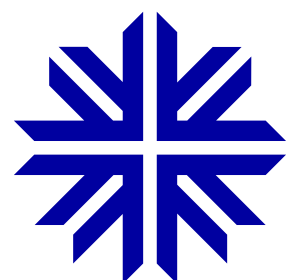


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IUMI

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## Message from the President

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# Digitalisation: Marine insurers are up to the task



By Dieter Berg  
IUMI President

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Digitalisation in shipping and logistics was the topic of my last message. We looked at the considerable progress the industry is making and the need for insurance solutions to meet its dynamically changing needs. Digitalisation will massively alter the business of our clients – and radically reshape the insurance business model as well.

Distribution – still dominated by brokers and insurance agents – will strike out in new directions through the use of internet-based placing and online price-comparison platforms or web-linked rating and pricing tools. Digital sales channels are becoming standard.

To realise the full potential of the digital age, we need to understand that the customer journey is key. We must proactively shape it to meet the expectations of the new generation purchasing marine insurance on behalf of our clients. These “Millennials” are digital natives, who have never known a world without computers and the internet. This demographic has changing purchasing habits, expecting goods and services to be accessible at all times. We should look for ways to offer convenient and automated purchase options for commercial insurance, available on a 24/7 basis. We can also use digital technologies to shorten response times and then create customised products and solutions based on personal consulting.

Above all, we need to utilise today's connectivity to generate more customer touchpoints, points of entry for personal contact, service and individual consulting.

Digitalisation will also revolutionise our internal processes, shortening the insurance value chain. Artificial intelligence (AI) will play a particularly important role in supporting automation. Consider, for example, the efficiency potential of digital accounting, computerised underwriting for less complex business and automated claims handling.

As Industry 4.0 and the Internet of Things (IoT) become widespread, insurers will have access to unprecedented volumes of risk-relevant data. By improving data analytics, artificial intelligence and machine learning, we can turn the raw data into invaluable knowledge. This will enable us to introduce pre-emptive risk-mitigation measures, reducing the claims burden and allowing us to improve the quality and accuracy of our pricing.

Ultimately, we need to ask ourselves what future role we as marine insurers want to play – pure risk carriers or trusted partners offering comprehensive support and services to manage risks in a changing world? I would venture that the future belongs to those players who take up the challenge and embrace the latter role.

Fortunately, the marine insurance community is well equipped to advance to this new position. Based on decades of experience in working closely with clients to handle complex and evolving risks, marine insurers are in close touch with the needs of shipping and logistics companies. By drawing on this knowledge and building on the trust our industry has earned, we can create digitalised and personalised customer journeys that meet or exceed future expectations.

The task ahead is to embrace digitalisation in our thinking and business models, make the required investments and empower staff members with a digital-age mindset. I look forward to seeing marine insurance step up to the next level.



Richard Turner  
Global Marine Director and European  
Director of Global Risk Solutions at  
RSA Insurance Group

## IUMI announces nomination for new President

On 15 August 2018, IUMI announced the nomination of Richard Turner, Global Marine Director and European Director of Global Risk Solutions at RSA Insurance Group, as a candidate for the role of IUMI President. Richard has a long relationship with IUMI. He has served on the Executive Committee between 2011 and 2015 and before that he was a member of IUMI's Nominating Committee.

The current President, Dieter Berg, ends his full four-year term at this year's IUMI annual conference in Cape Town and will formally hand over the position on Wednesday 19 September 2018. In accordance with the Articles of Association, IUMI's President is elected by the IUMI Council.

Richards' nomination as the next IUMI President will be considered by the Council and a formal announcement will be made once the Council has voted in September.



## Next stride forward for IUMI Education Programme: Online Cargo Tutorial now live!

By Hendrike Kühl  
IUMI Policy Director

We are excited to present IUMI's new [online learning cargo tutorial](#) which is tailored specifically for intermediate level cargo underwriters who wish to deepen their knowledge and expertise in cargo insurance.

