

## “The Evolving Role of P&I Clubs: Stability vs. Competition”

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### Charting the Future: Marasco Marine Ltd's Proactive Approach in Marine Insurance

In the ever-changing seas of the marine insurance industry, foresight and preparedness are the beacons that guide a ship through uncharted waters. Marine insurance, particularly Protection and Indemnity (P&I) clubs, is at a crossroads, facing challenges and opportunities alike. As risk managers and client-centric service providers, working to ensure competitive fairness, Marasco Marine Ltd offers a comprehensive analysis of the current landscape, helping shipowners and managers navigate these turbulent waters. At Marasco Marine Ltd, we understand that while no one can predict the future, being well-prepared and alert to emerging risks is essential. Our role is not just to react to industry changes but to anticipate them, ensuring that our clients are always a step ahead.

### The Evolving Role of P&I Clubs: Stability vs. Competition

P&I clubs have traditionally provided a collective risk-

sharing model, offering stability and predictability in premiums and coverage. However, this model is now being questioned for its lack of competition. Critics argue that the mutual agreements among P&I clubs, standardizing terms for members switching clubs, limit market dynamics and innovation.

#### Pros:

- Collective risk management leads to shared large claims.
- Predictability in premium rates and coverage terms.
- Efficient regulatory compliance and claims handling.

#### Cons:

- Limited competition could lead to complacency and higher costs.
- Restricts shipowners' ability to negotiate better terms.

### P&I MERGERS: Fewer Choices, Higher Costs?

*The Impact of Market Consolidation: The Case of NorthStandard*

The recent merger of NorthStandard has sparked concerns about reduced competition and the rise of larger, potentially monopolistic P&I entities.

#### Pros:

- Potential for reduced claims volatility and cost efficiencies.
- Enhanced resource pooling and expertise sharing.

#### Cons:

- Less market competition, potentially leading to inflexible terms.
- Higher premiums and reduced bargaining power

for shipowners. There's also a valid concern about reduced competition and a potential decline in service quality. Large P&I clubs, post-merger, might focus on serving bigger fleets, potentially overlooking the specific needs of smaller shipowners. This shift could leave a significant portion of the market underserved and facing higher premiums with less personalized service, that is smaller fleet shipowners might face their needs sidelined.

### The Ripple Effect on the Supply Chain

A market with limited players could lead to a situation where shipowners and managers have fewer choices, potentially leading to less favorable terms.

The inherent risk in such a scenario is the possibility of these clubs wielding significant market power, setting premiums and terms that might be financially burdensome for shipowners. This situation could inadvertently affect the entire supply chain, as higher insurance costs might be passed down through increased sea transportation cost - freight, ultimately impacting end consumers.

### The Cautionary Tale:

Historical parallels in other industries show that consolidation can lead to higher prices and reduced choices for consumers. The shipping industry must take seriously into consideration these lessons to avoid similar pitfalls.

### Proactive Strategies for Shipowners and Managers

In response to these changes, shipowners and managers should consider alternative risk management strategies and advocate for competitive fairness in the market.

#### Strategies Include:

- Exploring alternative insurance options outside traditional P&I clubs or, combination between commercial underwriters and P&I Clubs.
- Lobbying for regulatory oversight to ensure market competitiveness.

### Marasco Marine Ltd's Client-Centric Approach

As a service-oriented company, Marasco Marine Ltd emphasizes the importance of staying informed and adaptable. The industry must strike a balance between benefiting from the efficiencies of larger P&I clubs and maintaining a competitive environment where shipowners have the freedom to choose the best options for their needs. The company advocates for a market that balances collective benefits with competitive dynamics, ensuring that our clients, regardless of their size, remain well-informed and prepared for any shifts in the industry landscape.

### Diversifying Options for Comprehensive Coverage

Marasco Marine Ltd diversify its offerings to include a range of marine insurance products

that cater to the unique needs of each client, ensuring that smaller shipowners are not left at a disadvantage.

This approach allows Marasco Marine to provide tailored solutions stemming from commercial insurers, fixed cost P&I facilities and of course the traditional Pool P&I market, that aligns with the specific risks and requirements of our diverse clientele.

### Marasco Marine Ltd Recommends:

- Regularly reassessing insurance needs in light of market changes.
- Staying informed about industry developments and potential regulatory changes.

In conclusion, the maritime insurance industry is at a pivotal point.

While historical models have provided stability, the need for competition and innovation is increasingly evident.

For shipowners and managers, the path forward involves staying informed, adaptable, and proactive in advocating for a balanced and fair market.

With Marasco Marine Ltd's guidance, stakeholders can navigate these changes effectively, safeguarding at the same time the interests of all shipowners, especially the smaller ones who might be overshadowed in a market dominated by large conglomerates, ensuring thus their sustainability and profitability.

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