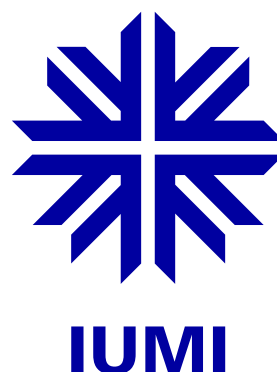


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Message from the President

Roll on 2021



Richard Turner
IUMI President

As I sit here on a cold autumn morning in early November penning the final President's message of 2020 for the excellent IUMI Eye publication, the world is in some degree of turmoil. Europe is mostly in lockdown, with many parts of the continent under curfew conditions, the consequence of a vigorous second wave of the COVID-19 virus. The pandemic has wreaked havoc with people's lives and livelihoods. Health-care systems have been placed under acute pressure. Governments around the globe are raising public debt levels (even further) to get their nations through the worst of the crisis. This comes on top of ongoing international geopolitical tensions, and political instabilities in many countries.

We often hear media commentators describe that what the corporate sector seeks for normal business operations is a sense of stability. Understandably, there has been little of that in evidence this year. Business is not 'normal'. And quite apart from the economic impact on its client base, the wider general insurance sector has borne its own scars with the heavy impact of COVID-19 claims in some non-marine products and through investment losses.

By contrast, whilst there have been pockets of heightened claims activity in the marine insurance sector (for example, with Loss of Hire – business interruption – claims on ships), casualty situations have tended to be an indirect consequence of the pandemic. It is likely that we will look back and say that the main impact of COVID-19 on the marine insurance sector was

a reduction in cargo volume, leading (all other things being equal) to a reduced premium base.

This aside, my contention would be that the pandemic has mostly sped up trends that were already starting to emerge in the marine insurance sector, rather than creating new ones:

- Temporarily, at least, markets like London have been forced to abandon face-to-face negotiation and adopt on-line trading and servicing.
- The deployment of digitalised software has increased in speed.
- The pressure to turn around underperforming marine portfolios has become more acute.

I often remind audiences that what marine insurance is there to do is to underpin and support trade. That is why we exist: we enable trade to happen. It is a testament to the resilience of our industry that despite all the chaos that has been heaped upon the world in 2020, we have continued to discharge this purpose to a high standard. The industry has continued to operate well and we have continued to support our clients.

IUMI itself has had to adapt too. Our Secretariat worked from home for long parts of 2020. Travel became virtually impossible. We were faced with the cancellations of our Spring conference in Hamburg and our Asia Forum in Kuala Lumpur. And yet, we also found time to innovate, the highlight being the hugely successful 'virtual Stockholm' conference in September.

→

Looking ahead to 2021

Against this backdrop, making predictions for 2021 is problematic, to put it mildly. Yet I think we can point to a few themes that will continue to be important influencers of the future as we wave farewell (and probably good riddance) to 2020 and look ahead to a new year. And we can also take note of what IUMI is doing to help its members with these challenges and opportunities:

Data and Digitalisation

The pace of change will continue to build, especially if the pandemic continues to force home based working. IUMI's Data and Digitalisation Forum will continue to act as a forum for debate and discussion of the emerging technologies and software.

COVID 19

In 2021, we will get to understand more clearly what the impact of COVID 19 has been on the marine insurance sector's premium base. Watch out for the report by the IUMI Facts & Figures Committee report in September.

Sustainability and the Environment

However long the pandemic is with us, the real long-term emergency concerns climate change and biodiversity. Marine insurers will be affected by heightened claims caused by climate change, there will be ongoing changes to the nature of the assets that we insure (let's not forget the introduction of low sulphur fuel on ships in 2020) and the clients and industries we protect will evolve: some sectors will grow and some will shrink in the future. IUMI formed a Sustainability and Environmental strategy in 2020 as one of our key priorities and we will be further evolving our dialogue and ideas in 2021.

Operational

In the short term at least, traditional travel and office-based activity will continue to be challenged. As it did in 2020, IUMI will continue to adapt to changing circumstances and innovate where appropriate. Expect to see more webinars and podcasts in 2021 and continued use of our GoToMeeting online tool!

The closing of one year and the arrival of a new one is always a traditional moment to reflect on where we are as people, as communities, as organisations and as businesses. At the turn of 2020, the overwhelming sentiment must be that we wish for the arrival of an effective suite of vaccines and a speedy end to the pandemic.

In the meantime, I wish you good health and happiness for the coming year wherever you are in the world.

Richard Turner, IUMI President
richard.turner@iumi.com

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

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



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

NEW

Buy 5–9 tutorials,
get a 10 % discount

Buy 10+ tutorials,
get a 20 % discount

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



Hull insurance tutorial programme

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

For more information please visit:



https://iumishop.mycoracle.com/catalogue/hull-tutorial_79

NEW

Buy 5 – 9 tutorials,
get a 10 % discount

Buy 10+ tutorials,
get a 20 % discount

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



Testimonial

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

Juliet Ang passed the
hull exam with 85.56 % —
the highest score to date.

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

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

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



Policy Forum

Cargo Integrity Group — embracing the CTU Code



By Hendrike Kühl
IUMI Policy Director

The Cargo Integrity Group is a cross-sector initiative aimed at improving the packing of goods in cargo transport units and multi-modal containers. The group comprises the Container Owners Association (COA), the Global Shippers Forum (GSF), the International Cargo Handling Co-ordination Association (ICHCA International), TT Club, and the World Shipping Council (WSC). All these organisations have been cooperating on a range of safety-related initiatives, including IMO's Verified Gross Mass (VGM) requirement. One objective is to raise awareness and greater uptake of the CTU Code.

The group has compiled two documents for the broad industry to engage more successfully with the CTU Code and to assist a wider understanding of good packing practices. Using diagrams aimed to clarify the entire process and icons to emphasise key do's and don'ts, the condensed text follows the end-to-end cargo packing process, in much the same way as the CTU Code itself, with appropriate references to the full Code.

The second document is a checklist for intermodal freight containers for safe packing and avoidance of pest contamination based on the CTU Code. This checklist sequences the main check-points from a container packer's perspective, supporting sound decision-making. Successful completion facilitates safe and secure dispatch of a container. Both documents can be downloaded [HERE](#) from the TT Club's website, both in English and Chinese.

The Cargo Integrity Group's work to improve safety is an excellent effort to tackle common concerns of the logistics industry as well as marine insurers. IUMI is pleased to share information and results of the group which help to bring about positive change in the shipping and transport sectors' safety culture.

IUMI STATS Report 2020

Third edition with many highlights



STATS

The IUMI Stats Report 2020 is the third in a series of annual reports launched in 2018. It presents a range of statistical data from a variety of sources, including IUMI's own data, to provide an insight into the marine insurance market within the context of global trade and shipping. Working with a number of valued partners, the IUMI Facts and Figures Committee has produced this year's statistical analysis which also includes opinion.

IUMI collects data on global marine premiums which is presented alongside loss ratios, claims and other data. The coronavirus pandemic has significantly impacted trade, shipping, commodity prices and consumer activity which in turn, means the outlook for marine insurance is far from certain. Despite this challenge, the analysis indicates the beginnings of a modest market recovery in most business lines.

This year, and for the first time, the report includes the initial findings from IUMI's Major Claims Database. Over the past three years 22 national insurance associations agreed to participate and together submitted 6,800 records of major marine losses. An analysis of the major cargo claims data can be found in the report. We are grateful to Boston Consulting Group and the project team led by Dave Matcham from the International Underwriting Association for undertaking such a large and valuable project.

Highlights from this year's analysis include:

- Global marine premiums across all sectors are relatively stable. Early signs of a modest market recovery are encouraging although COVID-19 has injected a new level of uncertainty.
- The gap between global hull premiums and global tonnage continues to widen, although at a slower rate. Hull loss ratios have improved slightly and a benign loss environment prevails (with the continued exception of large vessel fires). This, coupled with a reduction in underwriting capacity, seems likely to predict a market recovery, but from an exceptionally low base.
- Loss ratios for cargo underwriting have improved slightly. But global trade dipped sharply as a result of COVID-19 and accumulation of risk onboard and ashore continues to grow. A market recovery across all regions is reported, however.
- The fortunes of the offshore energy market tend to mirror the oil price which has been unstable, particularly during the pandemic. However, a low impact hurricane season (to date) is positive but a fragile balance between a low premium base and a low claims environment exists.

The report is available here:
<https://iumi.com/statistics/public-statistics>

IUMI EYE

Q&A

Butch Bacani

Programme Leader

UN Environment Programme's Principles
for Sustainable Insurance Initiative



www.unepfi.org/psi

In a nutshell, how would you describe the main role of the United Nations Principles for Sustainable Insurance?

The [UN Principles for Sustainable Insurance \(PSI\)](#) serve as a global framework for the insurance industry to address environmental, social and governance (ESG) risks and opportunities — and a global initiative to strengthen the insurance industry's contribution as risk managers, insurers and investors to building resilient, inclusive and sustainable communities and economies on a healthy planet. Endorsed by the UN Secretary-General and insurance industry CEOs, the PSI was launched at the 2012 UN Conference on Sustainable Development (Rio+20) and has led to the largest collaborative initiative between the UN and the insurance industry.

What are the biggest challenges facing UN PSI today?

The biggest challenges facing the PSI today are the biggest sustainability challenges that the world is facing. The foundation of everything on this planet are a stable climate and a rich biodiversity of life. On both fronts, the weight of science is showing us that society's collective performance has been woeful. This is why the Paris Agreement on Climate Change was forged in 2015 to limit global warming to no more than 1.5°C by the end of the century. This is also why a Post-2020 Global Biodiversity Framework will be adopted by the world's governments next year to halt the rapid loss of biodiversity across the globe.