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

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

The cargo tutorial is available to all interested parties, not only IUMI members. [To sign up for the tutorial please visit our shop.](#)

The enrolment fee is EUR 550 (excl. VAT) for IUMI members and EUR 880 (excl. VAT) for non IUMI members. An additional fee of EUR 90 will be charged for students who wish to take the exam and earn an IUMI certificate. Students who pass the exam will be awarded a certificate from IUMI which includes their score. The pass mark for the exam is 70%. Students achieving 90% or higher are awarded a certificate of distinction.

As John Miklus, Chairman of IUMI Education Forum, put it: "The practical tools and training programmes we are now offering will help our niche marine sector to retain and grow its talent. We look forward to welcoming you on this course!"

This [webinar recording](#) provides an excellent overview of the content and practicalities of the cargo tutorial.



Policy Forum

## Insurance for Arctic sailings



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

With the opening up of the high Arctic sea routes, marine underwriters will increasingly be asked to assess risk and provide cover for Polar sailings. IUMI, through the Policy Forum, has been actively involved in discussions surrounding Arctic transits and has recently published a position paper which can be [downloaded from the website](#).

Risk assessment for underwriting purposes is inherently difficult for Polar transits. A lack of historical data coupled with the remoteness and harsh conditions means that cover is currently being written on a case-by-case basis. IUMI is calling for the surrounding infrastructure to be strengthened, particularly the provision of search & rescue capacity and suitable places of refuge. These factors, together with expected weather conditions, experience of the crew and the performance of the vessel itself should all be considered when assessing risk. The position paper provides a list of issues that underwriters might consider.

Arctic sailings are governed by the International Code for Ships Operating in Polar Waters (Polar Code) which sets out a range of issues that must be complied with or considered. Central to the Code is a mandatory Polar Ship Certificate that is awarded once a vessel's operational limitations and its ability to mitigate incidents has been assessed. The Code insists that all vessels must carry a Polar Water Operational Manual to support the onboard decision making processes. These documents are important to the risk assessment, but since the Polar Code is goal-based more guidance is needed.

The International Chamber of Shipping (ICS) together with the Oil Companies International Maritime Forum (OCIMF) will (in 2019) be publishing guidance on how to achieve the goals set out in the Code. Class societies are also developing guidance.

In terms of Polar operations, going forward IUMI:

- Supports the implementation of the Polar Code through further guidance, requirements and performance standards.
- Supports the urgent consideration for an instrument to address non-SOLAS vessels operating in polar waters.
- Strongly encourages an improved infrastructure in Arctic waters to provide necessary rescue capacity and places of refuge.
- Encourages more surveys to produce increasingly reliable charts.
- Participates in the Arctic Shipping Best Practice Information Forum responsible for an information web portal to support implementation of the Polar Code.





Policy Forum

## Places of refuge: IUMI supports EU paper to IMO MSC 100 in December 2018



By Lars Lange  
IUMI Secretary General

Once a casualty has occurred and a vessel is in distress – whether due to fire or any issue threatening its safety – this vessel needs a place of shelter, and it is of utmost importance that a system is in place that ensures immediate access to a safe, close and prepared port – a place of refuge.

A number of incidents, such as the *MSC Flaminia* fire in 2012, have shown that this is still not the case. Regulation was already in place: the IMO had agreed in 2004 on the places of refuge guidelines for ships in need of assistance (Resolution A.949(23)). Also, the EU had directives 2002/59/EG and 2009/17/EG in place mandating EU Member States to provide places of refuge for stricken vessels in order to prevent greater damage to the environment. Simply, it lacked on practical procedures within the Member States to comply with these regulations once an incident happened. The “not in my back-yard” mentality led to an approach where coastal states would prefer vessels in distress approach another state, whether due to insufficient equipment or staff, or due to justified environmental concerns.

To avoid this, the European Commission had, together with an industry group, developed the [EU Operational Guidelines on Places of Refuge](#), published in January 2017. IUMI was part of this “Places of Refuge Cooperation Group” and an active contributor. The idea was to establish very concrete organisation and reporting procedures within the EU Member States in order to ensure that a vessel in distress knows whom to approach, the coastal state knows what to do and when to do it, and the EU monitors that decisions taken on granting or not granting a

place of refuge are reasonable and based on regulation and the guidelines. Several meetings and practical table top exercises have followed and the 2017 guidelines have been amended.

