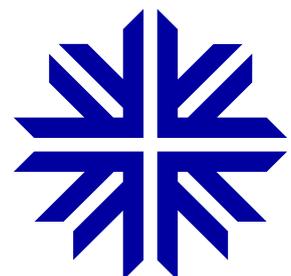


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IUMI

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## Message from the President

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# Pathways to a sustainable, resilient and innovative future



Richard Turner  
IUMI President

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### **Welcome to the latest edition of the excellent IUMI EYE publication.**

In February, IUMI kicked off its 2021 meeting programme with our traditional Winter meeting. This forum brings together sessions involving the IUMI Secretariat, the Executive Committee and the Technical and Forum Chairpersons and Secretaries. Of course, in one sense the meeting was not conventional at all, because all our discussions were necessarily held 'online'.

Nevertheless, we completed one of the most pivotal tasks of this event, namely to select a common theme for our main conference in September. Our common theme changes each year. It provides a banner and acts a rallying point for the conference. Our workshops in September will have topics that embrace the common theme and feed off it.

This year's common theme will be: "Pathways to a sustainable, resilient and innovative future." The theme has several elements to consider:

Quite obviously, the pandemic is the dominant issue and has been for over a year. By the time we get to our annual conference, we will know whether COVID-19 is largely behind us or whether we are still being confronted by lots of challenges. September will also be the first moment where we shall be able to measure how much COVID-19 impacted our industry's premium base in 2020. Yet the common theme is not intended simply to facilitate a sequence of presentations on the pandemic (although this will clearly be an important feature of our conference).

The title also draws attention to the growing importance of environmental issues and sustainability. And it will encourage us to continue our journey of exploration about digital innovations in our sector. We will also be able to reflect on how resilient we have been as a sector in dealing with the operational and servicing challenges. And the title is deliberately optimistic and forward looking too.

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Message from the President  
Continued

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So all in all, I think we have devised a vibrant and energetic banner for our conference in the Autumn.

In the meantime, let me return to this issue of IUMI Eye. In here, you will find the usual mixture of insightful technical articles. As ever, the contents are a showcase of the collective work of the IUMI community. We feature Policy Forum topics such as cyber, low sulphur fuel and Brexit. We take another look at containership safety, but this time with a particular drilldown into the recent loss of containers overboard in several recent incidents. There are also articles looking at innovations such as remote casualty surveys and offshore wind technology.

As ever, we are especially indebted to the technical insights provided by our IPPs (in this edition, Battermann & Tillery, Concirrus, HFW, Insurwave, LOC and Survey Association have all contributed with interesting and insightful articles) and our Affiliates (in this issue, ALSUM reports on the logistical issues associated with the distribution of Covid vaccines in South America).

Enjoy the magazine. Stay safe and well.

Richard Turner, IUMI President  
[richard.turner@iumi.com](mailto:richard.turner@iumi.com)

## IUMI podcast series

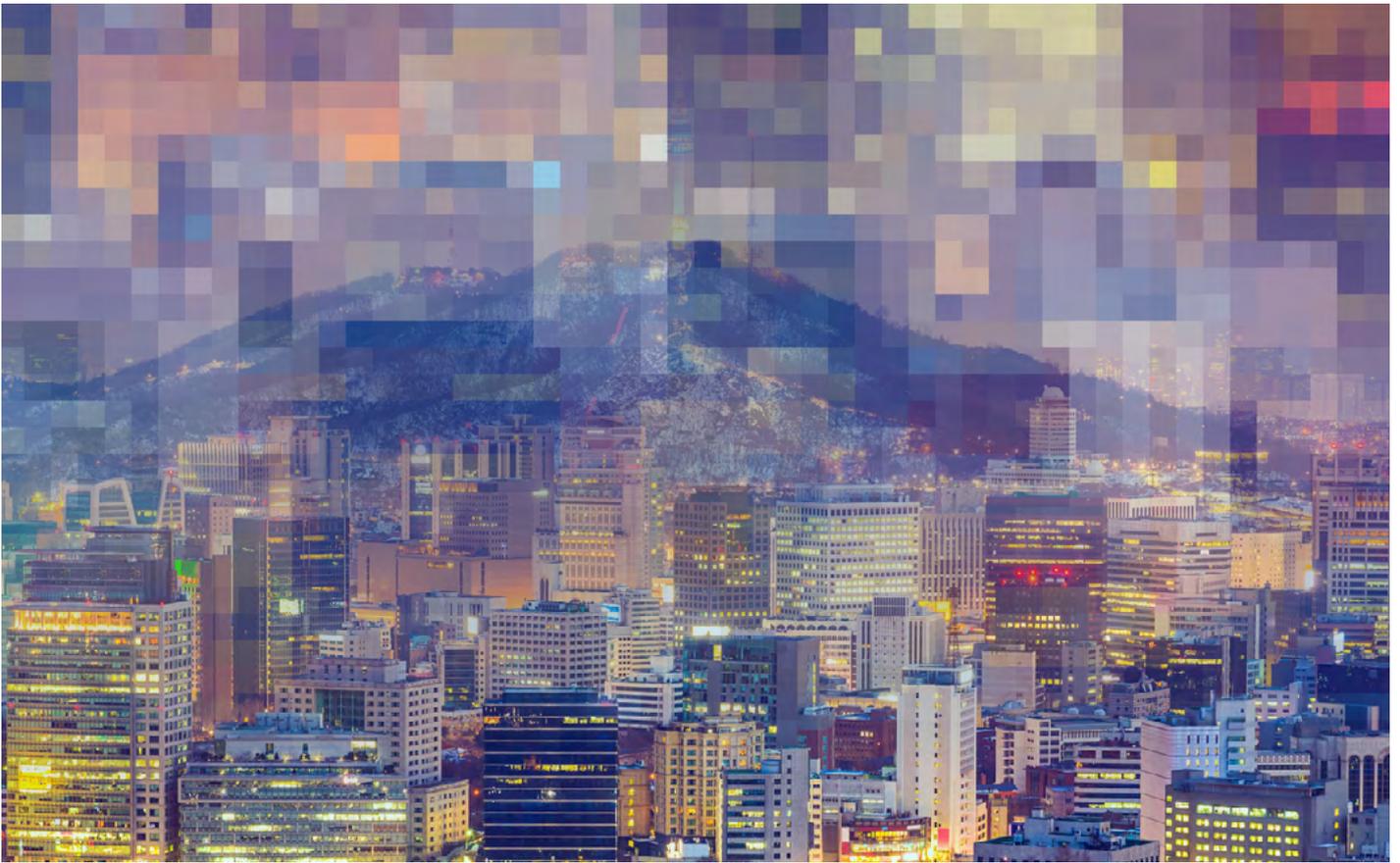


## IUMI's latest podcast — Crew crisis situation

Don't miss our recently released IUMI podcast on the highly topical and relevant ongoing crew crisis issue. This month we were joined by three guest speakers from P&I and H&M insurer Gard - Alice Jackson Amundsen, Vice President, Head of People Claims; Kunal Pathak, Loss Prevention Manager Asia; and Malene Wang, a lawyer in Gard's Asian charterers and traders defence team. All three speakers debated the current situation and identified the challenges and the long-term effects of the crisis on seafarers and shipping more generally. They went on to discuss how the industry was responding and touched on a range of other related issues.

[Take a listen here](#)





## IUMI Seoul 2021 2–15 September

## Virtual event

Due to the ongoing uncertainty with COVID-19 it is with a heavy heart that IUMI's Executive Committee and the Seoul annual conference organisers have decided to stage the IUMI 2021 Seoul conference as a virtual event. The success of the 2020 Stockholm online conference demonstrates how effective a virtual event can be and IUMI and the Seoul organising committee are looking forward to hosting an informative, relevant and enjoyable event later this year.

Last month, IUMI's Executive Committee and Technical Committees came together to decide on the common theme for the conference and we are pleased to announce that this year it will be "Pathways to a sustainable, resilient and innovative future". While we would have much preferred to welcome you to Seoul to discuss this common theme in person this September, we do hope you will join us virtually for another outstanding conference.

Building on the success of last year's conference we plan to host the event over a two-week period – Thursday 2 September to Wednesday 15 September – with ten individual workshops. There will be one workshop each working day conducted over a two-hour session and each workshop will run twice a day to ensure all time zones are able to participate. Sessions will comprise a mix of presentations, panel discussions and Q&A.

In addition, the conference website and IUMI's tailor-made online portal will be available at all times allowing guests to plan their attendance, view background information and interact with the speakers, panellists and each other.

Following last year's success we will, once again, open up the conference to the wider maritime industry and invite non-IUMI members from non-member countries as well as representatives from brokers, lawyers, surveyors and other stakeholders involved in the maritime business to join the event. The conference fee will be comparable to last year and will include access to all ten workshop sessions.

#IUMI2021 will undoubtedly be an event to remember, and we look forward to welcoming you in Seoul virtually!

Please visit the conference website in late spring for a detailed agenda and registration details.

## Want to build and develop your knowledge and expertise in cargo insurance?

IUMI's online cargo tutorial consists of eleven engaging and interactive modules specifically designed to widen your knowledge of cargo insurance. This flexible, self-paced learning programme works to your schedule and can be completed to each individual's timeframe. Topics include international trade 101; coverage for particular average and sue and labour, general average and salvage, exclusions, and many more.



→ <https://iumi.com/education/online-tutorials/iumi-cargo-tutorials>

### NEW

Buy 5–9 tutorials,  
get a 10% discount

Buy 10+ tutorials,  
get a 20% discount

Candidates who successfully pass the IUMI cargo exam are invited to apply for an IUMI bursary to take the renowned WMU's Marine Insurance Law & Practice Postgraduate Diploma programme. The bursary is worth US\$ 8,750.



