



IUMI  
International Union of  
Marine Insurance



## Message from the President

This year's Olympic Games drew international attention to Brazil – its colour and flair - but also the stiff social, political and economic challenges it faces. The country deserves praise for successfully hosting the Rio de Janeiro games amid its own struggles and financial strains.

Brazil's economic situation, a protracted recession after years of dynamic growth, must be viewed in a global context. It is of course related to years of misguided economic policies including excessive regulation, but is also the direct result of the weak commodity market. Long looked upon as the growth engine of Latin America, the country is heavily reliant on exports. With China as its main trading partner, the slowdown in that country's economic growth hits Brazil especially hard.

However, Brazil is certainly not alone. The decline in China's economic growth continues to have world-wide consequences. The country's industrial production is stagnating and its demand for commodities has collapsed, with a direct impact on the global trade volume, the shipping industry and in turn the marine insurance market as well.



At the same time, the cooling Chinese economy can be seen as a healthy correction. In the context of the downward adjustment of its growth forecasts, referred to as the "new normal", Beijing has pledged to encourage more domestic consumer spending. China appears to have avoided a hard economic landing, and is positioned to benefit from private sector growth as it develops. Elsewhere in Asia, positive signals are coming from emerging countries such as India, Indonesia and Thailand. The recovery in the oil market offers additional fresh hope. The outlook for Latin America, including Brazil, is cautiously optimistic.

The implications of these global trends for marine insurance will be among the topics discussed at the annual IUMI Conference in Genoa, taking place on 18 to 21 September, under the heading "*Effective underwriting in a changing environment*". In this context, I would like to draw special attention to the role of consistent technical underwriting in view of a changing and challenging economic and commercial environment. But I also wish to emphasise the need for creativity and innovative spirit. With the right attitude and ideas, marine insurers can respond to changing market needs and benefit from the positive signs appearing on the horizon.



*Dieter Berg, IUMI President*

## Non scholae, sed vitae discimus – the new IUMI Education Forum

*By John Miklus, AIMU President and Chairman of the IUMI Education Forum, and Lars Lange, IUMI Secretary General*

"We're not learning for school, but for life!" IUMI is well aware that education is one of the foremost priorities for the future of marine insurance. Only a well-educated, next generation of underwriters and claims managers will be in a position to address the challenges of our markets. Consequently, IUMI launched its education programme in early 2015. The programme has developed quickly and first achievements can already be seen – a much better link to existing national education programmes, the "IUMI database" has started and, not least, our webinars have been an overwhelming success.



Accordingly, the IUMI Executive Committee established, in its spring meeting in May 2016, the new IUMI Education Forum. This Forum shall ensure the development of the programme is tightly connected with the IUMI membership and that it guarantees the programme matches the demands and content needed in the market for education. The Forum will also work on the mid- and long-term planning of the programme, and retain an eye on the financial angle.

The Education Forum, under the chairmanship of AIMU President John Miklus, will hold its first meeting during the IUMI Genova conference in September 2016 and decide on recommendations for future priorities and modules of the IUMI education programme. After having successfully started the IUMI webinars, the Forum will next be considering a number of tutorials for controlled self-study online learning.

# IUMI Webinars picking up steam

By Hendrike Kühn, IUMI Policy Director



Following our kick-off seminar on the SOLAS container weighing rules, our webinar programme continued in August with a webinar on the challenge of insuring perishables. Johan Van der Meersch, Manager Marine Department / Senior Surveyor at DP Survey, shared valuable insights into pre-shipment condition of perishable cargo, transport related risks and claims at final destination.

This month we launch a webinar series with three consecutive seminars on General Average and the York Antwerp Rules (YAR). Ben Browne (a partner at Thomas Cooper LLP, chairman of the London Admiralty Solicitors Group, IUMI's representative during the negotiations which led to the YAR 2004 and 2016 and on the Committee monitoring the new YAR Guidelines) explains what General Average is, how it operates in the context of the YAR, its procedure, security and defences. The next session on the YAR is scheduled for September 13, 14:00-15:00 CEST. Registration is available at <https://www.eventbrite.de/e/general-average-procedure-security-and-defences-session-2-of-3-registration-27023512052?aff=erel-expmlt>.

