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Charting Asia’s changing tides — GIA-IUMI Asia Forum 2018

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Blogging is underway

Imprint
The insurance industry has emerged from a year of massive losses driven, above all, by natural catastrophes. The hurricanes Harvey, Irma and Maria resulted in up to US$ 100bn in damage, while California wildfires destroyed property worth more than US$ 10bn. Multiple lines of marine insurance business were affected, including yachts and cargo, as well as ports and terminals.

Marine insurers are obliged to pay their part of the bill. During the latest round of renewals, premiums rose in marine lines affected by losses as well as those unaffected – signalling that the soft market has definitely come to an end.

I expect this improved market environment to persist in 2018. This assessment is further backed by encouraging prospects for the global economy this year.

We expect a globally synchronised boom in consumption, investment and international trade for industrialised countries and emerging markets. And this is good news for marine insurance, as premium income correlates with growth in trade volume and value.

Yet there are still downside risks for global economic growth that cannot be neglected.

These include geopolitical risks, problems in the euro zone and the protectionist trade policy of the USA. The latest US tariffs imposing heavy burdens on imports from China, the EU and other economies bear the concrete risk of triggering massive trade conflicts between the world’s leading economies.

In the current promising climate, it is time for marine insurers to concentrate on adapting to the changes revolutionising the world of shipping and insurance. Digitalisation and automation in logistics will advance to a new level with the Internet of Things (IoT), while disruptive technologies such as Blockchain and artificial intelligence are expected to change the face of shipping and trade. As insurers we should prepare for fundamental changes in the way we do business.

Becoming more fit for future developments means, among other things, attracting fresh talent. Our industry needs to maintain and enhance its appeal for young professionals beginning their careers. And with the right people on board, we must continually invest in new skills and qualifications to manage the rapidly changing environment our industry faces.

The marine insurance industry has proven its robustness and resourcefulness over recent years and I am confident that, as with challenges in the past, we are well equipped to hold our own and thrive in a race for talent.
In a nutshell, how would you describe the main role of the MSC?

The Maritime Safety Committee (MSC) is the International Maritime Organization’s (IMO) highest technical body and is open to all Member States. Its functions are to consider any matter within the scope of the Organization concerned with aids to navigation, construction and equipment of vessels, manning from a safety standpoint, rules for the prevention of collisions, handling of dangerous cargoes, maritime safety procedures and requirements, hydrographic information, log-books and navigational records, marine casualty investigations, salvage and rescue and any other matters directly affecting maritime safety. This includes responsibility for many of IMO’s internationally binding instruments, the most important of which is the International Convention for the Safety of Life at Sea (SOLAS).

In addition, due to security challenges imposed by some devastating terrorist acts around the world, IMO had to respond swiftly and appropriately to maritime security threats which have become an integral part of its mandate. In essence, IMO has a duty to make travel and transport by sea as safe and secure as possible and it is the responsibility of the MSC to develop suitable regulations and guidance.

The MSC always has a wide range of issues on its agenda. Of particular importance currently are goal-based standards ship construction standards, autonomous ships, piracy and armed robbery against ships, cyber security, e-navigation and the modernization of the Global Maritime Distress and Safety System (GMDSS).

What is the biggest challenge facing the MSC today?

The biggest challenge today for IMO, and by extension for the MSC, is to ensure that all the existing instruments, guidance and recommendations are implemented globally in a proper and uniform manner by all Member States. Appropriate implementing legislation must be drafted at a national level, because international treaties can only become law when integrated into national legislation. IMO treaties are not self-executing and require domestic legislation to give effect to their provisions.

The IMO Member State Audit Scheme (IMSAS), providing for a mandatory audit of all Member States, commenced from 1 January 2016 with the aim of determining the extent to which the States give full and complete effect to their obligations and responsibilities contained in many IMO treaty instruments.

Do you believe the industry is overburdened with regulation?

Regulation is necessary. Without global, universal standards for shipping the industry would end up regulated in a chaotic way. By having a global body setting international regulations, we are helping to reduce regulation to what is necessary.

We do have to ensure regulations are kept up to date and we do need to take into account the constantly evolving technology. Out-of-date regulation has the potential to be as burdensome as “too much” regulation – we need to get the balance right, always bearing in mind the administrative challenges and potential burdens of regulation.
That is why IMO undertook its first-ever public consultation in 2013 on administrative burdens associated with mandatory IMO instruments, i.e. conventions, codes and other instruments. The result was a series of recommendations which have now been considered, including such things as promoting and allowing for electronic data and records, and developing a strategy on principles to be considered when drafting IMO instruments.

Any proposals for new, or amendments to existing, mandatory instruments must show there is a compelling need for such amendments. This includes taking into account the legislative and administrative burdens involved as well as the benefits for safety, security, efficiency of shipping or for the environment.

How do the MSC and IUMI work together?
IUMI is one of some 70 international non-governmental organizations which have consultative status at IMO. IUMI has been active at IMO since 1961 – so really since the beginning of IMO operations. The NGOs provide specialist input to the decision-making process.

Statistics kept by IMO for presentation to the Council regarding the activities of NGOs show that IUMI regularly attends IMO meetings and submits and sponsors documents. The IMO Secretariat has also attended IUMI conferences with presentations on specialist subjects.

Is there anything you would like to see underwriters do differently or better?
This is a commercial aspect of shipping so I cannot comment. However, I am aware that marine underwriting can be a tricky business and that underwriters need to be aware not just of the rules and regulations of the flag state but also of any other countries where potential incidents could occur.

