

Gap between Davids and Goliaths widens in age of 'super owners'

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Smaller shipowners are increasingly questioning their participation in P&I mutuals in the face of the emergence of new "super owners", says the head of one club, writes Jon Guy .

Robert Johnston, chief executive of British Marine, says the club has been receiving increasing inquiries from owners questioning the viability of their continued participation in existing clubs.

He says: "If you chart the market over the past 20 years shipowners have changed. Twenty years ago the industry was easy to understand, given the fact that shipowners were generally of the same size.

"Today we have seen the emergence of enormous owners in every sector of the marine market and there is now a significant disparity between the size of the new larger owners and those at the smaller end of the scale."

Mr Johnston insists that British Marine remains committed to the smaller owner.

"It is where we have always focused and we will continue to do so," he says. "The rise of the bigger owners has shifted the structure of mutual basis of the clubs.

"It has seen the smaller owners feeling that in some respects they are being marginalised in clubs which can be dominated by the sheer size of one of the members.

"They are starting to question their involvement in the clubs in view of the different needs of the members simply due to the size of their fleets and the risks involved."

Mr Johnston says the changes are prompting a rethink for the smaller owners.

"The owners are looking at the levels of claims handling and service they receive," he says.

"Given the fact that we are owned by QBE, ours is a different proposition and we have found that our members are pleased that they have the security and claims handling, coupled with a fixed price for the cover they want."

He says that in the existing climate that is a strong message.

More than half of British Marine's premiums come from the P&I market with the residue coming from its hull insurance operation.

Mr Johnston says the market remains positive but points out that the present general increases are further signs that the clubs are seeking to meet the demands posed by the rising claims costs and the need for increased levels of solvency.

“The general increases this year look to be corrective increases rather than an inflationary measure,” he says.

“The current environment remains one of uncertainty in the minds of some of the smaller owners in terms of whether it is in their best interest to be part of large mutual.

“At present it is no more than an uncertainty, but if they can get the service levels and rating levels they are looking for it is an attractive alternative.

“It is a question they are continually asking themselves, and it is one that the industry is continually having to answer.

“There is little doubt that the ownership of the world’s fleets has changed and the needs of the owners is becoming increasingly different.

The industry has to ensure that we are providing the service and the products that meet the needs of the owners of whatever size.”

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