For the insurance industry, climate change, biodiversity loss and ecosystem degradation present a wide range of socio-economic challenges. More frequent and severe weather is leading to more human tragedy, social inequality and economic losses worldwide. The destruction of life-supporting natural ecosystems and habitats is leading to more disaster-prone cities and communities, and zoonotic diseases such as COVID-19. As we transition to a net-zero emissions economy, carbon-intensive assets may lose value or be phased out, which could impact insurers' investment and insurance portfolios.

Yet these are also a spectrum of new opportunities. They include insurance for and investments in zero and low-carbon technologies, infrastructure and transportation, as well as nature-based solutions and sustainable agriculture, and parametric insurance solutions for vulnerable communities, cities and countries.

How do UN PSI and IUMI work together?

The PSI and IUMI have already worked in a number of areas. For example, IUMI provided important input to the insurance industry [guide](#) developed by the PSI and Oceana to tackle illegal, unreported and unregulated (IUU) fishing; as well as the first-ever global insurance industry [guide](#) to manage environmental, social and governance (ESG) risks developed by the PSI.

After IUMI became a PSI supporting institution earlier this year, the PSI and IUMI co-organised a [webinar](#) on the PSI's ESG guide, with a focus on marine insurance. This was followed by IUMI's participation in a [webinar](#) by UNEP's Sustainable Blue Economy Finance Initiative on insuring and investing in a sustainable ocean economy.

We look forward to more opportunities to work together with IUMI, particularly in the context of helping achieve the aims of the Paris Agreement and the UN Sustainable Development Goals (SDGs).

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

Marine insurance underwriters should continuously enhance their ESG knowledge and skills in order to overwrite unsustainable practices in the ocean economy and support the achievement of the SDGs. The ocean's health and integrity are critical to providing oxygen, food and other resources; absorbing carbon emissions and heat; and building coastal resilience. However, it is under immense pressure from unsustainable development, including destructive fishing practices, carbon-intensive shipping, acidification and pollution.

IUMI can work together with the PSI in ensuring that the marine insurance industry's risk management, insurance and investment activities promote a sustainable ocean economy — from shipping, fisheries and tourism; to aquaculture, energy, biotechnology and nature-based solutions for coastal protection and blue carbon.

→

IUMI EYE Q&A

Butch Bacani

Continued

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

Modern-day insurance's roots can be traced to the maritime industry, and the insurance industry's relationship with the ocean economy continues to evolve. I think that marine insurers have an unprecedented opportunity to innovate and be a driving force for sustainability by ensuring that companies and industries that make up the 21st century ocean economy contribute to economic, social and environmental sustainability—in other words, sustainable development.

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

A zero-carbon, zero-pollution, zero-IUU-fishing and zero-vulnerability shipping industry with one wave of the magic wand.

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

A conservation diver protecting the world's amazing coral reefs, which is also the perfect job to detox, slow down and be reconnected with nature.

What do you like doing when not working?

Spending quality time with my partner, daughter and family is first and foremost. I enjoy scuba diving in tropical waters, swimming in lakes, and walking and cycling in nature. Trying out different cuisines, cooking, reading, listening to music and shooting some hoops are great ways for me to unwind. But the line between work and life for me is blurry since, ultimately, sustainability is about improving the quality of life. So either way, the bottom line is sustainability.



Paris MoU to make inspection data in bulk available again

Policy Forum



By Lars Lange
IUMI Secretary General

A number of the maritime industry organisations, including IUMI, had expressed concern with regard to the Paris MoU on Port State Control with regard to the restriction which was put in place on the electronic distribution of ship inspection and detention data in bulk format two years ago. The data had been used for many years to facilitate safety and loss prevention and to identify those vessels that had either been detained or found to have multiple deficiencies.

The decision taken during the Paris MoU's 53rd Committee meeting which was held virtually from 28 September to 2 October 2020 to share inspection data in bulk to registered users again was therefore expressly welcomed by IUMI. More detailed information when this data will be available and how to access it will be published by Paris MoU on their website in due course.

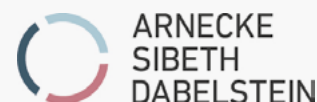
From an insurance perspective, the data is of particular importance for risk assessment since insurers use advanced risk models with a number of factors incorporated when assessing a risk. One essential part of this risk modelling is information from Port State Controls, as the number of detentions may indicate an increased risk of future casualties. Access to such data in an easily accessible format not only adds value in identifying risk, it also fosters dialogue to prevent any potential casualties from happening. For this reason IUMI is delighted that Paris MoU took the decision to make this important data available again next year.

COVID-19 Vaccine distribution — A big challenge with high risks for pharmaceutical logistics



Andreas Fuchs
Counsel

ASD Law
IUMI Professional Partner
www.asd-law.com



The storage and transportation of pharmaceutical products generally requires the compliance with specific regulations regarding the integrity, safety and traceability of these products (e.g., EU Good Distribution Practice (GDP) Guideline, World Health Organisation (WHO) GDP Guidelines, Food & Drug Administration (FDA) regulations and various other regional and national legal and regulatory provisions). This concerns all possible means of transportation, including sea-freight.

The main regulatory purpose is to assure that pharmaceutical products are continuously stored, transported and handled under appropriate conditions to maintain the integrity of the product and secure the patient's safety. Critical factors - especially regarding deviations from defined temperature ranges but also other external harmful influences – need to be averted.

Any deviation from agreed frame conditions will most likely be considered as a critical breach and therefore a damaging event. A liability can also arise from a delayed delivery. Regarding the usually high value of pharmaceutical products, the liability risks for service providers are high and require specially tailored contractual solutions and also corresponding insurance coverage. Depending on which law is applicable it is at least questionable if a service provider can rely on certain liability limitations specific to transportation law or be confronted with the risk of an unlimited liability.

This leads to the special operational and legal challenges regarding a worldwide distribution of COVID-19 vaccines. While "standard" pharmaceutical products require a handling, storage and transportation in a temperature range of +2°C to +8°C or +15°C to +25°C the current existing information regarding COVID-19 vaccines indicates that extraordinarily low temperature conditions will be required (-70°C).

The current existing operational resources regarding storage and especially transportation of goods under such ultra-deep-frozen conditions are very limited. The state-of-the-art method of logistics handling is the use of special passive cooled boxes containing dry ice. Critical from a legal point of view are of course long transport periods (which especially concerns sea-freight) and the challenge of a consistent security over a complete supply chain with changing means of transportation. It also needs to be considered that dry ice (carbon dioxide) itself is regulated by the Dangerous Goods Regulations (DGR).

Not only are these special requirements of the vaccines an important subject from a legal point of view but also the fact that these products will have a high risk of theft, resulting in an additional liability risk and need for adequate insurance.

For more information and to download IUMI's recent guidance paper on the distribution of COVID-19 vaccines please visit the [IUMI COVID-19 news page](#)





Policy Forum

Spreading the word: First guide on ESG risks for the insurance industry



By Hendrike Kühl
IUMI Policy Director

Marine insurers are no exception to the growing importance being associated with a forward-looking and sustainable business conduct. Many marine underwriters now take environmental, social and governance (ESG) factors into consideration in their decision-making. To further support this approach, the UN Environment Programme's Principles for Sustainable Insurance initiative (PSI) developed the [first guide](#) for the global insurance industry to manage ESG risks in cooperation with a broad industry coalition, including opportunities to provide input via public consultations. IUMI participated in the review and submitted feedback on the draft.

The comprehensive document was launched in June 2020. Its key objective is to provide guidance for the development of suitable systems to assess ESG risks in non-life insurance business transactions. This includes risks arising from climate change, ecosystem degradation, pollution and animal welfare and testing; to child labour, controversial weapons, and bribery and corruption. It also includes optional "heat maps" indicating

the potential level of ESG risk across economic sectors and lines of insurance business.

In IUMI's capacity as Supporting Institution of the PSI initiative, a webinar in cooperation with UNEP PSI was held in October with four expert speakers to provide an overview of the guide. Moreover, tangible examples and insights were shared on marine insurers' actions to incorporate a suitable ESG approach within their businesses. The challenges, benefits and variations related to size and lines of business as well as regional differences were also raised in the discussion. A full recording and the slides of the session can be accessed [here](#).

Flexitank transports — A critical assessment



Nicolas Gabriel
Divisional Director

Battermann & Tillery Global Marine GmbH
IUMI Professional Partner
www.ba-ty.com

Flexitank transports are becoming increasingly popular as a cost-effective and flexible alternative to conventional forms of transport for non-hazardous liquid bulk cargoes. It is estimated that 1.5 million containers per year are currently transported with flexitank systems. There are dozens of suppliers and, accordingly, innumerable designs, each with their own set of installation instructions or special features. In addition, the development and complexity of the systems is evolving rapidly. Generally speaking, COA-certified (Container Owners Association) manufacturers produce reliable systems, however, respective regulations are overdue.

At the same time that the worldwide transport of goods in flexitanks is increasing, the risks for insurers due to so-called "leakers" are increasing as well. In addition to product loss incurred, considerable collateral damage (contamination) can also be the result. Even small deviations from the installation instructions or irregularities in the transport process can lead to the failure of a system and thus to a leak. Who is liable in such a case? The root cause determination is often fraught with obstacles and requires a targeted approach (Postmortem Flexi Survey) as well as meticulous documentation. Leakages may be due to installation errors which can be identified only by a trained eye.

Flexitank systems have to comply with the Code of Practice for Packing Cargo Transport Units (CTU Code) which indicates that the contents of a flexitank is subject to dynamic forces during transport. These forces impact the

transport unit and may cause damage to it. Accordingly, the payload of a transport unit should be reduced when it is used to carry a loaded flexitank. A heavy-duty container with a payload of 28.00 mt can withstand forces of 0.6 x payload at the side walls (16.80 mt) and 0.4 x payload at the front-end wall (11.20 mt). A flexitank containing 24.00 mt of fluid can be subjected to typical transport strains of 0.8 g in horizontal direction (19.20 mt). This means that the side walls of a heavy-duty container may already have reached their maximum permissible load given normal transport strains. This is even more problematic for the front-end wall where the maximum permissible strains are 0.4 x payload, particularly when the container is transported by either road or rail.