If you could wave a magic wand and change just one thing in the shipping industry, what would it be?
The profession of the seafarer is not an easy one and I am not surprised that the numbers of people willing to do these jobs are dwindling. Communication is vital – I would like to see that every seafarer has reliable access to mobile communication so they can contact family and friends as needed – just as everyone can do on land.

Also, the issue of abandonment of seafarers reflects badly on the shipping industry and needs to be resolved with the highest priority.

If you were not in your current role what would be your ideal job?
I have a great love for animals, having been a dog and cat owner at different times in my life, including various other varieties of animals owned by my kids. I am a supporter of the RSPCA (Royal Society for the Prevention of Cruelty to Animals), the largest animal welfare charity in the United Kingdom. If I could start again I would most likely become a veterinary surgeon.

What do you like doing when not working?
Apart from the usual things like yoga, walking, reading and gardening, I have (so far) two grandchildren whom I watch growing up with great pleasure and who keep me busy.

Anything else you’d like to add?
I come from a long family line of fishermen and naturally I am not happy that we have so far not managed to bring an internationally binding instrument into force that would regulate the safety of fishing vessels. A comparison of fatality statistics in the fishing industry with those for other occupational categories clearly shows that fishing is one of the most dangerous occupations globally.

The original Torremolinos Convention for the Safety of Fishing Vessels was adopted in 1977 and despite several attempts to bring it into force by means of protocols and agreements, the latest being the 2012 Cape Town Agreement, the ratifications received have not been sufficient to bring the provisions into force. This is a real shame and I will do all I can to help address this huge regulatory gap and fix it before I retire.
Cargo theft and transport security during road transportation is an issue raised by IUMI on several occasions. In the European Union (EU) cargo theft occurring through the distribution chain is a multibillion dollar problem. It is high up on the Political Forum's Current Issues List as it causes the marine insurance industry massive losses and disrupts supply chains. Transport security is also applicable to even more important issues such as terrorism risks, movement of illegal immigrants, driver security and organised crime financing.

As a first step from IUMI to address our concern, a position paper was produced during the IUMI conference in Berlin in September 2015. A call for support from governments and law enforcement agencies to address the issue is a key feature of the paper. A key stakeholder to address and discuss IUMI’s concerns and position on the issue is of course the EU and in particular the Directorate-General for Mobility and Transport (DG MOVE). In October 2016 a delegation from IUMI had the opportunity to meet with Head of DG MOVE’s unit for Transport Security and his key staff to discuss issues of importance for marine insurance. Cargo crime during transportation as well as other security issues were raised and discussed. The EU had a clear interest and understanding of our views and what potentially could be done from an EU perspective to help reduce cargo crime.

A direct follow up from the meeting is IUMI’s membership of the EU’s Stakeholders Advisory Group on Maritime Security (SAGMaS) which has been regularly attended by IUMI Political Forum member Eric de Smet. Moreover, IUMI’s cooperation with Cargo Incident Notification System (CINS) has been established and led to a regular exchange.

The EU decided to fund a project geared at better education and improved information to main stakeholders in the supply chain and the Cross Border Research Association (CBRA) of Switzerland was commissioned.

During the spring of 2017 CBRA chaired further meetings where representatives from the industry, including IUMI, discussed and shared views on what has been done in the past and where we saw a need to improve. A key partner in the discussions was TAPA (Transported Asset Protection Association) EMEA, an IUMI affiliate, who of course came with valuable input based on their certification criteria and incident database.

To address the education and information issues, CBRA has developed a toolkit for the European Road Freight Transport Sector. The toolkit was developed during the first nine months of 2017 and IUMI’s Cargo and Loss Prevention Committees provided feedback during the process. The complete toolkit was released in early 2018. The ROADSEC toolkit is structured into the following six chapters:

1. Executive summary
2. Introduction and scope
3. Truck driver guidance
4. Managerial and key stakeholder guidance
5. Promotion, dissemination and sustainability plan
6. Bibliography

In addition, the key ROADSEC Annexes include:

A. Top security tips for truck drivers (also called the “laminated sheet for drivers”)
B. Security plan template
C. Truck security checklist (plus five further annexes)

A designated web-portal (below) has been established as the primary distribution channel for the ROADSEC toolkit.

This should be seen as a first step to increase awareness of, and get support for actions against, the growing problem of cargo theft on the roads and during distribution. We will continue to push for additional EU funding to further develop the RoadSec toolkit as well as raising the important issue of creating more secure parking places in Europe so both cargo and drivers can rest safely during hours off and to make sure that both goods and drivers arrive safely at their destination.

The toolkit, being issued by the European Union, is available for anyone and translation to all EU languages is on its way.

www.roadsec.eu
By Hendrike Kühl
IUMI Policy Director

Following a table top exercise in Horten, Norway, last September, the cooperation group on places of refuge in the European Union met in Brussels on 1 February to discuss amendments to the operational guidelines and possible global implementation. The cooperation group is chaired by the European Commission, with representatives of EU/EEA member states, European Maritime Safety Agency (EMSA) and industry associations. Lars Lange and Helle Hammer represented IUMI in the meeting.

Based on experience and feedback, some minor amendments were agreed to the Operational Guidelines for Places of Refuge. Overall, the meeting participants expressed strong support for the guidelines, which are founded on a collaborative approach with informed decisions based on a proper assessment of the situation. As emphasised in the guidelines, there shall be no denial of refuge without inspection and a rejection shall be based on safety reasons alone.

The guidelines are available for download from the EMSA website:

The cooperation group also generally agreed that the EU operational guidelines principles, process and approach should have a global reach. To this effect, a joint initiative will be considered towards the International Maritime Organization (IMO) to review the international guidelines for places of refuge.

