

Shipowners switch clubs as renewals get tougher

Aon chief points to 'stern line' by insurers

Jerry Frank - Thursday 20 March 2008

A HIGHER than usual number of large shipowners switched clubs amid tough negotiations surrounding protection and indemnity policy renewals, according to the global broker Aon.

Leading industry shipowners that have moved all or part of their fleet among the marine mutuals include Euronav, NYK, Royal Caribbean Cruise and Teekay.

Stephen Hawke, chairman of Aon's global protection and indemnity group, told Lloyd's List: "There are a lot more big names this year and larger owners moving clubs this year."

Aon, in its report post-renewal bulletin published today, said that the movement was less to do with financial reasons and more "a reflection of a stern line being held by the incumbent club".

One club that looks to have sustained more defections than others is Britannia, which lost part of the Teekay and Yang Ming fleet to the UK Club Standard and Gard. Other Britannia losses include some of Transmediterranea's fleet moving to the UK Club, all of Rickmers Reederei's vessels and part of the PT Arpeni complement to the North of England.

Augustea and some of the Herman Buss and Ta-Ho Maritime fleets also moved from the club to Standard.

Mr Hawke said: "Britannia's membership is pitched towards the top end of the market and the club is taking action now amid difficult claims conditions. Some of these members could well be back."

Aon's P&I report suggests that the loss of members by the oldest club in the International Group reflected a consistently tough negotiation line as it pushed on with its call for a 15% general increase, together with deferred calls up at 40% (up from 30% in 2007).

Britannia chairman Sir David Thomson said last October that rising claims costs due to booming shipping markets and an increasingly "onerous legislative and regulatory environment" underpinned the decision.

This situation was "unlikely to improve in the short term", he said.

The P&I clubs have recently been hit by a series of high profile, costly claims, including, for example, for the blaze on board the 5,500 teu Hyundai Fortune, which was the biggest to hit the Britannia Club in 2006.

One winner in this year's renewals season appears to be the non-International Group mutual British Marine, which Aon says made "significant inroads" into some of its competitors, including taking the whole of the Del Monte fleet from the West of England and Royal Greenland from Gard.

British Marine last month in its renewal circular claimed a 97% retention rate, a 4.5% increase in its renewing portfolio, and 100 new shipowner clients generating a further 24% increase in premium.

Other significant catches for the UK Club were part of NYK and Kyokotu Shipping's fleets moving from the Japan Club and some of Fednav's vessels moving from Standard.

The UK Club, as well as counting some big name additions to its membership, also lost a number of members, including German owner Reederei Thomas Schulte moving wholesale to Standard.

Euronav shifted part of its fleet from UK to the West of England and Britannia, Finaval took all of its fleet to Standard and North of England, and Finnlines and recent Italian partner Grimaldi also moved some of their vessels to Gard.

The UK Club and North of England split their increases into a mandatory increase for pool costs and a negotiable element for retention claims and general inflation.

The Norwegian mutual Gard sustained one high-profile walkout, Royal Caribbean Cruise Line, which took all of its fleet to Steamship Mutual and the UK Club, although it did gain PGS Petroleum GeoServices' specialist offshore fleet from compatriot Skuld.

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