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CURRENT ISSUES – IUMI POLITICAL FORUM

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A. ACTION

1) EU Offshore Safety Directive

Brief description

The EC proposed in October 2011 a Regulation on the safety of offshore oil and gas prospecting, exploration and production activities aiming amongst others to extend the scope of the Environmental Liability Directive (ELD) to include “all waters under the jurisdiction of the Member States” and mandating financial security. A study was commissioned on *liability security schemes for offshore environmental risks*, drafted by the University of Maastricht.

Joint industry efforts were made to prevent some of the more controversial suggestions of the Regulation and explain the practical implications – and impracticability – of extending the ELD due to:

- most likely an inability to quantify the damages in a longer term, and
- scale of potential loss and selectivity by insurers.

In October 2012, the Industry, Research and Energy Committee (ITRE) of the European Parliament voted in favour of transforming the proposal from a Regulation to a Directive. The Directive was formally adopted in June 2013.

Article 4 of the new Directive states that evidence of provisions to cover potential liabilities shall be included in the application for a licence.

With reference to financial security, the Directive states that:

“(63) Operators should ensure they have access to sufficient physical, human and financial resources to prevent major accidents and limit the consequences of such accidents. However, as no existing financial security instruments, including risk pooling arrangements, can accommodate all possible consequences of major accidents, the Commission should undertake further analysis and studies of the appropriate measures to ensure an adequately robust liability regime for damages relating to offshore oil and gas operations, requirements on financial capacity including availability of appropriated financial security instruments or other arrangements. This may include an examination of the feasibility of a mutual compensation scheme. The Commission should submit a report to the European Parliament and to the Council on its findings, accompanied if appropriate, by proposals.”

Following up on this request, two studies on civil liability, financial resources and compensation claims for offshore oil and gas activities were presented in October 2014 and August 2014. IUMI was consulted as part of the studies, explaining the practical implications, limitations and how the market functions from an offshore energy insurance perspective.

A report on the Commission’s assessment of the effectiveness of the liability regimes in the EU in respect of the damage caused by offshore oil and gas operations was released in September 2015. The report concludes that a broadening of liability provisions through EU legislation does not appear appropriate at this juncture. In the event new national laws fail to improve the availability of financial

security instruments and put in place procedures for ensuring prompt and adequate handling of compensation claims, the Commission informs that it will reassess whether and what further EU action could achieve these objectives.

In March 2016, the EP Committee on the Environment, Public Health and Food Safety issued a draft opinion, recommending that the (responsible) Committee on Legal Affairs calls on the Commission to consider the establishment of a legislative compensation mechanism for offshore accidents with minimum requirements. Responding to these discussions, IUMI presented in April 2016 a position paper to members of the relevant parliamentary committees. IUMI remains unpersuaded that a legislative compensation system over and above the existing provisions is needed, and continues to believe that a voluntary financial security system is likely to be most effective.

Relevant authority / organisations and documents

- **European Commission**
 - Proposed EC Regulation 27 October 2011.
 - University of Maastricht – Civil liability, financial security and compensation claims for offshore oil and gas activities, 22 October 2013.
 - BioIS study – Civil liability, financial security and compensation claims for offshore oil and gas activities in the EEA, 14 August 2014.
 - COM(2015) 422 final – Report from the EC to the EP and Council on liability, compensation and financial security for offshore oil and gas operations pursuant to Article 39 of Directive 2013/30/EU, 14 September 2015.
- **European Parliament** – Environment, Public Health and Food Safety Committee (ENVI) & Industry, Research and Energy Committee (ITRE).
 - Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC.
 - ENVI Committee: Draft Opinion, 22 March 2016.
- **Position papers – industry:**
 - Insurance Europe: 2012.
 - Norwegian maritime/oil & gas industries: 30 January 2012.
 - UK maritime industry: 18 April 2012.
 - **ECSA**
 - Comments to EC study on civil liability for offshore and gas activities, 2 October 2014.
 - Position paper April 2016.
 - **IUMI:**
 - 24 September 2012.
 - 14 April 2016.

Timeline / important dates

- Directive 2013/30/EU shall apply through national laws/regulations by 19 July 2016 for new installations, and no later than 19 July 2018 for existing.
- EP ENVI Committee:
 - Deadline amendments 3 May 2016
 - Adoption of opinion 11 July
- EP JURI Committee:

- Adoption of draft report 13 October 2016, committee report tabled for plenary 19 October 2016.
- EP indicative plenary sitting date 30 November 2016.

IUMI will:

- Support a voluntary financial security system rather than a legislative compensation system over and above existing provisions.
- Explain the capabilities and limitations of insurance as a financial security instrument, and require a cost-benefit analysis cross-referred with insurance market capabilities if further investigations are to take place.

2) Places of Refuge

Brief description

Current practice concerning places of refuge is a concern to insurers.

The incident with fire-stricken container vessel “*MSC Flaminia*”, which in 2012 was left adrift for weeks until finally granted a port of refuge in Germany, prompted a new EC Cooperation Group on Places of Refuge. The Group was charged with assessing the need to improve existing legislation and why EU Member States took so long to provide safe refuge.

After an explosion and fire aboard the “*M/T Stolt Valor*” at a distance of 40 nm from Kingdom of Saudi Arabia in March 2012, a place of refuge was denied by the coastal States in spite of repeated requests. In September that year, a round table of shipowner associations and IPTA urged the MSC to consider what additional measures may be appropriate, and stressed the need for all States to apply amongst others the IMO Guidelines on places of refuge for ships in need of assistance.

Following these incidents, and further prompted by the “*Maritime Maisie*” being held at sea off the coast of Japan for weeks after a collision and fire in December 2013, IUMI is, together with the International Chamber of Shipping (ICS) and the International Salvage Union (ISU), campaigning to urge governments to adopt the IMO places of refuge guidelines.

Four years after the “*MSC Flaminia*” incident, new emergency response procedures for ships in distress have been agreed across the EU. Several industry stakeholders, including IUMI, have participated together with EU Member States, the European Commission, and EMSA in the drafting. The aim has been to ensure better coordination and exchange of information by providing guidance that will lead to better advised and quicker decision making. It is also emphasised that there shall be no denial of access on anything (commercial or financial) other than safety grounds.

European Commissioner for Transport, Violeta Bluc, presented the new operational guidelines at the occasion of the Sea, Rivers, Islands and Coastal Areas Intergroup meeting in the European Parliament on 27 January under the patronage of MEP Gesine Meissner. Together with the Commission, IUMI

and a number of other industry associations have agreed to use the PoR Operational Guidelines and contribute to their continuous improvement through a joint declaration.

Having in place the voluntary operational guidelines and expressed willingness to use them is however only a first step to secure PoR access for stricken ships. While regulation is in place, the practical implementation offered by the new EU guidance complements IMO guidelines and should be encouraged internationally. IUMI therefore co-sponsored an EC information paper to the IMO's Maritime Safety Committee in May 2016.

Furthermore, the true success of the operational guidelines will be demonstrated as actual incidents occur. And while decision makers gathered for the PoR event in Brussels, the listing "*Modern Express*" was adrift in EU waters. Application of the guidelines for this and other incidents will be carefully monitored by IUMI and addressed in discussions with the Commission. Lessons learned will give input to the expected continuous improvement of the guidelines.

Relevant authority / organisations and documents

- **IMO – MSC & MEPC & LEG & CCC:**
 - MSC77/8/2: Places of refuge, submitted by IUMI, 14 February 2003.
 - Resolution A.949(23): Guidelines on places of refuge for ships in need of assistance, 5 March 2004.
 - MEPC64/INF.30 (27.7.2012) from ROPME/MEMAC and MSC91/21 (24.9.2012) from ICS, BIMCO, INTERCARGO, IPTA and INTERTANKO, concerning the "*M/T Stolt Valor*" incident.
 - LEG101/11/4: Places of refuge for ships in need of assistance, submitted by ICS, IGP&I, IUMI & ISU, 14 March 2014.
 - III1/INF.33: Port of refuge, Maritime Maisie, submitted by Hong Kong, China, 14 May 2014.
 - MSC93: Statement made by Intertanko.
 - CCC1/INF.2: Investigation on the fire and explosion on board the MSC Flaminia, submitted by Germany, 3 June 2014.
 - MSC94/20/1: Guidelines on PoR – proposed additional text, submitted by Liberia, the Marshall islands, IMPA, IFSMA, INTERTANKO, INTERCARGO and INTERMANAGER, 10 September 2014.
 - MSC95/INF.8: Information on the work within the European Union on operational guidelines for places of refuge following recent incidents, submitted by EU Member States, the European Commission, IUMI, BIMCO, ICS, ISU, INTERTANKO and IG, 31 March 2015.
 - MSC96/24/5: Information on the EU Operational Guidelines on places of refuge, submitted by EU member states, EC, ICS, IUMI, BIMCO, ISU, INTERTANKO and IG, 8 March 2016.
- **EC/EU:**
 - Directives 2009/17/EG (23.4.2009) and 2002/59/EG (27.6.2002), mandating EU Member States to provide places of refuge for stricken vessels in order to prevent greater damage to the environment.
 - EU Operational Guidelines on Places of Refuge, 13 November 2015.
 - Joint declaration EU guidelines PoR, 27 January 2016.

- **EMSA:**
 - Background document for an industry consultation meeting 26 June 2013 and questionnaire concerning the EC Vessel Traffic Monitoring and Information System.
- **U.S. Coast Guard:**
 - Places of Refuge Policy - Commandant Instruction 16451.9, 17 July 2007.
- **ICS, ISU & IUMI:** Joint press release 13 February 2014.
- **ICS, IGP&I, IUMI, ISU & Asian Shipowners' Forum:** Joint position paper April 2014.
- **UK SOSREP** presentation during Legal & Liability workshop, IUMI conference, London, 17 September 2013.
- **IACS:** Recommendations for the operation of shore-based emergency response services, 26 May 2016.

Timeline / important dates

- Legal & Liability workshop, IUMI conference, Hong Kong, 23 September 2014.
- EC roundtable discussion with all relevant stakeholders during IMO MSC 94, London, 21 November 2014.
- EC: First discussion industry stakeholders on the Draft EU Operational Guidelines, Brussels, 15 January 2015.
- Political Forum workshop, IUMI conference, Berlin, 15 September 2015: LEMONIA Tsaroucha, EC – DG MOVE.
- EC Table Top Exercise, Malta, 1 September 2015.
- EU Operational Guidelines on Places of Refuge, 13 November 2015.
- EC event with members of European Parliament and industry, Brussels, 27 January 2016.
- MSC 96, 11-20 May: Introduction of EU Operational Guidelines.
- Next table top exercise for the EU operational guidelines scheduled for 2017.

IUMI will:

- Actively promote better accommodation of ships in distress through the implementation and enforcement of existing measures.
- Support the EU Operational Guidelines on Places of Refuge and their implementation. Encourage global adoption.
- Give input to training programme to be developed for the implementation of the new EU Operational Guidelines, and participate in table top exercises.

3) Arctic Sailings

Brief description

Ice conditions make Arctic sailings a relevant option for more commercial vessels transiting between Europe and Asia and the number of cruise ships in polar waters are on the rise. Ice conditions, the role of class, ship design, remoteness, support networks, availability of icebreakers, SAR, and

experience and training of crew are amongst the relevant issues for underwriters in assessing this risk.

In November 2014, the IMO Maritime Safety Committee (MSC) adopted the International Code for Ships Operating in Polar Waters and the associated new SOLAS chapter XIV. The Maritime Environmental Protection Committee (MEPC) adopted the MARPOL amendments in May 2015. Training requirements within the STCW Convention and the Code for officers and crew on board ships operating in polar waters were approved by MSC 95 in June 2015, in view to adoption by MSC 96 in May 2016.

The Code will enter into force 1 January 2017.

