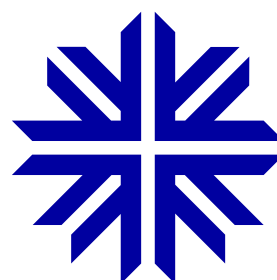


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IUMI

Message from the President

Evolution not revolution



Richard Turner
IUMI President

This is my first message for IUMI Eye and I'd like to take the opportunity to thank the IUMI Council for giving me the honour to serve as their President. I would also like to give special thanks to my two predecessors, Dieter Berg and Ole Wikborg, for the hard work and dedication they have given to our Association over many years. I had the privilege of serving IUMI as an Executive Committee vice-chair between 2011 and 2015 and also being a member of the Nominating Committee before that. To be taking the helm as President is truly an honour. I look forward to building on the achievements of Ole and Dieter and to maintain IUMI's position as the influential voice of the marine insurance industry in the years to come.

I was delighted to see that this year's conference in Cape Town was a great success and would like to thank the organising committee for making the first IUMI conference on African soil truly spectacular. The speakers, panelists, IUMI Professional Partners (IPPs) and delegates each play a vital role and they are all to be congratulated.

This year, our theme was "Managing emerging risks and exposures – think the unthinkable" and I honestly believe that we could not have had a more fitting title. Marine insurance is changing, as is the shipping industry itself. We are facing an increasing array of challenges ranging from short term cyclical problems to longer term structural issues. Profitability is under pressure, brokers have developed new placement techniques, online platforms such as PPL (Placing Platform Limited) have been created and this will change the way we conduct our business.

We need to understand the impact of change and, in particular, how it affects our ability to recruit, retain and develop talent. Innovative thinking is required and we must all be receptive to doing things differently in the future.

I am looking forward to working with the new Executive Committee and Technical Committees to continue IUMI's good work and help the industry through these challenging times. We will continue to strengthen our presence at IMO, continue to raise our profile worldwide, and continue to enrich our political and lobbying work through the excellent work of the Policy Forum.

With colleagues, I intend to build on what IUMI has successfully accomplished so far including investing in our role as educational facilitators for the industry; developing our strength and partnership with our affiliated organisations; and continuing to grow our membership infrastructure and encouraging new members and countries to join our organisation.

I look forward to furthering IUMI's vision and strategy and am confident that our IUMI journey over the next few years will be one of evolution not revolution.



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

The International Union of Marine Insurance (IUMI) has officially launched its online cargo tutorial programme. 11 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.

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





Save-the-date
22–23 May 2019

IUMI Asia Forum 2019

The second IUMI Asia Forum will take place in the buzzing city of Shanghai on 22–23 May 2019. The event will be organised in cooperation with our Chinese member association, the Shanghai Institute of Marine Insurance (SIMI). Hot topics such as fintech, the One Belt One Road policy and free trade zones will be discussed and presented by leading marine insurance professionals from around the world.

The IUMI Asia Forum is a new format which was established in 2018 to complement the work of the IUMI Asian hub in Hong Kong. The event provides an opportunity to give IUMI more visibility in the growing Asian markets and to move IUMI closer to our members and partners in this region.

We invite you to save the date in your diary!



IUMI online cargo tutorial is taking off — be part of it!

By Hendrike Kühl
IUMI Policy Director

Our very [first online tutorial](#) was launched in August this year and we currently have an eager bunch of students working through the contents of the eleven modules of the cargo tutorial. The feedback we received so far has been very positive and several students have already finished working through the programme.

The course has been set up so that it is suitable for new as well as more experienced underwriters. New marine cargo professionals who are “freshers” in this line of business and who have no knowledge at all will receive an excellent overview. The student activities in particular will help to gain a greater knowledge of their own business.

Individuals who will benefit most from the cargo tutorial are those who have approximately three to five years’ experience and have had some exposure to the book of business that their insurer is writing. For them the opportunity to ask questions and think about what they are seeing and doing within their own organisation will be greater, and they will derive additional benefit overall through application and reinforcement of existing knowledge as well as gaining fresh information.

The tutorial can also be viewed as a relevant source of information by senior underwriters who wish to refresh a single topic such as stock throughput or trade clauses, etc.

On top of the actual content, we offer an online exam which can be taken once per quarter. The exam is based on a variety of question types (not only multiple choice). Our exams are supervised by a remote administrator to make sure no “external help” is used during the test. Students who choose to sit the exam and who pass it will be awarded a certificate from IUMI which includes their score. The pass mark is 70%, a certificate with distinction will be awarded to students who achieve 90% or higher.

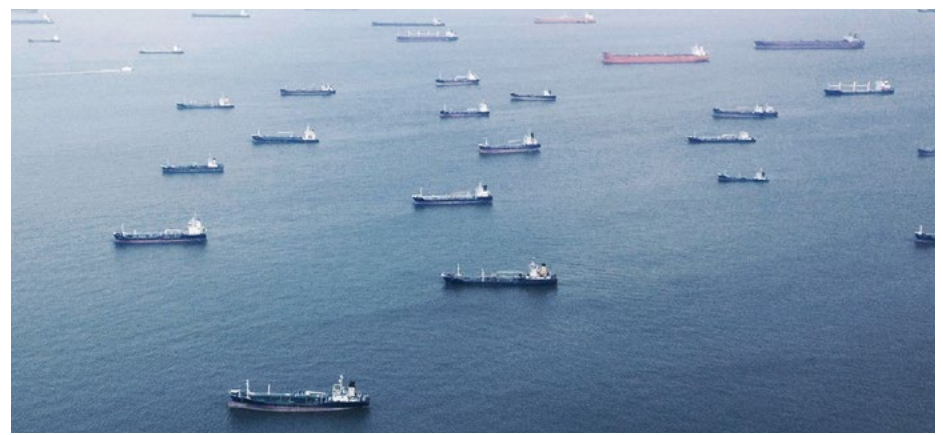
Do you have any questions about the cargo tutorial? Please contact me at hendrike.kuehl@iumi.com and I will happily help.



IUMI Membership Brochure now available

We are pleased to announce that our new membership brochure is now available. Published in five different languages – English, Spanish, French, Portuguese and Mandarin.

Please click on the link to download <https://iumi.com/about/introducing-iumi>



New IUMI member category — Associate Membership

By Lars Lange
IUMI Secretary General

IUMI decided during the IUMI Cape Town conference in September 2018 on a new membership category in addition to the “Ordinary Membership”, the so called “Associate Membership”. Based on the new article 5a of IUMI’s Articles of Association, applicants can become temporary Associate Members for up to a maximum of three years. In this period Associate Members have to decide whether to become an Ordinary IUMI Member or to leave. The new Associate Membership has limited membership rights, and accordingly the membership fee for Associate Members is lower compared with Ordinary Membership.

Associate Members benefit from full information rights such as access to the password protected areas of the IUMI homepage and database, access to the conferences and events as well as access to the IUMI education programme. However, Associate Members are not able to vote with the IUMI Council or join the IUMI Technical Committees and Executive Committee. This membership is intended to help Associate Members obtain an excellent insight into IUMI and IUMI’s work in order to then decide their next steps on membership on a more educated level.

This new membership category will assist IUMI in gaining new member associations, particularly in regions from IUMI’s development strategy such as South-East Asia, Middle East, Latin-America and Africa. Decisions on applications for Associate Membership are made by the IUMI Executive Committee and not – as for Ordinary Members – by the IUMI Council. This makes the instrument more flexible and enables Associate Members to join at any time.

In October 2018, based on the decision taken by the IUMI Council, the IUMI Executive Committee approved the first application for Associate Membership put forward by the newly founded Myanmar Insurance Association MIA. IUMI welcomes MIA and will do its utmost to make the MIA Associate Membership a success.



Policy Forum

Fuel quality and safety in IMO conventions: A growing challenge, even prior to 1 January 2020



By Neil Roberts
Head of Marine Underwriting,
Lloyd's Market Association
and member of the IUMI Policy Forum

At the 100th session of the International Maritime Organization's (IMO) Maritime Safety Committee (MSC) meeting discussions on fuel quality and safety were high on the agenda. Poor fuel quality is a problem which affects many stakeholders in the supply chain.

The contamination incident which occurred in the United States Gulf ports in the summer highlighted that biofuels are not properly catered for under the International Organization for Standardization (ISO) standard 8217. They fall, at best, under the stipulation that fuels should be fit for purpose. Numbers vary, but at least 100 ships were affected by their supplied biodiesel fuel which contained added substances, namely fatty acid methyl esters or FAME. In many cases, this adversely affected the performance of the machinery.

