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## Message from the President

# A time for reflection



Richard Turner  
IUMI President

This is the first IUMI Eye to be published after the recent conference in Toronto and I hope that, like me, those of you who were able to attend found the event to be informative and thought-provoking. We were exceptionally well looked after by our hosts in Canada and our thanks once again go to the Canadian Organising Committee for everything they did to make the conference such a success.

The turn of a year is always a good moment to reflect on what has happened and what has been achieved, and to think ahead to a fresh chapter.

We started the year with the Winter Meeting in London, and it was here that we finalised our key priorities for the organisation. We can report encouraging progress under each heading:

### Membership

Membership has grown and we welcomed Russia and Myanmar under the newly formed Associate membership category. IUMI also cemented its longstanding collaboration with ALSUM (the Marine insurance association for Latin America) by welcoming them as an Affiliate member.

### Education

The Education Forum launched its second online tutorial (hull) to match the inaugural one (on cargo) released in 2018. Sales of the two tutorials have been really encouraging, and we are now close to securing our 100th student for the courses. Take-up of the tutorials has also been widespread across many countries.

### Data and digitalisation

IUMI published its first Stats Report (which is freely available in the public area of our website) in March 2019.

The Data and Digitalisation Working Group (chaired by Patrizia Kern) provided the material for the President's Workshop at our Toronto conference, presenting on the topic of how marine underwriting will be impacted in a more digital era.

I am happy to announce that the IUMI Executive Committee has supported the upgrading of the Data and Digitalisation group to become a full IUMI Forum (sitting alongside our other Forum committees — Policy, Education and Salvage).

### Advocacy

The Policy Forum (chaired by Helle Hammer) continued to take a very active role, and just a few weeks ago, published our updated position paper on container-ship fires.

The Policy Forum's Agenda contains a rich variety of topics and challenges in the industry, ranging from cyber to cargo theft to fuel guidelines on ships.

### Looking ahead to 2020

I've indicated several times before that the priorities set out above represent an evolution of the organisation's strategy. They work for us as short-term points of focus, but more specifically, they are relevant and central to IUMI's longstanding mission and purpose. Therefore, these priorities will be ones that sustain us for a much longer period.

During our recent Toronto conference, we additionally started to turn more attention to the subject of Environment, Social and Governance (ESG) matters. Several conference speakers — notably Butch Bacani (Programme Leader of the UN Environment's Principles for Sustainable Insurance Initiative) — spoke to aspects of this theme, which is becoming a stronger and stronger movement in the non-life insurance industry.

In turn, the Executive Committee has agreed that we should take time to consult our membership on ESG matters and we will shortly be contacting member associations to consult on the future approach that IUMI should take. There will no doubt be more to say on this topic shortly.

In the meantime, let me take this opportunity to wish all readers of IUMI Eye my best wishes for a happy and successful New Year.



## 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>



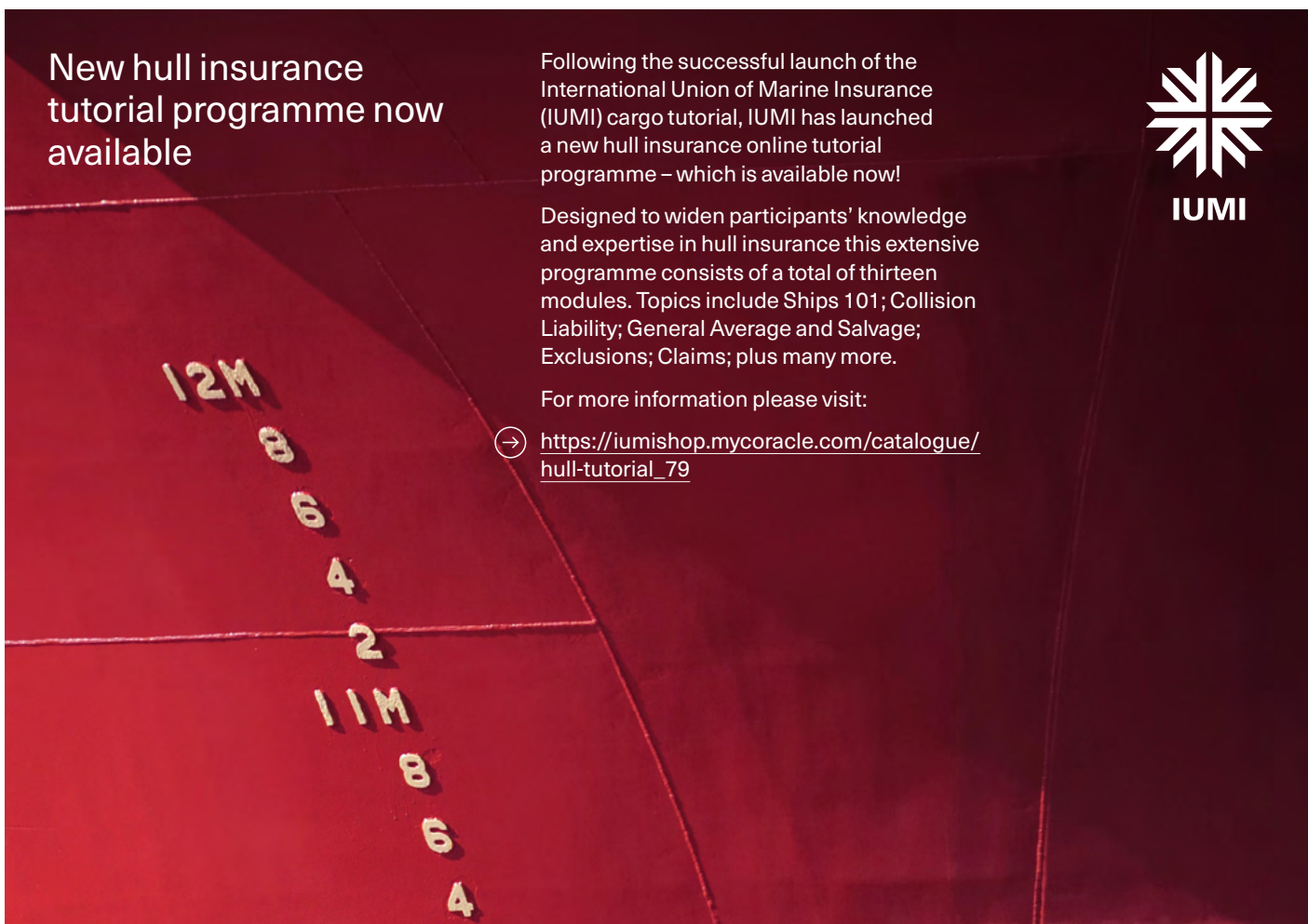
## New hull insurance tutorial programme now available

Following the successful launch of the International Union of Marine Insurance (IUMI) cargo tutorial, IUMI has launched a new hull insurance online tutorial programme – which is available now!

Designed to widen participants' 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; plus many more.