A number of further webinars on topical issues is currently under construction and will be announced soon. Please contact the IUMI secretariat with any suggestions and ideas you may have. Recordings and slides of the webinars are available at <http://iumi.com/education/forthcoming-seminars>.

## IUMI at the International Maritime Organisation

By Nick Gooding FCII, IUMI Alternate Officer at IMO

Since the last edition of IUMI Eye there have been three meetings at the IMO to report upon:

- The 103rd session of the Legal Committee met on 8 - 10 June;
- The Council met on 4 - 8 July;
- The Sub-Committee on the Implementation of IMO Instruments (III) met on 18 – 22 July.

The Legal Committee discussed, among other matters, the need for support on the ratification of the 2010 International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS Convention). In order to encourage further support for ratification and entry into force of the treaty, a Correspondence Group was tasked to develop a series of HNS scenarios for a presentation in order to highlight the sort of incidents where such damage and subsequent liability would occur. Such a presentation would also highlight the benefits the Convention would bring to Member States, by reason of the safety net included therein.

Another topic discussed was the delegation of authority to issue insurance certificates under the CLC and HNS Conventions. A Correspondence Group was established to develop an Assembly resolution to deal with this matter.

A proposal for a new output on an international convention on the recognition of the judicial sale of ships was debated but the Committee did not wish to take this forward.

The meeting of the IMO Council mainly deals with internal administrative topics which include HR matters, accounts, budgets and investments. It also receives for approval the reports of all the subordinate IMO Committees that have met since the last meeting of the Council.

The III Sub-Committee discussed, among other things, the lessons learned and safety issues identified from the analysis of marine and safety investigation reports. To this end there is a working group on casualty analysis. Unlike the data looked at by the IUMI Facts and Figures Committee there is no detail on the monetary cost of the casualties under review. This report is based on the cause and effect of the casualty which, hopefully, acts as a risk management tool for ship owners, operators, flag states and port state control.

The following was approved at the meeting:

- 1) Changes to the text of casualty analysis for release to the public on the Global Integrated Shipping Information System (GISIS) Marine Casualties and Incidents module;
- 2) Encouragement of the inclusion of supporting information, such as diagrams or photographs, when presenting lessons learnt;
- 3) The draft text of lessons learnt for release on the IMO website;
- 4) The progress made on the development of the new draft marine safety investigation report analysis procedure;
- 5) The re-establishment of the Correspondence Group (CG) on Casualty Analysis;
- 6) The agreement that the Survey Questionnaire, once completed by Member States, should be collated and forwarded to the CG in an anonymous and usable format for preliminary analysis and advice for the next meeting of the Sub-Committee.

The meeting also considered a submission by Australia relating to poor navigational practices and difficulties in operating navigation equipment by some ships visiting Australian ports, although as pointed out by other delegations, this is a worldwide problem. Australia proposed that additional guidance be developed for Port State Control Officers on the topic of electronic navigation systems and after discussion, the Sub-Committee noted the many views expressed an overreliance on the Electronic Chart Display and Information System (ECDIS). In this context, note was also taken of the intended future conduct of a Concentrated Inspection Campaign (CIC) by the Paris and Tokyo MOUs on SOLAS Chapter V, including the ECDIS related requirement and recent development of Port State Controls Guidelines on ECDIS. The Sub-Committee invited the Paris MOU to consider submitting their guidelines to the next meeting of the Sub-Committee and other relevant IMO bodies.

# TAPA EMEA & IUMI: Working to the same objectives

By Hendrike Kühl, IUMI Policy Director

We are pleased to announce TAPA EMEA has been accepted by the Executive Committee as a new IUMI Affiliate. The Transported Asset Protection Association Europe is an association of security professionals and related business partners from various manufacturing and transportation companies who have come together for the purpose of addressing security threats that are common to the relevant industries.

During IUMI's initial exchange with TAPA EMEA, various issues of common concern were considered for further cooperation - namely the TAPA Incident Information Service (IIS) - a centralised database for criminality against freight in transit and certification schemes to improve security for trucks and warehouses. An immediate follow up is a forthcoming meeting with the European Commission (DG Move) to discuss the issue of cargo theft.

In return for being granted affiliate status, IUMI has become a TAPA Associate Partner (TAP). A TAPA EMEA representative will address the Loss Prevention workshop at the forthcoming IUMI conference in Genova.