MSC 94 established in November 2014 a Correspondence Group on Operational Limitations in Ice, in which IUMI participated. Based on this work, an interim guidance on methodologies for assessing operational capabilities and limitations in ice (POLARIS) was approved by MSC 96 in May 2016. The guidance shall be reviewed four years after the entry into force of the Polar Code in order to make any necessary amendments based on experience gained. Member States and international organizations are invited to report on their experience with the use of POLARIS.

Additional performance standards related to Fire safety/protection (Chapter 8) and Life-saving appliances and arrangements (Chapter 9) of the Polar Code are also being considered. The Sub-Committee on Ship Systems and Equipment (SSE) has been instructed to consider the issues and advice MSC 97 on the best way to proceed. There is also an ongoing discussion relating to heavy fuel oil use by vessels in Arctic waters.

After the development of the Polar Code, there is a consideration for an instrument to address non-Convention vessels operating in polar waters. MSC 95 and 96 encouraged Member States and international organizations to submit information on incidents in polar waters to assist in assessing the potential scope of the Polar Code to non-Convention vessels to the next session in November 2016.

Relevant authority / organisations and documents

- **IMO MEPC & MSC & SDC** with input from other Sub-Committees (HTW, SSE, NCSR)
 - Polar Code:
 - <http://www.imo.org/en/MediaCentre/HotTopics/polar/Pages/default.aspx>
 - Resolution MSC.385(94), adopted 21 November 2014.
 - MEPC 68/21/Add./, adopted 15 May 2015.
 - MSC95/21/3: Request for data on incidents within polar waters, submitted by Iceland, New Zealand and South Africa, 24 March 2015.
 - SSE3/15/4: Additional performance and/or test standards in support of the implementation of the Polar Code, submitted by Argentina, the Marshall Islands, New Zealand, Norway and Vanuatu, 15 December 2015.
 - MSC.1/Circ.1519: Guidance on methodologies for assessing operational capabilities and limitations in ice (POLARIS), 6 June 2016.
 - MEPC70/17/4: Heavy fuel oil use by vessels in Arctic waters, submitted by FOEI, WWF, Pacific Environment and CSC, 22 July 2016.

- MSC97/16/2: Clarification on the requirements related to the initial and maintenance surveys required by the Polar Code, submitted by IACS, 16 September 2016.
- **Arctic Council** comprising Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden and the U.S. (www.arctic-council.org).
- **Arctic “Best Practice Declaration”**. IUMI letter of support 19 April 2013.
- **Arctic information database**: www.arctis-search.com (Centre for High North Logistics).
- **ArcticWeb**: www.arcticweb.com – provides information on offshore Arctic areas through access to public data sources in the Arctic region.
- **European Commission**:
 - Joint Communication to the European Parliament and Council - JOIN(2016) 21 final: An integrated EU policy for the Arctic, 27 April 2016.
- **U.S. Coast Guard**:
 - Arctic Strategy, May 2013.
 - Policy Letter No. 01-16: Guidelines for training of personnel on ships subject to the International Code for ships operating in Polar waters (Polar Code), 10 February 2016.
- **Swedish conference and workshop** March 2014:
<http://www.polar.se/en/articles/conference-report-sustainable-arctic-shipping-and-marine-operations>
- **Northern Sea Route Administration**: http://asmp.morflot.ru/en/celi_funksij/
- **Marsh**: Arctic shipping: Navigating the risks and opportunities, August 2014
- **Insurance industry**:
 - Lloyd’s / Chatham House: Arctic Opening: Opportunity and Risk in the High North: <http://www.chathamhouse.org/publications/papers/view/182839> - 1 April 2012
 - Cefor: Arctic Sailings Check List: <http://cefor.no/Clauses/Arctic-Sailings-Check-List/> - October 2012
 - Gard: Climate change creates a new trade route – and new risks: <http://www.gard.no/ikbViewer/web/updates/content/20738960/climate-change-creates-a-new-trade-route-and-new-risks> - 26 February 2014
 - The Swedish Club: Ice – Advice for trading in the polar regions: <http://www.eyemag.se/core/main.php?SITEID=98b6c&PROJECTNR=4931> – 2014
- **ABS**: Navigating the Northern Sea Route Advisory: http://www.eagle.org/eagleExternalPortalWEB/ShowProperty/BEA%20Repository/References/Capability%20Brochures/NSR_Advisory - January 2014
- **US** Bureau of Safety and Environmental Enforcement & Bureau of Ocean Energy Management: Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf, 20 February 2015.
- **CMI Polar Shipping Working Group / Hafnia Law Firm**: Report on the Legal Framework for Civil Liability for Vessel Source Oil Spills in Polar Regions, 2 February 2016.

Timeline / important dates

- Russian Northern Sea Route Administration established 15 March 2013.
- IMO Workshop on Safe Ship operations in the Arctic Ocean: 28 February 2014.

- “Sustainable Arctic Shipping and Marine Operations” conference in London by the Swedish Government on behalf of the Nordic Council of Ministers: 11 March 2014.
- Workshop on “Bridging the Arctic marine risk gap – The need for a cross Arctic Ice Regime – linking ice conditions to ice class requirements” in London 12 March 2014, organized by the Swedish Polar Research Secretariat.
- IUMI PF Workshop 23 September 2014.
- MSC 94: 17-21 November 2014: Adoption Polar Code and SOLAS Chapter XIV.
- MEPC 68: 11-15 May 2015: Adoption MARPOL amendments.
- MSC 95: 3-12 June 2015: Report on operational limitations in ice & approval STCW amendments.
- IUMI PF workshop Berlin, 15 September 2015: Presentation by Michael Kingston (IUMI representative in correspondence group on polar ice regime)
- Polar Code enters into force 1 January 2017, applying for new ships constructed after that date. Ships constructed before that date will be required to meet the relevant requirements by the first intermediate or renewal survey, whichever occurs first, after 1 January 2017.
- EC Communication of EU Arctic Policy, indicative planning March 2016.
- SSE 3: 14-18 March 2016.
- MSC 96: 9-20 May 2016.
- MSC 97: 21-25 November 2016.
- **Arctic Coast Guard Forum:** Joint statement on creating a strategic framework for an operationally-focused consultative organization, 10 June 2016.

IUMI will:

- Support the implementation of the mandatory Polar Code at IMO.
- Support in principle the Arctic “Best Practice Declaration”.
- Participate in discussions with industry, IMO and coastal states on necessary standards and infrastructure in Polar waters.
- Participate in Correspondence Group on Operational Limitations in Ice.

4) EU Insurance Block Exemption Regulation (IBER)

Brief description

The European Commission has launched a public consultation on the functioning and future of the new Insurance Block Exemption Regulation (IBER) adopted in 2010. The IBER expires in 2017. The IBER allows insurers and reinsurers to benefit from an exemption to the prohibition of anti-competitive arrangements laid down in Article 101(1) of the Treaty on the Functioning of the European Union (TFEU).

The Commission is consulting on how the IBER is being used and on stakeholders’ experience in applying it. The Commission is also interested to hear about market developments and views on whether the regulation should be renewed, partially renewed or not renewed at all.

The exemption covers two types of agreements between insurance and reinsurance companies:

- a) Agreements with respect to joint compilations, joint tables and studies; and
- b) Common coverage of certain types of risks (co-insurance or co-reinsurance pools)

A tender for two new studies closed in October 2015, with final reports to be submitted by 12 April 2016. The two new lots are as follows:

- Switching of tangible and intangible assets between different insurance products.
- Different forms of cooperation between insurance companies and their respective impact on competition.

The European Commission published in March 2016 its preliminary findings. At this stage, the EC finds that the renewal is no longer justifiable due to market conditions, its limited use and the new Horizontal Guidelines that were adopted after the entry into force of the IBER. If necessary, the Commission suggests that it can provide specific guidance to the insurance industry as a more flexible alternative to the IBER.

Relevant authority / organisations and documents

- **European Union**
 - Insurance Block Exemption (IBER), 24 March 2010 (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32010R0267&from=EN>)
 - Consultation document, 5 August 2014 (http://ec.europa.eu/eusurvey/runner/Public_Consultation_Insurance_Block_Exemption_Regulation)
 - Report from the EC to the EU Parliament and Council, COM(2016) 153, 17 March 2016 & EC staff working document.
 - Studies on issues pertaining to the insurance production process with regard to the application of the IBER:
 - Different forms of cooperation between insurance companies and their respective impact on competition.
 - Switching of tangible and intangible assets between different insurance products.
- **IUMI:** Consultation input to EC – DG Competition, 14 November 2014.

Timeline / important dates

- Consultation deadline 4 November 2014.
- Bilateral meetings in the course of 2015.
- EC stakeholder workshop 26 April 2016.
- Public consultation of the policy option chosen in second half 2016.
- Current IBER due to expire March 2017.
- Impact assessment Q1 2017.

IUMI will:

- Recommend that the IBER is renewed for both current exemptions.
- Monitor the IBER review and respond as appropriate.

- Seek clarity and specific guidance from the EC with regard to possible amendments of the “horizontal guidelines” in the event the IBER is not renewed.

5) Cyber risks

Brief description

The growing use and reliance on information technology, of data networks, transmissions and connectivity in the daily work within the marine and energy sectors increase their exposure to cyber related risks. These risks represent a challenge to underwriters, both in terms of properly understanding the exposures and in tailoring their products to meet client needs.

The risks can be either malignant or due to innocent breach caused by a lack of awareness or insufficient understanding about systems and how they interact with each other. Both needs to be dealt with, starting with top-level commitment and the proper implementation of risk assessment procedures.

Techopedia¹ defines cyber attack as deliberate exploitation of computer systems, technology-dependent enterprises and networks. Cyber attacks use malicious code to alter computer code, logic or data, resulting in disruptive consequences that can compromise data and lead to cyber crimes, such as information and identity theft. Cyber attack is also known as a computer network attack (CNA).

A successful cyber attack can have several implications relevant to insurance: Loss of life, personal injury, pollution, loss of property, business interruption, loss of production, loss of data and loss of reputation. From a cargo perspective, there are in particular concerns related to the potential risks and implications of cyber attacks directed at unmanned truck convoys and mega hubs.

IMO's Maritime Safety Committee (MSC) supported in November 2014 a Canadian / U.S. recommendation to develop voluntary guidelines on maritime cyber security practices. The purpose being to protect and enhance the resiliency of cyber systems supporting the operations of ports, vessels, marine facilities and other elements of the marine transportation system. For the purpose of this proposal, cyber security is defined as measures taken to protect cyber systems, or any data contained therein, against unauthorized access, alteration, control, data loss, and prolonged unplanned outage. Cyber systems are defined as any system or subsystem of hardware and/or software whose purpose is acquiring, processing, storing or communicating information or data, including systems that use that data to control physical processes.

In January 2016, an industry group published new industry guidelines on cyber security onboard ships. The new guidelines are produced by BIMCO, CLIA, ICS, INTERCARGO and INTERTANKO, with the support of many others. IUMI has been involved in the development, and co-sponsored a

¹ <http://www.techopedia.com/definition/24748/cyberattack>

proposal requesting IMO's Maritime Safety Committee (MSC) to take the industry guidelines into account when considering measures to enhance maritime cyber security.

Unlike other international standards and guidance on cyber security, the industry guidelines focus on the distinctive issues onboard ships. Rather than technical guidance, the guidelines are designed for use by owners, managers and seafarers to develop understanding and awareness of key aspects of cyber security. The company will find support to establish procedures, plans and instructions, including checklists as appropriate, for relevant key shipboard operations that will be complementary to existing security and safety risk management requirements contained in the ISM and ISPS Codes.

In May 2016, MSC approved new *"Interim guidelines on maritime cyber risk management"*, providing high-level recommendations on maritime cyber risk management to safeguard shipping from current and emerging cyberthreats and vulnerabilities. The guidelines refers also to additional guidance and standards, including the new IUMI supported industry guidelines.

