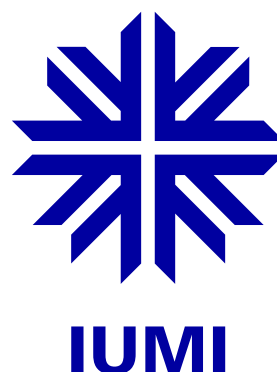




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|----|--|----|---|
| 2 | Message from the President | 18 | Containers on bulkers |
| 3 | Tutorial programme | 19 | What a third year of COVID-19 means for Marine Re/Insurance |
| 4 | Update on the 5th PAME Conference | 20 | People at IUMI: Vivienne Pearson |
| 5 | IUMI Stats Report 2021 | 22 | From sea to rail —
The demands on cargo and packaging on the new Silk Road |
| 6 | Major claims database | 23 | IUMI EYE Q&A:
Lars Robert Pedersen |
| 6 | IUMI has Seoul | 25 | IUMI podcast series |
| 7 | Summary of the 104th session of the IMO's Maritime Safety Committee | 26 | Pandemic Clauses |
| 8 | Report of the 7th session of the Sub-Committee on Carriage of Cargoes and Containers (CCC 7) | 27 | Ports' role in decarbonising the maritime value chain |
| 9 | Report of the 77th session of the Committee on Marine Environment Protection Committee (MEPC 77) | 28 | Social inflation: An American phenomenon with international implications
Part Three —
What can be done to lessen the effects of social inflation? |
| 10 | Implications of China's Anti-Foreign Sanctions Law on the maritime sector and marine insurers | 29 | WMU: Congratulations to Michelangelo Todor |
| 11 | COP 26 and MEPC77: an update on shipping's progress towards decarbonisation | 30 | Global standardisation on trade documents |
| 12 | UNCITRAL Working Group of the Judicial Sale of Ships | 31 | A warm welcome to PCS Verisk — a new IPP |
| 13 | How do we make unknown cargo storage accumulations visible? | 31 | IUMI welcomes new Committee members |
| 14 | Loss of containers at sea: searching for clues! | 31 | Imprint |
| 15 | Winter is coming... covering ice risk with technology | | |
| 16 | MLC — crew abandonment from a liability perspective | | |
| 17 | A climate crisis and a summit for change: How can the right data help? | | |



Message from the President

Looking towards a brighter 2022



Richard Turner
IUMI President

This time last year, my article for IUMI Eye featured the COVID-19 pandemic. Last December, many parts of the world were in some degree of lockdown and suffering various other restrictions. I expressed two sentiments at that moment: that there be the arrival of an effective suite of vaccines followed by a speedy end to the pandemic. In the event, we got a rapid deployment of some highly effective vaccines, but sadly this in itself was not sufficient to trigger the end of the pandemic – which is still very much with us 12 months later.

It is against this backdrop that IUMI has attempted to operate as close to normality as was feasible. Sadly, and for the second year running, our main annual conference (originally destined for Seoul) was forced online. This was a regrettable but necessary decision – and I hope it will be the last time that we are compelled to hold our flagship event in such fashion. We are very hopeful that our delegates will be able to gather in Chicago next September, so please mark the date in your diary for a trip to Illinois and keep an eye on iumi2022.com.

For me personally, it was a welcome relief from the never-ending 'Zoom' calls to be able to attend my first 'in-person' conference event last month – the Global Maritime Forum. The shipping sector is grappling with options, ideas and decisions that need to be made in the coming years about decarbonisation, and this felt particularly pertinent given the COP26 conference in Glasgow was taking place at much the same time. I have said repeatedly that the

marine insurance sector needs to involve itself in this debate, as it will fall to us to develop insurance solutions for the new generation of ships that will evolve from this process. We must be participants in the journey, not spectators. I am sure this will be an ongoing major feature of IUMI's focus for years to come.

As the year 2021 turns into 2022, let us allow ourselves some renewed optimism that the pandemic will fade from view before too much longer. In the meantime, I wish you good health and happiness for the coming season, wherever you are in the world.

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

Cargo insurance tutorial programme

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. The cargo tutorial is CPD certified with 23 hours.

Fees

EUR 550.00 — IUMI members
EUR 880.00 — non-members

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.



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

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. The hull tutorial is CPD certified with 30 hours.

Fees

EUR 650.00 — IUMI members
EUR 1,040.00 — non-members

Candidates who successfully pass the IUMI hull 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.



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





Policy Forum

Update on the 5th PAME Conference



By Neil Roberts
Head of Marine Underwriting,
Lloyd's Market Association and
member of the IUMI Policy Forum,
IUMI Member Association
www.lmalloyds.com

The theme of the 5th Protection of the Arctic Marine Environment (PAME) conference was the Polar Code: Nearly Five Years On. It was virtual but no worse for that. It was primarily an update on work in progress.

There are a bewildering number of organisations working on various aspects of the Arctic including hydrography, bathymetry, sea ice, shipping traffic and habitat. There is something of an alphabet soup and in the past there was concern that there was much activity but little practical headway.

There has been undoubted progress under the Arctic Council working groups but the clear message from the conference is that ice conditions are unpredictable and dangers remain real. Ice is increasingly mobile and the predictive models are not able to keep up. The Swedish Polar Research Secretariat advised that several areas are notably lacking in information – off Northern Greenland, the Canadian Arctic archipelago, plus the Chukchi, East Siberian, Laptev, Kara, and Barents Seas. Just 14% of the Canadian Arctic had been surveyed to modern standards.

The PAME portal is however an excellent resource produced through international co-operation and this, combined with the Polar Code, are certainly useful elements of risk mitigation for underwriters.

Disappointingly, ABS advised that feedback from operators on the effectiveness of the POLARIS ice evaluation system has been lacking. So far, analysis has been limited to university studies on single ships, so suitability for operations or regulation is yet to be confirmed. Insurers will no doubt feel that some guidance is better than none.

As demonstrated at COP26, there is urgent international concern about the climate, expressed in variously timed drives to net zero. Finance has been singled out and regulators are now adding rigour to voluntary frameworks. IUMI explained to the attendees that prospective operators will in future be faced with questions about the tracking and reduction of carbon emissions since underwriters find themselves under scrutiny and will be looking for answers.

Polar insurance has never been straightforward because of the extreme conditions encountered and it remains a specialised risk with specific due diligence newly supplemented by the net-zero agenda.

IUMI STATS Report 2021

Highly anticipated fourth edition published



STATS

IUMI is pleased to announce that its 2021 analysis of the global marine insurance market – known as IUMI Stats – has been published. This [report](#) 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. For the second year, IUMI Stats also contains analysis from its major claims database which now comprises 9,000 claims records amounting to US\$ 14 billion of major losses.

Highlights from the 2021 report include:

- Global marine insurance premiums for 2020 increased by 6.1 % from 2019 to reach USD 30 billion. This demonstrated real market development in all marine insurance lines (except P&I) for 2020, however early indications in 2021 are showing that continued development is uncertain.
- The hull underwriting sector grew by 6% in 2020 and global premiums reached USD 7.1 billion. Importantly, the gap between global premiums and global tonnage had begun to reduce. For the first time in many years loss ratios had improved to return the sector to a technical break-even position. However, any recovery had begun from a very low base and a return to more normal levels of shipping activity is likely to increase current low levels of claims frequency.
- As with the hull sector, cargo underwriting also returned to a technical break-even position in 2020 having achieved a 5.9 % increase in global premiums to reach USD 17.2 billion. However, a likely increase in nat cat events going forward coupled with increased risk accumulations has the potential to impact cargo underwriting performance in 2021.
- The offshore energy market reported a global premium base of USD3.6 billion, representing for the first time an increase in premiums since 2019 of 8.6 %. This is the first real increase in premium base since the 2014 drop in oil price.

The full report is available to download from IUMI's website [here](#).



Major claims database

For the second year, IUMI has presented its major claims database analysis. Since last year, three new reporting countries have joined the project bringing the total to 25. The total number of claims records included have now reached around 9,000 representing total losses of more than USD14 billion.

Cargo underwriting is more evenly spread geographically than hull and so the cargo data collected is considered robust and reliable enough to be published for a second year. Thirteen data fields are now being reported on and, as a result, major cargo losses have been analysed with respect to loss severity, frequency, location and cause.

Work is ongoing to improve the reliability of the hull loss data collected and to engage further with the hull underwriting community. Once achieved, IUMI's hopes to publish hull loss data also.

To download the full IUMI Stats Report please click [here](#).



IUMI has Seoul

IUMI Seoul 2021 Annual Conference

The IUMI Annual Conference that was due to be held in Seoul, South Korea, in September 2021, was once again held online because of the continuing Covid travel restrictions. However, this did not stop the event being a huge success with over 500 delegates in attendance, although we would have much preferred to meet face to face with our colleagues.

The Seoul Organising Committee did an exceptional job of hosting this year's event, with 10 workshops held twice every day over two weeks, from 2 to 15 September 2021. Thank you very much for making this year's event such a success. The event kicked off with three excellent keynote addresses from Jeong-Goo Kang, Director of Marine Environment Policy, Ministry of Oceans and Fisheries, KOR-Sejong; In-Hyeon Kim, Director of Maritime Law Center, Korea University, KOR-Seoul; and Do-Hyeon Lim, CEO of Avikus, Hyundai Heavy Industries Group, KOR-Seoul.

This year the conference theme was 'Pathways to a sustainable, resilient and innovative future' and the programme was full of interesting and topical presentations with experts from across the world speaking. It was encouraging to see our industry embrace environmental, social and governance (ESG) issues with all workshops having some focus on these.

There were many highlights from the conference but a few to mention included the President's workshop that looked at pathways to the decarbonisation of the transport industry; the Facts & Figures workshop, a crowd pleaser every year, where the committee presented the global marine insurance figures and report; there were also presentations on vaccine logistics, container collapse, cargo claims due to unsuitable packaging and alternative fuels. The presentations are available to members to [download here](#).

Thank you once again to the Seoul Organising Committee for making this year's event such a success. One thing that IUMI always finds is how humbling and inspiring it is when we see so many professionals giving up their time to participate in our annual conference and organisation. We thank each one of you and you truly are the soul (or Seoul?) of IUMI. We look forward to welcoming you next year to a hopefully in-person annual conference in Chicago, USA.



