



IUMI
International Union of
Marine Insurance



Message from the President

IUMI is coming home

Only a few days left before we welcome the global marine insurance community to the annual IUMI Conference 2015 in Berlin, the birthplace of our organization 141 years ago.

We are expecting 57 speakers to present and discuss highly relevant industry topics. More than 600 delegates, IUMI Professional Partners, sponsors, media professionals and other stakeholders will meet in Berlin for the annual highlight of the IUMI calendar.

Cyber threats and digital technology

In shipping and navigation we are progressing with large strides into the era of digitalisation. On-board systems connected to the internet, electronic navigating systems, e-navigation, autonomous shipping and sensor technology will very soon be part of day-to-day maritime business.

As recently as this July, we learned that sophisticated hackers are able to remotely attack the internet-connected electronic system of an automobile. In a widely published case, two US IT security experts demonstrated their ability to wirelessly take over control of a vehicle's vital systems, such as the engine, brakes and steering functions.

What does this outcome mean for shipping?

With these new technologies entering the shipping and transportation industries, insurers have to be aware of digital threats and worst-case scenarios. The prospect of a 5-metre-long SUV being manipulated to drive into a roadside ditch is disturbing enough. The possibility that the same approach could be used to force a 300 metre vessel to run aground opens up another dimension. On the other hand, the positive progress of digitalisation – the evolution of information and communication technology – will redefine shipping and the logistic processes. Increased connectivity to satellite networks and better ship-to-ship and ship-to-shore data exchange will lead to safer and more efficient operations.

The combination of logistics with sensor technology will improve performance throughout the supply chain. The use of multiple sensors and telematics components within the “intelligent container” enables a steady flow of real-time data to the shipping company, the cargo owner and the terminal operator.

This allows constant safety and quality monitoring of cargo in transit. Ports and terminal operators will be in a position to better organise container logistics by optimising vessel storage and discharging containers more swiftly to destinations far removed from the port area. These developments promise to significantly reduce the future logistical burden on today's chronically congested ports.

For marine insurers, an understanding of the threats and opportunities that these new technologies present is essential in the development of innovative and risk-adequate insurance solutions. Only then will our industry be equipped to support clients in this changing operating environment.

During the President's Workshop at the upcoming IUMI conference, we will further explore and discuss Digitalisation and Cyber Threats in the Maritime Industry.

I am very much looking forward to meeting with you in Berlin.

Dieter Berg, IUMI President



New broom at the International Maritime Organisation

By Mike Elsom, Navigate PR

Mr Ki-tack Lim, Korea's candidate for IMO Secretary General, was elected at the end of June and takes office in January 2016. Some think it was a surprising win given his relatively late entry to the race and the fact that the current incumbent is Japanese (traditionally the top IMO position alternates between Asian and Western representatives). Lim faced opposition from delegates representing Cyprus, Denmark, Kenya, the Philippines and Russia in an election that attracted an unexpectedly high profile from industry and media. Lim served at sea in the early 1970s and qualified as a Master Mariner before coming ashore to work in the Korean ports sector. In the early 1990s he worked at IMO as a Maritime Attaché and then went back to Korea to serve in the Ministry of Maritime Affairs and Fisheries as DG Public Relations and DG Maritime Safety Policy. His current job is CEO of the Busan Port Authority – the fifth largest container port in the world.

Lim presented a clear platform for change at IMO and has pledged to focus on achieving cohesiveness between nations and a drive to achieve global recognition for IMO standards to combat current regionalisation. He wants to transform IMO into a more streamlined and effective body placing a focus on implementation, capacity building, reducing the financial burden on member states and adopting a global approach to all IMO activities.

This approach would be good for all maritime sectors, including insurance. That said, Korea has a track record of delivering exactly what it promises – there is no reason to believe that Mr Lim won't do just that.



IUMI at the Maritime Safety Committee

95th Session 3-12 June 2015

By Nick Gooding FCII, IUMI Alternate Officer at the IMO

The 95th session of the Maritime Safety Committee met at IMO headquarters in London in June. Lars Lange, Michael Kingston and Nick Gooding were in attendance representing IUMI. The meeting was chaired by Christian Breinholt of Denmark. In addition to the previously published agenda items the Committee also considered unsafe mixed migration by sea, cyber security matters and passenger ship safety. There were three working groups and one drafting group formed as set out below:

WG1 - IGF Code

WG2 - Maritime Security/Piracy

WG3 - Goal Based New Ship Construction Standards

DG1 - Amendments to IMO Mandatory Instruments

The substantive issues arising from the meeting of interest to marine insurers were as follows:

IGF Code adopted

The MSC adopted the International Code of Safety for Ships using Gases or other Low-Flashpoint Fuels (the IGF Code), along with the amendments to make the Code mandatory under SOLAS. The code aims to minimise the risk to ship, its crew and the environment with regard to the nature of the fuels involved. The new regulations require ships constructed after the expected date of entry into force, on 1 January 2017, to comply with the IGF Code requirements.

