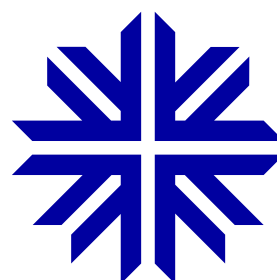


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IUMI

Message from the President

Setting the agenda



Richard Turner
IUMI President

Since becoming President I have spent time with my colleagues on the Executive Committee to establish the priorities for my term of office. Much of what I want to achieve is largely an extension of the work already initiated by my predecessor, Dieter Berg, and our excellent Technical Committees. Working in close cooperation with Lars Lange and his team, I am keen to focus on these four key areas:

Membership

Our members are the soul of our organisation and we will continue to deliver a comprehensive package of high-quality and relevant services to the current membership. Simultaneously we will expand membership in the two key areas of Asia and Africa. The annual IUMI Asia Forum; our recent appointment of an Africa Ambassador (Hilton Adams); and the new membership category of "Associate Membership" provide a foundation for membership growth in these regions.

Education

Over the past two years we have made solid inroads into delivering an education programme to encourage new talent into the sector, and to develop existing talent. Our aim is to continue to grow our breadth of education services whilst ensuring quality is maintained. Uptake has been good and our task this year is to see continual growth in participation.

Lobbying

IUMI's voice has become much stronger in the last few years and this will continue. Our Policy Forum works to identify, review and consolidate our position on issues that have the potential to impact our sector; we will also continue to be effective at IMO. Our aim is to identify current and potential risks and take steps with the industry to ensure they remain insurable.

Data and digitalisation

This issue will become even more important and is one of our top priorities. In the longer-term we see fundamental changes to the way we conduct our business in terms of risk evaluation, claims handling and other underwriting processes. We will continue to build on the work already done and invest time and resources in assisting our members through the change.

These issues, and others, will be discussed at our annual conference in Toronto in September. Marine insurance is in a state of flux and the challenges we continue to face will also be under the spotlight. To reflect this, we've settled on the provocative conference theme "Confronting the chaos for a sustainable future?". I'm sure this will encourage a lively, useful and thought-provoking debate and I look forward to your input.



Policy Forum

Brexit



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

There is a popular Brexit account on Twitter that tweets every sixty minutes how many hours are left before the UK is due to leave the European Union on 29 March this year. The numbers on this countdown clock are already well into three figures at the time of writing this article and yet we still have little firm idea of just what the future trading relationship between the two partners will look like.

The unfortunate political realities of a minority government in the UK and refusal even to discuss the future relationship before agreeing final budget contributions mean that insurers are still weighing up how various different possible scenarios could impact their industry.

If the negotiated Withdrawal Agreement is finally approved, it will provide temporary continuity for companies whilst negotiations continue. The Political Declaration, which outlines the intended future scope of those discussions, does not include the market access arrangements for which our sector had initially hoped. It does include a welcome commitment to conclude a reinsurance equivalence assessment by June 2020. However, if the London Market is to continue supporting many of Europe's largest businesses to secure the global insurance coverage they need in the most efficient way possible, then this equivalence framework must be enhanced. The International Underwriting Association (IUA), working through the London Market Group, has proposed amending existing regulations under both Solvency II and the Insurance Distribution Directive to facilitate a more effective cross-border transaction of large, commercial, non-life risks.

Other outcomes are also still being discussed with both pluses and minuses for insurance business. A Norway-style customs union arrangement could secure single market access but leave the UK with little influence over the development of future regulations to which it would be bound. A Canada-style free trade agreement would appear to offer little for financial services, though it may be possible to expand its scope and allows further international deals to be independently struck.

If there is no bespoke deal and the UK relies on its membership of the World Trade Organisation for future trading arrangements with the EU, then London branches of EU insurers will still operate as normal thanks to the Bank of England's Temporary Permissions Regime. The EU has declined to reciprocate this arrangement, but individual member states have recently outlined plans to enable continued servicing of existing insurance contracts. In order to write new European business many firms have well advanced strategies for establishing a new entity somewhere with the remaining 27 EU nations.

Plenty of Brexit questions remain unresolved, but the insurance industry exists to manage future uncertainty and is working hard to prepare as best it can.



Policy Forum

Mounting cargo risks — a growing concern



By Sean Dalton
IUMI Cargo Committee Chair and Head
of Marine Underwriting NA, Munich
Reinsurance America, Inc., and

Pascal Dubois
IUMI Loss Prevention Committee Chair
and Head of Marine France, Swiss Re
Corporate Solutions

Major fires on cargo ships are becoming an increasing concern and sadly often result in loss of life, damage to the vessel and cargo, and can have significant environmental impact. Whilst this is nothing new, the consequences of a fire onboard vessels of increasing size are much greater.

In the past year, there have been a number of reported examples of such cases including containership *Maersk Honam* (in March 2018 where five crew members lost their lives and more than a month was needed to fully extinguish the fire); car carrier *Sincerity Ace* (in December 2018, where another five crew members lost their lives and the ship was eventually abandoned); containership *Yantian Express* (in January 2019 where the fire was brought under control after burning for a week); and most recently containership *APL Vancouver* (in January 2019 while enroute from Shenzhen to Singapore and where the fire is still ongoing). If a fire is not rapidly brought under control it quickly exceeds the crew's ability to fight it.

A number of onboard fires are caused by mis-declared cargo and improperly shipped hazardous material. Carrier alliances are adding more complexity as one shipping line will often be carrying another's containers and relying on their performance to vet and screen cargo.

Unknown accumulation is also a challenge for marine underwriters. The largest containerships will carry cargo values in excess of USD 1 billion but often the insurer/reinsurer is not able to attribute specific exposure to their clients. The recent loss of over 280 containers overboard from the 19,224 TEU *MSC Zoe* is a current example of the risks underwriters face while insuring cargo aboard the largest and most modern ships. In addition, the modern cargo policy has significantly broadened the insurable risk. Provisions such as 'Selling Price Valuation' and 'Control of Damaged Goods/ Fear of Loss/Brand Protection' have increased the number of cargo claims.

Based on IUMI's global cargo premium results, IUMI has determined that this line of business is unprofitable on a worldwide basis and premiums are not risk adequate to cover losses and expenses. While there are geographic and market-specific differences, on a global basis this is concerning. There are many underlying causes including a surplus of capacity/capital, prolonged soft market conditions and the commoditisation of certain specialty lines. It is becoming increasingly challenging to technically evaluate and develop risk adequate prices for these severe losses.

Initiatives from organisations such as the National Cargo Bureau, to inspect a sample of inbound containers arriving at US ports from several carriers that are members of the Cargo Incident Notification System, as well as Maersk recently announcing random container inspections, are steps in the right direction.

Digitalisation will also undoubtedly change the operating landscape and aid to eliminate inadequate risk conditions. Operating without a basic knowledge of risk accumulation is not sustainable anymore and initiatives such as the Global Smart Containers Alliance in Asia "to combine the knowledge and information from component and system suppliers together with the leading shipping operators of the world to transmit data over GSM networks as well as through satellite communication" are significant.

At IUMI we believe there is a need for greater transparency over cargo carried on ships; the accumulation of values needs to be recognised and quantified; and more adequate protection should be made available to guard against and to fight onboard fires.

For more information see IUMI's position papers at <https://iumi.com/opinions/position-papers>



Policy Forum

Industry publishes improved cyber guidelines



By Lars Lange
IUMI Secretary General

The third edition of the industry “Guidelines on Cyber Security Onboard Ships” was published in December 2018 and addresses the requirement to incorporate cyber risks in the ship’s safety management system (SMS) as decided by IMO. It also reflects a deeper involvement with risk assessments of operational technology (OT) - such as navigational systems and engine controls - and provides more guidance for dealing with the cyber risks to the ship arising from parties in the supply chain. The third edition was prepared by a cyber security working group with members from BIMCO, InterManager, INTERCARGO, INTERTANKO, ICS, IUMI, OCIMF and WSC. The new guidelines are the third edition in as many years, which reflects the constantly evolving nature of the risks and challenges.