By Lars Lange
IUMI Secretary General

Summary of the 104th session of the IMO's Maritime Safety Committee

The International Maritime Organization's (IMO) Maritime Safety Committee held its 104th Session (MSC 104) from 4–8 October 2021, once again virtually with a small share of delegates physically attending at the IMO building in London. The meeting was chaired by Ms Mayte Medinah (United States) and her Vice-Chair, Mr Theofilos Mozas (Greece). Both were re-elected for 2022. IUMI's representatives Lars Lange and Hendrike Kühl were in attendance.

COVID-19

A central point on the agenda was a discussion about a draft Assembly resolution to address the COVID-19 crew change crisis, access to medical care, 'key worker' designation and seafarers' prioritisation for the COVID-19 vaccination. The draft resolution was approved with a view to adoption at the 32nd session of the IMO Assembly in December 2021.

Piracy and armed robbery against ships and other illicit maritime activity

The MSC approved a draft update of an Assembly resolution on the prevention and suppression of piracy and armed robbery against ships and illicit activity in the Gulf of Guinea. The resolution has been submitted to the 32nd session of the Assembly for adoption.

The Committee noted that 83 incidents of piracy and armed robbery against ships were reported in the first six months of 2021, amounting to a decrease of approximately 23% at the global level compared to the same period last year. The areas most affected by acts of piracy and armed robbery during that time were West Africa (27), the Straits of Malacca and Singapore (23) and the South China Sea (12). The number of incidents in the Gulf of Guinea (West Africa) decreased in the first half of 2021 by five compared to the same period in 2020, a decrease of 16%.

The Committee also considered the update on the review of the extent of the Somali piracy high risk area (HRA), revisions to the area, and envisioned next steps to develop a more dynamic threat assessment process as proposed in a paper submitted by industry associations. The industry group and appropriate bodies were invited to continue their work with regional stakeholders and to report on progress to MSC 105.

New outputs:

1. Autonomous ships

The Committee agreed to develop a goal-based instrument for maritime autonomous surface ships (MASS). This follows the completion of the regulatory scoping exercise (RSE) in May 2021 which analysed relevant conventions in order to assess how MASS could be regulated internationally. The MSC included a new output on "Development of a goal-based instrument for maritime autonomous surface ships (MASS)", with a target completion year of 2025. The Committee agreed that the MASS Working Group should be re-established, starting at MSC 105.

Having agreed that the first step in the work on the new output would be the finalisation of a road map, the Committee requested the Chair to prepare, together with the Secretariat, a draft roadmap, including scope, steps and timelines, as well as the coordination of work with other IMO bodies, and submit this to MSC 105 for detailed consideration.

2. Remote surveys

In view of the growing use of remote surveys during the COVID-19 pandemic, several submissions to MSC 104 proposed this topic to be addressed by the Committee. MSC agreed to include a new output on the "Development of guidance on assessments and applications of remote surveys, ISM Code audits and ISPS Code verifications", in the biennial agenda of the III Sub-Committee for 2022-2023 with a target completion year of 2024.

Due to time constraints in light of the shorter meeting time available for the remote meetings, the Committee was not able to consider any other proposals for new outputs submitted to this session. These have been postponed for discussion at MSC 105 in late April 2022.



Report of the 7th session of the Sub-Committee on Carriage of Cargoes and Containers (CCC 7)

By Lars Lange
IUMI Secretary General

The Sub-Committee on Carriage of Cargoes and Containers (CCC) deals with the carriage of packaged dangerous goods, solid bulk cargoes, bulk gas cargoes, and containers. It keeps updated the International Maritime Solid Bulk Cargoes Code (IMSBC Code) and the International Maritime Dangerous Goods (IMDG) Code. The Sub-Committee also keeps under review other Codes including the International Code of Safety for Ships using Gases or other Low-flashpoint Fuels (IGF Code) and the International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk (IGC Code). During this work the committee collaborates with other United Nations (UN) bodies dealing with the multimodal transport of goods.

The 7th session of the Sub-Committee on Carriage of Cargoes and Containers (CCC 7) met virtually with some delegates attending in person at the IMO building in London from 6–10 September 2021. The meeting was chaired by Ms MaryAnne Adams from the Marshall Islands. Here is a short summary of the key issues discussed:

Amendments to the IGF Code and development of guidelines for low-flashpoint fuels

The Sub-Committee agreed an updated work plan for the development of safety provisions for new low-flashpoint fuels under the IGF Code. The work plan envisages the development of guidelines for ships using hydrogen as fuel; the development of guidelines for ships using liquefied petroleum gas as fuel, the possible development of guidelines for ships using ammonia as fuel; and the development of draft amendments to the IGF Code for ships using natural gas. The work plan also envisages future discussions on the development of mandatory instruments regarding the use of methyl/ethyl alcohols as fuel and the development of mandatory instruments regarding fuel cells.

Amendments to the 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 Maritime Safety Committee (MSC) 105 for adoption (following finalisation by the Editorial and Technical (E&T) Group). The draft amendments to the IMDG Code include those required to take account of changes to the UN Recommendations on the Transport of Dangerous Goods which sets the basic requirements for all transport modes. The matters related to safe transport of charcoal and reviewing on maritime special provisions (SPs) will be continued by a correspondence group of which IUMI is a member. In this group IUMI supported the view that amendments to the IMDG Code be introduced so that all dangerous goods, including exempt dangerous goods under maritime SPs, be subject to appropriate documentation requirements.

Inspection programmes for CTUs

The Sub-Committee agreed the revised inspection programmes for cargo transport units (CTUs) carrying dangerous goods in order to broaden the inspection programmes for CTUs. The objective is to assist in the implementation of a uniform and safe inspection programme for the inspection of CTUs carrying goods for international transport by sea, and to provide guidance relating to such inspections in accordance with applicable IMO instruments. The guidelines cover various aspects of inspection, including documentation; structural safety; cargo, including marking and packaging; targeting methodology to identifying undeclared or misdeclared dangerous goods; general safety and pest contamination considerations. The revised guidelines will be submitted to MSC 105 for approval.

Containers lost at sea

Under the agenda item “any other business” a proposal for a new output was submitted regarding containers lost at sea and to the related action plan to address marine plastic litter from ships. Due to time constraints it was agreed to defer all other documents under this agenda item to CCC 8.



By Hendrike Kühl
IUMI Policy Director

Report of the 77th session of the Committee on Marine Environment Protection Committee (MEPC 77)

The Marine Environment Protection Committee (MEPC) addresses environmental issues under the IMO's remit, including air pollutants and greenhouse gas emissions. The 77th session of the Committee (MEPC 77) met again virtually from 22–26 November 2021 with few delegates attending the meeting in person at the IMO building. The meeting was chaired by Mr Hideako Saito from Japan. The session was timed to take place shortly after COP26 to invigorate the debate about shipping decarbonisation which was the primary focus on the agenda, however with fairly limited outcomes.

Reduction of GHG emissions from ships

The first issue discussed by the Committee under this central agenda item were proposals related to the 2050 level of ambition and the revision of the Initial IMO Greenhouse Gases (GHG) Strategy. Several proposals were submitted, including one by small island developing states (SIDS) to recognise that international maritime transport must reach zero GHG emissions no later than 2050 and proposing to adopt a resolution to that effect calling at this session. Numerous delegations took the floor expressing a wide range of different views. Ultimately, the Committee postponed further considerations about the review GHG strategy to the next MEPC session in June 2022.

A second important topic discussed was the establishment of the International Maritime Research and Development Board (IMRB) as proposed by maritime industry associations at MEPC 75. The proposal includes a US\$2 levy per tonne of fuel oil to finance an R&D body for clean maritime propulsion methods under the auspices of the IMO. Yet again, the Committee expressed diverging views on various operational, administrative, legal and governance aspects of the IMRB. As a result, further considerations on the proposal were passed on to the next meeting of the Intersessional Working Group on Reduction of GHG Emissions from Ships (ISWG GHG 12) which is scheduled to meet prior to MEPC 78.

Pollution prevention and response

Another issue related to climate change was the reduction of the impact on the Arctic of Black Carbon emissions from international shipping. Black carbon is a carbon-based aerosol produced by the incomplete combustion of fossil fuels, biofuels, and biomass. It absorbs light and heat and may therefore accelerate the melting of Polar ice. In this context,

several member States proposed to adopt an MEPC resolution to support a voluntary use of cleaner fuels by ships operating in or near the Arctic. In light of the broad support by numerous member States, the resolution was adopted by the Committee.

Action Plan to address marine plastic litter from ships

This was one of the few agenda items addressed which was not related to GHG emissions reduction. A Working Group on marine plastic litter considered the report of the correspondence group on “Development of a strategy to address marine plastic litter from ships” with a view to finalising the draft strategy.

In the plenary debate, Sri Lanka discussed the impacts of the MV X-Press Pearl's spill of 11,000 tonnes of plastic pellets off the shore of Colombo in May 2021. The pollution has caused a profound economic, social and environmental impact and will last for generations to come. The Sri Lankan delegation also highlighted the hazardous nature of plastic pellets. Requirements for loading, packaging, and emergency response protocols, with clear labelling of containers carrying pellets, and improved stowage instructions, are urgently needed.

The Committee adopted the resolution on a “Strategy to address marine plastic litter from ships”. It includes as an annex the short-, mid-, long-term, and continuous actions of the Action Plan to address marine plastic litter from ships.



By Ronald Sum (Partner), Beryl Wu (Associate), Hannah Tsang (Trainee Solicitor), Addleshaw Goddard LLP (Hong Kong), IUMI Asia Hub – Hong Kong

Policy Forum

Implications of China's *Anti-Foreign Sanctions Law* on the maritime sector and marine insurers

Countries regularly impose sanctions on individuals or other countries because of international law violations and also as a manifestation of rising bilateral tensions. Shipping vessels carry various types of cargoes from various countries of origin to various destinations, and they may visit black-listed countries and ports, and marine insurers may underwrite entities which may be or are closely related to entities on the sanction list. These place operators in the maritime industry under tight scrutiny by sanction authorities. In recent years, the maritime industry has been at the forefront of the US sanctions regime. China passed the new Anti-Foreign Sanctions Law (hereinafter referred to as "AFSL") on 10 June 2021. This AFSL is regarded as a "retaliatory" piece of legislation to other countries' sanctions. Following this latest addition to China's sanctions law regime, the maritime industry and marine insurance underwriter need to start taking action to ensure sanctions compliance.