Biofuel contamination shares a commonality with fuel containing too many deliberately introduced catalytic ("cat") fines – in both cases, the fuel supplied is unfit for use. In the case of cat fines, the fuel is known in advance to be unusable as supplied, whereas with biofuels, deficiencies only manifest in use. If fuels are unfit, in contravention to the requirements of MARPOL Annex 6, the validity of marine insurance cover may be called into question where ships are rendered unseaworthy.

IUMI believes that the current system of leaving the testing or damage to the end user is outdated. This approach has become unacceptable and must be changed. The motor and aviation sectors are positive examples of how the supply system works more effectively. Governments have agreed to compel the use

of certain grades of fuel for ships; they should now equally recognise it is time to oblige the refineries to do the testing – not the end user. Traditionally, refiners have argued this can be done but will be more expensive. That rather old defence should be balanced against the cost of filtration systems and scrubbers across the world fleet, the cost of engine repairs, the increased risk of a consequent collision and pollution and by no means least, the cost of delay in deliveries.

There are potential third-party safety risks as the new blends of fuels have variable properties which are not standardised; they have different viscosity, flash points and pour points, meaning not only is performance unpredictable, they cannot be safely mixed with other new blends of fuels. The inevitable result will be more claims as a result of combustion problems.

If no remedial action is taken, there will be continued and growing expense, anticipated to be worse than the wave of cat fines claims after the SOx regulations of 2005. There could also be ensuing disruption to financial and social stability in a globally connected trade system where any delay has potentially significant consequences. As insurance will not automatically pay for the resultant damage, the cost will inevitably be passed via the owners and charterers to the voting consumer. IUMI would hope that IMO will encourage ISO to embark on the urgent amendment of the ISO 8217 legislation to deal with biofuels and indeed the 2020 sulphur cap.

The case for data-driven technology to manage cargo accumulation



By Matthew Madahar, Pre-Sales and Support Manager, and Graham Libaert, Director Data Acquisition

Concirus, IUMI Professional Partner
www.concirus.com

No disaster is more illustrative of the need to understand risk accumulation for the marine insurance market than the Tianjin explosion of 2015. This disaster still marks the biggest single loss in history for marine, with damages estimated at a cost of USD 2-3 billion in total. Just a few months ago, Dieter Berg, president of the International Union of Marine Insurance (IUMI), spoke out about the increasing, immediate need for insurers to manage “unthinkable” risks.

The big challenge that stands between insurers and managing these cargo risks more effectively is access to reliable real-time information about the location and condition of the insured cargo. The data certainly exists, but it is very fragmented – everybody in the supply chain has their own data, in their own legacy systems, being used for their own needs, with little or no connection between the links in the chain.

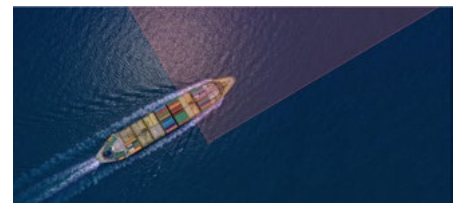
Without access to this real-time data and accurate historic exposure accumulation, insurers are exposing their portfolios to large events as well as having to use buffers in their pricing to account for uncertainty. Buffers that are proving insufficient. Additionally, overcapacity in the market has made applying this buffer almost impossible, as premiums are at an historical low.

The Internet of Things and technologies like blockchain, machine learning and artificial intelligence have made it possible, for the first time ever, to adopt a real-time view of cargo risks.

With access to real-time information, underwriters could immediately limit their exposure by:

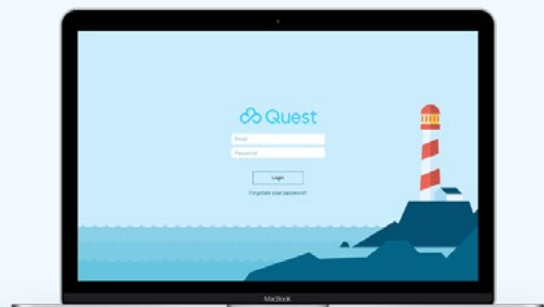
1. Determining the true nature of the risk and therefore **the appropriate line size** to write on a new policy
2. Calculating much more accurately the **appropriate limit for a policy** and limit the risk of over-insuring
3. Take appropriate action to **mitigate risk**

With continued growth in world trade, the accumulation observed in the Tianjin disaster might be unavoidable, so it is vital that insurers are better prepared. By leveraging real-time cargo data, underwriters who are able to adopt real-time tools and data into their practice can be confident they will not be overexposed and they will be able to react more quickly to mitigate the impact on their bottom line.



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Gain a more accurate understanding of your marine portfolio so you can write more risks with less risk.



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Policy Forum

First IACS cyber recommendations published



By Lars Lange
IUMI Secretary General

In late September 2018, the International Association of Classification Societies (IACS) published nine of its 12 recommendations on cyber safety with the aim of enabling the delivery of cyber resilient ships whose resilience can be maintained throughout their working lives. The recommendations are the result of a long-term initiative from IACS that has benefited considerably from cross industry input and support. The IACS recommendations address the need for:

- a more complete understanding of the interplay between ships' systems;
- protection from events beyond software errors;
- in the event that protection fails, the need for an appropriate response and ultimately recovery;
- in order for the appropriate response to be put in place, a means of detection is required.

IACS recognised that, in order for ships to be resilient against cyber incidents, all parts of the industry needed to be actively involved, and so convened a Joint Working Group (JWG) on cyber systems with participation from IUMI. A significant part of the JWG's work has been identifying best practice and appropriate existing standards in risk and cyber security and identifying a practical risk approach. Consequently, the 12 IACS recommendations, collectively, not only provide guidance on the most pressing areas of concern but work as building blocks for the broader objective of system resilience.

IACS recognises that these recommendations are only an 'interim' product and that they will be subject to amalgamation into a larger document with more consistent language, overlaps removed and common material consolidated. IUMI will continue to contribute and help to make the IACS cyber recommendations a success.

2018 IUMI statistics: The global economy continues to recover, while marine insurance results remain under pressure



By Astrid Seltmann
Vice Chair of the IUMI Facts and Figures
Committee and analyst/actuary of The
Nordic Association of Marine Insurers
(Cefor)

At the 2018 IUMI conference in Cape Town, the Facts and Figures (F&F) Committee gave its usual update on the macroeconomic environment and shipping market (presented by Donald Harrell, Chair) and the global marine insurance market (presented by Astrid Seltmann, Vice Chair).

F&F member Dave Matcham updated delegates on IUMI's major claims database project and gave a glimpse into the results of the 2017 pilot. Guest speaker Thea Fourie, from IHS Markit in Johannesburg, rounded off the session and added a local perspective by giving an overview on medium term risks and opportunities in the Sub-Saharan African market.

Facts & Figures Committee work

The core of the committee's annual work is the production and publication of extensive statistics in spring and autumn, which provide insight into the trends in the marine industry in general, and marine insurance specifically. Various analyses identify the impact of global trends and key data on marine insurance. A pilot project for establishing a major claims database was carried out. The committee partnered with other IUMI committees to investigate relevant issues and strengthened its relationships with established and new data providers. Committee members represent a wide pool of knowledge in terms of geography and specific areas of competence.

Economy and Trade

Growth of the global economy continues to accelerate and reached its fastest pace since 2010 in 2018. Commodity prices will rise only gradually, if at all, but generally the outlook is more positive than it has been for a while. Uncertainty remains as to how changes in national trading policies, Brexit, financial uncertainties and ongoing conflicts in various parts of the world will influence the future macroeconomic development.

Shipping and offshore energy markets

World fleet growth is easing, and the average fleet age is increasing. Ship earnings are improving, but still competitive. Since the oil price started to rally in 2017, activity in the offshore sector has started to gain traction again.

The global marine insurance market

Cargo:

While the upswing in global trade triggered a 6% increase in the overall cargo premium, cargo insurance results in recent years were heavily impacted by large event losses (Tianjin, satellite, hurricanes/nat-cat, Mærsk Honam). Increasing risk accumulation on single sites is a challenge which needs better monitoring, but also increasing expenses and coverage extensions are a concern.

Hull:

The overall hull premium was down 2.3% in 2017 but comparing the hull premium and average vessel values to the world fleet development reveals an increasing mismatch between fleet growth and hull income. This development is also reflected in the global hull insurance results, which continued to deteriorate substantially over the last three years. This is despite a benign claims environment with few major losses and moderate claims frequency and cost. The only extraordinary claims impact on the 2017 results came from hurricane losses on yachts.