The United States Coast Guard released its Cyber Strategy guidance document in June 2015. The document presents the agency's vision for operating in the cyber domain and outlines the agency's goals and objectives for its three stated strategic priorities: defending cyberspace, enabling operations and protecting infrastructure.

To address these risks, the document describes the agency's plan to work with the maritime industry to promote cyber risk awareness and management, and to reduce cybersecurity vulnerabilities for vessels and facilities. This includes plans to develop cybersecurity risk assessment guidance for commercial vessel and facility operators, and to incorporate cybersecurity.

An IACS work group is focusing on developing a new unified requirement on system integration for safety critical shipboard systems. The group is also exploring a possible certification scheme for software providers for essential systems by IACS members. An update of UR E 22, covering on board use and application of programmable electronic systems, is under consideration by a project team. IUMI is among the industry partners invited to take part in a joint working group with IACS on cyber systems.

The ISO intends to complement the work on cybersecurity, using the ISO/IEC 27000 series. A progress report will be submitted to MSC 97.

e-Navigation

e-Navigation is an IMO initiative defined as "the harmonized collection, integration, exchange, presentation and analysis of maritime information onboard and ashore by electronic means to enhance berth to berth navigation and related services, for safety and security at sea and protection of the environment". To effectively use this as a tool to reduce human error, owners and operators should incorporate e-Navigation Best Practices as an integral part of their Bridge Resource Management (BRM).

The e-Navigation Strategy Implementation Plan, which was approved by MSC 94 in November 2014, contains a list of tasks required to be conducted in order to address five e-navigation solutions, namely

- Improved, harmonized and user-friendly bridge design.

- Means for standardized and automated reporting.
- Improved reliability, resilience and integrity of bridge equipment and navigation information.
- Integration and presentation of available information in graphical displays received via communication equipment.
- Improved communication of VTS Service Portfolio (not limited to VTS stations).

The IMO expects that these tasks, when completed during the period 2015–2019, should provide the industry with harmonized information in order to start designing products and services to meet the e-navigation solutions.

Relevant authority / organisations and documents

- **IMO – Maritime Safety Committee (MSC), Sub-Committee on Navigation, Communication and Search and Rescue (NCSR) & Facilitation Committee (FAL):**
 - NCSR1/INF.5: Background information related to the development of e-navigation, submitted by Norway, 28 March 2014.
 - NCSR1/1: Report of the Correspondence Group on e-navigation, submitted by Norway, 28 March 2014.
 - MSC94/4/1: Measures toward enhancing maritime cyber security, submitted by Canada and the United States, 12 September 2014.
 - MSC95/4/1: Industry guidelines on cyber security on board ships, submitted by ICS, BIMCO, INTERTANKO and INTERCARGO, 5 March 2015.
 - MSC95/4/2: International Ship and Port Facility Security (ISPS) Code cyber security provisions, submitted by Canada, 18 March 2015.
 - MSC95/4/3: Voluntary maritime cybersecurity guidelines, submitted by Canada, 20 March 2015.
 - NCSR1/INF.5: Background information related to the development of e-navigation, submitted by Norway, 28 March 2015.
 - NCSR1/9: Report of the correspondence Group on e-navigation, submitted by Norway, 28 March 2015.
 - MSC95/4/6: Measures to address cyber-related risks, submitted by the United States, 31 March 2015.
 - MSC95/INF.19: Cyberphysical relationship in port security – CYSM project, submitted by the European Commission, 14 April 2015.
 - E-Navigation Strategy Implementation Plan, approved by MSC 94, November 2014.
 - FAL40/INF.4: The Guidelines on Cybersecurity on board Ships, submitted by ICS, BIMCO, INTERTANKO, CLIA and INTERCARGO, 30 December 2015.
 - FAL40/9: Measures to address cyber-related risks on ships, submitted by Canada and the United States, 31 December 2015.
 - FAL40/INF.5: Information on Cyber Risk Management Best Practices, submitted by Canada and the United States, 27 January 2016.
 - MSC96/4/1: The guidelines on cyber security onboard ships, submitted by BIMCO, CLIA, ICS, INTERCARGO, INTERTANKO and IUMI, 4 February 2016.
 - MSC96/INF.4: Measures aimed at improving cybersecurity on a ship, submitted by France, 5 February 2016.

- MSC96/4/2: Guidelines for Cyber Risk Management, submitted by Canada, Japan, Liberia, the Marshall Islands, Norway and the United States, 9 February 2016.
- MSC96/4/5: Measures aimed at improving cybersecurity on ships, submitted by EC and Member States, 8 March 2016.
- MSC96/4/6: Cybersecurity aspect of the ongoing work of the CIRM/BIMCO Joint Working Group on Software Maintenance, submitted by CIRM and BIMCO, 8 March 2016.
- MSC.1/Circ.1526: Interim Guidelines on Maritime Cyber Risk Management, 1 June 2016.
- **IUMI Conference:**
 - 2014 – presentation by Markus Wähler, Munich Re.
 - 2015 – President’s workshop.
- **United States:**
 - United States Coast Guard: www.homeport.uscg.mil (Cybersecurity left hand side of page).
 - Symantec Web Security Threat Report 2014.
 - NIST Cybersecurity framework: <http://www.nist.gov/cyberframework/>
 - US Government Accounting Office (GAO): Report on “Maritime Critical Infrastructure protection”, <http://www.gao.gov/assets/670/663828.pdf> , June 2014.
 - Department of Homeland Security, Coast Guard: Guidance on Maritime Cybersecurity Standards, Federal Register/Vol 79, No. 239 12 December 2014 & No. 243, 18 December 2014.
- **CyberKeel**: <http://www.cyberkeel.com/>
- **European Network and Information Security Agency:**
 - Analyses of cyber security aspects in the maritime sector, November 2011.
- **IACS:**
 - New UR on system integration for safety critical shipboard systems (under consideration)
 - Certification of software providers under consideration.
 - Revised UR E 22 re. on board use and application of programmable electronic systems under consideration.
- **Joint Hull Committee** in conjunction with **Stephenson Harwood**: Cyber risk paper, 2 September 2015.
- **BIMCO, CLIA, ICS, INTERCARGO & INTERTANKO**: The guidelines on cyber security on board ships, February 2016.
- **ABS**: Guidance note on the application of cybersecurity principles to marine and offshore operations, Volume 1: Cybersecurity, February 2016.
- **DNV GL**: Recommended practice 0496 – Cyber security resilience management for ships and mobile offshore units in operation, September 2016.
- **International Association of Engineering Insurers (IMIA)**: Cyber Risks – Engineering Insurers Perspective, 16 September 2016.

Timeline / important dates

- IUMI conference Hong Kong, President’s workshop: 24 September 2014.

- IUMI conference Berlin, President's workshop: 16 September 2015 – presentations on maritime industries' draft guidelines and e-navigation followed by a podium discussion.
- FAL 40: 4-8 April 2016 – port perspective
- MSC 96: 11-20 May 2016 - Interim Guidelines approved.
- 7 September 2016: IHS Fairplay/BIMCO cyber security survey
- First meeting of IACS Joint Working Group with Industry Partners: 10 November 2016.
- MSC 97: 21-25 November 2016.

IUMI will:

- Support the industry guidelines by BIMCO & al on maritime cybersecurity practices and their implementation.
- Monitor the development of e-Navigation through the IMO.

B. SUPPORT:

6) Safety of RoRo vessels / Car Carriers

Brief description

RoRo vessels

Due to the “Nordic Atlantic” fire just before New Year 2014 and the fire on the “Sorrento” in April 2015, IMO is increasing its focus on evacuation and the safety of RoRo vessels. MSC 95 highlighted the need for an international response, through the IMO, to evaluate the casualty reports from the marine accident investigations and take action, as appropriate, to enhance the current safety regime.

Marine underwriters have witnessed that the frequency of fires in the Car/RoRo segment is increasing and is currently at a level twice the frequency of fires on most other vessel types. Cargo fires are the most frequent type of fires, which could be related to the fire risk of cars in general, as well as challenges with detecting, locating and extinguishing fires on these vessels. Refrigeration units, charging of electric vehicles, stowaways and passengers on ro-ro decks are other factors that potentially increase the fire hazard.

Interferry released in March 2016 Operational Best Practice Guidance on ferry safety for ro-ro passenger ships. The key finding of their review is that more attention should be given on response time in case of an incident.

EU Member States and the European Commission proposed in August 2016 the establishment of a new output for the IMO Maritime Safety Committee concerning fires on ro-ro decks of passenger ships. MSC 97 will decide on the issue in November 2016. If agreed, the Sub-Committee on Ship Systems and Equipment, with the support of the Sub-Committees on Ship Design and Construction and Construction and Human Element, Training and Watchkeeping, is expected to require three sessions for its completion.

Car Carriers

The safety and stability of Car Carriers are highlighted after recent incidents such as the listing and deliberate grounding of “*Hoegh Osaka*” at the entrance to Southampton water in January 2015 and the listing of “*Modern Express*” off Bordeaux in January 2016. Following the “*Hoegh Osaka*” incident, the UK Marine Accident Investigation Branch has issued a safety flyer, advising that assessing a ship has adequate stability for its intended voyage on completion of cargo operations and before it sails is a fundamental principle of seamanship that must not be neglected.

Challenges representing a concern for the stowing and lashing of cargo as well as the stability of vessels include non-uniformity of cargo, high volume of units, large open decks, last minute cargo changes, time constraints with rapid turnaround, and crew competence.

Relevant authority / organisations and documents

- **IMO – Maritime Safety Committee (MSC)**

- MSC96/INF.3: Electric mobility on ro-ro and ro-pax ships. Report of the Formal Safety Assessment study, 9 February 2016.
- MSC96/16/1: Formal Safety Assessment - Considerations on the revision of SOLAS regulation II-2/20 – fire safety in connection with the transport of vehicles with electric generators or electrically powered vehicles, submitted by the EC and Member States, 8 March 2016.
- MSC97/19/3: Work programme – Fire safety of ro-ro passenger ships, submitted by EU Member States and the EC, 1 August 2016.
- **Interferry**: RoRo Deck Fire Safety - Operational Best practice Guidance, 8 March 2016 (MSC96/6/2).
- **UK Marine Investigation Accident Branch (MAIB)**: Report No 6/2006 on the listing, flooding and grounding of Hoegh Osaka and Safety Flyer, 17 March 2016.
- **DNV GL**: Fires on Ro-Ro decks, 20 June 2016.

Timeline / important dates

- MSC 95: 3-12 June 2015.
- MSC 96: 11-20 May 2016.
- MSC 97: 21-25 November 2016.

IUMI will:

- Support Interferry RoRo Deck Fire Safety Operational Best Practice Guidance.
- Support ongoing work at the IMO to improve safety of RoRo vessels and Car Carriers, including proposal to add fires on RoRo passenger ships to MSC work program.
- Support the UK MAIB safety flyer recommendations.

7) **Cat fines & low-sulphur fuels**

Brief description

Machinery damage is by far the most frequent cause of loss in marine insurance, and the numbers are likely to increase with the introduction of low-sulphur limits. Historically, 40% of hull claims by number are machinery damage and make up 30% of costs.

The most typical and well known contaminant that can destroy an engine in a short time is cat fines. Cat fines are an inevitable by-product of refining and consist of small particles of metal that are deliberately introduced to 'crack' the fuel. Unless removed by purification, cat fines will become embedded in engine parts and cause serious and rapid engine damage. Filtration of fuel has been a requirement on board for many years, but crews are now noticeably less experienced and less reliable in operating the systems. The level of cat fines is also likely to increase with the introduction of new low sulphur regulations, which will require more refining.

Vessel operators and crew often have no idea about the purity of the fuel they use, nor is there any compulsion to find out before using it. Often, the purifiers installed are inefficient and cannot cope. Cases are known where filters have been removed. Engines need fuel with no more than 15ppm, but

fuel is produced at 60ppm and over. There is clearly a need for more crew training and somebody to verify that the equipment and systems installed really remove the cat fines on their way to the engine.

