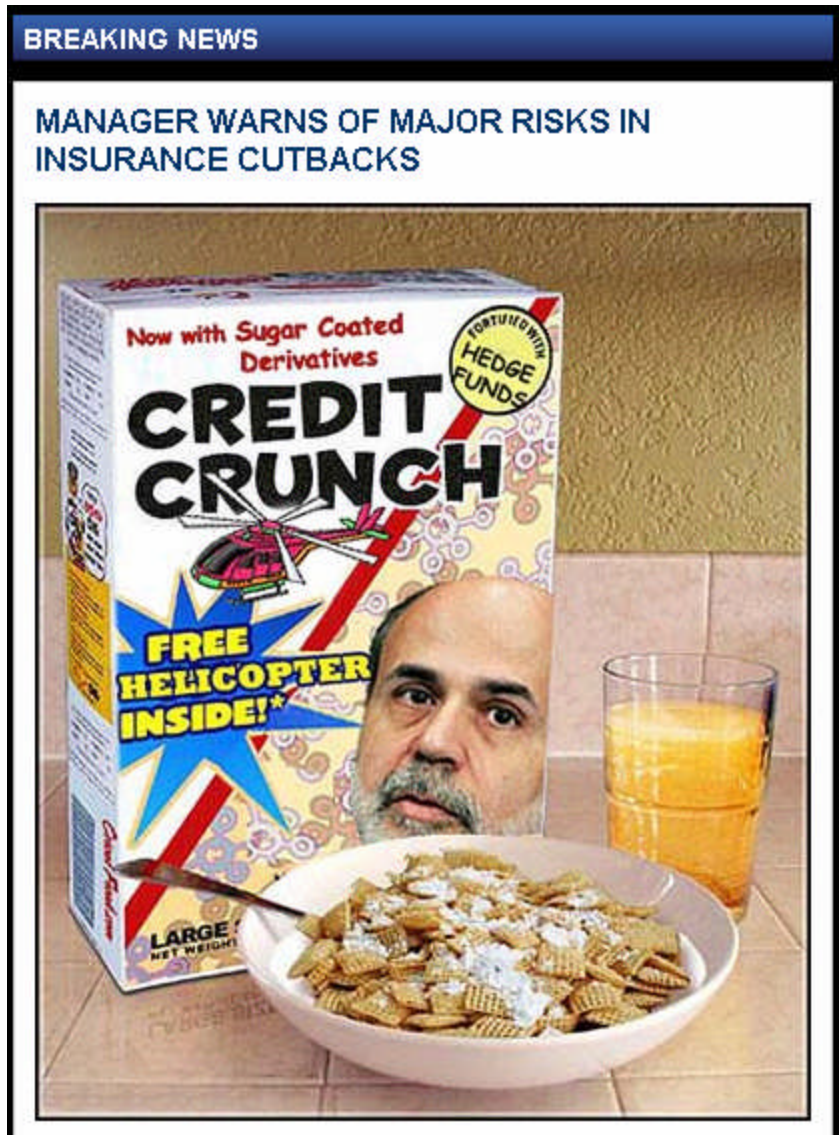


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A growing number of ship owners are expected to take a huge gamble by failing to obtain adequate insurance cover, all in the name of saving money, according to a leading ship manager.

Barry Hughes, Finance Director at Bibby Ship Management, said ship owners are facing difficult financial decisions and 'were exploring increasingly risky ways to cut their baseline.

He said: "Taking too short term a view of cost management is a foolhardy move and one which could have disastrous long-term consequences. Insurance is business critical and should always be treated as such.

"Insurance costs are certainly rising, and perhaps the most significant trend is the continuing rise in P&I premiums following substantial increases in claims costs for all the major clubs, exacerbated by EU requirements for insurers to maintain increased solvency margins designed to protect policyholders," he added.

Supplementing increased insurance costs, the mounting threat of piracy has caused greater financial complications for ship owners, with an adverse impact on war risk insurance premiums for vessels trading or transiting through the Gulf of Aden.

Mr Hughes added: "Vessel owners should always ensure they have adequate insurance cover in place to protect their vessels, their crew and third parties, as the potential financial consequences of not carrying sufficient insurance protection massively outweigh the cost of any premium savings to be made."

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