

Club: UK P&I
Circular Date: 31/07/1998
Circular Title: INTERNATIONAL GROUP AGREEMENT (IGA) 12/98

Author: **Date:** 20/12/1999 15:03

Ref: 12/98

July 1998

TO THE MEMBERS

Dear Sirs,

INTERNATIONAL GROUP AGREEMENT (IGA)

Further to previous circulars on this subject (the last circular being ref: 8/98 dated April, 1998), we can report that discussions with the European Commission Competition Directorate are continuing in a constructive manner. The main issue - the renewal of the exemption of the IGA itself - remains under discussion. However Commission officials have indicated that the other two issues, namely extent of cover and reinsurance of commercial insurance companies, have now been resolved to their satisfaction.

Further details of this development are incorporated in the text of the following press release issued by the International Group on 31st July, 1998:

"European Commission to approve I.G. limit of cover

The International Group of P&I Clubs has been informed by the European Commission Competition Directorate (DGIV) that it intends to approve the terms of the Group's 1998 Pooling Agreement, which incorporates the Group's limit on cover of about \$4.25 billion. The Commission will shortly be publishing an Article 19(3) notice in the EU's Official Journal confirming this.

The limit of cover was revised downwards by unanimous decision of Group Clubs last year, after DGIV issued a Statement of Objections (SO) challenging the limit of around \$20 billion which applied at that time. The Greek Shipping Cooperation Committee had complained to DGIV about the \$20 billion limit at the end of 1995. The new limit of \$4.25 billion appears to meet DGIV's concerns.

The Group and the Commission have been discussing the issues involved since last summer. During that time shipowners from all over the world have actively supported the Group. More than 20 international and national shipowners associations have made representations to the Commission, including the Asian Shipowners Forum, the International Chamber of Shipping and Intertanko.

In April this year there was an Oral Hearing of the Group's case in Brussels before the Commission and Member State representatives at which the Group urged the Commission to approve the new limit as soon as possible so as to remove any possible uncertainty.

George Greenwood, Chairman of the International Group said -

"We are extremely pleased that DGIV feels that the new limit adopted by Group Clubs and their Members meets its objections. A Commission decision will be welcomed by shipowners who have been concerned by continuing uncertainty about the limit issue."

Any Commission decision approving the 1998 Pooling Agreement would cover new provisions that deal with the reinsurance by Group Clubs of commercial insurance companies, which was also an issue raised in the SO.

The third issue identified in the SO, which concerned the International Group Agreement, has not yet been resolved. Mr. Greenwood confirmed that constructive discussions on this issue were still continuing with DGIV, but further developments were not expected during the summer holiday period."

Members will be kept advised of further significant developments as they occur.

Yours faithfully,

THOS. R. MILLER & SON (BERMUDA)

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