



# State of the Hull Market Chairman's Report

Ole Wikborg  
Ocean Hull Committee

Mr. President, Honorary Members, Members of the Executive Committee, Ladies and Gentlemen,

For the third time, second as the Chairman of IUMI's Ocean Hull Committee, I will report on the state of the Hull & Machinery market. By doing so, I am also indirectly reporting on the activities and concerns of the Committee.

The challenge is to ensure that one does not repeatedly address the same topics and issues, allowing the audience to doze off because it has all be said before, - and little has happened. But to put it bluntly and as you will notice, I am afraid that I will have to repeat myself because a number of the problems concerning our part of the marine insurance industry have not changed, and more alarming, some issues are growing in significance even though several market bodies are working to resolve the problems.

It is essential that underwriters pay attention to these issues.

Unless used as a background for the arguments put forward or as a specific illustration, I believe that the cold facts and numbers of the Hull & Machinery insurance industry have been properly presented by the Facts and Figures Committee. Little statistical information will therefore be presented in this paper.

## Ocean Hull Committee



<b>Bartolomeo Barberis</b>	<b>Italy</b>
<b>Simon Beale</b>	<b>UK</b>
<b>Denis Develey</b>	<b>France</b>
<b>Volker Dierks</b>	<b>Germany</b>
<b>Peter McIntosh</b>	<b>UK</b>
<b>Leif Nordlund</b>	<b>Finland</b>
<b>Sergey Trubitsyn</b>	<b>Russia</b>
<b>Fred Robertie</b>	<b>USA</b>
<b>Ryuichi Segawa</b>	<b>Japan</b>
<b>Neil Smith (Secretary)</b>	<b>UK</b>
<b>Ole Wikborg (Chairman)</b>	<b>Norway</b>

First, let's have a quick look at the Committee constitution. As you will notice, the Ocean Hull Committee has the benefit of representatives from all the major Hull & Machinery markets.



## How is shipping doing?

"Today's global economy is sustained and fuelled through shipping, and the maritime industry is enjoying a period of unprecedented activity. This leads to increasing challenges for the marine underwriter."

Clive Washbourn, August 2006

In order to give a proper description of the current market situation we need to acknowledge that our business is heavily influenced by how our clients are doing. The world economy, especially global trade, has seen enormous growth for the past three years. Without ships to carry the commodities and finished products to the manufacturing and consuming markets, no trade of the magnitude currently seen would have been possible.

Lloyd's Underwriter Clive Washbourn, newly elected chairman of the London based Joint War Committee, stated in August that not only does an increase in trade volume and higher shipping activity change the nature of the marine risk, but increased activity also goes hand in hand with innovation and development of non-traditional projects, i.e. technical as well as changes in cargo handling procedures and trading patterns, which is a challenge for the marine underwriting community.



## Container shipping is booming...



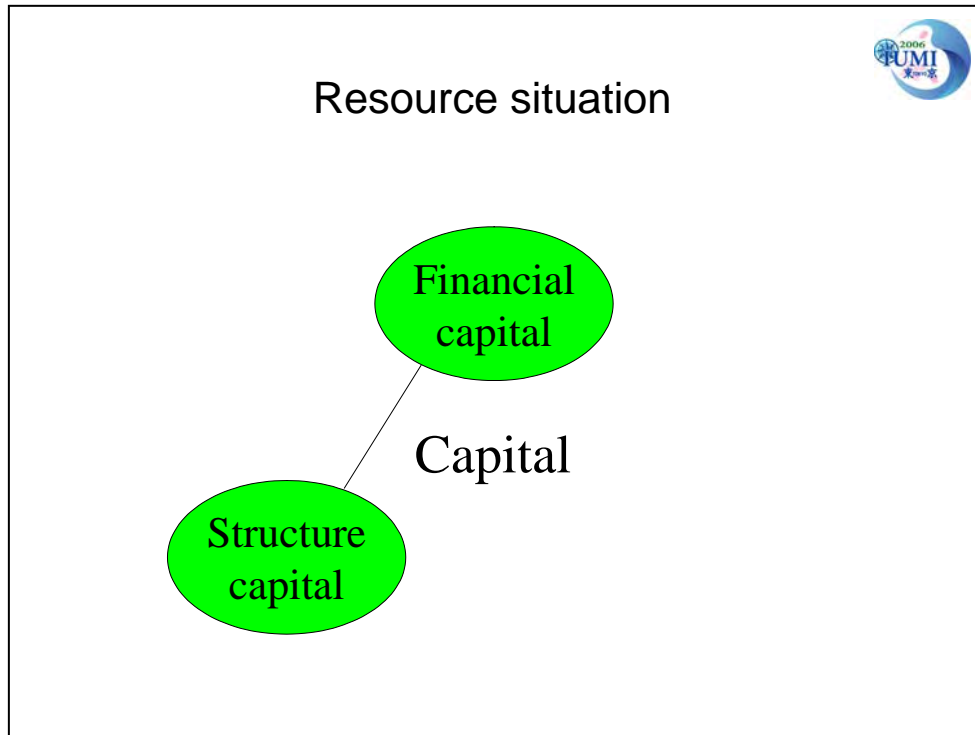
In short, very few segments of international shipping are not enjoying good times. The transportation of finished consumer goods from manufacturing plants and countries in the Far East will mainly be as containerized cargo onboard an ever-increasing number of purpose-built container vessels. More capacity, higher speed and quicker turn-rounds in ports are demanded by the charterers. This puts more stress on the crew, the limits for technical stress on the vessels are being challenged and certain pass-through shipping areas and ports are more congested.