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

Second round of input to Incoterms® 2020

As you may recall, IUMI participated in the first round of the review process to draft a new set of Incoterms® rules. The review aims to reflect current developments in transport and logistics, international regulations and commercial practices. Various comments which had been submitted to the International Chamber of Commerce (ICC) in the first round of the review process were incorporated in the second draft text of the Incoterms® 2020.

In this second round IUMI responded to specific questions posed by the ICC, requesting input on certain questions related to several Incoterms® rules. IUMI also provided detailed comments on the draft Incoterms® 2020 text.

The ICC Drafting Group will be meeting in April to work on the final version of the text which will be shared with the national committees for final approval. The new Incoterms® 2020 are expected to be published in the autumn 2019 on the occasion of the 100th anniversary of the ICC. IUMI is in contact with the ICC Secretariat with a view to holding a webinar on the changes in the new Incoterms® 2020 rules once they have been published.

EU Places of Refuge guidelines amended

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The European Commission ran a public consultation on electronic documents for freight carriage during the period of mid-November 2017 until mid-January 2018. The questionnaire covered a variety of aspects such as the acceptance of electronic freight documents by EU member states, banks, and insurance companies as well as challenges related to interoperability.

The key concern from IUMI’s perspective is a fragmented regulatory approach on e-freight documents. The EU and other regional trade blocks developing various regulatory regimes for different regions around the globe would negatively impact international trade flows. Therefore, the only appropriate level for policy interventions on electronic freight documents is an international approach and a single set of policy measures.

Such a harmonised approach should be developed within the framework of global inter-governmental organisations. Any regional attempt to issue rules or regulations are likely to hamper transnational trade and would lead to a “spaghetti bowl” of various separate sets of policies around the world. For traders as well as insurers this is not desirable.

IUMI expressed these views in its submission to the European Commission. For a copy of our submission please email info@iumi.com.

Further steps following the consultation process are expected to shape up in the course of this year. The results are also taken into consideration by the ongoing work on eFreight documents in the EU’s Digital Transport and Logistics Forum.

IUMI contributes to EU consultation on eFreight documents

By Hendrike Kühl
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IUMI was, amongst other maritime associations, invited to attend the high-level meeting of the International Association of Classification Societies (IACS) Council with industry in December 2017. IACS informed the participants of recent developments and exchanged views on IACS’ current work and plans, including work related to low sulphur fuels in preparation for the 2020 sulphur cap and cyber safety.

IACS Chairman Knut Ørbeck-Nilssen (DNV GL) introduced a series of measures agreed during IACS’ 76th Council Meeting (C76) to further strengthen IACS’ quality through a range of initiatives focusing on quality operations, transparency and ongoing modernisation.

Building on recent work done to revise the IACS Membership Criteria, an agreement was reached to revise IACS internal benchmarking criteria for existing members along with an initiative to investigate ways to further strengthen the practical implementation of the IACS Quality System Certification Scheme “QSCS”, including the oversight exercised by the IACS Operations Centre. These initiatives, supported by several internal changes, reflect Mr. Ørbeck-Nilssen’s avowed commitment made at the start of his tenure to ensuring that quality remains central to IACS ethos and operations.

C76 also agreed on four key focus areas for the Accredited Certification Bodies’ (ACB) audits of IACS members in 2018 on the ISM Code, Conditions of Class/Recommendations, Risk Management and Training & Competence.

The IACS Council also supported another of the Chairman’s commitments – transparency – by agreeing to include in the Annual Report the provision of key industry statistics and establishing new procedures for the proactive distribution to industry partners and interested stakeholders of IACS Resolutions.

In terms of modernising Class, C76 noted the good progress made in reviewing IACS Resolutions to identify areas for revision that will facilitate the development and implementation of new technologies, including ship autonomy.

IACS Council continues to support work related to the International Maritime Organization, including ongoing work relating to the IMO’s Goal Based Standards programme for oil tankers and bulk carriers, and to delivering on the focus areas (GBS, cyber and GISIS improvements) annexed to the established IMO/IACS Memorandum of Agreement.
The Maritime Safety Committee (MSC) sub-committee on Ship Design and Construction (SDC 5) held its fifth session from 22 to 26 January 2018. SDC addresses a broad variety of technical and operational matters related to ship design and construction, including subdivision and stability. The Sub-Committee also discusses testing and approval of construction and materials, load lines, tonnage measurement, safety of fishing vessels and the carriage of industrial personnel. The meeting was chaired by Kevin Hunter from the United Kingdom. Three agenda items were discussed in depth:

**Finalisation of second generation intact stability criteria**

The International Code on Intact Stability 2008 (2008 IS Code) states that performance-oriented criteria for different levels of vulnerability criteria and direct stability assessment need to be developed and implemented to ensure a uniform international level of safety. The development of such criteria and direct stability assessment is very complex. Currently, the approval of direct assessment calculations requires a significant effort every time such calculations are required to be done. Due to these complexities the work on this agenda item has been ongoing for over a decade. Therefore the chairman asked the sub-committee to decide whether it was feasible to conclude the work on IS criteria or whether the committee should refrain from further work on the issue. The sub-committee agreed that the work should be continued.

The Correspondence Group on Intact Stability (IS) was re-established under the coordination of Japan and with new Terms of Reference. The group was urged to ensure that the package to be submitted for the Ship Design and Construction sixth session (SDC 6) and be sent to a drafting group for finalisation. From an insurance perspective a clear set of IS criteria is desirable as it would provide for a clear basis on which to argue whether a vessel is seaworthy or not.

