



Athens factor and the extra burden on cruise operators

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It was reported in Lloyd's List on Tuesday this week that P&I clubs are expected to load increases in reinsurance costs on to cruiseship operators, who could face an almost doubled contribution if current thinking among the clubs is endorsed, writes Denzil Stewart.

In its P&I review issued this month, HSBC Insurance Brokers said it must be remembered that planned changes to the Athens Convention will affect all passenger ships, including proposals for increased per capita limits for loss of life or injury to passengers, compulsory insurance for passenger vessel operators, and direct action against insurers.

But these changes are not likely to take effect until 2007, and even then will only be implemented if at least 10 states ratify the protocol.

"We have hope and confidence that during this time the International Group will be able to consider a measured response," said HSBC.

The broker continued: "Interestingly, if the protocol were to be ratified, the existing limits available through membership of an IG club might be adequate.

"The current limit is in the region of \$4.25bn.

"It is difficult to envisage an incident, even under an amended Athens Convention, where this limit would be exhausted.

"However, it is unlikely that the IG, or indeed its reinsurers, would be willing to carry on providing cover with such a limit, because of the significantly increased exposure."

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