...and tankers are also doing well

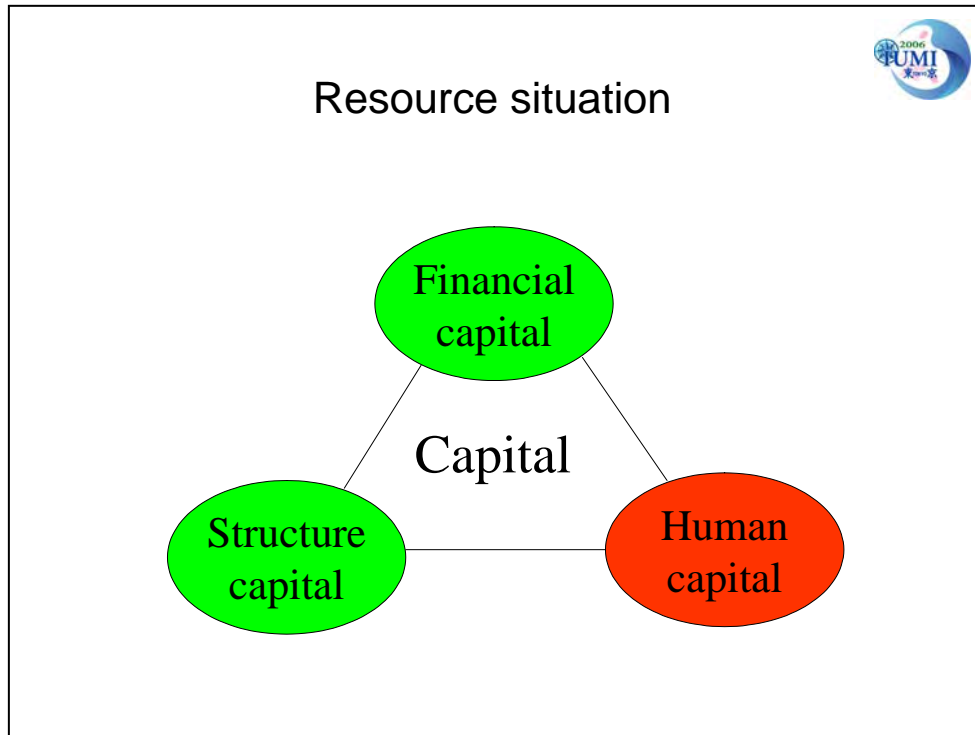


The tanker industry is probably the most regulated part of the shipping industry as a consequence of stringent rules and vetting procedures implemented by a relatively small group of leading charterers, the so-called oil majors. For the oil industry, tanker operations included, loss of reputation is a considerable risk, and nothing will be more harmful to one's reputation than an oil spill. In general, tankers seem to be an attractive insurance risk for underwriters due to the regime they are subject to.



Looking at the present resource situation for ship owners and operators, three years with a good shipping market have allowed them to build a strong capital base. Their own, as well as readily available money from non-shipping investors, means that the financial situation is presently well cared for.

Demanding buyers of transportation services, especially in the tanker segment, coupled with an increasing wish by the public sector to regulate the shipping industry, have resulted in shipping companies now being better organised to work more efficiently and with special focus on security and safety. The way organisations are responding to daily as well as extraordinary situations has improved and has clearly reduced the risk to underwriters.



Previous Ocean Hull Committee reports have addressed the third capital leg, - named "Human Capital" in this resource diagram. To obtain, train and retain crew is the current and future major challenge for ship owners and operators.

For some, a career at sea is adventurous and challenging, exiting and rewarding. The successful sailor is involved in an important global business. One will work with a magnitude of different challenges and nationalities and local conditions. One gets to know the world. Others will embark on a seagoing carrier because there is a lack of alternative jobs. Whatever the motivation, risk awareness is the qualification marine underwriters will value the most, - at all levels of the sea going crew.