Therefore, diligent planning and careful installation of the systems is of paramount importance.

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Impact of the COVID-19 pandemic on the IMO

By Hendrike Kühl
IUMI Policy Director

The unprecedented COVID-19 pandemic has resulted in the temporary closure of the IMO headquarters building, thus preventing the possibility of physical meetings being held. The last physical meeting prior to international travel restrictions and lockdowns coming into effect was the Ship Systems and Equipment (SSE) Sub-Committee held in early March 2020. Since then, restrictive rules and conditions to prevent the virus from spreading have severely hampered the movement of staff and delegates, requiring significant adjustments to the schedule and methods of work at the IMO. Currently all meetings through to mid-2021 are scheduled to take place online. This also applies to several inter-sessional working and drafting groups.

Member States and observer organisations such as IUMI were well aware of the challenges related to remote IMO sessions, particularly in light of the necessity to accommodate delegates from all time zones around the globe while also offering simultaneous interpretation into the six official UN languages. A cautious approach was taken to re-construct a virtual meeting schedule and to identify the most suitable platform to host such complex online meetings. The IMO Secretariat took on board experience gained by other United Nations agencies and developed guidance for virtual sessions of the various committees.

To date several meetings have been held online, including the ALCOM (All Committees) Meeting in September 2020 which was scheduled to debate and approve guidelines for the conduct of remote sessions. The first virtual committee meeting was the Facilitation Committee held in October 2020. This was followed by the Maritime Safety Committee's 102nd session in November 2020. The agenda was significantly reduced to ensure that all items could be addressed.

Time keeping is extremely challenging as the working hours for all committee meetings have been scheduled for only three hours per day, including a 15-minute break. For MSC 102 six such online meetings were scheduled from November 4-11. This meant that a significantly shorter period was available than the eight working days allocated for the original (physical) meeting in May 2020. The agenda was primarily focused on the outcomes of the sub-committees to enable them to continue with their work plans. The proposal to address containership fire safety on which IUMI co-sponsored a joint paper looks set to be discussed at MSC 103 in May 2021.

The 75th session of the Marine Environment Protection Committee (MEPC) also took place virtually for the first time shortly after MSC 102. This was at times a difficult meeting and consensus was not easily achieved given the controversial nature of various agenda items. The debate about "Reduction of greenhouse gas (GHG) emissions from ships" was particularly contentious and took up much of the allotted five virtual meetings. For such sensitive issues it became clear that the online format exacerbates the possibility to find consensus. Nevertheless, the meeting was successfully concluded following much debate among the delegates.

It remains to be seen how the forthcoming IMO meetings will cope with the heavy workload in combination with the reduced timeframe scheduled for the virtual meetings. Timelines related to the coming into force of amendments to various IMO Conventions have been complicated due to the delay of the (sub) committee meetings. Work on new outputs such as IUMI's proposal to address containership safety related to fires on and under deck have been delayed considerably. During MEPC 75 several delegates called for an improved way to conduct online meetings to allow sufficient time to address the various issues. The IMO Council and Secretariat were requested to consider new options to ensure that the numerous work streams ongoing across various committees can continue effectively despite the impact of the pandemic. While digital solutions have averted a complete shutdown of the IMO operations, there is a long way to go to enable Member States and observer organisations to progress the important work on maritime safety and the marine environment in the virtual space. As the saying goes 'hope dies last' that physical meetings or possibly hybrid meetings will resume in London sooner rather than later, not least in light of potential vaccines currently in the approval process.



By Patrizia Kern, Head Marine,
Director, Swiss Re Corporate Solutions
and IUMI Data & Digitalization
Chairperson

Using data and technology to create a more sustainable supply chain

In 2019, IUMI committed to raising awareness of environmental, social and governance (ESG) risks and opportunities in the marine insurance sector without binding its members with overarching commitments. ESG factors are central to finding solutions to sustainability challenges and those businesses that enhance their sustainability will enhance their competitive advantage also.

The recent and unprecedented pandemic has encouraged a much faster and greater dependency on data, technology and digitalisation. Because many employees were forced to work remotely, new technologies were rapidly embraced and the world looked more closely at how technology could streamline a range of operations. Supply chains came under the spotlight and it became clear that there was (and is) an opportunity to structure supply chains more sustainably using data and technology through digitalisation. But this is not without its challenges.

Embracing digitalisation

On the one hand, digitalisation is important for transparency and is a great ESG enabler. Digitalising an entire supply chain allows for a traceable set of digital activities, meaning every supply chain participant's digital footprint would be transparent. This delivers good governance. Transparent supply chains have the potential to inform society about an individual product's features and origins as well as the production and supply process. In effect, this offers the end user (i.e. the consumer) the choice to pick sustainably sourced and transported goods. Aside from that, digitalisation can deliver cost efficiency, timeliness, continuity, compliance with the law and an indication on how the environment is being impacted.

Balance profitability and sustainability

The challenge, however, is that very few industries currently have their supply chain under comprehensive and digital control. A related issue stems from the silo mentality that is prevalent in parts of a supply chain. This prevents the effective exchange of information and can increase the risk of maintaining an intact chain during times of crisis. But the key supply chain challenge is to maintain a compatible balance of profitability and sustainability. One thing is for sure and that is that the pandemic has exacerbated the weakness of the supply chain. Up until now it was managed on supply chain costs and not on resilience and sustainability.

As we continue to use and rely on increasing amounts of data it is important to understand the benefits of digitalisation and how it can improve business processes. Whilst it certainly won't happen overnight, digitalising the supply chain would offer a more sustainable future and a deeper understanding of all ESG issues.



By Hendrike Kühl
IUMI Policy Director

Summary of the 102nd session of the IMO's Maritime Safety Committee (MSC 102)

The Maritime Safety Committee met virtually for its 102nd session from 4-11 November 2020. The meeting was chaired by Brad Grove from Australia. IUMI was in attendance with Lars Lange, Hendrike Kühl and Helle Hammer. The agenda for the session was reduced significantly in view of the shortened time span of only six days with less than three hours per meeting. The issue of container fires on which IUMI co-sponsored a proposal for a new output was therefore postponed to MSC 103 or MSC 104.

Crew change crisis and impact of the COVID-19 pandemic

As the most pressing concern, the Committee approved a circular to include the industry-developed protocols which set out measures and procedures designed to ensure that ship crew changes can take place safely during the COVID-19 pandemic. This was the most urgent issue on the agenda given the plight seafarers around the globe face by being unable to return home and to their families. In this regard, the Committee also agreed that a Global Integrated Shipping Information System (GISIS) module should be developed to register ports that facilitate crew changes and disseminate information provided by Member States regarding those ports, to enable shipping companies to easily plan and organise crew changes during the pandemic. The IMO Secretariat will take the necessary steps to launch the new module, which will also include contact details of national crew change focal points, by the end of the year. On other matters related to the COVID-19 pandemic, the Committee approved an MSC circular on unified interpretation of SOLAS regulation II-1/3-10 concerning the term "unforeseen delay in delivery of ships" during the pandemic.

Interim guidelines for second generation intact stability criteria approved

The MSC approved interim guidelines for second generation intact stability criteria, having worked on them for over two decades. Mandatory criteria and recommended provisions regarding intact stability are set out in IMO's 2008 Intact Stability (IS) Code, which is mandatory under the SOLAS Convention and the 1988 Load Lines Protocol. Advanced computer technology and intensive research have enabled "second generation" intact stability criteria to be developed, for a comprehensive safety assessment of ship dynamics in waves. The interim guidelines address vulnerability criteria, direct stability failure assessment and operational measures and contain performance-based criteria for assessing five dynamic stability failure modes in waves:

- dead ship condition,
- excessive acceleration,
- pure loss of stability,
- parametric rolling,
- surf-riding/broaching.

The reference to "second generation" derives from the fact that they are principally based on first principles and latest technology, as opposed to predominant use of casualty records which form the basis of the mandatory intact stability criteria.

Amendments to the CSS Code

The Committee also approved amendments to the Code of Safe Practice for Cargo Stowage and Securing (CSS Code) related to weather-dependent lashing, heavy cargo items and semi-standardised cargoes such as vehicles on ro-ro ships. The CSS Code is the IMO guideline for cargo lashing principles for non-standardised cargoes, meaning everything except containers and bulk cargoes.

Revision of the guidelines on places of refuge for ships in need of assistance

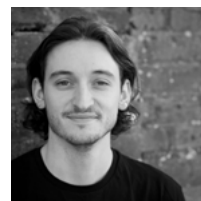
The Committee considered options for faster progress and approval of the revision of the guidelines on places of refuge for ships in need of assistance. In order to achieve the adoption of the revised guidelines in 2021, the Committee authorised the Navigation, Communications and Search and Rescue (NCSR) Sub-Committee to submit the revised guidelines to MEPC and the Legal Committee (LEG) for concurrent approval, with a view to subsequent adoption by the IMO Assembly.

Safety measures for non-SOLAS ships operating in polar waters

MSC 98 had agreed to develop safety measures for non-SOLAS ships operating in polar waters and that the types of ships to be considered in the development of such safety measures were fishing vessels, pleasure yachts above 300 GT not engaged in trade and cargo ships below 500 GT down to 300 GT. Some final specifics with regard to the correctness of the terminology used and to identify any conflicts of the text with existing IMO instruments still need to be undertaken by the Human element, Training and Watchkeeping (HTW) Sub-Committee. This work should lead up to consideration for approval of the draft guidelines by MSC 103.

MSC further considered whether safety guidelines should also be developed for pleasure yachts of 300 GT and above but less than 500 GT engaged in trade (commercial yachts), and for cargo ships of 300 GT and above but less than 500 GT. It was agreed that guidance for such ships should be developed. Consequently, the Committee instructed the Ship Design and Construction (SDC) Sub-Committee to carry out this work under the existing output on "Safety measures for non-SOLAS ships operating in polar waters".

