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| <p style="text-align: center;"><b>PROPOSAL FOR A REGULATION ON SHIP RECYCLING (2012/0055(COD))</b><br/><b>COMMENTS BY THE INTERNATIONAL GROUP OF P&amp;I CLUBS (IG)</b></p> |
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## Introduction

The 13 P&I Clubs that comprise the IG are mutual not-for-profit marine insurance organisations that between them cover the legal liabilities to third parties (which include pollution, loss of life and personal injury, damage to fixed and floating objects, cargo loss etc.) of over 90% of the world's ocean-going tonnage.

## ENVI Committee, amendments in 1<sup>st</sup> reading

The IG has closely followed the European Parliament's deliberations on the proposed regulation and has studied the amendments tabled in ENVI Committee on 20 December 2012. Of particular relevance to the IG are amendments 125, 144, 151, 163, 184, 188, 190, 212, 213, 241 and 244. These amendments suggest a revision of Directive 2009/20/EC on the insurance of shipowners for maritime claims in order to set up a "ship recycling insurance".

The certificates of entry that are issued by all IG member Associations to **all** ships entered with them for (Protection & Indemnity (P&I)) insurance cover are accepted as evidence of compliance with this Directive by all EU Member States. These certificates are carried on board the ship at all times irrespective of the nationality of the ship or its geographical location. They demonstrate that a ship carries third party liability insurance. However, the insurance that is evidenced by these certificates covers different liabilities to those envisaged by the above-mentioned amendments. This is recognised by the report by the consultancy PROFUNDO<sup>1</sup> on different models for a financial mechanism that was recently published, which states that *"Different from the P&I insurance which is now required by the EU Directive [2009/20/EC], a recycling insurance does not exist in the shipping sector."* It would therefore not be possible for the IG member Associations to include an element of insurance concerning ship recycling in any form as envisaged by amendment 163.

The IG also questions whether the cost of such financial security would be as low as envisaged in the PROFUNDO report. The assumptions are likely to be inaccurate since the requirement can only be met by the entry of new financial security providers in the commercial insurance market. This is clearly envisaged by the PROFUNDO report where it states that *"could make it difficult to leave it completely to the commercial insurance market. Old ships might be refused to be insured or only at very high insurance premiums."*

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<sup>1</sup> [http://www.shipbreakingplatform.org/shipbrea\\_wp2011/wp-content/uploads/2013/01/Financial-mechanisms-for-responsible-ship-recycling-22\\_01\\_2013-FINAL.pdf](http://www.shipbreakingplatform.org/shipbrea_wp2011/wp-content/uploads/2013/01/Financial-mechanisms-for-responsible-ship-recycling-22_01_2013-FINAL.pdf)

**Summary**

The IG maintains that third party liability insurance is not the appropriate mechanism to cover the associated costs envisaged in the draft Regulation. We therefore recommend rejection of amendment 163 and all associated amendments related to Directive 2009/20/EC listed above.

Thank you for taking the time to consider our input. We remain at your disposal for any further questions you may have.

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