The maritime industry essentially concerns itself with regard to the movement of cargoes by shipping vessels across different countries and jurisdictions through multiple layers of operators. The complexity of shipping arrangements and the lack of data transparency could create an opportunity for sanctions evasion through concealing identities or disguising shipping information. Therefore, operators in the maritime

sector need to be on alert for risk factors specific to the industry, for example, ship-to-ship cargo transfers or AIS manipulation. Shipping arrangements also vary from case to case, which would warrant different sanctions enforcement responses. Furthermore, government authorities in different countries may target marine underwriters in ensuring sanctions compliance in the marine insurance sector. Hence, marine insurers need to be vigilant in screening their clients, be on alert for individuals or entities designated on the sanctions lists, and perform "know your customer" checks.

Marine underwriters may also find themselves caught between opposing sanctions regimes. The sanction laws of some countries have extra-territorial applications, for example, the United States. Therefore, many commercial contracts, including marine insurance contracts, would require a contracting party to comply with the sanctions law of the countries relevant to the transaction. However, under the AFSL, any foreign or Chinese individuals or entities found to be implementing or assisting the implementation of such a foreign discriminatory restrictive measure against Chinese citizens or entities, may be in breach of the AFSL. This might lead to legal actions being instituted against the marine insurers. If the marine underwriter has branch offices in China, under the AFSL,



"Sanction is a subject of concern to many sectors and the marine insurance industry is no exception. The recent passage of the Anti-Foreign Sanctions Law of the People's Republic of China has attracted much attention around the globe. The IUMI Asia Hub at Hong Kong has invited experts to share their professional insights on the subject."

Selina Lau, Chief Executive,
The Hong Kong Federation of Insurers
and member of IUMI's Policy Forum

the relevant government authorities are empowered to impose administrative sanctions. Marine underwriters may find themselves "caught between a rock and a hard place".

Marine insurers should consider implementing a comprehensive sanctions compliance programme to ensure sanctions compliance. They should collect the relevant information, including the shipping route, jurisdiction in which a vessel is flagged, country of origin and destination of shipped goods, access to end-user certification, whether the shipped goods are dual-use, and the details of the assured.

Tension between China and other countries, particularly the United States, will most likely persist or even be on the rise. Therefore, marine underwriters need to take sanctions compliance seriously and spend more resources to minimise sanction-related risks.

COP 26 and MEPC77: an update on shipping's progress towards decarbonisation



Alessio Sbraga, Partner,
and Isabel Phillips, Associate

HFW
IUMI Professional Partner
www.hfw.com

November was a busy month for the shipping industry's decarbonisation agenda, with discussions and outcomes from COP26 feeding into the MEPC77 agenda.

Specific to the shipping industry, dialogue at both events has broadly centred on increased ambition for global decarbonisation targets and appropriate means of securing the requisite level of investment in alternative fuels and technologies: R&D funds, market-based measures ('MBMs') and incentives.

At **COP26**, the First Movers Coalition got the investment ball rolling, with tangible commitments from participating names to purchase green hydrogen and ammonia aiming to trigger further investment in alternative fuel plants.

This was followed by the Clydebank Declaration's launch of at least six green shipping corridors by 2025 and more by 2030. These proposed deepsea shipping routes for zero-emissions vessels aim to spur signatories' investment in the requisite infrastructure at the load and disports.

COP26 also saw momentum build behind the call for a revised IMO shipping target of net zero GHG emissions by 2050, to better align with the Paris Agreement's 1.5°C global heating cap goal. Whilst there was a general consensus at **MEPC77** that the initial IMO GHG strategy required strengthening, certain EU states and other large fossil fuel producing nations temporarily halted this, deeming the scheduled 2023 review the appropriate time to revisit all elements of the IMO's decarbonisation strategy.

Another strand to the MEPC77 investment dialogue was the focus on the proposal (from International Chamber of Shipping (ICS), BIMCO and other industry bodies) for a US\$5bn International Maritime Research Board ('IMRB') and Fund ('IMRF') with funds coming from a US\$2 levy per tonne of CO2 equivalent.

While this proposal gained significant backing, further discussions must continue at next year's Intersessional Working Group before we come closer to realising this proposal.

However, concerns were raised over the IMRB and IMRF by nations pushing for increased ambition and those adopting a more cautionary approach to the decarbonisation agenda. The latter group questioned the effectiveness, management, and fairness (towards developing nations) of the IMRB/IMRF. The former group criticised the low level of the levy, particularly compared to the US\$100 levy per tonne proposal from the Marshall Islands and Solomon Islands.

Notably, other more extensive MBM proposals (i.e., Norway's proposal for a GHG intensity limit and emissions cap and trade scheme) along with the US\$100 levy per tonne proposal were not given much airtime at MEPC77 and discussions were deferred to the next MEPC meetings in 2022.

A positive outcome from MEPC77 was the IMO's US\$400,000 contribution to fund a 12-month preparatory phase of the new IMO CARES initiative, which aims to accelerate the development and deployment of green technologies.

The IMO's inability to achieve broader MBMs for shipping is likely to spur other actors, such as the EU, to take action. Under the Fit for 55 package, the EU proposes to include carbon emissions from the shipping sector in the EU ETS from 2023 and from 2025 will require GHG intensity reductions from vessel fuels under the FuelEU Maritime proposal (Read more [here](#)¹). However, this would be in addition to MARPOL's EEXI/CII regulations due to come into force from 1 January 2023 (Read more [here](#)² and [here](#)³).

Another area of contention at MEPC77 centred on a non-binding resolution for the voluntary use of alternative fuels to reduce black carbon emissions in the



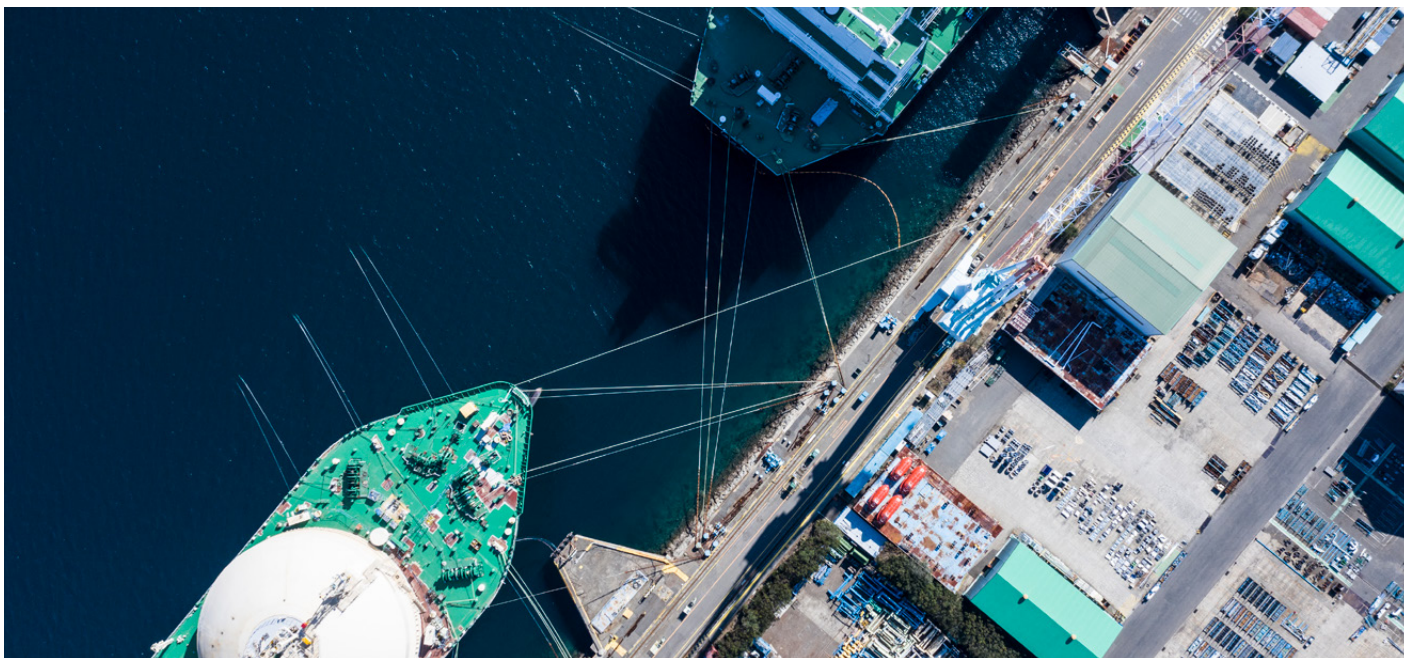
Arctic. This generated significant debate, but a resolution was eventually adopted.

Despite the enthusiasm and expansive statements of COP26, MEPC77 has made it clear that shipping industry nations are far from aligned when it comes to steps towards decarbonisation and that accelerating change may prove more challenging and time-consuming than initially hoped for.

1
Decarbonisation in shipping: Contractual and charterparty issues – Standard Club (standard-club.com) Article written for Standard Club by HFW's Alessio Sbraga (Partner) and Joseph Malpas (Associate)

2
<https://www.hfw.com/Reducing-international-shippings-carbon-intensity-through-the-IMOs-EEXI-and-CII-charterparty-implications-and-challenges>

3
<https://www.hfw.com/The-multifaceted-approach-towards-regulating-carbon-emissions-in-international-shiping-June-2021>



Policy Forum

Update UNCITRAL Working Group of the Judicial Sale of Ships



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

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

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

Subsequent Working Groups were convened and, at the most recent session held 18–22 October 2021 in Vienna, further progress was made on the draft. As stated in a summary of proceedings submitted to UNCITRAL by the CMI:

“On a review of the entire document, the CMI is of the view that potential stumbling blocks have been overcome and that what is required at this juncture is the fine tuning of the document by taking final decisions on the matters which still remain...”

There are sixteen open items which will be addressed at the next Working Group scheduled for 7–11 February 2022 in New York, and it is hoped that the draft will be finalised and submitted to the Commission (UNCITRAL) for approval and transmittal to the General Assembly for adoption as a convention in the second half of 2022.

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

How do we make unknown cargo storage accumulations visible?



