



P&I costs may hit cruiseship sector hard

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PROTECTION and indemnity clubs covering most of the world's shipowners are expected to load increases in reinsurance costs on to the cruiseship sector.

Cruiseship owners could face an almost doubled contribution if current thinking among the clubs is endorsed.

Clubs have a delicate balancing act to carry out among the spread of membership, but are expected to pass a substantial part of the all-round 35%-40% increase in reinsurance costs to the passenger sector.

This is partly because the passengership companies face more onerous liabilities if the revised Athens Convention on liability comes into force.

Many P&I experts have been saying that cruiseship operators must recognise that they will have to pay more to stay comfortably within the mutual system, as claims against them could begin to tower over claims caused by losses from ships trading oil and other commercial goods.

A final allocation of extra costs between classes of ships is expected to be agreed shortly, pushing the cruise cost to around 65¢ per gross ton from the current 38¢. Tankers and dry bulkers would also pay substantially more.

Negotiations are understood to be continuing to finalise the important excess loss contract between the International Group of P&I Clubs and reinsurers at Lloyd's and elsewhere, and this could be finalised in the next few days.

Many shipowners will face a total P&I premium rise, including the reinsurance element, of well in excess of 30%, at a time when their hull and war premiums are increasing, and bunker costs could come under upward pressure.

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