## Hull insurance tutorial programme

IUMI's hull insurance online tutorial is designed to widen the students' knowledge and expertise in hull insurance. This extensive programme consists of a total of thirteen modules. Topics include Ships 101; Collision Liability; General Average and Salvage; Exclusions; Claims; and many more.

For more information please visit:

→ [https://iumishop.mycoracle.com/catalogue/hull-tutorial\\_79](https://iumishop.mycoracle.com/catalogue/hull-tutorial_79)

### NEW

Buy 5–9 tutorials,  
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IUMI

### Testimonial

Juliet Ang  
Manager Claims Services  
(Marine), MSIG Insurance  
(Singapore) Pte Ltd

Juliet Ang passed the hull exam with an outstanding result of 85.6%.

*Learning and development has always been a much-encouraged area in our line of business. I first heard about the IUMI hull tutorial from our Learning & Development Department. Handling hull claims requires in-depth knowledge on the coverages and exclusions and I figured the hull tutorial would provide a good foundation for me as a claims' handler, handling both cargo and hull claims.*

*I felt really challenged when I was told that the pass mark for the exam was 65% and even contemplated not taking the exam! But I am glad that after going through the modules that were planned out in an informative and a well-structured way, I decided to book for the exam after my third reading. It was definitely rewarding going through this online tutorial at my own pace whilst deepening my understanding in the areas of underwriting, risk assessment and claims adjustment.*

*I strongly encourage underwriters, adjusters, surveyors or anyone else working in the marine insurance industry to take up this online course. From the vast topics covered throughout the tutorial, there is definitely rewards to reap when one decides to embark on this learning journey!*



Policy Forum

## Risk accumulation remains a concern



By Isabelle Therrien  
Senior Vice President  
– Canada, Falvey Cargo  
Underwriting and IUMI Cargo  
Committee Chairperson

Last year created an interesting conundrum for cargo insurers. When the pandemic momentarily all but halted global trade, we saw our assureds report a reduction in values shipped and a corresponding increase in values at locations. This resulted in some cargo insurers having more static risk than moving risk. Thankfully, this was only a temporary blip but it did bring into sharp focus the growing accumulation of risk on vessels, at ports and at other static locations.

While there are several tools available to monitor accumulation at static locations there is more uncertainty and less data available for cargo that is moving on vessels and while cargo is at the port awaiting loading. The Tianjin explosion in 2015 was a clear reminder of this reality. And the 4 August 2020 blast at the port of Beirut reinforces that more work needs to be done on assessing values at terminals and port facilities. But all that pales into relative insignificance when set against the tragic loss of life – 178 people died and more than 6500 were injured in Beirut. Surely that death toll alone is reason enough to urge terminal operators to manage the storage of dangerous goods to include proper and sufficient safety measures?

Onboard risk accumulation, particularly for containerships, continues its worrying trend. Larger vessels are carrying more boxes exposing the underwriter to larger potential losses – a trend seen recently in a growing number of onboard fires and an unprecedented number of containers being lost at sea. According to the World Shipping Council, an average of 1,382 containers were lost overboard on an annual basis between 2008 and 2019. Just two months into 2021, almost double

that amount have been lost already. Between the One Apus and the Maersk Essen, a total of 1,816 and 750 containers were lost at sea during their respective voyages.

These events perhaps highlight engineering complications when it comes to moving boxes on ships that are significantly larger than when containers were invented in 1957 and where weather patterns are constantly getting more aggressive. The recent events on both these voyages have also brought to light the lashing system on board. Containers are stacked on top of each other and secured to each other with twistlocks at their four corners. Lashing rods and turnbuckles are then used to secure the containers to the deck of the vessel. Physical forces endured by the ship going through a storm at sea are inevitably passed on to the containers which, as they are being stacked ever higher, creates an enormous momentum sometimes resulting in containers overboard or a container stack collapse.

Cargo insurance underwriters have been and will continue to be impacted by these events and IUMI believes that although this is not a systemic threat, every container lost is one container too many. Therefore, we argue that adequate stowage techniques and proper container packaging is critical to having safe and secure ventures at sea for all parties involved.



Policy Forum

## Brexit — where now for marine insurers?



By Christopher Jones  
 Director of Legal and Market  
 Services, International Under-  
 writing Association (IUA),  
[www.iua.co.uk](http://www.iua.co.uk), and IUMI  
 Legal & Liability and Policy  
 Forum Member

In June 2017, in this very publication, IUA's Chief Executive, Dave Matcham, outlined the importance of a bespoke trade deal for financial services or, failing that, agreed regulatory equivalence to manage the post-Brexit UK/EU relationship. Unhappily, we currently have neither, so what are the implications for London market insurers providing cross-border (re)insurance and what has been the impact of Brexit on our customers in their day-to-day operations?

To combat the loss of EU passporting rights, most UK based insurers have adapted their corporate structures to operate via subsidiaries within an EU State, at least until there is a future agreement. The UK has also unilaterally declared that EU companies can continue operating in London as branches. For contracts requiring run-off following Brexit, the UK gives EEA insurers a 15 year period. Individual EU States have differing rules for UK insurers running off business but all ensure that insureds are not disadvantaged.

So, any disruption to contracts has been managed and largely limited to back office and operational complexities. The IUA has argued for an enhanced equivalence regime, based on Solvency II precedents, to cover large risks (including marine insurance). However, the EU has been unwilling to grant any insurance equivalence, citing the

prospect of possible future divergence by the UK from its core rules. The prospect of a future agreement looks uncertain, but the two sides have at least committed to a Memorandum of Understanding that would allow regulators to share information and maintain an open dialogue. It is hoped this will be revealed by the end of March.

On the maritime sector the impact on shippers and supply chains of the expected delays at ports caused by border checks, increased paperwork and the availability of qualified staff has not yet flowed through into insurance claims and, thinking optimistically, may be short-lived. As always, the response of the cargo, freight forward or other relevant policies will depend on their specific terms – whether, for example, delay claims are excluded – and the specific policy trigger.

Ultimately, both the maritime and insurance sectors are sophisticated and truly globalised. Whilst Brexit provides regrettable barriers at a regional level, insurers remain well placed to overcome these difficulties and continue to provide bespoke, expert services to clients.

# IUMI EYE

## Q&A

# Peregrine Storrs-Fox

Founding Partner of the Cargo Integrity Group,  
Risk Management Director, TT Club



[www.ttclub.com](http://www.ttclub.com)

### In a nutshell, how would you describe the main role of the Cargo Integrity Group?

The Cargo Integrity Group (CIG) is an innovative coalition of organisations representing diverse aspects of the intermodal supply chain. Comprising the Container Owners Association, Global Shippers Forum, ICHCA International, TT Club and World Shipping Council, the group deliberately seeks to understand differing perspectives in order to improve safety and security, and to protect the environment, through the logistics supply chain.

### What is the biggest challenge facing Cargo Integrity Group today?

It is evident that there are myriad challenges to change behaviours across the globe in relation to cargo packing. By forming the wide-based CIG, drawing in interests across the supply chain, it has been demonstrated that collaboration for common objectives can work. However, the range of actors who need to be influenced is vast. As a result, CIG has an ongoing programme of engagement with the full range of industry actors and associations, each of whom can assist in communicating messages to support adoption of the CTU Code and compliance with other related regulations.

### How do Cargo Integrity Group and IUMI work together?

There are many areas of interest concerning the intermodal supply chain relating to safety, security or environmental impact where there is a convergence between CIG and IUMI. While the scope of activity for CIG relates necessarily to cargo packing matters, many of these resonate with multiple aspects of the [IUMI Policy Agenda](#). Further, the partners in CIG regularly (and happily) interact with IUMI at industry association level (such as CINS (Cargo Incident Notification System)) as well as with governmental agencies (such as the International Maritime Organization (IMO)). Understanding and aligning perspectives and priorities is key.

### If you could wave a magic wand and change one thing in the shipping industry what would it be?

With so much attention and activity focused on digitalisation and automation, it is easy to anticipate that the future can be materially different – and that is clearly so. The last few decades have, at least in many parts of the world, managed to reduce the direct exposure of the workforce to hazard in many scenarios; automation continues that trend. The efficiencies gained through digitisation, particularly where this can be achieved end-to-end globally will also be game-changing. Putting relevant and accessible information in the hands of those actually carrying out manual functions is one focus for CIG. However, the wand waving really is reserved for effective, consistent communication, between humans in this fragmented world.

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

Having spent almost two decades pursuing risk management and loss prevention solutions to serve the transport and logistics industry, working extensively with many like-minded people in industry associations and governmental agencies globally, it would be sad if I could not say that I derive challenge, satisfaction and enjoyment from my current role. If anything I strive to make things a little better – actually, no, a whole load better – than I find them; I particularly value working with others to this end.

### What do you like doing when not working?

Oh to be able to travel! While family, hobbies and local community are important (poignant in lockdown), I've reached the stage of life where exploring more of the world might be possible – and hope to do some of that before too long.



*The CIG has compiled a "Quick Guide" and a checklist for the broad industry to engage more successfully with the CTU Code and to assist a wider understanding of good packing practices. [Both documents can be downloaded here, both in English and in Chinese.](#)*



Policy Forum

## European Commission to assess liability in offshore oil and gas operations



By Helle Hammer  
Managing Director of Cefor and  
Chair of the IUMI Policy Forum

The 2013 EU Offshore Safety Directive applies through national legislation by Member States for offshore oil and gas installations. Following the departure of the United Kingdom from the EU, there are currently 193 such installations in EU waters.

An assessment of the implementation of the Directive was presented in a report to the European Parliament in November 2020. Concerning liability and the handling of compensation claims, the EC intends to follow-up with further analysis and/or research. The intention will be to assess whether a uniform regime on, for example, the principle of strict liability of installation operators and owners that go beyond the minimum requirements of the Directive would benefit the safety of offshore operations and the follow-up of accidents. This is a follow-up from a Parliament Resolution that was adopted in December 2016.