According to the fuel testing agency DNV Petroleum Services, the bunker fuel industry in the U.S. has seen a rise in metals content as a result of regulations to reduce the level of sulphur in bunker fuel. Low sulphur fuels are less lubricating and this combined with the introduction of increased amounts of abrasive materials, causes damage. Once cat fines become embedded in engine parts, they cannot be removed. Until fairly recently, such losses have simply been described as engine damage or crew negligence and the real cause not identified. It is only now that definite attributable losses are being reported.

Claims due to cat fines have been identified in the range of USD 300,000 to USD 1.5 million, mostly in low speed engines. Wear is very rapid; for example, if liners are replaced, they could be worn out again in three days. In a technical paper presented at the CIMAC Congress in 2013, cat fines were found in 84% of all the cylinder liner high wear cases investigated.

Contributory changes which would help:

- Sampling and testing of fuel before use
- Improved fuel handling on board
- Improve the quality of bunkers
- Alter the ISO standard²
- Charter/bunkering contracts should specify fuel less than 60ppm
- Regular cleaning of filters, frequent drainage
- Clean the settling and service tanks during dry dock
- Check centrifuge capacity on specifications for new buildings
- Ensuring optimized fuel system treatment
- Introducing a new fuel cleaning system layout
- Automatic control of the cleaning flow rate
- Intensified monitoring of the fuel treatment efficiency

IUMI raised the need of more class involvement to ensure that vessels safely can operate on the new fuels required in the future with IACS in January 2011, and attended a meeting with the Machinery Panel in September 2013 to present the insurance industry's concerns. Following this meeting, the IACS Machinery Panel decided to review the members' current requirements on facilities provided for handling the fuel on board in order to establish a common baseline. A Project Team is currently working with industry to develop a Unified Requirement and address all necessary aspects of fuel oil treatment and ability of fuel oil pumps to work with different marine fuels.

1 January 2015 was the implementation date of the 0.1% sulphur content limit for marine fuel on vessels operating in the North American Emission Control Area. Recent statistics from the California Department of Fish and Wildlife show that switch-overs between heavy fuel oils and distillate fuels to comply with the lower 0.1% sulphur limit in the Californian ECA increase the risk of vessels losing

² HFO with a cat fines content of up to 60ppm is compliant with the ISO 8217:2010 fuel standard

power. The risks related to the complex switch-over will have to be carefully monitored, and proper crew training and awareness is needed.

The 0.1% sulphur limit also became mandatory in the northern European Emission Control Areas (ECAs) as of 1 January 2015. The European Commission has proposed that at least 10% of vessels calling in European ports are monitored for compliance, with results being made public. From 2016, up to 40% of vessels inspected will have their fuel sampled. No escalation of incidents or specific challenges are reported thus far from the new northern ECA limits.

The MARPOL regulation limiting sulphur oxide emissions from ships with a global cap of 0.5%, will become mandatory on 1 January 2020. However, prior to this a review shall be performed to determine the availability of the required fuel oil, and depending on the outcome the implementation date may be deferred to 1 January 2025. In April 2016, the IMO Marine Environment Protection Committee (MEPC) agreed in principle that a decision on the implementation date shall be made at their next meeting in October 2016.

China has published new regulations designating the following three areas as sulphur control areas obliged to use fuel containing less than 0.5% sulphur from 1 January 2019 and while berthed from 1 January 2018: Near the Pearl River Delta, Yangtze River Delta and the Bohai Sea. Eleven key ports within the designated areas will apply the same requirement to ships at berth as of January 2017, and the requirement is already in force for key ports in the Yangtze River and Shenzhen Port. At the end of 2019, the Chinese government will assess the situation and consider whether it is necessary to reduce the sulphur limit to 0.1%.

Ultra Low Sulphur Fuel Oil (ULFSO)

The main challenges with the new ULFSO are: Cold flow properties (heating required), stability (limited experience), and compatibility (increased storage capacity and separation requirements, and higher demands for tank cleaning between bunkering due to the variation in fuel quality). The International Council on Combustion Engines (CIMAC) published in June 2015 a position paper on these new fuels, including some key technical considerations for shipowners and operators. CIMAC has also initiated a working group with technical experts from the industry to address the limited experience and collate information in order to develop a technical guide for these fuels.

In November 2015, the U.S. Coast Guard confirmed several reports stating that main engines may not attain the expected speed when using ultra low sulphur fuel oil. Consequently, the Coast Guard revised its list of recommendations to vessel owners and operators about the importance of establishing effective fuel oil changeover procedures to comply with MARPOL Annex VI emission regulations.

Relevant authority / organisations and documents

- **IMO – MEPC & MSC**
 - MARPOL Regulation 14 & Annex VI: “Prevention of Air Pollution from Ships, allowing for special (SOx) Emission Control Areas”.
 - MSC93/INF.8: Safety implications arising from the supply of “Out of Specification” Marine Fuels, submitted by ICS and IPTA, 13 March 2014.
 - MEPC70/INF.12: Study on fuel oil quality, submitted by INTERTANKO, 22 July 2016.

- **EU**
 - Sulphur Directive 1999/32/EC with amendments.
- **CIMAC**
 - Congress 2013, Paper no. 51: “Onboard fuel oil cleaning, the ever neglected process How to restrain cat-fine damages in two-stroke marine engines”. Paper presented by experts from MAN Diesel and Turbo (Denmark), DNV Petroleum Services (Singapore), NanoNord (Denmark), Alfa Laval Tumba (Sweden).
 - Position Paper 6/2015: New 0.1% sulphur marine (ECA) fuels, June 2015.
- **UK P&I Club** Risk Focus: Loss of power
- **Joint Hull Committee** information pack: Marine engine damage due to catalytic fines in fuel, joint paper with Braemar (The Salvage Association), 26 September 2013
- **U.S. Environmental Protection Agency (EPA)**: North American Emission Control Area: <http://www.epa.gov/otaq/oceanvessels.htm#north-american>
- **Wärtsila** Fuel Oil Requirements (Heavy Fuel Oil)
- **Gard** Loss Prevention Circular No. 01-14: Prevention of engine damage due to catalytic fines, February 2014.
- **IACS Machinery Panel**
- **ISO: 8217:2012** – Specifications of marine fuels
- **U.S. Coast Guard**:
 - Safety Alert 13-15: Ultra Low Sulfur Fuel Oil & Compliance with MARPOL Requirements, 19 November 2015.
- **IUMI**: Position Paper on Catalytic Fines and Engine Damage, 8 March 2016.

Timeline / important dates

- **Sulphur limits:**
 - Californian waters: 0.1% sulphur limit as of 1 August 2012.
 - North American Emission Control Area (ECA): 1.0% sulphur limit as of 1 August 2012.
 - European and North American ECAs: 0.1% sulphur limit as of 1 January 2015.
 - MARPOL – outside ECAs: 0.5% sulphur limit as of 1 January 2020.
 - Chinese sulphur control areas: 0.5% sulphur limit as of 1 January 2019 and while berthed from 1 January 2018. Implementation in 11 key ports whilst berthed from 1 January 2017. Enforced in Yangtze River from 1 April 2016 and Shenzhen port from 1 October 2016.
- IACS letter to IUMI 23 July 2012. IUMI response 19 November 2012.
- Loss Prevention workshop, IUMI conference London, 15-18 September 2013.
- Meeting with IACS Machinery Panel, 3 September 2013.
- IUMI webinar 21 June 2016.
- IACS Unified Requirement: 2Q 2016.
- MEPC 70: 24-28 October 2016.

IUMI will:

- Strongly recommend a common baseline among IACS members following a review of current requirements on facilities provided for handling the fuel on board when participating in these discussions.

- Increase awareness by presenting available documentation of losses due to cat fines, and warn of the risks involved.
- Monitor developments related to switch-over from heavy fuel to distillates in the ECAs.
- Support possible action to amend ISO standard.

8) International Trade in Services Agreement (TiSA)

Brief description

Multinational marine insurers are affected by a wide range of barriers of doing business abroad; limited movement of data across borders, unfair competition from state-owned enterprises, lack of transparency and need for due process of law, and forced local ownership and discrimination in obtaining business licenses and permits. Some countries also require that import or export shipments have to be insured by a locally registered insurer, while buyers are only allowed to buy insurance coverage for import shipments abroad or on basis CIF. Any agreement which leads to a reduction of the aforesaid restrictions would contribute to enable marine insurers to achieve their full potential.

Since the General Agreement on Trade in Services (GATS) was established by the World Trade Organization (WTO) in 1995, trade in services has evolved dramatically due to technological advances, changing business practices, and deeper global integration. The dynamism and importance of trade in services contrast strongly with the slow pace of multilateral negotiations in this area. When the Doha Development Round of a multilateral trade negotiation reached an impasse, the idea of the Trade in Services Agreement (TiSA) was launched by the U.S. and proposed to a group of WTO members, the so-called Really Good Friends (RGF) group. The group has met regularly since February 2012.

TiSA represents an opportunity to improve and expand trade in services. Major and fundamental barriers to trade in services are addressed. Through the ongoing RGF process, a more liberal approach to cross-border regulation in areas such as marine and energy insurance is suggested. This is strongly supported by IUMI.

Participants in the TiSA include Australia, Canada, Chile, Chinese Taipei (Taiwan), Colombia, Costa Rica, the European Union representing their member states, Hong Kong, Iceland, Israel, Japan, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Republic of Korea, Switzerland, Turkey, and the United States. The list of participants does not include some prominent trading nations as the so called BRICS-states (Brazil, Russia, India, China and South Africa). However, China confirmed in March 2014 that it would like to participate in the negotiations. If all current countries approve China's participation in the negotiations, the group of 51 countries will account for around 77 % of global trade in services. Uruguay has also expressed an interest, and others may follow.

Relevant authority / organisations and documents

- **WTO** – General Agreement on Trade in Services (GATS), 1995.

- **Industry position papers:**
 - Insurance Europe, 10 June 2013
 - Global Federation of Insurance Associations (GFIA), 28 November 2013
 - IUMI, 6 November 2014

Timeline / important dates

- Final deadline for submitting new annexes: July 2016.

IUMI will:

- Support the RGF initiative.
- Argue in favor of allowing cross-border trade for marine and energy insurance, reflecting the international character of these services.

9) **Passenger & Cruise ships' safety in the wake of the "Costa Concordia" casualty**

Brief description

Following the "Costa Concordia" casualty 13 January 2012, calls have been made for new/stricter regulations to avoid groundings, rapid capsize and catastrophic loss of buoyancy and stability. A more efficient regulatory framework to further reduce the risk of incidents is welcomed by the marine insurance industry.

The 92nd session of the MSC, held in June 2013, considered the casualty report on the "Costa Concordia". How to make progress with the aim to substantially increase the safety level provided by the 2009 IMO sub-division and damage stability regulations for passenger vessels was a key issue for the meeting, and subject to a report of a Working Group in which IUMI participated. Since the capsizing, MSC has adopted amendments to SOLAS chapter II on emergency training and drills, measures aimed at enhancing the safety of passenger ships and interim measures for passengers companies to enhance the safety of passenger ships.

MSC 94 approved a revised action plan for long-term work on passenger ship safety in November 2014. Member Governments are encouraged to submit to MSC 96 justifications for any unplanned outputs to be taken forward as detailed in the plan.

"Watertight doors maintenance" was added to the long-term action plan in November 2014. MSC 95 approved, in principle, in June 2015 draft amendments to SOLAS II-1/22 to clarify when watertight doors may be opened during a voyage with a view to approval at MSC 96, in conjunction with the approval of draft amendments for SOLAS Chapter II-1 on subdivision and damage stability regulations. MSC 95 also approved, in principle, the draft "Guidance for watertight doors on passenger ships which may be opened during navigation" with a view to approval at MSC 97, in conjunction with the adoption of the draft amendments to SOLAS regulation II-1/22. A new planned output on watertight doors closure control (revision of SOLAS regulations II-1/13 and II/13-1) was

included in the 2016-17 biennial agenda for the Sub-committee on Ship Design and Construction (SSD), with a target completion year 2017.