Offshore Energy:

After two years with more than a 20% drop in the offshore premium, the decrease flattened out in 2017 after the oil price started to rally. With the reduced activity followed a modest major claims impact, but with substantially reduced income levels attritional losses took an increasing share of the premium. Through renewed activity in the sector the outlook is currently more positive, but the claims potential arising from the reactivation of complex offshore units is a concern.

In general, the market environment is improving in all segments. However, sustainability of results can only be achieved by a robust risk evaluation taking into account all risk aspects, such as scope of coverage, characteristics of the covered risks, accumulation scenarios, climate change, new technology and the combined effect on expected claims costs.

2018 IUMI statistics: The global economy continues to recover, while marine insurance results remain under pressure
Continued

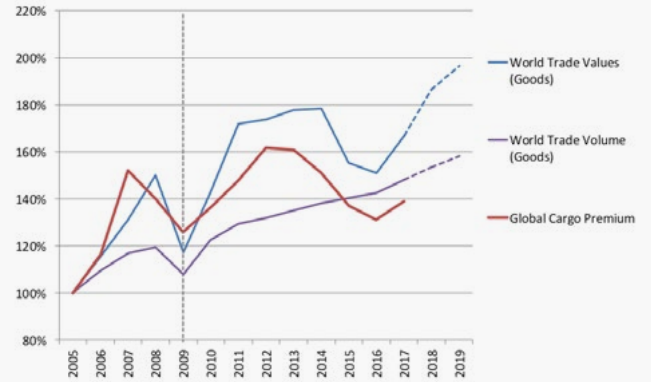
Cargo Premium versus World Trade Values and Exports

Evolution of world trade values and cargo premium seem to correspond

Premium also reflect exchange rate influences.

Extended risk covers and the increasing risk of event losses (risk accumulation) need also to be taken into account!

Index of evolution, 2005 = 100 %



For more insight please look at the Facts and Figures publications at <https://iumi.com/statistics>

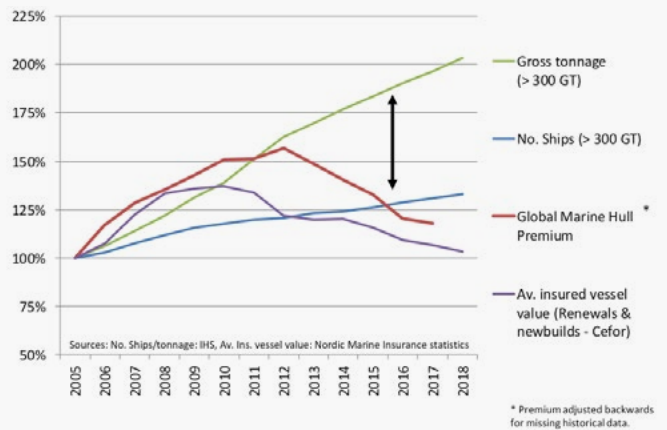
Hull Premium / World Fleet

World fleet continues to grow, especially in tonnage.

Hull premium deteriorates in line with ship values.

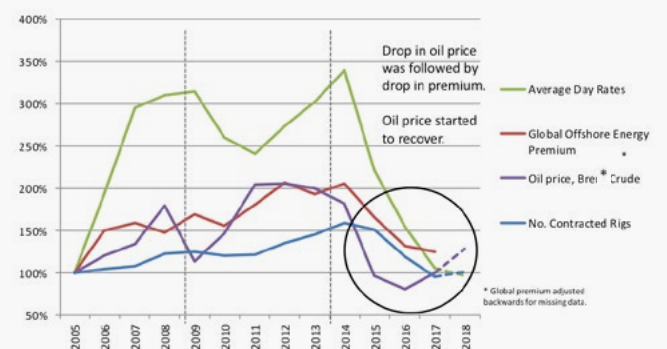
Increasing mismatch between fleet/vessel growth and income.

Index of evolution, 2005 = 100 %

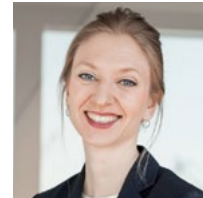


Offshore Energy Premium

Energy mobiles, day rates oil price



Collision liability and autonomous ships — Seeking fault in the distance



By Lina Wiedenbach
Lawyer at Arnecke Sibeth Dabelstein
and CMI Rapporteur of the International
Working Group on Unmanned Ships
Arnecke Sibeth Dabelstein,
IUMI Professional Partner
www.asd-law.com

In anticipation of the advent of autonomous shipping, it is contended that the present fault-based collision liability regimes of most jurisdictions do not sufficiently cater for the situations that may arise.

The wording of the 1910 Collision Convention and the national collision regimes based on it (often applicable also outside the rather narrow scope of application of the convention itself) assume that fault can either be found among the vessels (read: the shipowners or their servants) themselves or not at all. The latter cases have traditionally been referred to as events outside of the ship.

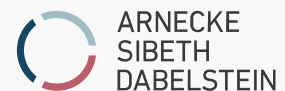
The wording of the convention does not cater for the situation that the collision was caused by the fault of a third-party contractor in relation to work undertaken to one of the ships, despite the fact that in such a situation, the cause must be said to rather lie “within” that ship than outside of it. At the same time, in relation to autonomous shipping, third party contractors, such as software or internet providers, are expected to play an increasingly important role for the safety and security of the ship.

It is unclear if a national court faced with a collision caused by the fault of such a contractor would apply Art. 4 of the convention by analogy. The provision deals with the situation that both vessels are at fault but that the respective degree cannot be established. The result is a 50/50 liability split. Alternatively, the court may instead draw an analogy to Art. 2, dealing with the situation that no vessel was at fault. In such a case each vessel has to carry its own damage. A third viable option is that the court would consider the situation to fall outside of the scope of the convention all together and apply instead to other national rules. The difference may be substantial.

Also, the traditional means of establishing fault will be affected by how the human actions or omissions will move

further away from the collision in time and space. Not only can this be expected to give rise to complex questions of causation, it can also be expected to affect the statutory rules serving as guidance for correct action. For example, without human involvement in the navigation, a breach of the rather straightforward “dos” or “don’ts” of COLREG (Convention on the International Regulations for Preventing Collisions at Sea) can no longer serve as indication for negligence in navigation. Rather, one must look at negligence in management of the ship with guidance in the more generally worded international and national objectives and principles. This arguably increases the courts’ leeway to affirm or reject fault in the individual case.

In essence, it is contended that the current fault-based collision liability regime applied to autonomous ships does not preserve the unification and foreseeability that the 1910 Collision Convention was once drafted to guarantee.



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The large loss database — the voyage begins



By Dave Matcham
Chief Executive, IUA (The International Underwriting Association) and member of the IUMI Facts & Figures Committee

The range of statistics produced by the Facts & Figures Committee continues to broaden and improve. Marine premiums for 2017 are estimated at USD 28.5bn, of which hull sits at USD 6.9bn and cargo at USD 16.1bn. The missing piece of this jigsaw is claims data. After proving the concept of a global large loss database, this should no longer be the case.

With the tremendous assistance from Belgium, Germany, Japan, Netherlands, Sweden and Singapore, around 1200 claims records, each exceeding USD 250,000 or USD 500,000, were supplied to and analysed by IUMI professional partner Boston Consulting Group.

The initial results were presented in Cape Town, and so the voyage begins and the pilot exercise will become a live annual workstream for IUMI from 2019.

In the months leading up to Toronto 2019, a number of enhancements will take place. Most importantly we will widen the network of contributors to include as many IUMI member associations as possible. Secondly, the data template will be expanded in consultation with the original six associations and wider member consultation. The new template will be ready by January 2019 and sent to all associations, each of whom will be contacted for feedback.

I truly believe that this work presents IUMI with a unique database of large losses that will give a global insight into hull and cargo claims. Marine underwriters will not find this level of information so easily elsewhere. The potential for the database, especially in cargo insurance, whose premium shares emanate from every IUMI member association, is huge and valuable to the membership.



By Lars Lange
IUMI Secretary General

73rd meeting of IMO's Marine Environment Protection Committee (MEPC), 22–26 October 2018

Implementation of the sulphur 2020 limit: The new lower 0.50% limit on sulphur in ships' fuel oil will come into force from 1 January 2020, under the International Maritime Organization's (IMO) International Convention for the Prevention of Pollution from Ships (MARPOL) treaty. The new limit will be applicable globally – while in designated emission control areas (ECAs) the limit will remain even lower, at 0.10%. To ease the implementation of the new rules, MEPC 73 adopted a MARPOL amendment to prohibit the carriage of non-compliant fuel oil for combustion purposes for propulsion or operation on board a ship – unless the ship has an exhaust gas cleaning system ("scrubber") fitted. The MEPC also approved guidance on ship implementation planning and guidance on best practice for fuel oil suppliers. MEPC 74 will have further considerations on how to assure sufficient availability of compliant fuel by 2020.