IMSBC Code amendments adopted and guidance approved

Amendments made to the IMSBC Code included those intended to improve the requirements relating to the provisions for concentrates or other cargoes which may liquefy, which included amendments to the provisions for specially constructed cargo ships for confining cargo shift. There was the addition of new individual schedules for iron ore fines and amendments to other existing ones.

Unsafe mixed migration by sea

During a specially convened session this difficult and very current topic was discussed in a highly charged atmosphere with compelling interventions made by nations who are receiving the majority of the migrant population. MSC agreed that urgent action was required to prevent huge losses of life. It was stressed that there was the need for the international community to make greater efforts to address the problem through safer and more regular migration pathways, and to take action against criminal smugglers. To this end the Committee agreed to place an agenda item on its work programme.

Passenger ship safety

The MSC approved draft amendments to the SOLAS regulation 11-2/13 to extend the requirements for evacuation analysis to all passenger ships, not just ro-ro passenger ships. Also approved were draft amendments to the SOLAS regulation 11-2/22 to clarify when watertight doors may be opened during a voyage.

Cyber Security

A number of countries had submitted papers and an interesting debate took place on this topic. An industry group, including BIMCO, ICS and CLIA, are working on developing guidance on cyber security on board ships, which is to be submitted to the next meeting of the Facilitation Committee (FAL 40) and to MSC 96 in 2016. It was not felt necessary to set up a correspondence group but member states and international organisations were asked to collaborate on proposals for guidance on maritime cyber security and submit them to the next session.

Privately Contracted Armed Security Personnel

MSC approved revised interim recommendations for flag States regarding the use of privately contracted armed security personnel on board ships in high risk areas who should now hold valid, accredited certification to the ISO standard 28007-1:2015 or meet applicable national requirements.

Christian Breinholt and Vice Chairman Captain Segar did not stand for re-election. The plenary elected Brad Groves of Australia as Chairman, and Juan Carlos Cubision of Argentina as Vice Chairman.

Places of Refuge Table Top Exercise Malta

By Lars Lange, IUMI Secretary General

Following the MSC *Flaminia*, the *Stolt Valor*, the *Maritime Maisie* incidents and many others, the need for ships in distress to reach a reliable Place of Refuge immediately after a casualty has happened is, as before, very high on IUMI's agenda.

In view of this IUMI has welcomed and supported the EU initiative to develop "EU guidelines on Places of Refuge" based on EU law already in place. The guidelines provide practical advice to all parties involved in a casualty, including contact partners, telephone partners, flow charts for procedures and steps to be taken. A major objective is to avoid negative decisions from coastal states with regard to granting a place of refuge without proper consideration, and without properly explaining the reasons for a negative decision. Also, the collaboration between the involved states, salvors, vessel, insurance and other stakeholders is important.

During a table top exercise which took place on 1 September 2015 in Malta, the new draft guidelines were tested by stakeholders from most European Countries. Industry representatives such as ship-owners, salvors, P&I and IUMI were invited to the exercise as observers and consultants. The exercise, in which newly developed communication tools between involved parties were also tested, showed that all is in place and ready to go. EU representatives plan to publish the final version of the Guidelines by the end of 2015.

Iran Sanctions after the Vienna Agreement

By Prof Dr. Dieter Schwampe, Dabelstein & Passehl, www.da-pa.com, IUMI Professional Partner

In July 2015, the negotiations of the so-called E3/EU+3 (China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the High Representative of the European Union for Foreign Affairs and Security Policy) and the Islamic Republic of Iran have led to the Joint Comprehensive Plan of Action (JCPOA - http://www.eeas.europa.eu/statements-eeas/docs/iran_agreement/iran_joint-comprehensive-plan-of-action_en.pdf), which aims to finalise the dispute with Iran over its nuclear program.

The JCPOA was endorsed by the Security Council Resolution 2231/2015 on 20 July 2015 (<http://www.un.org/en/sc/inc/pages/pdf/pow/RES2231E.pdf>). In its preface and preamble, the JCPOA states that "the JCPOA will produce the comprehensive lifting of all UN Security Council sanctions as well as multilateral and national sanctions related to Iran's nuclear programme, including steps on access in areas of trade, technology, finance, and energy".

But this does not mean that all sanctions imposed, including those imposed by the EU and the USA, were lifted instantly. Previously, sanction activities (as set out in the Annexes of JCPOA) will be permitted again beginning from the implementation day.

This is the day when the International Atomic Energy Agency (IAEA) will verify that Iran has implemented the nuclear-related measures described in the JCPOA, and on which, simultaneously, the EU and the USA lift their sanctions and the UN Security Council terminates its Resolutions which form the basis for the sanctions legislation.