The European Commission presented in October 2015 results from a fitness check of EU passenger safety legislation. As a follow-up, the Commission, supported by EMSA, Member States and stakeholders, will consider proposing a simplified regulatory framework for EU passenger ship safety and will promote the upgrade of damage stability standards at international level. As a second step, the EC will further assess a number of other safety and internal market related issues. An appropriate framework for exchange of views, including also industry stakeholders, will be established for this purpose.

Relevant authority / organisations and documents

- **IMO – Maritime Safety Committee (MSC) & Sub-Committee on Ship Design and Construction (SDC)**
 - MSC.1/Circ. 1380: Guidance for watertight doors on passenger ships which may be opened during navigation, 10 December 2010.
 - MSC 90/INF.19: “Proposals for the implementation of short-term additional safety measures on board passenger ships”, submitted by Italy, 19 May 2012.
 - Resolution MSC.336(90): “Measures aimed at enhancing the safety of passenger ships, adopted 25 May 2012.
 - MSC 92/6/3: Preliminary recommendations concerning stability issues, vital equipment and electrical distribution, emergency power generation, operational matters, evacuation analysis, search and rescue, submitted by Italy, 18 March 2013.
 - MSC92/INF.6: Casualty report “Costa Concordia”, submitted by Italy, 17 May 2013.
 - Resolution MSC.350(92): Amendments to SOLAS chapter III on emergency training and drills, adopted 21 June 2013.
 - MSC.1/Circ.1446/Rev.2: Recommended interim measures for passenger ship companies, 13 August 2013.
 - MSC93/6/1: “Preliminary recommendations arising from the Costa Concordia marine casualty investigation”, submitted by Italy, 11 February 2014.
 - MSC93/6/6: “Damage stability of cruise passenger ships”, submitted by CLIA, 11 March 2014.
 - MSC93/6/7: “Measures to enhance survivability after flooding, submitted by CLIA, 11 March 2014.
 - MSC93/WP.6/Rev.1: Report of the working group, 23 May 2014.
 - MSC94/6/3: Maintenance of watertight doors, submitted by Italy, 12 September 2014.
 - SDC2/16: Revision of conditions under which passenger ship watertight doors may be opened during navigation and development of amendments to SOLAS regulation II-1/22 and MSC.1/Circ. 1380, submitted by Canada and the United States, 14 November 2014.
 - MSC94/6/1: “Revised long-term action plan on passenger ship safety”, submitted by the Secretariat, 15 January 2015.
 - MSC95/INF.4: Proposals to improve passenger ship survivability after damage (incl. watertight doors), submitted by the European Commission, 27 March 2015.

- SDC3/3/1: Amendments to SOLAS regulations II-1/6 and II-1/8-1 – outcome of MSC 95, note by the Secretariat, 8 October 2015.
- **Mona Lisa 2.0** (co-financed by the EU – TEN-T): Activity 3: Increased Maritime safety – Safer Ships
- **European Commission:**
 - COM(2015) 508 final: Report to the European Parliament and Council – “Adjusting Course: EU passenger Ship Safety Legislation Fitness Check”, 16 October 2015.

Timeline / important dates

- Italian “*Costa Concordia*” casualty investigation report dated 14 May 2013.
- MSC 92: 12-21 June 2013
- MSC 94: 17 – 21 November 2014.
- MSC 95: 3-12 June 2015.
- SDC 3: 18-22 January 2016.
- SSE 3: 14-18 March 2016.
- MSC 96: 11-20 May 2016.
- MSC 97: 21-25 November 2016.

IUMI will:

- Endorse measures to improve passenger ship safety in the aftermath of the “*Costa Concordia*” casualty and incidents with ro-ro passenger ships, provided they are in line with IACS recommendations/opinions.

10) International Maritime Solid Bulk Cargoes (IMSBC) Code³

Brief description

Due to a number of catastrophic total losses of bulk carriers, including tragic loss of lives, and near misses due to liquefaction of certain bulk cargoes with excessive and/or unduly high moisture content, several maritime organisations, IUMI included, have taken an active position in the development of a more efficient regulation through the IMO.

MSC adopted in June 2015 an individual schedule for iron ore fines and amended appendix 2 of the IMSBC Code for the inclusion of “Modified Proctor/Fagerberg test procedure for iron ore fines”; intended to determine the transportable moisture limit (TML) for iron ore fines. A guidance was also adopted along with the amendments.

Member Governments were invited to take into account the voluntary application date of 1 January 2016, pending the mandatory entry into force date of 1 January 2017. Brazil and Australia gave in January 2014 early effect to the new schedule, and all ships flying the Antigua and Barbuda flag are required to comply as of 1 July 2014. Member States, inter-governmental organizations and non-

³ Item previously named «Liquefaction» - renamed September 2014

governmental organizations in consultative status with IMO are encouraged to make available to the Organization detailed technical information on incidents or casualties resulting from liquefaction.

Following the tragic sinking of “Bulk Jupiter” with the loss of 18 lives in January 2015, the Bahamas Maritime Authority has concluded through its marine safety investigation that loss of stability through bauxite liquefaction was the most likely cause. IMO’s sub-committee on Carriage of Containers and Cargoes (CCC) agreed in September 2015 to prepare a circular, as an interim measure, containing safety awareness information on the transport of this cargo. Furthermore, a Correspondence Group was established to evaluate the properties of bauxite and its potential risk of liquefaction, with a view that deliberations would contribute to the amendment of the individual schedule for bauxite. Australian, Brazilian and Chinese Bauxite research groups have established a Global Bauxite Working Group (GBWG), and will provide a global industry review report for CCC 4 in September 2017. Consequently, the Correspondence Group will adjourn its consideration and wait for the results of this research.

Relevant authority / organisations and documents

- **International Maritime Organization (IMO)**

- DSC 16/4/95: “Amendments to IMO’s IMSBC Code, including evaluation of properties of Solid Bulk Cargoes”, submitted by INTERCARGO, BIMCO, IGP&I and IUMI, 15 July 2011.
- MSC90/12/3: Bulk carrier casualties caused by cargo liquefaction, submitted by INTERCARGO, ICS, BIMCO, IGP&I and IUMI, 27 March 2012.
- DSC.1/Circ.66/Rev.1: “Carriage of iron ore fines that may liquefy”, 25 October 2012.
- MSC.1/Circ. 1452 on early implementation of amendment 02-13 to the IMSBC Code, approved by MSC 92.
- MSC.1/Circ. 1453 containing the Guidelines for the submission of information and completion of the format for the properties of cargoes not listed in the IMBSC Code and their conditions of carriage in the IMBSC Code, approved by MSC 92.
- DSC.1/Circ.71 “Early implementation of draft amendments to the IMBSC Code related to the carriage and testing of iron ore fines”, 15 November 2013.
- MSC.1/Circ. 1454/Rev. 1 containing the Guidelines for developing and approving procedures for sampling, testing and controlling the moisture content for solid bulk cargoes that may liquefy, approved by MSC 95, June 2015.
- CCC 2/5/16: “Safe transport of bauxite in bulk”, submitted by Bahamas, 7 July 2015.
- CCC 2/5/21: “Evaluation of properties of solid bulk cargoes, transport of bauxite”, submitted by Australia, Brazil, China, Malaysia, the Marshall Islands and BIMCO, 10 July 2015.
- CCC 2/5/22: “Correspondence Group on the evaluation of properties of bauxite”, submitted by Australia, Brazil, China, Malaysia, the Marshall Islands and BIMCO, 10 July 2015.
- CCC.1/Circ.2: “Carriage of bauxite that may liquefy”, 20 October 2015.
- CCC3/5/1: Report of the Correspondence Group on Evaluation of Properties of Bauxite and Coal, 3 June 2016.
- CCC3/INF.5: Final status Rheolat 2 study: implementation of the transportability test for New Caledonian nickel ores, submitted by France, 28 June 2016.

- **Lloyd's Register in conjunction with Intercargo and UK P&I Club:** IMSBC Code pocket guide, 13 May 2014.
- **DNV GL:** Guideline on Bulk Cargo Liquefaction, 21 October 2015.

Timeline / important dates

- Schedule in effect in Australia and Brazil from January 2014.
- Schedule in effect for Antigua and Barbuda flagged vessels from 1 July 2014.
- MSC 95: 3-12 June 2015.
- MSC 96: 11-20 May 2016.
- CCC 3: 5-9 September 2016.
- Expected date of entry into force for IMSBC amendments (03-13) regarding the individual schedule for iron ore and the new test procedure for iron ore fines: 1 January 2017.
Voluntary application date 1 January 2016.
- CCC 4: 11-15 September 2017.

IUMI will:

- Support industry initiatives as appropriate for a more efficient regulation.
- Monitor and inform the membership in consultation with INTERCARGO, ICS, BIMCO & IGP&I.

11) Container ship safety

Brief description

The increasing size of container ships and recent incidents contribute to the high awareness and importance placed by insurers on several issues related to the safety of these ships. Also based on ongoing IMO discussions, the following issues are currently targeted by IUMI:

- Container weight and contents
- Packing of cargo transport units
- Flexitanks
- Construction / structural safety

Container weight & contents

The weight and contents of a container have to be known if it is to be transported safely, and misdeclaration of a container's weight and its contents is a recurring safety problem. This applies equally to road, rail, and brown and blue water transport.

It is reported that approximately 20% of containers in transportation are misdeclared and/or overweight. An analysis from the Cargo Incident Notification System (CINS) shows that in just over a quarter of the incidents where causation was detected were attributable to cargo being misdeclared.

Due to the increasing growth of international trade, the number of containers stacked on top of each other is continually growing. When loaded, overweight containers can cause injury to dock workers and damage containers stored underneath during transportation. Containers that are misdeclared

can cause equipment or chassis damage when it reaches the port. Due to incorrect stowage, when the container is believed to be a different weight, an overweight container can alter the balance of the vessel and impair the vessel's stability.

Following deliberations, the IMO agreed in 2014 on a compromise solution allowing two methods to verify the containers' weights: Weighing the boxes before they are loaded or calculating overall weight through addition of the weights of the constituent parts of a loaded container. The SOLAS amendments will take effect on 1 July 2016. Guidelines regarding the verified gross mass of a container carrying cargo were circulated to Member Governments in June 2014. Industry organisations have developed guidance for the implementation of the new regulation. While welcoming this new requirement, IUMI remains concerned that with the compromise solution misdeclaration may still occur. Consequently, the application of the new SOLAS amendment should be carefully monitored and new action taken if necessary.

Shippers and logistics companies have recently expressed they are far from ready for the new mandatory weight requirement, warning it may lead to disturbances of trade and accumulation in ports. Failure to comply will on the other hand have serious safety implications, and IUMI reminds all stakeholders that if found in breach and an incident occurs this will also have insurance implications. To deal with expected short-term disruptions, the IMO's Maritime Safety Committee agreed in May 2016 on a circular advising Administrations and Port control Authorities to adopt a practical and pragmatic approach when verifying compliance. This advice will be offered over a three-month settling-in-period after 1 July.

The U.S. Congress passed a statute in 2007 that required 100% scanning of U.S.-bound containers by 2012. The deadline has been extended twice, and the current deadline is now 2016.

CTU Code

The International Maritime Organization (IMO), the International Labour Organization (ILO) and the United Nations Economic Commission for Europe (UNECE) jointly developed the non-mandatory Code of Practice for Packing of Cargo Transport Units (CTU Code).