For more information please visit:

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



From left to right: Kristin Urdahl (Loss Prevention Committee), Helle Hammer (Policy Forum), Sean Dalton (Cargo Committee), Jan-Hugo Marthinsen (Executive Committee), Hendrike Kühl (IUMI Policy Director), Uwe-Peter Schieder (Loss Prevention Committee)



Policy Forum

## Gard conference invites container fires experts to join forces



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

**Key stakeholders from across the industry met at Gard's headquarters in Arendal, Norway, on 17–18 October to discuss prevention and mitigation of cargo fires on container vessels. Following a recent and alarming escalation of such fires, the conference was a timely gathering of industry stakeholders, authorities and fire experts to discuss (amongst other issues) the long overdue amendment of inadequate regulations.**

### Holistic approach

With increasing containerisation, larger vessels, and new innovations in fire detection and extinguishing equipment, regulation is clearly struggling to keep up with developments. By focusing on mis-declaration of cargo, many of these severe fires would not have occurred. The conference generally agreed there is no quick-fix single solution to this challenge, though several initiatives are already underway in the industry and at the International Maritime Organization (IMO).

Avoiding mis-declaration and engaging with the shippers and regulators to discuss preventive measures on non- and mis-declaration were high on the agenda, but the sad reality is that fires are still likely to occur. To better prepare for such incidents a more holistic approach is needed. This was expertly demonstrated through a number of interesting

presentations addressing the root causes of container vessel fires, the supply chain, fire detection and firefighting on board, new innovations in firefighting equipment and not least the need for an amendment to the International Convention for the Safety of Life at Sea (SOLAS) regulations.

### Zooming in on SOLAS

In 2017, IUMI published a position paper in which stakeholders were invited to take part in further discussions on new regulations. The Gard conference became an important venue for this discussion, and IUMI was well represented with the six participants seen in the picture above.

On the opening day, Uwe-Peter Schieder, Vice Chair of the IUMI Loss Prevention Committee, outlined the shortcomings of the current fire detection and firefighting regime. With a number of casualties, some with the tragic loss of lives, insurers have seen some very costly claims from damaged cargo, vessels and disruption of trade. This was further emphasised by speakers from Gard, including Are Solum who set the stage with his opening address and Alf Martin Sandberg who expertly moderated the well-attended conference.

→



By Hendrike Kühl  
IUMI Policy Director

## Report of the 6th session of the Sub-Committee on Carriage of Cargoes and Containers

### Policy Forum

Gard conference invites container  
fires experts to join forces  
*Continued*

During the looking ahead session, Helle Hammer, Chair of the IUMI Policy Forum, presented together with Nicki Boldt of the German Flag State Administration a proposed submission for a new output at the IMO. IUMI will be co-sponsoring the German proposal for a review of SOLAS Chapter II-2 regarding fire protection in the cargo area on and below deck. An invitation was extended to other flag states present, along with industry associations, to take part. The draft submission paper is now being circulated to relevant parties, and the International Association of Classification Societies (IACS) is assisting with a technical review of the documents.

Finally, to support the work towards an amendment of SOLAS, IUMI took the opportunity to invite conference attendees to volunteer for an Expert Group on container vessels fires. A number of nominations have been received and the group is about to be formed.

While the development of IMO regulations is indeed a lengthy process, the conference in Arendal did mark an important opportunity to join forces across the industry towards a common goal: preventing and mitigating devastating fires aboard container vessels. IUMI's Policy Forum remains dedicated to take a lead on this urgent matter.

**The 6th session of the Sub-Committee on Carriage of Cargoes and Containers (CCC 6) met at the International Maritime Organization's (IMO) headquarters from 9–13 September 2019 under the chairmanship of Ms MaryAnne Adams from the Marshall Islands. IUMI was represented by Hendrike Kühl (IUMI Policy Director). Here is a short summary of the key issues discussed:**

### IMDG Code

The Sub-Committee agreed the next set of draft amendments to the International Maritime Dangerous Goods (IMDG) Code which will be submitted to the Maritime Safety Committee (MSC 102) for adoption. The Sub-Committee also established a correspondence group to review maritime special provisions (SPs) in chapter 3.3 of the IMDG Code, in order to identify those SPs permitting exemptions from the full application of the Code. Once these have been identified, the correspondence group will discuss a way forward. The review is intended to address issues related to non-declaration and misdeclaration of dangerous goods. In this regard, IUMI co-sponsored a paper which looks at the problem of non-declaration and misdeclaration of dangerous goods in relation to SPs.

### IMSBC Code

Progress was made in developing the next set of draft amendments to the International Maritime Solid Bulk Cargoes (IMSBC) Code. This set of amendments will include updates to individual schedules and proposed new individual schedules. The Sub-Committee also discussed the need for a distinction between the phenomena of liquefaction and dynamic separation for Group A cargoes. Dynamic separation only applies to bauxite. The issue was referred to the Editorial & Technical (E&T) Group for further discussion ahead of the next CCC session.

### CSS Code: Weather-dependent lashing agreed

The Sub-Committee agreed draft amendments to annex 13 of 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 conditions and other factors.

### Inspection programme for containers

CCC 6 made progress in revising the guidance on inspection programmes for cargo transport units (CTUs), including expanding the current guidelines for inspections related to transport of dangerous goods at sea, to include all types of cargoes carried in CTUs — not only dangerous goods. IUMI is very supportive of this approach. The Sub-Committee encouraged Member States to undertake CTU inspections and report their findings to the IMO.



## 2019 IUMI STATS

### Available now



IUMI's 2019 statistical report — **IUMI STATS** — has been published and can be downloaded here: <https://iumi.com/statistics>.

This is the second in a series of annual reports launched by IUMI last year. Its aim is to present a range of statistical data to help define the maritime sector and, more particularly, the marine insurance market.

#### Highlights from this year's analysis includes:

- A modest single percentage point rise in global marine premiums across all sectors.
- Continuing uncertainty in national policies, geopolitical tensions, commodity prices and other factors is making the future prospects of the marine insurance market hard to predict.
- The return of major losses and the increasing accumulation of risk, both onboard ships and ashore, is impacting various lines of business.

— A steadying of the oil price is encouraging offshore reactivation but this is bringing its own challenges.

— Fires onboard containerships is a growing concern for hull and cargo underwriters.

— In general, the marine insurance markets appear to have bottomed-out, with many markets reporting changing underwriting conditions but the prospect of any real market improvement to 2019 results remains uncertain.

The full report is available to download from IUMI's website: <https://iumi.com/statistics>

IUMI Facts and Figures Committee  
2019 IUMI Statistics

## Some uptick in global marine premiums, but major losses return and geopolitical risks render future outlook uncertain



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

The Facts and Figures workshop at the 2019 IUMI conference in Toronto began with committee chair Philip Graham updating the audience on the state of the global economy and shipping and offshore markets, as well as the activities and output of the committee.

Vice chair Astrid Seltmann followed up with an analysis of the general global marine insurance market trends, looking in more detail at the cargo, hull, offshore energy and P&I sector. She also highlighted the role of detentions as an indicator for future claims and the increase in fires on container vessels<sup>1</sup>.

The Facts and Figures workshop was rounded off by guest speaker Michelle Bockmann, an analyst from Lloyds List Intelligence, who presented on a highly relevant current issue, namely how the Iran-US geopolitical crisis is impacting shipping and insurance risk.

→

## Cargo premium vs world trade values and exports

Index of evolution, 2005=100%



Evolution of world trade values and cargo premium seem to correspond, but cargo premium lags behind world trade values growth.

Exchange rate influences on premium.