IUMI favours a voluntary financial security system rather than a legislative compensation system over and above existing provisions. Any further investigations into the potential role of insurance in the assessment will require a cost-benefit analysis cross-referred with insurance market capabilities and limitations.

## English High Court considers relevance of charterparty war risks insurance provisions to B/L holders' liability in GA



Jenny Salmon  
Senior Associate

HFW  
IUMI Professional Partner  
[www.hfw.com](http://www.hfw.com)

*Herculito Maritime Ltd and Others v Gunvor International BV and Others (the "POLAR") [2020] EWHC 3318 (Comm)*

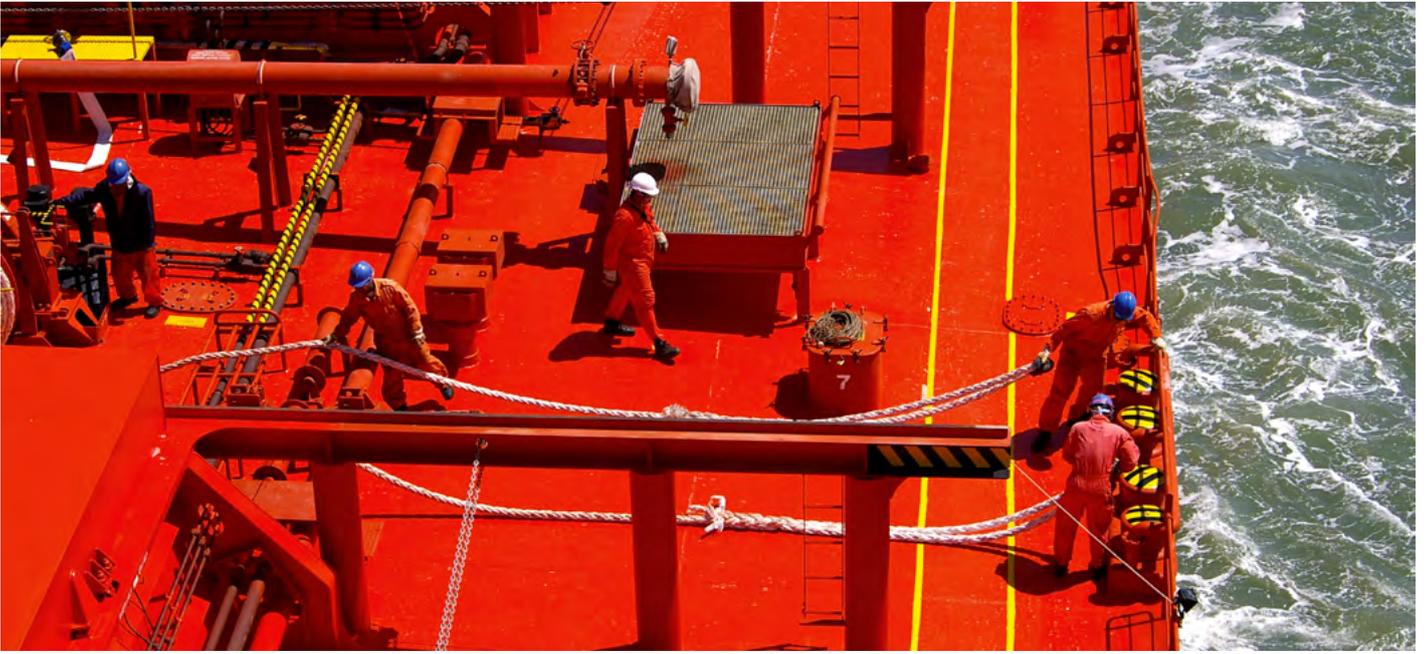
The English High Court recently confirmed that bill of lading (B/L) holders were liable in general average (GA) despite terms in the charterparty allocating responsibility to the charterer to pay additional premiums for war risks and kidnap and ransom insurance. Cargo interests had argued that these terms were incorporated into the B/Ls and amounted to an agreement that owners would not claim from B/L holders if losses covered by those additional insurances arose.

The MT POLAR was hijacked by Somali pirates in 2010 and released some ten months later upon payment of a ransom. The shipowners declared GA, but cargo interests refused to pay their contribution. Cargo interests argued that the charterparty provisions requiring charterers to pay additional premiums for war risks and kidnap and ransom insurance for Gulf of Aden transits amounted to an agreement that owners would not claim against charterers for losses covered by those insurances. Cargo interests maintained that this agreement was incorporated into the B/Ls and that, as B/L holders, they could rely on it, thereby avoiding liability for GA contributions.

The High Court rejected that argument. Although the judge found that such an agreement did exist between owners and charterers and was incorporated into the B/L, he held that it was not appropriate to manipulate the word "charterers" to read "B/L holders" for the purposes of the bills. The judge noted that B/L holders were not responsible for paying the additional premiums in question, so they would not be paying the premiums on the one hand while also facing liability to owners in respect of the additional insured risks on the other. Therefore, there was no agreement by owners not to claim from B/L holders and the owners' claim could proceed.

The judgment is consistent with market practice and how claims are administered in a war risks context. Cargo interests routinely insure their own liability in GA in any event. Of course, in any particular case, the rights and obligations of the parties to the B/Ls will depend on their terms.

HFW represented the successful appellant owners and their insurers. Cargo interests are appealing this judgment. [Read more here.](#)



Policy Forum

## Seafarers' crisis: IUMI supports Neptune Declaration



By Hendrike Kühl  
IUMI Policy Director

The COVID-19 pandemic has created an unprecedented crew change crisis. Hundreds of thousands of seafarers have been stranded working aboard ships beyond the expiry of their contracts. Meanwhile, thousands of seamen and women are unable to reach ships for crew change, leading to financial uncertainty for themselves and their families. As the frontline workers of the maritime industry carrying 90% of global trade, seafarers play a pivotal role in ensuring the global flow of goods that the world depends on.

On 1 December 2020 the UN General Assembly adopted a resolution on the *"International cooperation to address challenges faced by seafarers as a result of the COVID-19 pandemic to support global supply chains"*. Despite such major efforts by international organisations including the International Maritime Organization (IMO) and International Labour Organization (ILO), national governments, industry associations, labour unions, NGOs and individual companies, the issue is far from being resolved.

This is an unacceptable way to treat seafarers who are key to maintaining the global flow of essential (and less essential) goods. Fatigue after extended periods at sea has significant consequences on the physical and mental wellbeing of seafarers. It also increases the risk of maritime accidents and

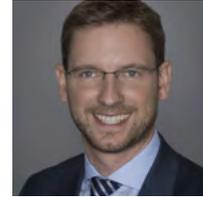
environmental disasters, and poses a wider threat to the integrity of global supply chains which depend on safe and reliable maritime transport.

Recognising a shared responsibility to resolve the crew change crisis, more than 600 companies and organisations including IUMI have signed the [Neptune Declaration on Seafarer Wellbeing and Crew Change](#). The Neptune Declaration urges the implementation of four main actions to address the crisis:

- Recognise seafarers as key workers and give them priority access to COVID-19 vaccines.
- Establish and implement gold standard health protocols based on existing best practice.
- Increase collaboration between ship operators and charterers to facilitate crew changes.
- Ensure air connectivity between key maritime hubs for seafarers.

IUMI supports swift and tangible improvements for the more than 1.5 million seafarers from around the world, helping them to reunite with their families and enabling them to join ships and earn a living. The most recent edition of IUMI's podcast series is dedicated to this urgent issue. [You can tune in here.](#)

# Claims processing — a thankless chore in the business operations of insured parties?



Nico Nöldner  
Executive Director

Battermann & Tillery Global Marine GmbH  
IUMI Professional Partner  
[www.ba-ty.com](http://www.ba-ty.com)

In a perfect world, every product would reach its destination at the right time, complete and in sound condition. But the world is not perfect, so who steps in when things do not go as planned and irregularities occur? This is where the internal organisation of the insured parties, be it shipper/consignee or freight forwarder, comes into play. Depending on the type and size of the organisation, there can be considerable differences. Direct lines of communication have a positive effect on claims management as does a clear delegation of tasks.

The stress of day-to-day operations often prevents smaller companies/insured parties from immediately dealing with the extra work involved in reporting losses or processing claims. In the event of a claim, prompt communication with the parties involved, as well as handling of documentation and providing proof of loss, are essential in order to resolve the issue and enable settlement. Furthermore, it is important in this context to hold contractual partners liable for losses in order to secure the company's right to recovery.

Is the damage actually transport related? Where did it occur (review of transfer/interchange receipts)? Who is liable? In addition to the cause of the damage, the possibilities for loss mitigation are to be examined and implemented.

Often, the lack of accountability for claims processing within an organisation as well as poor decision-making lead to resentment and can even result in an increase in the extent of damage. The use of workflows can help staff without much experience in claims handling, as can, of course, the service and advice of insurers and/or surveyors.

It is always good to learn from one's mistakes (or, in this case, losses). In order to do so, it helps to have established processes in place for analysing and understanding a loss. This is the only way to identify potential risks at an early stage and to be able to establish measures to prevent similar losses in the future. Organised processes and clearly-defined accountability in case of a damage event, in conjunction with effective quality management, contribute to the success of the company and ensure the quality of transport operations as well as the supply chain.

Professional handling of the situation will enable companies to retain existing commercial relationships, to successfully pursue recovery and to ensure a lasting professional image.

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## IUMI's increasing concern over container losses at sea



By Lars Lange  
IUMI Secretary General

Two years ago, on 2 January 2019, the *MSC ZOE* lost approximately 340 containers overboard off the coast of the Netherlands and Northern Germany. This incident highlighted the potential problems of larger container vessels and the stability of container stacks onboard, particularly in heavy weather.