Within the CTU Code, comprehensive information and references on all aspects of loading and securing of cargo in containers and other intermodal transport are provided, taking account of the requirements of all sea and land transport modes. The intention is to assist the industry, employers' and workers' organizations as well as Governments in ensuring the safe stowage of cargo in containers. According to the IMO, the CTU Code "could also be used as a reference base for national regulations and could become a model for internationally harmonized legislation in this field, should such requirements arise". IUMI is in favour of such a development.

Structural safety

Following the losses of "*Napoli*" and "*MOL Comfort*", the use of high tensile steel and structural damages has become another concern for insurers related to the safety of container vessels. Several reviews were undertaken due to the "*MOL Comfort*" loss:

- Two months after the "*MOL Comfort*" casualty, in August 2013, Japan's Ministry of Land, Infrastructure, Transport and Tourism established the Committee on Large Container Ship Safety to ensure the safety of large container vessels. The Committee delivered its final

report in March 2015, recommending that classification requirements for large container ship structural strength should be amended. IACS will carefully examine this report.

- A ClassNK investigation report on structural safety of large container ships was released in September 2014. The report suggests that the casualty could be due to a ship-specific issue related to the lateral load and compressive stress by vertical bending.
- IACS launched at the beginning of 2014 an expert group on structural safety of container ships, which carried out a post “*MOL Comfort*” review. This work resulted in the development of two new IACS Unified Requirements (URs):
 - UR S11A – longitudinal strength standard for containers hips.
 - URS 34 – functional requirements for direct analysis by Finite Element Method of container ships, including a set of loading conditions.

Firefighting system on container vessels

It is noted that insufficient firefighting capacity on board large container vessels poses a challenge that is only increasing with the size of these vessels.

Based on a 2008 impact assessment, the MSC approved in June 2013 new requirements for fire protection of on-deck cargo areas. The amended SOLAS regulation II-2/10 requirements only applies to new ships constructed on or after 1 January 2016. In addition to all other fire protection arrangements as per existing regulations, ships designed to carry five or more tiers of containers on or above the weather deck shall from then on also be provided with mobile water monitors and at least one water mist lance. While supported by IUMI, this compromise solution is insufficient, and will only be mandatory for new vessels. Hence, further improvements are necessary to combat container fires on existing vessels.

Relevant authority / organisations and documents

- **IMO - Maritime Safety Committee (MSC) and Sub-Committees on Dangerous Goods, Solid Cargoes and Containers (DSC), Sub-Committee on Fire Protection (FP) & on Carriage of Cargoes and Containers (CCC)**
 - FP 56/23 Annex 4 & 5: Report to the MSC, including recommendations on Suppression of fire and Guidelines for mobile water monitors, 31 January 2013.
 - MSC 92/8/2: Draft IMO Guidelines for the design, performance, testing and approval of mobile water monitors used for the protection of on-deck cargo areas designed to carry 5 or more tiers of containers on or above the weather deck, submitted by Denmark and Norway, 23 April 2013.
 - CCC1/INF.2: Investigation on the fire and explosion on board the MSC Flaminia, submitted by Germany, 3 June 2014.
 - MSC.1/Circ. 1475: Guidelines regarding the verified gross mass of a container carrying cargo, 9 June 2014.
 - MSC94/INF.9: Industry concerns regarding the verified gross mass of containers, submitted by ITF and Nautical Institute, 12 September 2014.
 - MSC.1/Circ. 1497: IMO/ILO/UNECE Code of Practice for Packing of Cargo Transport Units (CTU Code), 16 December 2014.
 - MSC.1/Circ. 1498: Informative material related to the CTU Code, 16 December 2014.
 - Circular Letter No. 3624: Verification of the gross mass of packed containers – amendments to SOLAS regulation VI/2, 10 February 2016.

- MSC96/INF.7: SOLAS requirements for the verification of the gross mass of packed containers: progress of implementation, submitted by the Federation of National Associations of Ship Brokers and Agents (FONASBA), 8 March 2016.
- MSC.1/Circ. 1548: Advice to Administrations, Port State Control Authorities, Companies, Port Terminals and Masters regarding the SOLAS requirements for verified gross mass of packed containers, 23 May 2016.
- MSC97/8/2: Fire pumps in ships designed to carry five or more tiers of containers on or above the weather deck, submitted by IACS, 12 September 2016.
- **IUMI:**
 - Loss Prevention workshop London, 18 September 2013, Presentation of possible firefighting solution by Uwe-Peter Schieder, GDV.
 - Press release 23 May 2016 on new container weighing rules.
 - Press release 20 September 2016; call for further industry cooperation to tackle containership fires.
- **Committee on large Container Ship Safety** (Japan): Interim Report “*MOL Comfort*”, 17 December 2013 – Final Report March 2015.
- **ClassNK** Investigation Report on Structural Safety of Large Container Ships, 30 September 2014.
- **European Chemical Industry Council (CEFIC), European Association for Forwarding Transport, Logistics and Customs Services (CLEAT), the European Shippers’ Council (ESC) & the Global Shippers’ Forum (GSF)**: Industry guidance for the implementation of SOLAS chapter VI, regulation 2 and the associated IMO Guidelines regarding verified gross mass of a container carrying cargo, April 2015.
- **IACS**, Sub-working group on structural safety of large container ships: Unified Requirements that set out minimum scope for hull girder strength analysis; UR S11A and UR S34, adopted 1 June 2015.
- **World Shipping Council:**
 - Guidelines for improving safety and implementing the SOLAS container weight verification requirements, 1 July 2015.
- **TT Club, World Shipping Council, ICHCA and Global Shippers Forum**: Verified gross mass industry FAQs, December 2015 & June 2016.
- **U.S. Coast Guard**: Marine Safety Information Bulletin 009/16: U.S. Declares an Equivalency to Regulation VI/2 of SOLAS, 28 April 2016.
- **Cargo Incident Notification System (CINS)**: Analytics 2013-2014
www.cins.com/resources/analytics/
- **ABS**: Fighting Fire on Container Ships, 2016.

Timeline / important dates & decisions

- **CTU Code:**
 - Endorsed by
 - the Inland Transport Committee of the UNECE, at its seventy-sixth session, 25 to 27 February 2014,
 - the IMO Maritime Safety Committee, at its ninety-third session, 14 to 23 May 2014, and

- the Governing Body of ILO, at its 322nd session, 30 October to 13 November 2014.
- Loss Prevention workshop, IUMI conference, Hong Kong, 24 September 2014.
- MSC 94: 17-21 November 2014.
- Final report Committee on large Container Ship Safety (Japan): March 2015.
- Entry into force of amended FSS Code & SOLAS regulation II-2/10: 1 January 2016.
- SOLAS requirements regarding verified gross mass of a container carrying cargo (SOLAS regulation VI/2) entered into force 1 July 2016.

IUMI will:

- Support measures that improve the monitoring of containers and their weight/contents.
- Support internationally harmonized legislation and national regulations based on the CTU Code.
- Support the approved SOLAS amendments concerning container weight verification from 1 July 2016, although primarily favoring mandatory weighing of all boxes prior to loading over the compromise solution.
- Monitor and support measures to ensure the structural safety of large container ships.
- Consider further action to install necessary firefighting measures in discussions with other interested parties and class in particular.

C. MONITOR & INFORM:

12) Autonomous / unmanned transports

Brief description

Unmanned transports are gaining acceptance from industry and public entities as research and innovations bring the possibility of driverless trucks and vessels closer to realization. An unmanned vessel can be both remote controlled or fully automated, and it has been suggested that the first crewless vessel will be in service by the end of the decade. Most likely, there will be a number of variations and a stepwise progress, including the use of automated technologies with a reduced number of crew on board and for certain maneuvers.

The development is driven by industry and government-run projects such as the Advanced Autonomous Waterborne Applications (AAWA) project backed by the Finnish Government with key players such as Rolls-Royce and FinnFerries. EU-sponsored research project MUNIN (Maritime Unmanned Navigation through Intelligence in Networks) was completed in August 2015, Norway announced in March 2016 the world's first designated test area for autonomous vessels, and a UK-sponsored project – the Machine Executable Collision Regulations for Marine Autonomous Systems – is looking into regulations and matching navigation algorithms for unmanned ships. In addition, there are a myriad of research and commercial projects.

For unmanned vessels to become a reality, the regulatory framework must be in place. Requirements concerning the person having command of a vessel, sufficient manning, training and proper lookout will have to be amended in international conventions (SOLAS, STCW, COLREG). The amendment of IMO conventions is time-consuming, and although the process barely has started, it is likely to gain support and IUMI intends to be a part of these discussions.

In addition to the regulatory and liability aspects, insurers also need to address the risks related to new technologies and the internet of things. Cyber-attacks, connectivity, complex technologies, and autonomy assisted accidents are among these.

Relevant authority / organisations and documents

- **IMO:**
 - MSC95/INF.20: The IMO regulatory framework and its application to Marine Autonomous Systems, submitted by the United Kingdom, International Associations of Institutes of Navigation (IAIN) and the Institute of Marine Engineering, Science and Technology (IMarEST), 14 April 2015.
- **University of Gent:** Article in Journal of International Maritime Law on the law of unmanned merchant shipping – an exploration, Professor Dr Eric Van Hooydonk, 2014
- **UK Marine Industries Alliance - Maritime Autonomous Systems Regulatory Working Group (MASRWG):**
 - Code of practice – issue 1, July 2015.
 - <http://www.ukmarinealliance.co.uk/MAS>

- **Advanced Autonomous Waterborne Applications Initiative (AAWA):**
<https://www.utu.fi/en/units/law/research/research-projects/Pages/aawa.aspx>
- **University of Southampton:** Presentation on the navigation of unmanned ships and the collision regulations, Robert Veal, Research Fellow, Institute of Maritime Law.
- **Maritime Unmanned Navigation through Intelligence in Networks (MUNIN):**
<http://www.unmanned-ship.org/munin/>
- **Norwegian Forum for Autonomous Vessels:** <http://nfas.autonomous-ship.org/>
- **Denmark:** Pre-study. Cooperation between Danish Maritime Authority & the Technical University of Denmark.

Timeline / important dates

- MUNIN: 2012 until August 2015.
- MASRWG established August 2014.
- AAWA: March 2015 until June 2017.

IUMI will:

- Investigate and monitor ongoing industry and government-run projects.
- Take part in IMO discussions on any regulatory amendments.
- Encourage classification societies to take an active role in the development and approval of crewless vessels.

13) EU Recognised Organisations and Mutual Recognition

Brief description

Article 10 of EU Regulation No 391/2009 on common rules and standards for ship inspection and survey organizations states that *“Recognised organisations shall, in appropriate cases, agree on the technical and procedural conditions under which they will mutually recognize the class certificates for materials, equipment and components based on equivalent standards, taking the most demanding and rigorous standards as the reference.”*

The EU Recognised Organisations (ROs) have established procedures and technical requirements for Mutual Recognition (MR), and coordinates its work through an Advisory Board supported by a Technical Committee.

A hierarchy of six safety levels has been agreed between the ROs. Levels I and II include products with no/very low impact on safety and are uncontroversial. Level III products are currently under consideration. The first tier of products was adopted for implementation in 2012 and the next in mid 2013. The third tier was released in July 2014, the fourth in July 2015, and the fifth in July 2016. The next tier of products (Tier 5) is scheduled for release on 1 July 2016.

Insurers expect the surveys of safety critical materials, equipment and components to be carried out by the RO classing the vessel. Classification has an important role in ensuring a certain level of safety to the vessel and its equipment, and there is usually a requirement under most individual insurance

conditions that the vessel shall be classed with a classification society approved by the insurer before the insurance commences. Should any RO be allowed to certify and approve components and equipment for a vessel at all safety levels and regardless of which society will be responsible for classing the vessels, neither the classification society nor owners or underwriters will really know what quality of vessels they have or what quality of components have gone into them. To allow MR on safety critical materials, equipment and components would undermine the significance of ship classification as a key component of today's safety regime at sea, and is a major cause of concern among underwriters.