Extended risk covers and the increasing risk of event losses (risk accumulation) need to be taken into account in pricing.

### 2019 IUMI statistics Continued

#### Facts & Figures committee work 2019

The core of the committee's work continues to be the production of extensive statistics each spring and autumn. These provide insight into how frame conditions in the marine industry develop, such as global trade, world fleet, offshore activity and what impacts marine insurance results specifically.

The number of associations participating in the IUMI major claims database project increased substantially during the second year of the pilot project. This winter, the quality of the collected data will be evaluated and benchmarked against other sources. Over the year, the committee has cooperated with other IUMI technical committees (where applicable) and teamed up with third party data providers to investigate relevant issues and secure up-to-date data for the industry.

#### Economy and trade

Global GDP growth is projected to slow down somewhat in 2019 and 2020, led by decelerations in trade growth and investments. The Asia-Pacific region will make the strongest contribution to global growth. Economic risks have risen, but not enough to trigger a near-term global recession. These include US-China trade conflicts, hostilities in the Middle East, rising debt levels, and political uncertainty in many parts of the world.

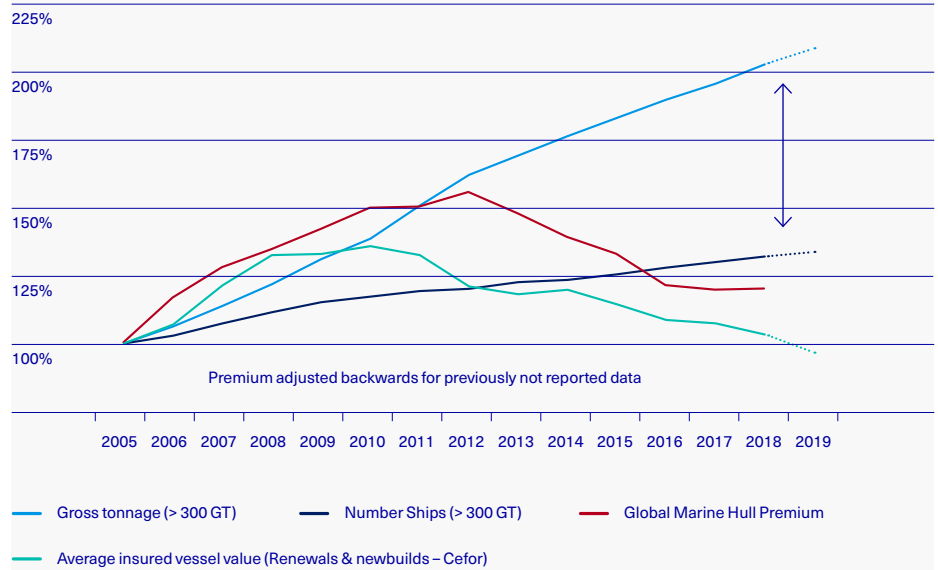
#### Shipping and offshore energy markets

World fleet growth is easing, and the average fleet age is increasing. Ship earnings are improving but are still competitive. Since the oil price started to rally in 2017, activity in the offshore sector has begun to gain traction again, but under various influences the outlook in 2019 is rather uncertain.

→

## Hull Premium versus World Fleet

Index of evolution 2005 = 100%



Sources: World fleet data: IHS/ISL, Hull premium: IUMI, Vessel values: Cefor, Nordic Marine Insurance Statistics

World fleet continues to grow, especially in tonnage.

Hull premium deteriorated in line with ship values.

Increasing mismatch between fleet/vessel growth and income.

2019 signs of change, enough to re-establish balance?

### 2019 IUMI statistics Continued

#### The global marine insurance market

**Cargo:** The upswing in global trade triggered a 2.5 % increase in the overall cargo premium, but cargo insurance results were heavily impacted by large event losses such as the Tianjin port explosions, hurricanes/nat-cat damage and more recently a series of fires on container vessels. 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 stagnated in 2018 compared to 2017. Comparing hull premium and vessel values to the world fleet development reveals an increasing mismatch between fleet growth and hull income in the years up to 2018. In 2019 the market seems to have bottomed out and there was an uptick in premiums, possibly as a result of reducing market capacity with some insurance units leaving this market. At the same time major losses are having a

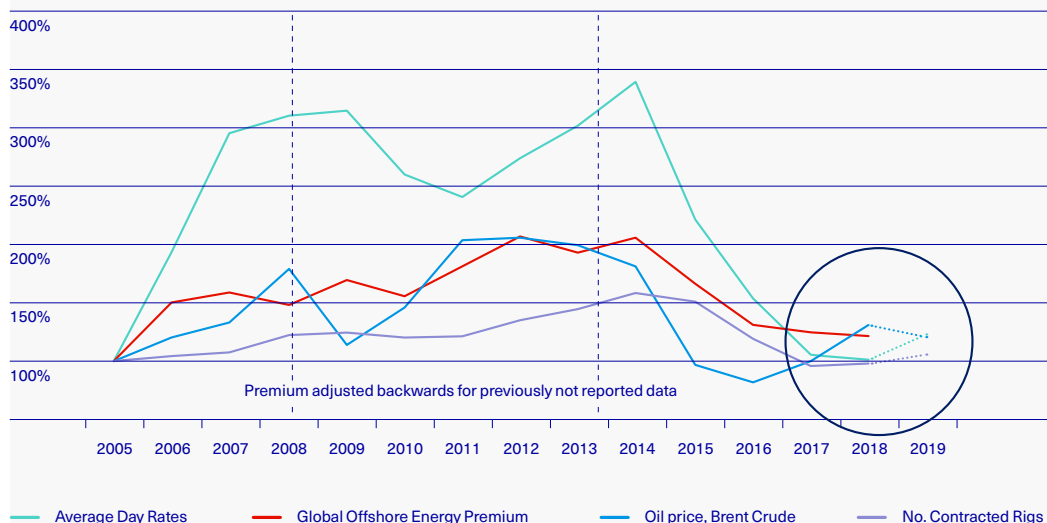
significant impact after three relatively benign years. The substantial increase in fires on large container vessels will impact hull and cargo markets equally, and there were also collisions and groundings. Hull insurance results continued to deteriorate substantially over the last three years, with attritional losses accounting for an increasing share of the costs. It remains to be seen how the combination of some increase in 2019 premiums with a renewed impact of major losses will impact the 2019 results.

→



## Offshore energy premium

Energy mobiles, day rates, oil price (as of Aug. 2019)



Sources: Day rates, rigs: Clarkson's Research, Oil price: World Bank commodity prices, Premiums: IUMI

Drop in oil price was followed by drop in premium.

2019: Activity increases, but slowly.

<sup>1</sup> See recent statistics issued by the Nordic Association of Marine Insurers (Cefor): <https://cefor.no/statistics/analysis-with-special-focus>

## 2019 IUMI statistics

Continued

**Offshore Energy:** After two years with more than a 20% drop in premiums, in 2017 the decrease flattened out after the oil price started to rally. With the reduced activity followed a modest major claims impact, but with substantially reduced income levels also in this sector attritional losses took an increasing share of the premium. There was some increase in activity recently, but the outlook in 2019 is still uncertain with a fluctuating oil price and various influences in different directions. The claims potential arising from the reactivation of complex offshore units is a concern.