The World Shipping Council WSC publishes regularly reports on the number of containers lost at sea as reported by WSC's membership representing about 80% of the total global vessel container capacity. [The 2020 update can be found here](#). According to the report, in 2019, the international liner shipping industry transported approximately 226 million containers. More than 6,000 ships carrying containers sailed around the world at that point in time. Upon review of the results of the twelve-year period (2008–2019) surveyed, the WSC estimates that there were on average a total of 1,382 containers lost at sea each year.

However, a number of recent incidents, starting with the *MSC ZOE*, indicate that these numbers are rising. The *ONE APUS* was reported to have lost approximately 1,800 containers in rough weather in early December 2020 on her voyage from Yantian, China to Long Beach, USA. The *MAERSK ESSEN* has lost about 750 containers in January 2021 on her way from Xiamen, China to Los Angeles, USA.

Uwe Schieder, GDV, Vice-Chairperson of the IUMI Loss Prevention Committee, has already explained the potential root causes in an article published in the March 2019 edition of IUMI Eye March: [The securing of containers on deck on a container ship](#).

The recent developments however have begun to cause concern in the IUMI Policy Forum and the Loss Prevention Committee on how to address these incidents appropriately. The loss of containers can have different root causes, sometimes a combination of several, such as;

- Wrong declaration of the weight of containers (VGM).
- Poor packaging of containers that do not comply with the Code of Practice for the packing of Cargo Transport Units (CTU Code) requirements.
- Insufficient stowing of containers on-board that do not comply with the Code of Safe Practice for Cargo Stowage and Securing (CSS Code).
- Non-compliance with the International Organization for Standardization (ISO) standards for container lashing equipment and corner castings.
- Design issues of the container vessel.

IUMI is working internally on proposals to avoid such losses in the future and will discuss with its affiliate partners and regulators on how best to cooperate. The IMO will be discussing a proposal for a new output for a mandatory reporting system for containers lost overboard at the Maritime Safety Committee (MSC) Meeting 103 in May 2021. This debate will provide an opportunity to discuss this important topic with IMO, Flag State representatives and industry stakeholders as well.

# Industry initiatives on decarbonisation



George Savvopoulos  
Consultant

London Offshore Consultants Ltd.  
IUMI Professional Partner  
[www.loc-group.com](http://www.loc-group.com)

Recently, we have seen the development of industry decarbonisation initiatives, intended to influence towards the reduction of CO2 emissions from merchant shipping, thus supporting the International Maritime Organization's initiative in achieving a 50% reduction by 2050.

Financial institutions led the way with the launch of the Poseidon Principles in 2019. Charterers followed with the introduction of the Sea Cargo Charter in October 2020. Both schemes pledge to adjust signatories' activities to incentivise emissions reduction. The question now is when and how the insurance industry will follow.

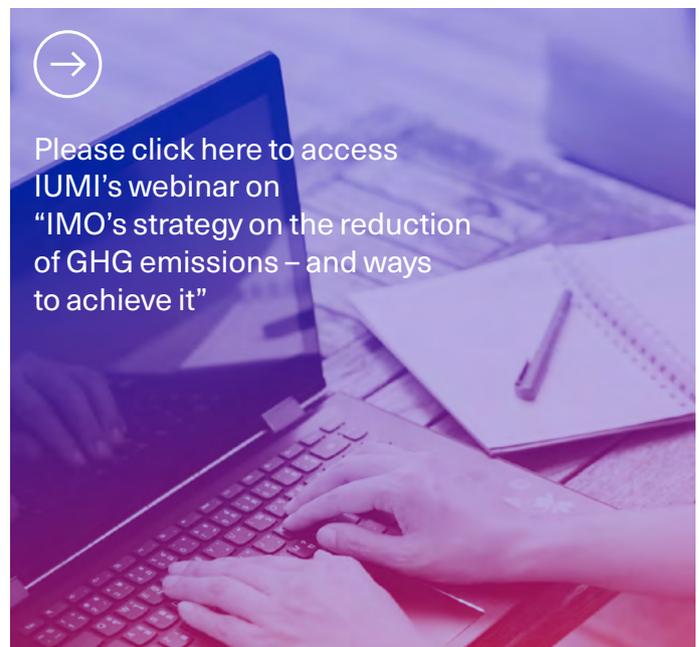
Both the existing initiatives use operational carbon intensity indicators (CIIs) to measure emissions performance. Their selection relates to the ability of signatories to obtain reliable information for the calculations. The similarities do not end there with both schemes tracking asset performance per asset group and size-band against linearly reducing annual targets leading to the ultimate target of 50% reduction in the year 2050.

The first assessment under the Poseidon Principles saw just three of the 15 reporting institutions comply appropriately. This was no surprise to those studying the topic of emissions, nor to most of the signatory institutions. Annual targets signify where we need to be to achieve the 2050 objective. It is no secret that currently installed technology cannot take us very far.

Of the merchant fleet at the end of the last decade, less than half of the ship assets appear to achieve the carbon efficiency targets. The number of existing assets forecast to be compliant at the start of the next decade (assuming no upgrades) falls below 5%.

Change is imperative. It will come in the form of energy saving upgrades that lower fuel consumption by current engines. It will come from alternative fuels, or from new carbon-free engine technologies. There is no single solution. Vessel type, size, service life, and operational profile, are all determinant parameters in selecting the right option for emission reductions.

The current industry initiatives tell us it is time we examined our shipping assets. The prospective lending incentives and charter demand are paving the way towards change. How will the insurance industry participate?



Please click here to access IUMI's webinar on "IMO's strategy on the reduction of GHG emissions – and ways to achieve it"



## Red Sea and Persian Gulf Update



By Neil Roberts  
 Head of Marine Underwriting,  
 Lloyd's Market Association and  
 member of the IUMI Policy Forum,  
 IUMI Member Association  
[www.lmalloyds.com](http://www.lmalloyds.com)

The Gulf remains in a state of elevated alert. During the US Presidential election process, the littoral powers made a number of moves to set out their stall whilst Iran continued to play a strategic waiting game and was not drawn into making a response that could have provoked a reaction.

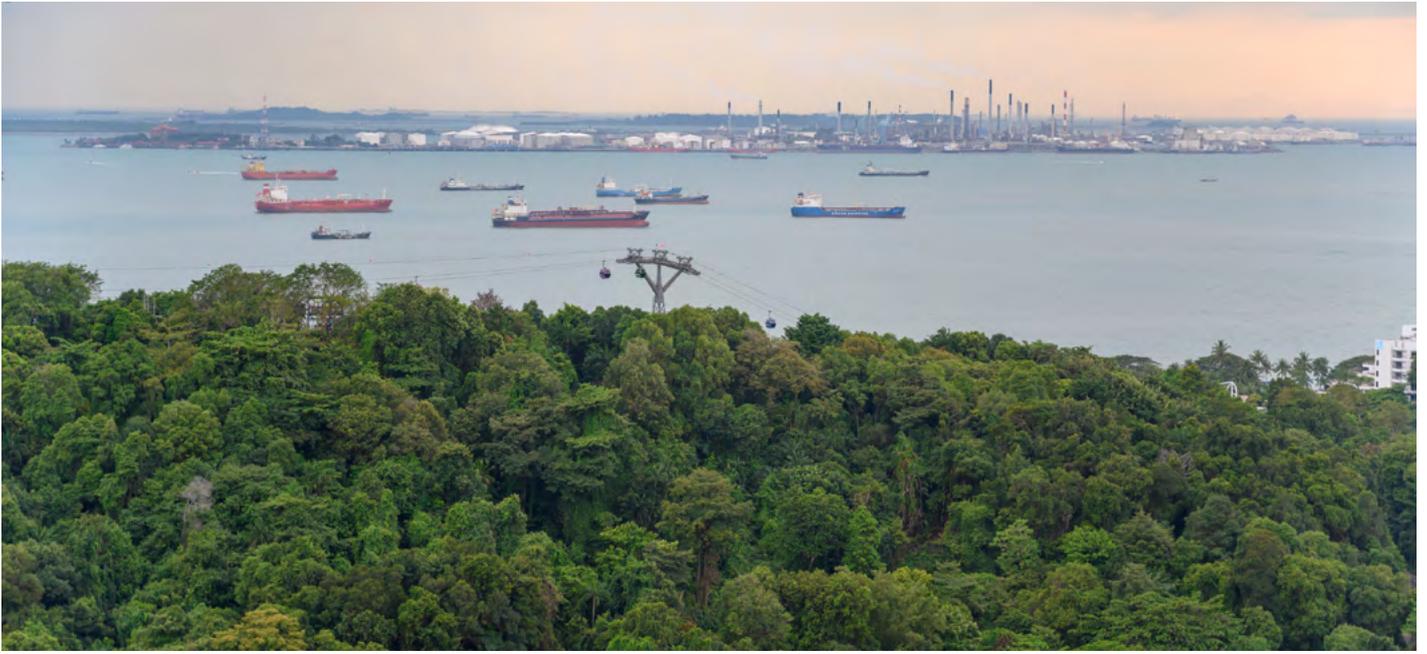
The international audience were reassured when the incoming President Biden stated in his inauguration speech that the US would “lead not merely by the example of our power but the power of our example”. This was a welcome sign of new thinking and there is some anticipation that American foreign policy may soften in stance.

However, two security incidents late last year were concerning for underwriters. The attack on the *AGRARI* featured an explosion about one metre above the waterline. This was suggestive of an unmanned water borne device rather than a mine as that would have damaged the vessel at or below the waterline. In December, the Panamax product tanker *BW RHINE* suffered an explosion while discharging at Jeddah.

Apparently similar to the *AGRARI*, this was 360 nautical miles from the Yemen border and well beyond the previous Houthi operational area. It implied control of explosive drone boats from a mothership or perhaps the use of an armed UAV. The Houthis attained a similar distance with the Quds type of long-range drone in the attack against the Aramco oil processing facilities at Abqaiq in 2019.