## Insuring Perishables – A Challenge

By Johan Van der Meirsch, Manager Marine Department/Surveyor, DP Survey Group N.V., IUMI Professional Partner, [www.dpsurveys.com](http://www.dpsurveys.com)

Perishables - a word that can make any underwriter shiver and tremble. Transport and perishables, is it a dangerous cocktail and a recipe for bad loss ratios?

Perishables are any products of which the quality deteriorates over time. Furthermore, due to their physiological characteristics, irreparable damage can be caused if the transport temperature is not kept consistent.

To ensure perishables are kept in excellent condition, from “field to fork”, requires a complex high quality logistics chain. Complicated by the fact that each and every perishable needs a different temperature and ventilation setting, and all have a different shelf life.

It certainly remains a high risk commodity, but in my opinion, risks can be mitigated if the following key factors are considered when shipping perishables such as fruits for example.

**Pre-shipment quality** of the product needs to be excellent! Proper pre- and post-harvest treatment, careful handling, packing, etc. Although a sensitive product, sound fruits can endure quite some transport related stress.

**Transport characteristics** of the product: each perishable has its own transport requirements with respect to ventilation, temperature, humidity, etc.

**Choice of trusted logistics companies** with regular contact as to pricing, routing, new technologies, strong contractual agreements in case of claims / transport damages, claims handling and recovery, etc.

**Use of cargo interest owned devices** such as portable temperature – humidity – ethylene, CO2 recorders.

**The last mile problem:** Government regulations at destination regarding infestation, residue limits, quality requirements. Liability limitations of local warehouses, carriers, etc. Knowledge of particular claims related costs (sorting out, dumping, re-packing, loss of market value, ozonising, brand protected, donation possibilities, import duties, etc).

Independent specialists such as surveyors with in-depth knowledge can assist underwriters in evaluating the risks involved. Loss prevention audits of plantations/orchards, logistic screenings, profound product knowledge will produce additional and valuable information for the underwriters.

It all comes down to knowledge. Know the product, know the carriers, know the costs and risks. My advice to the insurers willing to write the risk; don't go bananas when insuring perishables, but know what you are talking about and cooperate with experienced assessors, and preferably with an IPP marine surveyor.

The recording of IUMI's webinar on “Insuring Perishables – A Challenge” is available at <https://iumi.adobeconnect.com/p23kui80czl/?launcher=false&fcsContent=true&pbMode=normal>, the slides can be viewed at [http://iumi.com/images/documents/PERISHABLES\\_1.pdf](http://iumi.com/images/documents/PERISHABLES_1.pdf).



# Q&A

## with Thorsten Neumann Transported Asset Protection Association (TAPA EMEA) Chairman

*Thorsten Neumann is also Director of APS Channel Security OEM & VL / Business Resilience and is responsible for all loss prevention & security activities in support of protecting Microsoft IP & Assets within an end to end supply chain. Thorsten joined Microsoft in 2014, before that he worked for other global manufacturing companies within the high-tech industry. [www.tapaonline.org](http://www.tapaonline.org)*

### **In summary, what is the Transported Asset Protection Association?**

TAPA is a global association founded in 1997 from major manufacturers, logistics service providers and other stakeholders working together to support supply chain resilience and reduce the risk of products being stolen during the transportation and logistics process.

### **What services does it deliver and to whom?**

We deliver the leading global security standards for warehouse facilities and trucking operations. We also give our members access to our Incident Information Service (IIS) which provides alerts and historic data to help them plan a secure supply chain. This includes information such as when and where incidents have occurred, the types of crime – i.e. theft from vehicle, the products targeted, a loss value if available, and the modus operandi used by cargo thieves. We never name the companies who are victims of crimes.

### **How big an issue is cargo crime today?**

It is a massive problem for manufacturers and logistics service providers. Ten years ago, a report by the European Parliament estimated the theft of commercial vehicles and their loads cost €8.2 billion a year. The biggest challenge is that so many cargo crimes go unreported or they are classified by law enforcement within the bigger crime categories of vehicle theft and commercial property theft.

In 2015, our IIS database recorded 1,515 new cargo crimes. Only 22.5% of these gave a value but the combined loss for these alone was over €34.5 million, producing an average loss of €101,000.

