



International Group of P&I Clubs

EU – Directive on the Insurance of Ship-owners for Maritime Claims (Formerly the Civil Liability Directive)

The European Parliament plenary meeting in Strasbourg adopted - as expected - the dossiers that form the Third Maritime Safety Package (the “Package”) on Tuesday 10 March, including the Directive on the civil liability and financial guarantees for ship-owners (the “Insurance Directive”) which will require Member States to obtain proof of insurance from ships flying their flag or entering their maritime territory of the type provided by International Group Clubs, and that such cover is in place up to the limits of liability as established by the 1996 LLMC Protocol. According to the EU’s decision-making rules the Package has to be finally approved during the next Transport Council. It is expected that this approval will take place at the Transport Council meeting scheduled for 30 March.

The International Group has actively engaged with the Commission, Parliament and Council during the debate on the form and content of the Directive and in this process raised a number of important issues relating to the practicality of a number of the provisions of the original draft Directive and the various Parliamentary amendments proposed during the process, all of which have been addressed in the final form of the Directive. The Group has throughout the process expressed its support for the encouragement of states to ratify LLMC 1996 and welcomed the statement by Member States at the October 2008 Transport Council meeting of their firm commitment to express by no later than 1 January 2012 their consent to be bound by international maritime conventions including the 1996 LLMC Protocol. The Group has also throughout supported the requirement (in conformity with IMO resolution A 898 (21)) that vessels provide adequate evidence of insurance in the form of a Certificate of Entry or similar document when arriving at an EU port.

The adoption of the Package by the Parliament, with specific reference to the Insurance Directive, has been the subject of recent press articles which have suggested that in some cases, the cover provided by the International Group clubs may not meet the requirements of the Directive which provide that vessels entering member state ports shall have insurance in place up to the limit laid down in LLMC 96 (Article 4) and that this insurance shall be evidenced by certificates issued by the insurer or other provider carried on board the ship (Article 6). In view of the broad consensus reached between the Parliament and the Council which is supported by industry, the Group is concerned that the Commission may be under the impression that 75% to 80% of ships entering EU ports do not currently have adequate insurance in place as will be required under the Directive when this enters into force in the member states by 1 January 2012.

The Group insures approximately 90% of the world’s ocean-going tonnage. All vessels entered in International Group Clubs carry on board a certificate of entry as evidence of the fact that the vessel is insured with an IG Club. The level of cover evidenced by such certificates will always be more than adequate to meet the appropriate level of the shipowners liability in any EU port, whether this be based on LLMC 1976 or LLMC

1996 limits. Consequently there will not be a need for shipowners entered with Group Clubs to take out extra insurance to increase levels of cover.