Joseph Artgole
Marketing Manager

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Cargo's storage visibility problem

The visibility of cargo goods and accumulations has drastically improved thanks to the emergence of connected digital applications. These applications are now tackling an ongoing issue with storage, where underwriters often don't know if multiple assureds are storing goods in the same place. The scale of this issue becomes clear when you consider large logistics companies operate enormous storage locations, that contain goods from a wide range of different clients.

It's therefore likely that an insurer is covering the goods of multiple insureds at a single location, the only question is where? And how much is the insurer on risk for across all policies? While natural catastrophes are modelled and aggregate limits applied, non-cat losses such as warehouse fires risk exposing insurers to multiple full limit losses in one go at these locations.

What's currently done?

To manage this issue, underwriters conduct a manual review of a portfolio and focus on specific areas of concern, or known locations where accumulations are likely. This is time consuming and still leaves a huge amount of unknown exposure.

How does digitalisation solve this issue?

Digital applications, such as Quest Cargo, can record and retrieve the latitude and longitude of stored goods within a portfolio, alongside associated data on those locations. Underwriters can therefore scan their portfolio and list significant accumulations within a chosen radius. This reveals the total exposure, number, and names of assured goods in that location.

This visibility helps underwriters make more informed decisions, reduce the impact of large loss events, simplify the management of large portfolios, and optimise reinsurance coverage.

Focusing on the reinsurance perspective, underwriters and reinsurance buyers need to know peak accumulations to set the limit of reinsurance they need (or want) to purchase. Data on the utilisation of that limit can be used to understand pricing and to determine the amount of horizontal cover required.

Find out more on how the latest developments are making cargo storage accumulations more visible [here](#).

The Concirrus logo, featuring the word "Concirrus" in a teal sans-serif font, followed by a teal icon consisting of two interlocking loops.



Loss of containers at sea: searching for clues!



By Captain Uwe-Peter Schieder
Loss Prevention Manager at GDV
(German Insurance Association) and
Vice-Chair of IUMI's Loss Prevention
Committee

Last winter, containerships in the North Pacific lost more than 3,000 containers in the space of 80 days. Many hundreds of containers were also destroyed on board – a loss far in excess of 100 million Euros and which has to be borne primarily by cargo insurers, but also by hull insurers. This loss is almost outweighed by the loss of confidence in the technology and safety of huge container vessels. Do containerships have a significant safety problem which, for reasons that are still unclear, seems to have appeared from nowhere?

Containerships already caused a stir more than 10 years ago. In the Bay of Biscay, large numbers of containers were frequently lost, especially from the stern. Investigations revealed that the cause of the problem lay largely with the cargo securing equipment. The problem had been identified and could be eliminated. The incidents in the Pacific represent the largest ever single losses of deck cargo from containerships. Astonishing pictures bear witness to the disastrous conditions on deck of the ships involved.

An answer to the questions why this is happening now and why it is happening in the North Pacific was quickly found: The Pacific is not, as its name suggests, a peaceful ocean, but rather the opposite. The winter storms and hurricanes in the Pacific are feared by seafarers and test ship and cargo securing systems to their

limits. But this has not changed over recent years; containerships have always sailed across the North Pacific in winter without losing cargo. So what had fundamentally changed? The answer is that the rapid and very vigorous economic recovery following the coronavirus pandemic meant that the ships were sailing at absolutely full capacity, which was something entirely new. It goes without saying that the ships and their cargo securing systems are calculated and designed to carry a full load of cargo, but it was nevertheless this new situation that led to the cargo losses.

IUMI's Loss Prevention Committee (LPC) has analysed the situation and consulted experts and published its interim findings in a [discussion paper](#) that attempts to look at the problem from as many angles as possible. We would all like to see a quick and easy answer, but this is not in sight, because the fact that the ships are now sailing at 100 percent capacity has only brought to light that the network of physical relationships and dependencies contains shortcomings, and these need to be identified and eliminated as quickly as possible. The LPC rejects the temptation to draw hasty conclusions or even apportion blame, but there is an urgent need for action on the part of all those involved.

The Loss Prevention Committee's discussion paper can be downloaded [here](#).

Winter is coming... covering ice risk with technology



Stefan Schrijnen
Chief Commercial Officer

Insurwave
IUMI Professional Partner
www.insurwave.com

The Baltic ice season is almost upon us, and voyages through the Baltic Sea will be in breach of the International Navigating Conditions, the Nordic Plan and other insurance clauses.

The associated insurance admin, and increased uncertainty over a vessel's insurance protection, can create a headache for shipping companies, insurance brokers and insurers. During the ice season, as vessels enter and exit regions such as the Gulf of Finland, the Queen Charlotte Islands or White Sea, insurance managers have the job of obtaining additional insurance protection, declaring per vessel ice breaches, and reconciling additional premium invoices with their internal teams and charterers.

Connected ice breach cover and how technology can help

Technology is available to manage this better. Live, auditable vessel tracking data, connected to digitally mapped ice zones, removes the need to manually notify entry and exit. Connecting this data to insurance contract rates and premium calculation rules, removes the need to manually calculate and invoice additional premiums. No more manual declarations, no more disputes or confusion over coverage or premium due, and no more broad cover wordings to compensate for poor data.

The value of a connected insurance experience and how Insurers can help

Assureds get improved cover certainty, as their cover isn't as dependent on a chain of manual, error prone events. They also should get an improvement in the correlation of their cover and their actual exposure.

Why shouldn't assureds pay for their actual exposure, i.e., from the minute they cross into an ice zone to the minute they leave the ice zone? And that is where insurers come in. Where increased data granularity creates potential for cover exactly matching exposure, product innovation is needed to incorporate these new data points in a way that helps the assureds.

Finally, the convenience factor is significant. Removing manual tasks, and the associated effort and cost, frees up capacity for everyone – insurance managers, brokers and insurers. Connecting insurance buyers, brokers and insurers to a live feed of asset, exposure and policy data enhances insights in an ever-evolving risk landscape. It creates the space to do more with less.

However, none of this will stop a white walker...

What could this look like for you? Find out more about a connected insurance experience [here](#).





MLC — crew abandonment from a liability perspective



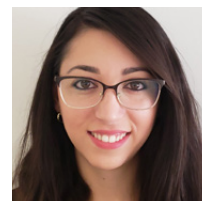
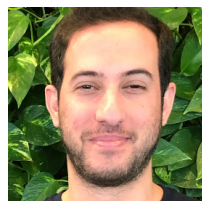
By Heidi Høvik Hansen
Claims Executive, Gard

The Maritime Labour Convention, 2006 (MLC) establishes minimum working and living standards for all seafarers working on ships flying the flags of ratifying countries. The MLC also provides protection for seafarers in the event they are abandoned by a shipowner. A seafarer is considered abandoned when the employer fails to cover the cost of the seafarer's repatriation; or has left the seafarer without the necessary maintenance and support; or has otherwise unilaterally severed their ties with the seafarer, including failure to pay contractual wages for a period of at least two months. In most cases abandonment occurs when a shipowner becomes insolvent and ceases paying wages and in extreme cases may completely "walk away" from the ship and its responsibility for those on board.

Should a shipowner abandon its crew on a ship insured with a P&I club, that club has a direct financial responsibility to step in.

The number of cases of abandoned vessels and crew is growing, not least due to the COVID-19 pandemic; and in some instances, crew can be left on board for months or even years without support. While the abandonment provisions of the MLC were introduced to prevent seafarers being stranded in port for long periods, this is not always the case in practice. Gard has handled challenging cases where local authorities would not allow vessels to be left unmanned, forcing the remaining crew to stay on board until they could be replaced. This is stressful and inhumane for the crew and their families. This problem should be fixed at source rather than just dealing with the consequences, and this issue is being addressed within the industry, including by IUMI's support of the Neptune Declaration on Seafarer Wellbeing and Crew Change.

A climate crisis and a summit for change: How can the right data help?



Hen Nassimi, Product Manager, Natalia Dinsmore, Senior Content Marketing Manager, and Hila Sasson, Product Marketing Manager,

Windward
IUMI Professional Partner
www.windward.ai

The COP26 climate summit has just finished – where climate activists from across the world met and Windward is proud to have participated this year. And while climate conferences are key for constructive dialogue, they are in no way enough. On this topic, Greta Thunberg [recently said](#) that the targets for reaching net zero are a good start, but won't lead to real change if people continue to look for loopholes. "Blah, blah, blah. Net zero by 2050. Blah, blah, blah. Words that sound great but so far have not led to action." She said in a speech back in September. The shipping industry has been talking about net zero for a long time – but between unclear targets and regulations, little has been done.

The industry stakeholders that have taken it upon themselves to decrease their carbon footprint, are up against no small task. The majority of decarbonisation market approaches offer to either:

- Rank vessels based on their technical specifications.
- Collect limited dynamic data from a single fleet.
- Estimate carbon emissions retroactively based on theoretical vessel performance data.

While these steps are important, they don't bring us close enough to where the industry needs to be. If shipping players choose a single system to rank vessels based on their specs, they will end up with static data that doesn't account for the vessels' dynamic nature and behaviour. Collecting single-fleet data might provide better insights than ranking, but this data will only be relevant for the specific fleet measured, rather than a scalable model for any fleet in question. Lastly, retroactively estimating emissions based on theoretical vessel performance can result in inaccurate measurements, since carbon emissions are impacted by real-time events and conditions.

The truth is that until we have scalable zero-emission fuel infrastructure, most shipping emissions will be unavoidable despite our best efforts. They are simply a result of choosing to ship the cargo from A to B. Yet, an estimated 90 % of **avoidable** emissions are driven by commercial decisions that actually happen long before the shipowner/operator gets involved, and this is where, with the right solution, there is opportunity for carbon reductions.

How do you get there? It comes down to proper visibility between all parties - charterer, owners and ship management teams. They all only have a few pieces of the voyage puzzle and even if one of them has the full picture - they need to share it with others in the value chain. A vessel unnecessarily reaching full speed only to wait at port is an easy task to correct. But it doesn't end there. To have the vessel arrive at the 'correct' time means that everyone needs to be communicating properly on that agreed upon arrival. For this to happen, vessel speed, power output, fuel consumption, local weather, all need to be accessible in order for everyone in the business to really make an informed decision. If not, the supply chain will continue to have bottlenecks.

So, a too-narrow approach that doesn't address visibility will limit effective measures of managing CO₂ emissions. Harnessing the right technology and collaborating with each other to optimise commercial decisions and operations will directly have a positive effect on environmental risk portfolios and carbon footprint reductions.