“The industry will soon be under the obligation to incorporate measures to deal with cyber risks in the ship’s safety management system. This had not been tackled in the previous versions,” said Dirk Fry, chair of the cyber security working group and Director of Columbia Ship Management Ltd.

“The third edition provides additional information which should help shipping companies carry out proper risk assessments and include measures in their safety management systems to protect ships from cyber-incidents. A new dedicated annex provides measures that all companies should consider implementing to address cyber risk management in an approved SMS,” Fry added.

A second key expansion in the guidelines is around operational technology. Ships have more and more OT which is integrated with information technology (IT) and which can be connected to the internet, but the risks associated with OT are different from IT systems. For example, malfunctioning IT may cause significant delay of a ship’s unloading or clearance, but with malfunctioning or inoperative OT there can be a real risk of harm to people, the ship or the marine environment.

Another new element in the guidelines is a number of examples of actual incidents to demonstrate some of the real-world situations shipowners and operators face. The examples have been anonymised.

A third new focus area is the risk of malware infecting the ship’s systems via the many parties associated with the operation of a ship and its systems. Advice includes evaluating the security of service providers, defining a minimum set of requirements to manage supply chain or third-party risks and making sure that agreements on cyber risks are formal and written. The guidelines also underline the need for ships to be able to disconnect quickly and effectively from shore-based networks, where required.



Cooperation group on Places of Refuge

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

Policy Forum

The European Commission, EU/EEA Member States and industry representatives met in Brussels on 6 February to discuss the drafting of revised international guidelines for Places of Refuge (PoR). Lars Lange and Helle Hammer represented IUMI in the cooperation group that meets on a regular basis.

The International Maritime Organization (IMO) agreed in December last year on a review of the PoR guidelines, following a submission by the EC/EU Member States and stakeholders, IUMI included. While it is recognised that the IMO will not have the same possibility to organise and influence the information and decision-making process across national borders, the EU Operational Guidelines for Places of Refuge will serve as the main point of reference for the review. Finding solutions rather than reasons for denial will be at the core of this work. Still in the preparatory phase, the redrafting is expected to take another two years until completion by the IMO.

The practical implementation of such guidelines is equally important to the cooperation group and in particular emphasised by IUMI and other stakeholders. Exchange of best practice was also on the agenda of the meeting, with a presentation of the tragic fire from a cargo hold on the *Maersk Honam* that claimed the lives of five crew members in March 2018. Uffe Ernst-Frederiksen, Head of Maersk Cargo Management, presented the challenges and new reporting and handling procedures for dangerous cargo on board their vessels in the aftermath of this incident. Random inspections are among the loss prevention initiatives now in force to detect misdeclared cargo, and both storage and the challenges of fire-fighting are addressed.

These concerns are also on the IUMI Policy Agenda, with the need for improved measures to fight fires on board container vessels further explained in an IUMI Position Paper from 2017:

<https://iumi.com/opinions/position-papers>

Good job!

*I attended the **IUMI Cargo Tutorial** between September and November 2018. I really appreciate the flexibility of online training and that I could study when it suited me. It was very exciting to review and broaden my knowledge in respect of cargo risks. I could even compare English and US cargo clauses in detail and the way that General Average is described is very easy to understand.*

What interested me the most was project cargo insurance and the problems of storage in cargo coverage. I was able to use new information immediately and put it into practice. It was clear for me from the beginning that the tutorial was prepared by cargo risk practitioners. The tutorial is a good course not only for beginners, but also experienced underwriters can benefit from this package and refresh their knowledge.

The tutorial is divided into 11 topics, each of which deeply explain the material. The process of learning is interactive and requires the student to be involved. You can also contact the authors and experts if you have any additional queries or doubts - their responses are very quick. The issues are described in simple and clear language which is very important for people whose first language is not English (like me).

I am looking forward to the next IUMI education programme. E-learning/online tutorials are a great option with regard to costs, time and effectiveness of learning.

Good job!

Wojciech Kownacki
Marine, Strategic Clients' and
Reinsurance Department Marine,
Aviation and Transportation
Underwriting Bureau, TUiR Warta S.A.



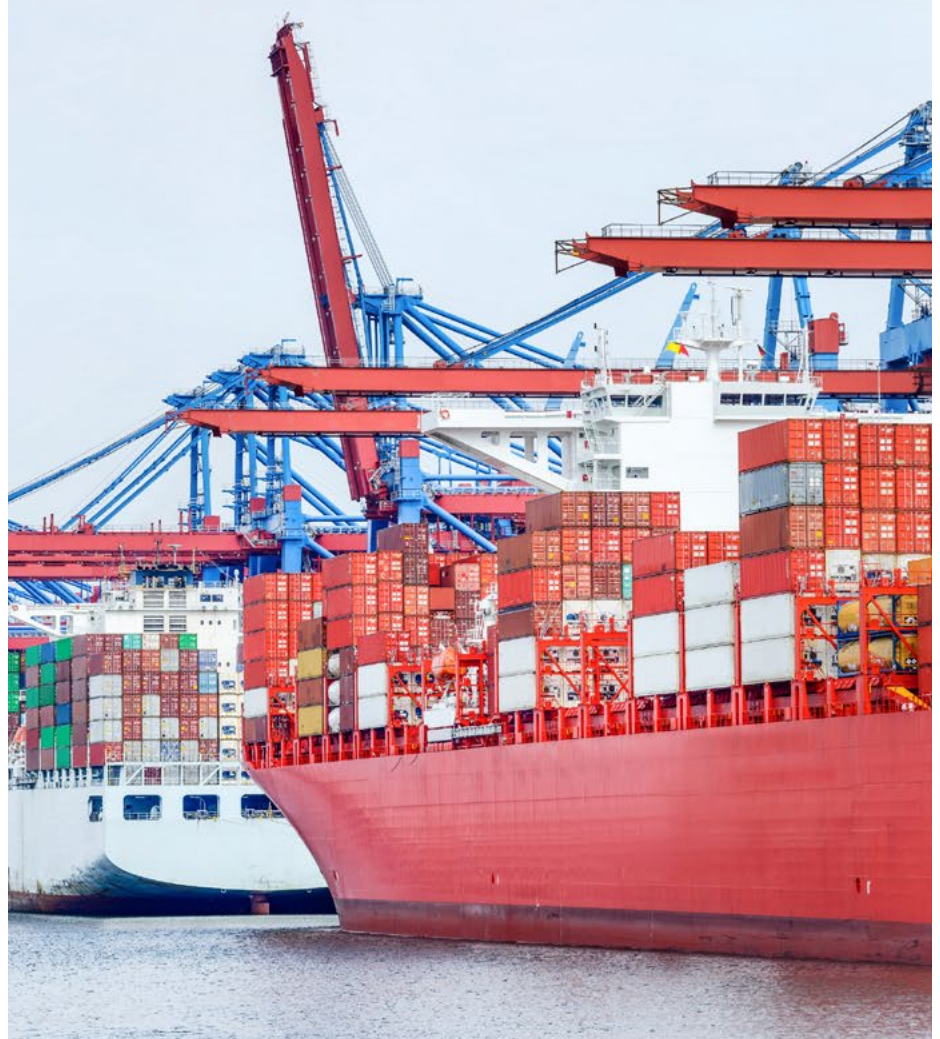
Want to build and develop your knowledge and expertise in cargo insurance?

The International Union of Marine Insurance (IUMI) has officially launched its online cargo tutorial programme. 11 engaging and interactive modules specifically designed to widen your knowledge of cargo insurance.

This flexible, self-paced learning programme works to your schedule and can be completed to each individual's timeframe.



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





By Hendrike Kühl
IUMI Policy Director

Report of 100th session of the IMO Maritime Safety Committee

The Maritime Safety Committee (MSC) held its 100th session from 3-7 December 2018. Throughout the week progress was made on the regulatory scoping exercise on maritime autonomous surface ships (MASS), approval of revised guidelines on fatigue, polar shipping, and safety issues relating to fuel quality and low-sulphur fuel.