How better insurance intelligence can help cargo underwriters improve rate adequacy for a sustainable future



Edward Ronayne
Cargo Subject Matter Expert

Concirrus
IUMI Professional Partner
www.concirrus.com

Concirrus 

In September 2020 Sean Dalton, Chairperson of IUMI's Cargo Committee shared a marine cargo market update noting that [2019 annual loss ratios](#) were showing signs of improvement. While COVID-19 has caused disruption for the market in 2020, the challenges facing cargo insurers around improving results and profitability remain the same.

Below we discuss how data and technology can improve rate adequacy, building on 2019 results.

Digitalisation and rate adequacy

Some view portfolio digitalisation through the lens of improved efficiency and the associated reduction in costs, but the benefits of a digital strategy go far beyond this.

Digitalisation means creating a structure that enables the capture of good quality, standardised data to form the basis of in-depth analysis of the portfolio to improve business processes. Without being able to segment the portfolio in different ways, it can be hard to identify trends that are driving poor performance and address them via increased rates or other remediation strategies.

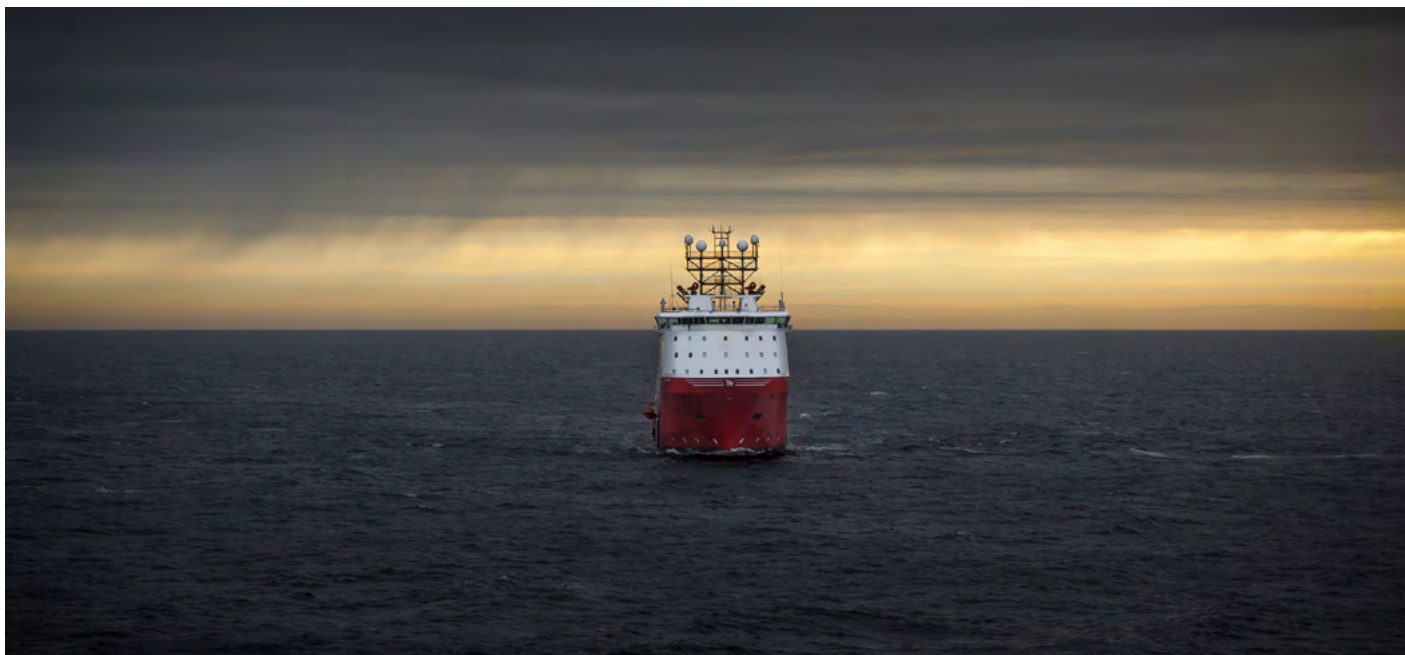
Concirrus' commodity coder is just one tool that can help insurers convert inconsistent data into usable data. It uses Natural Language Processing (NLP) to convert free-text cargo descriptions into defined categories without the need for extensive manual work. Defined data then allows the insurer to analyse the rate adequacy of different cargoes quickly and easily and respond as appropriate.

Port and vessel accumulations

The relative infrequency of large port or vessel losses makes them difficult to price at an individual policy level. But if cargo rates are to be sustainable, policy prices need to reflect any exposure to these potentially severe losses.

The first step towards adequately pricing these kinds of losses is understanding the actual values that are exposed. Datasets that allow insurers to estimate historic port and vessel accumulations are readily available to the market, and real-time shipment data that facilitates live monitoring of cargo accumulations will likely be accessible in 2021. Utilising the available data not only provides cargo insurers oversight of their portfolio exposures, but it also enables them to assess the potential impact of large losses and price accordingly.

For more information on digitalisation of cargo insurance, [click here](#).



By Hendrike Kühl
IUMI Policy Director

Summary of the 75th session of the IMO's Maritime Environment Protection Committee (MEPC 75)

The Maritime Environment Protection Committee met virtually for its 75th session from 16-20 November 2020. The meeting was chaired by Hideako Saito from Japan. IUMI was in attendance with Lars Lange and Hendrike Kühl. The agenda was reduced in order to accommodate the shorter timeframe available for the online meeting (less than three hours per day to accommodate delegates from time zones all around the world).

A major focal point was the consideration of the reduction of greenhouse gas (GHG) emissions of ships. In this regard the MEPC approved new draft mandatory regulations to cut the carbon intensity of existing ships. This builds on current mandatory energy efficiency requirements to further reduce greenhouse gas emissions from shipping.

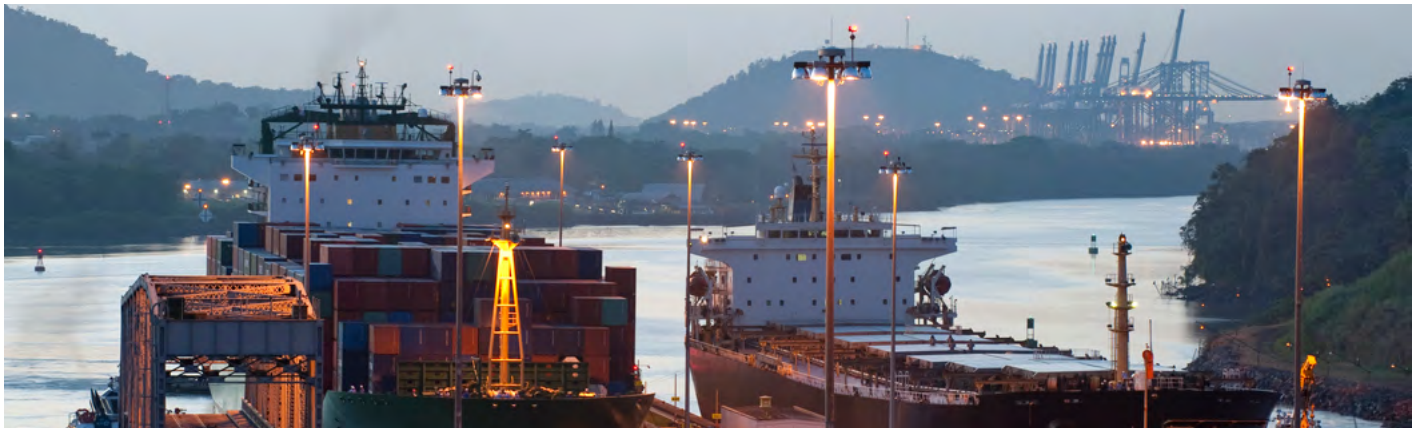
The draft amendments to the MARPOL convention would require ships to combine a technical and an operational approach to reduce their carbon intensity. This is in line with the ambition of the Initial IMO GHG Strategy, which aims to reduce carbon intensity of international shipping by 40% by 2030, compared to 2008. The amendments were developed by the seventh session of the Intersessional Working Group on Reduction of GHG Emissions from Ships. The

draft amendments will be put forward for formal adoption, together with the findings of the impact assessment, at the MEPC 76 session, scheduled for June 2021.

The Committee also approved the Fourth IMO GHG Study 2020. The study contains an overview of GHG emissions from shipping 2012-2018, developments in carbon intensity and emission projections towards 2050. The study will be published by IMO.

In the context of emissions reductions from ships, the Committee further discussed an industry-led proposal for the establishment of a non-governmental International Maritime Research and Development Board (IMRB) and related fund. Many delegations also recognised the ongoing work under IMO's GHG emission reduction projects and highlighted the importance to keep the needs of developing States at the forefront of future discussions. The Committee acknowledged the industry proposal and noted diverging views and concerns on the proposed mechanism, with regards to various administrative, legal and governance aspects. More detailed consideration is necessary before taking any decision. The Committee invited interested Member States and international organisations to submit further proposals to the next MEPC session.

On the use of heavy fuel oils (HFO) by ships in Arctic waters, the Committee approved draft amendments to MARPOL Annex I to introduce a prohibition on the use and carriage for use as fuel of HFO by ships in Arctic waters on and after 1 July 2024. The draft amendments will be circulated for consideration with a view to adoption at MEPC 76. Ships engaged in securing the safety of ships, or in search and rescue operations, and ships dedicated to oil spill preparedness and response would be exempted. Ships which meet certain construction standards with regard to oil fuel tank protection (ships with oil fuel tanks located inside the double hull) would need to comply on and after 1 July 2029. Currently, a MARPOL regulation prohibits the use or carriage of heavy grade oils on ships in the Antarctic; and under the Polar Code, ships are encouraged not to use or carry such oil in the Arctic.



