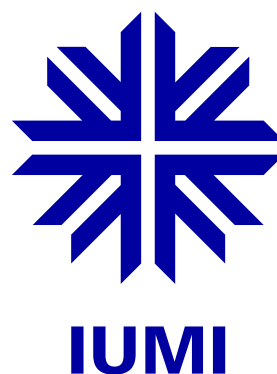


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Message from the President

A keen eye on the environment



Richard Turner
IUMI President

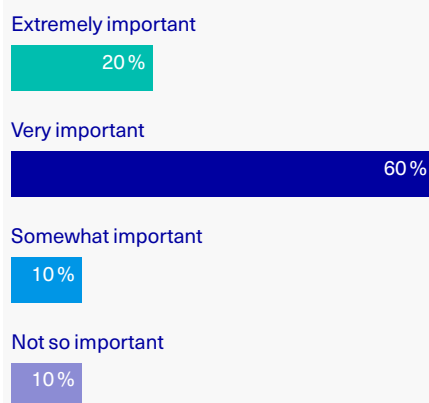
The first IUMI Eye of 2020 allows me the opportunity to wish our readers happiness and prosperity as we enter not just a fresh year, but a new decade too.

In the final IUMI Eye of the 2010s decade, I mentioned we were about to undertake a consultation with our 43 member associations on the theme of Environment, Social and Governance (ESG). This survey has now been completed and it reveals some really interesting themes for the Executive Committee to reflect on.

In short, our members have given strong backing to the need for IUMI to take a more meaningful position on ESG matters. In the survey:

- 80 % said that ESG matters were either 'Very Important' or 'Extremely Important' for them as associations and their member companies; and 65% said it should be similarly important for ESG topics to be on IUMI's agenda;
- 90 % of correspondents felt that the importance of ESG matters was increasing; none believed the impetus was reducing;

And here below is the response to the question *"Do you see a role for IUMI to raise awareness and inform IUMI members about ESG topics with a specific marine insurance angle":*



Source: IUMI membership survey on "Sustainability" and on "Environmental, Social and Governance (ESG) Responsibilities"

This graph shows that 70 % of correspondents want IUMI to do a lot more in the area where ESG is directly linked to marine insurance and 95 % want to see IUMI doing at least a moderate amount of activity in this regard.

The link between ESG and marine insurance is pivotal because it is where these elements are connected, that IUMI's logical positioning around environmental matters is most relevant. It is important that IUMI stays fully focused on dealing with environmental topics where there is a close link to our core purpose. And of course, we are already doing quite a lot: for example, our Policy Forum is closely connected with emerging issues such as Arctic sailing and the introduction of low sulphur fuels on ships.

We remain close to the start of this initiative and it is important that we get the balance right in terms of how we tackle this new emerging priority for the organisation. I am very interested to hear feedback directly from readers on this matter, so please feel free to write to me with your thoughts and reflections.

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

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>



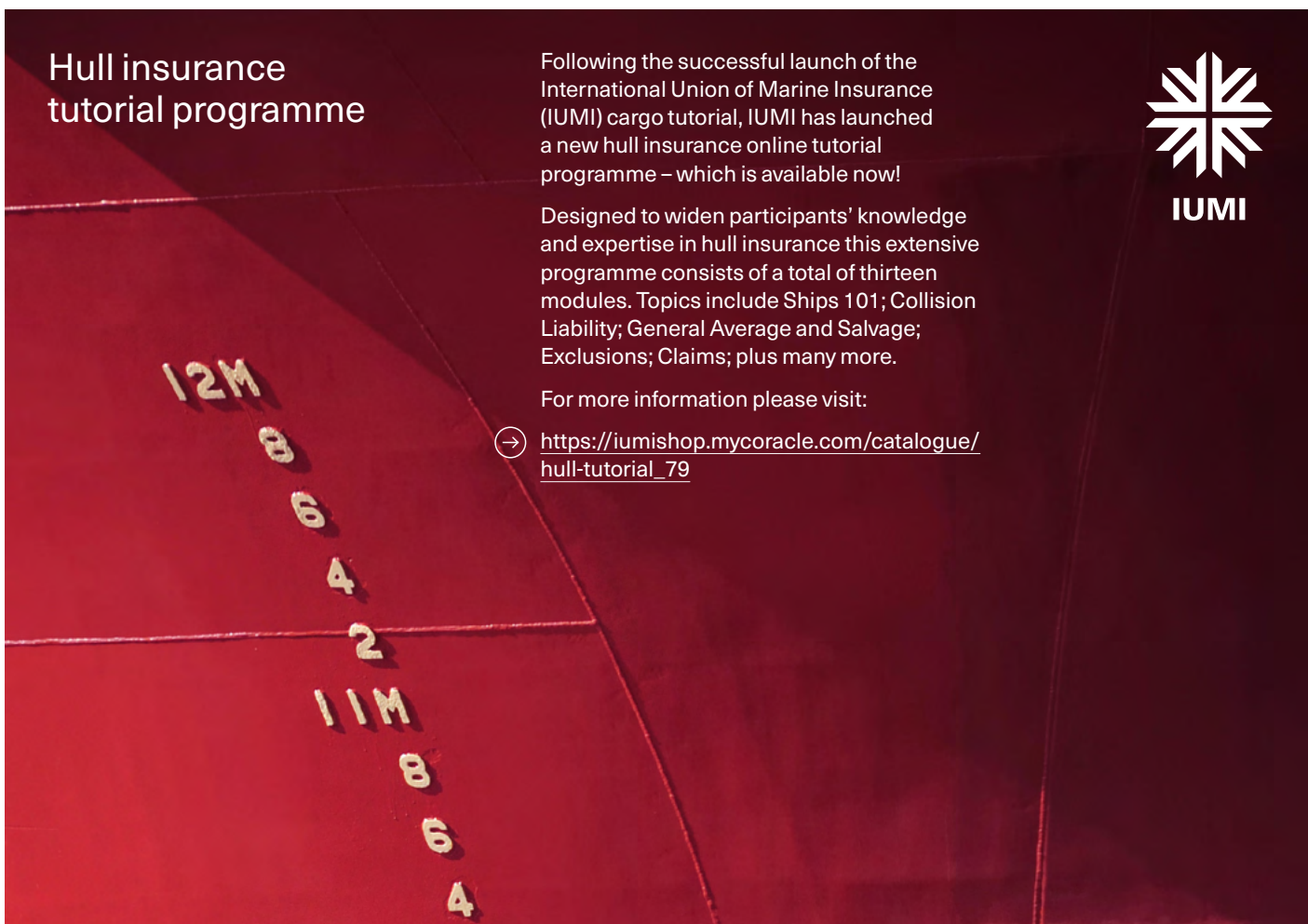
Hull insurance tutorial programme

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

Designed to widen participants' knowledge and expertise in hull insurance this extensive programme consists of a total of thirteen modules. Topics include Ships 101; Collision Liability; General Average and Salvage; Exclusions; Claims; plus many more.