The EU, as well as industry, is interested in sharing the work on the European guidelines with other states to forward the lessons learned. Accordingly, the European Commission took the initiative to provide the next meeting of the IMO Maritime Safety Committee MSC (MSC 100 from 3 – 7 Dec 2018) with a “Proposal for a new output for a revision of resolution A.949(23) on Guidelines on places of refuge for ships in need of assistance”. The paper by the EU member states is co-sponsored by several international maritime associations: International Chamber of Shipping (ICS), International Union of Marine Insurance (IUMI), BIMCO, International Salvage Union (ISU), INTERTANKO and the P&I Clubs. The document recommends the topic as a new item in the upcoming biennial agenda for the MSC Sub-Committee on Navigation, Communications and Search and Rescue (NCSR) for a revision of resolution A.949(23). This is in order to ensure that the resolution remains up to date and continues to serve as an effective instrument providing a clear framework to deal with a ship in need of assistance seeking a place of refuge in a consistent and harmonised manner globally.



International  
Maritime Organization

## Revised guidelines on fatigue agreed



By Hendrike Kühl  
IUMI Policy Director

During the 5th session of the Sub-Committee on Human Element, Training and Watchkeeping (HTW) a draft set of revised International Maritime Organization (IMO) Guidelines on Fatigue was agreed. The draft will be submitted to the Maritime Safety Committee in December 2018 for approval. The guidelines were last issued in 2001 and have now been carefully reviewed and updated. Various studies and research on the topic were taken into consideration throughout the revision process.

The Guidelines provide information on the causes and consequences of fatigue, and the risks it poses to the safety and health of seafarers, operational safety, security and protection of the marine environment. The objective is to assist seafarers to mitigate and manage fatigue effectively.

A Working Group established during HTW 5 was asked to finalise the draft guidelines based on proposals submitted by IMO Member States. The Group organised the contents of the guidelines in six modules:

1. Introduction
2. Fatigue and the company
3. Fatigue and the seafarer
4. Fatigue awareness and training
5. Fatigue and ship design
6. Fatigue, the administration and port state authorities

Once the draft guidelines have been approved by the Maritime Safety Committee, the IMO Member States will be expected to bring them to the attention of their maritime authorities and interested stakeholders from various marine industries. Companies will be strongly urged to take the issue of fatigue into account when developing and improving safety management systems under the International Safety Management (ISM) Code.

The IMO has considered the issue of fatigue for several decades and adopted the first Assembly resolution on the issue in 1993. This was followed by the development of comprehensive guidance on fatigue mitigation and management in 2001. In 2014, the MSC agreed that the guidance was to be reviewed and updated.

This issue also features on [IUMI's Current Issues List](#) and was addressed in an IUMI webinar titled "[Fatigue's effect on seafarers](#)".

## Mutual recognition gives reason for ongoing caution



By Lars Lange  
IUMI Secretary General

Article 10 of the EU Regulation No 391/2009 on common rules and standards for ship inspection and survey organisations states that *“Recognised organisations shall, in appropriate cases, agree on the technical and procedural conditions under which they will mutually recognise the class certificates for materials, equipment and components based on equivalent standards, taking the most demanding and rigorous standards as the reference”*. The EU Recognised Organisations (ROs) have accordingly established procedures and technical requirements for Mutual Recognition (MR) and coordinate their work through an Advisory Board supported by a Technical Committee. Products are grouped into varying levels of safety (Level I to VI), and for the lower levels certain tiers with defined products and preconditions have been developed.

IUMI's position is that classification plays an important role in ensuring a vessel and its equipment has achieved a certain level of safety. There is usually a requirement under most individual insurance contracts that a vessel is classed with a pre-approved classification society before the cover commences. However, if any RO is allowed to certify and approve components and equipment for a vessel at any safety level and regardless of classification society, neither the classification society nor the owners or underwriters will have any confidence or real understanding of the actual quality or safety levels achieved.