Recruitment has to be tough to ensure that the right basic skill level is in place. The ability to communicate is maybe the single most important quality. In clearer words, the sailor has to be in command of English as English is the prevailing language used in shipping. Regretfully, this is not always the case today and misunderstandings due the language barrier are frequently the cause of casualties ending on the underwriters' desks.



## The human element

- Importance of attracting and retaining good crew will increase
- Increase in demand: 145 new LNG ships being constructed / 3500 new "experienced" crew needed
- 50% of the training schools fail to come up to scratch (Henrik Madsen, CEO DNV)
- Manuals not supplied or hard to understand (Confidential Hazardous Incident Reporting Programme - CHIRP)

A quick summarization of the present status on the human element is:

- The importance of attracting and retaining good crew will increase
- There will be a strong increase in demand at all levels onboard ships and the fact that 145 new LNG carriers will be delivered from yards within the next four years, requiring more than 3500 new crew members at all levels capable of safely operating these sophisticated vessels.

What is alarming is the fact that a recently published survey of the training schools concluded that half of them did not meet the minimum criteria and that the CHIRP has concluded that many vessels have operation and safety manuals which are hard to understand or simply not available.

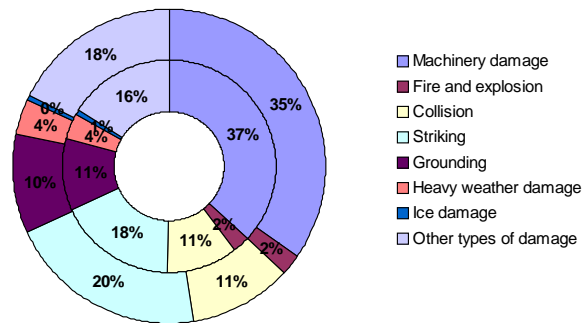




## Hull claims – by type

### Numbers (%)

Inner ring: 2000-2004  
Outer ring: 2004



As promised, this paper will provide some, but not very much, statistical information.

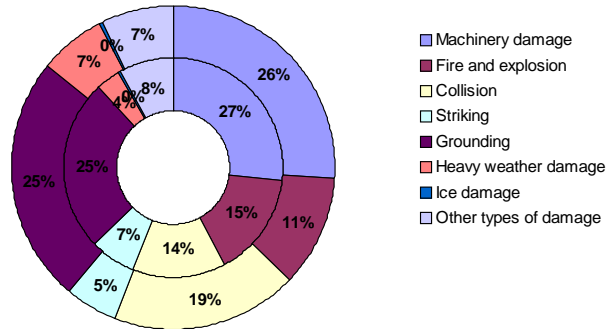
This graph shows the development of hull claims by comparing the 2004 number of incidents - outer ring - to the number of incidents from the five underwriting years 2000 to 2004 - inner ring. We note that there is a slight decrease in the number of machinery claims and an increase in claims resulting from striking, but there appears to be no alarming or strong trend that we should worry too much about.