### **Is it just theft or are there more sophisticated types of crime being committed?**

The majority of crimes involve attacks on trucks, mostly at unsecured parking locations when drivers take their mandatory rest breaks but, yes, cargo criminals are becoming far more sophisticated, more daring and violent.

One new trend is to set up bogus transport companies to bid for loads on online freight exchanges. After they collect the cargo, they soon stop communicating and the load disappears. We also see some cases where criminals gain entry to a truck while it is moving and pass cargo to their accomplices who have driven up to the back of the truck.

Cybercrime is the next big concern if criminals can hack into IT systems to gain shipment information and alter pick-up and delivery instructions.

### **What is TAPA doing to help reduce cargo crime?**

Our Security Standards are helping our members to effectively prevent crimes and the same is true of our intelligence tools. We are also working hard to raise the profile of cargo crime with government ministries and police agencies to encourage them to work with us to help us stop cargo crime from happening.

### **What is TAPA's relationship with national and global crime fighting agencies?**

We have good relationships with the EC, INTERPOL, Europol and TISPOL as well as many national police forces. Many use our IIS to report data because they recognise that this is valuable intelligence for companies and will reduce the number of incidents.

### **How does TAPA interact with IUMI?**

We communicate regularly with IUMI and its members. The insurance industry shares our commitment to preventing cargo losses so organisations such as IUMI and its member companies have a vital role to play. I still believe there is more we can do together.

### **What can the marine insurance sector do to help reduce cargo crime?**

We actively encourage insurers to tell their customers about TAPA because we know we have a lot of solutions to help companies keep their products safe. We receive incident intelligence from insurance companies and associations from across the EMEA region – and we still want more insurers to share information with us.



# Container cranes accidents

By Keith Charles, Shipping Technical Director and Marine Civil Engineer, LOC (London Offshore Consultants) IUMI Professional Partner, [www.loc-group.com](http://www.loc-group.com)

Container shipping is a vital part of the world economy and over the years, ships and quayside cranes have grown bigger however, crane accidents and their claims have become more frequent and more expensive.

Cranes are relatively 'delicate' structures and are easily damaged. They tend to be bespoke items, with long lead times to order, and require the intervention of specialist contractors and suppliers for their repair. Repairs or replacement can be very expensive, typically costing between US\$2M and US\$10M, not including potential 'loss of use' claims incurred as a result of damage.

The most frequent crane accidents concern collisions between the ship and the crane boom; these are sometimes repairable, but often result in a new replacement boom. Accidents involving ship-to-crane frame collisions usually result in the most significant damage and occur mostly during ship berthing/departure manoeuvres when the bow or stern overhang makes contact with the crane. Boom hoist failures are another common accident, which occur for a variety of reasons including latch malfunctions, hoist ropes jumping sheaves, rope damage or inadequate rope attachments; and snag accidents can be caused when an empty spreader gets snagged in a cell guide.

Crane damage can also be caused by adverse weather conditions. The incorrect assessment of wind forces, a faulty tie-down design, faulty fabrication, poor maintenance or poor operational procedures can all make a crane vulnerable to wind damage. Earthquakes and the resulting ground liquefaction can also cause crane failures.

When a crane accident results in a catastrophic failure, the safe demolition and removal of a crane from the berth is required. This complex operation can become more complicated if the crane has fallen onto an adjacent crane, or if the berth structure is damaged or the port is in a remote location with no heavy lift equipment or specialist expertise. If the crane is repairable it must be surveyed, stabilized and isolated to minimise disruption to the ongoing operations of the terminal. Once this is achieved, notification/discussion with insurance and port authorities can be carried out and a more detailed structural survey and damage assessment will follow.

The repair and re-commissioning of a damaged crane can be complex. The first step is to install supports to secure the stability of the crane and then to fully assess the damage, which will frequently require a Finite Element Stress Analysis (FEA), to determine whether repair is commercially viable.

If the crane is to be repaired on site but has to be moved (i.e. away from ongoing operations), temporary support frames and a system to move the crane off the rails to the place of repair will be required. Once the repairs are completed, non-destructive testing (NDT) will be carried out on the repaired areas and any critical weld joints that may have been affected in incident. Crane geometry dimensional checks will then be performed to assess perpendicularity, diagonal tolerance and boom hinge alignment. Lastly, re-commissioning testing will be carried-out, and if all results are acceptable, the crane will be available for operation.