In general, there are positive signs on the horizon, but 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.

For more insight please look at the Facts and Figures publications at

<https://iumi.com/statistics>

- *Report on Merchant Fleet and World Trade* (Philip Graham);
- *Global Marine Insurance Report* (Astrid Seltmann) plus additional data for download;
- *Hull and Cargo Inflation Indices*; and the 2019 IUMI Stats Report.

# Change of Ownership of Offshore Assets: Issues for Insurers



By Rosie Hart  
Legal Director

Clyde & Co. LLP.  
IUMI Professional Partner  
[www.clydeco.com](http://www.clydeco.com)

The offshore energy sector is experiencing a trend of increasing asset divestment driven by industry consolidation, maturing assets and the need to fund new technology investments. What issues do changes in the ownership of offshore assets raise for insurers?

## Does a change of ownership increase the risk profile?

As offshore assets are increasingly operating beyond their design life, a key concern when there is a change of ownership is loss of institutional knowledge through change in personnel and systems. If the new operator does not know that there is a problem with ageing assets, then its insurers will not either.

## What happens legally in the claims context when there is a change of ownership?

The sorts of issues which arise include:

- If a change of ownership occurs after the loss, the normal situation is that the new owner has no claim. The former owner may try to assign the claim or insurance to the new owner but policy terms often bar assignment without insurers' consent.
- If a loss occurs during one period of ownership but only manifests itself after change of ownership, the immediate issue to consider is whether the loss occurred during the new owner's policy period. If it occurred during the earlier period, there is an obvious difficulty under English law because the new owner had no interest in the property at the time the damage occurred and cannot claim, and the former owner is no longer interested.

- Pre-inception perils. The general principle is that peril and damage must occur during the same policy period but there are important exceptions to this, e.g. policy extensions to cover pre-inception design defects.

## Other issues to consider:

- The effect on Loss of Production Income claims where an asset is sold during the indemnity period;
- If there is unrepaired damage which is known at the time of sale, traditional marine policies restrict the recovery to the lesser of the reasonable cost of repair and the depreciation in the value of the asset at the termination of the policy. However, upstream energy policies frequently contain more generous deemed-depreciation measures of indemnity which are not appropriate for end-of-life assets.

Click [here](#) to read an article addressing these and other points in more detail.

CLYDE & Co

## Save the date IUMI Asia Forum

10–11 June 2020  
Kuala Lumpur, Malaysia

Preparations have already begun for the IUMI Asia Forum 2020, set to take place on 10–11 June 2020 in Kuala Lumpur. Under the theme “Navigating Sea Change — Digital, Environmental, Legal” a multitude of key issues for marine insurers and the broader maritime industry will be addressed by expert speakers from Asia and around the world. This year, the increasingly popular event is being organised in cooperation with our Malaysian member association — Persatuan Insuran am Malaysia General (PIAM), making the 2020 Asia Forum a landmark event — the first to be held in Malaysia.

Following on from the hugely successful conferences in Singapore and Shanghai the beautiful city of Kuala Lumpur will be the perfect backdrop for the highly anticipated third Asia Forum. Hot topics such as containership fires, digitalisation, misdeclared and nondeclared cargo, as well as a market outlook, will be presented by leading insurance professionals.

While attendance at the annual IUMI conference is limited to marine insurers and reinsurers, the Asia Forum is the only IUMI event open to all interested stakeholders, including maritime lawyers, insurance brokers, loss adjusters and surveyors. The 2020 Asia Forum will be an excellent forum to keep abreast of the latest digital, environmental and legal trends as well as being an outstanding networking opportunity.

The main aim of the Asia Forum is two-fold, it provides an opportunity for IUMI to gain more visibility in the growing Asian markets, as well as moving IUMI closer to members and partners in this region.

### Please save the date

For more information [please click here](#) and if you have any questions do not hesitate to contact us on [info@iumi.com](mailto:info@iumi.com).



**PIAM® IUMI**  
**ASIA FORUM 2020**  
**KUALA LUMPUR**

**10 - 11 JUNE 2020**  
**MANDARIN ORIENTAL**  
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Policy Forum

## IUMI participation in UNEP PSI consultation on the ESG guide



By Hendrike Kühl  
IUMI Policy Director

The growing importance attached to questions related to sustainability has impacted most industries. Marine insurance is no exception and with a number of IUMI members raising this issue, not least to the agenda of the annual conference in Toronto this year, IUMI decided to submit feedback to the consultation on the first environmental, social and governance (ESG) risks guide for the insurance industry. The document was drafted by UN Environment's Principles for Sustainable Insurance Initiative in cooperation with various insurers. It is primarily intended for insurance companies with non-life insurance business, particularly industrial and commercial insurance business. The guide is aimed at industry participants who intend to develop their approach to integrating ESG risk considerations into their core insurance business processes and decision-making. The document includes a section of so-called "heat maps" which are meant as a guidance tool to get an indication of levels of potential ESG risks across economic sectors.

IUMI's submission to the consultation sought to emphasise the importance of raising awareness for ESG risks. The guide is a useful tool to do that. At the same time, it was suggested that the document ought to take into account the situation of small and medium-sized insurers and smaller, less advanced insurance markets. For this group, the scheme as laid out in the guide is likely to be too abstract and too specific. Moreover, resources are often limited and no dedicated staff could work on the integration of ESG risk assessment processes. For this reason it is desirable to develop a more basic version of the guide which aims to provide tangible and concrete advice for smaller insurers on how to integrate sustainability and ESG issues into their business operations.

Overall, the feedback on the guide was positive with some proposals for improved (i.e. simpler) language and several proposals to certain sections in the heat maps. The primary objective of the guide should be to promote the notion of taking into consideration ESG issues in the underwriting and business process. IUMI is happy to support with the promotion of the guide, for instance by hosting a webinar with UNEP PSI to raise awareness and spread the word.

## IUMI Conference 2019 in Toronto, Canada

### The puck was dropped and what a game it was

This year Toronto, or better said Toronno, was the beautiful location for the IUMI annual conference which was a huge success. The third conference to be held on Canadian soil — second in Toronto — surpassed all expectations and we would like to thank the CBMU (Canadian Board of Marine Underwriters) for their amazing organisation and kind hospitality.

The conference theme “Confronting the chaos for a sustainable future?” was a rather controversial topic for discussion but the Technical Committee chairs and committees worked hard to put together interesting and informative workshops with key speakers from the industry. There were over 500 delegates in attendance and healthy and lively debates took place both in the conference hall and during the coffee breaks. Some of the highlights include the President’s workshop on digitalization; the Facts & Figures workshop which presented the annual IUMI statistics; and the opening session where we heard from Canadian dignitaries and subject experts.

Presentations from the various Technical Committee workshops covered topical issues such as containership fires, the upcoming IMO Sulphur cap regulations, digitalisation, geopolitics of trade and the emergence of the Arctic as a regular sea route. One topic that IUMI has given significant emphasis to recently is a

better understanding of the principles for underwriting environmental, social and governance (ESG) risks.

The venue for this year’s conference was the impressive Fairmont Royal York Hotel and it was the perfect space for the event. With over 1,300 rooms this grand hotel was filled with exquisite chandeliers, Steinway pianos and a maze of hallways. Events were held in wonderful locations such as the Hockey Hall of Fame and the elegant Liberty Grand Entertainment Complex, where on the last night a sea of marine insurance professionals danced the night away.