Regulatory Scoping Exercise (RSE) for the use of MASS

Much debate on this agenda item focussed on the four degrees of autonomy:

Degree 1

Ship with automated processes and decision support: Seafarers are on board to operate and control shipboard systems and functions. Some operations may be automated and at times be unsupervised but with seafarers on board ready to take control.

Degree 2

Remotely controlled ship with seafarers on board: The ship is controlled and operated from another location. Seafarers are available on board to take control and to operate the shipboard systems and functions.

Degree 3

Remotely controlled ship without seafarers on board: The ship is controlled and operated from another location. There are no seafarers on board.

Degree 4

Fully autonomous ship: The operating system of the ship is able to make decisions and determine actions by itself.

Ultimately the committee agreed to maintain the four degrees as they are and to prioritise levels 2 and 3 during the scoping exercise.

With regard to the instruments considered during the RSE and the level of detail it was agreed that the analysis of rules and regulations should be high level rather than detailed, and that the review of mandatory instruments should be prioritised.

The plenary also debated the methodology, i.e. a two-step approach (first step: identification of provisions which would/wouldn't be applicable to MASS; second step: analyse the best way of addressing MASS). It was agreed that this two-step approach should be upheld.

MSC 100 further agreed on the development of interim guidelines for MASS trials. The committee and the MASS working group concluded that these guidelines should be generic rather than too technical. They should be conducted with safe manning still on board and (naturally) comply with all mandatory instruments. Information sharing with the IMO secretariat is important to disseminate relevant information to all interested stakeholders/Member States.

The IMO secretariat will provide a web platform as part of the Global Integrated Shipping Information System (GISIS) on which information on the instruments and the analysis will be shared. This will be in place by end of March 2019.

The Committee agreed to establish an Intersessional Working Group (ISWG). Interested Members and NGOs can participate in the ISWG. The ISWG will meet in September 2019.

Safety measures for non-SOLAS ships operating in polar waters

Divergent views were expressed in plenary with regard to mandatory measures proposed in the two papers on this topic through a SOLAS amendment. This divergence continued in the working group. As an interim measure the working group proposed to issue a resolution to urge Member States to apply relevant Polar Code provisions. The committee endorsed the revised roadmap proposed by the working group which outlines the actions of Ship Design and Construction (SDC) 6 (recommended safety measures for fishing vessels of 24m and over and pleasure yachts above 300 GT not engaged in trade); MSC 101 (consider a resolution); Navigation, Communications, Search and Rescue (NCSR) 7 (assess chapters 9 and 11 of Polar Code against draft amendments to SOLAS ch. 14).

During the debate IUMI supported two papers submitted by Canada and New Zealand which called for additional safety measures for non SOLAS vessels operating in the Polar regions. In our statement we noted that IUMI's preferred solution for the Polar Code requirements would be to make them applicable to non-SOLAS vessels too. Guidelines are a helpful starting point but from the insurers' perspective they are only the second-best alternative.

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Report of 100th session of the IMO Maritime Safety Committee

Continued

2020 sulphur limit and fuel safety concerns

The discussion on this agenda item centred around the effective implementation of existing provisions for fuel quality and safety in IMO conventions. A paper in this regard was submitted by Liberia and several industry groups. IUMI supported the paper in principle, and in addition emphasised that the current system of leaving the testing or damage to the end user is outdated. This approach has become unacceptable and must be changed. An important step to do so is to require the refineries to test the fuel quality prior to delivery. In parallel, IUMI called for IMO to urge the International Organization for Standardization (ISO) to start working on amendments of the ISO8217 standard to deal with biofuels and the 2020 sulphur cap.

The outcome of the plenary debate was to produce a new output on the issue of fuel quality for MSC 101. A drafting group developed the following title and scope for this new output:

Title: "Development of further measures to enhance the safety of ships relating to the use of fuel oil"

Scope: "Based on the review of existing safety provisions for fuel oil and information concerning the safety implications associated with the use of fuel oil, develop further measures to enhance the safety of ships relating to the use of fuel oil."

A working group is planned to be established on this issue at MSC 101.

Piracy and armed robbery against ships

The IMO secretariat provided an update on various regional developments. Nigeria provided a specific update on the situation in the Gulf of Guinea. Intertanko introduced the 5th edition of the piracy-specific Best Management Practice (BMP 5) on behalf of various industry groups and asked for this information to be distributed to the Member States.

Places of refuge

The committee agreed to include an output on the "Revision of the guidelines on places of refuge for ships in need of assistance (resolution A.949(23))". Two sessions are scheduled to complete the item and NCSR has been assigned as the coordinating body. IUMI co-sponsored the respective paper submitted on this issue, supporting the call for a revision of the resolution because even though guidelines are already in place, experience has shown that ships in need of assistance may still face problems to get permission to enter a place of refuge in a consistent, harmonised and timely manner.

Trial for an independent assessment of the IACS Quality System Certification

The proposal for an initial trial of an International Quality Assessment Review Body (IQARB) for the International Association of Classification Societies (IACS) Quality System Certification Scheme (QSCS) was accepted. The IMO secretariat will participate in the exercise and meetings will be convened at IMO.

Revised guidelines on fatigue approved

The MSC approved revised guidelines on fatigue which provide comprehensive information on the causes and consequences of fatigue and the risks it poses to the safety and health of seafarers, operational safety, security and protection of the marine environment. The aim is to assist all stakeholders to contribute to the mitigation and management of fatigue.

The 101st session of the MSC will take place from 5-14 June 2019. Don Harrell, Chairman of IUMI's Facts & Figures Committee and Astrid Seltmann, Vice Chair of IUMI's Facts & Figures Committee will give a presentation on casualty trends and global marine insurance statistics.



2nd IUMI Asia Forum in Shanghai

By Hendrike Kühl
IUMI Policy Director

Preparations for the second IUMI Asia Forum organised in cooperation with the Shanghai Institute of Marine Insurance (SIMI) are well underway. The event will take place on 22-23 May 2019 at the Peninsula Hotel in Shanghai. The vibrant port city will provide a perfect stage for this exciting event which aims to establish IUMI even more firmly in the growing Asian marine insurance market.

IUMI President Richard Turner will be opening the conference under the theme "New trends in marine insurance". The programme is packed with the most hotly debated topics ranging from the impact of digitalisation and cyber risks on marine insurance, as well as burning issues specifically related to Asian marine insurance trends.

To register for the event please click [here](#)

We look forward to seeing you there!



By Lars Lange
IUMI Secretary General

Report of 6th session of the IMO Sub-Committee on Pollution Prevention and Response

The 6th session of the Sub-Committee on Pollution Prevention and Response (PPR) took place from 18 to 22 February 2019 at the International Maritime Organization (IMO). Key outcomes of relevance to marine insurance can be summarised as follows:

Low sulphur fuels

Strong focus was placed on the progress made towards the IMO's final preparations for the new global sulphur regulation which comes into effect 1 January 2020. The following key points were discussed and agreed:

1. Draft guidelines on consistent implementation of 2020 sulphur limit finalised: The Sub-Committee agreed draft guidelines for consistent implementation of the 0.50% sulphur limit under the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI, together with other relevant guidelines, forming a comprehensive package of new and updated instruments that shall assist industry and administrations to effectively and uniformly implement the 0.50% sulphur limit. The IMO has already issued ship implementation planning guidance to help shipowners prepare. The draft guidelines on consistent implementation of the 0.50% sulphur limit include sections on the impact on fuel and machinery systems resulting from new fuel blends or fuel types; verification issues and control mechanism and actions, including Port State Control and samples of fuel oil used on board; a standard reporting format for fuel oil non-availability (fuel oil non-availability report (FONAR)); and possible safety implications relating to fuel oils meeting the 0.50% sulphur limit. The Marine Environment Protection Committee (MEPC) 74 (May 2019) is expected to adopt these guidelines.
2. Draft circular on delivery of compliant fuel oil by suppliers: The Sub-Committee agreed a draft joint Maritime Safety Committee (MSC)-MEPC circular addressing the delivery of compliant fuel oil by suppliers, for approval at MEPC 74 and at the MSC 101. The draft circular says that Members States should urge fuel oil suppliers to take into account, as relevant: MEPC.1/Circ.875 guidance on best practice for fuel oil purchasers and users for assuring the quality of fuel oil used on board ships; and MEPC.1/Circ.875/Add.1 guidance on best practice for fuel oil suppliers for assuring the quality of fuel oil delivered to ships.