Various state agencies have indicated that they do not expect the implementation day to be reached before the first quarter of 2016, until then all current sanctions generally remain in place. Exceptions to sanctions were made with respect to supply, sale, or transfer of items, materials, equipment, goods and technology, and the provision of any related technical assistance, training, financial assistance, investment, brokering or other services required, as provided for by the JCPOA for the modification of certain nuclear installations in Iran and the export of Iran's enriched Uranium in excess of 300 kg.

The sanctions relief period, which had in the course of the negotiations, eased certain sanctions was extended until implementation day. Insurers are alerted that outside the mentioned reliefs all existing sanctions on insurance remain in place until the implementation day.

This article is meant to provide general information only, any specific decision should be made only on basis of profound legal advice. The author is a partner at Dabelstein & Passel, which is a specialist maritime and marine insurance law firm and IUMI Professional Partner. He is available for such advice under d.schwampe@da-pa.com. Dabelstein & Passel



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IUMI welcomes Shanghai Institute of Marine Insurance as new member association

By Lars Lange, IUMI Secretary General

During the 141th IUMI conference this September in Berlin, the IUMI council will be asked to approve China's first professional marine insurance association application, the Shanghai Institute of Marine Insurance (SIMI). SIMI was officially founded in December 2013. Based in Shanghai, SIMI will represent all national and international matters with regard to marine insurance and also act as partner for Chinese insurance regulation. The members of the institute include domestic companies such as PICC, CPIC and Ping An Insurance, and also foreign companies such as Lloyd's, Sumitomo Mitsui and Allianz.

IUMI views China, as well as the whole Asia region, as extremely important for the future of marine insurance and expects significant growth in this market. Therefore IUMI is extremely pleased to be able to start a partnership with SIMI and to work closely together on marine insurance issues relevant for both, SIMI and IUMI. SIMI Secretary General Xu Feng will be attending the IUMI Berlin conference for the official welcome of SIMI.



A holistic view of fire prevention

By Rob Voskamp, Surveyor at Verweij Hoebee Group, a BMT Group company, www.verweij-hoebee.nl IUMI Professional Partner

Over the last few years, the commercial shipping industry has seen a steady increase in the number of refits or rebuilds of vessels due to the lack of funding available for capital investment in new build projects. By their nature, major modifications or repairs to a vessel can involve a large number of different parties, each with their own speciality and specific assigned scope of work. Managing these parties and ensuring that safe systems of work are implemented to prevent potentially hazardous situations can be problematic for the owners – something which has certainly come to the fore in recent years with a number of large fishing trawlers being lost to fire damage.

It's worth noting that regardless of where the refit/rebuild takes place, either in a recognised yard or alongside, the overall responsibility and authority of the vessel remains with the vessel's owners.

Specifically, in relation to hot works such as welding or cutting, underwriters are now demanding a fire prevention protocol (FPP) is enforced for the duration of the refit/rebuild project, helping to create and maintain general awareness of the safety hazards and risks involved. Considered to be an enhancement of existing safety procedures such as the General Safety Rules of the Yard, the FPP allows owners to prove that all possible measures are taken, and continue to be taken in order to prevent fires on board the ship.

In response to this, independent marine survey expert Verweij & Hoebee, has worked closely with underwriters and vessel owners to develop an FPP framework. On the basis that every refit/rebuild project is different, the FPP can be tailored accordingly to satisfy the specific project and the underwriters' requirements.

In particular, the FPP recommends that the owners engage with a safety company to supply Safety Officers and Fire Guards who will take a holistic view to the potential fire hazards. The focus must not be solely on the person carrying out the specific welding or cutting work – the protocol will consider the surrounding area. For example, the industry has witnessed in the past a situation whereby another person on board the ship has left boxes that contain highly flammable goods such as cleaning agents and insulation materials next to the person who is carrying out the welding work. This unfortunate situation escalated very quickly into a major fire incident with one simple spark from the hot works igniting the boxes. The role of the safety officer and fire guard is to have control over the surrounding area and supervise the necessary safety checks and controls. Therefore, if there are for example, two hot work tasks being carried out at any given time, then it's essential that two fire guards are present at each of the designated areas.

The importance of such a protocol should not be underestimated in maintaining the safety of the personnel on board the ship, as well as complying with the requirements of the underwriters.



Cargo Semantics: defining terrorism and war perils

By Niklas Bengtsson, General Manager, Marine, Inter Hannover, www.inter-hannover.com and Member of the IUMI Cargo Committee

A changing world presents new challenges for underwriters to evaluate. There are around 40 conflict zones in all continents except Australia and these, together with a looming threat of terrorism and war activities, has driven the cargo committee to include a presentation at this year's conference that will attempt to define the perils of terrorism and war.

