

Norwegian pair prepares to lobby over high cruise limits

Gard and Skuld, the two Norwegian protection-and-indemnity (P&I) clubs, are to join forces in a bid to influence a forthcoming international convention that could make cruiseships and even ferries uninsurable.

The two clubs hope to persuade the Norwegian government to argue at the October diplomatic conference against plans to raise passenger-compensation limits for the largest cruiseships to well over \$2bn. The clubs warn that passengers may be the losers under a revised Athens Convention if compensation limits as high as special drawing rights (SDR) 500,000 (\$625,000) per person are set, because the P&I mutuals are unable or unwilling to

provide such cover.

Gard suggests that strict liability limits should be comparable to those facing shipowners from an oil or chemical spill and that the maximum cover for which victims would have the right of direct action against the clubs should be around \$100m to \$125m.

There is growing alarm among clubs that the conference will set high limits, which could produce such an outflow of funds in the wake of a huge passengership tragedy that the established system for insuring cargoships would fail.

Gard, which insures a number of passengership owners, wants to continue to provide cover for cruise lines, although some cargoship owners are

prepared to see passenger risks excluded from P&I cover.

The decision to lobby the Norwegian government has been partly influenced by unease among the clubs about the views of Professor Erik Rosaeg, director of Oslo University's Scandinavian Institute of Maritime Law. Rosaeg is seen as an influential advisor to the Norwegian authorities and is also the convenor of an International Maritime Organisation (IMO) correspondence group that is preparing for the diplomatic conference. He appears to take the view that insurance capacity of around \$2bn should be available and the P&I clubs are being too cautious in warning that they and their reinsurers may not be able to cover a cruiseship catastrophe under a revised Athens Convention.

As Norway is an important shipping and marine-insurance centre, the national delegation to the diplomatic conference will likely be quite influential.

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