3. Draft amendments to MARPOL Annex VI on sulphur content definition and sampling: The Sub-Committee agreed draft amendments to MARPOL Annex VI for approval by MEPC 74 and subsequent adoption by MEPC 75 (Spring 2020), with an expected entry force date of mid-2021.

4. Draft amendments to on board sampling guidance: The Sub-Committee agreed draft 2019 guidelines for on board sampling for the verification of the sulphur content of the fuel oil used on board ships, updating the previous version. MEPC 74 (May 2019) is expected to approve these guidelines.

5. Draft interim guidance for Port State Control on contingency measures for addressing non-compliant fuel oil: The Sub-Committee developed draft interim guidance for Port State Control on contingency measures for addressing non-compliant fuel oil and invited concrete proposals to MEPC 74. The draft interim guidance covers possible actions to be taken, following discussions between ship, Flag State and Port State, when a ship is found to have on board non-compliant fuel oil either as a consequence of compliant fuel oil being not available when the ship bunkered fuel oil or the ship identifying through post bunkering testing that the fuel oil on board is non-compliant. MEPC 74 (May 2019) is expected to consider these draft interim guidelines further.

Review of the 2015 guidelines on exhaust gas cleaning systems

SSE 6 was undertaking a review of the 2015 Guidelines on exhaust gas cleaning systems (EGCS). The Sub-Committee noted the progress made by the Correspondence Group on review of the 2015 EGCS guidelines. It agreed to request an extension of the target completion year to 2020 with a view to continuing the work on the review at PPR 7.

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Report of 6th session of the IMO
Sub-Committee on Pollution Prevention
and Response

Continued

**Controls on the biocide cybutryne in
anti-fouling systems agreed**

A second compound/active ingredient used in biocides in anti-fouling systems on ships is set to be prohibited under the IMO Convention for the control of harmful anti-fouling systems on ships (AFS Convention). The AFS Convention currently has controls on only one active compound - it prohibits the use of biocides using organotin compounds (TBT). The Sub-Committee agreed that new controls on the biocide cybutryne (also known under its industry name Irgarol-1051) should be included in the AFS Convention.

MEPC may also consider the need for revisions of the revised guidance on best management practices for removal of anti-fouling coatings from ships, including TBT hull paints and the inventory of hazardous materials under the Hong Kong Convention, in light of the introduction of controls of cybutryne under the AFS Convention.

**Reducing risks of use and carriage of
heavy fuel oil as fuel by ships in Arctic
waters**

The Sub-Committee began its work to develop measures to reduce the risks of use and carriage of heavy fuel oil as fuel by ships in Arctic waters. A working definition for heavy fuel oil was noted, which says that "heavy fuel oil means fuel oils having a density at 15°C higher than 900 kg/m³ or a kinematic viscosity at 50°C higher than 180 mm²/s". A draft methodology for analysing impacts of a ban on heavy fuel oil for the use and carriage as fuel by ships in Arctic waters was agreed. The Sub-Committee invited submissions to PPR 7, especially those by Arctic States, containing impact assessments guided by but not limited to the methodology. Moreover, a correspondence group was instructed to develop guidelines on measures to reduce risks of use and carriage of heavy fuel oil as fuel by ships in Arctic waters. The guidance could include sections on navigational measures; ship operations; infrastructure (onshore and offshore) and communications; enhanced preparedness for emergencies of oil spills, early spill detection and response; drills and training; and economic assessment of potential measures.



IUMI Conference 2019
Toronto, Canada

Let the countdown begin

"Confronting the chaos for a sustainable future?" is the somewhat controversial theme for this year's annual IUMI conference. This year the conference will take us to the beautiful city of Toronto, Canada, on the 15–18 September. IUMI is no stranger to these lands with this year's event being the third on Canadian soil – the second time in Toronto.

Registration will open soon and more information about the event can already be found at www.iumi2019.com

The magnificent, dynamic and culturally diverse city is the perfect backdrop to discuss the hot topics and challenging industry issues that marine insurers are currently facing. The event will be held at the Fairmount Royal York Hotel in downtown Toronto and is one of Canada's oldest and most prestigious hotels that has been in operation since 1929.



By Hendrike Kühl
IUMI Policy Director

Report on the Sub-Committee on Ship Design and Construction (SDC 6)

The 6th session of the Sub-Committee on Ship Design and Construction (SDC) met from 4-8 February 2019. The meeting was chaired by Kevin Hunter (UK). Two issues of relevance to IUMI were discussed during the session:

Safety measures for fishing vessels and pleasure yachts operating in Polar waters

With increased traffic in Polar waters of vessels which do not fall under the mandatory IMO instruments, such as fishing vessels and pleasure yachts, and the greater risks of pollution in the sensitive Polar environment; as well as the risks to such vessels and their crews; the Sub-Committee has been instructed to develop safety recommendations for certain ships not already covered by the mandatory Polar Code, the so-called “non-SOLAS” ships. A first set of draft recommendations for fishing vessels and pleasure yachts operating in Polar waters were considered.

A correspondence group was established to further develop the draft guidelines for safety measures for fishing vessels of 24 metres and over operating in polar waters, as a high priority, with a view to finalise at SDC 7.

The correspondence group was also instructed to further develop the draft guidelines for pleasure yachts of 300 GT and above not engaged in trade operating in polar waters.

Developing second generation intact stability criteria

The Sub-Committee has been working to develop second generation intact stability criteria since 2002. Significant progress has now been made, including on the specification of direct stability assessment; the preparation and approval of operational limitations and operational guidance; and vulnerability criteria for all five stability failure modes: pure loss of stability; parametric roll; surf-riding/broaching; dead ship condition; and excessive accelerations.

The correspondence group on intact stability was re-established to consolidate the draft guidelines so as to complete the work on the second generation of intact stability (IS) criteria at SDC 7 in 2020, for submission to the Maritime Safety Committee (MSC). From an insurance perspective a clear set of IS criteria is desirable as it would provide a clear basis on which to argue whether a vessel is seaworthy or not.



Nick Gooding

People at IUMI



Philip Norwood

Senior Technical Executive, Underwriting,
Lloyd's Market Association and Chair of IUMI
Salvage Forum

Handing over the baton

Philip Norwood, Senior Technical Executive at Lloyd's Market Association, has taken over as Chair of the Salvage Forum and we would like to take this opportunity to thank Nick Gooding for all his loyal years of service.

Nick was a leading cargo underwriter in the London market for many years before retiring last year. Not only was Nick Chair of the Salvage Forum but he was also IUMI's representative at the International Maritime Organization (IMO).

Thank you very much Nick for all your hard work over the years and wishing you a happy retirement!

How long have you been associated with IUMI?

I have been attending the IUMI annual conference for many years, and I have been an active participant and member on the Salvage Forum for the last four years.

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

It is an expanding role. I am Chair, and currently Secretary, of the Salvage Forum and also now Secretary for the Offshore Energy Committee. With regard to the Salvage Forum I principally represent the hull and cargo insurers and my work entails encouraging salvors to work together with insurers in close cooperation for the salvage of ships and cargoes. The industry has changed and despite there being fewer problems at sea the claims are bigger because of larger and more advanced vessels operating.

And what is your day job?