Today we see global trade growth returning to the same levels we had experienced eight to ten years ago but with the major difference that our world is suffering from more conflict zones and terrorist activity than we've ever seen before. As cargo is constantly exposed in these areas, the cargo committee thought it would be interesting to have a presentation covering some of the perils exposed under standard cargo insurance conditions: terrorism and war. Do our standard cargo conditions and clauses really live up to today's reality?

The political violence market with specialists covering these perils on a standalone basis has grown considerably over the last decade. Therefore, we decided to invite a political violence underwriter to share his expertise of evaluating these perils of which perhaps a cargo underwriter might have limited experience. Andreas Gippert, a senior underwriter at Inter Hannover (a fully owned subsidiary to Hannover Re), has over 20 years' experience in political risks and political violence and will give a presentation on defining the perils of terrorism and war. He is a highly respected underwriter in the London market and a pioneer in the field of war on land insurance. Hannover Re group is one of the major players within political risks and political violence insurance / reinsurance business.

Q&A

with Robert Ashdown, IACS Secretary General

LEADING THE WAY: dedicated to safe ships and clean seas, IACS Members make a unique contribution to maritime safety and regulation through technical support, compliance verification and research and development. More than 90% of the world's cargo carrying tonnage is covered by the classification design, construction and through-life compliance rules and standards set by the member societies of IACS. www.iacs.org.uk

How do you view the marine insurance market?

Both IACS and the marine insurance market share the same objective: reducing risk. We also share many of the challenges such as the technical, financial and human issues that IUMI is highlighting at its upcoming conference. The challenges are similar, but different, and in that context feedback from the marine insurance market can provide useful ancillary information for IACS' members and, in some instances, act as an early warning system. The marine insurance market also has access to considerable marine expertise that can be of great value to IACS. This is why IACS' gold standard Quality Certification scheme has traditionally had representation from marine insurers on its Advisory Committee.



*Robert Ashdown,
Secretary General,
International Association of
Classification Societies*

How do you view the relationship between classification societies and insurers?

Insurance and classification have enjoyed a mutually beneficial relationship ever since the need to have an impartial and independent assessment of a vessel's seaworthiness was established over two hundred and fifty years ago.

Despite the huge changes in the international shipping industry since then, the relationship between class and insurers remains one of fundamental importance. Whether on specific instances or broader policy aspects, such as compliance with MLC requirements, there are many areas where information and data sharing can be beneficial to both parties.

IACS therefore greatly values the periodic meetings it has with the representative groups from the insurance markets including, inter alia, IUMI, the International Group and the Joint Hull Committee. These meetings take place with the IACS Council (IACS most senior body) each year in December and the incoming IACS Chairman also aims to meet each association bi-laterally. Maintaining and strengthening these relationships forms an important part of IACS commitment to engaging with our industry partners in line with our core values of leadership, technical knowledge, quality performance and transparency.

Is there anything you would like to see marine underwriters do differently or better?

Marine underwriters have valuable data on their claims that can be used to identify trends and issues. While the details may be subject to confidentiality and/or intellectual property issues, certainly trends reflecting possible negative impact on safety and/or the environment would be useful to IACS in addressing classification requirements. Further, underwriters' monitoring of IMO discussions and incident related reports, such as those from MAIB or the US National Transportation Board, in conjunction with their own claims might well offer some recommendations that IACS would welcome. Finally, improved communications between the underwriting community, IACS and the IMO in the form of recommendations for reducing risk and casualties would be beneficial to all parties.

What is the biggest issue IACS is likely to be dealing with in the future?

In line with our values of leadership, IACS is always looking to the future to ensure we remain a key player in developing technical standards, identifying priorities, proposing improvement measures and developing practical responses that can effectively reduce risk from shipping. Looking to the future, IACS views cyber-security as becoming as fundamental to the work of the Association as that related to hull and machinery considerations. IACS intends to build on the work already done on complex systems and use that experience to work towards a better understanding on integration for cyber-security systems centered on safety as the proximate result of system understanding, examination and certification after inspection. Given that designers, ship-builders and ship-owners need to be fully cognizant of all risks associated with their vessels, delivering effective measures to combat cyber threats will require IACS to work closely with the wider maritime community in the development of requirements in this area.

If you were not in your current role what would be your ideal job?

Having only started with IACS in May of this year you will not be surprised to learn that I already consider myself fortunate to have the ideal job! One of the most exciting things about the maritime industry is that there is always something new to learn. IACS' engagement across the maritime sector brings unique challenges that make this role highly enjoyable and intellectually stimulating; I couldn't ask for anything more.

What do you like doing when not working?

Away from the office, having a young family occupies most of my spare time but watching sport (especially cricket and rugby), golf, fly-fishing and sailing (when I get the chance) are what I most enjoy. I'm still to decide if gardening is a pleasure or a chore . . .