Additionally, Qasef-1 drones, designed in Iran, can be used as a low-budget guided missile, and are thought to have been employed against the Aramco pipeline, indicating the necessary accuracy to hit a stationary ship in Jeddah although there is to date, no proven instance of it being done.

Drone boats designed to impact vessel hulls can be 10m long, fast, sophisticated and difficult to counter, so underwriters will be all too aware that the threat to shipping continues undiminished. The new twist is that the Houthis have extended reach through better hardware and have signalled their ability to target ships at significant range rather than relying on towed, propelled, or limpet mines near the Yemeni coast.



By Hendrike Kühl  
IUMI Policy Director

## Summary of 107th session of the IMO Legal Committee (LEG 107)

The Legal Committee met virtually for its 107th session from 27 and 30 November and 1 December 2020. Volker Schofisch from Germany chaired the meeting assisted by his Vice-Chair, Gillian Grant from Canada. Both were re-elected for 2021. IUMI was in attendance with Lars Lange and Hendrike Kühl. Key issues of interest included:

### **Seafarer matters during the COVID-19 pandemic**

The Legal Committee discussed the ongoing seafarer issues related to the COVID-19 pandemic, including the urgent need for crew changes. The Committee was updated on efforts by the IMO Secretariat. The IMO's Seafarer Crisis Action Team (SCAT) has been involved in approximately 300 cases and is dealing directly with several thousands of seafarers. Most cases concern individuals or small groups of three to 15 seafarers, while some cases involve cruise ships with 250 to 500 seafarers.

On 1 December, the United Nations General Assembly adopted a resolution on International cooperation to address challenges faced by seafarers as a result of the COVID-19 pandemic to support global supply chains.

### **Unified Interpretation on the test for breaking the owner's right to limit liability under the IMO conventions**

The Committee decided to establish a remote intersessional group to develop a Unified Interpretation on the test for breaking the owner's right to limit liability under IMO liability conventions, to reflect consistent themes and principles highlighting the virtually unbreakable nature of the test. The remote intersessional group will report its results to LEG 108. Charles Fernandez, Chairperson of IUMI's Legal & Liability Committee, represents IUMI's views on this issue in the intersessional group.

People at IUMI

## Charles Fernandez

Chairperson of IUMI's Legal & Liability Committee



### What is your IUMI role today and what does it involve?

I joined the Legal and Liability Committee in September 2014 and took on the Chairmanship in September 2018. We at IUMI, represent the interest of marine insurers worldwide, and so it is essential that we have an influential voice within the industry. We have a vast amount of knowledge and experience in the Committee, which allows us to engage meaningfully and effectively, with international organisations. We have recently been involved with discussions at the International Maritime Organization (IMO), United Nations Commission on International Trade Law (UNCITRAL) and the IOPC Fund. Our Committee also helps contribute to the annual conferences by sharing knowledge and experiences in presentations that are topical and of value to marine insurers worldwide.

### What are the main legal & liability issues that are currently impacting marine insurance?

The legal and liability world is continually evolving and bringing in its wake new challenges. One of the biggest challenges facing shipowners and their insurers is the inconsistent interpretation by different jurisdictions of the provisions for breaking limitation of liability in certain conventions. The threshold for breaking limitation is meant to be quite high but some countries are lowering the threshold thereby making it easier to break limitation. Conventions exist for a reason: to bring certainty and consistency. This issue is being discussed at the IMO and our Committee is keeping a close eye on these developments and contributing towards the discussions so that effective solutions may be developed to counter the challenges.

Recently, there have been some very big fines imposed on shipowners and charterers and this has resulted in a great deal of discussion on the insurability of fines and penalties. There are some really interesting issues here – should

fines be insurable? If the purpose of a fine is to change behaviour, is it appropriate for the shipowner to simply transfer such risk to insurers? On the other hand, if the shipowner has done everything that they possibly could, but a fine is still imposed on them because of the conduct of a rogue crew member, shouldn't they be able to protect themselves via insurance? It may be that fines should not be insured under certain circumstances but should be under others. This is one of the topics being discussed within the Committee.

### Are there any particular legal & liability issues that might become prominent over the course of 2021?

Climate change litigation is likely to be a topic that will become more prominent this year and in the future. This has the potential to be the next tobacco litigation. Insurers need to be aware of the systemic risk this poses and ensure that the exclusionary language used is clear.

Another issue that will be discussed over the next few years will be unmanned vessels and the potential liabilities that can arise from their operation. There is so much to consider here. How does this change the risk? What impact would it have on allocation of liability? Does the current legislation cater for unmanned vessels and if not, what changes need to be made? I am very pleased that two members of our Committee are on the IMO Sub-Committee considering changes that need to be made to Conventions to ensure that they apply effectively to unmanned ships.

### What effect has COVID had on your sector?

COVID has had a devastating impact worldwide with the loss of life, disruption and consequent economic hardship faced by many. This is something most of us could not even have imagined a few years ago. From a loss perspective, COVID has not had a huge impact on marine insurance unlike certain other areas such as event cancellation and business interruption. The two main marine areas that

have seen some claims impact are the cargo market with regard to forwarding charges following port closures and crew P&I claims.

### What benefits do you get from being associated with IUMI?

For me it is truly a privilege to be associated with IUMI. It is an opportunity to work with highly experienced marine insurers from around the world and to make a real difference. At IUMI we help to shape the future by engaging with maritime organisations worldwide. This is very exciting and professionally rewarding.

### If you could change anything at IUMI, or marine insurance in general, what would it be?

If there was one thing that I could change within the marine insurance market, it would be eradicating the practice of insuring ships for more than they are worth within the marine hull and war market. Unfortunately, it is not uncommon for ships to be insured for many times their true market value. In a recent high profile insurance dispute where willful misconduct of the assured was alleged, the vessel was said to have been insured for around seven times its replacement value! There is absolutely no justifiable reason to insure vessels for multiples of their true market value. This practice runs the risk of encouraging bad behaviour. The solution is simple: we should move from the traditional "agreed value" policies to "unvalued" policies.

### And what do you like to do away from the office?

Like most of us, especially since lockdown, the working day seems to have got longer and there seems to be less of a distinction between work and home life, one merging with the other. More than ever before, I value spending time with my two daughters, who seem to be growing up too quickly. I also very much enjoy a round of golf and play most weekends.

# Tackling digital submissions management in marine insurance



Sammy Emojevbe  
Product Owner

Concirrus  
IUMI Professional Partner  
[www.concirrus.com](http://www.concirrus.com)

Remote working due to the current pandemic has caused a significant increase in digital submissions, which are manually triaged by an underwriter. As the volume of submissions increases, manual assessments become less efficient, leading to lost opportunities. The format of digital submissions can be inconsistent, and quite often data can be missing. However, technology can help underwriters manage a growing number of submissions by quickly identifying business of interest. If applied effectively, operational costs can be reduced whilst more potential business is considered and won.

## Submissions and qualification

Analytics platforms, such as Quest Marine, can automate the ingestion of digital submissions by scanning emails and importing account details. Risk assessments based on behavioural data are then carried out once data is imported. Applying behavioural data to the submission itself makes the relative risk of the account visible from the outset. The result is a submission that is very easy to qualify, combining key account and risk information in a single view. Importing submissions into an analytics platform therefore provides a consistent format for information and speeds up decision making. This lowers expense ratios and increases an underwriter's capacity to evaluate new business.

## Submissions and placement

Segmenting submissions based on a risk score means that complex risk can be quickly identified and passed to the most appropriate teams:

- Business that's not complex can be fully automated, giving underwriters more time to focus on key accounts, and brokers a quick turnaround in price.
- Risk that isn't complex, but still has bespoke needs, can be triaged by a junior underwriter. This gives hands on experience in leveraging technology to create policies that cater to client needs. Such policies can use real-time data to change cover depending on client activity during the life of the policy.
- Senior underwriters can focus on understanding the cause of complex risk and innovate to cater for specific needs.

[For more on Concirrus' approach to digital submissions, click here.](#)



By Brian Murphy  
Senior Vice President, Berkley  
Offshore Underwriting  
Managers, and IUMI Legal  
& Liability Committee Vice  
Chairperson

## United Nations Commission on International Trade Law (UNCITRAL) Working Group of the judicial sale of ships — Update

When a shipowner fails to pay its creditors, the vessel is seized and is then frequently sold at a judicial sale. Problems arise when the new owner takes possession and then the vessel is seized again in another country for the debts and encumbrances of the prior owner, since the country of the port that the vessel is calling doesn't recognise the sale or change of title of the country where it was recorded. This failure to recognise clean title internationally creates a number of legal and financial issues and needs to be addressed by an international instrument.

Such an instrument was drafted by the Comité Maritime International (CMI) and presented by Switzerland, and became the sole topic of a UNCITRAL Working Group held 13–17 May 2019 in New York. IUMI had representation at this session and read a statement expressing its views which support the development of an international instrument for cross-border recognition of the judicial sale of ships.

A subsequent Working Group was convened in Vienna in November 2019. This was an extremely productive meeting and a second revision of the Beijing Draft (the original document put forth) was produced. At the most recent Working Group in December 2020 (postponed from May), further progress was made on the draft, and it is the goal of the Working Group to finalise the draft in 2021. The final draft would

then be submitted to the Commission (UNCITRAL) for approval and transmittal to the General Assembly for adoption in the second half of 2022. The goal of the Working Group is that the final instrument will take the form of a convention, which would be a binding international instrument that could guarantee the international effects of judicial sales and sufficiently protect potential purchasers and their counterparties.

[A complete summary of the December 2020 Working Group can be found here.](#)

The Legal & Liability Committee will continue to monitor this important initiative and provide updates.



By Hendrike Kühl  
IUMI Policy Director

# IMO 2020 — One year in

On 1 January 2020 the much-anticipated regulations to reduce limits on sulphur in fuel oil came into force and brought about a significant cut in sulphur emissions from shipping. The upper limit of the sulphur content of ships' fuel oil was reduced to 0.5% (from 3.5% previously). One year on, the transition to the new fuel types seems to have gone fairly smoothly and without bringing major disruptions to the maritime industry.