My day job is at the Lloyd's Market Association (LMA) where I am secretary of the Joint Cargo Committee. Working on the marine side I am also involved with marine underwriting and claims committees across the sector. I also have an active role in the Lloyd's Salvage Group.

What benefits do you get from being associated with IUMI?

Besides being beneficial for all Members, I personally get a lot out of the absorbing work and I get to be involved with other work that I wouldn't normally be associated with. It is nice to be part of something that has an impact on such wide-ranging issues, including at the IMO.

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

My impression is that it is already a well-run and important organisation that has grown from strength to strength. I would like to see it continue to push out the good work IUMI does and to lobby where appropriate.

How did you reach your current position in marine insurance?

I started off on the claims side working for a broker, and then various insurers. Through this work I became involved in some difficult salvage claims and this work led me to the LMA.

And what do you do away from the office?

Since starting a family my time away from the office is spent with my wife and daughter, which keeps me from anything enjoyable!

IUMI EYE Q&A

With Christopher O. Davis, President, Comité Maritime International (CMI)



<https://comitemaritime.org/>

In a nutshell, how would you describe the main role of the Comité Maritime International (CMI)?

The CMI was formally established in 1897, and contributes by all appropriate means and activities to the unification or uniformity of maritime law. We still actively pursue this goal while recognising that the drafting of maritime conventions (a traditional role of the CMI in the past) has been largely assumed by United Nations agencies such as the IMO.

What is the biggest challenge facing the CMI today?

Safety of life at sea, protection of the marine environment, and piracy/terrorism remain important issues and will continue to pose challenges for the maritime sector, including international non-governmental organisations such as the CMI. In addition, technological advances and developments in unmanned vessels, as well as cyber-crime, will present further challenges going forward.

How does the CMI and IUMI work together?

The CMI, like IUMI, is an association of associations, and its membership comprises more than 50 national maritime law associations from leading shipping nations, as well as governmental and international agencies and private organisations. IUMI is a consultative member of the CMI, and the CMI is an affiliate member of IUMI. Both the CMI and IUMI are working and cooperating on some of the same important issues that concern the maritime sector and marine underwriters, such as Polar shipping, autonomous or unmanned transport by sea, cybercrime and risks, and places of refuge.

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

There are important differences between common law and civil law jurisdictions when it comes to interpreting key marine insurance terms such as *uberrimae fidei* or utmost good faith, warranties, perils and exceptions, causation, and conflict of laws. These differences in interpretation can lead to unpredictability and higher costs in resolving marine insurance

claims, which, in turn, result in higher premiums. Marine underwriters may wish to consider adopting basic and uniform international rules of marine insurance to help minimise these differences in the interpretation of marine insurance contracts.

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

Marine underwriters continue to face challenges in a soft market and, according to industry reports, depressed freight rates, falling vessel values, and relatively low oil prices are likely to make it difficult over the short term to raise premium income sufficiently to offset covered risks and claims costs. However, taking a longer view, 90% of the world's cargo continues to be transported by sea and it is only a matter of time before the marine insurance market returns to profitability. The market is also certainly living in interesting times, as evidenced by the rise of Shanghai as a marine insurance hub, and the potential effect of Brexit on the London insurance market.

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

Convince governments and all stakeholders in the maritime sector to implement and promote the ratification of key maritime conventions which, in turn, would promote uniformity of maritime law. In 1860, the noted Italian jurist and statesman, Pasquale Stanislao Mancini, said: *"The sea with its winds, its storms and its dangers never changes and this demands a necessary uniformity of judicial regime."* This remains equally true today.

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

I would return to the full-time practice of maritime law, a career and profession I have thoroughly enjoyed over the past 40 years.

What do you like doing when not working?

Traveling, reading, and spending quality time with family and friends, ideally over an enjoyable meal and a good bottle of wine!



The securing of containers on deck on a container ship

Abstract from a paper by Uwe-Peter Schieder, Loss Prevention Manager at GDV (German Insurance Association – Gesamtverband der Deutschen Versicherungswirtschaft) and Vice-Chair of IUMI's Loss Prevention Committee

On average, about 1,400 TEUs are lost on the world's oceans every year, which is only a millionth of the total number of units transported. But if they are lost close to the coast, as was the case with the MSC Zoe, the cargo being washed ashore can cause major damage and attract unwelcome publicity. Hazardous goods can also be a threat to ecosystems and people. The reality is that such accidents are to be avoided if possible, and a great deal of effort is therefore being invested in exploring and clearing up the last of the unknowns.

But container ships are getting bigger all the time, which brings along new problems. The container itself is part of the problem, as it experiences loads that test it to its limits. The onboard lashing systems, on the other hand, will generally have a 100% safety margin. But it only takes one link in the securing chain to fail and loss of cargo could well be the consequence. The way in which the cargo is secured in the containers would have to be monitored more closely, as would the weight of the containers themselves, although the verified gross mass (VGM)

should long ago have ensured that this was correct. So, there will always be a residual uncertainty, and this needs to be further reduced.

In the full paper I look at the challenges at securing containers on deck, focusing on the motions of the ship and its impact, the lashing systems, the importance of weight and stability. For the full detailed paper please click here:

<https://iumi.com/news/iumi-eye-news-letter-march-2019/the-securing-of-containers-on-deck-on-a-container-ship>

The United States — In search of just and reasonable practices for demurrage/ detention



By Nooshin Namazi
Partner

Nicoletti Hornig & Sweeney
IUMI Professional Partner
nnamazi@nicolettihornig.com

The United States Federal Maritime Commission (FMC) recently found that problems with charges for holding onto cargo beyond free time, traditionally referred to as “demurrage” (for charges for a carrier’s container within the terminal or for use of terminal space) or “detention” (for charges for use of a container outside the terminal) is prevalent among all actors in the international ocean supply chain, not just shippers and consignees. The interests between parties in the supply chain are not always aligned and their complex contractual and operational relationships create significant risk for ocean intermediaries such as freight forwarders, logistics providers, and non-vessel owning common carriers (NVOCC) – and by extension their insurers – for demurrage and detention charges.

For example, an NVOCC or logistics provider may be designated as the “consignee” in an ocean carrier’s bill of lading or fall within the broad definition of “Merchant” to which the terms of the bill of lading apply. The NVOCC or logistics provider is thereby exposed to all demurrage/detention charges if the ultimate consignee fails to pick up a container.

These complex relationships, and ensuing demurrage and detention concerns, have been the subject of a comprehensive fact-finding investigation by the FMC. After meetings and comments from the industry, the FMC has now issued its final report, which is available at https://www.fmc.gov/ff_no._28/

The FMC found that “demurrage and detention are valuable charges when applied in ways that incentivize cargo interests to move cargo promptly from ports and marine terminals.” However, “all international supply chain actors could benefit from transparent, consistent, and reasonable demurrage and detention practices.” To that end, the FMC recommended the organisation of “Innovation Teams” to refine commercially viable demurrage and detention approaches to reconciling all interests in this complex web of contractual and operational relationships.

*Nicoletti Hornig
& Sweeney*

Landmark Supreme Court decision on burden of proof under the Hague Rules



By Andrew Nicholas
Partner

Clyde & Co. LLP. IUMI Professional Partner
www.clydeco.com

A recent Supreme Court decision has provided important clarification of a key issue for parties involved in cargo disputes under the Hague Rules. In *Volcafe Ltd and others v Compania Sud Americana de Vapores SA* [2018] UKSC 61 it was held that the carrier has the legal burden of proving that they took due care to protect the goods from damage, including due care to protect the cargo from damage arising from its inherent characteristics.

In the context of a claim involving the carriage of bagged coffee beans that had been packed into containers by the carrier, the Supreme Court unanimously ruled that the carrier bore the burden of disproving negligence under both Article III.2 and Article IV.2 of the Hague Rules. Having failed to discharge this burden of proving the exercise of reasonable care for the cargo in respect of the preparation of the containers to prevent condensation damage, the carrier was held liable to the cargo claimants.

