

IMO paves way for cruise terror and war risk cover

Paris Legal Committee opts for adoption of Athens Convention guidelines, writes Sandra Spears

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INTERNATIONAL Maritime Organization guidelines on implementation of the Athens Convention covering liability for carriage of passengers by sea have been adopted by the IMO's Legal Committee in Paris.

The guidelines pave the way for the adoption of a new protocol to the convention, addressing the thorny issue of cruise and other passenger carrying companies' exposure in the event of terrorism or war risk.

The guidelines for implementation of the Athens Convention, if adopted, would limit liability for death and personal injury resulting from war or terrorism risk to SDR250,000 per person or SDR340m per ship on each separate occasion.

Carriers would be obliged to obtain a "blue card" showing that they had appropriate risk cover.

Commenting on the announcement Prof Erik RØsaeg of the Oslo-based Scandinavian Institute of Maritime Law, said that an accord had only been made possible "by great flexibility both on the government side and the industry side". He believed that the Athens Convention could now be implemented soon.

"The original, high levels of liability from the 2002 Convention remain unchanged in respect of the more common incidents. Only war/terrorism related liability and insurance have been modified".

Prof RØsaeg said that liability limit per ship in terrorism cover is still a huge amount of money and definitely much better than the current law".

Insurers and carriers have both been concerned that that they might effectively be exposed to an uninsurable risk in the event of a catastrophic event resulting from terrorism.

Some estimates put the figure for the total loss of a cruise ship with all hands at \$2bn.

The Norwegian delegation to the legal committee last month presented a proposal outlined by insurers Marsh covering war and terrorism risk, which would provide a guarantee of cover if existing insurance did not meet the requirements of the Athens Convention.

The price to the carrier for this cover was estimated to be less than 10 cents per passenger per day.

The 2002 Athens Protocol has, to date, been ratified by just four States (representing only 0.13% of the world's merchant shipping tonnage) — against the 10 states required for its entry into force.

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