For more information please visit:

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



IUMI Asia Forum

Announcement regarding the IUMI Asia Forum

After careful deliberation it is with great regret that we must inform you that due to the current global COVID-19 situation the PIAM-IUMI Asia Forum 2020 scheduled to take place on the 10–11 June 2020 in Kuala Lumpur has been cancelled.

We sincerely apologise for any inconvenience caused by this cancellation. Thank you for your continued support and understanding and if you have any questions or queries please do not hesitate to contact the IUMI office.

info@iumi.com



Policy Forum

Fires on containerships: Bringing regulations up to speed

By Uwe-Peter Schieder,
Loss Prevention Manager, GDV,
and IUMI Loss Prevention Committee
Vice Chair

Major fires on container vessels count among the worst hazards of the global shipping industry. Names such as *Hanjin Pennsylvania*, *Hyundai Fortune*, *MSC Flaminia*, and *Maersk Honam* are just a few of the most well-known incidents. Crew members face considerable risks when fighting fires with the equipment currently required under the International Convention for the Safety of Life at Sea (SOLAS). Seafarers — who are seafarers rather than trained firefighters — are often unable to extinguish or contain the fire, and sadly sometimes even pay with their lives when trying to do so.

Misdeclaration and non-declaration of dangerous goods (DG) is in many cases the root cause of fires on board containerships. This is a major challenge which needs to be addressed urgently. Efforts underway in industry associations such as CINS (Cargo Incident Notification System) and the work ongoing in the CCC (Carriage of Cargoes and Containers) Subcommittee of the International Maritime Organization (IMO) are laudable and need to be continued with priority. IUMI fully supports these efforts and would go even further by calling for a broader discussion about misdeclaration and non-declaration of DG at the IMO and other relevant regulatory bodies.

→

Policy Forum

Fires on containerships:
Bringing regulations up to speed
Continued

At the same time, it is unrealistic to assume that misdeclaration will be completely eliminated. It is therefore essential to take a holistic approach on two parallel tracks:

1. Address misdeclaration and non-declaration of DG.
2. Improve the firefighting and detection equipment on and under deck.

While work is already underway on the first track, IUMI in cooperation with the German flag administration and with co-sponsors from Bahamas, BIMCO and CESA, are now kick starting the discussion about improved firefighting and detection methods. A joint paper was submitted to the 102nd meeting of the IMO's Maritime Safety Committee this May, proposing a review of relevant parts of SOLAS chapter II-2 with regard to fire detection and protection in the cargo area on and under deck.

To increase the effectiveness of firefighting, SOLAS regulations were last amended in 2014. The new rules are applicable to ships built after 1 January 2016. While these changes were a step in the right direction, they are not sufficient to respond to the reality of a major fire on board a container vessel.

Even with the new regulations in place, there is a significant risk that on board fires cannot be effectively fought without putting the crew in danger. The table below sends a compelling message. While size and capacity of container vessels has grown exponentially, the firefighting equipment has remained essentially the same (see chart below).

In our joint IMO submission we are calling for amendments to SOLAS Chapter II-2 regulations to enhance provisions for early fire detection and effective control of fires in containerised cargoes. Current SOLAS regulations have evidently not kept pace with the growth of container vessels or the complexities of fighting larger and more dangerous fires. Unless this is addressed at the IMO with support and input from all relevant stakeholders, the number and severity of containership fires will grow – and with it the number of seafarer deaths and injuries.

The proposal for a new output to MSC 102 as well as two Information-papers and an in-depth analysis on 56 containership fires between 2000–2015 can be found [here](#) on the IUMI website.

	1970	2020
Beam	35 m	60 m
Length	150 m	400 m
TEU capacity	1,000	24,000
Crew	30	23
Fire fighting equipment	1 hose	2 hoses + 2–4 portable monitors

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IUMI 2020 Stockholm conference

IUMI returns to Stockholm

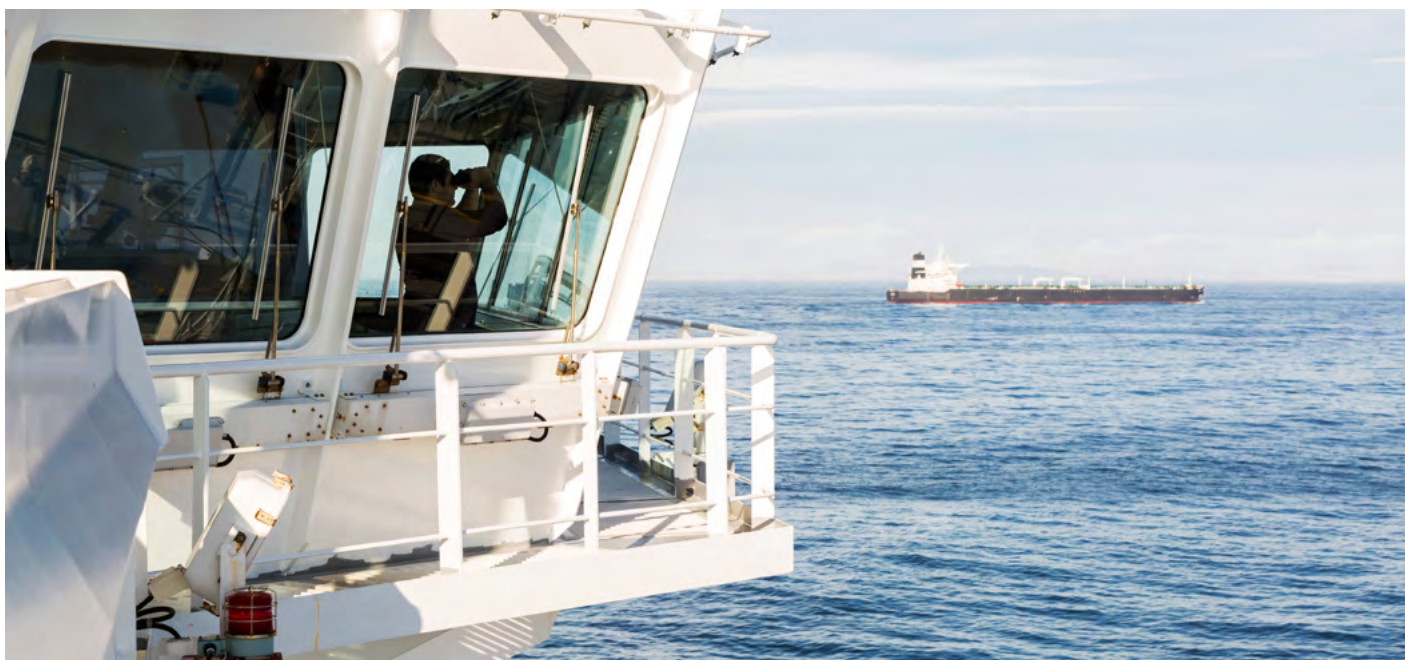


The countdown has officially started for the marine insurance event of the year. The IUMI annual conference will return for the fourth time to the beautiful city of Stockholm, Sweden. Under the conference theme of “Navigating changing climates: Delivering expertise to shape the future” IUMI delegates will discuss, debate and bring forward ideas to explore optimum ways to continue to deliver expertise and know-how to the marine insurance industry.