In its decision the Supreme Court emphasised that the common law of bailment was a vital feature of the background against which the Hague Rules were drafted and that in circumstances where goods are redelivered in damaged condition, the onus is on the bailee to show that the damage was not due to the absence of reasonable care on its part.

The clarification found in this important ruling should be a welcome development for cargo insurers and P&I Clubs alike given the increased certainty it provides for future Hague Rules cases, with cargo interests likely to be placed in the more advantageous position going forward. It also reflects both common sense and the commercial realities of the carriage of goods by sea that the legal burden of proof should be placed on carriers to have to account for the circumstances of cargo damage when they are the best-placed and often only party in a position to account for – and prevent – what happens during the carriage.

Andrew Nicholas of Clyde & Co acted for the successful claimants.

CLYDE & CO



Internet of Things (IoT)

By John Miklus
President of the American Institute
of Marine Underwriters (AIMU)
and IUMI Loss Prevention Committee
Secretary

By now nearly all of us have heard the term Internet of Things (IoT). But what exactly does it mean? The Internet of Things (IoT) has been defined as “a network of physical devices, vehicles, appliances and other items embedded with electronics, software, sensors, actuators and connectivity which enables these things to collect and exchange data, creating opportunities for more direct integration of the physical world.” Simply put, it is machine-machine (M2M) communication designed to increase accuracy and efficiency.

IoT can impact virtually every facet of our lives; in 2017 there were 8.4 billion devices – consider sensors, smartphones and wearables (scanners, computers, glasses, backpacks, etc.) that contain processors and have wireless capabilities – in use and this number is expected to reach 20 billion in two years.

In the world of marine insurance, IoT already is impacting the supply chain today and its future potential is almost limitless. For example, adding Radio Frequency Identification (RFID) tags to mobile capital equipment (containers) and even high-value consumer goods such as video games and luxury apparel to track their location was one of the first IoT applications. According to one study, 96% of retailers today are planning to adopt RFID technology.

At last September's IUMI Conference in Cape Town, Chris Kalinski of Oxford Management Consultants spoke during the President's Workshop on how this technology is disrupting the supply chain. His presentation is available for download on the IUMI website

<https://iumi.com/events/events-archive/cape-town-2018>

for those with a password. For others, please contact IUMI for access.

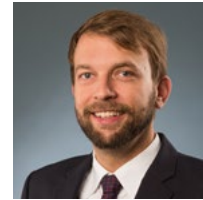
info@iumi.com

IoT is expected to add value to a range of key issues and processes including:

- End-to-end visibility: real time knowledge of exact location of goods while in transit
- Warehouse and yard management: accurate inventory and reduced delays
- Vehicle/fleet management: efficient routing and lower fuel use
- Security: theft prevention
- Product safety: sensors for temperature, humidity, and shock measurement with alerts
- Equipment maintenance: reduced downtime

Unquestionably IoT will lead to increases in productivity and enhanced supply chain performance. Improved systems certainly will reduce costs, reduce losses, improve safety, and in some instances create opportunities to generate more revenue. Marine insurers who embrace IoT are sure to benefit.

ISPM 15 — Backgrounds and Current Challenges



By Nicolas Gabriel,
Divisional Director

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

For the full version of this article and a comprehensive discussion, please click on the following link
<https://www.ba-ty.com/news/>

The directive, ISPM 15 (International Standards for Phytosanitary Measures), aims to minimise the risk of the introduction and spread of pests associated with wood packaging material in international trade. All timber treated in accordance with ISPM 15 is marked accordingly by registered companies performing the treatment.

Shipments may be refused entry if irregularities are found regarding ISPM 15. The reasons for refusal are generally a lack of or incorrect labelling, or the presence of live insects or their larvae, despite the ISPM 15 labelling.

In the case of the USA, the entire shipment is usually barred from entering the country. Inspections and rejections of import shipments in the USA have increased considerably in recent months. This is particularly true if live, fresh wood insects are found. As a result, cargo interests sometimes incur considerable additional costs. Furthermore, the USA has imposed heavy penalties for non-compliance with ISPM 15. As such, even a single violation can result in costs amounting to millions of dollars. The decision is usually made by a single official and is not always comprehensible or clearly documented.

The infestation of packaging timber with fresh wood insects is not considered transport-related and thus not covered by a standard cargo insurance policy. Furthermore, in case of a problem, the shipper will generally hold the packing company liable, which may result in the involvement of business liability insurance.

In the event of a claim, it must be proven that the treatment was carried out properly. This is not possible by inspecting the wood itself. When selecting a supplier of wood or packaging services, criteria such as a well-documented treatment process, full traceability as well as quality level of the timber are of vital importance. Furthermore, contracts with the packaging suppliers should be reviewed regarding the issue of liability.

It is urgently recommended that shippers develop effective strategies in order to comply with current legislation. Choosing the right partner is most definitely of paramount importance.

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The future is bright: the future is digital



By Andrew Yeoman
Co-founder and CEO

Concirrus, IUMI Professional Partner
www.concirrus.com

Unprecedented change within the insurance market provides the possibility of harnessing existing and new data through technology to improve the quality of underwriting decisions.

Data from sensors is huge – it means that everything that was previously unknown can now be known.

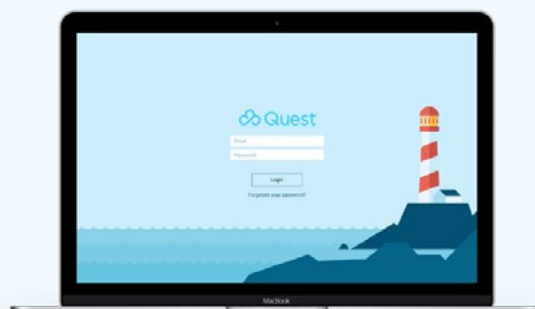
In the next five years, we'll see two types of marine insurers – those who have a digital platform replete with data, analytics, machine learning and AI and those who 'used to exist'. But, what does this new digital environment mean in real terms and what will be the associated impacts on the risk transfer market?

Currently, there are pockets of digital expertise within the actuaries, underwriters and claims departments where effective tools and data do exist. However, these are often silos within a single insurer and the tools and data differ across departments. When we ask our customers: "if you started to see an increase in claims from a particular port or a given vessel of class, how long would it take for that information to filter through from the claims to your actuarial process and your underwriting?" The answer is often: "maybe two years, but possibly never."

This same degradation in information quality also exists across the entire risk transfer market. From the fleet through to the reinsurer, the risk clarity diminishes. Sharing of data and having a common understanding of that data would help to eradicate this challenge.

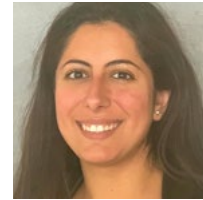
Although data is king, this isn't about big data – it's about delivering all the knowledge behind every decision in the most efficient fashion. Equipping the industry with the tools that allow existing data to be ingested, understood and presented in a way that provides valuable insights to help improve loss ratios will be the game changer. Question is: who's ready to embrace this new super power?

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



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The Kerch explosion and dynamic data



By Hannah Moise
Data Scientist

Windward, IUMI Professional Partner
www.wnwd.com

If at the start of the year you could have chosen two ships destined to be involved in a serious incident in 2019, you would have done well to pick the Candy and Maestro. The two tankers caught fire in the Kerch Strait in January while reportedly carrying out a ship-to-ship fuel transfer. Around a dozen crew were killed.

Windward data shows that these two vessels were operated in a way that led to our flagging them as among the highest risk ships in the world – for safety and security.

There are several reasons – some more sophisticated than others – including multiple name and flag changes and numerous port state control deficiencies. But it's only when we benchmark these vessels against their peer group of LPG tankers (it would make no sense to compare them with, say, passenger ferries, which are operated in a totally different way) that we see how off-the-scale these ships really were.