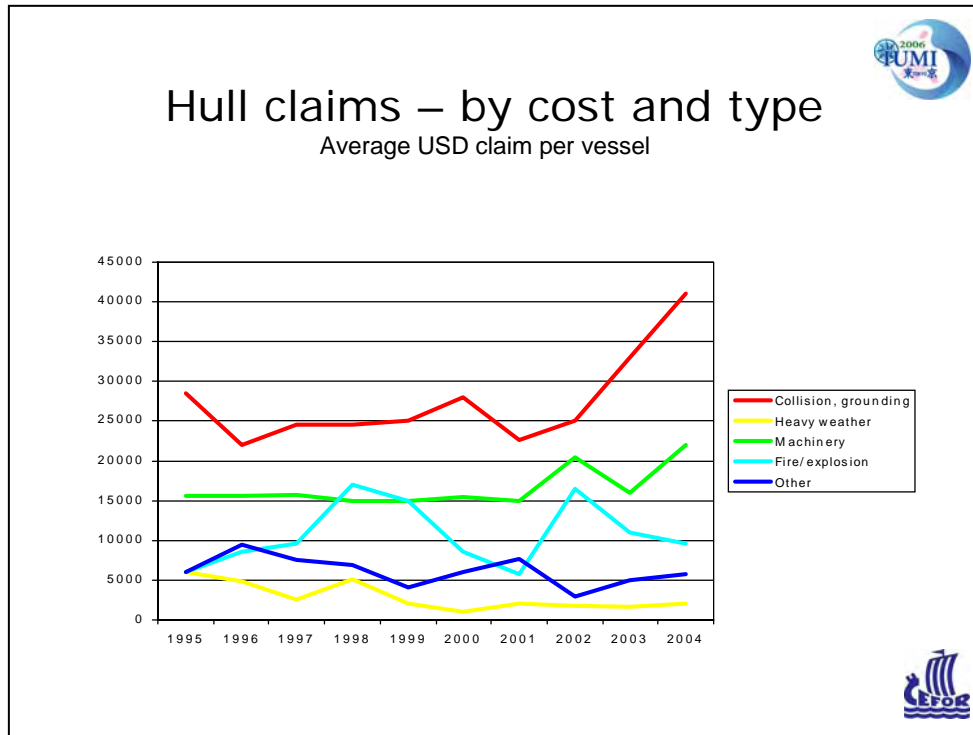
## Hull claims – by cost

### Costs (%)

Inner ring: 2000-2004  
Outer ring: 2004



Now, looking at cost, there is a relative cost increase in overall collision claims that stands out more clearly. However, it is not worse than the reduced relative cost of groundings, i.e. not very much has changed either in the number of claims or the relative cost of the individual types of claims.



This graph, however, shows average claim in USD per vessel during the period 1995 to 2004. The most significant increase has occurred on the so-called nautical incidents, - collision, groundings and striking - and to a smaller extent on the cost of an average machinery claim. Other categories seem to have a reasonably stable development. To recap: From the 2002 to the 2004 underwriting years the average cost of collision and grounding claims has risen by 61%. Fire and explosion is down by 30% and machinery claims are up by some 10%. This illustrates clearly the problems that are prevailing when more ships are active at higher speed and with less experienced crew. Higher repair costs, including lack of docking slots, also have an impact on the cost, - but the point is that this is money the underwriters have paid.

The open question is whether the underwriter is able to retrieve the extra cost by levying higher premium. I doubt it.



## Some events in 2006

Let's have a brief look at some 2006 events that, needless to say, all have a financial impact on our industry. And these are just a few examples, - there are more out there that could well be used to prove the conclusions I will arrive at.

## Tanker explosion / fire



This explosion and fire, which was successfully put out by the crew, came as a result of the crew welding on deck on top of a non-gas freed tank whilst the vessel was transiting in ballast.



## Tanker explosion / fire



Maybe "NO WELDING"  
is more appropriate ?

Clearly, doing the welding was a breach of safety procedures, - but it happened. Three men were involved in the work of which one has never been accounted for after the blast.



## Tanker explosion / fire





## Cruise vessel grounding



With an increasing number of cruise vessels ploughing the high seas as well as shallow waters, not all of them at all times find enough water under their keels to ensure safe sailing.

## Container vessel fire



This is another photo of the well-published fire onboard "Hyundai Fortune". There is no indication known to me that the crew is in any way to blame, but the incident is yet another example of the difficulties connected to container shipping and the lack of accurate information pertaining to the actual content of the containers.





## Container vessel grounding



More groundings: This vessel hit a reef outside a busy container terminal  
...and later broke in two.



## Container vessel grounding



## Container vessel grounding



Yet another grounding. Note the significant structural damage to the hull.



## Container vessel grounding



Some vessels ground in more remote places where salvage operations are difficult.

In this case, a relief platform had to be installed to assist in salvaging the cargo and the ship.



## Container vessel grounding





## Bulk carrier / Container vessel collision



Stress situations in congested waters with confusing navigation is a challenge to every mate on the bridge. In this case, the damage plus the damage to the other vessel cost H&M underwriters more than USD 10 million. - And the ship owners involved experienced a significant loss of income.



## Structural damage capesize bulk carrier



Often Capesize bulkers involved in the ore-trade are subject to additional stress on their hulls due to loading practices. Loading capacities at terminals are now up to 16,000 tons per hour which indicate that the ore is pounding the tanktops at a heavy pace. This vessel made it because she happened to be close to shore...



## Structural damage capesize bulk carrier



...but this one did not. She sank with the loss of 26 of her 33 crew and her cargo. Stress modelling during loading needs to be addressed more thoroughly, but until then, underwriters should take this risk element more into consideration.



## Ballasting problems car carrier



The owners and crew of this vessel experienced some very exciting days when the vessel listed heavily following ballasting routines required by the local governments.