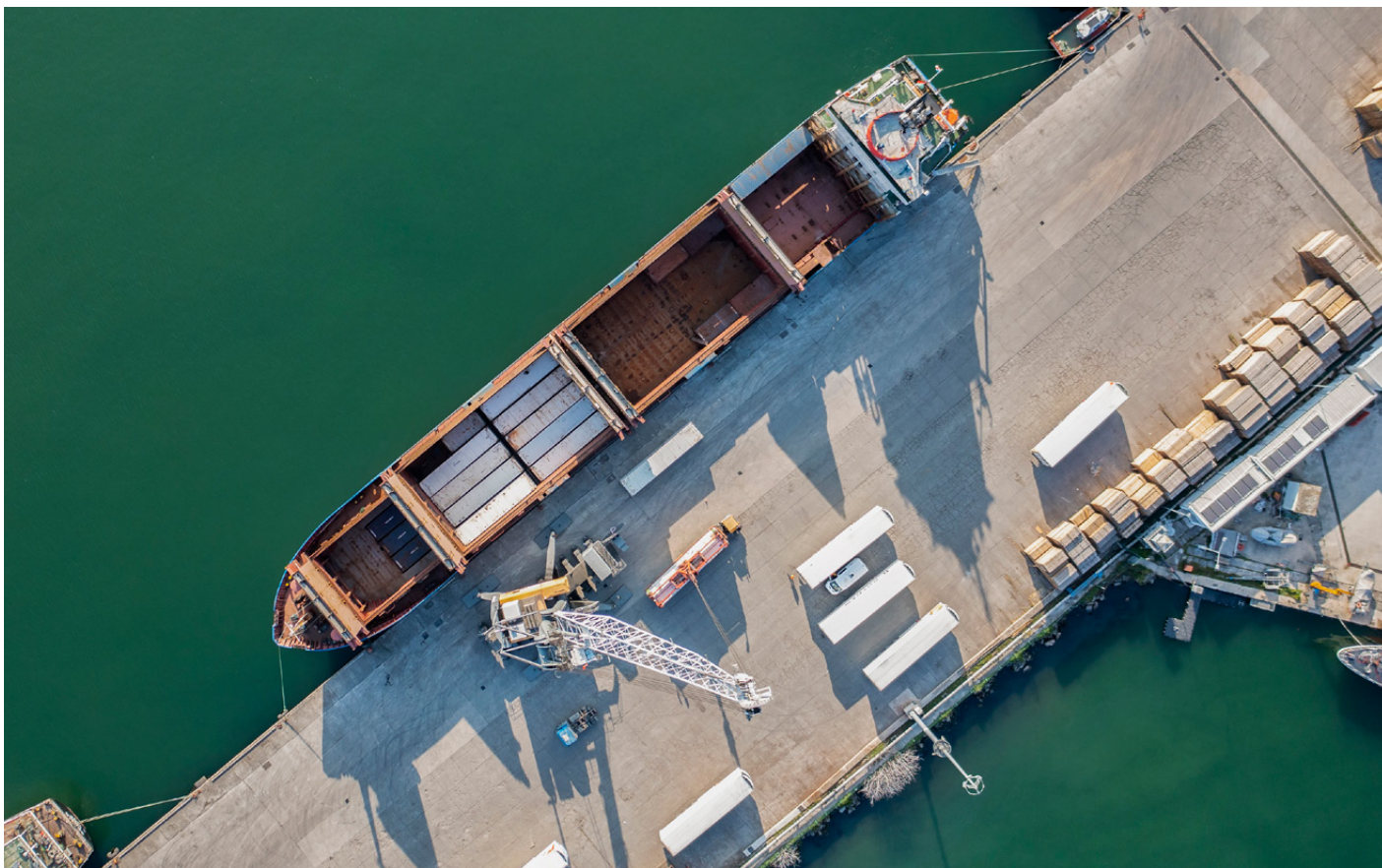
And the solution should be global enough to include the entire supply chain, but accessible to all to enable autonomy and independent CO₂ emissions measurement.

WINDWARD^o

In September, Windward launched the [Data for Decarbonization Program](#). Our hope is that by collecting data from all shipping players and standardizing it into one decision-supporting solution, stakeholders can know exactly where they stand and answer questions like: What is the optimal speed to evade predicted high congestion in a port? Does a fixed estimated time of arrival (ETA) result in more emissions? How does shortening the ballast distance impact my emissions?

With data visibility comes an opportunity for greater collaboration among all players to ensure that trade is accelerating and not hampering environmental sustainability goals. This would allow the industry to go beyond historical annual averages, or even emissions by company or individual ship per year. Where we need to get to is detailed emissions accounting per voyage by operational activity - to enable those who are accountable for emissions to manage and reduce them.

As a maritime Artificial Intelligence (AI) platform, our responsibility for decarbonization doesn't end at COP26. Thanks to our best-in-class AI models and behavioural vessel data, we are bringing the same innovation that has helped global organisations mitigate compliance and security risk to help the shipping industry take on the most pressing climate crisis of our lifetime.



Containers on bulkers



By Tom Shinya
Deputy General Manager,
Marine Underwriting Dept.
Tokio Marine & Nichido Fire Insurance
Co. Ltd. and IUMI Cargo Committee
member

The unprecedented mismatch of the supply and demand in container shipping has driven some carriers to be “creative” with unusual ideas such as carrying containers by bulk carriers.

The bulk carrier GREAT BEAUTY was navigating from China to the U.S. with containers stowed inside the hold and also on deck. The containers within the hold shifted and collapsed due to heavy weather. The containers inside the hold were damaged which indicate that there were no cell guides or lashings which is not a surprise. There also seems to have been space between the containers and the sides of the hold which could also be dangerous but not surprising - the shape of holds are designed for bulk cargo and are not meant to stow containers.

Apparently, the vessel is not considered to be cargo worthy and cargo underwriters should keep a close eye on these practices. There might be an implied warranty of cargo worthiness within the applicable law of your policy. On cargo policies however, the exclusions/warranties for losses due to unsafe carriage is usually subject to “if the assured was

aware of the unsafe carriage” (e.g.: provision 5.1 of Institute Cargo Clauses). This type of exclusion is considered reasonable in today’s logistics operations, since there are not many cases of shippers being aware of the vessel’s details, particularly for containerised cargo. In other words, it was considered too harsh if the exclusion on cargo worthiness was pursued regardless of the assured’s knowledge. If this practice continues it will raise questions on these exclusions.

There is also a concern of how the contract of carriage is provided on these shipments which, for a cargo insurer, is key for a recovery. Also, there is a question if the nautical fault defence can come into effect under the respective international convention of COGSA.

What a Third Year of COVID-19 Means for Marine Re/Insurance



Alex Mican, Director Product Development Specialty Lines

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PCS Global Marine and Energy

COVID-19 continues to pose an intensifying threat to supply chain resilience as we enter the third year of the pandemic. And with 1 January 2022, reinsurance renewal right around the corner, underwriters and actuaries are keen to understand the impact that the pandemic could have on loss creep for 2022 events, as well as those from 2020 and 2021 that are still developing. A heightened risk environment, elongated claim lifecycles, and materials and equipment price volatility bring plenty of additional uncertainty into the annual reinsurance ritual.

As we head into the new year, vaccination rates among the countries that produce most officers and crew remain an important problem, with reverberations across the marine market. In addition to simply creating a shortage of talent, it can exacerbate the ongoing issue of stranded crews long past the ends of their assignments, with attendant morale and physical risks that can be translated into increased loss frequency, as well as the risk of greater severity.

Underlying the entire issue is uncertainty about future rates of infection in the countries where most crew and officers tend to originate. Again, low vaccination rates have shrunk the pool of available labour, and increases in positive transmission could further constrain the market with little notice. Meanwhile, global consumer demand is on the rise, which only puts further strain on global supply chains – and increases the risks inherent in them.

The re/insurance industry faces several concerns. Port accumulations pose both manmade accident risk and natural catastrophe exposure, particularly in busy U.S. ports during hurricane season. Fatigued crews and onshore labour shortages increase the risk of accident while also contributing to port accumulations, and when accidents or natural events do occur, the time and cost to remedy them are invariably higher than they would be in non-pandemic times. To price and underwrite marine risk without a serious recognition of what COVID-19 could mean for developing and new losses would be to ignore additional risks that could have a material effect on a policy or treaty.

The pandemic has gone on long enough that most in our industry know it affects risk quality and price across the marine market. It's important to be sure to integrate that thinking into the business.



PCS Global Marine and Energy



People at IUMI

Vivienne Pearson

Chief Executive, The South African Insurance Association (SAIA)



How long have you been associated with IUMI?

My personal association with IUMI started around four years before the IUMI Cape Town Conference took place in 2018. The Association of Marine Underwriters (AMUSA) in South Africa is the marine insurance division of the South African Insurance Association (SAIA) and agreed to host the 2018 conference around 2010 with the approval of the SAIA Board. The IUMI Conference had never before been hosted on African soil and SAIA was honoured to host it.

As I had personally never been a part of the marine insurance industry, I realised that in order to successfully host this conference, I had better learn about this business class, IUMI and the nature of the IUMI conferences very quickly! To achieve this, I joined the executive members of AMUSA at the IUMI conferences from 2014 in Hong Kong. SAIA's financial exposure to organise the IUMI conference was potentially almost half of our annual budget and we always aspired to host the best possible conference for all the marine specialists who would spend their time and money to come to South Africa in 2018.

The exposure at the IUMI Conferences in Hong Kong, Berlin, Genova, Tokyo and subsequent conferences have been excellent learning grounds and I now know the marine insurance to be an important and very interesting industry.

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

I am still very involved with IUMI, albeit not at a Technical Committee level. I have participated in all the Secretaries Meetings since I started attending the conferences and learnt a lot about the organisation and the intricacies of marine insurance. I have given input into the IUMI agenda when appropriate, and have built valuable relationships with the Secretariat, other IUMI office bearers, and my colleagues from the insurance associations across the globe.

From a SAIA and AMUSA perspective, we constantly create awareness about IUMI's education offerings, and I am happy to say that the South Africa marine insurance market do attend and make use of opportunities offered by IUMI in this regard regularly.