Accordingly, IUMI's view is that allowing MR on safety critical materials, equipment and components would undermine the significance of ship classification as a key component of today's safety regime at sea. Hence IUMI urges to limit MR to non-safety critical parts as currently contained in Level I to III of the EU RO MR Group's system.

To ensure this, IUMI is in regular and productive contact with the EU RO group, manufacturers and the responsible EU DG Move. In June 2018 IUMI took part in a stakeholder workshop in Copenhagen organised by the European Shipyard & Maritime Equipment Association “SEA Europe” and was able to explain IUMI's view and concerns. In September 2018, IUMI presented in a workshop during the SMM Hamburg event organised by the EU RO MR Group and attended by all relevant stakeholders including EU representatives.

To date, less certificates for MR have been issued than expected. Not least, this is due to the questions posed by third-party flag states relating to the acceptance of the EU RO regime and their reluctance to accept a vessel under their flag following the MR system.

# IUMI participation in MARCOM Maritime Security Symposium



On 14 June, the second North Atlantic Treaty Organization's (NATO) Allied Maritime Command (MARCOM) Maritime Security Symposium (MMSS) took place at the NATO Headquarters in Northwood, United Kingdom. The event was attended by 45 participants from NATO/MARCOM and EUNAVFOR commands, as well as a broad number of maritime industry stakeholders, including ship owners, P&I, IMO, and IUMI.

For this meeting the number of topics was reduced to two issues only (as opposed to four last year) to allow more time for discussion in small groups. The first topic was cyber security, the second was maritime security with a specific focus on Operation Sea Guardian. The overall objective of the MMSS is to support cooperation and dialogue between military and civilian organisations with the overall aim of improving maritime security.

During the opening presentation, John Murray from the International Chamber of Shipping (ICS) noted three major challenges from the shipowners' perspective: onerous regulations, corruption, and security concerns (including piracy and illegal migration). He emphasised that an industry-developed [website on security issues](#) could be a helpful tool to share information and make knowledge more readily available.

Jim Bergeron, MARCOM Political Advisors talked about how NATO is facing the future. They have identified four key issues ("four Rs"): Russia, Radicals, Refugees, and Relevance. He further explained that the NATO command structure is going to be adapted to reflect the security changes and revised threats in the maritime domain. MARCOM staff will increase from 300 to 500 and aims to take a wider "360°" focus.

## Cyber risks

In the first presentation Sergio Lomban, from European Cyber Security Organisation (ECSO – SGS is his day job), discussed cyber threats and defences. ECSO conducted various tests and found that Electronic Chart Display and Information System (ECDIS), Automatic Identification System (AIS), and Automatic Radar Plotting Aid (ARPA) are all fairly easy to hack.

Christophe Eugene from MARCOM then explained that NATO navies conduct a mapping of cyber incidents (primarily Global Positioning System (GPS) jamming/spoofing) within the NATO Area of Responsibility (AoR). This is a long process and it needs to be agreed to which level of detail the mapping should be conducted. In this context a concern raised was a cyber-attack on a vessel in the vicinity of a port, in straits (e.g. Malaccas) or in canals (e.g. Suez), where the commercial impact could be significant.

Mark Sutcliffe from the Company Security Officers (CSO) Alliance briefed the participants about the Airbus built reporting website on which maritime cyber incidents can be reported anonymously. They have already gathered several reports and promote the platform so that it will be used more broadly.

During the discussion several suggestions/key points were made:

- Develop a more detailed document/manual on cyber security (similar to Best Management Practices (BMP) 4).
- Looking at other industries, such as aviation and the car industry, which could provide helpful insights.
- Establish a reporting mechanism to ensure information about cyber incidents is gathered.
- Training of seafarers is crucial.
- Don't oversell the threat.