## HKFI Seed Funding for IUMI's Education Programme

By Hendrike Kühl, IUMI Policy Director

Two years ago, at the annual conference in Hong Kong, IUMI members acknowledged the need for a marine insurance education programme. A comprehensive training scheme with various learning options and modes of delivering the teaching was subsequently defined as IUMI's objective.

To achieve such an ambition, funding and resources are vital. The Hong Kong Federation of Insurers (HKFI) helped this goal become reality. A EUR 100,000 donation to the IUMI Education Fund allowed us to launch the training modules based on the following three components:

- online webinars
- distant learning tutorials
- in-class instructions

The webinars are already well underway. The other two learning tools will be discussed with members of IUMI's Education Forum at the Genova annual conference. These discussions will prompt the next steps to build a high-quality training scheme for marine insurance professionals. HKFI's sound financial support has meant that the IUMI education programme is off to an excellent start.

# Supreme Court clarifies "fraudulent claims" rule

By Jim Cashman, Partner, and Emilie Bokor-Ingram, Senior Associate, Holman Fenwick Willan, IUMI Professional Partner, [www.hfw.com](http://www.hfw.com)

It is well established that under English law if an assured fabricates a claim or exaggerates his loss, the insurer is not liable to pay the claim. What was previously not clear was what happened if an assured lied in the presentation of an otherwise legitimate claim – i.e. used a "fraudulent device". A tentative view (based on materiality) was expressed in *The Aegeon*(1), which meant that lies of any kind would forfeit the claim.

This was until *The DC MERWESTONE*(2). Here the owner/assured told a lie which, had it been believed, would have yielded "a not insignificant improvement in the insured's prospects..."(3). However, the underwriters did not believe the lie, nor act on it, and it was contradicted by evidence they themselves had taken.

The underwriters nevertheless argued (amongst other things) that the assured's use of the fraudulent device forfeited the claim. The first instance judge considered forfeiture of the claim "disproportionately harsh"(4)", but felt bound to follow *The Aegeon*, holding that the claim was forfeit. The Court of Appeal upheld the lower court's decision. The assured appealed to the Supreme Court.

The Supreme Court, by a four-to-one majority, found that the assured's lie did not forfeit the claim. It recognised that "there is plainly a difference of quality" between an insured who fabricates or exaggerates a claim, and one who tells a "collateral lie", but stands to gain nothing beyond his legal due.

The Supreme Court concluded that "The extension of the fraudulent claims rule to lies which are found to be irrelevant to the recoverability of the claim is a step too far. It is disproportionately harsh .... and goes further than any legitimate commercial interest of the insurer can justify."(5)

But given the one dissenting Lord's advice to underwriters about "making express ... whatever understanding they have, or action they may wish to take, regarding the effect of fraudulent devices"(6), we can expect an increase in express "Merwestone clauses" in future.

For further information concerning this important case, please see: <http://www.hfw.com/Supreme-Court-defines-the-ambit-of-the-fraudulent-claims-rule-DC-Merwestone-August-2016>

(1) [2003] QB 556, (2) [2016] UKSC 45, (3) *Supra* 1, at [38], (4) [2013] EWHC 1666 (Comm) at [225], (5) *Supra* 2, at [36], (6) *Ibid*, at 133



holman fenwick willan hfw

## IUMI meets Paris MoU in July 2016 in Den Haag

By Lars Lange, IUMI Secretary General

During a visit to Paris MoU's Deputy Secretary-General Carien Droppers by IUMI Secretary-General Lars Lange and IUMI Policy Director Hendrike Kühl, in July, a number of common interests were raised.

Paris MoU, founded in 1982 on port state control, is an administrative agreement between twenty-seven maritime authorities. Its task is to eliminate the operation of sub-standard ships through a harmonised system of port state control. Annually, more than 18,000 inspections take place on board foreign ships in the Paris MoU ports, ensuring that these ships meet international safety, security and environmental standards, and that crew members have adequate living and working conditions. The basic principle is that prime responsibility for compliance with the requirements laid down in the international maritime conventions lies with the ship owner/operator, but the responsibility for ensuring such compliance remains with the flag state.