## Ballasting problems car carrier

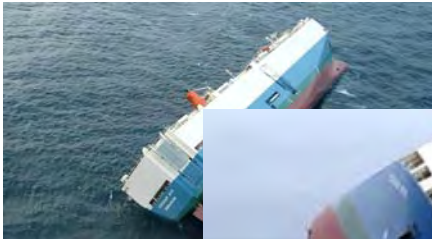
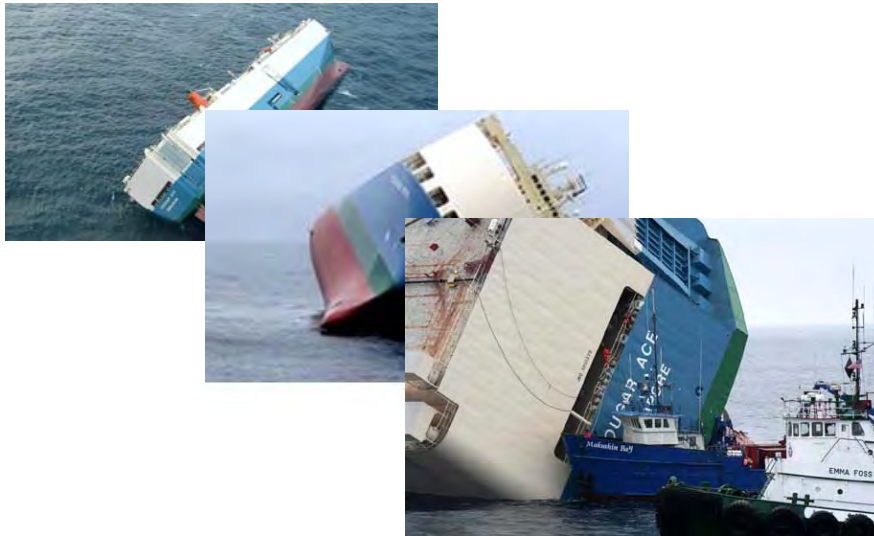


Photo: Alaska Report



## Ballasting problems car carrier



The final outcome, helped by good weather, was a success as the ship was saved, but Marty Johnson of Issaquah, Washington, an attending surveyor who participated in the salvage efforts, slipped when he disembarked the vessel and died from his injuries.





## Passenger vessel fires



"Al Salam Boccaccio  
'98"

- Fire on car deck
- We don't know what went wrong, but we know:
- No mustering of passenger
- Few survivors
- Confused bridge crew



"Calypso"

- Fire in the engine room
- Passengers mustered, - ready to abandon ship
- No casualties
- Well managed crisis with "successful" outcome

Now turning to two well published incidents. The passenger vessel "Al Salam Boccaccio" sank in the Red Sea in early 2006 with the loss of many passengers and crew. There are some theories as to what happened onboard after the fire broke out, - I am not the right person to judge what is right and what is wrong. Apparently, there was some confusion on the bridge and, more importantly, no mustering of passengers to prepare for the abandonment of the ship.

Comparing the "Al Salam Boccaccio" to another incident which in many ways is similar, we find that the fire ended less dramatically for the passengers and crew of the cruise vessel "Calypso".



## Inspection and certification status

### "Al Salam Boccaccio '98"

- Passed all inspections, no outstanding issues

### "Calypso"

- Inspected in Seville two weeks prior with failures including:
  - Fire safety measures
  - Cleanliness of engine room
  - Fire extinguishing installation
  - Safety certificates
  - Crew training

Before we conclude, let's have a look at the inspection and certification status of the two vessels: the "Al Salam Boccaccio" had recently passed all inspections without any outstanding issues.

The "Calypso", on the other hand, had serious shortcomings, according to the attending surveyor, of which the above listed have relevance to the fire that occurred.



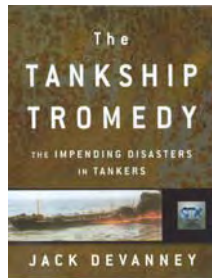
**..but the behaviour of the crew made a big difference**

It looks as though the "Calypso" crew handled that situation better than their colleagues on "Al Salam Boccaccio" irrespective of the shortcomings described on the previous slide.



## The Tankship Tromedy

"We must replace the current, shipowner-controlled, flagstate, classification society system. It's not regulation, - it's an auction."



Jack Devanney: "The Tankship Tromedy" 2006

Another view should be allowed to be presented:

In a book recently published, the author Jack Devanny, who has been involved in tanker ownership, operations and broking for more than 25 years, expresses his concern over the constant one-way flow of criticism of crews. Whilst he acknowledges that crew mistakes count for many mishaps, he strongly defends crew as a group claiming that the lack of proper regulations, including minimum crew numbers and the bidding processes associated with the work of classification societies, are to blame - not the crew.

For H&M underwriters it is worth noting that we as an industry are not even mentioned. Historically, it has been the demands of our industry that was the founding base for the establishment and activities of the classification societies. But as a body to influence safer shipping and proper operations, we are now absent. The OECD report published a few years back gave an excuse for H&M underwriters because of the non-competition regulations whilst P&I insurers are active and highly visible in the fight against substandard shipping, including substandard regulations.