## Maritime security operations

The initial presentation looked at major threats which included non-kinetic threats (such as jamming, spoofing or cyber-attacks, e.g. on infrastructure), terrorism, migration, and certain regional powers. This was followed by a specific presentation about Operation Sea Guardian (OSG) in the Mediterranean. OSG is NATO's response to ensuring maritime security in the Mediterranean, including defence and law enforcement measures such as protection of critical infrastructure, anti-terrorism, capacity building, and maritime situational awareness.

## MARCOM Roadmap

Ben Lofstad from the [NATO Shipping Centre \(NSC\)](#) shared the MARCOM Maritime Security Symposium's roadmap which aims to advance exchanges between the military and merchant shipping. It doesn't currently include any deadlines or "owners" of key action items. The participants will receive the updated roadmap once NCS has implemented new items following the 2018 symposium.

The next MARCOM Maritime Security Symposium is planned for 13 June 2019.



# Best Management Practices (BMP) 5



By Neil Roberts  
Head of Marine Underwriting,  
Lloyd's Market Association and  
member of the IUMI Policy Forum,  
IUMI Member Association  
[www.lmalloyds.com](http://www.lmalloyds.com)

The long-standing Best Management Practices document (BMP4) has been reviewed and revised by the supporting shipping interests. It has been the shipping industry's primary guidance for deterring piracy since August 2011 and contributed to stabilising the situation in the Gulf of Aden and Indian Ocean.

It is clear to observers that whilst the Somali situation has been largely contained since 2013, none of the underlying causes have been removed. Elsewhere, in the Gulf of Guinea and South Asia, piracy incidents continue to occur, and crews need to remain vigilant as a first defence.

Much has changed since BMP 1 was first introduced in 2009 and the newly released revision drew on the experience accumulated since then and was aimed at producing enhanced and user-friendly guidance.

Released in June 2018, BMP5 has five fundamental requirements:

1. **Understand the threat** — maritime threats are dynamic and obtaining current threat information is critical for risk assessment and decision making.
2. **Conduct risk assessments** — companies must conduct risk assessments and identify ship protection measures.
3. **Implement ship protection measures** — such as ship hardening, crew training, enhanced lookout and follow flag state and military guidance.
4. **Report** — to the United Kingdom Maritime Trade Operations (UKMTO), register with the Maritime Security Centre Horn of Africa (MSCHOA). Report incidents and suspicious activity to UKMTO and send distress signals if attacked.
5. **Cooperate** — with other shipping and military forces, with law enforcement to preserve evidence and with welfare providers.

At the same time, a global counter piracy guidance document was produced which draws on military advice, with an aide memoire detailing six additional basic rules for safe transit: DO NOT be alone, DO NOT be detected, DO NOT be surprised, DO NOT be vulnerable, DO NOT be boarded, DO NOT be controlled.

In addition, the Gulf of Guinea guidance was updated. Whilst none of these are bespoke underwriting tools in themselves, they are supported by insurers who consider them to be forms of risk mitigation if used by owners and masters.

Another new and welcome development has been the launch of [a new industry website](#) for companies and mariners seeking guidance on a wide range of maritime security issues.



# South Africa: the local fishing vessels and pleasure crafts market

By Hilton Adams  
Munich Re – Africa, and  
IUMI Inland Hull, Fishing Vessels  
& Yachts Committee Member

## The Market

The South African commercial fish-related insurance market sub-division has approximately 22 Sectors, with two main fishery sub-divisions, 1) The Wild Capture Fishery and 2) the Aquaculture Sector.

Illegal fishing activities and practices have placed additional pressure on the coastal and wild capture marine resources in the Western Cape. We are afraid that these activities will continue, even though a lot has been done to curb or prevent them. The aquaculture sector is still in its infant early phase. More focus is expected in this sector in the future to reduce the pressure on natural wild stock.

The South African insurance market is an important insurance knowledge centre and also considered the hub for other Southern African markets.

Due to an abundance in capacity from both the marine and non-marine players, the various markets for fishing vessels, pleasure craft, yachts and small craft are highly competitive. In addition, also included are some foreign based companies. As a result, wider conditions are granted as players battle to hold onto their business and market shares.