**Mandatory instrument and/or provisions addressing safety standards for the carriage of more than 12 personnel on board vessels engaged on international voyages**

Due to the increasing number of offshore activities, the staff who need to be transported to offshore facilities has grown significantly over the past years.
How long have you been associated with IUMI?

My first involvement with IUMI was attending the Paris conference in 1997. Since then I have attended numerous conferences and meetings, more recently in my capacity as chair of one of IUMI’s Technical Committees. I was elected a member of the Ocean Hull Committee under the chairmanship of Lars Rhodin in 2012, succeeding Lars as chair in 2014 at the Berlin Conference.

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

My role within IUMI is Chair of the Ocean Hull Committee (OHC), one of seven Technical Committees (TC) that support the work of IUMI. The TCs are really the engine room of the organisation in that most current (and future) technical, political and regulatory issues that affect the marine insurance industry are discussed and debated within those committees.

With the ever-present spectre of anti-competition regulation, around which IUMI has some very strict governance, the work of the technical committees largely relates to issues that impact the risk environment. This can be at a technical, environmental, political, legal or regulatory level.

The current composition of the OHC consists of members from the most prominent national associations where ocean hull business is underwritten – UK, Scandinavia, France, Italy, Singapore, Hong Kong, USA, Japan, the Netherlands and the Committee’s most recent addition, China. Importantly, OHC has recently recruited as members Paul Hill from Braemar and Richard Neylon from HFW, and as a result has direct input from prominent members of the surveying and maritime law communities.

Preparation for the annual conference and delivery of an interesting, informative and thought-provoking workshop at each conference is of course an important function of the chair and the OHC, focusing on topical issues that affect modern day and future hull underwriting, but the modus operandi of IUMI has evolved into a role that has become more influential throughout the course of a year. Each TC has an important role to play in analysing, commenting on and raising the profile of any specific issues and thereby supporting the role of IUMI as it provides its members with guidance or lobbies various other organisations such as IMO, IACS, BIMCO, Intertanko, ICS and so on.

What benefits do you get from being associated with IUMI?

There is of course a hidden commercial benefit from this type of work which is not easy to quantify, but particularly in today’s world of instant and widespread communication, there are numerous opportunities to raise your profile and that of your employer. It also means there is nowhere to hide! IUMI has assumed a more influential, higher profile position in the maritime world which certainly focuses the mind of anyone involved in the work of the union.

To me, and this sounds obvious, our role as underwriters should be far more risk focused – developing knowledge, expertise, experience and contacts within the industry is a vital part of that role and chairing a technical committee for IUMI provides more opportunity to do exactly that. During my tenure as OHC chair I have met and discussed aspects of risk and technology with a wide variety of experts, many of whom I would not have had the opportunity to meet outside of my IUMI role.

Another aspect and hidden benefit of the role that is perhaps not often mentioned is the opportunity it provides for personal development, particularly for the younger underwriters in our industry. Delivering a presentation to 500 plus delegates at an overseas conference where many have travelled half way around the world to hear your words of wisdom is certainly one way to quickly learn presentation skills and develop one’s confidence!

After 33 years in marine underwriting, there is also an element of giving something back to the industry and particularly supporting the development of our younger talent. This is particularly relevant in an underwriting environment where many years of what seems like a perpetually soft market has in my opinion deprived many young underwriters of the fundamental skills of hull underwriting and understanding of risk and its implications.

It’s often easy to become market-centric in your thinking, particularly working in Lloyd’s I suspect. Aside from the commercial benefits, working with IUMI does provide a much wider experience of the industry – whilst the day job always takes precedence.

Mark Edmondson
Head of Marine, Chubb Global Markets and IUMI Ocean Hull Chair
If you could change anything at IUMI what would it be?

There is no doubt that IUMI is a more modern and relevant organisation than ever with successful initiatives such as the Political Forum instrumental in that process. Under the focused stewardship of John Miklus, the Education Forum and its output has become extremely effective and over a short period of time. I think it’s important that IUMI invests as much as possible in continuing that process. Developing younger talent is an absolute pre-requisite for the future health of our industry and for IUMI, that has got to be a high priority. Other than promoting education, reducing the cost of attending the conference and involving young underwriters in some of the work of the technical committees are other ways in which IUMI can perhaps create more interest and help develop that talent. The vast majority of education initiatives within our industry, including at IUMI, tend to concentrate on practitioners who are already part of the business. Acknowledging that resources within an international association such as IUMI are finite, targeted advertising of marine insurance as a career amongst undergraduates and pre-school leavers would be a good investment in my opinion.

One of the most significant developments within IUMI during recent years is how China has become an increasingly active contributor within IUMI and its technical committees. However, there are some notable absentees at the IUMI ‘table’, including some of the largest and fastest developing economies in the world. It’s an issue that IUMI is working hard on to address but by definition, it’s vital that some of these important nations take part in the research and debate undertaken at IUMI.

No effective development can take place in any organisation without good communication and the dissemination of information through IUMI Eye, webcasts and workshops has improved a huge amount over the past five years or so. IUMI certainly needs to continue its already considerable efforts to increase the coverage it provides, the audience it reaches, and the range of subject matters covered.

How did you reach your current position in marine insurance?

I was fortunate to study for a Nautical Studies degree at Plymouth which has been incredibly vocational during my career, particularly during the early stages. A combination of shipping transport, marine law, maritime economics and naval architecture is an excellent basis for working in this industry. I joined Eagle Star after graduating in 1984 and the London subscription market in 1989 in their underwriting room in the old Institute of London Underwriters building.

Although earlier in my career I underwrote a wide variety of marine lines including offshore energy and marine liability, hull was always my focus. I now head up the marine portfolio for Chubb Global Markets, the London Market wholesale operation of the Chubb Corporation.

