

What can't you see in the data?



By Nick Maddalena, Head of Insurance Business, Windward and IUMI Professional Partner, www.wnwd.com, 7th February 2020

2019 was a pivotal year for marine insurers who are increasingly in the crosshairs of regulators around sanctions compliance. Between March and November, three advisories were published by the US Department of the Treasury specifically referencing marine insurers (among other industries in the maritime ecosystem). Ignorance is no longer a viable defence and regulators require proactive screening of vessels. Market leaders are already adopting relevant technologies and services to screen new business and monitor their portfolio.

So, how can re/insurers know which vessels are safe to do business with? Just a few years ago, the trade in Iranian or Venezuelan oil was heavily reliant on the use of national fleets, with the same tanker carrying the cargo from origin to destination. This is no longer the case. Sanctions evaders have developed new, more durable, ways to trade under the radar. These include:



- ? Using multiple fleets and networks to reduce reliance on a single operation.
- ? Removing direct ownership ties to sanctioned entities or countries.
- ? Making the cargo change hands at least once during a trade.
- ? Routinely moving between identities and companies.
- ? Using floating storage in remote locations to disguise the cargo's origin.
- ? Letting the passage of time disguise the origin.

Using tracking data from vessels' AIS means that insurers can screen the movement of ships for signs of illicit activity such as smuggling, trafficking, or sanctions evasions. However, what you can see and screen is not the challenge today. In fact, more often than not, it's what you can't see in the data which points out the biggest risks.

Behavioural analytics is key to effective screening. Even the best tools; screening against lists, port calls and ownership data, fall short when they come up against the elaborate schemes employed by those interested in evading sanctions. During February and March 2020, Windward is offering insurers a [complimentary sanctions review](#), analysing their exposure to sanction risks, including:

- ? An audit of their ships' activities for sanctions risk.
- ? An overview of suspicious behaviour in or near sanctioned countries.
- ? A breakdown of the ships' main behavioural risk drivers.
- ? A list of named ships with recent suspicious activities.