Charting the Course through Economic Uncertainty

Richard T. du Moulin
2002-2008

• Fastest trade growth in World History
• Shortage of ships and shipyards
• Unsustainable rates and euphoria
• Public and private capital
• Easy credit and low interest rates
2009 - 20??

• Huge newbuilding backlog
• Excess shipbuilding capacity
• Credit in shambles
• Slowdown - Euro, US & China politics
Three Ways to Fix Shipping

• Stop building ships
• Scrap ships older than 15 years
• Banks face their losses

But we all know this does not work,
Or at least takes a very long time,
so…..
The Solution!

QuickTime™ and a H.264 decompressor are needed to see this picture.
RISK MANAGEMENT in SHIPPING
Shipowners…

“All of the risk, with none of the management.”

The most important factor from an underwriting point of view?
Seamanship

• Ancient history?
• Surpassed by technology?
• Doesn’t really matter anymore?
• Just a part of ISM?
• Out of sight (out of mind)
What is Seamanship?
“the knowledge of and skill in the navigation and maintenance of a ship”
Leadership: Role of the Captain

• “Master and Commander”
• Absolute power & total responsibility
• Great Captains: Columbus, Magellan, Bligh, Cook, Shackleton…

…..”Bully” Waterman?
……Arthur Rostron?
Greatest Impact on Shipping?

- Steam?
- Propeller?
- Steel?
- Radar?
- GPS?
- Insurance?
- IMO?
Wireless !
&
Morse Code
Before Marconi

- Ship departs: arrives or disappears!
- Captain 100% authority & responsibility
- Total isolation of ship and crew
- Decision making at distant ports - agents and captain
After Marconi

- Ship no longer isolated
- Captain “Master and Commander”?  
- Centralized command and control
- New decision making process
- Flexibility (change of orders)
- Scale
- Potential for rescue
Since Marconi: Evolution not Revolution

- Wireless Telegraph (binary)
- Wireless Voice
- Sat Phone - Voice
- Sat Phone - Data
- Internet (binary)
- Crew Cards
Is the Captain the Captain?
Is Seamanship Respected?
Does it matter any more?

Exxon Valdez 1989
Costamare Rena 2011
Amoco Cadiz 1978
April 15, 1912 “Please...not the Titanic again!”

Titanic, Giant White Star Liner, Sinks After Collision With Iceberg on Her Maiden Voyage, and 1,800 Lives Are Reported Lost in World’s Greatest Marine Disaster
So who was Captain Arthur Rostron?
“Come quickly, O.M., we are sinking fast. Position 41-46 N 50-14 W.”

Harold McBride (Jack Phillips)

“Scribbling down the position, Carpathia’s wireless operator Harold Cottam raced to the bridge...”
Titanic Survivors

A COLLAPSIBLE & WOODEN LIFE BOAT
RMS Carpathia Arriving New York with 705 Titanic Survivors
1912 - 2012

Does Seamanship Matter?
Captains Schettino and Rostron

• Voyage Planning and Navigation?
• Situational Awareness?
• Responsibility and Decision Making ?
• Abandon Ship Order?
• Leadership?
• **Seamanship?**
Seamanship & Underwriting
Not Limited to Ships

Great tradition of Small Boat Voyages

• Bligh’s 3600 mile Open Boat Voyage 1789
• Shackleton’s Trip to South Georgia 1916
• Robin Knox-Johnson Circumnavigation 1969
• Today’s Yacht Racing and Cruising
• Modern Yachts not so small?
Yacht d'Albert de Monaco
Fastnet Race 1979 - 15 Fatalities

Force 12
Sydney - Hobart 1998
Biggest Air-Sea Rescue in Australian History
6 Fatalities
The Bass Strait

QuickTime™ and a decompressor are needed to see this picture.
Community Response

• Safety at Sea Training
• Yacht Design and Construction
• Required Equipment
• Information (weather and sea state)
• Organization and Response
…Seamanship!

• Training
• Knowledge
• Equipment
• Leadership
• Determination
2012 - A Bad Year in California

- Farralones Race - April 14, 2012
- Sydney 38 “Low Speed Chase”
- Crew of 8
- Fatalities 5
Course Around the Farallones
Low Speed Chase - 2012 Farallones Race

5 sailors died
...two weeks later...

Newport to Ensenada Race
Hunter 37 “Aegean”
Crew of 4...all lost
Track of the Aegean

4 sailors died
Both Incidents

• Lack of Situational Awareness
• Poor Navigation
• Improper (Lack of) Use of Equipment
• Leadership
• **Seamanship**
Farralones: US Sailing Investigation

- Qualified Committee
- Investigation Supported by USCG
- Access to Survivors
- Public Report
Findings

• Failure of **Seamanship**: course over shoal waters on a lee shore
• Inadequate use of personal safety gear: tethers and crotch straps
• Poor communications
• Race management flaws

• USCG and Yachting community responding
Good News

• Fastnet Race 2011
• 320 Yachts - 3500 sailors
• Gales and heavy seas
• Only one serious incident with major insurance claim…(bad news)
• But no loss of life…(good news)
Carina Rounding Fastnet After the Gale
Ten Minutes Later…
Five crew drifted 2 miles...
No Loss of Life: Why?

- Training: Safety at Sea & Survival
- Equipment: Survival suits, PFD
- Technology - “PLB”
- Response - USCG, Irish CG, Civilian
- Determination
- Luck
Developing Seamanship

• “Honor the Mariner”
• Corporate culture
• Training - classroom & simulator
• Senior management presence
• ISM - form & substance
• Career path
• Cadet & apprenticeships
Port Newark (NY)

Houston

Paducah
Safety at Sea Training
Required for Major Ocean Races
Classroom & Hands-on Training
Junior Safety at Sea Training
Storm Trysail Foundation and US Sailing
Dockside demonstration of reefing and harnesses

Man Overboard Recovery
Available Technology

• Sat phone / Internet
• GPS / ECDIS
• Radar / AIS
• Bridge Control / Autopilots
• LAN
• Simulator Training

Combined with Seamanship!
Underwriters and Brokers: Due Diligence

Ship/Yacht Owners & Organizers: Commitment to the Mariner and Seamanship

“Walk the Walk!”

“Put your money where their commitment is!”