

This is a note that was prepared before LEG 76 by the Norwegian delegation, and was in substance submitted at that session as a Working Paper.

Data on uninsured vessels

This paper contains data on the percentage of ships that sail without insurance.

I

We have co-operated with the International Group of P & I Clubs and DG VII of the European Commission to find out how many **substandard** vessels are actually insured. The basis of the inquiry has been a list compiled in DG VII, which includes substandard vessels to a large extent. The International Group has indicated which vessels on the list were insured by any of their clubs at the time (see Annex). The International Group gave their answer to DG VII 16 July 1997.

The impression left is that a substantial percentage of the vessels on the list is uninsured:

All vessels on list

Int. Group Insurance?	Yes	No	% no
Number	59	107	64
Tonnage	15770	7124	45
Built	1976	1971	-

The vessels not insured in a club belonging to International Group may be insured in clubs outside this group. Those clubs would in that case have a market share that is

substantially higher for substandard tonnage than for vessels in general. That would hardly be reassuring.

The original purpose of the exercise was to check vessels detained in the Paris MOU area January - September 1996, and we have calculated similar figures for the subset of these vessels. This leaves a similar impression:

Detained vessels

Int. Group Insurance?	Yes	No	% no
Number	44	51	54
Tonnage	16085	5952	30
Built	1977	1972	-

Some uninsured, detained vessels may have been overlooked, as we have not checked all uninsured vessels against SIRENAC. The percentages of uninsured vessels may be too low because of this.

The situation is also alarming in respect of large vessels:

Detained vessels > 2000 gt/grt

Int. Group Insurance?	Yes	No	% no
Number	40	30	43
Tonnage	17508	9166	28
Built	1977	1973	-

All the tables indicate that vessels without insurance (in an International Group club) are significantly older than insured vessels.

We have already asked the International Group to make a similar study on the basis of a finite sample of vessels (all vessels detained in Norway in 1995 and 1996), so that we avoid some of the problems of this sample.

II

During the last weeks, Norwegian port state inspectors have asked masters about their P&I insurance. The masters were under no obligation to answer. The preliminary results of this inquiry is that only about 80% of the masters that answered the question claim that they have got P&I cover.

There is also in some cases a problem to obtain the relevant information for the masters due to language barriers. An official insurance certificate would be helpful also in this respect.

III

An insurance company (not a P&I club) in Stockholm has informed us that they provide an “owner’s insurance” for about 125 vessels, at least to a large extent passenger vessels. This is limited to SEK 10 or 5 mill (SEK 10 mill = USD 1,3 mill), and cover such claims as passenger liability, wreck removal and pollution damage only. Although these vessels are not totally uninsured, it is arguable that the insurance is quite unsatisfactory.

IV

There is also some anecdotal evidence of need for insurance. We have, *inter alia*, been informed by reliable sources that a cruise ship with 400 passengers and a crew of 120 sailed along the Norwegian coast in 1995 without liability insurance. It was the Baltica (call sign 3FEX4).