The highly anticipated event will take place from the 13–16 September 2020 at the Stockholm City Conference Centre (STOCCC), which is conveniently located in the city centre. This exquisite venue is placed in two historic buildings and can boast to be one of the largest conference facilities in Europe. Stockholm is a truly unique city built on fourteen islands and surrounded by clean waters. Steeped in history and tradition, Sweden has a strong maritime background and offers the perfect location for this year's event.



[For full details and how to register please click here](#)



Policy Forum

Tensions in the Middle East

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

The US continues its policy of maximum pressure aimed at preventing Iran from possessing nuclear weapons. Iran, for its part, continues to act in careful defiance of the military threats it perceives to be posed by the US, Israel and Gulf Arab states. Thus, the situation in the Gulf remains basically unchanged but with an ongoing possibility of marine escalation. This was demonstrated in the Bab el Mandeb recently when a number of skiffs attacked a merchantman, coincidentally straight after a visit by US Secretary of State Mike Pompeo to Saudi Arabia where he reportedly highlighted the defensive assistance given to that country.

There is some comfort to be taken from both sides stating they do not want a full-scale war but the maritime sector is aware that only careful diplomacy will contain matters. Iran is known to have a strong interest in cyber and could easily choose to respond asymmetrically rather than physically acting at sea. Informed commentators point to the long-term nature of the Iranian strategy to rebase its economy so that sanctions become progressively less effective. As that process becomes clearer, the US will need to choose between more direct intervention and withdrawal.

Given the entrenched political positions, tensions will inevitably continue over time and periodic spikes can be anticipated. With enhanced risk comes a higher likelihood of claims, and in those circumstances, underwriters will look to adjust their premiums to compensate for the additional uncertainties in exposure, mindful of the many variables when assessing voyages in these waters.

The insurance market is there to support legitimate trade and will continue to do so in partnership with their brokers. A deliberate closure of the critically important Strait of Hormuz is not envisaged as it is in no-one's interest, but underwriters will be keeping a close eye on the regional situation so that the market is ready to react as circumstances require.

Coronavirus: Impact on marine insurance



By Matthew Pearson
Associate

With thanks to Mike Roderick and
Simon Jackson, Partners

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

There is much in the press about the economic impact of the Coronavirus (CoVid19) outbreak on tourism and supply chain/trade disruption with China. The insurance industry is already affected for example by cruise line passengers, crew P&I and event cancellation claims; similarly marine business generally, for example, by the invocation of force majeure/delay clauses in relation to charterparties and newbuilding/scrubber refit contracts with Chinese yards.

The physical damage requirement

Less obvious is the potential impact on marine insurance. Marine policies are typically triggered by physical damage. One can foresee physical damage issues arising for example, from perishable cargoes being physically impacted by delay or cargoes more generally subject to an extension of the insured transit. However, the impact is more likely to be felt in terms of delay or disruption where no damage is suffered — with cargoes or vessels not being shipped, sailing empty, being delayed or refused entry at discharge port.

Policy extensions

A key issue is the extent to which policies respond where there is no physical damage. With soft market conditions in recent times policy extensions affording non-physical loss cover have crept into policy wordings. By way of example (a) extra expense, forwarding charges or access to property clauses in a cargo policy may trigger coverage; (b) hull loss of hire policies may respond where a vessel is quarantined or denied port entry; (c) cruise line policies may respond where a cruise vessel's scheduled itinerary is directly impacted (but query whether quarantine restrictions, as opposed to an actual port closure, is sufficient for this purpose). None of these necessarily depend on any physical loss occurring.

Conclusions

In assessing how such policy extensions respond, it will remain important to consider whether, in causation terms, the Coronavirus outbreak is the true cause of the loss rather than having an indirect effect, also whether insurers can establish that other policy exclusions apply. Whilst initial impressions are that the impact of the outbreak on marine insurance may be limited, careful consideration of policy wordings will still be required in the event of a claim.

CLYDE & CO



By Hendrike Kühl
IUMI Policy Director

Policy Forum

IUMI expands horizons to include ESG

A recent McKinsey survey shows that a growing number of executives believe sustainability programmes make a positive contribution to their companies' short- and long-term value. This new thinking along with the increasing importance placed on environmental, social and governance (ESG) considerations by the general public as well as institutional investors has led to a realisation that ESG factors have not only a positive impact on the corporate culture but often also on the bottom line.

The results of IUMI's membership survey on ESG matters shows a similar desire by our members to expand IUMI's role as an educator and facilitator for ESG issues (see Richard Turner's, IUMI President, article on page one). Over 90 % of the respondents said that they are already doing a moderate amount or even a lot of work on sustainability. 65 % view ESG topics on IUMI's agenda to be very important or extremely important and would like us to spend more time and effort on such issues. Over 70 % felt merely somewhat or not very well informed about ESG issues. An equal number of respondents would therefore like IUMI to raise awareness and inform its members about ESG topics with a specific marine insurance angle.

The mandate for IUMI to include ESG issues on its agenda could not have been clearer. This view was also reflected in the discussion of the Executive Committee and the Technical Committee chairs who met in London on 10–11 February. There was broad agreement that sustainability related topics shall be addressed. However, any work done and any issues addressed need to be based on a tangible approach with concrete outcomes. The response to the question "Which specific topics with an ESG angle should IUMI become involved in" revealed four priorities:

- Arctic sailings
- Autonomous/unmanned transport
- Fuel quality and new fuel types
- Ship recycling

Interestingly, the first three issues are already included in IUMI's Policy Agenda and work on those topics is already underway. The fourth priority on "ship recycling" is a point in case to prove that raising awareness, for instance at the IUMI annual conference, is an important factor to inform our members of ESG topics directly relevant to marine insurers. At the IUMI 2019 conference in Toronto, Ingvild Jenssen from the NGO "Shipbreaking Platform" gave an insightful presentation about problems in the ship scrapping industry and how marine insurers may be impacted.

The decision of IUMI's Executive Committee to apply for the role of supporting institution of the UN Environment Programme's Principles for Sustainable Insurance ([UNEP PSI](#)) cements IUMI's readiness to raise awareness amongst our membership for relevant sustainability issues with a tangible impact on marine insurers (see article on page 11).

IUMI will embark further into the topics as requested by the membership and decided by the IUMI Executive Committee. IUMI will stay in close contact with its members and IUMI officers in order to ensure that our activities match with the memberships' demands, and with practical requirements and circumstances in the markets. IUMI won't prejudice any opinion building or decision making on member association or company level.

EU Revision of Non-Financial Reporting Directive

By Hendrike Kühl
IUMI Policy Director

In line with the newly launched European Green Deal, the European Commission is currently conducting a public consultation on the Non-Financial Reporting Directive (NFRD). The NFRD requires certain large companies to include a non-financial statement as part of their annual public reporting obligations. The directive applies to large public interest entities with more than 500 employees. In practice it includes large listed companies, large banks (whether listed or not), and large insurance companies (whether listed or not) — all provided they have more than 500 employees.