Reduction of greenhouse gas emissions from ships: The MEPC approved the programme of follow-up actions of the initial IMO strategy on reduction of green-

house gas (GHG) emissions from ships up to 2023. The programme of action is intended to be used as a planning tool in meeting the timelines identified in the initial IMO strategy, which was adopted by MEPC 72 in April 2018. The committee invited concrete proposals on candidate short-term measures to the next committee session, MEPC 74 in May 2019. The MEPC approved in this context as well the terms of reference for the fifth meeting of the Intersessional Working Group on reduction of GHG emissions from ships, to be held ahead of MEPC 74. The intersessional group will be tasked with, among other things, considering concrete proposals for assessing the impacts on States of candidate measures; and considering concrete proposals on candidate short-term measures.

Fourth IMO GHG study: The MEPC developed draft terms of reference for the fourth IMO GHG Study, which should be initiated in 2019. It was agreed that an expert workshop should be held in order to discuss technical and methodological issues and advise the committee on the terms of reference of the study. The fourth IMO GHG Study is intended to provide an update of emissions estimates for international shipping for the period 2012 to 2018 and may include scenarios for future shipping emissions and estimates of carbon intensity.

Strengthening the EEDI requirements: The MEPC received the interim report of the review of the Energy Efficiency Design Index (EEDI) "beyond phase 2". The EEDI phases bring in increasingly greater energy efficiency requirements compared to the reference line. The possibility of bringing forward the phase 3 requirement to 2022 (from 2025), for certain ships, was discussed, as well as a proposal to increase the energy efficiency improvement to 40% (from 30%) for container ships. The MEPC invited concrete proposals to the next session (MEPC 74) for further discussion of the proposed amendments.

Action plan on marine plastic litter adopted: The MEPC adopted an action plan to address marine plastic litter from ships, intended to contribute to the global solution for preventing marine plastic litter entering the oceans through ship-based activities.

The action plan identifies a number of actions, which will be reviewed at MEPC 74 prior to further work being undertaken, including a proposed study on marine plastic litter from ships and strengthening international cooperation,

in particular the Food and Agriculture Organization (FAO) and UN Environment. The loss of containers from ships will also be considered in this initiative and a mandatory reporting system shall be introduced. Mandatory tracking devices for each container was discussed but found no majority.

Ballast water management treaty implementation: The International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004 (BWM Convention), entered into force in September 2017 and has, to date, been ratified by 79 countries, representing 80.94% of world merchant shipping tonnage. The MEPC approved guidance on system design limitations of ballast water management systems and their monitoring, and guidance for the commissioning testing of ballast water management systems. The committee adopted amendments to update the guidelines for ballast water management and development of ballast water management plans (G4) to address the incorporation of information on contingency measures in ballast water management plans.

Furthermore, it was agreed that two new outputs should be included in its agenda:

- Review of the BWM Convention based on data gathered in the experience-building phase.
- Urgent measures emanating from issues identified during the experience-building phase of the BWM Convention.

Both with a target completion year of 2023. The committee also instructed the HTW Sub-committee on Human Element, Training and Watchkeeping to develop training provisions for seafarers related to the BWM Convention, with a target completion year of 2021.

Use and carriage of heavy fuel oil as fuel by ships in Arctic waters: IMO has agreed that the sub-committee on Pollution Prevention and Response (PPR) should develop a ban on heavy fuel oil for use and carriage as fuel by ships in Arctic waters, based on an assessment of the impacts of such a ban. MEPC 73 considered submissions related to an appropriate impact assessment methodology process and forwarded them to PPR 6 in February 2019 to finalise the methodology. Currently, the use and carriage of heavy fuel oil is banned in the Antarctic under MARPOL Annex I regulation 43. It is recommended in the Polar Code that the same rules are applied in the Arctic waters.



By Hendrike Kühl
IUMI Policy Director

Report of 5th session of the Sub-Committee on Carriage of Cargoes and Containers (CCC)

The 5th session of the Sub-Committee on Carriage of Cargoes and Containers (CCC) met at the International Maritime Organization's headquarters from 10–14 September 2018 under the chairmanship of Mr. Hui Xie (China). A summary of the key issues discussed include the following:

IGF Code related matters

Gas and other low-flashpoint fuels emit low levels of air pollutants. At the same time these fuels bring specific safety challenges which need to be addressed. The International Code of Safety for Ships using Gases or other Low-flashpoint Fuels (IGF Code) came into force on 1 January 2017. Its objective is to reduce dangers to ships, crews and the environment with a particular view on the nature of the fuels involved. New ships using gases or other low-flashpoint fuels are required to comply with the IGF Code.

The Code includes mandatory requirements for the arrangement, installation, control and monitoring of machinery, equipment and systems using low-flashpoint fuels. The CCC Sub-Committee is

tasked with keeping the IGF Code up-to-date and developing amendments or other guidelines in relation to other types of fuel.

Interim guidelines for ships using methyl/ethyl alcohol as fuel

The Sub-Committee agreed to draft interim guidelines for the safety of ships using methyl/ethyl alcohol as fuel. The Maritime Safety Committee (MSC) was invited to refer specific paragraphs to other technical sub-committees for consideration and advice to CCC 6.

Safety provisions for ships using fuel cells

The Sub-Committee further decided to develop safety provisions for fuel cells as interim guidelines, to cover installation, fire safety and other relevant matters and instructed the correspondence group on safety of ships using low-flashpoint fuels to develop relevant draft interim guidelines.

Draft amendments to IGF Code agreed

CCC 5 also approved draft amendments to the IGF Code relating to the protection of the fuel supply for liquefied gas fuel tanks, aimed at preventing explosions.

Use of low flashpoint diesel as marine fuel

The correspondence group was further tasked to assess a proposal to carry out a formal safety assessment study for ships fuelled by low-flashpoint diesel (i.e. diesel fuel with a flashpoint of less than 60°C) and report back to CCC 6.

IMSBC Code amendments agreed

CCC 5 agreed the next comprehensive set of draft amendments to the International Maritime Solid Bulk Cargoes (IMSBC) Code. The draft amendments will be submitted to the 101st session of the Maritime Safety Committee for adoption.

The 2019 amendments include updates to various schedules, such as new individual schedule for Bauxite Fines as a Group A cargo. The amendments will be incorporated into a consolidated IMSBC Code, to include all amendments to date, since the IMSBC Code was first adopted in 2008.

Cargoes which may liquefy and other related phenomena

CCC 5 debated amendments to the IMSBC Code definition of Group A (cargoes which may liquefy) to include

phenomena other than liquefaction. This follows research by the Global Bauxite Working Group, which identified a newly identified phenomenon affecting some bauxite cargoes, known as dynamic separation, which can cause instability of the cargo and the ship. The Sub-Committee concluded that the definition should be amended and tasked the Editorial and Technical (E&T) Group to work on this.

Weather-dependent lashing

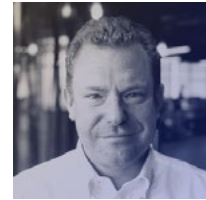
The Sub-Committee discussed potential draft amendments to the Code of Safe Practice for Cargo Stowage and Securing (CSS Code) related to weather-dependent lashing, aimed at ensuring the highest level of cargo securing, taking into account expected weather and other factors. The amendments would concern chapter 13 of the CSS Code, related to methods to assess the efficiency of securing arrangements for non-standardised cargo.

It was agreed, following discussion in a working group, that further detailed consideration of the matter was needed since the proposed amendments could have consequential implications for other cargo-related IMO instruments. A correspondence group was established to further consider the reduction curve for basic accelerations due to significant wave height regarding weather-dependent lashing; further consider draft amendments to annex 13 to the CSS Code; identify cargo-related IMO instruments, if any, which might be impacted; and submit a report to CCC 6.

In this regard IUMI's Loss Prevention Committee supports a proposal put forward by the GDV (German Insurance Association) which aims to address new demands for cargo securing and lashing. The position paper which outlines several solutions for exceptional cargoes is available [here](#).

For more details about CCC 5 please visit the [IMO's website](#).