Carrien Droppers introduced Paris MoU during the 2010 IUMI conference in Zurich. The annually published black/grey and white lists, not only for flag states but also for particular fleets and classification societies, are very interesting for insurers. These lists are based on the inspection results and guide on the quality of a ship or fleet (see also [www.ParisMoU.org](http://www.ParisMoU.org)).

During the meeting, the Paris MoU's Ship Risk Profile (SRP), among others, was subject to discussion. Based on the inspections performed, the SRP determines the ship's priority for inspection, the interval between its inspections and the scope of the inspection. Ships are categorised on generic and historic parameters allocating high, standard or low risk. The SRP is currently not publicly available, but IUMI reiterated marine insurers' interest in the SRP in order to ensure proper underwriting decisions.

IUMI and Paris MoU also discussed how to further develop a closer working relationship. IUMI pointed out that insurers and Paris MoU have similar targets and interests, and the marine insurers role in minimising the number of sub-standard ships. IUMI and Paris MoU agreed on this and look forward to a closer cooperation in the future.



# Foreign Insurers beware: German Brokers banned from settling claims on behalf of insurers in Germany

By Prof. Dr. Dieter Schwampe, Partner, and Dr. Carolin Schilling-Schulz, LL.M., Counsel, Dabelstein & Passehl, IUMI Professional Partner, [www.da-pa.com](http://www.da-pa.com)

The broker law division of the German Federal Court of Justice ("Bundesgerichtshof") ruled on 14 January 2016 a landmark decision barring insurance brokers from handling and settling claims for liability insurers.

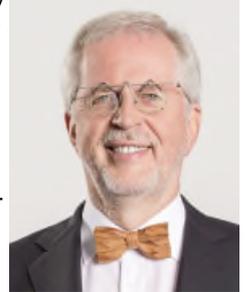
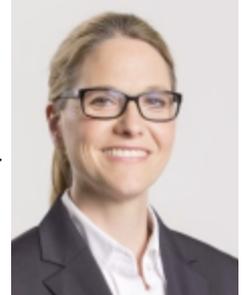
The Cologne Bar Association had applied for an injunction against an insurance broker who had defended and attempted to settle a claim by an injured party on behalf of their client's liability insurer. The Bar Association submitted that a broker, by settling claims on behalf of insurers, renders unauthorised legal services in breach of the German Legal Service Act, which regulates who is allowed to provide legal advice and assistance.

The Bundesgerichtshof ruled that claims settlements by brokers on behalf of liability insurers constitutes a violation of the German Legal Service Act: The settlement of claims on behalf of the insurers does not qualify as an accessory activity to the main business of a broker (such accessorial subordinated services being permitted) and, therefore, does not fall within the permitting scope of section 5 para 1 German Legal Service Act. In addition, it would also be in breach of section 4 German Legal Service Act: The broker's main activity is the safeguarding of the assured's interests.

The interests of the liability insurer and the assured may not always be equivalent. Due to the possible conflict of interests the defending and/or settling of claims by the broker on behalf of the liability insurer is unlawful.

As a consequence of this verdict, insurers can no longer engage German brokers with the defending and settling of claims. This refers to all kinds of insurance branches and is not limited to liability insurances due to the possible conflict of interest which may occur in all lines of the insurance industry.

Provided that the German Legal Service Act applies, the authorisation of German brokers by German, as well as foreign insurers will therefore be considered as a violation of insurance supervisory regulations and might cause an intervention of the German Federal Financial Supervisory Authority (BaFin). Such services of brokers now being illegal, it is expected that insurers, and if only for compliance reasons, will have to react. The German market is in turmoil.



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## IUMI meets World Maritime University

By Hendrike Kühn, IUMI Policy Director

On the occasion of Cleopatra Doumbia-Henry's visit to Hamburg, IUMI took the opportunity to meet the President of the Malmö-based World Maritime University (WMU), to exchange ideas and explore avenues for cooperation.

With IUMI's education programme in its early stages, there is a strong need to identify suitable partners. In addition to the online webinars and tutorials, a more advanced, academic programme is under consideration to become a part of IUMI's education programme. WMU would be an excellent partner given its inherent link to the IMO and its expertise in developing maritime academic programmes.

As a follow up to IUMI's meeting with the WMU President, Lars Lange and Hendrike Kühn met with two WMU professors to discuss different options for cooperation. One possibility is a joint "Executive & Professional Development Programme" which could comprise a three-five day seminar on a specific topic of interest to IUMI's membership. Further ideas will be discussed in the Education Forum in September.