Over the years I’ve served on various market and industry committees, including Lloyd’s Register’s Classification Committee, and London’s Joint Hull and LMA Marine Committees, addressing an extremely diverse range of issues, some fascinating but not all!

And what do you do away from the office?

Cycling, sailing and tennis are what I enjoy. I ride whenever I can find time, often with a group imaginatively named the London Insurance Peddlars, and keep a 19’ Cornish Shrimper on the River Dart which I sail only too rarely.
The IMO Sub-Committee on PPR deals with all matters relating to pollution prevention and response. This ranges from all annexes of the MARPOL Convention through to the control and management of harmful aquatic organisms in ships’ ballast water and sediments; biofouling; anti-fouling systems; pollution preparedness, response and cooperation for oil and hazardous and noxious substances; and the safe and environmentally sound recycling of ships. PPR 5 met from 5 – 9 February 2018.

One of the main outcomes of PPR5 was on implementing the 2020 sulphur limit: IMO has agreed to move forward with a prohibition on the carriage of fuel oil for use on board ships, when that fuel oil is not compliant with a new low sulphur limit. The aim of the new limit is to reduce sulphur oxide (SOx) emissions from ships to improve air quality and protect the environment. The 0.50% limit on sulphur in fuel oil on board ships (outside designated emission control areas or ECAs, where the limit is 0.10%) will come into effect on 1 January 2020.

To help ensure consistent implementation of this regulation, IMO PPR agreed draft amendments to the MARPOL Convention on the prevention of pollution from ships (MARPOL Annex VI) to prohibit the carriage of non-compliant fuel oil. The sub-committee forwarded the proposed draft amendments to the Marine Environment Protection Committee (MEPC 72) meeting in April 2018, for urgent consideration. Once approved by the MEPC 72, the draft amendments could be adopted at the MEPC 73 (October 2018) and could enter into force on 1 March 2020 (just two months after the 0.50% limit comes into effect). To assist with consistent implementation, the sub-committee agreed to develop a single set of guidelines covering all relevant aspects.

Further topics considered and decided by PPR5 include:

— An agreement on a reporting protocol and most appropriate measurement methods for so-called “Black Carbon”. Black Carbon is the product of incomplete combustion of carbon-based fuels. Black Carbon emissions from ships contribute to climate change.

— Draft 2018 guidelines for the discharge of exhaust gas recirculation (EGR) bleed-off water, for submission to MEPC 73. One method for reducing NOX emissions when operating in a NOX emission control area is to use EGR, which is an internal engine process resulting in a NOX reduction.

— Draft guidance on System Design Limitations of ballast water management systems and their monitoring, was agreed, for submission to MEPC 73 with a view to approval.

— 2018 guidelines for the application of MARPOL Annex I requirements to floating production, storage and offloading facilities (FPSOs) and floating storage units (FSUs), for submission to MEPC 73.

— Draft Guidelines for the use of electronic record books under MARPOL, for submission to MEPC 73. The guidelines note that recording and reporting should be encouraged. The guidance aims to provide standardised information on approving an electronic record book to ensure the obligations of MARPOL are met.

— A revision of the International Code for the Construction and Equipment of Ships carrying Dangerous Chemicals in Bulk (IBC Code). The revised chapters will be forwarded to MEPC 73 and to MSC 100. The comprehensive review of the IBC Code aims to harmonise the requirements for individual substances with the UN Globally Harmonised System of Classification and Labelling of Chemicals (GHS) and the 2014 edition of the Revised Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection (GESAMP) hazard evaluation procedure for chemical substances carried by ships.

A more comprehensive report on the outcome of the meeting prepared by IMO can be found on the IMO webpage under the following link:

We are pleased to announce we are full steam ahead in preparation for the 2018 annual conference, with this year's theme being "Managing emerging risks and exposures – think the unthinkable". In anticipation of the marine insurance event of the year, registration for the official IUMI 2018 conference is now open.

The conference will take place, for the first time in Africa, in the stunning city of Cape Town, South Africa, 16–19 September, and looks set to be an original experience. The event will be held at the Cape Town International Convention Centre (CTICC), one of the leading conference centres in South Africa, with a variety of 3*, 4* and 5* accommodation options within walking distance.

A city unlike any other, Cape Town has something for everyone including Table Mountain, the Cape of Good Hope and the Victoria & Alfred Waterfront. Please register at www.iumi2018.com
The IMO Sub-Committee on Navigation, Communications and Search and Rescue held its 5th Session (NCSR 5) from 19-23 February 2018 and was chaired by Ringo Lakeman from the Netherlands. NCSR addresses navigation and communication issues, including ships routing measures and ship reporting systems; requirements and performance standards for navigational and communication equipment; the long-range identification and tracking (LRIT) system and the development of e-navigation. It also works on issues related to search and rescue.

Industry standard on software maintenance of shipboard equipment

BIMCO and CIRM (Comité International Radio Maritime) submitted a paper on an industry standard recently published to address software maintenance of shipboard equipment. With their submission the associations sought to raise awareness of the new standard and encourage wide application. IUMI supported the industry standard noting that with increasingly complex, integrated systems on board, improving the quality of software maintenance is crucial to ensure the safe operation of ships. The development of an ISO standard as suggested by BIMCO and CIRM is desirable and was also supported by IUMI.

New ship routing measures

New shipping routes in the Bering Sea and Bering Strait, aimed at reducing the risks of incidents and to protect the marine environment as well as local fishing activities, have been agreed by the NCSR Sub-Committee. The proposed measures such as two-way routes, precautionary areas and areas to be avoided in the Bering Sea and Bering Strait, will be forwarded to IMO’s Maritime Safety Committee (MSC) 99th session for adoption in May.