Our industry has to become less commercial on these issues. To gain respect we need to raise and make our voices heard but more than anything else, we need to ensure that we (1) have a clear picture of what is needed in the shipping industry and (2) dare to implement our views when conducting our daily underwriting. Not only will we enhance the reputation of shipping but it will surprise me if our underwriting results will not improve if better standards are implemented.



BUT...

most shipping companies have improved their safety awareness and safety record which contributes positively to the general reputation of shipping

Having said this, it is evident that generally, the quality of shipping has improved significantly over the past few years. The Paris MOU, which reports on ships' detentions, is clearly indicating a positive move towards less ships being detained with deficiencies. This is good news not only for shipping but also underwriters who are consequently insuring a fleet of higher quality.



## State of the H&M Market

- Booming shipping market fuels everybody's appetite
- Higher exposures = demand for more underwriting capacity (which is readily available): Big is beautiful
- Continued contraction in the overall / global number of active underwriters
- Insurance subject to tighter control by authorities – including higher solvency requirements

Moving from the shipping to the insurance market, - when our clients are optimistic, underwriters tend to share the optimism and want to assume higher risk, - but are the underwriters properly compensated for the risk they so eagerly want?

With good times in shipping comes higher exposures, i.e. higher sums insured for the vessels. New constructions will become even more expensive and ship owners require more underwriting capacity to cover their assets. Talks are now that the newest cruise ships on the drawing board will have a total value in excess of USD 1.3 billion, or some USD 500 million higher than the presently most expensive cruise ship. Is there still capacity available? My conclusion is that there will be, - provided the premium paid reflects the risk properly so that more underwriters will subscribe to the policies. Most underwriting entities will target growth. Size is not only interesting as a way of distributing risk over a larger portfolio but also because it is a way of achieving recognition and market power. But is the price underwriters pay to achieve growth worth the efforts?

Size may also be achieved through mergers and acquisitions. In the Hull & Machinery segment the trend is similar to that of other insurance segments: Fewer players control larger underwriting capacities and portfolios and the insurance buyer will have less choice.

The public eye also rests on Hull & Machinery insurers and, although being a truly international business, few exemptions from regulations are admitted, especially on solvency issues. I believe this is positive for the industry, - but at a high cost to smaller entities not able to allocate the required risk capital or who simply do not want to allocate the required capital due to larger potential profits in other insurance sectors.



## State of the H&M Market

- Non-academic approach to risk assessment and pricing
- Hurricanes and assumingly higher reinsurance costs have little impact on premium quoted to ship owners
- Hull insurance is a commodity

Generally, Hull & Machinery underwriters risk approach has not changed very much over time. Pricing is to a large extent based on each individual ship owner's record rather than the minimum premium requirements for a class of business being satisfied. This shortcoming has been discussed at previous IUMI's (Singapore 2004) but no changes in practice have been observed. Each type of vessel and all parameters including trading and crew issues should be taken into account when calculating the premium, - not "what the market allows the underwriter to get away with".

Following the devastating US Gulf hurricanes of 2005 the forecast was that reinsurance costs, and consequently direct insurance premium, would increase. Although a seemingly falling premium level came to a halt with a firmer market as a result, no significant general premium increase development has been observed in the hull market.

Let's face it: Hull & Machinery is far less sexy than P&I. P&I has the benefit of public attention and is a well regulated industry due to the International Group Agreement as opposed to Hull & Machinery community. Regretfully, ship owners these days seem to be more occupied with their IPOs and financial acrobatics than operational issues like Hull & Machinery insurance.

This trend is not beneficial to our industry as it is not fully recognized that the expertise a prudent Hull & Machinery underwriter may provide to the ship owning operation is of value. As underwriters, we should take some of the blame because we have allowed services to be provided by outside parties rather than as an integrated part of a total service package we deliver to our clients.



## 2006 – Other market issues

- Always new players willing to look at a risk with fresh eyes
- Dominance of the distribution channel in determining "correct" insurance premium when brokers are providing "guidance"
- Global market fully utilized by brokers

I will now repeat a point of view previously expressed: With larger capacities per underwriting pen, fewer underwriters participate on each risk. Those who want the business but are currently not on, may easily undercut existing underwriters and run away with the business - especially after a major loss when existing underwriters are likely to impose premium rises. When ship owners claim they have achieved reductions, the reduction is not necessarily a result of the existing underwriters reducing their price, but a result of new underwriters writing the business at a lower premium.

Underwriters are relying on the insurance brokers to distribute their products and service. Underwriters should acknowledge that brokers sometimes may take advantage of such a situation to support their own venture more than the interests of the underwriters.