Recession in Latin America: the impact of COVID-19 on the economy of the region



By Iván Huertas Gil
ALSUM Research Advisor

The pandemic caused by the coronavirus has hit the Latin American economy hard, especially during the second quarter (Q2) of 2020.

In the second half of the year, the positive effect of government measures to tackle the crisis was shown, and announcements of progress towards a COVID-19 vaccine have revalued the forecasts that now stand in a less negative scenario.

As reported by news outlet France 24 with EFE, in 2020 some countries in the region entered a recession after presenting a drop in their Gross Domestic Product (GDP) for two consecutive periods. Such is the case in Brazil, which registered a 9.7% drop in Q2, although in Q3 it grew 9.47% compared to Q2, which suggests the beginnings of a recovery.

Mexico's economy sank 18.7% in Q2 and grew 12% in Q3 compared to the previous quarter. On the other hand, the most affected country in the region has been Peru, which reduced by 30.2% in Q2 and fell 10% in Q3 compared to the previous year. Argentina presented a 20% drop in its GDP in the second quarter of 2020 and in the third quarter it grew by 9.8% compared to Q2.

In turn, the Chilean economy reduced by 13.2% in Q2 and decreased by 9.1% year-on-year in Q3. In the case of Colombia, a drop of 14.9% occurred in the second quarter and in the third quarter it reduced by 9.7% year-on-year.

This situation has directly impacted world trade, which registered a drop of 8.9% in the first half of the year. In Latin America, according to data from the Inter-American Development Bank, the negative impact on trade in goods was 12.1%

In the first half of 2020, the value of goods exports fell by: Argentina 11%, Brazil 7.1%, Chile 7.2%, Colombia 25.3%, Mexico 19.5%, Ecuador 13.6% and Peru 26.8%. Regarding the value of imports in the region, there was a reduction of: 23.8% in Argentina, 2.5% in Brazil, 20.5% in Chile, 17.8% in Colombia, 19% in Mexico and 18.5% in Peru.

In relation to maritime transport, Economic Commission for Latin America and the Caribbean (ECLAC) reports that worldwide maritime trade by containers has followed a downward trend since the outbreak of the pandemic. Although until February it increased in some regions, since March it fell in the vast majority. In Latin America, the interannual variation in the period January-July 2020 was -5.4%, with marked decreases in April and May.

The economic projections show that 2020 will close with a fall that had not occurred since the Second World War, although the outlook has improved somewhat due to the announcements of advances in the COVID-19 vaccine, and also by measures that various Latin American countries have announced to reactivate the economy which include:

Argentina: The recovery plan will have three parts where employment in key sectors will be promoted, universal income will be implemented, and vulnerable areas will finally be urbanised.

Brazil: The government announced a multi-million investment to tackle the crisis through subsidies for vulnerable people, tax cuts and investments in infrastructure.

Chile: The government launched a plan with an investment of US \$34 billion in public works that seeks to generate 250,000 jobs.

Colombia: The Colombian government announced that it will emulate the Marshall Plan to face the economic crisis.

Mexico: President Obrador, in conjunction with the business sector, will present an infrastructure construction plan to reactivate the economy.

Peru: The government announced the "Start Peru" programme, which involves a series of investments to generate more than one million jobs.

The economy and trade in Latin America will face a difficult situation in the coming years. State investment together with the private sector, as well as the integration of the region will be essential to rediscover the path of growth. Let us hope the worst is over.

People at IUMI

Frank Streidl

IUMI Offshore Energy Chair



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

Joining IUMI in 2013 as the International Underwriting Association (IUA) representative to the Offshore Energy Committee (OEC), I was recently elected OEC Chairperson for the next three years. My priority is to coordinate and lead the OEC's efforts in preparation of the Annual Conference. In addition, I endeavour to encourage the Committee members to engage in other educational and networking activities for IUMI, the upstream energy market and beyond.

How do you see the current state of the offshore energy insurance sector?

The upstream sector has been fairly stable for the last few years. Significant over capacity is still eroding profit margins and potential rate increases we tend to see in other energy and marine lines these days. The lack of substantial claims activity allowed the market to survive and sail under the radar. However, the next treaty renewal on 1 January might end the hibernation.

There has been much discussion on the volatile oil price these past few years, what is your take on it?

As upstream insurers, we feel for our insureds and aspire to help them through these difficult times. Remember, we have been here before in 2014/2015 and the lessons learned are still fresh on our mind. It's fair to say, that the oil and gas industry and the upstream insurance markets are much better prepared this time.

Most oil majors are transitioning into the production and delivery of a broader range of energy products, how will that affect your insurance line?

Sustainability is obviously the hot topic these days. The current pandemic will not change that and if anything, accelerate the drive towards a greener future. Initiatives like "build back better" are highly encouraging (on a personal and professional level) and our industry should and will support these developments. In Toronto in 2019 the OEC workshop already addressed the topic. We got incredibly positive feedback which is testament to the importance of shaping our future together.

What benefits do you get from being associated with IUMI?

IUMI provides a unique platform for insurers and other insurance professionals to get together and exchange experience and expertise to the benefit of the industries we support and our own organisations.

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

The marine insurance market should embrace the new technologies much better. IUMI might actually be able to help. As an example, aggregation control could be much more transparent and consistent through the application of modern technology but remains widely unexploited as the marine market is notorious for its collective resistance to change.

And what do you do away from the office?

When I am not working or travelling, I seek to maximise the time I get to spend with my family. Ideally involving outdoor activities and/or sports.

The year 2020 has seen an unprecedented number of windstorms with quite a few affecting oil & gas infrastructures within the US part of the Gulf of Mexico (GOM) prior to making landfall and leaving behind further destruction ashore. For the first time since records began, the Greek letter IOTA had to be used to note the 30th storm of the season. This could be the consequence of climate change, or just an abnormal year (in every respect). Insurance buyers as well as insurance providers in this segment have taken a brace position each time a storm tracked the vulnerable part of the Gulf only to relax a few days later as it turned out to be a non-event for the offshore insurance industry (and minimal damage sustained for the oil & gas companies).

Industry sources suggest the available capacity for US GOM named wind to be in the region of USD 3.5 billion to 4.5 billion (theoretical) on an aggregated basis — distinguishing risks clearly between so called “shelf risks” (defined as assets in shallow water depth on the US continental shelf) and deepwater risks, the latter with definitely more limit available. Brokers have not struggled to place deepwater wind risks but have repeatedly found it harder to place shelf wind offerings.

The offshore wind market has been on a dwindling downwards trend ever since, with retailers and wholesalers fighting over market share. In the absence of any major windstorm hitting the oil patch — for over a decade — this was quite an easy offering for buyers. Pricing ideas and the mantra of wind limits and retentions relating to sums insured that have been established in consequence to the two disastrous storms hitting in 2008, are now only a fraction of what was intended. On the underwriting side, only minor competition was noted and a quite homogenous panel of markets has written the wind risk ever since, with only marginal change to its composition. Thus, as in gambling, one could argue that these writers have accumulated enough in the pot to pay for the next windstorm damage. But how much could this be — consider the mis-match above — and bearing in mind this abnormal year: how many times could this happen in one season?

Now, given the very extraordinary year with the yet-unknown impact of COVID, the inter-linked rollercoaster ride of the commodity price and the rather grim economic outlook, insureds may consider their options. Insurers may face increased reinsurance costs due to the above-mentioned reasons, despite the fact that windstorm is mostly run on a net basis by offshore insurers.

Oil & gas companies (not considering the majors who run their own captive or do not buy wind insurance at all) are mainly driven by the commodity price which has been down significantly this year. They will focus on wind insurance and ask if the product available is satisfying their needs at the given price, bearing in mind they could not collect much in the past years. Does the market need a new set of products? Can insureds still pay the (increased) bill? Food for thought, lengthy discussions and strategic considerations.

No doubt the 2021 offshore windstorm renewal season will be not only challenging for all sides but most likely bring surprises. It is yet as hard to predict as the extent of the next windstorm season itself!

By Axel Ufermann, General Manager,
Head of Energy Upstream and Marine,
HDI Global Specialty SE, and IUMI
Offshore Energy Committee Member



Always hard to predict... or hardly predictable? The Offshore Energy market will pay its toll in 2021 for the US Gulf of Mexico windstorm season — but will there be a winner?



Summary of the 44th session of the IMO's Facilitation Committee (FAL 44)

By Hendrike Kühl
IUMI Policy Director

The Facilitation Committee met over five days in the first ever virtual regular session of an IMO Committee from 28 September to 2 October 2020. Strong support for a resolution on actions to facilitate ship crew change, access to medical care and seafarer travel during the COVID-19 pandemic was voiced during the meeting.

The Committee approved a revised version of the IMO Compendium on Facilitation and Electronic Business, including new data sets related to the shipping and the ship/port interface communications beyond the FAL Convention. The IMO Expert Group on Data Harmonisation (EGDH), which considers new or amended data sets for the Compendium, will continue intersessionally on related matters, including work related to the maintenance of the Compendium.

One of the priorities of the Committee is the increased use of digitalisation. The Committee agreed to develop guidelines for harmonised communication and electronic exchange of operational data for port calls. The guidelines are expected to improve efficient operational ship-port data exchange and will contribute to reducing emissions and increasing the safety of operations. A correspondence group was established to work on the matter intersessionally. These guidelines will support port call optimisation, in particular the implemen-

tation of Just-In-Time (JIT) arrivals, which can have a significant environmental impact through reducing GHG emissions by optimizing a ship's speed to arrive just in time. JIT arrivals also contribute to reduced time at anchorage and therefore reduced congestion in the port area. It is estimated that ships spend up to 9% of their time waiting at anchorage.