These are the first ship routing measures to be agreed by IMO for the Arctic region since IMO’s Polar Code entered into force on 1 January 2017.

NCSR further approved the following new and amended ships' routing measures, for submission to the MSC for adoption:

- Traffic separation scheme and other routing measures in Dangan Channel (China);
- Traffic separation schemes and other routing measures in the vicinity of Kattegat (Denmark and Sweden); and
- Area to be avoided off the coast of Ghana in the Atlantic Ocean (an amendment) (Ghana).

Polar Code guidance

Another agenda item looked at consequential work related to the Polar Code. Under this item a document was presented outlining the work ongoing to develop a common document to supplement performance standards for navigation and communication equipment used in polar waters. NCSR re-established a correspondence group to advance this guidance paper.

E-navigation

The sub-committee decided on draft Interim Guidelines for the harmonised display of navigation information received via communications equipment to be submitted to the MSC for approval. The objective of the draft interim guidelines is to make sure that information from communications equipment is displayed in a reliable and consistent format. The draft status of the guidelines suggests that they are likely to be re-examined once other related e-navigation issues have been resolved.
IMO Cargo Securing Regulations — Homogeneous physics or individual chaos?

The underlying frustration behind this bold statement stems from the considerable variations in the different cargo securing regulations. In addition to IMO cargo securing guidelines, there are many other international and local guidelines (UIC, IATA, CFR, VDI 2700 and standards such as EN 12195-1, etc.)

Those who deal with cargo securing operations on a daily basis often wonder why even the two IMO regulations, the Code of Safe Practice for Cargo Stowage & Securing (CSS) and Cargo Transport Units (CTU), differ from one another.

The physics of cargo securing do not change. The general rule is that cargo securing forces must be larger than acting acceleration forces.

Below are two of the most critical problems:

Friction
As friction plays a significant role in cargo securing, one should assume that the applied friction coefficients are the same for identical material pairings. While the CSS code treats the topic in a very general manner, the CTU code references 24 different material combinations.

So, in practice, general cargo may be stowed in a “clean” vessel, according to CSS code with friction coefficient of $\mu = 0.3$ (steel-rubber) as the basis for the securing calculation. However, for the same cargo stowed in a “clean” container which may be subject to vibrations and impacts due to clearance in the twist locks, a friction coefficient of $\mu = 0.6$ (rubber against other materials) may be applied, according to the CTU code.

Tie-Down-Lashings
A “tie-down lashing” is defined explicitly in the CTU code. It acts only to increase friction, hence only the “tensioning force” is used in the calculation.

According to the CSS code, “tie-down lashing” does not exist! Lashings are assumed with a direct angle component to the side to be secured. The friction-enhancing part is integrated in the underlying formula, in contrast to the CTU code. Therefore, it is not linked to the “tensioning force”, but rather to the maximum securing load (MSL).

This technique has hardly any effect with flat angles. However, cargo continues to increase in size and height and requires higher attachment points, resulting in an increase of the average $\alpha$-angles. Accordingly, error rates will also increase significantly. Eventually, lashings, although designed to be direct, may act only as “tie-down lashings”. There will hardly be any lateral securing present, and the increase in friction is entirely overrated.

It is hoped that the IMO will update the two guidelines to align them with the laws of physics and, therefore, set a positive example for other regulations to achieve a homogenous basis for all cargo securing operations. This would serve to protect life on board as well as the billions of dollars in cargo value that is secured daily according to these different standards.
The IMSBC Code (the "Code") entered into force on 1 January 2011, with mandatory application under the SOLAS Convention (replacing the recommended Bulk Cargo Code), to facilitate the safe stowage and shipment of solid bulk cargoes by providing information on the dangers associated with their carriage and practical advice to control the risks.

One such danger is liquefaction. This is the phenomenon in which a soil like material is abruptly transformed to an almost fluid state, because of the presence of water. The potentially catastrophic effects of liquefaction include a significant loss of stability which can result in an excessive angle of list/loll to develop and structural failure and/or capsize, depending on the external conditions.

Because most serious liquefaction cases result in the vessel breaking apart and sinking, often with horrendous loss of life, it is notoriously difficult to establish as the root cause of the incident. However, the tragic losses of the Bulk Jupiter in January 2015 and, more recently, the Stellar Daisy and Emerald Star in March and October of last year (carrying bauxite, iron ore and nickel ore respectively), as well as the UK Club's proactive reporting of two "near misses" since, have focused attention on the sufficiency of the Code's provisions relating to liquefaction on the assumption that it was a common contributing factor.

Several maritime organisations are currently petitioning for the development of more efficient regulation for these cargoes. Building on the amended testing procedures for iron ore fines, which came into force on 1 January 2017, the present categorisation of bauxite as a group C cargo (i.e. not liable to liquefy under the Code) is being disputed, based on its ability to exhibit group A cargo characteristics depending on its treatment prior to/during loading including whether it has been wetted (through rain exposure or washing) or if its particles have been crushed.

Although the can test has been preserved since my sea days, it is just one of the tools to be employed by a ship's Master in deciding whether to load a susceptible cargo nowadays.
Subsea cable and damage claims

There are now about 428 submarine telecoms cables in service around the world, and more than 30 subsea interconnector power cables, as well as an ever-increasing number of subsea power cables connecting offshore wind turbines in arrays and to shore. The total number of cables is constantly changing as new cables enter service and older cables are decommissioned. There are over 1.1 million kilometres of submarine telecoms cables in service globally.

