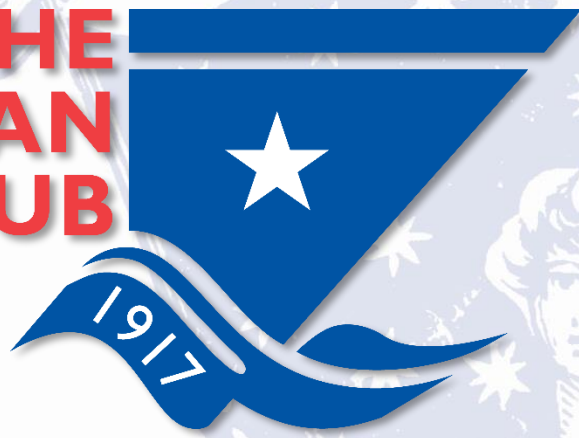


**THE
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MARINE INSURANCE ISSUES SEMINAR
MEGASHIP CHALLENGES
THE P&I PERSPECTIVE

Joe Hughes
The American Club

NEW YORK - MAY 7, 2019

Megaship Challenges: The P&I Perspective

- ★ Issues are of scale, not substance
- ★ Insurer vessel type concerns over time have evolved
 - large tankers (late 1960s onward)
 - large passenger ships (mid-2000s onward)
 - large container ships (c. 2010 onward)
- ★ Insurer concerns have been impelled by
 - major casualties over recent years
 - international/local regulation and limitation regimes
- ★ Insurer response to changing risk landscape has included
 - trading surcharges
 - differential reinsurance rating
 - limits placed on quantum of claims recoverability

Megaship Challenges: The P&I Perspective

- ★ Insurer apprehension mainly focused nowadays on
 - large passenger vessels, especially after COSTA CONCORDIA (an outlier?)
 - large container ships, especially after MSC NAPOLI and many other casualties thereafter

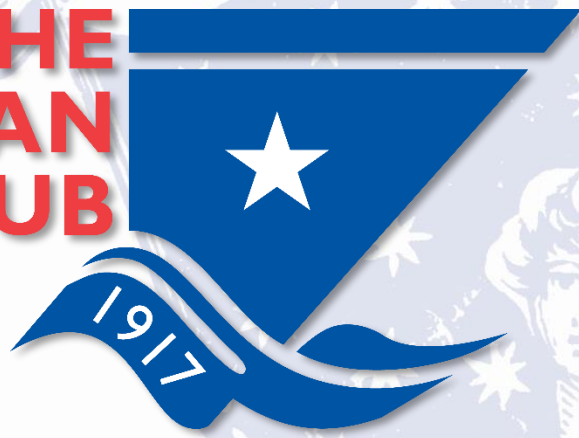
- ★ “Realistic Disaster Scenarios” contemplate
 - large passenger vessels
 - massive loss of life
 - salvage/wreck removal
 - large container ships
 - fires
 - salvage, general average
 - wreck removal
 - hazardous cargoes (misdeclared or otherwise)

- ★ Does industry have capabilities to handle major catastrophes?

Megaship Challenges: The P&I Perspective

- ★ All in a day's work!
- ★ Group clubs' (disaster) claims handling unmatched
- ★ Group clubs' financial security unmatched
- ★ Large claims working group focus on major accidents
- ★ Differential reinsurance rating for container ships?
- ★ Limitation on quantum of claims recoverability?
- ★ Disinclination to overreact!
- ★ Future loss patterns will define P&I insurers' response

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