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# Final countdown to the 2016 IUMI Annual Conference

By Navigate PR

The highly anticipated IUMI Annual Conference will get underway shortly against the beautiful backdrop of the historic maritime city of Genova in Italy. The world's leading marine insurance executives, steered by IUMI President Dieter Berg, will take to the stage to examine the key issues currently facing the marine insurance market.

This year's conference theme is "*Effective underwriting in a changing environment*" and will examine key issues such as:

- The safety of car carriers, with examples Hoegh Osaka and Modern Express;
- The international impact of the Marine Insurance Act, due to come into force in the UK this Autumn;
- The new container weighing directive (SOLAS amendment);
- Unmanned vessels – the liabilities of autonomous or remote controlled vessels and the potential impact on H&M insurers;
- Theft prevention in logistics;
- Cyber risk;
- The new York Antwerp Rules 2016, their implication and the new additional guidelines;
- Key note speeches by Ugo Salerno, chairman and CEO of RINA, the Italian classification society, and Stefano Messina, chairman of Confitarma, the Italian shipowners confederation
- The President's workshop will focus on accumulation of risk and the modelling of risks based on the Tianjin catastrophe of 2015.
- The Political Forum will feature a "IMO safety issues and the insurance industry" presentation from Ashok Mahapatra, IMO's Maritime Safety Division's Director
- Ongoing challenges for the offshore energy insurance due to a changing environment, not least caused by the low and volatile oil price
- Big data – the importance of using big data and technology and understanding the risks.



Dieter Berg and the Technical Committee chairs are eager to discuss these issues, plus many more, in nine dedicated workshops.

Importantly, the much awaited Facts & Figures Committee's report on the global marine insurance market is scheduled for Monday 19th September.

We look forward to seeing you at the event, which looks set to carry on the tradition of being highly topical, interesting and informative!

For the full IUMI conference programme please click here: [http://www.iumi2016.com/pdf/conference\\_programme.pdf](http://www.iumi2016.com/pdf/conference_programme.pdf)

The logo for CL SURVEYS, featuring a stylized 'CL' monogram.

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An advertisement for CL SURVEYS showing a large container ship at sea, with a surveyor on the deck.

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The logo for WIKBORG | REIN, featuring the company name in a bold, sans-serif font.

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# People at IUMI – Nick Derrick

Senior Marine Cargo Underwriter at Travelers Syndicate 5000 and IUMI's Cargo Committee Chairman

## How long have you been associated with IUMI?

I was invited onto the Cargo Committee in 2010 when I was Joint Cargo Committee Chairman in London.

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

My role as IUMI Cargo Committee Chairman is to chair the Spring and September committee meetings and to chair the Cargo Workshop at the September conference. This involves a lot of work and research in finding high calibre speakers willing to discuss the topics that the committee has decided are important in the current cargo environment.

We also have a meeting with the Executive Committee in London, in January each year, and I ensure I am up to date on all issues within the cargo insurance market. From time to time there are media queries on cargo issues which I respond to.

The Cargo Committee also contributes to the IUMI Political Forum on topical matters such as Misappropriation and SOLAS VI 2 Container Weighing.

## And what is your day job?

As Senior Cargo Underwriter at Travelers Syndicate 5000 in Lloyd's, I manage the cargo portfolio.

## What are the main benefits that being associated with IUMI brings to your working life?

The main benefits of being part of IUMI is the worldwide business/network/personal connections that I have made. Additionally, as chair for the cargo committee there is positive PR for Travelers.

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

The website is dull and not interactive. By modernising and updating the website then it could be utilised as a good tool for exchanging views and information. I understand that this is already underway.

## How did you reach your current position in marine insurance?

I left school at 17 and worked for a number of marine insurance companies and syndicates always on marine underwriting disciplines - hull, liabilities and cargo which I find the more interesting.

## Would you recommend a career in marine insurance to a school leaver?

Unfortunately, school leavers are now unlikely to progress to underwriting as management now looks for underwriting staff to have good university degrees. That said, I would recommend a career in marine insurance to those leaving university.