INTERNATIONAL ASSOCIATION OF CLASSIFICATION SOCIETIES

CTU CODE

Promoting a culture of safety in the supply chain

By Barry Tamef, Vice President and Senior Risk Specialist, Loss Control Services, Chubb Group of Insurance Companies, and member of the IUMI Loss Prevention Committee

Loss and damage to goods in transit can often be traced back to failure in the packing of the cargo transport unit, including inadequate securing of cargo, overloading and incorrect declaration of contents. The new Code of Practice for Packing of Cargo Transport Units, or CTU Code, is designed to address these areas of concern to all supply chain stakeholders-shippers, transportation providers and intermediaries, cargo handlers and insurers.

The CTU Code is a joint publication of the International Maritime Organization (IMO), the International Labour Organization (ILO), and the United Nations Economic Commission for Europe (UNECE). It is a voluntary set of global standards for the handling and packing of shipping containers and other cargo conveyances for transportation by land and water.

The 100+ page Code consists of 13 chapters along with 10 referenced annexes and five appendices, as well as related informational material. The annexes and appendices provide a deeper dive with quantitative data supported by useful tables, charts and illustrations. Following is a brief overview highlighting what you can find in the Code.

Chapter One outlines the scope, purpose and how to use the document. Chapter Two identifies and defines terms used throughout the publication.

Chapter Three provides the basic requirements (in dos and don'ts format) for the safe packing and transportation of cargo highlighting the critical functional areas: planning, packing, securing (securement) and unpacking.

Chapter Four identifies chain of communication and responsibility and is supplemented by Annex 1 and 2 regarding necessary information and its flow among principal parties.

Chapter Five describes the anticipated transport conditions. It covers the environmental (mechanical and climatic) rigors a CTU will likely encounter in transit and touches upon the effects of acceleration, and associated shocks and vibration moments that are unique to each mode of transport. Annex 3 focuses on condensation, describing its physics and, more importantly, loss prevention measures.

Chapters Six, Seven and Eight assist in the selection of the appropriate transport unit based on its properties along with its suitability, in general, for the cargo and the intended mode and routing. Annex 4, 5 and 6 provide further guidance in these areas.

Chapter Nine, the core section of the Code, provides oversight on loading/stuffing operations (materials, manner and methods) augmented by information on packing principles, load distribution, capacity of cargo securing devices and the evaluation of the efficacy and efficiency of securement arrangements that are part of Annex 7. The packing of Dangerous Goods is the subject of Chapter 10.

Chapter 11 describes the actions required upon completion of loading the cargo transport unit and includes informative material on security seals, marking, labeling and placarding as well as documentation. Advice on receiving and unloading CTUs, with an emphasis on precautions for the health and safety of personnel, is part of Chapter 12.

Chapter 13 outlines the requisite qualifications of personnel engaged in loading a CTU with a notional training regimen considered in Annex 10. The complete document may be found at http://www.unece.org/fileadmin/DAM/trans/doc/2014/wp24/CTU_Code_January_2014.pdf.

As future versions of the CTU Code are developed, IUMI and the Loss Prevention Committee will be involved in providing editorial as well as technical revisions to this invaluable work.



An update on the Reform of the York-Antwerp Rules

By Ben Browne, Partner at Thomas Cooper LLP and member of the IUMI Salvage Forum

The purpose of this article is to give a brief update on the proposals emerging from the International Working Group (IWG) of the Comité Maritime International (CMI), who are trying to arrive at a compromise set of York-Antwerp Rules (YAR) which govern the adjustment of General Average (GA), for adoption in May 2016.