There are numerous types of subsea telecoms and power cables which may or may not be protected by being buried or covered by a protective material. It is unusual for telecoms cables laid in deep water to be protected whereas it is typical to protect power cables that are commonly laid in relatively shallow water. Whether or not buried or covered, a cable is vulnerable to three broad types of damage from which claims may arise.

First, damage resulting from faulty manufacturing or installation. Second, damage arising from natural causes such as submarine landslides, sediment mobility, seismic activity or iceberg scour. Third, damage caused by human error or accident such as fishing, anchoring or dredging, which is the most common cause of damage we see.

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Investigating cause

When presented with a cable damage claim it is important to obtain information on the nature of the damage and to establish the cause. If the damage has arisen from anchoring or fishing then determining the vessel responsible is a key point. It may also be relevant to investigate whether the cable was properly protected and maintained. Clearly the method and consequent cost of repair is of particular interest.

It is also important to understand international or national legislation including the United Nations Convention on the Law of the Sea (UNCLOS), Convention on the International Regulations for Preventing Collisions at Sea (COLREGs), relevant to the damaged cable. Submarine cables are marked on charts, and in Europe the Kingfisher programme alerts fishermen to cable laying, exposure and repair, through bulletins and interactive charts.

Automatic Identification System (AIS) or Vessel Monitoring System (VMS for fishing vessels) data is key information in determining a vessel causing damage. LOC enters this data to its MADAS (Marine Accident Data Analysis Suite) system, which enables vessel plots to be overlaid onto charts, determining which vessel was crossing the fault location at the time of failure. A bathymetry chart available from a cable fault location survey may show seabed scars from anchor or fishing gear. This can assist in identifying the vessel responsible.

Cable repairs

Most telecoms cable owners self-insure their cables, and pay into a consortium or co–operative that has a repair vessel on standby to conduct repairs at short notice from a stock of compatible joints and cables. This minimises the cost and timescale of such repairs.

Power cable repairs are generally more costly as they rely on contingency plans and framework agreements with cable installation/repair companies and their own stock of spare cable and subsea joints. Power cable repairs are frequently in the range of £6m to £10m. Typically a jointing vessel will need to be mobilised and the jointing operation can take approximately five days per power cable joint, compared to one or two days for a telecoms fibre optic cable joint. Generally, a telecoms cable repair can be completed within 10 to 15 days from failure, whilst a power cable joint often takes 40 to 60 days to complete the repair. Consequential loss claims resulting from telecoms or in particular power cable damage can be substantial.
Welcoming Concirrus as our new IPP

We are pleased to announce Concirrus, the creators of Quest Marine, the behavioural insights software, as our newest IUMI Professional Partner.

Concirrus machine learning and AI software accesses and interprets large sets of industry data, such as vessel movements and machinery information, and combines this with an insurer’s own information and experience to reveal the behaviours that correlate to claims.

With machine learning analytics and vast marine industry datasets, Quest enables marine insurers to actively manage their risks in real time, attaining operating efficiencies and insights that are otherwise impossible to achieve. As a result, marine insurers are able to offer innovative, connected policies that reflect the needs of their customers.

A UK based company, Concirrus was founded in 2012 and has its headquarters in the heart of London. IUMI is delighted to welcome Concirrus and to have them on board as an IPP. We look forward to working together in the future.

Next milestone for IUMI’s education programme approaching fast!

By Hendrike Kühl
Policy Director, IUMI

As many of our readers will be aware, the first pillar of IUMI’s education programme, the online webinars, are well underway and have been well received by our membership and others. In the 20 months since the launch of the series we have conducted 24 webinars that were viewed by more than 3,000 participants from over 50 countries.

The second pillar of the education scheme is due to be launched at our annual Spring Meeting in Hamburg in March. We are excited to present the new online learning cargo tutorial which is tailored specifically for intermediate level cargo underwriters who wish to deepen their knowledge and expertise in the realm of cargo insurance.

The tutorial consists of eleven modules, all set up in an engaging and interactive fashion:

1. Introduction to international trade
2. Particular average and sue and labour
3. General average and salvage
4. Exclusions
5. War and strikes
6. Duration provisions
7. Claims
8. Stock throughput
9. Project cargo
10. Additional clauses (added by broker or underwriter)
11. Trade clauses

Interested members, affiliates and all others are invited to enrol online from 20 March onwards via

https://shop.iumi.com

The enrolment fee will be EUR 550 (excl. VAT) for members and EUR 880 (excl. VAT) for non-members.

Over the course of the summer IUMI’s Education Forum is working to review the hull tutorial which is planned to be launched during the annual conference in Cape Town in September.
In just a few short weeks the inaugural GIA-IUMI Asia Forum will take place in Singapore. This exciting new event is being held on the 24 and 25 April, in conjunction with Singapore Maritime Week 2018.

IUMI President, Dieter Berg, will deliver a keynote address; Lars Lange, IUMI Secretary General, will discuss cyber and Donald Harrell, IUMI Facts & Figures Chair, will delve into maritime statistics.

We are also pleased to announce that several of our member associations and IUMI Professional Partners (IPPs) are presenting on topical issues such as places of refuge, safe ports and unmanned shipping to name a few.

The event will be held at the Marina Bay Sands Expo & Convention Centre, in the Begonia Ballroom, Level 3. For more information and to register please click here


The closing date for registration is 13 April 2018.

IUMI’s increasing engagement in the growing Asian marine insurance markets had moved forward in late 2016 with the opening of the IUMI Asia Hub, based in Hong Kong in kind cooperation with IUMI’s local member association HKFI. One year after the announcement of this new IUMI oversea office, IUMI President Dieter Berg and IUMI Secretary General Lars Lange took the opportunity to visit the IUMI Asia Hub in November 2017 to continue the work started in Hong Kong on various projects to ensure IUMI’s strong presence in the region.

