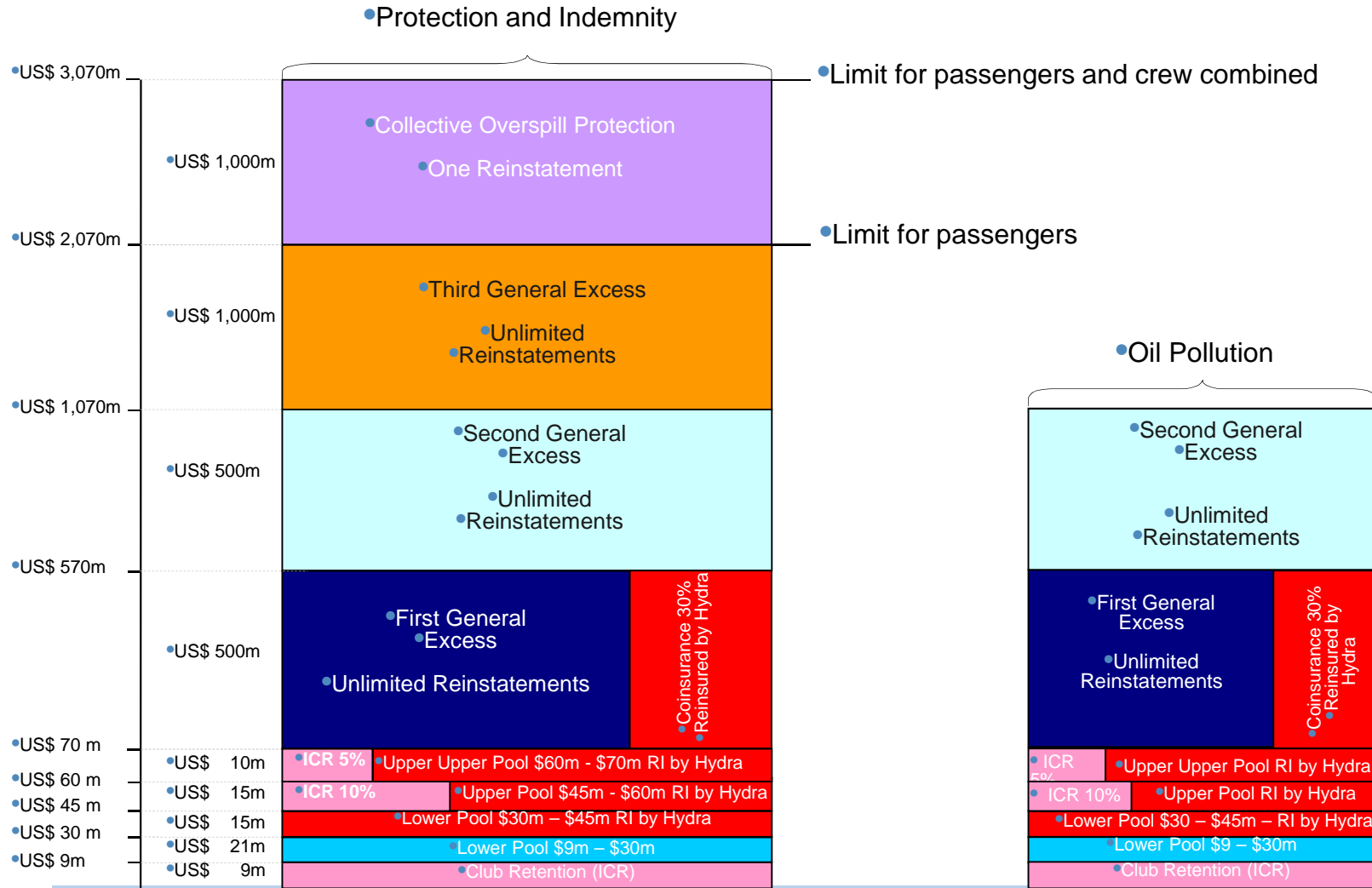
Background:

- Passenger vessel cover within the IG
- Limits under Athens 1974, 2004 and EU PLR 2009
- IG response to increased limits
- War and Terrorism
- Further Challenges to insurers

Passenger vessels in world fleet and the IG



- General Excess of Loss Reinsurance Contract Structure
- Owned Entries
- 12 months at Noon GMT 20th February, 2013



• Limit for passengers and crew combined

• Limit for passengers

• Owned Entries

Statutory limits of liability and insurance requirements



1974 Athens Convention limits – no insurance requirements:

- *46, 666 SDR per carriage*

2002 Athens Protocol limits in force in 2014

- *250, 000/400, 000 SDR per person – limits of liability*
- *250, 000 SDR per person – insurance requirements*

EU Passenger Liability Regulation in force on 31.12.12

- *As per Athens 2002 Protocol*



IG Club cover and Athens/PLR limits

4, 000 passenger/cruise vessel:

Athens '02/PLR = 250, 000 SDR x US\$ 1.5 x 4, 000
= **US\$1.5 billion**

Athens '02/PLR = 400, 000 SDR x US\$1.5 x 4, 000
= **US\$ 2.4 billion**

6, 000 passenger/cruise vessel:

Athens '02/PLR = 250, 000 SDR x US\$ 1.5 x 6, 000
= **US\$ 2.25 billion**

Athens '02/PLR = 400, 000 SDR x US\$1.5 x 6, 000
= **US\$ 3.6 billion**

Passenger limits and IG Club cover

IG response to increased Protocol limits:

- Introduction of the US\$ 2bn and US\$ 3bn passenger and passenger/crew cover limits
- Purchase of an additional US\$ 1bn commercial reinsurance cover (Collective Overspill)
- Residual exposure for very large passenger vessels



War & Terrorism cover



2006 IMO Reservation/EU PLR:

- Non-war blue card
 - issued by P&I Club &
 - covered by IG pooling & reinsurance
- War blue card issued by
 - third party COFR provider,
 - Shoreline Passenger Solutions
 - Safeguard, or
 - P&I Club
 - separate insurance/reinsurance facility

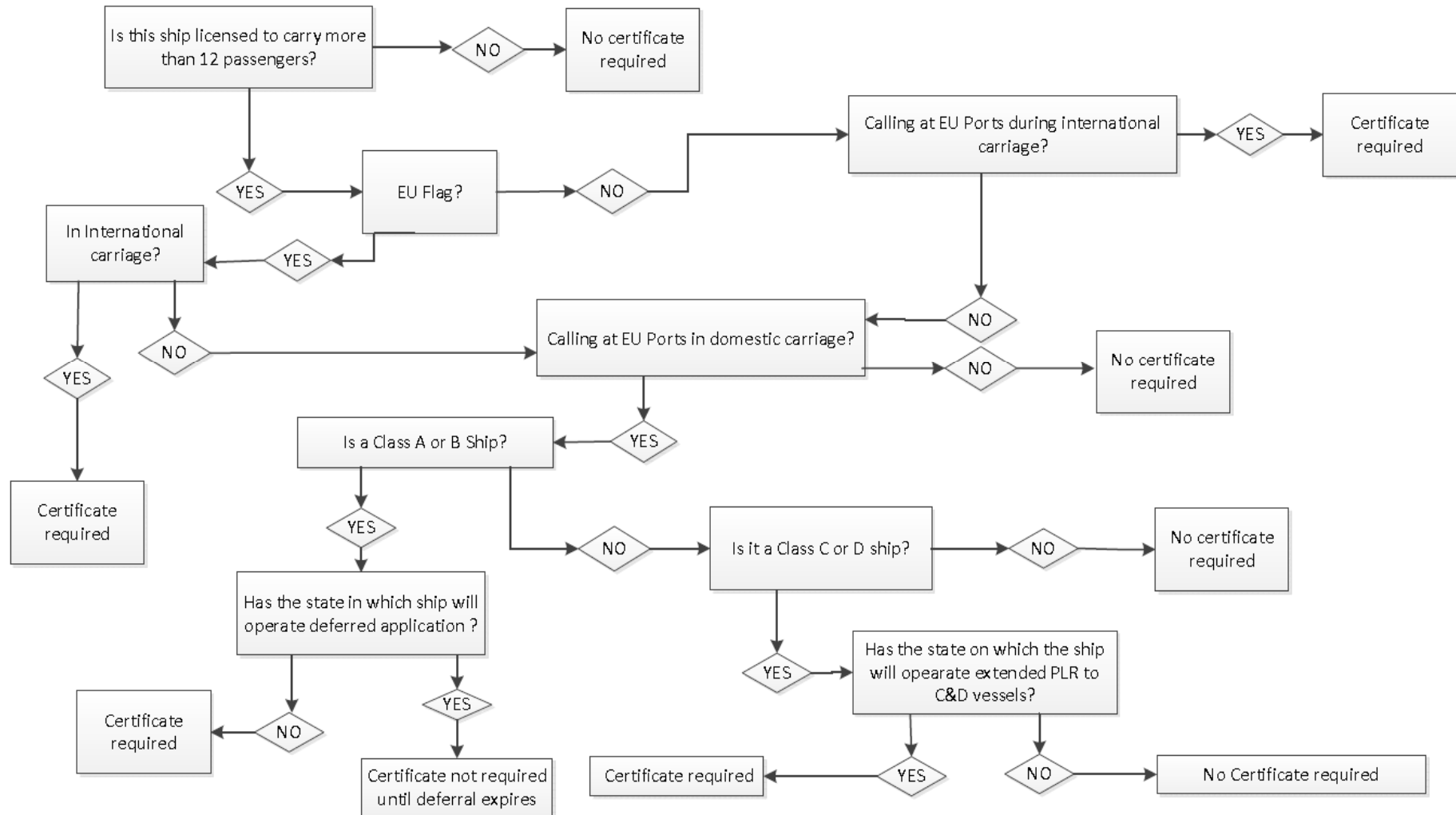


Further challenges to insurers

- Significant hull values and liability exposure
- RI market capacity/appetite
- Larger vessels to come?
- Multi forum litigation risk
- ILO MLC 2006 amendments to be agreed covering back wages in respect of abandonment



Application of Passenger Liability Regulation 2009 (PLR)



Summary:

- Passenger vessels, and in particular large cruise vessels, present unique exposures
- Athens/PLR exposure significantly exceeds oil pollution
- Historical claims record for smaller passenger vessels and cruise sector has been good, but Costa Concordia demonstrates potential exposure even without Athens/PLR
- Cover limits provide a safety net for insurers but leave largest vessel operators exposed



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