There is also a question related to the acceptance of the EU RO regime by third party flag states. The sovereignty of the flag state under which the vessel operates is at the core of international maritime regulations and widely supported by the global marine insurance industry.

Based on a study from the University of Strathclyde, the EC reported on the status of the implementation to the European Parliament and the Council at the end of July 2015.

Relevant authority / organisations and documents

- **European Union** – Article 10.1 of EU Regulation (EC) No 391/2009 of 23 April 2009 on common rules and standards for ship inspection and survey organisations.
- **European Commission:**
 - COM(2015) 382: Report to the European Parliament and the Council pursuant to Article 10.2 of Regulation (EC) N° 391/2009 on common rules and standards for ship inspection and survey organisations, 31 July 2015.
 - COM(2016) 47: Report to the European Parliament and the Council on the progress in the implementation of Regulation (EC) No 391/2009 and Directive 2009/15/EC on common rules and standards for ship inspection and survey organisations and for the relevant activities of maritime administrations, 5 February 2016.
 - Public consultation on the fitness of EU legislation for maritime transport safety and efficiency, 7 October 2016.
- **EU ROs**
 - First report to the EC and Member States – October 2012.
 - Joint report from EU-ROs and SEA Europe workshop, London, 28 May 2014.
 - www.euomr.org
- **IMO** – Proposed Code for Recognized Organisations (RO Code) and related amendments to SOLAS chapter XI-1 and the 1988 Load Lines Protocol, and resolution MEPC.237(65).
- **IUMI**
 - Letter to Commission 30 October 2013 & reply letter 6 December 2013.
 - Response to questionnaire from Strathclyde University 8 December 2014.
- **University of Strathclyde**
 - Study report to the EC 29.05.2015.
 - Workshop report October 2015.

Timeline / important dates

- Workshop on EC Reg. 391/2009 Article 10.1, London, 28 May 2014.
- RO Code in force from 1 January 2015.
- Tier 5 MR Technical Requirements: 15 July 2016, effective on 1 January 2017.

- IUMI Conference Berlin, Legal & Liability workshop 15 September 2015: Prof. Dr. Henning Jensen, University of Hamburg & Robert Clyne, ABS.
- MR Workshop, University of Strathclyde, Glasgow, 25 September 2015.
- EC report to Parliament (EP TRAN) on 21 December 2015.
- EC consultation on fitness of EU legislation for maritime transport safety and efficiency 7 October 2016 – 8 January 2017.

IUMI will:

- Recommend that mutual recognition is clearly limited to materials, equipment and components of proven low safety criticality. Scope of the MR should not go beyond further analysis and consideration of Level III products.
- Participate in workshops and consultations as appropriate.

14) **Theft prevention / safe and secure parking places**

Brief description

EU stated in a 2009 study that each year direct and consequential claims arising to an amount of 8 billion EUR are caused by theft from means of transport. However, the fact remains that there are far too few parking areas and especially far too few secured parking areas. At the same time, the perpetrators are acting more and more in an organized way.

Both for cargo and forwarders' liability insurance, only effective loss prevention measures make some types of transport insurable. Infrastructure and legislation related to this are country specific and made at a national level. Hence, the respective IUMI member associations must deal with specific suggestions and needs. IUMI will publish a position paper with a statement of the more general concerns and needs of insurers.

Relevant authority / organisations and documents / links

- **National** authorities / ministries of transport
- **EC (DG Mobility and Transport)**
 - TEN-T: Trans European transport network guidelines.
 - EC Regulation 561/2006 on driving times.
 - Directive 2003/59/EU driver training – crime prevention.
 - Directive 2008/96/EC road infrastructure safety management.
 - Directive 2010/40/EU on the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport.
 - Council Resolution 8/9 November 2010 on secure TPAs.
- **SETPOS** – secure European truck park: www.setpos.eu
- **LABEL** – classification of TPAs for security and comfort quality standards: www.truckparkinglabel.eu

- **TRANSPark** (International Road Transport Union (IRU): www.iru.org/transpark-app)
- **TRUCKinform** (The European truck parking information portal): www.truckinform.eu
- **Road Haulage Association**: www.rha.uk.net
- **IUMI national associations' web pages** (in particular):
 - Italy: www.ania.it
 - Germany: High-security truck park – Non-binding security recommendations: http://www.tis-gdv.de/tis_e/bedingungen/parken/parkplatz_gesichert/inhalt.htm
 - Netherlands: www.verzekeraars.nl
- **Cargo workshop**, IUMI conference London, 16 September 2013: “Tackling global theft through the Label Initiative”, Eric de Smet, Baloise Insurance, Antwerp
- **IUMI Position Paper on Theft prevention**, 15 September 2015.

Timeline / important dates

- Political Forum workshop, IUMI conference Berlin, 15 September 2015: “Theft prevention; IUMI position and recommendations”, Håkan Nyström, AIG.
- Meeting with DG MOVE – Security, Brussels 18 October 2016.
- David Taylor (Loss Prevention Committee) to present in TAPA conference 17-18 November 2016.

IUMI will:

- Encourage and support measures that contribute to facilitate the safe and secure flow of goods within the global supply chain and increase the safety of people working in the transport sector.
- Urge the following actions in addition to current measures and continued theft prevention activities by the industry:
 - Relevant authorities should develop an overview of the cargo theft situation, including the theft of trailers and containers, in their respective country or region. Based on this, and in discussion with insurers and other industry stakeholders, decisions should be made on how to deal with the aforementioned hotspots and future measures against cargo theft. Exchange of best practices across borders on local initiatives proven to be successful is encouraged. Improving law enforcement through transnational coordination and cooperation between countries and national law enforcements.
 - Create special police units and specialised departments of public prosecution dealing with “cargo crime”.
 - Increase police presence in commercial truck parking areas and cargo storage facilities especially during nighttime, weekends and holidays.
 - Create a network of high-security, accessible and affordable truck parks
- Monitor and inform on relevant new initiatives and best practice.

15) IMO Guidelines on fatigue

Brief description

The IMO Maritime Safety Committee agreed in November 2014 to revise the “Guidelines of fatigue mitigation and management”. A significant amount of information has become available about the causes and consequences of fatigue since the guidelines were published in 2002. They also lack information about the holistic management of fatigue at sea.

The Sub-Committee on Human element, Training and Watchkeeping established in February 2015 a working group to advice on the way forward. Following discussions and a proposal by Australia in October 2015, HTW 3 resolved in February 2016 to establish a correspondence group to review the proposed amendments and submit its report to HTW 4.

IMO Secretary-General Kitack Lim has highlighted this revision as a main priority to the UN Organization:

“According to maritime casualty statistics, the overwhelming majority of the root causes of casualties is the Human Factor. In this regard, an important factor affecting seafarers is fatigue which has been increasingly recognized by the industry as a major human element hazard that affects most aspects of a seafarer's ability to perform effectively and safely. The effects of fatigue can lead to undesirable situations with devastating effects. I encourage you to revise and update the Guidelines on Fatigue to promote improved understanding of fatigue and fatigue risk management at sea, and to reflect current fatigue and sleep research and best practices of fatigue risk management at sea to support the well-being of seafarers, whilst enhancing safety at sea.”

Relevant authority / organisations and documents / links

- **IMO Maritime Safety Committee (MSC) & Sub-Committee on Human element, Training and Watchkeeping (HTW)**
 - MSC/Circ.1014: Guidance on fatigue mitigation and management, 12 June 2001.
 - MSC94/18/7: Proposal for a planned output on the revision of the Guidelines on Fatigue, submitted by Australia, Dominica, the Marshall Islands, Norway, IFSMA and the Nautical Institute, 15 August 2014.
 - MSC94/INF.6: Seafarer fatigue, minimum manning and the mitigation of fatigue, submitted by InterManager, ITF and the Nautical Institute, 2 September 2014.
 - HTW3/8: Revision of the guidelines on fatigue in the annex to MSC/Circ.1014, submitted by Australia, 20 October 2015.
 - HTW3/WP.5: Report of working group 3, 4 February 2016.

Timeline / important dates

- MSC 94: 17-21 November 2014.
- HTW 3: 1-5 February 2016.
- HTW 4: 30 January – 3 February 2017.

IUMI will:

- Monitor and inform on IMO discussions and the revised guidelines in the IUMI Eye newsletter.

16) Sanctions

Brief description

International sanctions as a tool for countries to take action against others for political reasons influence the global maritime industry on a daily basis.

While sanctions are nothing new, the targeting of financial services have demonstrated the need for marine insurers to keep up to date with new sanction regimes and how to comply with them.

Several markets have issued optional sanctions clauses to comply with these regimes. In addition, proper due diligence is recommended from individual insurers.

Iran

EU and the U.S. has since 2012 effectively put a ban on providing, directly or indirectly, insurance and reinsurance for any activity that gives rise to sanctions.

On 14 July 2015, China, France, Germany, the Russian Federation, the United Kingdom and the U.S. (P5), supported by the High Representative of the European Union for Foreign Affairs and Security Policy (+1), and Iran reached agreement on a Joint Comprehensive Plan of Action (JCPOA) to ensure that Iran's nuclear program will be exclusively peaceful. Beginning on Adoption Day, which was 18 October 2015, JCPOA participants started taking the steps necessary to implement their JCPOA commitments.

16 January 2016 marked Implementation Day for the JCPOA, with the verification of Iran's commitments by the International Atomic Energy Agency. The U.S. and EU have subsequently lifted their *nuclear-related* sanctions against Iran. However, all other sanctions base on other grounds (human rights violation, terrorism) continues to remain in effect. In respect of the U.S., the sanction relief program only relates to "secondary sanctions" or non-U.S. persons and entities. U.S. persons and entities will continue to be broadly prohibited from engaging in transactions or dealings involving Iran. U.S. insurers/reinsurers have long been able to apply for a license from OFAC to engage in activity that is otherwise prohibited under U.S. primary sanctions. However, the exceptions are limited, and the licensing policy with respect to the primary sanctions has not changed with the JCPOA. The effect of the continuation of the U.S. primary sanctions is wide ranging, and non-U.S. entities must remain alert to these prohibitions and perform proper due diligence prior to engaging in Iran trade or with Iran entities. Should Iran renege on its commitments under the JCPOA, sanctions will promptly be reinstated.

Cuba

Cuba presents the marine insurance industry with a unique problem in that the United States stands as the only country that currently targets Cuba with a comprehensive sanctions program. The position is further complicated as in 1996 the EU adopted its own legislation which required that all EU persons were not to give effect to the U.S. legislation.

Despite the restoration of full diplomatic ties between the U.S. and Cuba for the first time in more than fifty years, it is unlikely that there will be full repeal of the economic embargo. However, there are updated regulations liberalizing trade between the U.S. and Cuba, including a new general license

authorizing foreign vessels to enter the United States after engaging in certain trade in Cuba, removing the previous 180-day restriction for ships leaving Cuba.

Russia-Ukraine

Due to the crisis in Ukraine, both the U.S. and the EU have announced sanctions targeting individuals and entities in Russia. Several additions have been made since March 2014 when the EU and US first imposed travel bans and asset freezes on several officials from Russia and Ukraine after Crimea's referendum to join Russia.

Following the downing of Malaysian Airlines Flight MH17 in Donetsk with the tragic loss of so many lives, both the US and EU announced on 29 July 2014 new restrictive measures against Russia:

OFAC imposed prohibitions on three Russian financial institutions and one state-owned defense technology firm (United Shipbuilding Corporation). These new targets come in addition to the restrictive measures on "US-Person" dealings in new debt or new equity of two Russian banks (Gazprombank OAO and VEB) and in new debt of two Russian energy companies (OAO Novatek and Rosneft) that were announced on 16 July 2014.

The EU agreed on a package that will "limit access to EU capital markets for Russian State-owned financial institutions, impose an embargo on trade in arms, establish an export ban for dual use goods for military end users, and curtail Russian access to sensitive technologies particularly in the field of the oil sector".