Iron Man versus Terminator



By Nick Maddalena
Head of Insurance

Windward, IUMI Professional Partner
www.wnwd.com

If the machines were to take over one day, I'd like to think technology controlled by humans would still win the day; that our Iron Man suits would be more than a match for the Terminators seeking our destruction.

When it comes to marine insurance, there are similar concerns about technology: will machines replace humans, or will technology make them better?

At Windward, we believe technology will make people better at their jobs. But it will probably also mean historically defined practitioner roles change more quickly. Excess capacity may provide an additional catalyst; it's still difficult for insurers to make money, so it's even more important they demonstrate added value.

Going deeper

The marine hull market has traditionally evaluated risk on the basis of a series of static features such as vessel type and tonnage. A deeper understanding of how a fleet behaves has, to date, been based on the underwriter's knowledge of the fleet's operation.

Thanks to technology, that's changing. The adoption of [operational profiles](#) in analysing vessel behaviour will often reinforce the underwriter's deep understanding of a fleet and their intuition on new risks. But it will also provide a fresh perspective on a fleet's risk drivers based on its operational history. This facilitates a risk score based on more than just the static features of the operator and vessel. For example, the operational profile might show a fleet spending excessive time in extreme weather, making its vessels 3.5 times more likely to suffer mechanical breakdown. This way, a granular view of risk can facilitate improved risk selection, distinguishing between apparently similar fleets.

Big data analysis, meanwhile, can provide invaluable insights into fleets' operational profiles; it can keep the risk advisory role relevant and at the forefront of the industry. AI can augment risk underwriting, enabling insurers to provide customers with deeper insights into risk and provide clear added value.

It may not be as exciting as an Iron Man suit, but in a soft market, new technology can help marine insurers really show their mettle.

WINDWARD^o



IUMI EYE Q&A

With Kiran Khosla Director, Legal Affairs, International Chamber of Shipping



International
Chamber of Shipping

www.ics-shipping.org

In a nutshell, how would you describe the main role of the International Chamber of Shipping (ICS)?

To represent the interests of all shipping sectors to ensure a responsible and sustainable global industry. ICS works with governments at the International Maritime Organization (IMO) and the International Labour Organization (ILO) to shape the future of shipping. National government delegations increasingly focus on the political aspects of policy and welcome advice and input from ICS on the technical and practical impact of proposed regulations leading to better outcomes for all stakeholders.

What is the biggest challenge facing the ICS today?

Environmental issues are at the forefront of the current regulatory agenda. Meeting the ambitious objectives set by IMO for further reduction of shipping's greenhouse gas emissions, implementation of the 2020 0.5% global sulphur cap for marine fuel, and compliance with the IMO Ballast Water Management Convention are among the biggest challenges facing ship operators today.

On the legal side, we are hugely concerned that regulation agreed at the international level at IMO and other fora, is implemented and applied in a uniform and consistent manner. This is absolutely necessary for an international industry such as shipping. From an insurance point of view, since the industry, through the international liability and compensation regimes such as in the Civil Liability Convention (CLC) and Fund Conventions, pays its liability for pollution through insurance, it is important that the conventions are applied as intended and consistently to ensure stability and continuing capacity in the market for the risk.

How does the ICS and IUMI work together?

ICS and IUMI have a close liaison relationship. The two associations work together in numerous industry groups and international regulatory forums. Regular liaison meetings are held with the IUMI Secretariat to try and ensure better understanding of each other's positions with regard to the current issues facing the respective memberships.

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

I would encourage proper meaningful consultation with shipowners at an early stage as this is more likely to lead to buy-in and acceptance.

Do you have a view on the current state of the marine insurance market?

This is not for ICS to comment on! However it is important for shipowners that the marine insurance market is vibrant, competitive and viable. Shipowners recognise that the long-term profitability of underwriters is important. Without it, capital will not be risked which could lead to contraction in the market and a reduction in competition. Mutual trust is most important in the relationship between the insurer and their assured, and it is to be hoped that a degree of stability will return to the market, allowing secure long-term relationships to flourish.

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IUMI EYE Q&A

With Kiran Khosla, Director,
Legal Affairs, International
Chamber of Shipping

Continued

Shipowners want the most comprehensive, reliable and secure insurance for their ships at the best possible price. Underwriters want profitable premium income and increased market share. Both remain reasonable aspirations, even in times of economic uncertainty.

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

Greater stability – an end to the cycles of boom or bust. Proper return on investment for capital and labour.

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

I am fortunate to be working in my ideal job already here at ICS but if I was not, my other ideal job would be to be out and about in my vineyard – pre-Brexit, I thought somewhere in the Southwest of France and post Brexit, well excellent wines are being produced here in the UK, even in remote locations in Wales! So something to explore.

What do you like doing when not working?

Spending time with my family and trying to find time to improve my current beginner piano skills.

Below: The International Maritime Organization (IMO) in session



Hilton Adams

Head of Marine/Aviation for
Munich Reinsurance Company
of Africa Limited and
Africa Ambassador for IUMI



How long have you been associated with IUMI?

Since initially joining Munich Re about 33 years ago. I have been attending the IUMI meetings and annual conference for over 20 years.

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

In 2016 I was invited as an observer at the IUMI Inland Hull, Fishing and Yacht (IFY) Committee and was subsequently voted onto the Committee following the 2017 annual conference. I then found myself recommended and voted in as a Deputy Chair to Anneke Kooiman.

During the 2018 IUMI Conference in Cape Town I had the honour to be elected Africa Ambassador for IUMI, with a focus to grow IUMI's interest, footprint and membership on the African Continent.

It must be noted that Munich Reinsurance Company of Africa Limited, has been on the African Continent for 50 Years now (1968 to 2018). We are very active in client training and driving the concept of the future of underwriting, i.e. cyber exposure, AI, the use of IoT and data analytics, to name a few. So executing my ambassadorial role is not difficult to perform as it is fortunately aligned with my business duties.

And what is your day job?

My day to day job is very varied. I am a member of the Operational Management team for Munich Reinsurance Company of Africa Limited – Head of Marine/Aviation, in the main. I am responsible for the Sub Saharan African business, whereby I manage a team of five who handle our current portfolio and new business development, growth and innovation.

Furthermore, I am a past chair and executive member of the Association of Marine Underwriters in South Africa (AMUSA), a sub-committee of the South African Insurance Association (SAIA), as well as a committee member of our local Marine Forum, which has been active for 34 years.

What benefits do you get from being associated with IUMI?

For me, the opportunity to learn more about this fascinating business which I like so much. There is a huge network to tap into and I use this extensively. IUMI offers global insight into a wide market range, providing information on practical and legal matters, as well as good quality data and statistics. Munich Re Group is a huge associate of IUMI and we are fully in support of the educational drive, encouraging all our staff to take part in the webinars which have been running for a while.

Given the nature of our business, which is moving goods and providing services worldwide, networking is probably IUMI's biggest value add, because one can now contact any of the underwriters anywhere around the world to get the right information on many aspects of our business.

→

If you could change anything at IUMI what would it be?

IUMI has undergone many good, forward thinking changes in the last three years or so, spearheaded by the Executive Committee.

Expansion of regional reach/ membership:

As the IUMI Ambassador for Africa we will certainly try to grow our membership in the area. I will also replicate the African Ambassador role into Latin and Central America to build IUMI's footprint in that part of the world.

Education:

With regard to education, I would like to request that some of the larger corporations help and assist young, up and coming, well identified and high potential underwriters by sponsoring them and offering internships for three to six months in the developing markets. This will help to bolster the number of insurance professionals, given that we are starting to become thinner and thinner in numbers. This will align with IUMI's education drive.

Legal topics:

It may be worthwhile to introduce a platform that houses all legal topics, tracking legislation changes and the like, especially for topics which are current with subject matter experts running commentary.

IUMI conference attendance:

I would introduce a lower fee (either full or on a daily attendance basis) for junior staff to encourage companies to allow them to attend the IUMI annual conference. This can be linked to education and the sponsored internships I have suggested. Companies are monitoring their overall expenses and costs, and such an initiative will increase the attendance at IUMI whilst also providing juniors with exposure and the networking benefits.

How did you reach your current position in marine insurance?

I wanted to study Maritime Law when I was younger and looked to accomplish this whilst in the South African Navy, but this did not materialise. As fate has it, I managed to get a junior clerk's job at Munich Re Company of Africa Limited, some 33 years ago and the then General Manager encouraged me to read everything that I could lay my hands on.