Thank you once again to the CBMU for their amazing organisation and we look forward to seeing you next year in Sweden.

To view and download the presentations from the conference (for members only) [please click here](#).

## Battermann + Tillery Global Marine



[www.ba-ty.com](http://www.ba-ty.com)





Policy Forum

## Regulatory framework for AIS: 'Going dark' and switching off



By Jens Jaeger, Head of Marine and Aviation at German Insurance Association (GDV) and member of the IUMI Policy Forum and Education Forum, and Daniel Fritz, Legal Specialist Marine at German Insurance Association (GDV)

The Automated Identification System (AIS) is a radio system which enables the exchange of nautical data ship to ship and with shore-based facilities. It shows the course and speed of ships in real time and contributes to collision avoidance and enhances the safety of life at sea, the safety and efficiency of navigation and the protection of the marine environment.

The International Maritime Organization (IMO) adopted the system as a mandatory standard in December 2000. It finds its legal basis on the International Convention for the Safety of Life at Sea (SOLAS). As per regulation 19 of SOLAS Chapter V, AIS is mandatory for all ships of 300 gross tonnage and upwards engaged on international voyages, cargo ships of 500 gross tonnage and upwards not engaged on international voyages, and all passenger ships irrespective of size.

Ships fitted with AIS shall maintain AIS in operation at all times except where international agreements, rules or standards provide for the protection of navigational information. This makes the IMO the authority to set the framework for the operation of AIS.

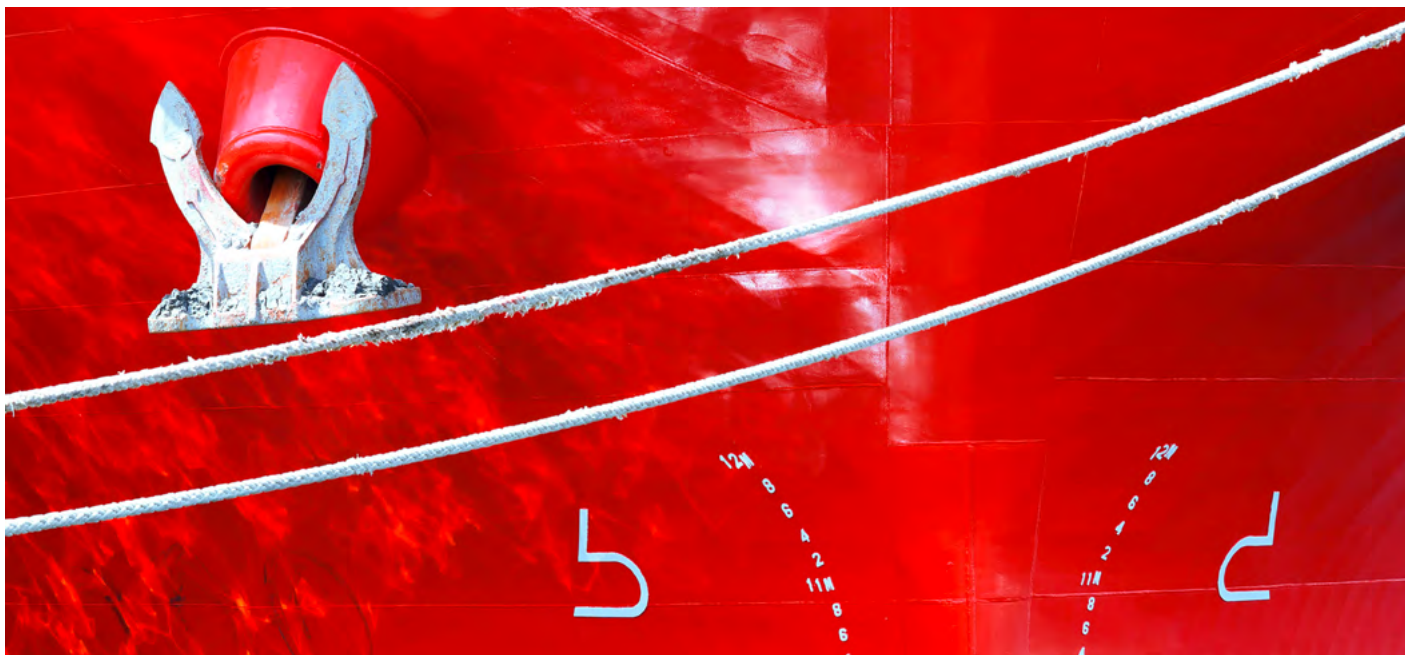
According to the IMO resolution A.1106(29), the Revised Guidelines for the Onboard Operational Use of Shipborne Automatic Identification Systems (AIS), AIS should — as a general rule — always be in operation when ships are underway or at anchor. It may only be switched off, "if the master believes that the continual operation of AIS might compromise the safety or security of his/her ship or where security incidents are imminent".

Thus, legitimate reasons for an AIS signal to 'go dark' are limited. The master may only consider this due to exceptional circumstances, such as to conceal the identity, location and course of a ship in the probability of a pirate attack.

For no reason should AIS deliberately be turned off and this represents a breach of SOLAS and flag state regulations. It may also cause suspicion that the ship is involved in illegal trade and thus lead to loss of insurance cover.

For the full version of this article [please click here](#).





## Update on the major claims database



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

The Major Claims Database project made significant progress during 2019. Thanks to the considerable help from many member associations, we were able to collect more data, from more associations with greater accuracy and substance. The next phase of the project will be key to refine further the data and obtain the engagement of the remaining three large markets.

As a reminder, we ran a proof of concept during 2018, receiving over 1200 hull and cargo claims records from six associations. The initial indications were positive and allowed us to move to a wider dataset and better data usability.

The first phase allowed us to refine the template and invite all associations to take part. We were delighted to receive data from 19 markets. This gave us about 4600 observations covering 2013-2018 loss years. The amount of claims paid was USD \$7.3bn and 12 data fields provided statistically important information. These numbers indicated a strong level of participation however the scope still reflects only a part of the overall worldwide losses.

We still face data inconsistencies across countries especially for "type of loss" and "location of loss". These are not insurmountable. In addition, it is imperative to receive the IMO vessel number, which is not always the case currently.

In Toronto, the committee analysed closely the data and possible statistical analysis. We thank Boston Consultancy Group (BCG) for their considerable input and effort in preparing the materials for the committee. The committee felt that we needed to study further the optimal method to gather data, engage all markets and produce statistically useful data for marine underwriters. To this effect, a working group of the committee will meet in December and regularly thereafter to address these issues.

We clearly have a momentum of interest from the membership and expect more associations to join the project next year. We look forward to running the data gathering exercise during 2020 and to a positive engagement from all the key markets.

# How Predictive Pricing Can Enhance Marine Insurance Market Performance



By Joseph Artgole  
Marketing Manager

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

Digitisation is one of the most influential transformations taking place within insurance today. Big data analytics and insight platforms allow for the interpretation of vast data sets, uncovering real-time behavioural trends. Such insight is now being applied to predictive pricing in marine insurance, improving the overall capability and understanding of risk across the value chain. Estimated loss valuations become more accurate whilst the biggest contributors to losses can be identified. This allows for further differentiation within a highly competitive marketplace.