Take intentional turn-off-transmissions. The Candy switched off its AIS transponder 77 times in the previous 12 months; the Maestro 82 times. The median for the world LPG tanker fleet was just three. Then there's economic utilisation (low utilisation = higher risk of being used for illicit purposes). The Candy spent 31 days in port in the year before the Kerch incident; the Maestro 21. The median for the world LPG fleet is 70 days. Adding to their risk profile, both ships spent inordinately large amounts of time in areas prone to collisions.

To be clear, technology – even the artificially-intelligent variety that drives our solutions – is far from being able to predict specific accidents; there won't be a [Minority Report](#)-style (2002 blockbuster movie) “pre-crime” for vessels any time soon. But by using dynamic operational profiles, it's at least possible to build risk models that can highlight the highest – and lowest – risk portions of a given vessel population. And to help inform better decisions about ships that either pose a threat or run a high-risk of being involved in an accident, like the one involving the Maestro and the Candy.

For the full article please click here:

<https://wnwd.com/the-kerch-explosion-and-dynamic-data/>

WINDWARD^o

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Marine risk analytics.





Image provided by I.MA.S.CO. Srl

Rapallo, 29 October 2018: catastrophic events and cumulative risks

By Margaret Zaccaria
Hull, Yacht and Yard Underwriter at
SATEC GROUP and member of the IUMI
Inland Hull, Fishing Vessels & Yachts
Committee

A number of extreme weather events in the world are having a significant impact on our industry which is changing and suffering. On 29 October 2018, following heavy rain and powerful winds up to 120 km/h, the Carlo Riva Marina in Rapallo was destroyed. This storm was the strongest ever observed on the coasts of Italy in terms of maximum sustained winds and it generated waves up to 10 metres high.

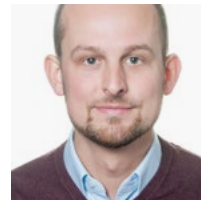
In the marina 390 yachts of all sizes were berthed. Superyachts, motorboats and sailboats of all sizes were damaged and several were a total loss.

Insurers must look at the total risk exposure to be sustainable. What if insurers, at the time of the first storm warning, were aware of the total number of yachts with full exposure berthed in the Rapallo marina? Just imagine how many actions could have been taken to protect insurers (and yacht owners) interests thanks to new technologies?

For example, blockchain technology has potential to transform this process with automation in the shipping and marine insurance industry. It can change the face of shipping and the way we do business. These new technologies enable insurers to track yachts at all times; allowing a clearer picture of the total geographical exposure. Access to real-time data could assist insurers to set up proper insurance and reinsurance measures to minimise possible financial impacts due to catastrophic events.

Indeed, new technologies are ready to assist insurers and need to be seriously considered in coming years, despite the investment they usually require. With the weather dramatically changing, there is increasing unpredictability including in the Mediterranean area, and insurers should take action to manage these events.

Liquid bulk, don't miss the boat



By Pieter Gysels
Marine Surveyor

Marine Surveyor, DP Survey Group
IUMI Professional Partner
www.dpsurveys.com

Liquid bulk can be defined as liquid commodity/cargo that is transported in large quantities in unpacked form. These include a large range of liquids with a variety of properties and characteristics and can include chemicals, vegetable oil, petroleum products (crude oil and derivatives) and liquid gases.

Some liquid bulk cargoes require special precautions and preparations (such as a nitrogen blanket); or require heating or cooling; or special cleaning procedures before loading.

This is obviously a highly specialised industry and when problems occur, an experienced specialist is needed to solve the problem. As a surveying company located in the heart of the Antwerp port, DPS is regarded as experts in this sector and has experience of all relevant challenges.

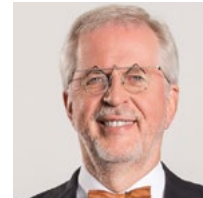
The port of Antwerp is the largest European maritime (petro) chemical cluster in Europe with many large production, storage and handling companies located here. The liquid bulk segment is a very important industry in Antwerp, and it is still growing. Major petrochemical enterprises have planned massive investments. Total refinery and its logistics partner SEA-Tank Terminal are investing EUR 100 million in a capacity expansion and ATPC has invested in a new LNG/ethane tank farm. Earlier this year, INEOS, one of the world's largest multinational chemicals companies, announced plans to invest EUR 3 billion in the further expansion of its chemical production facilities. These are only a couple of examples of planned investments at the port of Antwerp.

In our job as surveyor, we deal with off spec. cargoes, contaminations, discrepancies and other issues. The demurrage of a chemical tanker is significant. Immediate and adequate action is needed in such cases to minimise costs. DPS can offer hands-on added value thanks to its experience and long-lasting contacts with several companies that are able to mitigate liquid bulk cargo losses.

DPS partners specialised in filtering contaminated liquid bulk cargoes, transshipment possibilities and specialised laboratories are all located near the port of Antwerp.



The brave new sanctions world — did you reconsider your procedures and your sanctions clauses?



By Prof. Dr. Dieter Schwampe,
Partner

Arnecke Sibeth Dabelstein,
IUMI Professional Partner
www.asd-law.com

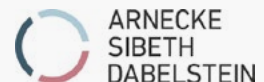
Just days before the IUMI 2018 Conference the world changed for those with an Iranian exposure. Following the termination of the US participation from the Joint Comprehensive Plan of Action (JCPOA), on 5 August 2018 the first set of sanctions, primary sanctions addressing US persons, entered into force. Secondary sanctions addressing non-US persons with extraterritorial effect were to follow in November 2018.

But the European Union did not wait. On 7 August 2018 the delegated Commission Regulation (EU) 2018/1100 was published in the official journal of the European Union L 199 I/1. This Regulation amended the Council Regulation (EG) 2271/96 – the famous Blocking Regulation. This did not regard the articles of the Regulation, which remained untouched, it related “only” to the Annex of the Blocking Regulation. But the impact of this was a game changer for insurance in every way relating to Iran.

Up until 4 November 2018 EU persons had little to worry about regarding the Blocking Regulation as the US legislation referred to in the Annex did not contain extraterritorial sanctions for non-US insurers or insurance brokers. After 1996 the US introduced intensive extraterritorial sanctions against non-US persons. It was a common understanding that the reference in the Annex to certain US Acts was a so-called static reference, which did not extend to later changes and amendments of those Acts or of new Acts.

The Blocking Regulation thus did not prevent EU persons from complying with US sanctions law and this drastically changed on 7 August 2018 with regard to those extraterritorial sanctions that came into effect 4 November 2018. The Annex now refers to the latest set of sanctions law set in force, or reinforced, under the Trump administration. What previously was allowed now became a breach of the amended Blocking Regulation. The Blocking Regulation contains a mechanism to allow EU persons to abide by US sanctions law, but the procedure is complicated and time consuming. Practitioners regularly see clauses in the market which have been developed under the old EU Blocking Regulation but remain in use without any changes. Have you reconsidered your clauses?

In the brave new sanctions world insurers may even be more between Scylla and Charybdis when having to decide whether to breach their own EU law by following US sanctions, or whether to decide for the lesser evil and follow US laws breaching EU law. But this decision should be an informed decision. Insurers should not stumble into unexpected problems by the continued use of sanctions clauses which once were unproblematic but may not be so anymore.



IACS Council focuses on the challenges of cyber safety and GHG emissions

The International Association of Classification Societies (IACS) Council held its 78th session (C78) in December 2018 in London. Cyber safety, quality and the environment featured prominently in discussions.

The IACS Council welcomed the publication of the final three (of 12) IACS Recommendations on cyber safety. Collectively, this package of measures represents a step change in delivery of cyber resilient ships and provides guidance on how to develop and maintain the cyber integrity of vessels. C78 reaffirmed that end-user feedback in the practical application of the recommendations would be fundamental to the success of the second stage of this initiative, which is to transform the 12 recommendations into a single, consolidated and self-contained recommendation.

On quality matters, the agreement by the IMO at the Maritime Safety Committee (MSC) 100 to a trial of the International Quality Assessment Review Body (IQARB) marks another significant step towards strengthening the independence of the oversight of IACS QSCS. The IACS Council committed to working closely with the IMO secretariat in delivering the practical support necessary for a successful trial and to reporting back its results to MSC.