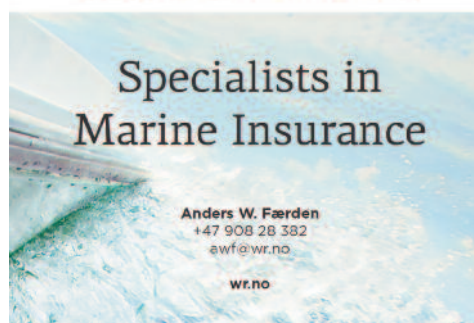
1. **Salvage:** Salvage will be included in general average unless the position of the parties to the Common Maritime Adventure (CMA) would not be significantly altered by an adjustment being published. Most of the parts of the new Rule VI have been agreed except the precise operation of the new clause.
2. **Interest:** Under YAR 1994 interest is charged at 7%. Under the YAR 2004 it is fixed annually by the CMI (currently at 2.75%). The proposed rate for the YAR 2016 is 4% over the 12 month ICE LIBOR rate for the currency of the adjustment.
3. **Commission:** Under YAR 1994 commission was charged on GA disbursements at 2%. This was abolished by YAR 2004 and it is proposed that the 2004 position on commission is maintained in the YAR 2016.
4. **Crew wages and maintenance at a port of refuge:** It is proposed that owners will continue to be entitled to recover crew wages and maintenance in general average while diverting to and from, and detained at a port of refuge.
5. **Notifying adjusters of claims:** Under Rule E parties to a GA must supply particulars of sums claimed in GA within 12 months of the loss or payment of the expense to be claimed in GA. If they fail to do this the adjuster may estimate the allowance. The adjuster's estimate may only be challenged within 60 days of notifying the party concerned and only then if "manifestly incorrect".
6. **Notifying Adjusters of Recoveries:** Parties will now have a duty to tell the average adjuster if they are pursuing a recovery of any sum claimed in GA and if they make a recovery in respect of such sum they must inform the adjuster within 60 days of such recovery being received.
7. **Contributory values (Rule XVII):** Small value cargoes may be excluded from an adjustment if the average adjuster considers the cost of including such interests in the adjustment would be disproportionate to their contribution.
8. **Guidelines:** For the first time YAR Guidelines will be introduced on the interpretation and operation of the proposed new YAR. The non-binding Guidelines will address issues concerning the application of Rule VI (salvage), the treatment of cash deposits (Rule XXII), general average security documentation, the role of the average adjuster, the mediation of disputes and the role of the GA surveyor. A Standing Committee on the Guidelines consisting of representatives of stakeholder interests (including IUMI) reporting to the CMI Executive Committee will monitor the Guidelines. The Guidelines are currently being drafted.
9. **Other Changes:** include proposed amendments to the YAR provisions on Tug & Tow (Rule B), the holding of cash deposits as GA security (Rule XXII) and Port Charges (Rule XI), and the treatment of anti-pollution expenses (Rule XI (d) (iv)).

Three areas of disagreement between IUMI and the International Chamber of Shipping remain concerning Non-Separation of Interest Agreement in Rule G, the treatment of temporary repairs of accidental (as opposed to sacrificial) damage at a port of refuge in Rule XIV (b) and differential salvage settlements.

For Ben Browne's full update on the Reform of the York-Antwerp Rules please visit <http://www.thomascooperlaw.com/an-update-on-the-reform-of-the-york-antwerp-rules/> or please visit <http://www.iumi.com/>.



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New Suez Canal project

By Mohamed H. Farghaly, General Manager Marine Cargo, Suez Canal Insurance and IUMI Loss Prevention Committee Member

The idea of connecting the Mediterranean Sea to the Red Sea dates back 40 centuries when the Canal of the Pharaohs (also called the Ancient Suez Canal) was built under the reign of King Senusret III, Pharaoh of Egypt (1887 – 1849 BC).

After ten years of construction the Suez Canal was opened to navigation in November 1869, allowing ships to travel between Europe and South Asia without navigating around Africa. When originally built the canal was only 25 feet deep by 72 feet wide at the bottom by 200-300 feet wide at the surface. Continued works to the canal, such as widening and deepening has never ceased, and in August 2014 a construction project was launched to expand and widen the Ballah Bypass and Great Bitter Lakes Bypasses, named the New Suez Canal.

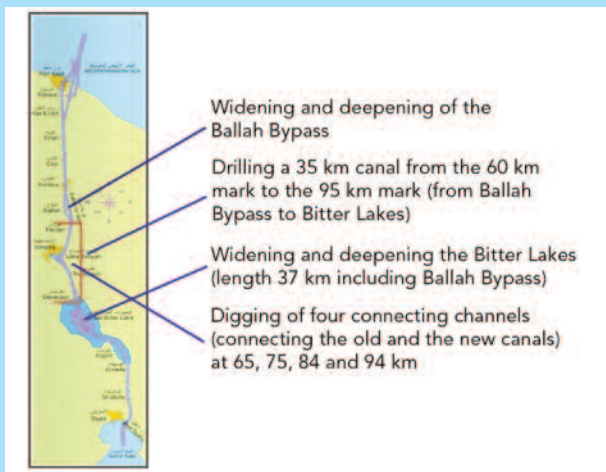
The objective behind the project is to add a new second shipping lane, total length of 35km, to the existing canal, whilst expanding and deepening sections of the existing canal by 37km, allowing ships to sail in both directions and to minimize the waiting time for transiting ships. Moreover, it will reduce the time required for a ship to pass through the canal and increases the capacity of the waterway, a great positive in anticipation of the expected growth in world trade. The project was launched in conjunction with the Suez Canal Area Development project, which is a \$15 billion project aimed to expand trade and develop areas totaling 76,000 sq km around the canal. These two projects will add to the importance of the Suez Canal, and make it the route of choice for ship owners.