Companies and financial institutions are increasingly required to improve their disclosure of non-financial information as investors and the broader public are demanding more and better information about companies' social and environmental performance. With the NFRD revision the EU aims to strengthen the foundations for sustainable investment.

The consultation is open until 14 May 2020. Member associations and member companies who are interested in participating in the consultation can [access the questionnaire via this link](#).

Summary of the 7th session of the Sub-Committee on Ship Design and Construction (SDC 7)

By Hendrike Kühl
IUMI Policy Director

The 7th session of the Sub-Committee on Ship Design and Construction (SDC 7) met from 3–7 February 2020 at the International Maritime Organization's (IMO) headquarters under the chairmanship of Mr Kevin Hunter from the UK. Key issues discussed at the meeting included:

Second generation intact stability criteria

For a ship to be considered seaworthy and safe it must be designed to remain stable and afloat in all conditions, whether intact or damaged. Mandatory criteria and recommended provisions regarding intact stability are set out in IMO's 2008 Intact Stability (IS) Code.

Advanced computer technology is enabling so-called "second generation" intact stability criteria to be developed, for a comprehensive safety assessment of ship dynamics in waves.

The Sub-Committee approved a comprehensive set of interim guidelines on second generation intact stability criteria which include guidelines on vulnerability criteria, direct stability failure assessment and operational measures. The aim is to ensure a uniform international level of safety with respect to dynamic stability failure modes in waves.

Work on developing the second generation intact stability criteria has been ongoing for two decades. The finalized set of interim guidelines will now be considered by the Maritime Safety Committee (MSC 102) with a view to approval, so that they can be disseminated and tested in practice.

Safety recommendations for non-SOLAS ships operating in polar waters

The Sub-Committee developed two sets of safety measures for ships operating in polar waters and not falling under the SOLAS Convention: One for fishing vessels of 24m in length and over, and another one for pleasure yachts above 300 gross tonnes not engaged in trade.

There is currently no internationally binding instrument in force regulating the safety of these so-called non-SOLAS vessels. The guidelines were developed to increase the safety of fishing vessels and pleasure yachts operating in polar waters and persons on board; and to mitigate the impact on people and the environment in the vulnerable waters around the poles.

For fishing vessels, the guidelines will add specific safety guidance closely aligned with the 2012 Cape Town Agreement, the internationally binding instrument aimed at facilitating better control of fishing vessel safety by flag, port and coastal states. IMO is continuously urging its Member States to ratify the Agreement, which has not yet met its entry into force conditions.

A complete report of the meeting is [available here](#).



By Hendrike Kühn
IUMI Policy Director

IUMI becomes Principles for Sustainable Insurance (PSI) Supporting Institution

During the 2020 Winter Meeting in London IUMI's Executive Committee approved the application for IUMI to become a Principles for Sustainable Insurance (PSI) Supporting Institution. The application was subsequently approved by the United Nations (UN) Environment Programme and IUMI officially became a PSI Supporting Institution in February 2020.

The PSI Initiative is the largest collaborative initiative between the UN and the insurance industry. Over 140 organisations worldwide have adopted the four principles for sustainable insurance, including insurers representing more than 25% of world premium volume and USD 14 trillion in assets under management.

The four principles are:

Principle One

We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business.

Principle Two

We will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.

Principle Three

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues.

Principle Four

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

As a PSI supporting institution, IUMI will strengthen sustainable insurance aims related to marine underwriting and run activities to support the adoption and implementation of the principles. An initial action will be a joint webinar about the "[ESG guide for the global insurance industry](#)" with a specific focus on marine insurance which is planned for this summer.

IUMI will further provide updates and information about PSI projects to raise awareness and educate members about such initiatives. This is in line with the request by IUMI members as expressed in the ESG membership survey conducted in 2019 to provide information about relevant sustainability matters.

For more information about PSI [please click here](#).



Marine Cargo Insurance — Cyber Update



By Sean M. Dalton
Chairman IUMI Cargo Committee

Cyber represents a growing concern among cargo insurers. Due to the connectivity of IT networks, cyber signifies an enormous accumulation scenario which is not limited to a defined geographic area such as those exposed to natural catastrophes. The potential impact of a large, systemic cyber loss impacting infrastructure including the power supply, telecommunications and the internet represents significant exposure. The maritime domain and transportation industry have already been impacted by cyber events. These include GPS issues, such as “spoofing”, and outages like those caused by the NotPetya malware attack. In a recent publication from the Cyber Risk Management (CyRiM) Project, a Singapore-based public-private initiative that assesses cyber risks of which Lloyd’s is one of the founding members, a report was completed reviewing a hypothetical cyber-attack on major ports across Asia. The impact could result in losses over USD \$100 billion (“Shen Attack: Cyber risk in Asia Pacific ports,” 2019).

Approaches in cargo markets around the world vary ranging from policies being “silent”, containing exclusions, providing affirmative coverage, and offering defined limits. In the UK, the Prudential Regulation Authority (PRA) and Lloyd’s have made it clear that it is no longer acceptable to be “silent” on cyber and that insurers must either exclude the peril or provide affirmative cover. Cargo insurers in the UK are required to address this effective 1 January 2020. A sampling of the market association unbinding recommendations for wordings that are available in the UK and US markets include CL380, JC2019-004, LMA 5402,

LMA 5403, JCC CI437 and the unbinding recommendations for the AIMU AI Cyber Exclusion Clause, as well as the most recent AIMU American Institute Cyber Exclusion and Limited Buy Back Clause (Cargo).

IUMI is clear in its Policy Agenda that it will support industry guidelines on maritime cybersecurity, including the work done by IACS, and encourage regulatory standardisation for cyber security. Recently IUMI hosted a webinar on cargo cyber risk that was presented by David Grant of CNA Hardy and Mike Roderick of Clyde & Co. to review the various clauses drafted by the Lloyd’s Market Association (LMA) and the Joint Cargo Committee (JCC) for use by cargo insurers in the UK market and their differences.

This webinar was recorded and is [available via the IUMI website](#) under the Education section — “IUMI Webinars”.

Sources

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Greenberg, Andy. (August 22, 2018) The Untold Story of NotPetya, the Most Devastating Cyberattack in History Crippled ports. Paralyzed corporations. Frozen government agencies. How a single piece of code crashed the world. [Retrieved from](#)

Shen Attack: Cyber risk in Asia Pacific ports Quantifying the effects on a single cyber-attack on major ports across Asia Pacific. (2019). [Retrieved from](#)

Summary of the 7th session of the Sub-Committee on Pollution Prevention and Response



By Lars Lange
IUMI Secretary General
and Hendrike Kühl
IUMI Policy Director



The 7th session of the Sub-Committee on Pollution Prevention and Response (PPR 7) met from 17-21 February 2020 at the International Maritime Organization's (IMO) headquarters and was chaired by Vice Chair Dr F. da Costa Fernandes from Brazil. The PPR Sub-Committee deals with matters relating to pollution prevention and response within the IMO's remit.

