

## Malmros: no free lunch

Jon Guy - Thursday 6 September 2007

THE managing director of the Swedish Club, Lars Malmros, says shipowners have to understand there is “no such thing as a free lunch”, writes Jon Guy.

Mr Malmros says there was every indication that there would be rate increases in the February renewals, but said a more pressing concern was to ensure that the International Group did not fragment.

“I think from our point of view the major issue for us is the International Group and the efforts to ensure that it does not fragment,” he says. “By that I mean not only the group itself but also the cover it offers.

“We have had a long debate and discussion over the Athens Convention and we have finally reached an agreement within the International Group. We have to ensure that we do not have to repeat that process in terms of other issues as and when they arise.

“What we do not want is moves to fragment the group in terms of the way in which we provide cover for the various risks. We have agreed with regards to how we cover the future liability issues arising from the Athens Convention as a group as a whole.

“We need to fight to keep the group and its mutuality intact and it is an issue that we are concerned about currently.

“We believe the International Group is extremely important and is the most efficient and cost effective way of risk transfer.”

Mr Malmros added that while much talk had been on increases generally, he felt clubs would seek to be more specific when it came to their charging structure for the 2008/09 renewals.

“I think there will be clubs which will look to add some sort of differentiation in terms of pricing, but there have been significant claims and as such they need to ensure that they balance their books and have the levels of reserve necessary for future years,” he says. “The year so far has been quite expensive with a number of groundings and collisions.

“If you look at the technical underwriting performances of the majority of clubs they have been unsatisfactory and there does not look to be any sudden reduction in claims values.

“It will be a re-evaluation of the pricing structure in February and owners have to realise that there is no such thing as a free lunch.”

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