During the 5th Asia Marine Insurance Conference, 20-21 November 2017, which was part of the 2017 Hong Kong Maritime Week, IUMI President Dieter Berg had the opportunity to give a keynote address to the local marine and marine insurance market in the presence of Frank Chan, Hong Kong’s Secretary for Transport & Housing. During the conference HKFI was also able to introduce and start a new marine insurance training course, the “HKFI Executive Certificate in Marine Insurance”, which has been developed with contributions from the IUMI Education Forum.

Dieter Berg, IUMI Executive Committee Member Agnes Choi and Lars Lange also took the opportunity to meet with IUMI Asia Hub representatives and various senior stakeholders in Hong Kong. For example, the Secretary for Transport & Housing, Frank Chan, and colleagues from the Hong Kong Transport & Housing Bureau, the Hong Kong Insurance Authority CEO, John Leung and colleagues, and the Hong Kong Ship-Owner Association HKSOA Managing Director Sandy Chan and colleagues.
On the evening of 6 January 2018, a collision took place between the Panamanian flagged double-hulled crude oil tanker Sanchi (164,154 dwt, 2008 built), and the Hong Kong flagged cargo ship CF Crystal (75,725 dwt, 2011 built). The Sanchi, managed by the National Iranian Tanker Company, was carrying a cargo of 136,000 tonnes of condensate ultra light crude oil (approx. one million barrels), travelling from Iran to South Korea, and CF Crystal, managed by Shanghai CP International Ship International Management & Broker Co. Ltd., was loaded with 64,000 tons of grain enroute from USA to Guandong, China.

The collision took place 160 nautical miles off the coast of China near Shanghai and the mouth of the Yangtze River Delta, causing a serious fire and multiple violent explosions on board the Sanchi with flames reportedly reaching 1,000 metres high. High winds pushed the ship away from China and into Japan’s exclusive economic zone, where it sank eight days later on 14 January after burning for several days. All 30 Iranian and two Bangladeshi seafarers on board the Sanchi died in the accident. The CF Crystal escaped without critical damage and all of its 21 Chinese crew were rescued.

The cargo of natural-gas condensate, also known as “natural gasoline” is a low-density mixture of petroleum liquids recovered during the processing of natural gas. It is lighter than water, highly volatile and flammable. As reported by the Maritime Executive, Zhi Guanglu, an official with the Chinese Ministry of Transport, referring to the efforts of the Chinese response agencies in the midst of the ranging fire and repeated explosions on board the Sanchi, unlike anything faced before, stated “As there were no similar incidents in history, we have no rescue practice or experience to follow, posing huge difficulties for the rescue”.

Some of the challenges included; Sanchi’s position which was 20 hours of steaming from the shore for the response boats, the need to have to constantly replenish the supply of firefighting foam when fighting the fire, clouds of toxic gas forcing rescue boats to keep their distance and the extreme heat, approaching 200 degrees Celsius, enough to strip off Sanchi’s topside paint from stem to stern.

The maritime authorities of China, Panama, Iran and Hong Kong have signed an agreement to jointly investigate the collision and the black boxes of both vessels have been opened. Given that the vessels appeared to have been on reciprocal courses, the CF Crystal was southbound and the Sanchi was northbound, navigating close together and ultimately colliding, is certainly a matter to be investigated.

Likely to be the largest release of condensate in history, as reported by the Maritime Executive, it is unclear how much of the cargo of condensate burned up and evaporated during the seven days Sanchi was on fire and the subsequent impact to the environment. Condensate, has a high vapour pressure, and evaporates more easily than heavier crudes. Furthermore, it is estimated that Sanchi was carrying 1,000 tonnes of bunker fuel, a much heavier and more persistent substance than the condensate cargo.

Above all, we must remember the tragedy of 32 souls lost at sea and the sorrow of the victims’ families, like the mother who was quoted as saying “My son is still under water, who will listen to our pain?”
Our new blog has been launched. In alignment with our communications strategy our blog is another stepping stone to raise public awareness of the excellent work of our technical committees and cement IUMI as the trusted voice of global marine insurance.

Our new blog is about providing insight into the marine insurance industry and highlighting our technical committee members and their work. The first blog is written by Cargo Committee Chair Sean Dalton and he tells how what he learned in school has helped him in his working life as a marine insurer. Please check it out by clicking here


If any IUMI members are interested in sharing their views and opinions in an IUMI blog, please contact our media partner Navigate PR to discuss.

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SIMI Marine Insurance Forum in Shanghai

By Lars Lange
IUMI Secretary General

The Shanghai Institute of Marine Insurance (SIMI) representing the Chinese marine insurance market joined IUMI in September 2015 as new member association. Since then, the cooperation between SIMI and IUMI has grown continuously. In November 2017, SIMI Secretary General Xu Feng invited IUMI President Dieter Berg and IUMI Secretary General Lars Lange to the SIMI Marine Insurance Forum in Shanghai under the title “Opportunities and Challenges for Marine Insurance under the Belt and Road Initiative”.

IUMI President Dieter Berg delivered a keynote speech on “International Trends in Marine Insurance” at the conference. IUMI Secretary General Lars Lange updated the audience on “Cyber Risks and Marine Insurance”. The one-day conference gave an excellent overview about the development of the Chinese Marine Insurance Market, the opportunities of the Belt and Road Initiative and the Chinese maritime business as a whole. The very well attended conference provided the occasion to deepen the relationship between SIMI and IUMI and aided both sides to learn more about the recent tasks and challenges of each association.