Highlights of the New Suez Canal project include:

- The total volume of dry excavation work amounted to 250 million cubic meters, at an approximate cost of US\$550 million. 4,500 pieces of equipment and machinery were utilized and 84 Egyptian companies were involved, successfully completing the work in under a year.
- The dredging works amounted to about 258.8 million cubic meters of soil, at an approximate cost of US\$2.1 billion. 45 dredgers were engaged and six international dredging companies were used.
- Revetment work extended along the canal, with a length of 100km, at an approximate cost of US\$1.3 billion.
- The expansion of the canal and tunnels had a projected cost of around US\$8.4 billion. Half of this amount was estimated for digging the new canal and the other half for six new tunnels.
- Increasing the double sections of the Suez Canal by 50% shortens the transit time from 18 hours to 11 hours, and minimizes the waiting time to three hours at most. The number of ships the canal can manage on a daily basis has also increased.
- The project was scheduled to be completed in five years which was later reduced to three years before President El Sisi ordered it be completed in one year – this was successfully achieved.



Vice Admiral Mohab Mamish, Chairman of the Suez Canal Authority has announced that the new Suez Canal, with a depth of 66ft, is ready and safe for large ship navigation under the responsibility of Suez Canal Authority. The official opening took place on 6 August 2015 with Mr. A. El Sisi, President of Egypt, and other prominent guests from around the world in attendance.



Preview of the Berlin conference

By Lars Lange, IUMI Secretary General

The IUMI event of the year, the IUMI Annual Conference, is just a few days away and looks set to be another big success with over 600 conference participants from 40 different countries attending. The conference is coming back to where it all began - Berlin. Following the recession of 1870, German underwriters took the initiative to form Internationaler Transport - Versicherungs - Verband in Berlin on 8 January 1874, which later became IUMI. The purpose of this initiative was to create an association "where the members could discuss business matters of common interest with the purpose of agreeing upon principles concerning the management of marine insurance business". Now, 141 years on IUMI has grown to be THE voice and representative body of the marine insurance industry worldwide.



This year's conference is headline sponsored by Munich Re and Swiss Re Ltd, with a further 27 sponsors kindly supporting. Most relevant stakeholders (eg BIMCO, ICS, ISU, IACS, Intertanko, IG P&I, AMD, CMI) in the marine insurance industry will be represented, and over the course of three days delegates will discuss the current marine insurance issues under this year's common theme "Technical, Financial & Human Factors – is there a new normal?"

IUMI's President and Technical Committee Chairmen will host nine workshops in total, and some of the key highlights include:

- The President's Workshop – "Digitalisation and cyber threat in the maritime industry"
- Offshore Energy Workshop – "Oil Price Volatility. The Impact!"
- Ocean Hull Workshop – "Keeping pace with developments in the world fleet and challenges withing the salvage industry"
- Legal & Liability Workshop – "Classification - Current issues and future challenges"
- Political Forum – "Theft Prevention – IUMI position and recommendations"

Plus many more. Notably, on Monday 14 September, the Facts & Figures Committee will be publishing the new IUMI market statistics and taking a look the trends in the marine insurance industry for 2014.

Once again this year's conference looks set to be highly topical and interesting and we look forward to seeing you there!



Address by the IUMI Secretary General

By Lars Lange, IUMI Secretary General

IUMI is very pleased to announce that Verweij Hoebee Groep, BMT Surveys Rotterdam and BMT Surveys Antwerp, part of the BMT Survey Group, has joined the association of IUMI Professional Partners (IPP). IUMI's IPPs come from varying professions from across the world and all are closely related to IUMI's core business - the global marine insurance industry. The BMT group is a leading engineering, science and technology consultancy, operating mainly in the maritime sector. With over 1,500 professionals located across 60 offices in Europe, Asia and the Americas, the BMT group draws upon a wide range of experience and expertise to provide high-quality, high-value products and services.

The Verweij Hoebee Group, as part of BMT, is a marine survey and engineering company which mainly focuses on technical and nautical surveys for Hull and Machinery Underwriters. The company also provides valuations for owners and banks, and technical inspections are also a part of their work scope. All the surveyors have a maritime background and are highly technically skilled. The group of companies consists of Verweij & Hoebee (Amsterdam) and D. Hoebee B.V. (Rotterdam).

The IUMI Education Programme, introduced at the beginning of 2015, is progressing well. Step by step additional services are being prepared and initiated. There will be a new IUMI education link incorporated on the IUMI homepage which will lead members to the existing programmes of national IUMI member associations and provide important information. IUMI is currently in discussions with external service providers to preparing its own education courses. These are planned to be launched in the near future.

In connection with IUMI's new communication strategy, a completely new homepage is currently under construction and will be launched in 2016. The new homepage will enable IUMI to communicate more actively with members and allow easier access to as much topical marine insurance information as possible. It will also strengthen IUMI's links with modern media platforms.