I always liked the sea, ships and sailing and as the interest was there already it made it easy for me to grow into the business of marine. I also had good mentors and coaching and was lucky to be in an equal-opportunity based company that was not afraid to take a chance on me. I was encouraged to study further (business, insurance, economics and marketing) and I spent a lot of time in and around harbours, ships, sailing,

observing trucking and most importantly, doing a lot of research on maritime matters and territories. I have utilised my network within the Munich Re Group, locally and around the world, to get the necessary insight and ask questions, to improve my knowledge.

In short, I love what I do and keep well abreast of developments pertaining to the maritime world and my profession, even when I am on holiday.

And what do you do away from the office?

I enjoy travelling, sailing, sports, music and reading (autobiographies). My job is not just a job, it is a hobby and I am always visiting harbours, seas, lakes and knocking on doors to go on board vessels – ready to put my hand forward to go sailing anytime.



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Secure truck parks — The backbone of European road transport



By Björn Kupfer
Loss Prevention Manager Marine
Insurance, Department of Liability-,
Credit-, Marine, Aviation, Accident and
Legal expenses Insurance, Statistics,
GDV, IUMI Member Association

Thieves will steal anything! Which explains why 20 tonnes of chocolate and 30 tonnes of fruit juice changed hands illegally. Both complete loads, worth a total of 140 thousand Euros, were stolen from trucks. At the same time, the thefts show that the perpetrators have the logistics and sales channels to handle such quantities of goods. It can be safely assumed that these well-organised “gangs” have committed other similar serious thefts.

According to a joint calculation (in German) carried out by several trade associations, including the German Insurers Association (GDV), goods worth 1.3 billion Euros are stolen each year in Germany. At the level of the whole of the European Union (EU), the estimate is as high as 8.2 billion euros. There are no official statistics because the police do not record these offenses separately in their statistics. However, the police know what these groups of offenders look like and the way they operate: they are often organised gangs who prefer to strike at night – usually between Autumn and Spring, when the nights are long. They operate primarily where the risk of detection is low: at unsecured parking areas and service stations directly on or close to motorways.

A new funding programme has been developed in Germany to curb cargo theft along the main transit roads. As of 2018, German carriers will be refunded 80 percent of the parking fees by the Federal Office for Goods Transport (BAG) if they use a specially secured parking area. Secure means: the parking areas must be demarcated, must have defined entrances and exits, must be fully lit and must have sanitary facilities within walking distance, as well as cameras that record activity at the entrances and exits.

But the EU is also taking action and has commissioned the “Study on safe and secure parking places for trucks”. Among other things, the study covers:

- Determination of the locations of existing and potential truck parks
- Proposal for an EU-wide parking standard for security and service
- Proposal to permit the regular weekly rest period to be taken in the truck again
- Certificates/certification
- Interfaces for booking systems

IUMI and GDV were happy to jointly participate in this study. Initial results from the study were presented at a conference in Brussels on 6 November 2018. From the transport insurers’ perspective, these are promising, and it is to be hoped that the results of the study will also be put into practice.

The TAPA PSR (Transported Asset Protection Association Parking Security Requirements) should also be mentioned in addition to the EU study. The security programme that applies in Europe, the Middle East and Africa provides for three security levels for truck parks. The link between the TAPA EMEA Incident Information Service and the PSR should be stressed. This offers TAPA members the opportunity to plan the route of the truck on the basis of the location of secure truck parks while avoiding crime hotspots. This is also something that the transport insurers welcome.

Finally, it should be noted that only a network of secured truck parks can effectively contain cargo theft. After all, the transport must be secure along the entire route, from start to finish.

The ramifications of contaminated bunker fuel



By Andrew Preston and Mike Roderick,
Partners

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Marine insurers have been hit by the significant bunker fuel problems that emerged in 2018 starting with contaminated fuel supplied out of Houston, a problem which quickly spread to Singapore and elsewhere. Industry commentators estimate that in excess of 150 vessels may have been affected. Evidence to date suggests that the problems arise from contaminants within the fuel from non-petroleum sources – although it is not yet clear whether from only one or from numerous sources. Problems experienced include the seizure of fuel-injection systems and blocked fuel filters often leading to only modest damage, but with more dramatic reports of blackouts and groundings.

Prevention is always better than cure. For “normal” off spec problems options can include the use of additives or the blending of fuels to bring the fuel back on spec. These are not without issues of their own e.g. co-mingling/blending may invalidate claims against the bunker supplier. The problem with Houston supplies is that blending cannot remove the contaminants and so is unlikely to be an option. Whether or not the fuel can be brought back on spec, recourse action against the charterers or bunker suppliers will need to be considered.

Bunkers are typically supplied under contracts requiring compliance with ISO 8217 parameters. Routine testing for ISO 8217 compliance does not identify the presence of these non-petroleum contaminants and bunkers may appear to be on spec. The contamination can only be identified by more advanced techniques such as GC-MS testing, but GC-MS testing takes time and requires specialised laboratory facilities, which are not always readily available.

Under a time-charter, the charterer is obliged to supply fuel fit for consumption by a reasonably well maintained vessel. Fuel displaying the above characteristics is likely to be in breach of this fit for consumption obligation even though it may pass routine testing. An immediate recourse option for any owner fearing or actually suffering engine problems is to seek to pass on liability to the charterer and call upon the charterer to de-bunker the vessel and compensate owners for physical and financial losses. Key here is the need to obtain reliable evidence to prove the contamination.

If owners have themselves purchased fuel, the position is more complex. Bunkers are typically supplied on the supplier's terms and conditions. These are inevitably weighted in favour of the supplier and often include (a) a short time limit for the notification of claims; (b) a financial cap on liability; and (c) an exclusion of loss of use/hire claims. More fundamentally, owners may not even know they have a claim until after the notification period has expired.

For any insurer involved in a bunker related claim these are not straightforward – but there are important steps that can be readily taken to assist and protect insurers and their insured's position.

CLYDE & CO

2018 Cargo Country Report



By Nicole Pousson
Senior Marine Underwriter, Vice President, Products & Global Markets, Swiss Re International SE, and IUMI Cargo Committee Member

We are pleased to announce the publication of the 2018 Cargo Country Report in October of this year.

A collaborative work produced by the IUMI Cargo Committee, the report brings together industry-relevant data and insights from 24 countries across Europe, Asia-Pacific, North America and Africa.

Coordinated and assembled by Cargo Committee Secretary Mikaela Tamm, the content was prepared by committee members prior to the Cape Town conference held in September 2018.

Organised by country, the report provides information about key cargo insurance market developments, structured around the following core topics:

- statistics
- large losses and notable incidents
- underwriting trends and hot topics
- market players

Comments about local economic and trade indicators are also included where an especially noteworthy situation or event has been observed.

The report is freely accessible on the IUMI website to all members (password protected), on the [Cargo Committee page](#) or on the [education database page](#) under technical papers and guidelines.

We invite you to consult this unique publication. Feedback or comments are welcome and can be addressed to info@iumi.com.

General Average Absorption Clause 2018



By Donald Chard
Consultant: Contracts and Clauses, BIMCO

The principles of general average are fully supported by BIMCO. All new and revised BIMCO charter parties and bills of lading now refer to adjustments being settled in accordance with the updated York-Antwerp Rules (YAR) 2016.

However, there will be occasions when, according to circumstances and usually for financial and administrative convenience, a shipowner may not wish to claim general average contributions from other parties. The solution is to include a “general average absorption clause” in the hull insurance policy whereby the insured shipowner’s claim in general average is “absorbed” by underwriters up to an agreed amount. Absorption clauses are widely used, especially in container trades where the involvement of hundreds, and often thousands, of cargo interests makes the cost of collecting contributions uneconomic. They also provide a cost-effective response to small, low value claims.

In order to provide the market with a standard absorption provision BIMCO, working with representatives of insurance underwriters, average adjusters, shipowners and the P&I clubs, published a specialist clause in 2002. It was updated in 2017 to reflect the YAR 2016. Further minor improvements have recently been made.

The clause is for incorporation in a marine insurance policy. When agreeing to use the clause, shipowners and their underwriters must decide on the upper monetary limit which insurers will pay in respect of general average, salvage and special charges. In order to avoid small or low value vessels defeating the objective of the provision, a threshold figure of

US\$250,000 has been incorporated although this can be amended by party agreement.

Owners operating a number of ships are likely to wish to agree per vessel absorption limits in the marine insurance policy. In order to provide coverage for two or more ships, the “single vessel” basis set out in the clause can easily be addressed by parties agreeing an amendment to Clause 1, to list all vessels covered with a stated absorption limit for each one.