As of 15 July 2014, all Crimean ports have been officially closed. The Ukrainian Government informed of this closure and the situation in their territorial sea and exclusive economic zone in the Black Sea and Sea of Azov and the Kerch Strait in a communication to the IMO on 21 July 2014.

On 19 December 2014, the US President imposed comprehensive sanctions against the Crimean peninsula. All US persons are prohibited from any and all direct and indirect dealings involving the Crimean peninsula, its residents, businesses, goods, towns, or ports.

Through a Council decision 18 December 2014, the European Union made similar amendments to further restrict investment in Crimea and Sevastopol. All services in the sectors of transport, oil and gas and maritime shall be prohibited in the area.

Syria

Sanctions were first imposed on Syria by the EU in May 2011 in response to the violent suppression by government forces of peaceful demonstrations. Alongside limits on armament exports, current sanctions also include prohibitions on exporting equipment for monitoring telecommunications; on financial relationships with Syrian institutions; on the import of Syrian oil and gas, as well as investment in the energy industry. From December 2014, the EU prohibited the sale, supply, transfer and export of jet fuel and fuel additives to any Syrian entity or for use in Syria, and the insurance and reinsurance of those activities.

The U.S. sanctions against Syria are not designed to have extraterritorial effect on non-US persons. However, due diligence is advised to identify if certain cargoes will end up with the Syrian Government, and U.S. banks and the USD are not permissible to process any payments relating to Syria.

Relevant authority / organisations and documents

- **IMO**
 - Circular letter No.3477: Communication from the Government of Ukraine, 12 July 2014.
- **US – OFAC**
 - CISADA – The Comprehensive Iran Sanctions, Accountability, and Divestment Act, 1 July 2010.
 - Syria sanctions:
 - <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/syria.aspx>
 - Executive Order 13582, 17 August 2011.
 - ITRA - Iran Threat Reduction and Syria Human Rights Act of 2012, 1 August 2012.
 - National Defense Authorization Act for Fiscal Year 2013 (“NDAA 2013”).
 - IFCA – The Iran Freedom and Counter-Proliferation Act of 2012, 2 January 2012.
 - 31 CFR Part 515 – Cuban Assets Control Regulation.
 - Guidance to temporary sanctions relief, 20 January 2014 & 25 November 2014: http://www.treasury.gov/resource-center/sanctions/Programs/Documents/guidance_ext_11252004.pdf
 - Presidential Executive Order 13685: Blocking property of certain persons and prohibiting certain transactions with respect to the Crimea Region of Ukraine, 19 December 2014.
 - <http://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>
 - Ukraine-related sanctions: <http://www.treasury.gov/resource-center/sanctions/programs/pages/ukraine.aspx>
 - FAQs: http://www.treasury.gov/resource-center/sanctions/Programs/Documents/jpoa_ext_faq_11252014.pdf
 - Cuban Assets Control Regulations, Federal Register Vol. 80, No. 11, 16 January 2015.
- **EU**
 - EU Council Regulation no. 36/2012, Regulation no. 168/2012, which amends Regulation no. 509/2012, and Regulation no. 1323/2014 concerning sanctions against Syria.
 - EU Council decision 35/2012 concerning restrictive measures against Iran, 23 January 2012.
 - EU Council Regulation no. 267/2012 of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation no 961/2010.
 - EU Council Regulation no. 1263/2012 of 21 December 2012 amending Regulation no. 267/2012 concerning restrictive measures against Iran.
 - EU Council Regulation 2013/0452 of 20 January 2014 giving limited sanctions relief.
 - EU Council Regulation 208/2014 of 5 March 2014 concerning restrictive measures directed against certain persons, entities and bodies in view of the situation in Ukraine.
 - http://eeas.europa.eu/cfsp/sanctions/index_en.htm
 - <https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases>

- <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>
- EU Council Regulation 692/2014 of 23 June 2014 and 825/2014 of 30 July 2014 concerning restrictions on the import into the Union of goods originating in Crimea and Sevastopol.
- Background note Ukraine sanctions, 29 July 2014.
- Council conclusions on Ukraine, 22 July 2014 & Statement on the agreed additional restrictive measures against Russia, 29 July 2014.
- Council decision 2014/829/CFSP amending Decision 2010/413/CFSP concerning restrictive measures against Iran: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2014_338_R_0001&from=EN
- Council decision 2014/933/CFSP concerning restrictive measures in response to the illegal annexation of Crimea and Sevastopol, 18 December 2014.
- **Joint Plan of Action – Iran:** http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf
- **Joint Comprehensive Plan of Action (JCPOA) – Iran**, 14 July 2015.
- **IUMI** Eye article by Dieter Schwampe: LMA 3100 Sanctions Clause inconsistent with German law, December 2014.

Timeline / Important dates

- New EU Sanctions regime vs. Iran in effect as of 1 July 2012. Amendments came into force on 22 December 2012.
- New US Sanctions regime vs. Iran and Syria signed into law 1 August 2012.
- IFCA – The Iran Freedom and Counter-Proliferation Act of 2012 came into force as of 1 July 2013.
- IUMI conference London, 15-18 September 2013, presenting updates on sanctions currently in force.
- Temporary Iran sanctions relief extended 14 July 2015 until further notice.
- JCPOA Implementation Day 16 January 2016.

IUMI will:

- Monitor and inform its membership of any new developments; especially concerning Iran and Syria, the situation in Ukraine, and measures directed towards the (marine) insurance industry.

17) Maritime Security / Piracy

Brief description

Best Management Practice (BMP) 4, use of private armed security guards, UN and IMO guidelines, national regulations, legality of payment of ransoms, and ISO rules for the use of force are some of the issues still very much on the international maritime security agenda.

The International Maritime Bureau (IMB) reported in July 2016 that sea piracy has dropped to a 21-year low, despite a surge in kidnappings off West Africa. Nigeria is the world's hotspot for kidnappings, while South East Asia accounts for most of the world's incidents.

Of the 98 incidents reported in the first half of 2016, there were 72 incidents in which a vessel was boarded, five hijackings, and a further 12 attempted attacks. Nine vessels were fired upon, and 64 crew were taken hostage onboard.

The two main factors for the drop in incidents are recent improvements around Indonesia, and the continued deterrence of Somali pirates off East Africa. Due to developments, the Indian Ocean High Risk Area was reduced on 1 December 2015 in an amendment to BMP4. Transiting the Gulf of Aden and the Indian Ocean are still risky, and vessels are warned to stay particularly vigilant as the potential for an attack remains high. Somalia is a fragile state, and one successful hijacking is all it takes for the situation to escalate.

IUMI has had an active and direct influence on the drafting of the current IMO Guidelines, which have the force of public international law where incorporated by contract or by national law and/or by international maritime custom and practice.

An earlier move from UK and US sources to push underwriters to mandate and / or incentivize BMP was not considered possible due to; a) the nature of BMP, not being an underwriting document and b) being full of subjectivities and c) European and U.S. competition laws.

Relevant authority / organisations and documents

- **International Maritime Organization (IMO)**
 - Global Integrated Shipping Information System (GISIS): Recent reported incidents of piracy & armed robbery: <http://gisis.imo.org>
 - UK documents to MSC
 - MSC 90/20/4: "UK policy on the use of privately contracted armed security personnel", 21 February 2012.
 - MSC 90/INF. 12: "The use of privately contracted armed security personnel (PCASP) on board United Kingdom-registered ships in exceptional circumstances for the purposes of defending against acts of piracy", 9 May 2012.
 - MSC 90/INF. 13: "Accreditation of private security companies in the maritime domain allowing the deployment of privately contracted armed security personnel onboard United Kingdom-registered ships in exceptional circumstances for the purposes of defending against acts of piracy", 9 May 2012.
 - MSC Circular 1405/Rev.2 (as amended): "Revised interim guidance to shipowners, ship operators and ship masters on the use of privately contracted armed security personnel on board ships in the High Risk Area", released 25 May 2012.
 - MSC 92/INF.14: "International model set of rules for Rules for use of Force" (RuF), submitted by Marshall islands, ICS, ISO and BIMCO, 9 April 2014. Also used as input to ISO TC 8.

- MSC 94/INF.5: Draft guidelines and standards regarding the use of PCASP on board merchant vessels developed by the United Nations Interregional Crime and Justice Research Institute (UNICRI), submitted by Italy, 15 August 2014.
- MSC.1/Circ.1406/Rev.3: Revised interim recommendations for flag states regarding the use of privately contracted armed security personnel on board ships in the High Risk Area, 2 June 2015.
- Circular Letter No. 3606: Revision of coordinates of the High Risk Area (HRA) – BMP4, 2 December 2015.
- MSC96/INF.5: Progress report of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP), submitted by ReCAAP-ISC, 7 March 2016.
- **Contact Group on Piracy off the Coast of Somalia (CGPCS)**, formed by 24 States and five regional and international organizations on 14 January 2009. Operates through five working groups:
 - Working Group 1, convened by UK with the support of IMO: addresses activities related to military and operational coordination and information-sharing and the establishment of a regional coordination centre.
 - Working Group 2, convened by Denmark with the support of UNODC: addresses judicial aspects.
 - Working Group 3, convened by the U.S. with the support of IMO: addresses the strengthening of shipping self-awareness and other capabilities.
 - Working Group 4, convened by Egypt: addresses the issue of improving diplomatic and public information.
 - Working Group 5, convened by Italy: addresses illegal financial flows.
- **International Organization for Standardization (ISO)**
ISO/PSA 28007:2012 Ships and marine technology – Guidelines for Private Maritime Security Companies (PMSC) providing privately contracted armed security personnel (PCASP) on board ships (and pro forma contract), published 14 March 2013.
- **ICS & ECSA**: Comparison of flag state laws on armed guards and arms on board, November 2013.
- **Best Management Practices (BMP4)**
 - Guidelines for Owners, Operators and Masters for Protection Against Piracy in the Gulf of Guinea Region.
- **BIMCO's GUARDCON contract**
 - Special Circular No. 1 – 20 February 2014 on recommended amendments to GUARDCON for use off West Africa.
 - IGP&I GUARDCON West Africa – IG clubs' version including the recommended amendments in Circular 1, 9 April 2014.
- **European Union** – Gulf of Guinea strategy, 17 March 2014.
- **International Maritime Bureau – Piracy Reporting Centre**: <https://www.icc-ccs.org/piracy-reporting-centre>
- **Maritime Security Centre Horn of Africa (MSCHOA)**: www.mschoa.org
- **NATO Shipping Centre (NSC)**: <http://www.shipping.nato.int/Pages/NSC.aspx>
- **Joint War Committee (JWC)**: Listed areas, revised 10 December 2015.

- **IUMI:** Position Paper - Piracy and its suppression, 29 January 2016.
- **ReCAAP** – www.recaap.org:
 - Guide for Tankers Operating in Asia Against Piracy and Armed Robbery Involving Oil Cargo Theft, 25 November 2015.
 - Regional Guide to Counter Piracy and Armed Robbery Against Ships in Asia, 17 February 2016.

Timeline / important dates

- ISO/PSA 28807:2012: Published 14 March 2013.
- IUMI conference 15-18 September 2013, focusing on the new situation in the Gulf of Guinea.
- BMP4 boundaries of the High Risk Area in the Indian Ocean altered 1 December 2015.
- EU NAVFOR extended until December 2018 (pending formal notification by Member States before end 2016).

IUMI will:

- Continue monitoring and inform IUMI membership of any developments.
- Strongly support implementation of BMP4 and consider amendments and/or more suitably adapted versions for new areas/threats as and when appropriate.
- Recommend Governments to implement IOS PSA 28007 as the sole standard when determining rules for the use of force.
- Endorse guidelines issued by BIMCO and ICS for vessels and crews.
- Strongly recommend Governments not to withdraw current counter-piracy operations through naval task forces and other means of support off the Horn of Africa.
- Encourage owners and insurers to remain vigilant in the Indian Ocean.