SAIA and AMUSA also very much support and advocate for IUMI's focus on environmental, social and governance (ESG) issues, which is a fairly recent addition to IUMI's key focus areas. In a recent meeting with IUMI, I have also shone the light on the "S" part of ESG which I believe should also be addressed together with the "E" part as social issues such as inequality in economies and political and social stability worldwide have been identified as major risks in recent years, together with the very topical climate change and associated issues. The socio-political risks are very relevant to the marine insurance industry as the transport infrastructure ecosystem is often one of the targets in political and civil unrest actions.

How do you see the current state of the marine insurance sector?

The impact of the COVID-19 pandemic on the global economy and many other areas of life in general must be mentioned here. The sustainability of the insurance industry in general is closely related to the sustainability of the broader environment. With economic growth impacted by the pandemic, the restrictions around free movement of trade, and many other challenges in the wake of the pandemic, it is not surprising that this has had a major impact on the marine insurance sector. Even though these pressures are diminishing, it will take some time to recover to pre-COVID-19 conditions.

What do you see as the biggest issues currently emerging in the marine insurance sector?

Having already mentioned the negative impact of the global pandemic on the marine insurance sector, I will add the following challenges (and opportunities) which will impact insurance in general, and marine insurance in particular:

- The sustainability of the environment, i.e., climate change.
- Unequal (therefore unsustainable) economies with relatively low growth in many areas.
- Political and social instability impacting the environment marine insurance operates in.
- Advances in technology linked with increased cyber risk.
- The urgent need to transfer highly technical skills to the new (and ideally more diverse) generation of marine insurance practitioners, i.e., education and training.

→

People at IUMI
 Vivienne Pearson
 Continued

What benefits do you get from being associated with IUMI?

The sharing of information, knowledge and ideas within the global marine insurance market, the lobbying and leadership provided on topics of relevance for the marine insurance sector (including on topics that are not necessarily naturally attractive in view of the uncomfortable changes that inevitably will follow...), as well as the education initiatives driven by IUMI are invaluable.

Other than that, the networking opportunities and friendships that develop over time through-out the IUMI network are amazing!

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

A few years ago, I would have said a more forward looking and open-minded proactive approach was needed by IUMI, but I believe that the current path IUMI is on demonstrates that this has already happened!

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

Although COVID-19 has put a spanner in the works in the last almost two years, I have always loved travelling within South Africa and elsewhere and have visited many countries over the years, often a bit off the beaten track. One memorable event as an example was a road trip through thirteen states of the United States of America in 2008 where we overnighted in small motels in various interesting small towns which tourists do not often visit. This was how I first got an inkling almost a year before the global financial crisis in 2009 from having breakfast just outside the small town of Gorham en route from Maine to Vermont where we overheard two locals predicting that the unrestricted lending practices were bound to result in a disaster at some point not in the far future! (At the time we did not fully understand the significance, but when the crisis happened there was a distinct “aha!” moment!) In addition, I also love to attend live sports and music events although recently I had to watch these on television, and reading where I prefer – by far – fiction as I read more than my fair share of reports, facts, stats and the like at the office.

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From sea to rail — The demands on cargo and packaging on the new Silk Road



By Nico Nöldner, Executive Director
& COO, Battermann & Tillery GmbH,

IUMI Professional Partner
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The strains exerted on cargo and the requirements placed on the packaging concerning climatic interactions and mechanical influences are already very high in maritime transport. But what are the demands of rail transport via the new Silk Road?

First, we can by no means expect fewer transfer operations. Due to different, country-specific track gauges, border crossings combined with optional route selection (southern or northern) and logistical transfer points, it is to be assumed that the containers will be transhipped numerous times. It is well known that lifting, moving and setting down containers exerts stress on the cargo even during sea transport. Measurements and tests have shown that maximum values for vertical acceleration of up to 4.8 g are exerted (cf. GDV packaging manual).

These values are apparently now being exceeded in rail transport, proven by the result of measurements and clearly documented by damage patterns on cargo. Added to this are the constant vibrations caused by the somewhat demanding track conditions and railcars with insufficient concentricity of the wheels and hardly any shock-absorption. This leads to abrasion/rubbing of the master cartons and sales packaging, as well as the exertion of impacts on the goods themselves. As a result, cardboard

packaging wears through, cardboard dividers collapse, and the goods shift in the cartons. The lashing belts for cargo securing can also lose their pretension and become ineffective.

But that's not all: the climatic conditions along the new Silk Road and the passage through climatic zones with significant temperature changes cause sweating, mostly from hygroscopic materials. Wetness introduced into the container in conjunction with temperature fluctuations leads to the formation of mould and corrosion.

Moisture in goods and dynamic forces exerted during transport are issues that need to be addressed if the focus is to be on loss prevention and protection of sensitive goods. Furthermore, a container is by no means a safe, but merely a tried and tested means of shipment requiring precautions and measures for packaging, stowage and cargo securing appropriate to the stresses involved.

The new Silk Road thus presents the logistics process with several challenges over the 11,000 km route and in just under two weeks' transit time.

IUMI EYE

Q&A

Lars Robert Pedersen

Deputy Secretary General, BIMCO



In a nutshell, how would you describe the main role of BIMCO?

BIMCO is a direct entry membership association spanning 130 countries. Owner members control around 60% of the global merchant fleet by deadweight. Membership furthermore comprises brokers, agents, P&I Clubs, national shipowner associations, classification societies, equipment makers and other entities with a vested interest in shipping.

The role of BIMCO is to provide practical solutions in an ever more complicated world. BIMCO is the practical voice of shipping. Implementation of rules and regulation is often complicated and requires dedicated contractual solutions to work. Helping our members doing their business is central to the purpose of BIMCO, while maintaining open access to markets and fair business practices.

What is the biggest challenge facing BIMCO today?

A clever person said that you have to disrupt yourself before someone else disrupts you. That is in many ways true as the world around us changes in an ever more rapid pace. Digitalisation is entering the world of shipping and the business models and practices are not immune to this changing world. BIMCO is working hard to facilitate the changes which are upon us as an industry. Not changes for the sake of change but change which means improvement to efficiency in terms of how business is conducted.

Staying relevant for our members is our top priority.

What do you see as the biggest issues currently emerging in shipping?

No doubt the challenge of our lifetime is tackling climate change. This goes for shipping as well and being a hard-to-abate industry, the challenges are not easily overcome.

This does not mean that we have no idea on how to decarbonise the industry. Rather to the contrary, we have many ideas on how it could potentially be done. To some extent, many options make it harder because each of the options require some dedicated infrastructures to be established and lacking a clear winner on the technology or fuel side makes it difficult and risky for shipowners to bet their fortunes on any one of these.

There is an increasing understanding in the shipping industry that some kind of power-to-X fuel (or e-fuel) will be the solution. These types of fuels do not come cheap and require vast amounts of electricity. This is another enabling factor in our industry's path to decarbonisation – the sustainability of the electricity going into producing the new fuels. The carbon efficiency of the electricity has to be high for e-fuels to make sense. Actually, the carbon efficiency to produce an e-fuel which is on par with the oil we now burn has to be significantly higher than the average grid efficiency in most parts of the world.

Decarbonisation of the shipping industry is thus not only about availability of the right technology and availability of production and distribution capacity for the new fuels. It is also about decarbonisation of the electric grid ashore. Taking renewable electricity to produce e-fuels for shipping is worse for the climate than using the same renewable electricity to replace coal burning power plants.

Who said it should be easy?

BIMCO is renowned for its widely used contracts such as charter parties, bills of lading, etc. How have these changed, or not changed, during the evolution of shipping over the years?

Shipping contracts have evolved over time. BIMCO started drafting standard charter party contracts already in 1913 and several of our most used contracts have undergone revisions periodically since. The changes may however be small for the untrained eye. The way business is conducted in the shipping industry has remained largely unchanged for centuries. This is because it works and allows business parties across the world to do business with one another on well understood terms.

→

IUMI EYE Q&A

Lars Robert Pedersen

Continued

The modern era is about to change this. Increasingly, the freedom of operating a ship enjoyed by e.g. a time charterer, is being constrained by regulatory operational requirements placed on the ship (and thus the owner). Operational requirement constraining charterers' ability to conduct their business freely is the legacy right.

This means new terms have to be developed and this is where BIMCO plays a crucial role in shipping. The International Maritime Organization (IMO) short term measure to reduce greenhouse gas (GHG) emissions, the so-called carbon intensity indicator (CII) is causing such change. Literally, as you read this piece, a specialist working group is developing a standard clause for time charter parties to incorporate CII. This is about agreeing to a standard distribution of rights, obligations and liabilities between the contracting parties to allow a ship to comply with this new regulation – upsetting the legacy.

The CII is not a one-time change and we foresee this type of change increasingly becoming the norm.

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

The shipping industry is so diverse and fragmented that changing one thing in the industry would likely have little impact. However, changing one thing beyond the shipping industry could have a lasting effect for the shipping industry also. That one thing could be how to capture efficiently CO₂ from the atmosphere.

How did you get to your current role today?

Life never turns out as planned, and luckily I never planned much of my career anyway. Somehow, being born out of a farming family, I chose seafaring. Do not ask me why – it was merely because I had to do something in life, and marine engineering sounded interesting – and it was. After becoming Chief Engineer, the Superintendent job ashore sounded interesting – and it was. So was the regulatory work at IMO, which after 26 years with the largest shipping company in Denmark led to my current job as Deputy Secretary General at BIMCO. In a way a carefully chosen path looking from the outside, but every step was unplanned.

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

I think about that from time to time and most jobs have some attraction to me. Likely because I am curious by nature. I like to be able to do anything. Probably not for long, because I also get bored easily when something becomes routine.

This did not answer the question, and it is likely because my current job is my ideal job. Being able to fuse the technical and practical knowledge for my seagoing career with the skills from the office managing many different ships with imagination and creativity to craft future regulation for ships.

What do you like doing when not working?

As I said, most things in life are interesting and I like doing stuff. Cooking, welding, horse riding, driving machines of all kinds, you name it. I am so privileged to own a small farm where my selection of tools come to good use. This is where I spend most of my time not at work. And, hopefully soon getting back on my snowboard.