With an expected loss valuation and risk score, insurance brokers can understand an underwriters' view of their accounts. It ensures they're informed and can set a walk away price in advance of negotiations. If a score is adverse, brokers can identify which factors need improving at both account and vessel level. Brokers can then consult clients on where to direct investment to reduce risk. Success reinforces relationships, improving client and market relations.

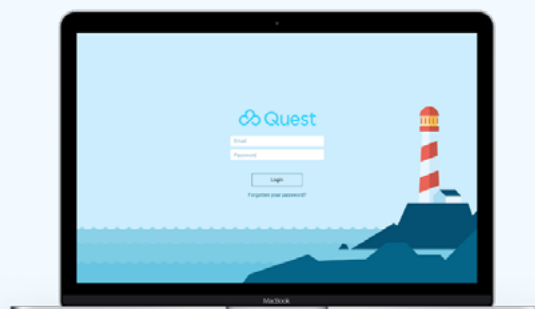
Today, actuaries typically create risk models manually. With the increasing volume and frequency of data received, manual processes aren't sustainable in delivering insight on time. Machine learning models allow actuaries to benefit from the automated interpretation of vast datasets. Actuaries can combine their expertise with an understanding of influential factors that affect loss valuation to best advise underwriters.

Risk scoring allows insurers to better understand the level of risk they're considering. An expected loss valuation ensures they can more accurately price premiums. An expected loss can also be used to calculate the effect of writing business on the portfolio. Doing so shows the impact of a decision on portfolio performance before it's made. Head underwriters can set a threshold for a team based on risk score to help stabilise book health. Underwriters can use a vessel score and influential factors to augment policies and minimise exposure.

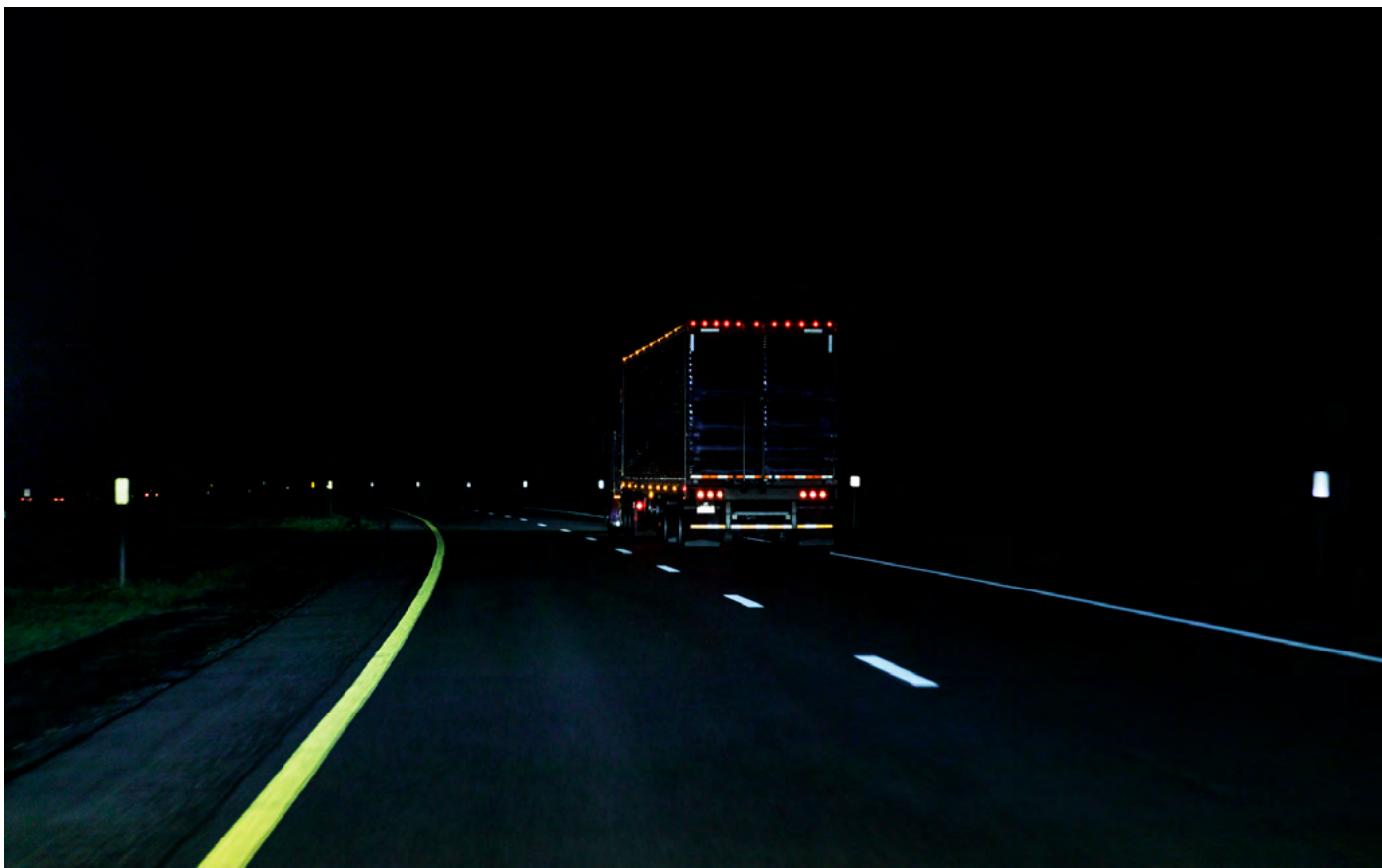
With improved performance throughout the value chain, loss ratios will become more stable and immediate rewards will be seen on the capital side. This makes the insurance industry more attractive for investment and encourages growth within the market.

Find out more [here](http://www.concirrus.com)

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



Find out more at: [www.concirrus.com](http://www.concirrus.com)



## Road cargo theft in Latin America

By Iván Huertas Gil  
Head of Communications, ALSUM

The Latin American Association of Marine Underwriters – ALSUM – undertook a research study to identify the most common features of cargo theft in Latin America. The study found that the main causes of theft in the region can be grouped into opportunity (taking advantage of the moment), negligence or carelessness, and impunity (low rate of legal punishment or prosecution). On the other hand, the most commonly stolen goods usually fall under the following criteria: 1) they meet basic needs such as food or nutrition (canned food, rice, coffee, dairy products, sugar, etc.); 2) clothing, textiles, and footwear; 3) trend products such as mobiles, laptops, home appliances and tech, which are very popular in the black market throughout the region; 4) products of mass consumption (liquors, perfumes, cigarettes, toiletries); and 5) pharmaceutical products.

The research also identified that the main ways cargo was being stolen was: impersonation (the offender impersonates one of the people in the supply chain), complicity (someone within the supply chain is an accomplice to the crime), violence (the use of guns and force) and last but not least, sophisticated theft (including cyberattacks and hackings). According to the study, the usual ways to access the goods are assault on trucks, alliances between thieves and carrier or storage personal, and cyber sabotage.

Theft is a plague that is constantly evolving, criminals perfect their techniques daily and acquire new technologies. That is the reason why all the players in the supply chain should implement strategies and modern equipment to manage the risk and its subsequent impact in the insurance industry. The study recommends to all those involved in the carriage of goods to have as much information on the cargo as possible and implement safety programmes. Furthermore, it is necessary to understand that the insurance provided to the carrier cannot replace the insurance acquired by the cargo interest.