This ranges from all annexes of the International Convention for the Prevention of Pollution from Ships (MARPOL) through to the control and management of harmful aquatic organisms in ships' ballast water and sediments; biofouling; antifouling systems; pollution preparedness, response and cooperation for oil and hazardous and noxious substances; and the safe and environmentally sound recycling of ships.

The meeting was attended by IUMI Secretary General Lars Lange. Key issues discussed included:

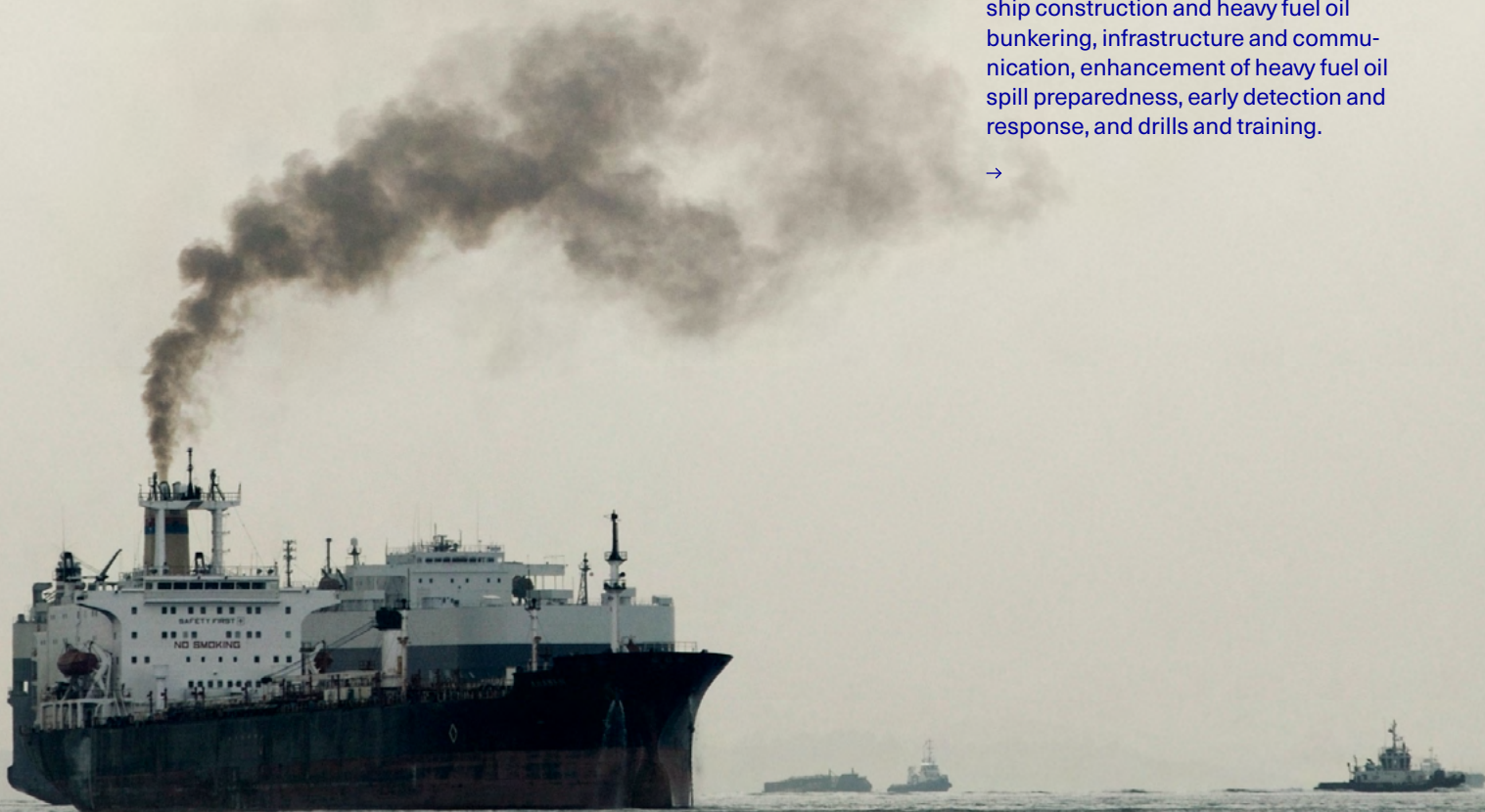
Prohibiting the use and carriage for use as fuel of heavy fuel oil by ships in the Arctic

The Sub-Committee agreed draft amendments to MARPOL Annex I to introduce a prohibition on the use and carriage for use as fuel of heavy fuel oil (HFO) by ships in Arctic waters from 1 July 2024. Ships engaged in securing the safety of ships, or in search and rescue operations, and ships dedicated to oil spill preparedness and response would be exempt.

Currently, a MARPOL regulation prohibits the use or carriage of heavy grade oils on ships in the Antarctic; and under the Polar Code, ships are encouraged not to use or carry such oil in the Arctic.

The Sub-Committee established a correspondence group to further develop draft guidelines on measures to reduce risks of use and carriage of HFO as fuel by ships in Arctic waters. The draft guidelines would cover ship operation, ship construction and heavy fuel oil bunkering, infrastructure and communication, enhancement of heavy fuel oil spill preparedness, early detection and response, and drills and training.

→



Implementation of the IMO 2020 sulphur limit

IMO 2020, the 0.50% limit for [sulphur](#) in ships' fuel oil, has been in effect since 1 January 2020. From 1 March 2020, the [carriage ban](#) on non-compliant fuel oil (except for ships with exhaust gas cleaning systems installed) will enter into force, helping to support implementation of the global sulphur limit.

To support the safe and consistent sampling of fuel oil being carried for use, and the enforcement of the carriage ban, the Sub-Committee finalised draft guidelines which provide a recommended method for the sampling of liquid fuel oil intended to be used or carried for use on board a ship.

Revised guidelines on exhaust gas cleaning systems (scrubbers)

The Sub-Committee finalised its work on revising the 2015 Guidelines for exhaust gas cleaning systems (EGCS, also known as scrubbers). The objective of the revision is to enhance the uniform application of the guidelines. They cover continuous monitoring requirements and discharge water quality criteria; provisions to minimise suspended particulate matter, including heavy metals and ash, and provisions to prevent discharge of nitrates beyond specified levels. The guidelines further note that discharge water quality criteria should be reviewed in the future as more data becomes available.

Impact of black carbon emissions on the Arctic

Black carbon in the context of international shipping is the product of incomplete combustion of carbon-based fuels. Black carbon emissions contribute to climate change as a 'short-lived climate pollutant'. IMO has been looking at how to measure and report on black carbon emissions, as part of its work to consider the impact on the Arctic of black carbon emissions from international shipping. A reporting protocol for voluntary measurement studies to collect black carbon data and black carbon measurement methods for data collection have already been agreed.

The Sub-Committee noted a number of submissions, including proposals to look at the aromatic content of blends of fuel oil. A high aromatic content, among other factors, could increase black carbon emissions from ships.