In the run-up to the new rules a major concern was insufficient availability of the very low sulphur fuel oil (VLSFO). This proved not to be a problem. According to Roel Hoenders, Head of Air Pollution and Energy Efficiency at the International Maritime Organization (IMO), only 55 cases of 0.50% compliant fuel being unavailable had been reported in IMO's Global Integrated Shipping Information System (GISIS) throughout 2020. This remarkably small number of ships facing difficulties to obtain low sulphur fuel is evidence of the thorough preparation by all stakeholders to ensure that fuel availability would not be problematic.

An alternative means to reduce air pollutants is the installation of exhaust gas cleaning systems (or so-called "scrubbers"). According to the IMO, around 3,100 of such systems have formally been reported as an approved "equivalent method" by flag administrations in the course of 2020. However, many ports and coastal states around the world have moved to ban open loop scrubber systems due to concerns about adverse effects of the wash water on the marine environment. Hence, those who chose this option to comply with the IMO 2020 rules are now facing significant challenges.

A second concern were the potential safety issues linked to the new fuel types. In this regard the IMO reported that no safety issues or catastrophic damages were submitted to the organisation throughout the first year of the new rules. While this is reassuring, Charlotte Røjgaard from Bureau Veritas' VeriFuel, noted that there were a few "bumps on the way but that the industry is stabilising post IMO 2020".

In a recent IUMI webinar, she highlighted viscosity variations and geographical variations as significant factors of the new fuel blends: VLSFO characteristics showed a wider viscosity distribution and generally lower viscosity. George Margetis from Margetis Maritime Consulting added that the new blends require an extremely careful onboard fuel management. A greater awareness of the fuel properties with regard to managing storage, treatment and onboard fuel handling temperatures is therefore required, thus adding to the complexity of the fuel handling.

[The webinar recording and slides are available here.](#)



# Why we need a connected insurance experience



Stefan Schrijnen  
Chief Commercial Officer

Insurwave  
IUMI Professional Partner  
[www.insurwave.com](http://www.insurwave.com)

Is it possible for insurers, brokers and insureds in the specialty insurance market to be connected seamlessly, share data and insights in real time, and eliminate the administration burden that gets in our way – reducing costs and delivering a better experience? Technology is the connecting tissue that makes this possible, and it will improve outcomes for the whole market.

## A connected insurance experience

So how exactly can technology help? To take a practical example, if a consignment of COVID-19 vaccines were produced in Belgium and shipped to the Gambia, all of the parties involved in insuring that journey would be connected via an online platform, with asset and policy information shared centrally, providing auditable transparency.

The administration of risk transfer and risk management would be eliminated. If, for example, the value of vaccines changes, the contract and premium would be automatically updated. Any documents needed would be automatically generated.

Underwriters would be connected to a live data feed of asset, exposure and policy information and insights – such as what type of transport the vaccines were on and any significant temperature changes – enabling them to form a deep understanding of the evolving risk.

All of this would mean that administration was drastically reduced, costs were lowered, and insurers and brokers were freed up to spend more time on services that really add value. The end client would receive services and products better suited to their needs and would receive what we all now expect: a great customer experience.

## What could this look like for you?

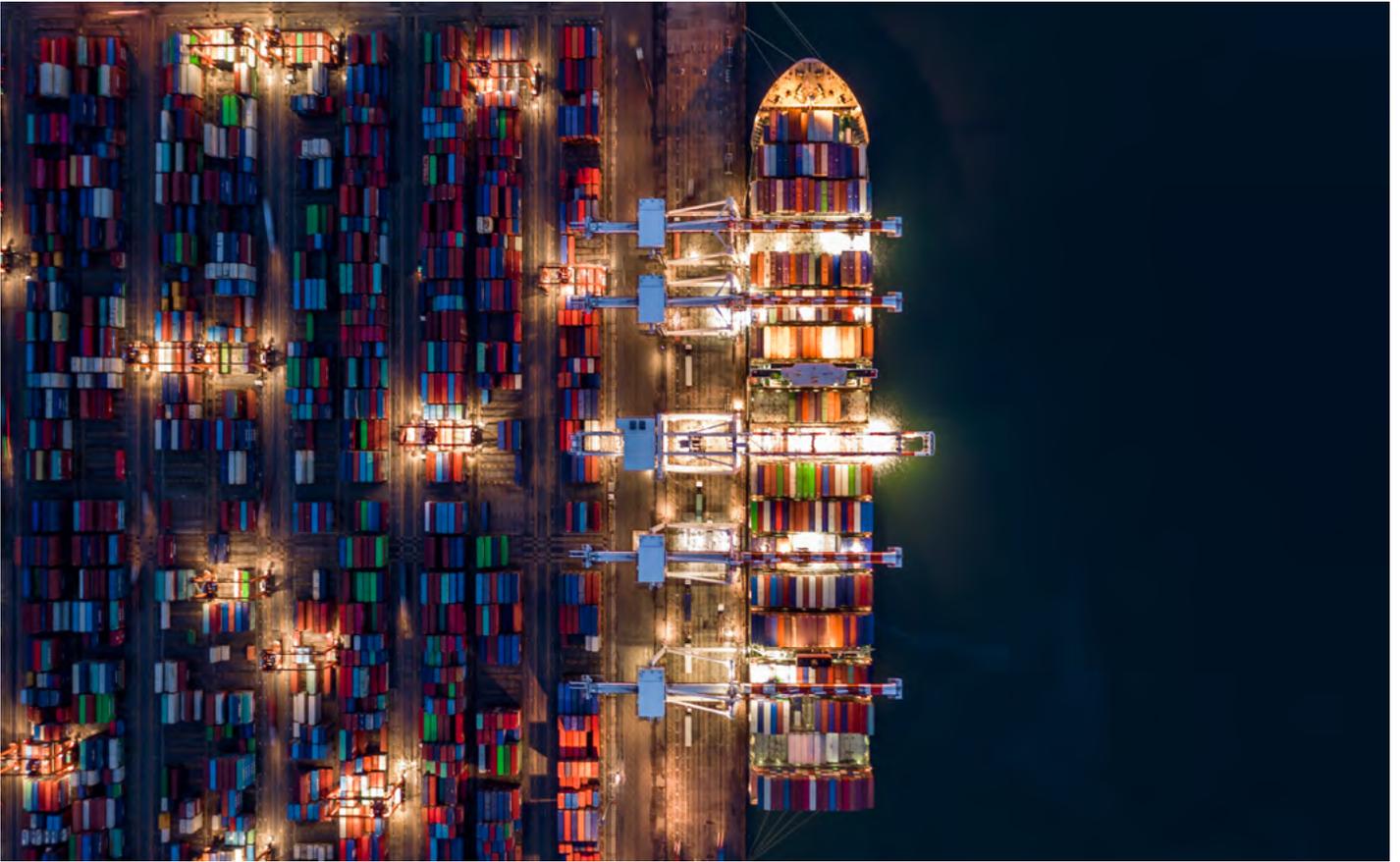
A connected insurance experience creates opportunity for everyone. For example:

1. If you eliminated manual admin, (how) would you reinvest the time?
2. How would a seamless, connected insurance experience impact your relationship with your clients and distribution partners?
3. As your understanding of clients' risks and exposures becomes more fine grain, would your products and services evolve to match?

Perhaps the toughest question is how to start. Whatever your vision for the market, technology is finally the execution vehicle – and strategic enabler – we always needed it to be.

[Find out more about a connected insurance experience here.](#)





By Lars Lange  
IUMI Secretary General

## Industry publishes new and improved cyber security guidelines

The fourth edition of the industry cyber risk management guidelines, "Guidelines on Cyber Security Onboard Ships", was published in December 2020 and sets the foundation for further improvements and refinement of companies' cyber security risk assessments.

Version 4 of the guidelines have been published at a time when shipowners and ship managers are faced with a requirement to implement cyber risk management in their safety management systems (SMS) by the time of their first Document of Compliance audit after 1 January 2021. While the previous version (version 3 dated November 2018) offered the necessary guidance for the initial work of implementing cyber risk management in the SMS, the new version contains several improvements.

The new guidelines contain general updates as to best practices in the field of cyber risk management, and as a key feature, includes a section with improved guidance on the concept of risk and risk management. The improved risk model takes into consideration the threat as the product of capability, opportunity, and intent, and explains the likelihood of a cyber incident as the product of vulnerability and threat. Thus, the improved risk model offers explanation as to why still relatively few safety-related incidents have unfolded in the maritime industry, but also as to why this should not be misinterpreted and make shipping companies lower their guard.

The fourth edition of the guidelines were produced in cooperation with a number of maritime industry organisations: BIMCO, Chamber of Shipping of America, Digital Containership Association, International Association of Dry Cargo Shipowners (INTERCARGO), Interferry, International Chamber of Shipping (ICS), INTERMANAGER, International Association of Independent Tanker Owners (INTERTANKO), International Marine Contractors' Association (IMCA), International Union of Marine Insurance (IUMI), Oil Companies International Marine Forum (OCIMF), Superyacht Builders Association (Sybass), and World Shipping Council (WSC).

[To view the latest guidelines please click here.](#)

# Vaccination in Latin America and its logistics



By Iván Huertas  
ALSUM Consultant

In November 2020, society enthusiastically received from a number of pharmaceutical companies such as Pfizer and Moderna the news that they had found a 90% or more efficacy in their COVID-19 vaccines. This meant that governments could finalise purchase agreements for their doses, approving their emergency use and finally designing the logistical plans to face the challenge of distributing millions of vaccinations.

For Latin America, infrastructure is an important factor to consider when transporting vaccines, as it has regions that are difficult to access such as the Amazon jungle, mountainous regions or areas that cannot be accessed by road, only by air or water.