On fuel oil safety, the IACS Council reaffirmed that safety issues relating to quality, contamination, combustibility and compatibility need to be mitigated by a combination of measures, including supply sources, design and equipment, and operational measures, to ensure that new fuel oil blends can be used safely. More detail will be provided in an IACS revised high-level policy paper on this issue, to be published in Q1 2019.

The IACS Council also convened its traditional high-level meeting with industry partners including IUMI where a number of key items were discussed including cyber safety, sulphur 2020, data management and the Energy Efficiency Design Index (EEDI).

C78 also saw IACS mark its 50th anniversary with a dinner with industry partners. Guest of honour, IMO Secretary General, Kitack Lim, delivered a speech in which he praised IACS steadfast commitment and support of the IMO over the past five decades and the importance of IACS, and classification, to helping industry and regulators rise to the challenges of the future.

IUMI Submission to EU consultation on the Offshore Safety Directive

Late last year, the European Commission offered a public consultation on the evaluation of the EU Offshore Safety Directive (OSD). The consultation sought to gather views on the implementation of the Directive, its effectiveness, relevance and potential need for adjustments.

The OSD was adopted in July 2013 with the aim of reducing the occurrence of major accidents related to offshore oil and gas operations and to limit their consequences. With specific reference to financial security, the Directive requires the EU Commission to consider measures to ensure a robust liability regime for damages relating to offshore oil and gas operations, requirements on financial capacity, including availability of appropriate financial security instruments or other arrangements. Throughout the legislative process IUMI spoke for a voluntary financial security system which is likely to be most effective, emphasising that a legislative compensation system over and above the existing provisions is not needed.

The key message in IUMI's submission was the early stage of the consultation. Since the Directive has not yet been tested due to its very recent implementation, it is difficult for insurers (and other stakeholders) to assess its efficiency. For this reason, IUMI emphasised that more time was needed to assess whether the Directive meets its objectives. At the same time, IUMI noted the importance of uniform implementation of the Directive across the various EU Member States.

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

By Hendrike Kühl
IUMI Policy Director

IUMI urges reconsideration of restriction to Paris MoU data files

Following a decision by the Paris MoU Committee in May 2018, its Port State Control (PSC) data files are no longer available to third parties since 1 January 2019. In practical terms, this means that vessel information needs to be checked individually per vessel rather than for entire fleets or larger groups of vessels. These restrictions have serious repercussions for the previous users of the data, including for marine insurers, as they provide major insights for effective risk and safety assessment.

IUMI shared the views of marine insurers on the data restrictions with the Paris MoU Secretariat in a letter earlier this year. PSC information is a crucial component for the risk assessment conducted by marine insurers. Various factors play a role in assessing a risk, and the PSC data are an essential element for effective risk assessment. PSC data are also part of the marine insurance statistics gathered by individual companies and at a larger scale by insurance associations. By identifying potential risks, these statistics and casualty trends facilitate effective loss prevention measures and help avoid incidents before they occur.

All of these reasons show the necessity for electronic data files that cover complete fleets rather than individual vessels to be available to marine insurers. For effective statistical analysis it is not helpful to incorporate single vessel information into the various risk models. Only when put in relation to larger numbers and combined with other information can the PSC data be used effectively. Marine insurers depend on data files from Paris MoU. Therefore, IUMI urges the Paris MoU Committee to reconsider their decision to restrict access to the data files.

Welcome to IUMI!

We are excited to welcome 21 new members to IUMI's Technical Committees (TCs)! Following last year's elections we had a large number of applicants for the vacant seats on the seven committees. The new members bring a vast range of expertise to the table which will be hugely valuable to the work of the TCs. We are grateful to each and every one's commitment and support to advance IUMI's work and we look forward to working with all of the 21 new members!

Facts & Figures Committee

- Robert Copp, USA, AIMU
- Stephan Klein, Germany, GDV
- Emiel Paaïj, Netherlands, Verbond van Verzekeraars
- Atsushi Tabata, Japan, GIAJ

Cargo Committee

- Sibesh Sen, India, GIC of India
- Tom Shinya, Japan, GIAJ

Ocean Hull Committee

- Stuart Forsyth, United Kingdom, IUA
- Nobutsuna (Nobu) Kamata, Japan, GIAJ
- Danke Li, China, SIMI
- Arne Linke, Germany, GDV
- Jeff Loechner, USA, AIMU

Loss Prevention Committee

- Roberto Spanu, Italy, ANIA
- Li Zhou, China, SIMI

Inland, Fishing Vessels and Yachts (IFY) Committee

- Edmund Kan, Hong Kong, HKFI
- Richard Salway, USA, AIMU
- Margaret Zaccaria, Italy, ANIA

Offshore Energy Committee

- Lisa Chines, USA, AIMU
- Georg Nygaard, Nordic, Cefor

Legal & Liability Committee

- Frederic Becard, France, FFA
- Tim Howse, Nordic, Cefor

Education Forum

- Sanjiv Singh, India, GIC of India



Richard Turner



Helle Hammer



Agnes Choi

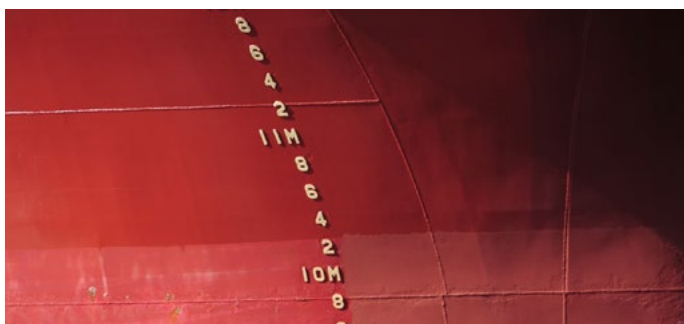
Top of the class

In the coveted and highly sought-after Lloyd's List Top 100 most influential people in shipping (2018) rankings we were delighted to see IUMI's executives and technical committee members featuring in top positions.

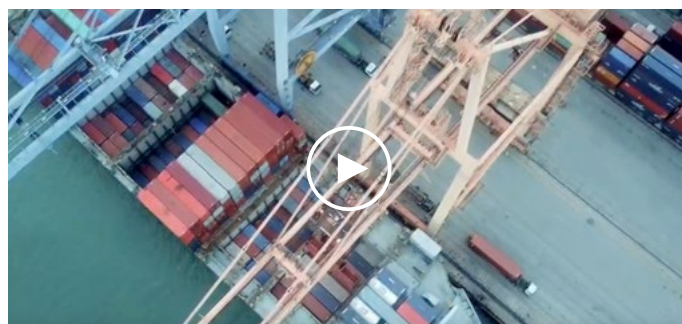
In the Top 10 people in marine insurance, our new president, Richard Turner, took second position, whilst Helle Hammer, Chair of IUMI's Political Forum, was fourth.

Impressively Helle featured in the list three times! Helle was also number 87 in the Top 100 most influential people in shipping AND number eight in the Top 10 women in shipping 2018 – well done!

We are also delighted to announce that Agnes Choi, representative of the IUMI Asia Hub and former IUMI Executive Committee Vice-Chair, has been chosen as one of the Top 10 outstanding women in the maritime industry in China in 2019.

Online tutorial
Hull

IUMI is delighted to announce that its second online learning tutorial for hull is coming soon! Please watch this space for further information.



Corporate video

Please click [here](#) to see IUMI's corporate video that provides insight into why IUMI is the trusted voice of marine insurance.

Imprint

International Union of Marine Insurance
Grosse Elbstrasse 36
D-22767 Hamburg, Germany
Telephone +49 40 2000 747-0
Email info@iumi.com

iumi.com

Editorial team
Hendrike Kühl, IUMI, Hamburg
Katerina Dimitropoulos, Navigate PR, London

Design
Keller Maurer Design, Munich

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