The Sub-Committee established a correspondence group to advance the development of a standardised sampling, conditioning, and measurement protocol, including a traceable reference method and an uncertainty analysis, taking into account the most appropriate black carbon measurement methods to make accurate and traceable (comparable) measurements of black carbon emissions; and investigate the linkages between the measurement systems and policy options.

Review of the Biofouling Guidelines

The Ballast Water Management Convention aims to prevent the spread of potentially harmful aquatic species in ballast water. But invasive species can also attach themselves to the outside of ships. The Sub-Committee began its review of the IMO [Biofouling](#) Guidelines, which provide a globally consistent approach to the management of biofouling - the accumulation of various aquatic organisms on ships' hulls.

The Sub-Committee identified key elements that require further attention and discussion, considered areas for potential revision of the Guidelines, and established a correspondence group on the review of the Biofouling Guidelines, to progress the relevant work and facilitate more effective deliberations at PPR 8.

Marine plastic litter — draft circulars agreed

The Sub-Committee prepared a draft Marine Environment Protection Committee (MEPC) circular on Provision of adequate facilities at ports and terminals for the reception of plastic waste from ships and a draft MEPC circular on Sharing of results from research on marine litter and encouraging studies to better understand microplastics from ships.

A correspondence group was established to consider how to amend MARPOL and the 2017 Guidelines for the implementation of MARPOL Annex V to facilitate and enhance reporting of the accidental loss or discharge of fishing gear. This work is in the context of the IMO Action Plan to address marine [plastic litter](#) from ships, which aims to enhance existing regulations and introduce new supporting measures to reduce marine plastic litter from ships.

[A complete report of the meeting is available here.](#)

The risks posed by Lithium-ion batteries



By Henry Clack
Associate

HFW
IUMI Professional Partner
www.hfw.com

Lithium-ion batteries are increasingly being installed on board commercial seagoing vessels. Whilst the ferry and passenger sector has been the fastest to turn to this source of clean energy, other sectors are looking to it due to the growing focus on environmental issues. These batteries are not, however, without their issues.

The over-charging, over-discharging, exposure to excessively high or low temperatures, internal short circuit and external damage of lithium-ion batteries can result in a thermal runaway event. These fires are particularly problematic because they can only be cooled, contained and suppressed. Extinguishment is not always possible because oxygen is produced as part of the exothermic reaction which takes place during thermal runaway.

Recently, there have been a number of cargo fires associated with lithium-ion batteries, including instances where they have been declared as “mobile phone accessories” or “spare parts”. Most recently, China Cosco Shipping identified the self-ignition of misreported lithium batteries as the cause of the fire on board the *COSCO PACIFIC* on 4 January 2020.

Crew members need to understand the risks posed by lithium-ion battery fires and the issues which arise when trying to fight them. Whilst chemical fires are covered by most crew competency and firefighting courses, this training is often basic and the nature of the fire may not be immediately apparent to the crew. Lithium-ion battery fires also produce gases which can be dangerous to crews trying to extinguish them. Twelve professional firefighters required hospital treatment after being exposed to toxic gases produced by the fire on board the *YTTERØYNINGEN* in October 2019.

Lithium-ion batteries may also have insurance implications. Ship and cargo owners are under a duty of utmost good faith to their insurers who should be made aware of the presence of these types of batteries, either as part of a cargo or on board a vessel.

The logo for HFW, consisting of the letters 'HFW' in a stylized, handwritten black font.



By Hendrike Kühl
IUMI Policy Director

Welcome to IUMI!

We are delighted to welcome 15 new members to IUMI's Technical Committees (TCs). We had a number of very capable applicants for the vacant seats on the seven committees. The new members bring a wealth of skills and expertise which will help inject new perspectives and enrich the discussions within the committees. Thank you to each and every one of our new members for their commitment to help advance IUMI's efforts on a broad range of topics. We look forward to working with all of you!

Facts & Figures Committee

Sanjiv Singh, India,
General Insurance Council India

Cargo Committee

Magdalena Cruz, Spain,
Unión Española de Entidades (UNESPA)

Ocean Hull Committee

Edmund Kan, Hong Kong,
Hong Kong Federation of Insurers (HKFI)

Nicolas Thoreau, France,
Fédération Française de l'Assurance (FFA)

Lone Scheuer Larsen,
Nordic Countries, Cefor

Loss Prevention Committee

Ronald Kwan, Hong Kong,
Hong Kong Federation of Insurers (HKFI)

Andrew Kinsey, USA,
American Institute of Marine Underwriters (AIMU)

S. Ravichandran, India,
General Insurance Council India

Patrick Tillery,
IUMI Professional Partner
(Battermann & Tillery, Germany)

Tim de Bruyne-Ludwig,
IUMI Professional Partner
(VHT, Germany)

Inland, Fishing Vessels and Yachts (IFY) Committee

Cenk Bilgin, UAE,
Emirates Insurance Association (EIA)

Mostafa Hassan, Egypt,
Insurance Federation of Egypt

Offshore Energy Committee

Hidekazu Oikawa, Japan,
General Insurance Association of Japan (GIAJ)

Legal & Liability Committee

Yan Liang, China,
Shanghai Institute of Marine Insurance (SIMI)

Nick Shaw, Affiliate
(International Group of P&I Clubs, UK)

Summary of the 7th session of the Sub-Committee on Navigation, Communications and Search and Rescue (NCSR 7)



By Hendrike Kühl
IUMI Policy Director

The 7th session of the Sub-Committee on Navigation, Communications and Search and Rescue (NCSR) met from 15-24 January 2020 at the International Maritime Organization's (IMO) headquarters under the chairmanship of Mr Ringo Lakeman from the Netherlands. The Sub-Committee addresses all aspects of safety of navigation, reliable communications and improved coordination to avoid maritime accidents; and ensuring a quick and efficient response in case of a search and rescue incident. Key issues discussed at the meeting included:

Polar Code application to non-SOLAS ships

IMO's Polar Code helps ensure the safety of ships operating in the harsh Arctic and Antarctic areas, taking into account extremes of temperature, and that critical equipment remains operational under those conditions.

The 31st IMO Assembly in 2019 adopted a resolution urging Member States to implement, on a voluntary basis, the safety measures of the Polar Code on non-SOLAS ships operating in the Arctic and Antarctic, including fishing vessels of 24m in length and above and pleasure yachts of 300 gross tonnes and above not engaged in trade.

While the [Polar Code](#) is mandatory under SOLAS, this generally excludes fishing vessels, pleasure yachts, smaller cargo ships under 500 gross tonnes and vessels on domestic voyages. Consideration is now being given to the possible application of chapters 9 (Safety of navigation) and 11 (Voyage planning) of the Polar Code to non-SOLAS ships and how best to enhance the safety of these ships when operating in polar waters.

A correspondence group was established to continue this work intersessionally and report back to NCSR 8 in 2021.

Revision of guidelines on places of refuge

The Sub-Committee considered a proposed revision to the guidelines on places of refuge for ships in need of assistance which were adopted in 2003. They provide guidance when a ship is in need of assistance but safety of life is not involved (when safety of life is involved, SAR provisions should be followed). Following initial discussions in a working group, a correspondence group was established to further develop the draft text and consider what issues should be brought to the attention of the Marine Environment Protection and Legal Committees for their consideration and input.