The Committee also considered draft guidelines for authentication, integrity and confidentiality of content for the purpose of exchange via maritime single window, prepared by the International Organisation for Standardization (ISO). The guidelines are aimed at meeting the need for authentication, integrity checks and confidentiality in electronic information exchanges, both for cybersecurity purposes and for building trust in automated ship and shore processes. A correspondence group was tasked with further reviewing and developing the guidelines, taking into account existing and emerging standards, methodologies and legal frameworks to promote interoperability. The group was also instructed to consider how common functions related to the authentication, integrity and confidentiality of information exchanges via maritime single windows and related services can be organised.

The Committee commenced its work on the development of guidance to address maritime corruption, noting that there are

a number of national jurisdictional and legal matters which need to be considered, as well as a number of other legal and policy concerns. IUMI co-sponsored a paper which served as basis for the Committee's discussion. The maritime industry is exposed to the risk of many forms of corruption, particularly with respect to the multi-layered interface with ports. Corrupt demands include unlawful requests for payments to allow ships to enter and depart the port or disproportionate penalties being applied for minor errors. Such illegal practices can lead to interruptions to normal operations, a risk to personal and ship safety, ships being delayed, and incurring higher operational costs. Tackling this far-reaching problem reflects IUMI's approach to address environmental, social and governance (ESG) issues.

The Committee also agreed to develop guidelines for the prevention and suppression of the smuggling of wildlife on ships engaged in international maritime traffic. Illegal wildlife trade is estimated to generate US\$50-150 billion per year and is one of the five most lucrative global crimes. The guidelines will serve as a tool to combat wildlife trafficking in the maritime sector and will take into account the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Update on the Major Claims Database

By Dave Matcham
Chief Executive
The International Underwriting
Association of London (IUA)

Having worked in close partnership with IUMI Professional Partner, the Boston Consulting Group, we are pleased to announce that at this year's IUMI annual conference we published, for the very first time, some initial major claims statistics. We were delighted to have been able to do this as following the conference in Toronto last year we were not overly optimistic that we would be in a position to do so.

Since beginning the project in 2018, IUMI has recruited 22 national insurance associations (all IUMI members) who have agreed to submit data on major hull and cargo claims dating back to 2013. To date, IUMI has received 6,800 records of major losses (those over US\$ 250,000) totalling US\$ 10.2 billion. Cargo underwriting tends to be more evenly spread geographically than hull and so IUMI's cargo data set is now considered reliable enough to be published. Although data has been collected on a range of metrics, five data fields are considered to be sufficiently robust to be analysed, these are: year of accident, underwriting year, loss amount, type of loss, and mode of transport. The initial findings can be seen in IUMI Stats Report 2002 which is available [here](#).

Chart 28: Normalised* number of cargo losses across different loss size buckets

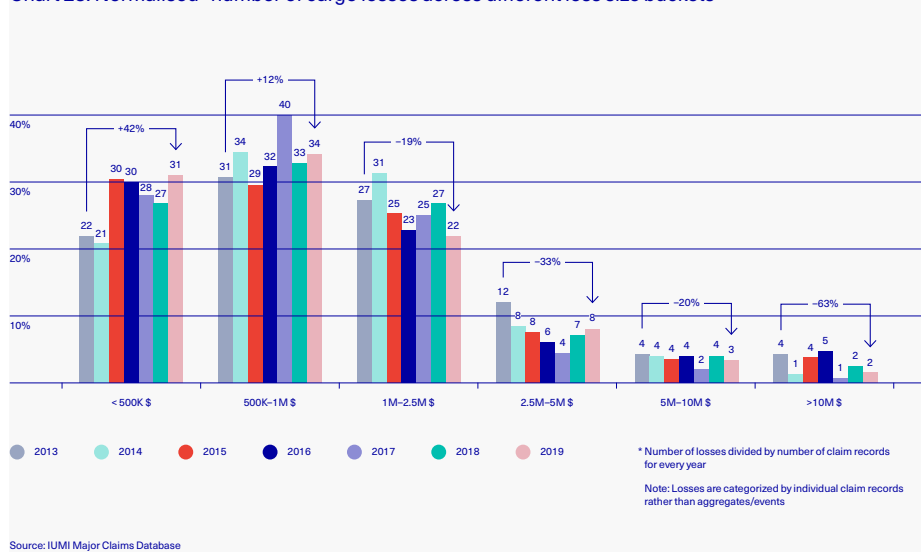
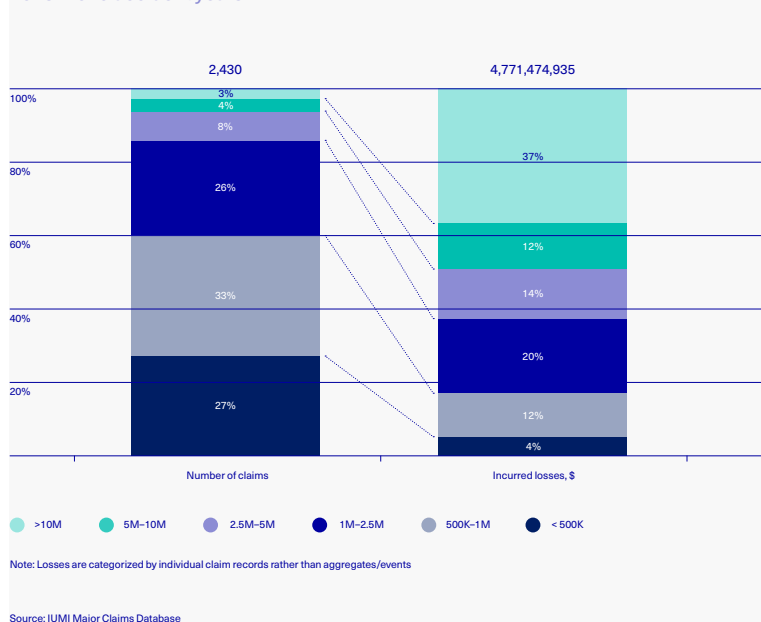


Chart 29: Number of cargo claims and incurred losses by size categories 2013-2019 accident years



Update on the
Major Claims Database
Continued

We were also able to look at the type of loss by accident year and mode of transport both by volume and value. We showed the top five causes, the most common of which were natural catastrophe and fire/explosion. Storage and seaborne represented the two highest transport modes for both volume and value, indeed the more recent years saw the beginnings of a trend of increasing storage losses by either measure.

IUMI is ideally placed to produce a global major claims database and is working to recruit more national insurance associations to increase the number of claims records contained within the database. It also intends to grow the number of reliable data fields so that further data analysis can take place. Once confidence in the hull data is at a sufficient level, IUMI intends to publish an initial analysis of global hull claims also.

