

Safeguard launches a new insurance and guarantee cover for war and terrorism risk under the Athens Convention and the EU Passenger Liability Regulation (PLR)

23 November 2012

Safeguard Guarantee Company Ltd, a wholly owned subsidiary of Gard P. & I. (Bermuda) Ltd, announced today that it is introducing an insurance and guarantee facility which will cover the war risk liabilities that fall outside the scope of standard P&I club cover.

The introduction of the EU Passenger Liability Regulation (PLR) from 31 December 2012 means that shipowners involved in the carriage of passengers will be exposed to war risks – particularly those relating to terrorism – that are not included in a mutual P&I policy. A separate guarantee, known as the “War Passenger Blue Card”, will therefore be required to cover owners against third party claims for the first 250,000 SDR per passenger for these risks with an overall limit of 340 million SDR per ship per event.

Claes Isacson, CEO of Gard commented “Changing legislation is creating new risks for shipowners. We do not believe that risks as unpredictable as these should be shared on a mutual basis because it is challenging to find reinsurance covering the exposure as guarantor for war risks without having the benefit of the traditional terms of cover protecting a war underwriter in case of an alteration of the risk such as the right to cancel the insurance on seven days’ notice. This creates an unacceptable exposure for the Club’s balance sheet.”

“Safeguard was originally established to resolve a similar issue faced by owners of mobile offshore units, and other specialist craft, insured outside the International Group, who needed to obtain the financial security required under the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.”

“Given our core purpose is to help Members and clients in the marine industries to manage risk and its consequences, this initiative is another example of how we create practical solutions. We believe that by extending the Safeguard structure to meet this new demand, we can manage the risk in a practical way by moving it to the balance sheet of a subsidiary, so the Club only will be exposed as investor.”

“The new insurance and guarantee cover will be available for any owner regardless of whether the ship(s) are insured in Gard for P&I risks”

Notes to Editors

Safeguard Guarantee Company Ltd is a wholly owned subsidiary of Gard P. & I. (Bermuda) Ltd and was incorporated as a limited liability company in 2008 in Bermuda and licensed as a Class 3A insurer by the Bermuda Monetary Authority.

Contacts

Caroline Wagstaff

Tel: +44 207 7618 9158

Luther Pendragon

Mobile +44 7767 794208