

## **Smaller members getting a raw deal, says British Marine**

Monday 4 February 2008

THE chief executive of P&I insurer British Marine says the year ahead will see smaller owners increasingly questioning the value they get from the mutual system.

Robert Johnston said the company, part of the Australian QBE Group, had increased its membership both numerically and geographically for 2008 but added that the smaller owners are increasingly disaffected with the way they perceive they are treated.

Mr Johnston said: "Looking at the figures for 2007 we, as a company, will be returning an underwriting surplus for the sixth year in succession. Our claims experience, both in terms of attrition and large claims, was actually where we expected it to be for the year."

He said the participation of owners in its P&I unit continues to develop and its A+ rating provides the level of security which attracts the smaller owners who have long been its target group.

Many are also keen to utilise the other products that the company and its parent group offered, creating a one-stop shop.

However, the growing disaffection of the smaller owners with the system of general increase is forcing many to think long and hard about their future participation in the mutual clubs, said Mr Johnston.

"The P&I market is entering a fascinating period," he added.

"There are many that are questioning just how representative the mutual system is to all shipowners. The answer that they are coming up with is that the benefits are questionable to the smaller owners.

"If you take the period from 2001 up to and including this year's increase, the average increase for those who are participating in the International Group exceeds 250%.

"Claims experience for the smaller shipowners during that period is not approaching 250% so there is little wonder they are asking questions over the benefits.

"The International Group deal in the large pooled claims and the smaller owners are asking themselves, 'Does this system make sense for me?'"

Mr Johnston added: “The issue remains one of the use of blanket general increases, which leaves the smaller owners paying regardless of their claims history. We will not impose general increases and underwrite each owner’s tonnage individually, ensuring we acknowledge the efforts of the owners to reduce claims and their record in doing so.”

He said British Marine sees its major opportunities for the year ahead in the P&I sector and its intermodal product.

“We have already seen a great deal of interest from existing clients in the other products we offer and the shipowners are keen to work with us across a broader range of products.

“There are opportunities this year because the smaller owners are looking to question where they will receive the best levels of service and pricing.”

**This article is copyright Informa and is reproduced with permission. Reproduction, retrieval, copying or transmission of this article is not permitted without the publisher's prior consent. Informa does not guarantee the accuracy of the information contained in this article nor does it accept responsibility for errors or omissions or their consequences.**