Taking as a reference 11 countries in the region: Brazil, Mexico, Argentina, Chile, Colombia, Peru, Ecuador, Panama, Bolivia, Uruguay and Costa Rica; approximately 720 million doses (image 1) of the different available vaccines have been purchased and some agreements are yet to be finalised.

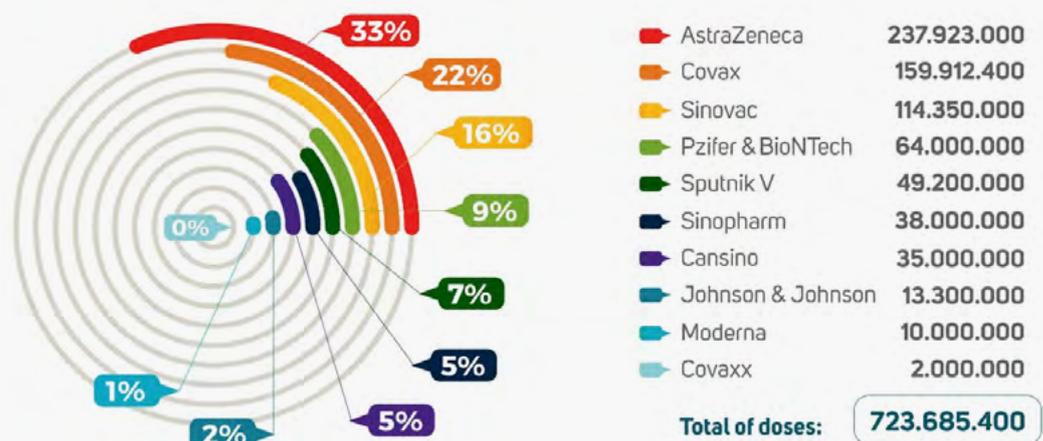
Approximately 90% of the doses acquired to date require a controlled temperature between 2°C and 8°C for transportation. Although these requirements are standard for any type of vaccine and the experience and infrastructure are already available there are still some challenges:

- 1) to keep the temperature controlled since any variation can impact on effectiveness,
- 2) to have the necessary logistical equipment to guarantee the transportation of the doses in the established times,
- 3) to have adequate assurances and,
- 4) establish protocols that provide cargo security.

On the other hand, 10% of vaccines present a greater logistical challenge since they are required to be stored at temperatures of -70°C for the Pfizer vaccines and -20°C for Moderna. This involves the acquisition of deep-freezing equipment for the storage, transportation and distribution of the millions of doses purchased. In addition, insurance companies must establish the risks faced by the logistics chain with this type of high-value cargo as it is vulnerable to temperature changes, mishandling or theft, and requires the necessary insurance.

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Distribution of purchased vaccine doses by company/agreement in Latin America



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 Vaccination in Latin America and its logistics

Continued

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Below are some of the logistical challenges being faced by some of bigger countries in the region (that represent 68% of its total population):

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**Brazil**

In Brazil, all CoronaVac vaccines will be stored in the Distribution and Logistics Center (CDL) of the Ministry of Health, which is in Guarulhos, in the metropolitan region of São Paulo.

For transportation to the South, South-east and Midwest regions, vaccines will be delivered only in refrigerated trucks and vans that will be checked before departure. In the North and Northeastern regions, transportation will be by air and, upon arrival at the destination, air-conditioned vehicles will transport them. Some places will even have boats with special chambers to support transportation.

Following the arrival at each location, the storage of the vaccines and the onward logistics are the responsibility of the local councils. There are 150 vehicles in the current fleet throughout Brazil, including trucks and vans, and all have a satellite tracking and blocking system. In addition, another way to maintain transport security will be through armed escorts carried out by the Military Police throughout the country during the trip.

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**México**

The Mexican government plans to roll out vaccines that require deep freezing in urban areas, and for rural regions vaccines that only require freezing and/or refrigeration.

The UNAM (National Autonomous University of Mexico) made 20 ultra-freezers available to the federal and Mexico City governments to contribute to the cold chain, essential to support the vaccination process against COVID-19. Together, they have a capacity of 10,500 litres, which would allow the storage of three million to four million doses of the vaccine from the pharmaceutical company Pfizer.

Mexico has around 300 freezers throughout the country for the preservation of the vaccine. Most of these teams belong to the state, but others were provided by various higher education institutions.

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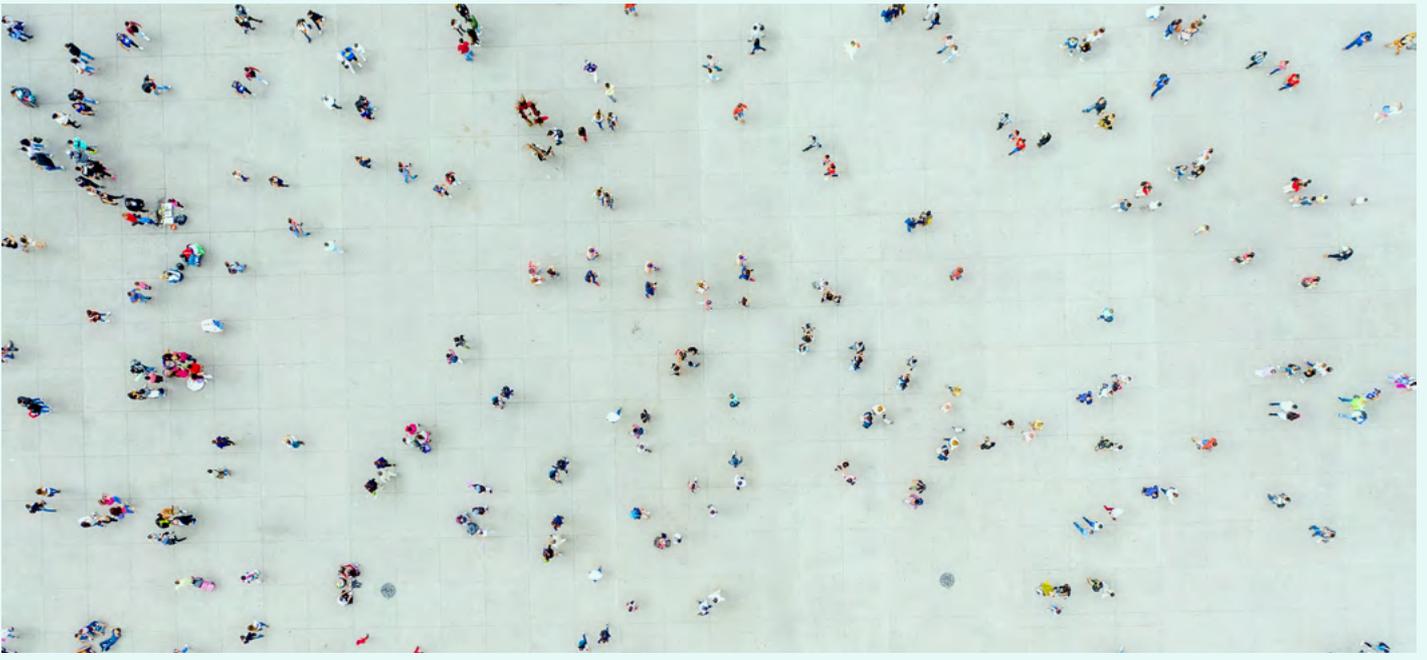
**Argentina**

The doses will arrive by air and then Correo Argentino (the local Post) will take care of the distribution by land in all the provinces except Santa Cruz and Tierra del Fuego. In those two provinces the vaccines will arrive by Aerolíneas Argentinas planes, and once they are there, Correo Argentino will distribute the vaccine locally.

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**Colombia**

To guarantee the cold chain it is planned to acquire 44 freezers, nine of which are already in the national territory. Additionally, a warehouse in the Bogota free zone will be established as a distribution centre that has the capacity to store 50 million vaccines since each freezer can hold more than 1,300,000 doses.



# Social inflation: An American phenomenon with international implications

## Part One — Understanding social inflation



By Brian Murphy  
Senior Vice President, Berkley  
Offshore Underwriting  
Managers, and IUMI Legal  
& Liability Committee Vice  
Chairperson

It is difficult to listen to the quarterly earnings call of a publicly traded US insurer without hearing the CEO mention the impact of “social inflation” on the company’s casualty results. The term has only recently become widely used in the US insurance industry, but its first mention was over forty years ago in Warren Buffett’s annual letter to shareholders:

*“The pendulum now is beginning to swing the other way. We estimate that costs involved in the insurance areas in which we operate rise at close to 1% per month. This is due to continuous monetary inflation affecting the cost of repairing humans and property, as well as “social inflation”, a broadening definition by society and juries of what is covered by insurance policies. Unless rates rise at a comparable 1% per month, underwriting profits must shrink.”*

*Warren Buffett  
1977 Letter to Berkshire  
Hathaway Shareholders*

While the American justice system has many strengths, trial by jury frequently lends itself to broad interpretations of the law and outsized awards, often driven more by emotion than by facts, logic, and sound judgment. There are several drivers behind the recent dramatic increase in social inflation:

- General desensitization to large jury verdicts, settlements, and dollar amounts in general – examples include recent multi-billion-dollar jury awards, massive salaries of CEOs and professional athletes.
- More liberal treatment of claims and the expansion of coverage beyond the four corners of the policy – there has been a recent push for insurance policies to cover COVID-19 business interruption claims despite the fact that most policies specifically exclude this exposure.
- Erosion of tort reforms (such as limits on non-economic damages) enacted during the last century.
- Third-party litigation funding where investment groups fund the litigation costs of cases which have high monetary potential in return for a share of the award.
- Changing views of social responsibility and the righting of wrongs.