Chart 30: Top 5 major cargo losses by type of loss 2013–2019

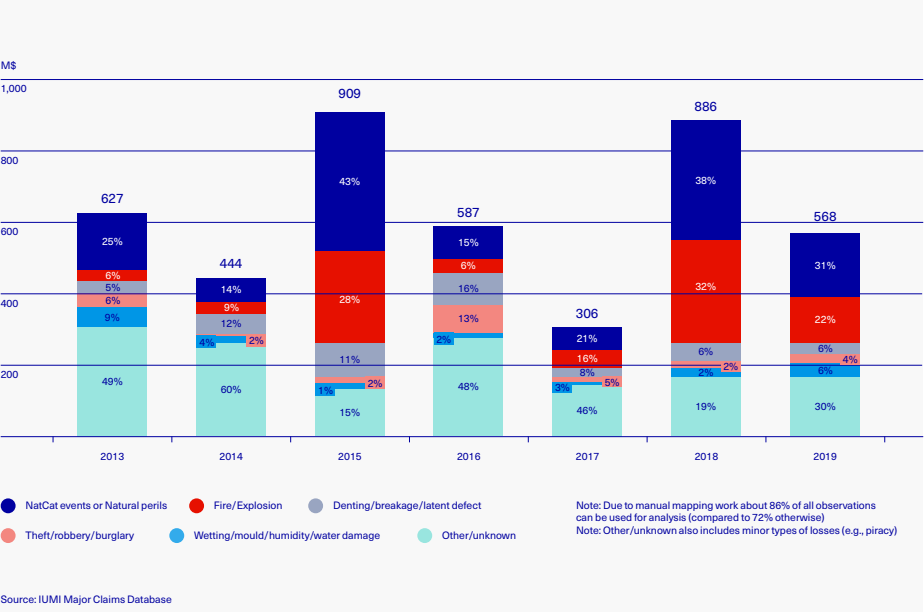


Chart 31: Number of cargo losses by mode of transport 2013–2019

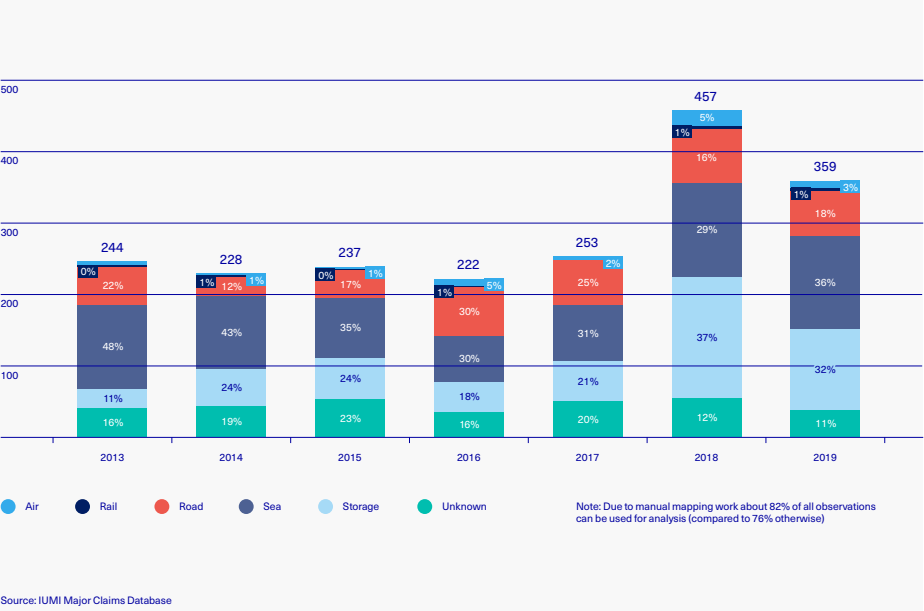
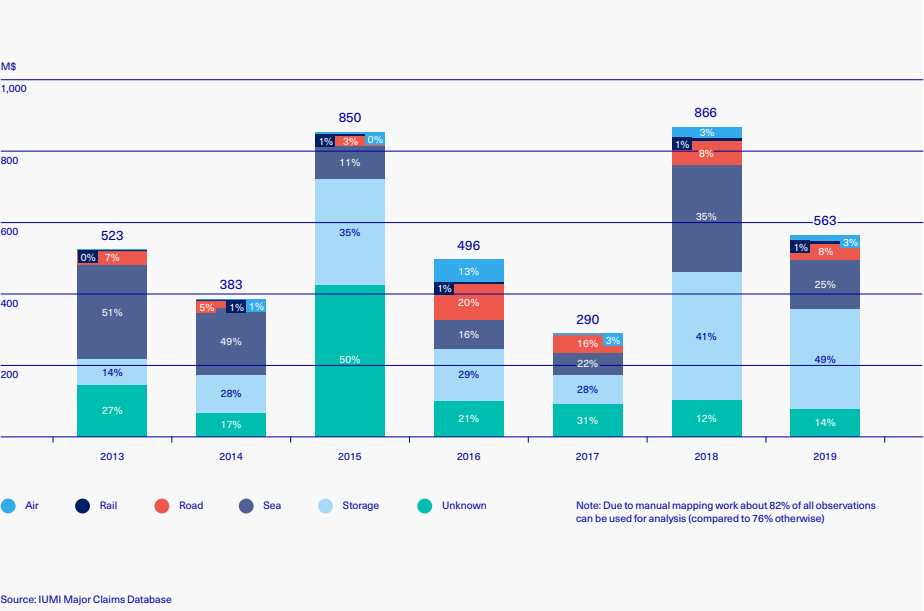
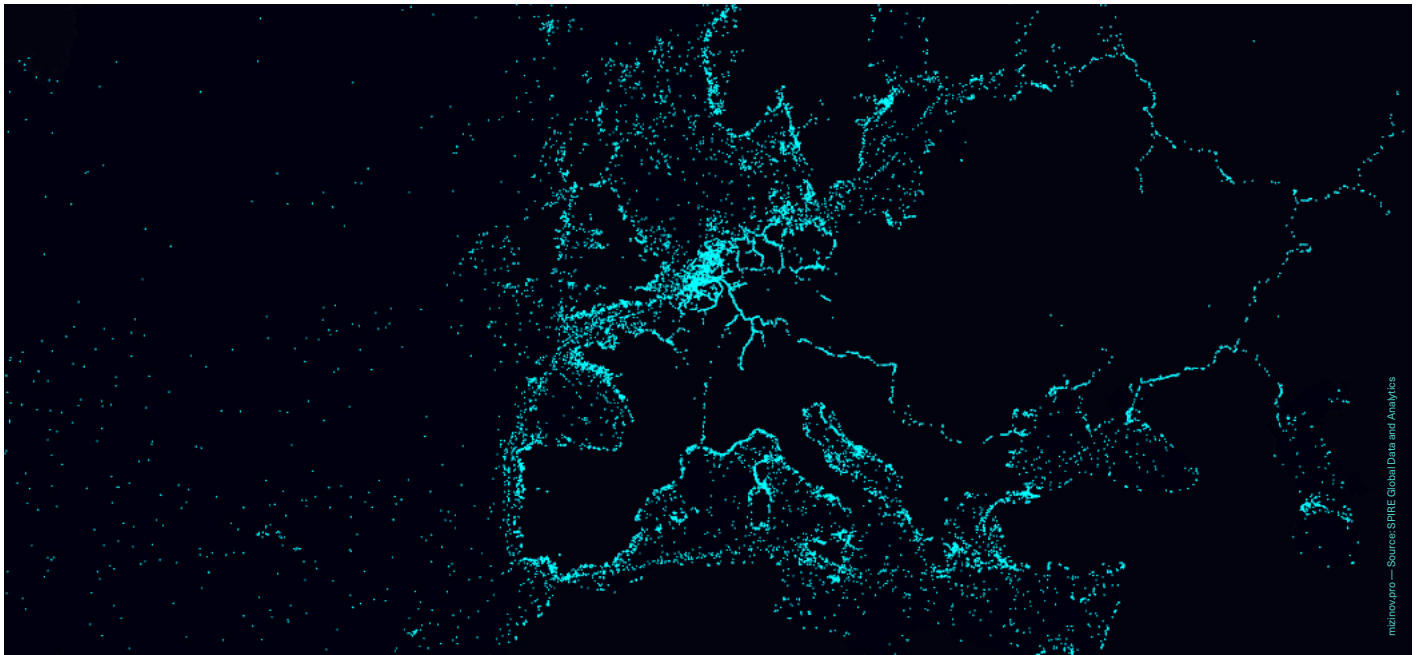


Chart 32: Incurred cargo losses by mode of transport 2013–2019





micropro — Source: SPINE Global Data and Analytics

Cyber security and management systems handling risk and opportunity

Georg Smefjell
Senior Principal Specialist
& Group Leader
Maritime Management Systems
DNV GL

As the maritime community is becoming increasingly connected, vessels technologically sophisticated and vessel operators continuously depending on optimisation of operations, there is a growing demand to harness and utilise digital solutions, both information technology and operation technology.

With digital advancement and utilisation there are also risks to be handled. Cyber security is key to ensuring the safe operation of vessels and safeguarding people, cargo and the environment as required in the International Safety Management (ISM) Code.

Utilising ISM management systematics; setting goals, implementing measures to reach them, monitoring their effectiveness and adjusting existing measures or implementing new ones as a result of the monitoring, is effective both for utilising opportunities and handling the risks.

On 16 June 2017 the International Maritime Organization (IMO) adopted Resolution MSC 428(98) on "MARITIME CYBER RISK MANAGEMENT IN SAFETY MANAGEMENT SYSTEMS". Under this decision the IMO is:

"AFFIRMING that an approved safety management system should take into account cyber risk management in accordance with the objectives and functional requirements of the ISM Code." It is important to note that the IMO

is stating to the maritime industry that cyber risk shall be handled in accordance with existing objectives and functional requirements in the ISM code, and it should be noted that there are no amendments to or changes in the Code. This is important as operators, the Document of Compliance (DoC) holders, can and should use existing systematics to handle cyber risk.

The DoC holders and their staff ashore and crew on board should be well versed in the existing safety management systems (SMS) measures and with that they should also be well placed to handle the risk which the IMO identified three years ago. **DoC holders must expect that the effectiveness of measures to handle cyber security will be assessed in audits no later than the first annual verification of their DoC after 1 January 2021.**

We encourage DOC holders to assess their safety management systems' effectiveness for handling cyber security, utilising the existing SMS measures when possible and that the development or revision of SMS measures fit their needs.

→

In doing so it should be noted that the IMO has published "GUIDELINES ON MARITIME CYBER RISK MANAGEMENT" in MSC-FAL.1/Circ.3. In the guidance, the IMO states that:

Risk management has traditionally been focused on operations in the physical domain, but greater reliance on digitisation, integration, automation and network-based systems has created an increasing need for cyber risk management in the shipping industry.

A risk management approach to cyber risks [should be] resilient and evolve as a natural extension of existing safety and security management practices.

Ships with limited cyber-related systems may find a simple application of these Guidelines to be sufficient; however, ships with complex cyber-related systems may require a greater level of care and should seek additional resources through reputable industry and Government partners.

The distinction between information technology and operational technology systems should be considered. Information technology systems may be thought of as focusing on the use of data as information. Operational technology systems may be thought of as focusing on the use of data to control or monitor physical processes. Furthermore, the protection of information and data exchange within these systems should also be considered.

Effective cyber risk management should also consider safety and security impacts resulting from the exposure or exploitation of vulnerabilities in information technology systems. This could result from inappropriate connection to operational technology systems or from procedural lapses by operational personnel or third parties, which may compromise these systems (e.g., inappropriate use of removable media such as a memory stick).

In considering potential sources of threats and vulnerabilities and associated risk mitigation strategies, a number of potential control options for cyber risk management should also be taken into consideration, including amongst others, management, operational or procedural, and technical controls.

It is recommended to read the whole Guideline as part of the work to handle cyber risk. We also recommend DoC holders use their existing and familiar management systems solutions including the Deming Cycle of "Plan, Do, Check and Act" in handling cyber security.

Plan

- Identify cyber security objectives.
- Make an inventory of systems and software.
- Execute cyber risk assessment and identify improvement needs with prioritisation.

Do

- Integrate cyber security policies and procedures into the SMS.
- Define and update roles and responsibilities for cyber security.
- Execute cyber security training (general awareness and role based).
- Roll out network segregation and hardening of systems.

Check

- Evaluate effectiveness of measures for reaching objectives.
- Analyse cyber incident and event reports, data monitoring, etc.
- Execute internal audits and have management and master's reviews with cyber security on the agenda.

Act

- Seek root causes for any challenges, incidents or deficiencies.
- Execute corrective and preventive actions ashore and to the whole fleet.
- Ensure ongoing compliance and strive for continuous improvement.

Welcome to IUMI, JLB Expertises

By Lars Lange
IUMI Secretary-General



We are delighted to announce that [JLB Expertises](#) has joined IUMI as an IUMI Professional Partner (IPP). JLB Expertises is the international head office of Cabinet BARRAL — a surveyor company founded in 1883 in Marseille. With offices in several African, Asian and European countries, it is an excellent addition to IUMI's global network of IPPs.