The clause is triggered if a shipowner decides (without the need to give formal notice to that effect) not to claim general average, salvage or special charges for an amount up to and including the limit agreed under the clause. If the total of the losses exceeds this limit, the policy pays up to the limit but the shipowner cannot recover any excess.

The clause covers cargo, freight, bunkers’ and containers’ proportion of general average and salvage. Insurers are responsible for paying the reasonable fees of the average adjuster for calculating claims under the clause. Claims are to be adjusted in accordance with the York-Antwerp Rules 2016 (irrespective of any other general average provision, such as YAR 1974, 1994 or 2004, in a contract of carriage) and, as is normal in absorption clauses, with the express exclusion of interest.

The clause prohibits the shipowner from making duplicate claims for general average. It also provides that claims are payable without application of any deductible; requires insurers to waive any defence available to cargo (although insurers may still invoke any defence for breach of policy by the shipowner); and includes a waiver of subrogation against property interests unless the payment has arisen due to property interests’ fault.

The Clause, with full supporting explanatory notes, is available from the BIMCO website (www.bimco.org).

Transport risks for steel and metal cargo



By Markus Erlei
Operations Manager,
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Problems during transport of steel products are common. The most widespread issue is corrosion damage. Understanding the possible causes, as well as methods of corrosion prevention, is therefore essential.

The most common causes for corrosion damage include:

- Condensation: temperature fluctuations along with elevated humidity and insufficient ventilation can lead to the formation of condensation
- Sea water impact: cargo may be damaged due to leaking hatch covers or other openings
- Rain water impact: wetting may occur due to leaking truck tarpaulin or throw tarps which lie directly on the cargo
- Impact by splash water: this may be the result of damaged trailer floors or container walls and leaking doors
- Contaminants and gas particles in the air, such as SO₂, salts and hygroscopic dust
- Hygroscopic packaging materials with a high inherent water content

Being aware of the causes and their effects is the first important step towards preventing corrosion damage. The following methods are recommended for prevention:

1. Active protection using anti-corrosive alloys
2. Passive protection by separating the metal cargo from the corrosive agents
3. Permanent protection by surface-coating or galvanising
4. Temporary protection

Most steel products require temporary corrosion protection for transport. The following three methods have proven to be effective in this respect:

Protective Layer: solvent or water-based corrosion protection agents or oil/wax applied to the steel surface.

Barrier Method: a barrier is created using watertight materials such as sealed poly film or aluminium compound foil and a carefully-calculated quantity of desiccant is added. Proper care is to be taken during packaging, particularly to prevent the formation of pools of water in case of external wetting.

VCI-Method: Volatile Corrosion Inhibitor (VCI) material embedded in film, paper or foam material is used which releases the active agent after packaging, thus creating a saturated atmosphere and establishing the corrosion protection. The protective layer evaporates after the packaging is opened.

Properly designed and executed packaging is essential in order to prevent corrosion damage to metal cargo. Furthermore, the means of transport employed is to be examined thoroughly prior to loading the cargo.

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Grounding of Greenings CV24 on 31 October 2017



By Les Rout
National Product Manager, Marine at
QBE Insurance Limited, and



Hilton Adams
Head of Marine & Aviation for
Munich Re, Africa,
Members of the IUMI Inland Hull, Fishing
Vessels and Yachts Committee

Background

Sailing has been represented at the Summer Olympic Games since 1896 and competitions are in a fleet race or match race format. However, despite the sometimes dangerous nature of the sport, there is no requirement from sailing institutions to hold a licence or complete any formal training or qualifications to participate in sailing activities and anyone can participate in regattas around the globe.

Since 1996, thousands of people have been taking part in the Clipper Round the World Yacht Race. Registered owners and managers of sailing yachts, and the race organisers - Clipper Ventures plc. - take part in the race, which allows sailors of different backgrounds and competencies to gain experience in ocean racing. Participants choose to complete either a circumnavigation of the world, or a selection of one or more individual legs. No prior sailing experience is required. Different legs of the race attract varying numbers of participants and, after taking into account individual injuries and withdrawals during the race, the number of crew on board a yacht range from 12 to 22.

While a compulsory, four-week training programme is provided, we feel that prior experience is crucial to be a part of such a race.

Incident off Cape Town

On 31 October 2017, while participating in the Clipper Round the World Yacht Race, on a leg between Cape Town, South Africa and Fremantle, Australia, a yacht ran aground at 2100 that evening. The CV24 Greenings, a 70-foot fibreglass yacht designed to be sailed around the world, ran aground with 18 crew on board in what was a life-threatening – and no doubt terrifying – situation for those involved.

Based on the information available, it's not possible to determine on who was at the helm at the time of the grounding. Most of the crew went below deck at 1700 to prepare dinner, eat, clean the galley and were sleeping at the time of the incident at approximately 2100. However, it can be confirmed that at least half of the crew were on watch on a clear night.

It's reported that the sound of the keel scratching the reef and the movement – or lack of movement – of the yacht aroused the crew's suspicions that they were already aground. The first instruction of the skipper was to turn on the engine and use the sails to reverse the yacht into deeper water but was unsuccessful. The next step was to make a radio call to advise the race committee marine rescue authorities in Cape Town of the grounding.

Grounding of Greenings CV24 on 31 October 2017

Continued

The crew were extremely lucky to have been rescued by the National Sea Rescue Institute (NSRI) based in Cape Town. They carried out a search and rescue for the 18 crew, sending rescue vessels with rigid inflatable boats (RIB), crew and swimmers to perform the rescue. They arrived safely at Hout Bay at approximately 0300 on 1 November 2017. The following day salvage and cleaning operations were performed to minimise potential pollution from the fuel and debris on the beach and maritime life.

From that point in time until the time the crew were safely rescued at Hout Bay, the skipper was in contact with both the race organisers and the NSRI as to the procedure to follow to evacuate the crew successfully with no injuries. It took more than a month to remove the yacht from the beach and investigations, from both the South African and English government, were completed in June 2018.

At no point in time were instructions given to try to salvage the yacht, equipment and personal effects of the crew.

What caused the grounding?

It is our view that the grounding of CV24 was the result of human error – a lack of communication between the helm and the deck crew on watch. Much of this, we believe, is down to insufficient training, and a lack of control and monitoring protocols from management.

When the crew were on deck, they could see land and the reef. The crew should have been able to see the yacht approaching land and prepared to stop or change course. It is also normal procedure to complete the vessel log every hour, the information in the log includes the position of the vessel, barometric pressure, distance travelled, voltage of batteries, time and risk of collision with other yachts and proximity of land. It's believed the logs were not being completed in this case.

The crew on deck also have the responsibility to communicate to the skipper information on any approaching yachts, other ships and proximity of land. The skipper has access to some information from the instruments close to the helm such as wind direction, heading and depth. The skipper should have been aware that the yacht was running out of water and should have instructed the crew to be ready to change course before running aground.

Was there sufficient training and experience?

The four weeks training on the yacht is aimed at familiarising the crew with the vessel and day-to-day situations, such as tacking, gybing, reefing the sails and reading the electronic instruments. Reference is made as to what equipment to use when evacuating the yacht in an emergency, and what and where the key items are to take.

The training would have made the crew familiar with the vessel and the manning thereof, i.e. in an overboard situation as it is practiced almost every day in all types of conditions. However, there is no mention of a grounding situation, fire, de-mast or other critical situations.

In Australia, the Australian Sailing Safety and Sea Survival Course (SSSC) provides a comprehensive safety course on survival at sea. There is no comparable course to SSSC in the Clipper training, and it is our view that a similar course, together with a navigation syllabus, will increase the safety at sea for the crew and the yacht.

Further, with respect to general operations, the management of the vessel is entirely up to the crew with almost no intervention from the skipper or the Clipper Race Committee. In this regard, the number of crew at watch, number of hours at watch, quality/quantity of food per person and number of hours of rest per person are left entirely to the crew to decide. This is, in our view, a great mistake and not a matter to be determined by an inexperienced crew.

Report recommendations

The Marine Accident Investigation Branch in the UK report on the CV24 Greenings grounding has also highlighted several safety lessons:

- CV24 was not safely manned or operated as the skipper was the only qualified, professional seafarer on board, and there was no dedicated navigator with responsibility for passage planning and execution;
- there was not an effective plan for CV24's coastal passage along the Cape Peninsula and, when unexpectedly close inshore, the skipper became distracted from navigation by the requirement to supervise the crew on deck. It was also difficult for the crew to monitor the yacht's position when on deck;
- company risk assessments, operational procedures and taking opportunities to learn from previous groundings could all have provided a higher level of safety management on board Clipper Ventures' yacht fleet, particularly when operating in remote and often harsh environments.