Social inflation has led to a dramatic increase in the number of lawsuits filed and the damages awarded in many of these suits. This article is part of a three-part series scheduled to follow in the next two editions of IUMI Eye. Part Two will focus on the impacts of social inflation on the insurance industry.



By Michele Cibrario  
FCII, Energy Upstream and  
Aviation Underwriter and  
Vice President, Property &  
Specialty Underwriting, Swiss  
Reinsurance Company Ltd,  
and IUMI Offshore Energy  
Committee Member

## Signs of convergence of offshore energy & offshore wind industries

The roots of ancient wind-driven mills for grain and water-pumping sink deep into history. Yet modern windfarms still bear a striking resemblance to the old technologies. The dawn of the wind industry began far away from the sea, but the search for stable wind patterns encouraged windfarms offshore.

Integrated oil companies are beginning the transition towards renewables, chiefly offshore wind. Investors are pushing for sustainability and, crucially, technology has developed to such a degree that the investment return for offshore windfarm projects is now as competitive as most traditional oil & gas projects.

A large portfolio of windfarms offer high-return investments, a shorter time-to-market, more flexibility and fewer sunk costs. A general political push towards renewables in the form of subsidies adds to the attractiveness.

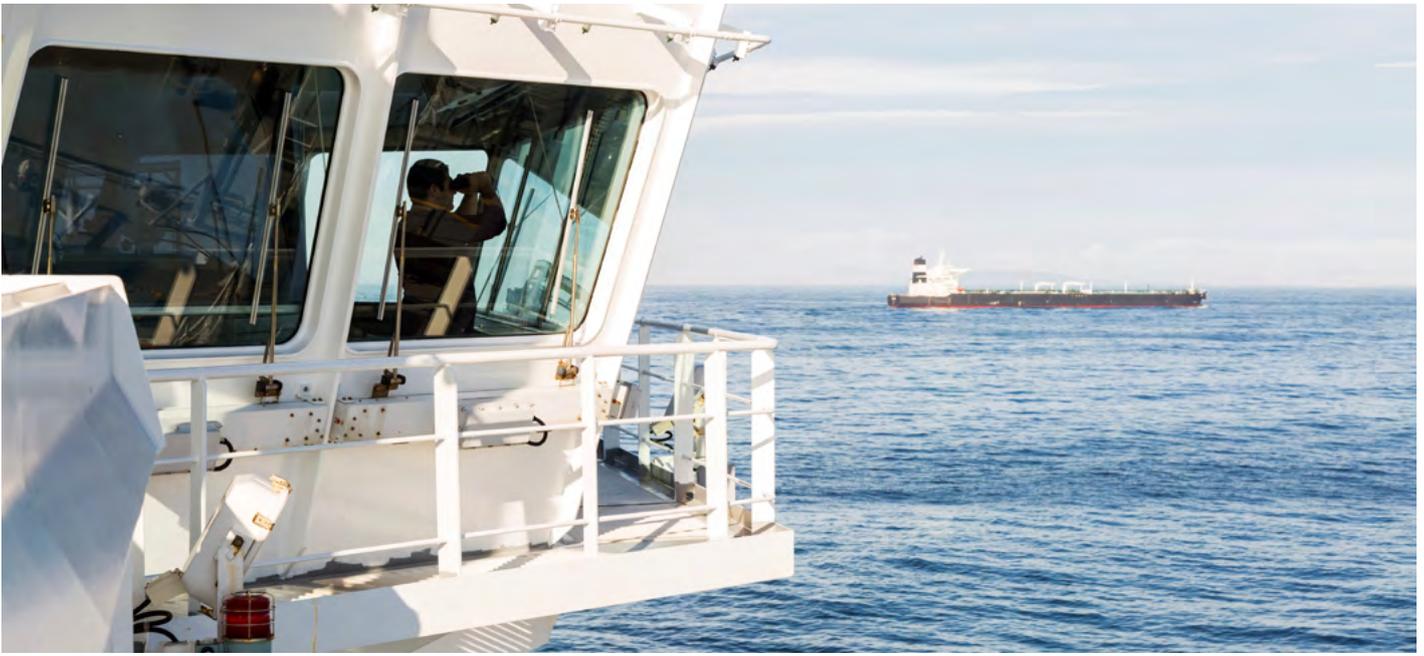
Moving windfarms offshore opens up the sector for the world's oil companies to join the race. The harsh offshore environment is the kingdom of the large oil companies and their offshore contractors, who together, have mastered the complexities of installing and operating platforms on the high seas. There is a convergence of factors here that give a strong hand to the oil companies.

**Offshore environment:** Oil companies have the technological capabilities to design, install and operate giant floating assets and their offshore contractors have developed a customised fleet of hybrid installation vessels.

**Financing:** Oil companies have deep pockets needed to self-finance or they have already lined up the financial institutions who have funded their traditional energy projects. They have the credibility and reputation to receive such vast funding quickly.

**Distribution network:** They have established relationships with the energy buyers. Many energy-intensive industries already have long-standing preferential supply contracts in place with the oil companies. And a number of oil companies themselves own the electricity networks in their own countries.

It is not surprising that many oil companies have moved from initial curiosity to a muscle-flexing financing of major shares in offshore windfarms. IUMI's Offshore Energy Committee had predicted that oil companies would step in to take full control of deep-sea windfarms. The time is now ripe to study how the insurance market can navigate such convergence and handle the large energy captives stepping up to the plate.



## A look at the Gulf of Guinea



By Neil Roberts  
Head of Marine Underwriting,  
Lloyd's Market Association and  
member of the IUMI Policy Forum,  
IUMI Member Association  
[www.lmalloyds.com](http://www.lmalloyds.com)

The Gulf of Guinea security problem is an intractable set of circumstances featuring at its heart a nation afflicted by tribal tensions. The Gulf is rich in fish but Nigerian revenue is significantly impacted by illegal fishing, losing an estimated USD \$600m whilst importing USD \$800m, being the fourth largest fish importer after China, Japan, USA. The Nigerian Navy has had some notable success in arresting vessels fishing illegally. This sits alongside the continuing overall failure against pirates.

Nigeria is a proud country and does not want external help, specifically not naval interference. On the other hand it seems heedless of its lowly standing in the corruption index maintained by Transparency International. And even though Nigeria has now conceded that piracy should be recognised as a crime, there have been no prosecutions of genuine pirates.

It's a known situation with inevitable attacks so a claims adjuster might ask whether a claim from such an incident would really be a fortuity. The recent dissolution of the safe anchorage (its very existence being an indicator of the problem) means yet more reliance will be placed on the local fleet of escort vessels that are available for hire.

During last year, it was obvious the range and ambition of the attackers was expanding, partly to avoid patrols, so the Joint War Committee (JWC) adjusted its reporting boundaries accordingly in September to improve awareness. The pirates soon reacted and attacks were reported further to the west, off Ghana. There is an unhelpful silence from the littoral states.

Flag is not a factor in targeting according to the International Maritime Bureau (IMB) but obviously the more vessels from any given flag that trade in the area, the more chance there is that one will be picked off. We know that crews are held in primitive conditions, and that the pirates take care to abduct the cook so he can look after the others in the jungle.

What can be done is a common question. It's partly about hearts and minds and partly about drying up easy income streams and replacing them with something legitimate. Such criminality is born of conditions and attitudes ashore and until they change, very little progress can be expected.



By Capt. Henrik Uth  
Member of the IUMI BDD  
Forum, and Managing  
Partner, Survey Association  
of 1914 Ltd.

Covid-19 travel restrictions have prevented a number of marine surveys from taking place as physical attendance onboard vessels has been restricted since the spring of 2020. However, underwriters still require an insight and assessment of the risk being underwritten.

### The challenge

Renewal of a H&M policy required a condition survey to be carried out on a 1954 built cable ferry, operating on Lake Ontario in Canada. The ferry was approximately 300km from Montreal and it was not possible to find a qualified local surveyor to attend.

### The solution

The underwriter, Tokio Marine HCC International (TMHCC) and the broker agreed to deploy a remote survey application (Survey Association (SA) remote) to secure the required information and survey, due to the inability to access the vessel.

### The survey

Upon acceptance from the broker, SA sent "how-to-do" guidelines to the Master, who downloaded the app. Once his email was verified and his account approved, he could select the appropriate survey template and conduct the non-IMO condition survey, covering all aspects of the vessel, from machinery, certificates to life/fire safety and deck equipment.

The Master conducted the survey in less than four hours as he was familiar with the vessel, and he took a video of the engine start-up, hull and equipment. He uploaded certificates, flag state inspection reports, and pictures of the deck and steering house among others, and he filled in the relevant questions.

Once the self-survey was completed, the Master went online and submitted the survey. SA operations department received a system notification for the receipt of a survey, and a qualified surveyor logged on the back-end of the system for review of all the input submitted.

The desktop survey took three hours in total, and the condition of each department of the vessel was rated by the SA surveyor.

### The outcome

The Survey onboard took four hours, the desktop review took three hours. In total seven hours were spent on the survey and zero hours on transport and the broker and underwriter had the report in hand within a business day.

The remote survey was a success as the vessel had good mobile connectivity for the survey upload, the Master was familiar with the vessel and provided all relevant information in the first instance. There was no need for further interaction between the vessel and the surveyor.

The smaller size of the vessel and the fact that it operates in brown water were factors that proved ideal for this type of self/remote survey. In reference to damage surveys, the type of casualty may be a limiting factor, proving more suitable for less complex claims, such as a grounding claim. However, the remote survey has been used on engine room fires on large container ships as a complementary tool, where it is the accuracy of initial assessment which is difficult.

## Remote survey — A case study





## Congratulations to the successful IUMI exam candidates

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## IUMI welcomes new IUMI Technical Committee members

With great pleasure we welcome new members to IUMI's Technical Committees. We would like to thank each and every one of you for volunteering your time, knowledge and expertise, and helping IUMI to continue its role as the influential and trusted voice of global marine insurance.

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