## And what do you do away from the office?

During the week I socialise with brokers and peer underwriters, also (the odd) lawyer! At weekends I leave London to get down to my sailing boat.

## Anything else you'd like to add?

I would recommend active IUMI Committee work to anyone who has a passion for marine insurance and enjoys the technical aspect of our business.



## IUMI supports 4th Asia Marine Insurance Conference

By Hendrike Kühl, IUMI Policy Director

IUMI is supporting the 4th Annual Asia Marine Insurance Conference, which will be held on the 24-25 October 2016, at Renaissance Harbour View Hotel in Hong Kong. The title of the conference is "Managing New Risks While Ensuring Sustainability", and is set to look at how the marine insurance industry is dealing with the constantly evolving challenges within the industry.

We are delighted to announce that IUMI President, Dieter Berg, will be presenting at the conference with a special address on "International Trends in Marine Insurance" on the opening day of the event, as well as participating on the Marine Cargo Panel.



Please click on the link below for further information about the conference:  
<http://www.asiainsurancereview.com/Portals/1308/pdf/16-Marine.pdf>

# Transport of livestock by sea and the welfare of the animals

By Mohamed H. Farghaly, General Manager, Marine Insurance, Suez Canal Insurance Co. and IUMI Loss Prevention Committee member

Animals have been transported by sea throughout history, to and from many areas all over the world, in order to meet the demands of breeding, feeding, slaughter and/or subsequent slaughter. So what is the challenge for marine underwriters to providing livestock insurance coverage?

Some reinsurance companies may exclude livestock insurance from their marine reinsurance treaties for many regions - possibly because of the complications inherent to the transportation of livestock by sea and the difficulty to assess the risk. Other reasons include, the complicated documentation; the frequencies of high risk; the difficulties in handling and settling the claims; and the absence of rejection reasons in some of the imported countries.



There are a number of key questions that need to be asked to find solutions to how livestock can be transported safely. What are the welfare requirements that must be considered throughout the whole supply chain? Who are the main parties involved in transportation of livestock by sea? What are their responsibilities? What is required by each party involved from the beginning to the end? What are the common losses that may occur during the transportation of livestock by sea, and what are the causes of such losses? How can the loss be mitigated or prevented?

In response to the 2003 *Cormo Express* incident, when a consignment of sheep (57,000 sheep) was rejected by Saudi Arabia officials over alleged disease concerns, this consignment was subsequently rejected by over 30 countries, finally being unloaded 80 days after leaving Australia in Eritrea. At the time, the world media focused their attention on the welfare of the animals.

Immediately following the incident, the Australian Government commissioned an expert team to lead a review of live export trade. The review made eight recommendations, seven of which were accepted by the Government.

At the same time the World Organization for Animal Health (OIE) became involved in developing international guidelines for the welfare of animals that covered four areas of animal welfare.

One of the most important areas were the guidelines for transportation of animals by sea (Chapter 7.2 of the OIE guidelines). These apply to domesticated animals such as cattle, buffaloes, deer, camelids, sheep, goats, pigs and equines, and may also be applicable to other domesticated animals. The articles included in this chapter are the perfect guidelines to help ensure best practices for the transportation of livestock by sea.

Countries involved in the transportation of livestock by sea should carefully consider the OIE Guidelines in order to protect the welfare of transported animals.

#### References:

- World Organization for Animal Health [WWW.oie.int](http://WWW.oie.int)
- Transport of Animals by sea – OIE

## IUMI lands on Twitter and LinkedIn!

By Hendrike Kuhl, IUMI Policy Director

You may have noticed that IUMI's email signature has become slightly more colourful since mid-June. We recently created an IUMI Twitter and LinkedIn account so we can use these platforms to promote our policy positions and events. Position papers, press releases and information about our education programme and the annual conference are being shared on these social media channels.

In addition, we intend to tweet more substantive commentary on the work of IUMI's Technical Committees, the Political Forum and the marine insurance industry. Please feel free to send us input such as articles, studies and blogs on current topics that may be of interest.

We invite you to follow us on both channels. Looking forward to your input and to virtually meeting you on Twitter and LinkedIn!

Twitter: [https://twitter.com/IUMI\\_marine](https://twitter.com/IUMI_marine)

LinkedIn: <https://www.linkedin.com/company/international-union-of-marine-insurance?trk=biz-companies-cym>



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