



Marsh highlights cruise terror cover problem in call for protocol revision

Thursday June 17 2004

[Print Article](#)

A LEADING broker has urged a solution to one of the big P&I headaches — how to ensure and prove cover is in place for the purposes of the 2002 protocol to the Athens Convention, writes James Brewer.

Concerns of passengers owners are rising because it is almost impossible to find commercial protection against some of the worst risks in the commercial market.

The problem has been a particular focus for the International Group of P&I Clubs, which has drawn it clearly to the attention of the International Maritime Organization.

Owners can buy cover for acts of terrorism from the general market for war risks, but all war policies being issued exclude loss, damage or liability directly or indirectly caused by any chemical, biochemical or electromagnetic weapon.

The problem for the underwriters is that they are unable to rely on their insurance arrangements, because those include the same 'biochem' exclusion clause.

Insurance broker Marsh, which caters for some of the biggest shipping accounts in the industry, has highlighted the dilemma in a note to clients and offered a possible solution.

This was that the protocol itself should be revised to take account of the terrorism cover concern.

A defence for ship operators in respect of losses resulting from terrorism could help to facilitate compliance with the compulsory insurance requirement of the protocol.

Limitations on P&I cover affect the potential ability of mutuals to provide certification of the compulsory insurance the protocol requires.

Although some of the 'more speculative insurance capacity' might at present be interested in offering the cover, Marsh's assessment was that the overall availability of capacity is highly unlikely to be adequate for the industry as a whole for the requirements set out by the protocol.

The fact that the wider insurance markets will not provide the required cover obviates any discussion as to whether market underwriters would provide certification, said Marsh.