IUMI podcast series



Once again it has been busy in our recording studio with two more [IUMI podcasts](#) available to download and listen to. The first takes a deep dive into the IUMI statistics that were presented at the IUMI annual conference in September of this year. We were joined by both IUMI Facts & Figures Committee Chair Philip Graham, and Vice Chair Astrid Seltmann, as they discuss the market, the results, trends in the cargo, hull, and offshore energy markets, sustainability issues and much more.

In the second podcast we got to speak with two successful candidates from IUMI's online cargo and hull tutorials. We were joined by Kyveli Manta, an Underwriting Administrator at the American Hellenic Hull Insurance Company, and Roshan Kumar, Assistant Manager at The New India Assurance Co Ltd., who completed the hull and cargo tutorials respectively. Both candidates did exceptionally well and passed the final exam with distinction.

Kyveli and Roshan offered insight into the benefits of the tutorials, the reasons for choosing these courses and how to apply them in their daily work. They also shared with us their views on the challenges they see ahead for the marine insurance industry.

IUMI publishes a new podcast every month and is available on all major podcast streaming platforms. Please follow us to stay updated of new releases.

[Take a listen here](#)



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I did it my way

Pandemic Clauses – how the German market reacted, and what differences there are to the English and Norwegian markets



Dr Dieter Schwampe
Senior Insurance Partner

Arnecke Sibeth Dabelstein
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www.asd-law.com

The German Insurance Association GDV released its 'Clause for the Exclusion of Loss/Damage due to a Dangerous Communicable Disease for the Use in Marine Insurance ("Pandemic Exclusion Clause")' in July 2021. Apart from the exclusion clause, GDV offers three different write back clauses for the marine insurance of vessels, for the insurance of cargo and for the insurance of liability insurance for carriers, freight forwarder and warehouse operators. All clauses are available in English on the GDV website.¹ The exclusions clause distinguishes between two principal scenarios, with two sub-scenarios with respect to one of those scenarios.

The first scenario is loss/damage, liability, costs or expenses caused by a dangerous communicable disease (or its pathogens or the toxins they produce). Only such a disease qualifies under the exclusion, which (a) has been classified as a pandemic by the World Health Organization (WHO) on the basis of the International Health Regulations 2005, or (b) as an epidemic classified as an epidemic of national concern by the German parliament on basis of the German infectious diseases law, or by other states according to their national legislation. The consequence is that loss/damage, liability, costs or expenses caused by a disease is only excluded once the mentioned classification has occurred. Loss etc. caused before the WHO, the German Parliament or other States became active is, thus, not excluded.

The second scenario is much wider. It applies to the same diseases, but not to loss/damage, liability, costs or expenses caused by the disease as such, but by precautionary measures taken to prevent the (further) spread of the dangerous communicable disease, such measures taken either by a government authority or third party involved in the legal or economic interest of the assured, in particular the closure of port, handling or storing facilities. Different from the first scenario, in this second scenario there is no requirement of classification by the WHO or the German Parliament or a foreign state. For both scenarios, the proximate cause doctrine, which otherwise governs German marine insurance law, is set aside by providing that the exclusion operates irrespective of contributory causes.

Write back

The write back clauses differ significantly. They have in common that the parties shall agree on a sub-limit per occurrence and per insurance year, and that the write back can be terminated with a notice period to be agreed. Otherwise, the write back depends on the class of insurance.

For the full article which covers write back clauses from the Norwegian and English markets please click [here](#).



1

Cargo: <https://www.tis-gdv.de/tis/bedingungen/avb/ware/ware.html/>
Hull: <https://www.tis-gdv.de/tis/bedingungen/avb/see/see.html/>

Ports' role in decarbonising the maritime value chain



Paul Martin, Maritime Director, ABL London, supported by Prahlad Rajhans, Assistance to ABL Ports & Harbours Dpt

AqualisBraemar LOC
IUMI Professional Partner
www.abl-group.com

Ports are an integral part of the shipping value chain, and the nature of their operations makes them a contributor of emissions, both direct and indirect. Air pollutants such as sulphur oxides and particulate matter have an immediate detrimental effect on public health and local environmental ecosystems, whereas greenhouse gases (GHG) such as CO₂, methane and nitrous oxides, have a long-term impact on the environment and are responsible for global warming.

The Clydebank Declaration for green shipping corridors,^{1,2} – an outcome of COP26 – aims to establish at least six green corridors by the middle of this decade, which cannot happen without the active participation of ports. This comes on the back of the Marine Environment Protection Committee (MEPC)'s 74th session in May 2019³ inviting ports to voluntarily contribute to reducing GHG emissions as part of the IMO GHG strategy⁴. A recent partnership between the [GreenVoyage 2050 Project](#), executed by IMO, and International Association of Ports and Harbour (IAPH)⁵ also aims to strengthen the cooperation between ships and ports to reduce GHG emissions. This partnership seeks to support countries through the development of tools for ports to become cleaner and greener.

Whilst green corridors will help ships to decarbonise, the ports themselves are responsible for emissions such as from harbour craft, pleasure craft, fishing vessels, cargo-handling equipment, on-road vehicles, and buildings.

The first step in tackling port emissions is to understand what they are. Producing an inventory, will allow a port to identify sources of emissions and to focus efforts on tackling the worst. Once a record of historical data is established, visual representations of the data can assist to showcase reduction efforts of the port, and to inform capex expenditure going forward.

Please click [here](#) to access the full article.

1 [Clydebank Declaration for green shipping corridors - UN Climate Change Conference \(COP26\) at the SEC – Glasgow 2021 \(ukcop26.org\)](#)

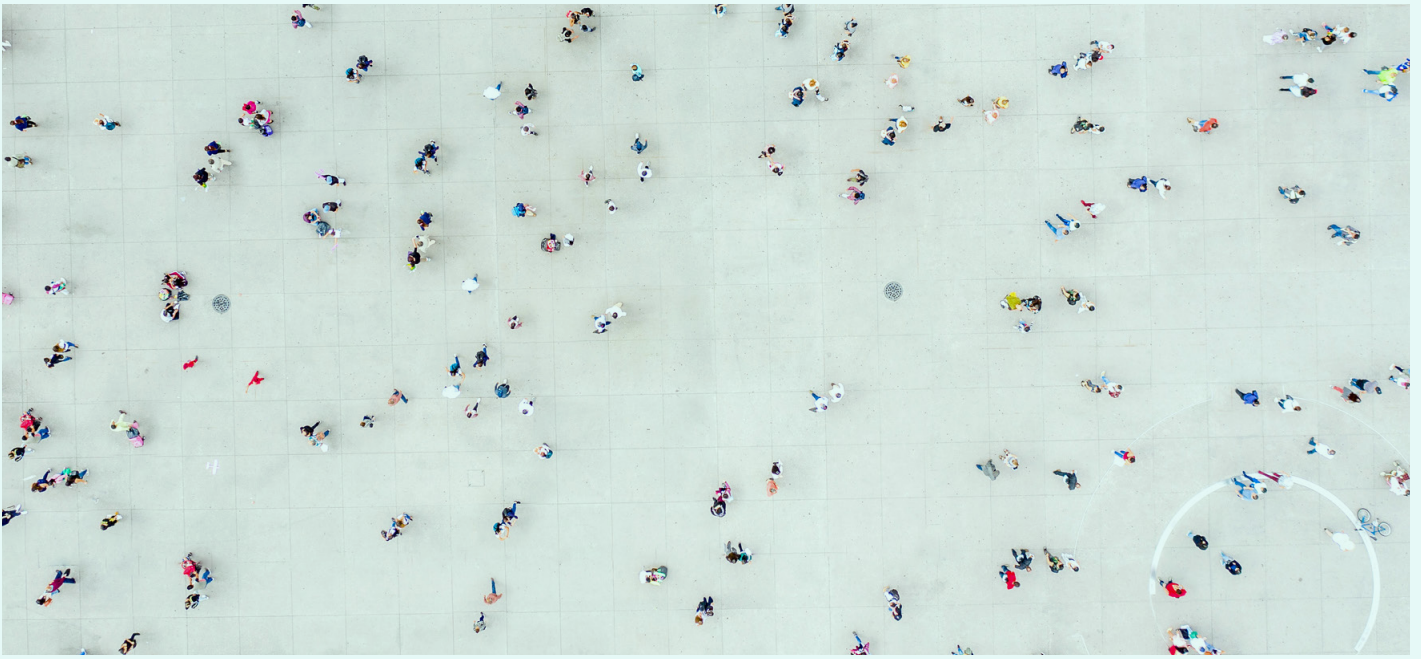
2 [COP26: Agreement to develop technology for green shipping corridors | New Scientist](#)

3 [MEPC 323 74 \(imo.org\)](#)

4 [Initial IMO GHG Strategy](#)

5 [WhatsNewNews \(imo.org\)](#)





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

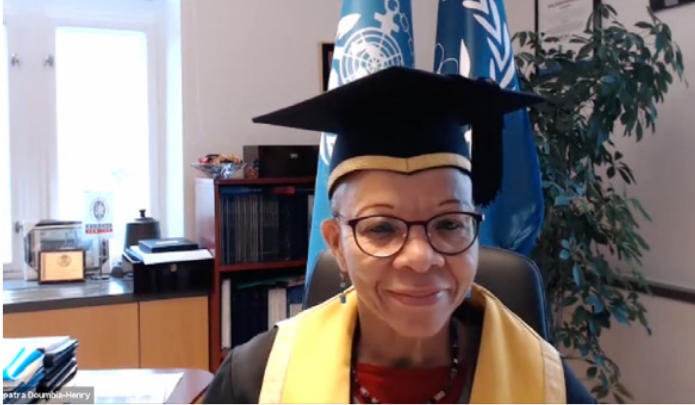
Social inflation: An American phenomenon with international implications Part Three — What can be done to lessen the effects of social inflation?

The first article in this series broadly defined social inflation as the trend of rising insurance costs due to increased litigation, plaintiff-friendly rulings and higher jury awards, often driven more by emotion than by facts, logic, and sound judgment. The second instalment discussed the financial impact on the insurance industry. In this third and final instalment, we'll talk about what can be done to mitigate the impact of social inflation.

While there is no simple, clear-cut path to reducing the effects of social inflation, there are some things that companies (individually) and the industry (as a whole) can do to potentially decrease its impact. At a company level, ensuring that the proper defence attorneys are utilised is critical. Plaintiffs' attorneys have very systematic, but widely known and often predictable tactics for garnering sympathy and anger with jurors which are frequently manifested in an excessive verdict. These tactics can often be offset by an effective defence strategy, but not all defence attorneys are versed in these strategies. For potential high-value cases,

insurers may need to look beyond their approved panel to attorneys that have specific experience in defending these types of cases, keeping in mind that their fees may be higher.