Hurricane Katrina – 10 Years On

Provided by Allianz Global Corporate & Speciality

Marking the 10 year anniversary, Allianz Global Corporate & Speciality (AGCS) takes the opportunity to examine the lessons learned from the Hurricane Katrina disaster, the largest-ever windstorm loss and costliest disaster in the global insurance industry to date, in a major new study. It is estimated that this catastrophe caused as much as US\$125 billion in overall damages and US\$60 billion in insured losses.

Interestingly, AGCS's claims analysis shows the maritime industry is highly exposed to windstorm losses, accounting for 60% of windstorm claims compared with 30% for property. High-value claims include loss of commercial vessels, pleasure craft and cargo. Captain Rahul Khanna, Global Head of Marine Risk Consulting AGCS said "Claims can also be uncured due to water ingress into ships' cargo holds damaging the cargo, as well as storms damaging or destroying ports or coastal infrastructure, including warehouses, cranes, quaysides, terminals, buoys and sheds."

What are the lessons learned?

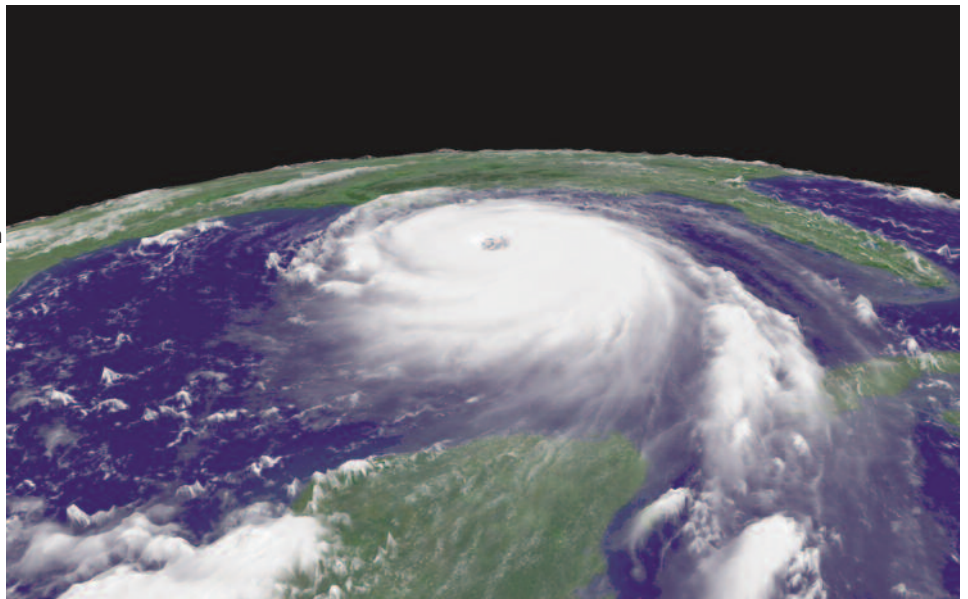
Katrina and other storms such as Hurricane Sandy have helped to greatly improve catastrophe risk research and modelling. Katrina showed that the impact of storm surge can often be more damaging than high wind speeds and that the physical size of the hurricane can affect the surge itself. Storm surge has been a contributing factor in half of the top 10 costliest storm losses in US history, with Katrina, Sandy, Ike, Andrew and Ivan, having collectively caused almost \$125bn in insured losses.

While scientists cannot provide a conclusive answer to the question of how climate change impacts storms, most agree severity of windstorms will change in future. Based on Allianz experience the severity of losses from weather events including windstorms is already increasing. The average amount paid for extreme weather events including windstorms by insurers between 1980 and 1989 totalled \$15bn a year. Between 2010 and 2013 this rose to an average of \$70bn a year.

Adequate preparedness before a storm arrives is therefore vital in order to mitigate potential losses. There are four crucial areas of windstorm loss mitigation:

- Pre-windstorm planning including development of a comprehensive emergency plan and testing it. Inspect roofs and the building envelope; anchor large equipment and prepare for possible flooding.
- During a windstorm response personnel should monitor for leaks, fire and damage.
- After a windstorm the site should be secured to prevent unauthorized entry. An immediate damage assessment should be conducted if safe to do so.
- Business continuity management is crucial as just-in-time production, lean inventories and global supply chains can easily multiply negative effects. Property damage and business interruption are usually covered by insurance policies but often there is loss of market share, suppliers, clients and staff. Businesses should develop and test business continuity plans and communication cascades. Have insurance policies at a safe accessible location.

For more information and to download the full report please visit:
<http://www.agcs.allianz.com/assets/PDFs/risk%20bulletins/HurricaneKatrina10.pdf>.



IUMI Contacts

IUMI
Grosse Elbstrasse 36
D-22767 Hamburg
Germany

Lars Lange - Secretary General
Email lars.lange@iumi.com
Phone 0049 (0)40 2000 747-0
Mobile 0049 (0)160 700 55 99

Gillian Erschfeld (Assistant)
gillian.erschfeld@iumi.com