Brokers are, in general, adding value to the delivery of the insurance product and may assist both assureds and underwriters to find terms which are acceptable to both parties. Underwriters need, however, to ensure that those brokers they cooperate with are fully aware of the underwriting parameters important to the underwriters in order to ensure that the brokers are properly updated and educated when they undertake to market the underwriters' products.





## 2006 – Other market issues

- Pricing based on individual records as opposed to historical need to cover claims and costs per class of risk (“the absence of claims is not indicative of the absence of risk”)
- Market pricing vs. correct pricing based on actual loss history for type of risk
- Administrative and reinsurance costs

Reverting to the pricing of risk issue, which is probably the biggest challenge of today's marine underwriter, I would stress that underwriters are more likely to balance their books - and show a profit - if they are more consistent in their pricing structure. The three points listed here are those that need to be taken into account to achieve long term profitability. It all boils down to the premium charged vs. the actual costs of all sorts facing the underwriter.



## State of the Market

...so nothing is new



## State of the Market

...so nothing is new, but money is being made in hull insurance

Although statistical information from the various markets indicates that most markets are unprofitable, some underwriters are making a modest amount of money. I'm not the right person to know if this statement is also valid for the reinsurance market as well.



## State of the Market

...so nothing is new, but money is being made in hull insurance - and as the last pessimist is about to become an optimist, it is time to watch out...

With too much optimism amongst the players in the shipping and marine insurance businesses, comes a belief that the sky is the limit and the players are not watching their steps as carefully as they should. It's hard not to be caught by the avalanche of positivism, resulting in a careless attitude to the fundamental factors of marine risk.

IUMI Tokyo



**Risk Assessment and Loss Prevention –  
a Common Goal**

- What's in it for Hull underwriters?

This year's IUMI theme is Risk Assessment and Loss Prevention. How can experience gained be applied?



## IUMI Tokyo

- Risk Assessment:
  - Identifying risk elements
- Loss Prevention
  - Applying past experience to reduce risk

Very quickly, we may define the two key words "assessment" and "prevention":

- Risk assessment is identifying risk elements,  
and
- Loss prevention is to apply past experience to reduce the risk



## Risk Assessment

- Shipping will continue to enjoy good times
- Commercial pressure resulting in demand for higher speed and quicker turnarounds will continue
- Shipping lanes will be busy
- Ports will (continue) to be congested
- Equipment fatigue is beginning to show
- Importance of attracting and retaining good crew will increase

Looking at shipping in general, I claim that:

- In the foreseeable future, shipping will continue to enjoy reasonably good times as the demand for transportation services is most likely to remain stable or increase.
- Ship operators and crew will be under increased pressure to reduce the time it takes to move goods.
- With higher activities, the shipping lanes will be busier
- ...and the ports will be congested because ports and terminals are lagging behind in actual capacity versus capacity needs.
- With some years of high activity resulting in healthy income situations, but also high demands on the equipment, i.e. the ships, fatigue is now beginning to show in the insurance records although maintenance programs are better adhered to because of the availability of funds for all good causes.
- And we have already discussed the crew challenges.



## Risk Assessment

- Ships are getting more sophisticated and a lot more expensive
- Shipping will have the public eye and not get away with substandard quality of any kind
- Other issues

A modern ship is a sophisticated piece of equipment that needs to be operated by fully capable personnel. Higher investments are at stake now than just a few years back.

Being the main vehicle for the transportation of goods, shipping has attracted the interest of the public eye resulting in an increasing number of regulations to "protect the public interests".

Other issues that have been discussed by the Ocean Hull Committee are:

- (1) the general problems with insurance claims resulting from communication problems between crew and pilots,
- (2) the passage of an increasing number of tankers through the Danish Belts. The Belts are international waters which means that pilots are not required but only recommended. Regretfully, there have been a number of groundings in the Belts due to bad navigation.
- (3) Navigation in arctic waters, i.e. cold climates and icy waters, and
- (4) risk increase following risk accumulation in larger and congested ports adding the influence of bad weather, especially heavy winds.

I will strongly urge Hull & Machinery underwriters to take these factors into consideration when they evaluate a risk.



## Loss Prevention

- Ship operators must apply structure to minimize risks
- Underwriters must ask specific questions and evaluate answers

Turning to loss prevention, governing bodies, authorities and charterers' requirements imply that all operators of ships need to apply specific organisational structures to ensure the ultimate operation of the vessels. Some are ahead of this game and excel in compliance - others are dragging their feet. The structure required comes as a result of the often expensive experience gained and by adjusting organisations accordingly, one is reducing the risk.

I strongly feel that underwriters are not sufficiently suspicious or curious when they assess risk. By asking the appropriate questions, the likelihood of important information emerging is much higher than if questions are not asked at all. There is a tremendous wealth of information to be obtained from the classification societies, government, authorities and commercial organisations for those who bother to look for it.





