

Brussels questions P&I exemption renewal

Justin Stares, Brussels - Monday 21 April 2008



The EC has not decide whether to probe the Group's exemption.

A QUESTION mark over the automatic renewal of the International Group of P&I Clubs' exemption from European Union competition legislation has been raised by the European commission, which says it could still investigate the arrangement.

There has not been any decision on whether to probe the International Group's exemption before it expires in April next year, the commission said.

The mutual insurance pool restricts competition among members, though the arrangement was given the green light by the commission because it allows for higher cover. The International Group has presumed that this exemption would continue to apply if there were no changes in market conditions.

The Group has said EU rule changes now mean it "may be expected to benefit automatically from exemption...as long as there are no major changes in the basic structure of the P&I market" after 2009.

Group underwriters provide liability cover for around 90% of the world's oceangoing tonnage. Managers also produce annual reports on market conditions for Brussels officials.

"The Commission decided in the P&I Clubs case that the pools in question were not anti-competitive as pooling was necessary to allow their members to provide a type of insurance that they could not provide alone," said commission competition spokesman Jonathan Todd.

"The individual exemption granted in that case will expire on 12 April 2009 but we have not yet decided as to whether we will further investigate this case or otherwise."

The P&I industry will however not be part of a wider review of the insurance industry announced last week, Mr Todd said.

The commission raised no concerns following the last report on market conditions, completed last autumn, said Group executive officer Andrew Bardot. "We always offer to go over and explain any issues, and they haven't take us up on that," he said. The report highlighted two new P&I insurers had started business outside the pool.

A Greek Euro MP last year called for renewed scrutiny of the "anti-competitive" Group arrangement.

"Given the exemption of such agreements from the competition rules expires soon, I believe it is important to know more about the present level and degree of competition among clubs, particularly regarding the calculating of premiums and the recommended minimum in respect of tankers," said Georgios Papastankos MEP.

"Shipowners and carriers have repeatedly complained to the European Commission about various clauses among P&I clubs regarding claim-sharing arrangements under the International Group Pooling Agreement and other anti-competitive agreements of the International Group Agreement.

Article from Lloyd's List:

www.lloydslist.com/art/20017525329

Published: 21/04/2008 GMT

© 2008 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's

This article is copyright Informa plc. and is reproduced with permission. Reproduction, retrieval, copying or transmission of this article is not permitted without the publisher's prior consent. Informa plc. does not guarantee the accuracy of the information contained in this article nor does it accept responsibility for errors or omissions or their consequences.