IUMI participates in the correspondence group and co-sponsored a paper which sets out a preliminary draft structure and revision of the guidelines. The objective of the review is to make the guidance clearer, up to date and more operational, ensuring that they continue to serve as an effective instrument for all parties involved in handling a ship in need of assistance seeking a place of refuge.

[A complete report of the meeting is available here](#)

IUMI EYE

Q&A

With Xavier Pazmiño

current President of the Board of ALSUM
and Vice President Marine LatAm at Chubb



www.alsum.co

In a nutshell, how would you describe the main role of ALSUM (the Latin American Association of Marine Underwriters)?

The main role of ALSUM is to promote, facilitate and motivate the dissemination of knowledge, expertise and best practice within the marine insurance industry in Latin America, while new trends, technologies and developments continue to reshape the landscape constantly for all parties related to international and domestic trade.

What is the biggest challenge facing ALSUM today?

Worldwide, associations are in crisis as their members require fast evolution, and sometimes the natural structure of such entities slow down the processes and outcomes that are expected. Nowadays, ALSUM is recognised as the main organisation in which all companies related to marine insurance can find training, networking opportunities and relevant information. However, ALSUM recognises that social media and new technologies demand innovative ways to interact with our associates and members. This is not just about offering services, but also going further and developing efficient and updated "pills" of information and data that can be digested and used on a daily basis by busy people with little, if no time at all, to look for it.

How does the ALSUM and IUMI work together?

IUMI consolidates a worldwide interest in the marine insurance industry and ALSUM works with IUMI to present a consolidated view of Latin America and its input and challenges in global trade.

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

Underwriters have always had an interesting challenge: to accept risks within certain conditions that are relevant for the insured and at the same time be profitable for the insurers. In doing this they must ensure that risk exposures are well modelled, measured, well understood and not beyond capacity, guidelines and regulations. We would like to see underwriters take these decisions based on the most updated, relevant and efficient data; accessing large databases, analysing individual risks versus statistics, trends and developments of similar risks locally, regionally and worldwide; as well as having more time to dedicate to product development.

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

The state of marine insurance market varies within regions and segments, but undoubtedly the prolonged soft-market state has taken its toll on many carriers causing a reduction in insurance capacity and coverage. Some regions/products are entering a hard market faster than others, but all are at the same stage in the insurance cycle.

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

It would be a change to reach the highest level possible of safety. Unfortunately we are seeing more frequent and severe casualties than ever, resulting in very expensive losses and more importantly the tragic loss of lives in these events.

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

I believe that the ideal job is where we can contribute, whether small changes or large market changing actions, to improve a policy, a product, a segment or the industry to be better for all parties, clients and providers.

What do you like doing when not working?

I enjoy being outdoors, boating, hiking and just trying to stay in touch with nature as much as possible.



An update on the sociopolitical situation in Latin America

By Xavier Pazmiño
current President of the Board
of ALSUM and Vice President
Marine LatAm at Chubb

Some political analysts have named 2019 as the “Latin American Spring” because of the high number of demonstrations and social unrest that have affected the region particularly during the second half of the year. Argentina, Bolivia, Chile, Colombia, Ecuador, Haiti, Honduras and Peru were the countries most affected by the protests, some of which have yet to end. In some countries, there remains a tense calm that might suddenly reignite.

Perhaps the most serious issue was in Chile. On 6 October, in Santiago there was a large hike in prices for public transport, which started a student movement that grew day by day. This led to a confrontation with the local police, looting of shops and subway stations. The result was that the police declared a curfew, and the economic losses are estimated at USD 3,300 million and the loss ratio, particularly in fire and earthquake policies, increased by 20 % compared to 2018.

Ecuador was the second most affected country in monetary terms. The protests caused by the sudden elimination of oil subsidies left economic losses of USD 820 million. In other countries the figures were lower but still relevant: Bolivia – USD 167 million; Colombia – USD 100 million, Haiti – USD 40 million.

What is the outlook for 2020?

First, it is important to identify the main causes of the social unrest in the region: inequality, the crisis of the retirement/pension system, national claims for better and wider coverage of public education and state fiscal instability. All of which will not be solved in the short term.

Except for Bolivia, the “Latin American Spring” has not been used by any leader of the opposition to strengthen their position towards the next elections. Hence, the governments have limited their actions to moderate adjustments to their policies when the protests are a big enough worry. Those small adjustments might help to ease the popular claims and the situation will hopefully stabilise in the region during 2020, even though structural problems will continue and will arise again in the future.

Marine insurance data maturity survey 2020



By Graham Libaert
Data Strategy Director
Concirrus
IUMI Professional Partner
www.concirrus.com

During the IUMI annual conference in Toronto 2019, the following question was posed to the audience: *‘Digitalization/use of data — what is the impact on marine insurance?’*

47% of IUMI members polled stated that they believed underwriters would become ‘portfolio managers,’ where underwriting decisions would be taken based on fully digitalised information flows. Very few expected minor changes from the impact of data (figure 1).

Given this perception from an organisational, resource and budgetary perspective, how mature are marine insurers today? Is the market ready to generate value, and greater underwriting performance from the tsunami of new external data?

As a leading aggregator of external data using our digital platform and predictive risk models, we are aware of the frictions involved to qualify, prioritise, evaluate, process and clean data. This equates to approximately 80% of the work we perform prior to any data analysis.

When processing data we need to address due diligence, contractual governance and regulatory compliance. Could these factors be barriers to widespread adoption for the majority of the marine insurance industry moving forward?

In 2018, Gartner published [‘The Maturity Model for Data and Analytics’](#) along with the results of their 2017 survey. The conclusion was that ‘91% of organisations have not yet reached a “transformational” level of maturity in data and analytics.’ 60% of respondents rated themselves at the three lowest levels. This is a macro view and emphasises our need to be more aware of our positioning as an industry (figure 2).

Where do you feel your organisation sits within the Gartner data and analytics maturity model? Do you feel your organisation is ahead of the curve (4 or 5), lagging (1), or prepared to leapfrog to (3)?