A core competency of JLB Expertises is agricultural and food products imported into and exported from West Africa. Locations in more than 20 different ports and five subsidiaries in Ivory Coast, Ghana, Togo, Cameroon and Madagascar enable a wide range of services such as damage surveys, risk prevention consultancy for port operations, quality control of soft commodities, warehouse inspection and stock controls across these geographies and beyond.

Our new partners will help spread the word about IUMI, particularly in West Africa where IUMI is endeavouring to improve and broaden its footprint via the IUMI Africa Strategy as decided during IUMI's first ever African Conference in September 2018 in Cape Town. We look forward to working with [Remi Barra](#) and his team to broaden the debate and exchange expertise within the marine insurance sector.



POSTGRADUATE DIPLOMA MARINE INSURANCE LAW & PRACTICE BY DISTANCE LEARNING

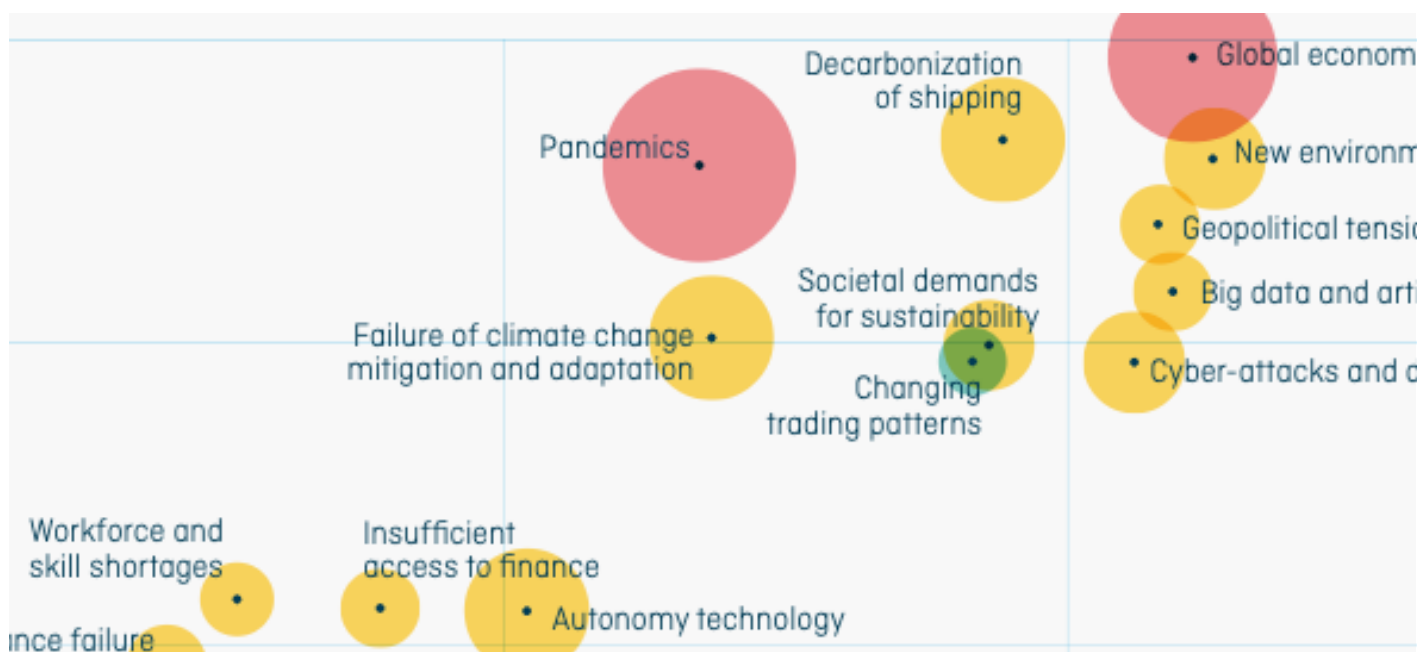
This long-established programme offers an outstanding academic foundation for professionals in the marine insurance industry to develop their expertise and their careers, as well as professionals planning to move into the field of marine insurance. IUMI is proud to award a bursary for the programme to one successful candidate of the IUMI online hull or cargo exam per year. For questions related to the bursary, please contact education@iumi.com.

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Marine Insurance

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Global Maritime Issues Monitor 2020

The highly anticipated third instalment of the Global Maritime Issues Monitor has recently been circulated and is [available here for download](#). Published in collaboration with the Global Maritime Forum, Marsh JLT Speciality and IUMI, this year's edition showed that global economic crisis tops the concerns of maritime decision makers. Environmental and climate related issues continue to stay high on the agenda as having a major impact on the maritime industry in the coming decade despite the current pandemic.

According to the publication the maritime industry is not prepared for future pandemics. 2020 is the first year where pandemics are listed as an issue in the annual ranking and immediately received the lowest preparedness score. There is a special focus on how COVID-19 will affect the maritime industry in the next 10 years, and the coronavirus pandemic has revealed a number of weaknesses in the maritime value chain, including the inability to protect seafarers' wellbeing.

Climate change, decarbonization of shipping, and new environmental regulation increased in the rankings of impact, likelihood, and preparedness. Leaders perceive new environmental regulation as the most likely issue to occur in the coming 10 years. The decarbonization of shipping takes second position in the impact ranking. Its impact is only perceived as slightly lower than a global economic crisis.

Digitalization is an issue that has been proved by COVID-19 to be a shortcoming in the maritime industry. Leaders consider the industry unprepared for issues such as autonomous technology, cyber-attacks and data theft, and big data and artificial intelligence.

The Global Maritime Issues Monitor 2020 is based on research among senior maritime stakeholders from six continents, and their perceptions of the impact, likelihood, and preparedness on 19 global issues potentially affecting the global maritime industry in the next ten years. The report also investigates the implication of the COVID-19 pandemic and includes commentary from more than a dozen leaders and experts.



[Please click here for the full report](#)



Announcement of IUMI Committee Changes

IUMI is pleased to announce the following elections and re-elections to the IUMI Executive Committee during the – virtual – IUMI Council Meeting in autumn 2020:

- Re-Election of President Richard Turner, United Kingdom (IUA)
- Election of Anneke Kooiman, Netherlands (Verbond van Verzekeraars),
- Re-Election of Frédéric Denèfle, France (FFA),
- Re-Election of Jan-Hugo Marthinsen, Norway (Cefor),
- Re-Election of Michael McKenna, USA (AIMU).

Patrizia Kern-Ferretti, Switzerland (SVV), is leaving the Executive Committee.

Changes to the IUMI Nominating Committee 2020/2021:

- Election of Patrizia Kern-Ferretti, Switzerland (SVV).
- Re-Election of Lars Rhodin, Sweden (Cefor).
- Re-Election of Alessandro Morelli, Italy (ANIA).
- Dieter Berg, Germany (GDV), is leaving after the Stockholm 2020 Annual Conference.
- Mike Davies, Singapore (GIA of Singapore), is leaving after the Stockholm 2020 Annual Conference.

Changes of the (Vice) Chairpersons of the Technical Committees:

Cargo Committee: Sean Dalton has stepped down and the new Chairperson is Isabelle Therrien from Canada, Vice Chairperson is Matthew O'Sullivan from Australia. Sean Dalton has been elected as member of the Policy Forum in March 2020.

Offshore Energy Committee: James McDonald has stepped down and the new Chairperson is Frank Streidl from the UK, Vice Chairperson is Melanie Raven who is from the UK as well. James McDonald remains on the Offshore Energy Committee as a member.

Inland Hull, Fishing & Yachts Committee: Anneke Kooiman has stepped down and the new Chairperson is Hilton Adams from South Africa. Vice Chairperson is Tore Høisæther from Norway. Anneke has been elected as a member of the IUMI Executive Committee.

To all we would like to say congratulations and wish you every success!

IUMI podcast series



Did you miss our last podcast?

[Check it out here.](#)

Our latest podcast features Facts & Figures Committee Chairperson Philip Graham and Vice-Chairperson Astrid Seltmann talking about the latest trends in marine insurance from the 2019 IUMI statistics review. Philip and Astrid delve into how the current pandemic is impacting marine insurance, how they see the market developing over the coming year and also touch on the [IUMI Stats Report](#) that was recently published.

Coming soon is a podcast on data and digitalisation as well as another on environmental, social and governance (ESG) matters — keep an ear out for them.



2020 Annual Conference

Not just a 'virtual' success

We are delighted to report that the 2020 Annual Conference was hailed as a great success despite not being able to meet in person. It goes without saying that we would have much preferred a physical meeting in Stockholm to exchange ideas and knowledge and to greet old and new friends over a glass of wine. However, the Swedish Organising Committee did an exceptional job in creating an "IUMI first" — a virtual conference. We give them huge thanks for making this conference such a success.

This year's conference took place over a two-week period (14–25 September), with two workshops each day (morning and afternoon to accommodate time differences) and under the common theme of 'Navigating changing climates: Delivering expertise to shape the future'. Over 600 delegates attended from nearly 40 different countries. Not only was the virtual format an IUMI first but we also welcomed non-members to attend this year and were pleased that over 90 brokers, surveyors, lawyers and reinsurers joined the event.

As every year the Technical Committees worked hard to deliver comprehensive and high-quality workshops. Unsurprisingly one key area this year was COVID-19 and its impact on marine insurance; the President's workshop focused its entire session on this topic and was once again one of the conference highlights. Continued emphasis was also given to a better understanding of the principles for underwriting environmental, social and governance (ESG) risks. Other presentations looked at technical issues post IMO 2020, remote surveying, the use of Ion-Lithium batteries in the marine environment, and vessel detentions, to name a few. This year also marked the first ever Data & Digitalization Forum workshop — a conference of many firsts.

Thank you once again to the Swedish Organising Committee for rising to the challenge of creating a virtual conference and for all their hard work. Thank you also to all the delegates for joining us over the two-week period. We do hope to be in a different position next year and welcome you all — in person — to Seoul for the [2021 Annual Conference](#). But watch this space!

Imprint

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