As an industry, insurance companies and the trade associations that frequently represent them can actively support tort reform at both the state and federal levels. Much of the tort reform legislation that was enacted in the 1980s, such as statutory limits on non-economic damages, has been rolled back. By raising awareness of the detrimental impacts of social inflation on society as a whole, the industry can increase the chances of tort reform legislation being proposed and adopted.



WMU Congratulations to Michelangelo Todoro

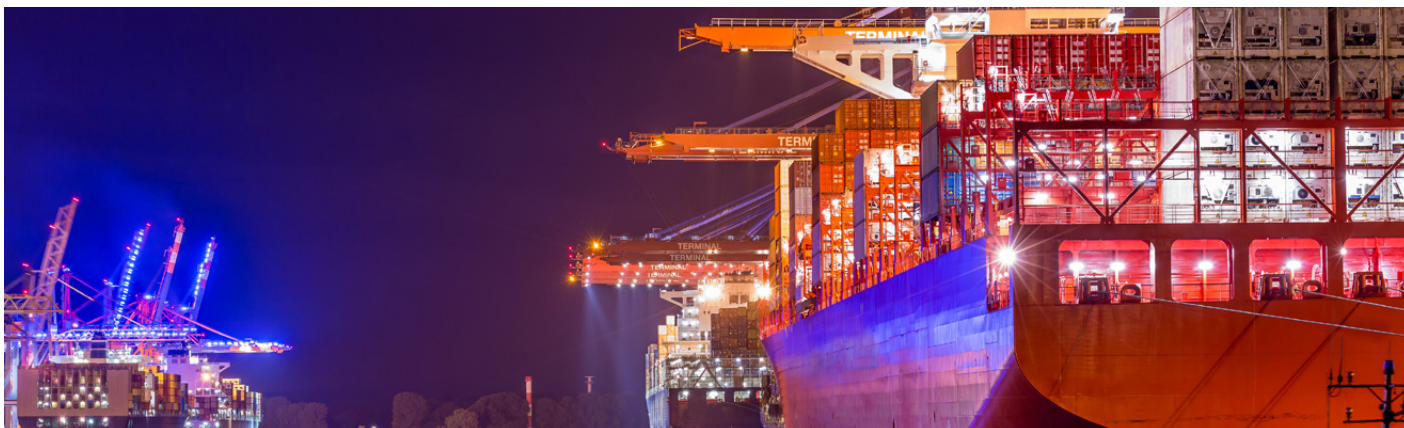
We are delighted to announce that the first student who received IUMI's bursary for the prestigious World Maritime University (WMU) postgraduate degree programme in [Marine Insurance Law & Practice](#) passed the course and has been awarded the diploma at the virtual graduation ceremony on 4 November 2021. Michelangelo Todoro, Marine Underwriter at Chubb in Italy, successfully graduated as first recipient of the bursary which is an important component of the memorandum of understanding (MOU) between IUMI and the WMU.

Michelangelo enjoyed the intense one-year distant learning course and emphasised that it widened his horizon, offering new insights into the maritime industry which helped him grow professionally.

IUMI's Education Forum is excited to see this first candidate succeed. The WMU's postgraduate diploma in [Marine Insurance Law & Practice](#) is an outstanding professional qualification for any marine insurance professional. Michelangelo completing the course successfully will be a source of inspiration for other students to follow.

We wish Michelangelo all the best and success in his future endeavours!

More information and photos of the graduation ceremony can be found [here](#).



Global standardisation on trade documents



Tom Shinya
Deputy General Manager, Marine
Underwriting Dept. Tokio Marine
& Nichido Fire Insurance Co. Ltd.
and IUMI Data and Digitalization
Forum member

Digitalisation on trade documents is becoming operational on a worldwide basis. There is one matter that needs improvement however when the next level of digitalisation comes about, and that is the standardisation of data. Shipping documents (such as bills of lading) and insurance documents (such as cargo insurance certificates/policies) are essential documents for trade and are now becoming digitalised. This digitalised data will be exchanged among the parties involved in the trade, for instance, the cargo insurance certificate/policy data will be transferred such as:

Insurer/Broker → Shipper → Purchasing bank → Issuing bank → Consignee → Claims settling agent

If each insurer has different datasets (such as data field definition or definition of terms, etc.), this will not be user friendly since it will prevent data being imported into their internal systems. In other words, there is no interoperability. For instance, if the consignee or the claims settling agent seek to transfer the insurance data into their internal system automatically (which is the beauty of digitalisation), the data needs to be unified regardless of who the insurer is. Else the users will need to set up a different Application Programming Interface (API) for each of the insurers (which is unrealistic) or manually type the data into their system. For that reason, digital platforms require a certain “dataset rule”. Two years ago a common dataset standard for the digital platforms had been agreed between the cargo insurers in Japan.

However, that is not enough. If each platform has different dataset standards, the same problem will occur to the users. This is the reason global standardisation is needed.

Within the shipping industry, there has been an initiative for standardisation on digital bills of lading so it will be acceptable for banks, insurers, and customs on a worldwide basis. All the major container liners have come together and formed the Digital Container Shipping Association (DCSA) and they are pursuing this initiative. With this programme gaining momentum it is safe to assume that our industry will need to work on the same sooner or later. Again, bills of lading and insurance documents are assigned and transferred together.

There is also support from a legal perspective. This year Singapore has legislated a law to recognise electronic bills of lading. The UK is working on a legislation for electronic trade documents which includes cargo insurance data within its scope. At the G7 summit held this past June, the seven countries agreed and endorsed the “Framework for G7 Collaboration on Electronic Transferable Records”.

I believe it is time to take action in our industry as well.

A warm welcome to PCS Verisk — a new IPP

We are delighted to announce data provider [PCS, a Verisk business](#), as our newest IUMI Professional Partner (IPP). PCS is part of global organisation Verisk Analytics, and provides insured loss estimates for ocean marine and offshore energy events.

More specifically, the PCS Global Marine and Energy service investigates reported ocean marine and offshore energy insured loss events and determines the extent and type of damage, dates of occurrence and loss location.

The PCS Global Marine and Energy service assigns serial numbers that help you track the losses from each relevant event. The historical database provides loss estimates for events from 1998 to the present, with PCS designating a “marine and energy event” when the industry loss appears likely to exceed \$100 million (or equivalent in non-U.S. currency).

Verisk Analytics is a global company with offices all around the world however the PCS team is based in the US. IUMI is delighted to welcome [PCS](#) and to have them on board as an IPP.

We look forward to working together in the future.

IUMI welcomes new Committee members

It is with great pleasure that we announce the new members of the IUMI Technical Committees, Executive Committee and Nominating Committee. Please join us in thanking each and every one for volunteering their time and expertise to be a part of IUMI.

Facts & Figures

Kotaro Miyata, Japan
Xiaoxuan (Sherwin) Li, China
Bruno Davila-Garcis, UK

Cargo Committee

Shirley Hung, Hong Kong
Qing Shang, China

Ocean Hull Committee

Jonny Moss, UK
Dimas Ortuzar, Italy
Tomoyuki Takeuchi, Japan
Qi Ge, China

Inland Hull, Fishing and Yacht Committee

Mathias Ebersson, Sweden

Offshore Energy Committee

David Cosserat, France
Xiaohui Cheng, China

Legal & Liability Committee

Bharat Virmani, India

Loss Prevention Committee

Stefan Seniow, Belgium
Shan Shao, China

Executive Committee

Kosuke Hashimoto, Japan, and Timothy Lee, Hong Kong, have been re-elected for another two years.

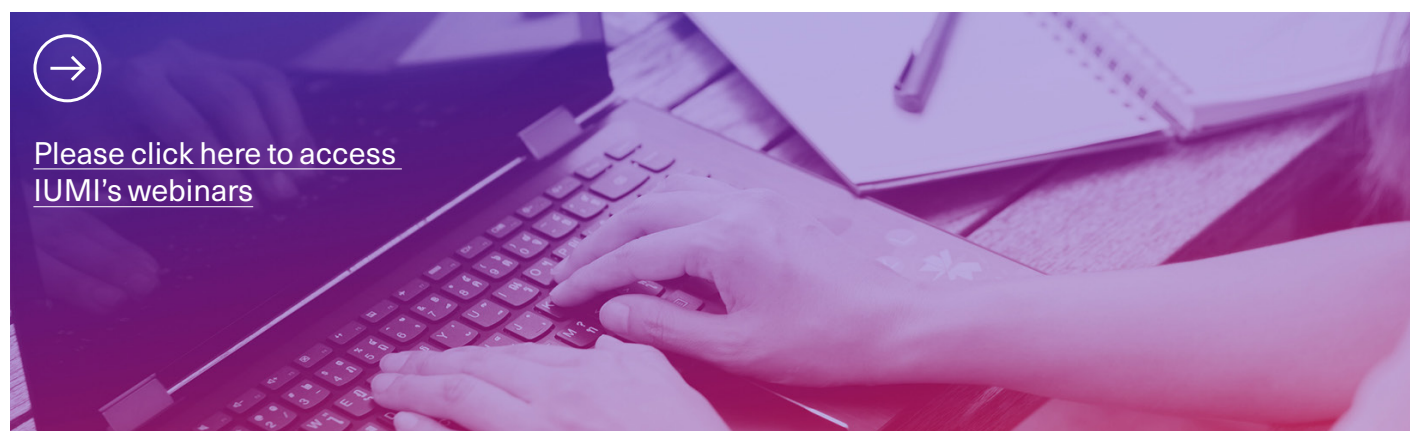
Nominating Committee

Paul Hackett, Singapore
Patrizia Kern, member of IUMI's Executive Committee, has been elected as the new Chair. Michael Csorba, USA, was also re-elected for another two years.

We would also like to take this opportunity to thank Alessandro Morelli, who is retiring, for his many years of service on IUMI's Nominating Committee as Chair, as well as being a past member of the Loss Prevention Committee, the Loss Prevention Committee Chair and a member of the Executive Committee. His commitment and input to the organisation over the years has been invaluable and greatly appreciated.



Please click here to access
[IUMI's webinars](#)



Imprint

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