To gain a better understanding of our industry specific state, take part in our quick survey on data maturity. All respondents will benefit from access to the publication of our findings, which will be anonymised and aggregated before publication. [Click here to access the survey.](#)



Figure 1: IUMI Annual Conference 2019 — Member Digitalisation Poll

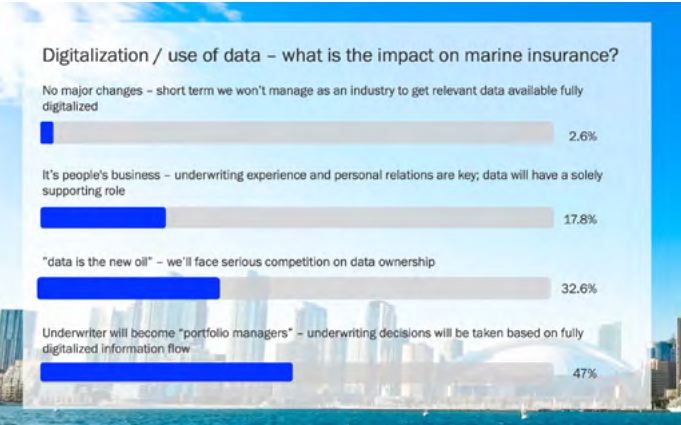
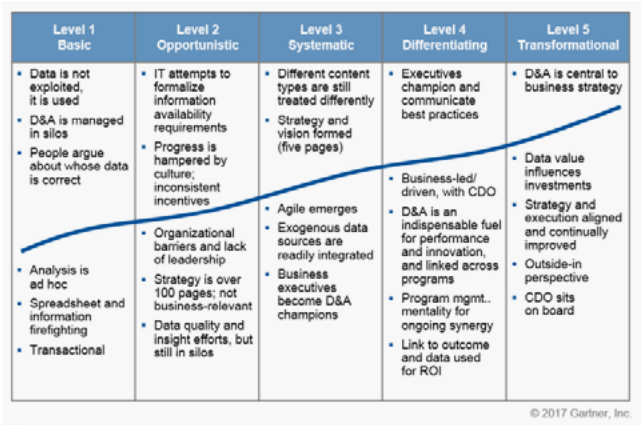


Figure 2: Gartner, Inc. 2017. Overview of the Maturity Model for Data and Analytics.



People at IUMI

Patrizia Kern-Ferretti

Head Marine, Director, Products & Global Markets,
Swiss Re Corporate Solutions,
Executive Committee Vice-Chair and
Chair of the Big Data and Digitalization Forum



How long have you been associated with IUMI?

My very first IUMI conference was in 1997 in Paris but I really started attending regularly from the Copenhagen conference in 2005. In 2006 I became a member of the Facts & Figures Committee, becoming chair from 2010 to 2016. I joined the Executive Committee in 2016 and in 2018 I became chair of the relatively newly formed Big Data and Digitalization Forum.

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

I am currently an Executive Committee vice-chair and also the chair of the Big Data and Digitalization Forum. This newly established forum was created to reflect the growing importance of new technologies, to raise awareness and share information about key trends and opportunities arising from data and digitalization.

I also look after the membership in Latin America and help drive and push IUMI's message in this region. In this continuously growing and important area it is vital to have exposure.

And what is your day job?

My current position is Head Marine, Director, Products & Global Markets at Swiss Re Corporate Solutions, based in Switzerland.

What benefits do you get from being associated with IUMI?

IUMI offers a host of benefits that include networking, visibility and learning. The organisation is very relevant and has grown from strength to strength over the years. Each member of IUMI plays an important role and contributes in helping to make the industry more transparent and visible; and IUMI has truly become the voice of the marine insurance industry.

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

It is very important to point out that IUMI has only three people working full time with the others being volunteers - it is under resourced. IUMI has done a great job at growing and strengthening recently but the limited resources should be addressed to ensure this good work continues. Over the past few years IUMI has become a trusted partner and it represents the global industry so I believe that strengthening the full-time Secretariat would be beneficial.

How did you reach your current position in marine insurance?

Through a combination of hard work, dedication, willingness to learn and also luck. I have had the good fortune of working with some great people and this has given me plenty of opportunities to learn from them.

And what do you do away from the office?

I like to spend time with my family and friends, sharing food, laughs and good times. My husband and my dog are fundamental part of my work life balance and they are key to my happiness.

Damage potential to cargo from natural catastrophes



By Sam Lucas
Senior Model Product Management Analyst

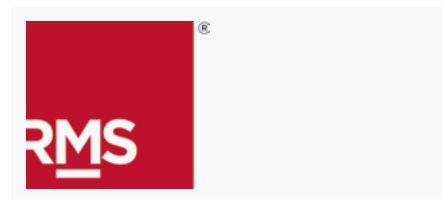
RMS
IUMI Professional Partner
www.rms.com

When it comes to understanding natural disaster risk to cargo, the first essential step is knowing the product location and how it's stored. This will give you a sense of what perils that product could be exposed to and the potential damage mechanisms. For instance, automobiles in an open lot are much more susceptible to hail than to ground shaking caused by earthquakes. When RMS first released the [Marine Cargo and Specie model](#) in 2016, users could consider losses from earthquake, windstorms and storm surge perils.

Due to damage mechanism differences by peril, RMS has since expanded and enhanced the model to include tornado, hail, straight-line wind (collectively 'severe weather') and inland flooding. Considering the damage mechanisms for these recently included perils, we find that even for what might be considered a similar peril, the damage mechanisms are variable. Storm surge and inland flooding, are both water-based perils, potentially inundating the cargo. While certain product types, like electronics, will be severely damaged by water no matter the salinity, saltwater storm surge has increased potential to damage certain types of cargo, as salt is more likely to cause issues such as corrosion. Hence the importance of understanding what your exposure is.

Where the product is stored is another important consideration. For instance, compare damage caused by hail vs tornado. If a product is stored inside a building, there is little damage potential from hail, but a major tornado could destroy the structure, exposing and damaging the cargo. Storing the same product outside significantly increases the damage potential for hail.

The interplay of different damage mechanisms is important to consider when assessing the risk posed to the various product and storage mechanisms found within cargo and specie exposures. To truly understand your risk, it is key to know where and what your exposure is. RMS continues to expand the Marine Cargo and Specie model to encompass additional peril regions so that users have access to a complete view of catastrophe loss potential.





IUMI welcomes TGIA as new associate member

We are delighted to welcome the Thai General Insurance Association (TGIA) to the IUMI family as a new associate member. TGIA was established in 1967 and currently has over 50 member companies that are licensed to operate non-life insurance business. The association's work is structured in eight committees, one of which is focused specifically on marine insurance and logistics. The IUMI Secretariat and all our members look forward to working with TGIA to make their membership valuable and insightful.

With TGIA joining on 1 March 2020, IUMI now has 44 member associations spanning six continents.



Successful IUMI online hull and cargo tutorial examination candidates

We are pleased to announce the students who have passed our online hull and cargo exams since they were launched in 2018. The pass mark for the exam is 70% and students achieving 90% or higher are awarded a certificate with distinction.

Miran Marusic

Marine Underwriter
IF P&C Sweden

Simone Muszynski

Claims Negotiator – Marine
The Hollard Insurance Company

Egan Chad White

Marine Claims Negotiator
The Hollard Insurance Company

Bongoletu Tube

Internal Broker Consultant – Marine
The Hollard Insurance Company

Tashen Moodley

Broker Consultant and Underwriter
The Hollard Insurance Company

Rosie Donovan

Senior Marine Underwriter, NTI
Marine Protect, Australia

Deanne Chengiah

Claims Negotiator – Marine Department
The Hollard Insurance Company

Dorte Jerver Asmussen

Assistant Underwriter – Cargo
CNA Hardy (Denmark)

Michelangelo Todoro

Marine Junior Underwriter
Chubb European Group SE

Congratulations to each one of our
successful candidates!