Safety recommendations have been made to the Maritime and Coastguard Agency (2018/116) and Clipper Ventures plc (2018/117 and 2017/118) intended to improve the standards of safety management and conduct of navigation in the Clipper yacht fleet.

Implications for yacht insurers

The insurance of yachts participating in blue water racing events have traditionally been restricted to specialist marine insurers who have the knowledge and experience to assess the additional risk factors, such as:

- weather and sea conditions (rogue waves);
- collision with underwater objects (whales and submerged containers);
- the availability of rescue and salvage services in remote locations.

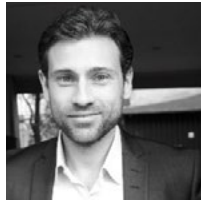
Acknowledgements:

Aurea Palmer crew member CV24
(Clipper Round the World Yacht Race Leg 3
South Africa to Australia 2017)



Policy Forum

Autonomous ships — Civil liability and insurance



By Jesper Thomas Rokkjær
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Maritime Autonomous Surface Ships (MASS) are attracting attention within the global maritime industry. From a regulatory point of view, initial work is underway within the Maritime Safety Committee (MSC), and the Legal Committee (LEG) of the IMO is carrying out a gap analysis in relation to liability and compensation for MASS operations under existing IMO instruments. Several flag states have opened up for test areas for MASS, and shipowners and technology providers are busy entering into cooperation agreements to test the capabilities of autonomous systems.

Commissioned by the Danish Maritime Authority, and together with Rambøll Management Consulting, we published our “Analysis of regulatory barriers to the use of autonomous ships” in December last year. The analysis was submitted by Denmark to MSC 99 as an information paper (INF.3).

Zooming in on civil liability and insurance

Based on the analysis performed for the Danish Maritime Authority, we joined forces with the Nordic Association of Marine Insurers (Cefor) in July 2018 with the shared aim of focusing on civil liability and insurance matters in relation to MASS.

Through extensive stakeholder involvement from across the maritime industry, our goal has been to pave the way for an international, industry wide, common identification of civil liability and insurance issues surrounding MASS. This project is in its final phase and the concluding report will be published before the end of the year.

Key conclusions

In a global context, the increased automation and the introduction of MASS is expected to reduce the level of risks and casualties within shipping, while at the same time introducing risks that have not previously been quantified or insured. Historically, legal and insurance systems have been able to absorb such risks without the need for fundamental changes to basic principles. The stakeholders in our project widely expect that the same will apply to MASS but do foresee an intermediate period, during the gradual implementation of automation and MASS (at different levels), where the industry in general will weigh newly introduced risks over expected benefits. Both shipowners and insurers are expected to be cautious and look towards system suppliers and classification societies for comfort and assurance when quantifying the unknown risks associated with MASS.

Across stakeholders, the current lack of a clear international regulatory framework for MASS remains the main concern. In the regulatory context, adoption of a new “MASS code” is generally preferred over amendments to the existing framework. Acknowledging the inherent lengthy nature of the international regulatory process within the IMO and the speed at which new technology is deployed, stakeholders expect flag states, by partial delegation to classification societies, to bridge the regulatory gap on a national level until the international regulatory framework is in place.

Report

The complete report with detailed conclusions is available on Cefor’s website (www.cefor.no). For the full article outlining key highlights of interest including insurance and insurability, recourse claims and cyber risk and insurance please visit the [IUMI website](http://iumi.org).



First IUMI Conference on African soil a roaring success

This past September, marine and energy underwriters from across the globe arrived in Cape Town, fondly known as the Mother City, to discuss the current issues and challenges in our market. For the first time in 144 years our conference was held on the African continent and we would like to thank this year's hosts – the South African Insurance Association (SAIA) – for their splendid organisation and for making this year's event truly memorable.

The common theme was “Managing emerging risks and exposures – think the unthinkable” and it could not have been more apt given the current market environment. Our industry is facing a period of unpredictability, volatility and increased protectionism as well as new challenges such as digitalisation and autonomous shipping. Nat-cats are also creating large losses, hurricanes Katrina and Rita in 2005 for example had a total insured offshore energy/marine loss of US\$12.57bn, and last year's hurricanes Harvey, Irma and Maria resulted in more than US\$1bn in yacht losses.

Technical Committee workshops focused on cyber threats, container ship fires, piracy, places of refuge, risk accumulation, to name a few, drawing on their knowledge and expertise to find tangible solutions to upcoming challenges. But delegates also heard that there were opportunities to grasp

if underwriters “think the unthinkable” and ensure clients are serviced to the highest standards. The impressive, world-class Cape Town International Convention Centre (CTICC) was the perfect venue for the conference. With more than 540 delegates attending and a jam-packed programme there were good spirits all around, and to top it off we had the remarkable Table Mountain as our backdrop.

This year saw the election of our new President, Richard Turner (CEO of RSA Luxembourg), on the final day of the conference and delegates were delighted to welcome him to the team. We would also like to take this opportunity to thank Richard's predecessor, Dieter Berg, for all his hard work over the past four years. Dieter has been at the helm during a time of change at IUMI and his initiatives, dedication and drive have pushed IUMI forward.

As with all IUMI conferences it was not all work, plenty of “play” was had as well. The SAIA hosted the conference opening reception at the stunning Grand Africa Café & Beach. Located on the sea-front the Grand has magnificent views of the Atlantic Ocean and Robben Island. Friends, old and new, sat back and enjoyed the view before the conference began the following day. The closing reception was at the amazing Castle of Good Hope, where delicious food was

accompanied by local South African wine and fantastic live music.

Thank you again to the SAIA and everyone involved. IUMI conferences grow from strength to strength every year and that is down to the hard work of the organizing committees and the IUMI technical committees. Our members and delegates make the conference and we hope to see you next year at the 2019 annual conference in Toronto, Canada (15–18 September 2019).

Global Maritime Issues Monitor 2018

By Hendrike Kühl
IUMI Policy Director

On 3 October 2018 the Global Maritime Forum's Annual Summit took place in Hong Kong. IUMI was represented at this high level event by Executive Committee Member Patrizia Kern from Swiss Re. On this occasion the [Global Maritime Issues Monitor 2018](#) was launched.

The Issues Monitor is based on research among senior maritime stakeholders from more than 50 countries, and their perceptions on the impact, likelihood, and preparedness on a number of issues potentially affecting the global maritime industry. The report also undertakes deep dives into the emerging trends in digitalisation and decarbonisation.

The Global Maritime Issues Monitor is jointly published by the Global Maritime Forum, Marsh and IUMI.

Announcement of changes to the IUMI Executive Committee and Technical Committees

During the IUMI council meeting, that took place during the annual conference in September in Cape Town, various individuals were elected into IUMI committees. The new appointments are as follows:

Executive Committee

The new committee comprises:

- Richard Turner (United Kingdom)
- Mike McKenna (USA)
- Frédéric Denèfle (France)
- Jan-Hugo Marthinsen (Norway)
- Colin Sprott (United Kingdom)
- Patrizia Kern-Ferretti (Switzerland)
- Takeshi Miyazaki (Japan)
- Lars Lange (Secretary General)

Dieter Berg (Germany) exited as President, Agnes Choi (Hong Kong), Frank Costa (USA) and Lars Rhodin (Sweden) exited as vice chairs.

Nominating Committee

The new committee comprises:

- Alessandro Morelli (Italy), Chair
- Dieter Berg (Germany)
- Michael Davies (Singapore)
- Dennis Marvin (USA)
- Lars Rhodin (Sweden)
- Richard Turner (United Kingdom) as EC Liaison

Tim Pembroke and Ole Wikborg are stepping down from the committee.

Legal & Liability Committee

Charles Fernandez, Head of the Marine Liability and Hull team at Canopus Syndicate at Lloyd's, has been elected the new Chair of the Legal & Liability Committee by the committee following Frédéric Denèfle completing his four-year term. Brian Murphy, Vice President Manager, Marine Underwriting New York at Berkley Offshore, has been elected the new Vice-Chair of the Committee.

Ocean Hull Committee

Rama Chandran, Head of Marine for QBE Singapore, has been elected the new Chair of the Ocean Hull Committee by the committee, following Mark Edmondson completing his four-year term. Jan Limnell, Director at Alandia Marine, has been elected the new Vice-Chair of the Committee.

Season's Greetings and
a Happy New Year
from the IUMI Team

Lars, Hendrike and Corinna