The study, named “White Paper on theft of cargo by road in Latin America” can be viewed on ALSUM’s website in the section “Publications”. This document is available in Spanish, and will soon be available in English.



People at IUMI

## Uwe-Peter Schieder

Loss Prevention Manager at GDV,  
and Vice-Chair of IUMI Loss Prevention Committee



### How long have you been associated with IUMI?

I have been involved with IUMI since 2008 when I attended my first conference in Vancouver. One year later I became a member of the Loss Prevention Committee and have been ever since.

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

I am Vice-Chair of the Loss Prevention Committee and with this position there is a long list of responsibilities. I help to organise speakers for the conference and work with the committee to develop and bring to light issues of interest. For example, we have been very active in informing and pushing for change in the industry about the increasingly concerning issue of fires on container vessels. We published a position paper in 2017 highlighting this issue and suggested possible solutions in collaboration with GDV. I have spoken at various conferences on this topic, including recent IMCC and Gard conference in Arendal.

The IUMI Loss Prevention Committee also looks at various other issues, some of which are highlighted on the [IUMI website](#), including developing a definition for fit-for-purpose packaging for the transport of goods, developing and translating an e-learning programme on humidity management during the transport of goods, reworking the CTU code, the lashing and securing of project cargo, to name a few.

Seafaring/shipping is an international industry and national rules are often not helpful. We need to apply international rules if our industry is to operate smoothly.

### And what is your day job?

I am a Loss Prevention Manager at GDV, the German Insurance Association, for the past 25 years. At GDV we look at similar issues mentioned above and also look at controls on the German Autobahn highways together with the police as cargo theft and prevention in parking areas is a serious issue in Germany.

GDV also produces handbooks on various subjects such as lashing and securing, and I also organise and speak at international conferences on key topics.

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

Transport is international, and IUMI provides a professional platform and voice for the marine insurance industry. Thanks to IUMI's position at the IMO and having a seat there we are fortunate to be able to contribute and work towards improving the safety standards of the maritime industry.

As an association we can look at and deal with a wider range of loss prevention issues, drawing on the expertise of our members. Polar shipping, sulphur free bunker oil, lashing and securing of project cargo are some of these issues - and this is to the benefit of the maritime industry as a whole.

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

I would increase IUMI's capacity by one or two more people immediately. The IUMI Secretariat — Lars, Hendrike and Corinna — do a wonderful job, sometimes that of more people, but they cannot be everywhere at the same time and there are many issues that we could be helping with.

In the last six to seven years IUMI has grown from strength to strength and the IUMI team has given us a taste for this high-quality service and I would like to see it continue and grow.

### How did you reach your current position in marine insurance?

My career started at sea in 1978 as a deck boy and then 12 years later I had my Master Mariner's license. Two years later I joined GDV as a Loss Prevention Manager. At the time I didn't know what I know now about loss prevention and the insurance industry, but after 25 years I have worked with some great people and learnt a lot.

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

I enjoy gardening, it is where I relax. There are lots of different things to do in the garden such as clipping wood, planting flowers and cutting the lawn, and here I get a few hours to myself and where I find my Zen.

# The Age of AI (Artificial Intelligence) Analytics



By Nick Maddalena  
Head of Insurance Business

Windward, IUMI Professional Partner  
[www.wnwd.com](http://www.wnwd.com)

Adoption of analytics by marine insurers reached a tipping point in 2019. At Windward, we've experienced a surge in adoption; by the end of the year we'll have added 10 new insurance clients. It all demonstrates marine underwriters' pragmatism and ability to adapt in a rapidly changing environment.

Thanks to AIS, we can now accurately assess vessel behaviour. Using machine learning techniques, we can build a picture of those behaviours which most strongly correlate with loss. And while loss records are an important factor in risk assessment, we've found that a vessel's operational behaviour can better predict whether a casualty will occur in the future. Let's take the utilisation profile as an example and explore how a vessel's age and trading pattern affect risk.

In the chart below, we see a steep decline in the number of older vessels and nautical miles sailed for ships over the age of 15. If we then overlay where those older vessels operate, we can see that not only are they used less, but they spend significantly more time trading in territorial waters than younger ones.

Our analysis also revealed that smaller general cargo vessels (<5,000DWT) spend one-third more time operating in shallow waters than larger ones. So it makes sense that small general cargo vessels are more than twice as likely to suffer a grounding than larger ones.

There are many other examples of how behavioural analysis can complement existing assumptions, some of which support and some of which contradict existing beliefs. Furthermore, there are vessel behaviours which strongly correlate with certain accident types which couldn't be analysed until now, such as distinct number of port calls, time spent sailing at night, and trading patterns regularly exposed to severe weather.

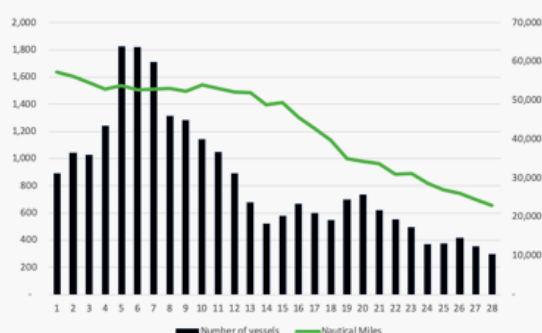
Big data and AI can unlock competitive strategies and it is up to us on the analytics side to help underwriters find them. Technology can optimise delivery of underwriting information. It can enhance existing pricing models, help resolve complex claims faster, proactively identify risk factors, and refine risk management capabilities. Ultimately it will make the seas safer and help the maritime ecosystem thrive. The age of AI analytics has well and truly arrived.

WINDWARD<sup>o</sup>

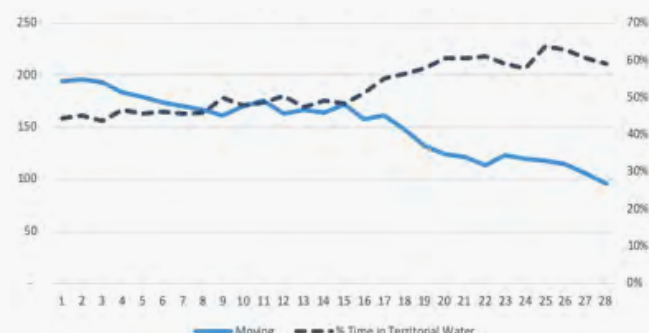
WINDWARD<sup>o</sup>  
Maritime Analytics



Cargo — Age and Nautical Miles



Cargo — Moving & Time in Territorial Water



# IUMI EYE

## Q&A

## With Vibeke Kofoed



[www.amdadjusters.org](http://www.amdadjusters.org)

### **In a nutshell, how would you describe the main role of the International Association of Average Adjusters (AMD)?**

To promote the average adjusting profession and to ensure that the principles of good professional conduct and sound practice are maintained by its members, as well as encouraging uniformity in the practice. Also, to facilitate the study of laws, rules, usages and customs of General Average and marine insurance and knowledge sharing.