## Going forward - Conclusions

- Importance of attracting and retaining good crew will increase

In conclusion, I would like to repeat the major points of this presentation:  
Finding good crew is a problem today and will rise in magnitude in the years to come.



## Going forward - Conclusions

- Importance of attracting and retaining good crew will increase
- Proper safety procedures must be established and adhered to

Being safety concious....



Ship operating organisations must develop, implement and monitor procedures to ensure that everything possible is done to ensure the safe operation of the ships.



## Going forward - Conclusions

- Importance of attracting and retaining good crew will increase
- Proper safety procedures must be established and adhered to
- Insurance pricing must be based on actual costs, because

Underwriters must change the way they price risk to reflect the actual costs for their whole portfolio and not only for individual ships or accounts, because...



## Going forward

- whilst most sectors of the insurance industry are reporting increased income and profits, H&M underwriters as an industry are unable to achieve the necessary balance between exposure, i.e. potential claims, and actual claims costs on one side **and** risk remuneration, i.e. premium, on the other.

...marine underwriters are far from being as profitable as their peers in other parts of the insurance industry. We have to continue to strive towards the necessary balance between exposure, claims costs, administrative costs and the premium charged.



## Going forward

- whilst most sectors of the insurance industries are reporting increased income and profits, H&M underwriters as an industry are unable to achieve the necessary balance between exposure, i.e. potential claims, and actual claims costs on one side and risk remuneration, i.e. premium, on the other.
- Well respected leadership in the H&M insurance business is absent.

The Hull & Machinery market is currently without strong market leaders who are respected by all the players. In theory, e.g. IUMI could have assumed this role, but there are political restrictions that will prohibit this from happening. Underwriters must pay more attention to the technical expertise and integrity of the leading underwriter they are following.



## Past OHC agenda

- Singapore issues – Builders' Risk
  - Much-improved loss record, tripling of premium, higher deductibles and the introduction of shipyard risk warranties, - but:
  - Windstorms have a significant influence on the risk at building yards as well as ports
- Amsterdam issues
  - Analysing the quality of new constructions
  - Crew quality
  - Oil export from Primorsk
  - Factors influencing the claim's cost
  - Claim trends
  - Is the cover too extensive?

Now, turning to the Ocean Hull Committee workshops. In Singapore in 2004 we addressed Builders' Risk. First of all, overall premium volume has grown due to an increased business volume stemming from higher newbuilding activity and exposure. Secondly, after Singapore, but not as a consequence of the discussions, we have experienced a much improved loss record for this class of marine insurance due in part to higher premium and deductibles as well as the implementation of a better safety regime following underwriters' introduction of pre-entry risk surveys. Windstorms are still influencing the risk and are, of course, impossible to control.

In Amsterdam last year, we looked at the quality of new constructions, crew quality, a very specific topic pertaining to the oil trade on Primorsk, factors influencing claims costs, claims trends in general and the scope of coverage. Although not so easy to digest, I hope that we have seeded some food for thought amongst the members of the underwriting community.



## 2006 OHC Workshop

### Claims Cost: From the difficult to the impossible – Moving into unknown waters

- The salvage of a large container vessel  
Mr. Richard Fairbanks – Titan
- General Average Issues / Large Container Vessels  
Mr. Toru Shigematsu – Asai & Ichikawa
- Changing and expanding risks on LNG vessel  
Mr. Makoto Hoshi – Mitsui Sumitomo Ins Co Ltd
- Underwriters challenges – advancing technology  
Mr. Peter Zahalka - VHT

This year, in our workshop, we will again discuss claims costs from the angle of uncertainty, - how they may escalate often out of control, thus becoming "unknown water". Due to incidents of some magnitude, two types of ships have been much exposed in the media the last 12 months: container ships and LNG carriers. Salvage operations of stranded or burned out containerships have been difficult and Mr. Dick Fairbanks of the US based salvage company Titan will share his views on the subject.

With a large number of cargo owners, general average becomes increasingly complicated when a containership is subject to a damage. Mr. Toru Shigematsu of Japanese adjusting firm Asai & Ichikawa will address this subject which is as important for cargo insurers as it is for Hull & Machinery insurers.

With more than 145 LNG carriers under construction or booked at shipyards applying problem prone technology, Mr. Makoto Hoshi of the Japanese insurance company Mitsui Sumitomo will discuss the special risk elements associated with the construction and operation of LNG carriers,

and finally, to represent the underwriters' point of view, or maybe to offer some good advice, Mr. Peter Zahalka of the Verein Hanseatischer Transportversicherer of Germany will round off the list of speakers.

We have allowed ample time for questions and answers and hope that the program has a broad appeal amongst the IUMI delegates.

Thank you.