### **What is the biggest challenge facing the AMD today?**

The biggest challenge is the declining use of average adjusters' expertise and knowledge. Underwriters have wisely educated their employees and thus enabled them to perform the work of an average adjusters in some cases. However I think that shipowners must realise that in-house claims adjusters of insurance companies do not always have the same view on claims as independent average adjusters would have. Marine insurance is not always black and white, and a more holistic view on complicated cases is often appropriate. There is a wealth of experience to be tapped as adjusters deal with a multitude of cases and various insurance conditions, putting them in a better position to assist all parties. Both to clarify what the extent and limitations of a cover are and to seek workable and fair solutions if a case does fall out of the ordinary, and also in cases where substantial documentation requires detailed examination.

### **How does the AMD and IUMI work together?**

AMD and IUMI work together in different ways. AMD is an affiliate member of IUMI and vice versa, and the liaison officer and the present president of AMD usually attends the annual IUMI conference. This year they also had the opportunity to attend the Ocean Hull Committee meeting and the Cargo Committee meeting, both as observers. Furthermore, Phil Norwood was invited to the General Assembly of AMD in Engers, Germany, and in his position of chair of the Salvage Forum and secretary of the Offshore Energy Committee he kindly delivered an interesting paper on IUMI.

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

I often see that shipowners are surprised that various parts of their claims are not covered by their insurance companies. Some may have unrealistic expectations due to a lack of knowledge, but sometimes it seems that the insurance product does not meet the expectations. Perhaps the underwriters and/or brokers could be better at clarifying the coverage and the exceptions.

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

It is rather difficult as it is not easy to make money in marine insurance. We have had a long period of very low premiums and too many players in the market. During the last year or so there seems to have been some improvement, the number of insurance companies have reduced and the premiums are going up.

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

That more shipowners would remember to insert the Average Adjusters' Clause in their insurance contracts, as this gives them the opportunity to decide to bring in an average adjuster to assist in a casualty and the underwriters would accept that.

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

I have completed training as a professional board member and am working towards being elected onto boards in interesting Danish companies. I would like to invest more energy into this area.

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

Many different things such as walking my Newfoundland dog, cooking, reading books, hiking, yoga and meditating — to mention just a few.





## IUMI Cargo Committee 2019 Country Reports

By Sean M. Dalton  
IUMI Cargo Committee Chair

We are pleased to announce the publication of the 2019 Cargo Country Report — a collaborative work produced by the IUMI Cargo Committee. The report brings together industry-relevant data and insights from 18 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 Toronto conference held in September 2019.

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 accessible on the IUMI website to all members (password protected) and we invite you to consult this unique publication.

Feedback or comments are welcome and can be addressed to [info@iumi.com](mailto:info@iumi.com)

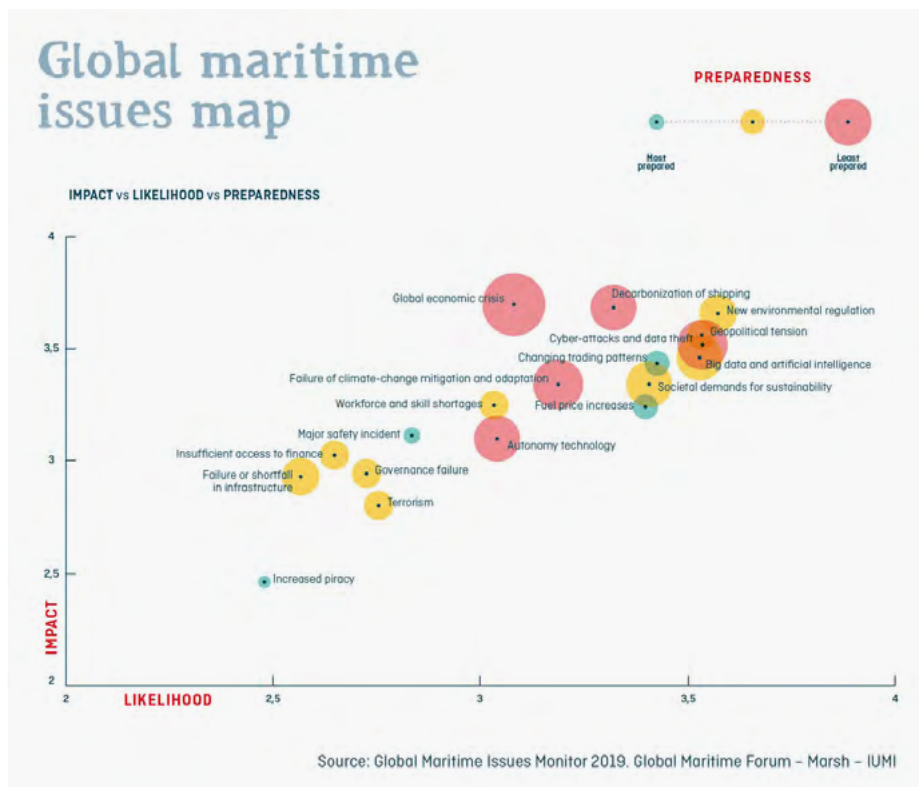
## IUMI and ALSUM strengthen their partnership

By Lars Lange  
IUMI Secretary General

Earlier this year IUMI and ALSUM announced their official cooperation with IUMI granting ALSUM affiliate membership and vice versa. ALSUM is the Latin American Association of Marine Underwriters and is comprised of insurance and reinsurance companies with a presence in Latin America. ALSUM's objective is to raise the standards of marine insurance underwriting and cargo transportation in the region by promoting knowledge and education, and by learning from the professional practice of other advanced marine insurance markets.

From 28 to 30 October, ALSUM held its annual conference in Guayaquil, Ecuador. Lars Lange, IUMI Secretary General, was invited to present IUMI's work and ongoing initiatives to ALSUM members. The conference provided an opportunity to grow the partnership between the two organisations. Close collaboration is foreseen in areas such as annual statistics, education, and advocacy. In this regard ALSUM is offering IUMI an excellent platform to the Spanish and Portuguese speaking markets in Latin America, allowing IUMI to share information about our ongoing work on various policy issues as well the annual marine insurance statistics and IUMI's education programme.

The ALSUM conference was an important building block to advance this fruitful and mutually beneficial cooperation with our key partner in Latin America.



## Global Maritime Issues Monitor 2019

### Biggest issues on decision-makers' agenda

The Global Maritime Forum, Marsh JLT Speciality and IUMI recently published the second Global Maritime Issues Monitor. The highly anticipated 2019 edition showed that senior leaders in the maritime sector anticipate environmental and climate related issues to have a major impact on the maritime industry in the coming decade.

Survey respondents from 46 different countries around the world highlight 'decarbonization of shipping', 'new environmental regulation', 'societal demands for sustainability', and 'failure of climate-change mitigation and adoption' as four of the top 10 issues in terms of potential impact on the maritime industry.

Environmental, economic, geopolitical, and digital areas also attract attention when top issues regarding likelihood, impact and preparedness are compared. For the second consecutive year, a potential 'global economic crisis' is thought to be the issue to have the greatest impact over the next ten years. It is also the one issue the industry is least prepared for, although it considers the event relatively unlikely. Likewise, 'cyber-attacks and data theft' remain a top concern for the industry.

For the full Global Maritime Issues Monitor 2019 [please click here to download](#).