It is reported that South Africa alone has a fleet of approximately three thousand commercial fishing vessels, with an annual turnover in the region of USD \$25 million. The fleet is aging, and replacements are lagging way behind, given that our economy is flat. This makes loss prevention a huge and troublesome issue, as risk management and maintenance may well be compromised by economic pressures. Consequently, underwriting results produce loss ratios ranging from 60% up to 100%. This relates to the period from 2016 to, and including, 2017, with Combined Ratio (CBR) of over 100%.

→

## South Africa: the local fishing vessels and pleasure crafts market

Continued

With regard to the yacht, pleasure and small craft markets, reported to number approximately forty thousand vessels, loss ratios from 50 % to 60 % have been recorded. This applies to craft registered for both inland waters and sea-going vessels.

Overall, the local industry has been primarily dominated in recent times by smaller boat builders that manufacture commercial and recreational craft constructed from composites to aluminium. Of these, recreational multihulls dominate, both sail-driven and engine-powered.

For 2017, with some South African companies insuring craft in foreign locations affected by hurricanes as well as by local storms, their loss ratios only went one way – much higher. So far, 2018 has been reasonably quiet and we hope that we have a much better year than 2017.

The premium income for both the fishing vessel and yacht, pleasure and small craft market is about USD \$10 million. Although still good business, abnormal and unpredictable global weather patterns continue. This does not only apply to distant foreign waters as these weather patterns are also increasing risk on vessels or crafts in South Africa and greater Africa as well. More details and possible effect on the yacht, pleasure and small craft underwriting market will be discussed during the Inland Hull, Fishing Vessels & Yachts (IFY) Committee workshop.

### Safety and the environment

An important aspect is the safety of vessels, crew and the environment. This is a theme that will be highlighted at this year's IFY workshop, discussing the Cape Town Agreement 2012 replacing the Torremolinos Protocol. The South African Maritime Safety Authority (SAMSA) has become much stricter on safety requirements and it reports that the situation is improving.

Old wooden hulls are being replaced gradually but slowly with steel and glass reinforced plastic. Many fish species are under protection and regulated through quotas, with a positive exception being for hake. Several commercial fishing companies have had to cut back on activity and staff, with a negative knock-on effect on insurance turnover.

### Claims

Claims are increasing overall, with two main areas highlighted. Theft claims and generally fraudulent claims are most certainly a consequence of the current economic climate and lack of disposable income. Machinery and equipment losses and the like are believed to be linked to cost-saving through cutting back on regular and prescribed maintenance programmes. Wear and tear or lack of maintenance damage may be presented to insurers as claims.

An ongoing issue is noted regarding the high cost of replacement of the major machinery items of the older vessels. While a vessel may be insured for its current market value, to replace (for example) the main engine could approach the entire insured value of the vessel. Matters are not improved by the decline in the South African Rand in comparison to foreign currencies, such as US Dollars. For example, the cost to replace a foreign-sourced (USA) Caterpillar diesel main engine has skyrocketed.

A similar situation exists with imported spares – a local marine engineering surveyor reports that he is currently monitoring repairs to main engines requiring replacement crankshafts and/or engine beds, where the costs are out of proportion to the market values of the vessels concerned. Exposure to over-fishing is constant and the introduction of new and sophisticated large freezer-catchers puts ever increasing pressure on the resources.

The on-going and promising development of aquaculture is positive for our sector.

## Eric De Smet

Manager, Marine & Transport, Baloise Insurance, Belgium and IUMI Policy Forum Member

### How long have you been associated with IUMI?

I have been attending IUMI meetings and the annual conference since 2001. It started when I was the managing director of a company that was a member of the Belgian Association of Marine Insurers (BAMI). It offered me the opportunity to become part of IUMI.

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

After attending some general IUMI meetings I was asked to join the Inland Hull, Fishing Vessels & Yachts Committee. I then moved to the Cargo Committee for a time before being asked to join the Policy Forum. I am now a member of this forum and act as the liaison person between the Cargo Committee and the Policy Forum.

My role involves regular contact with Helle Hammer and the IUMI Secretariat. I attend all the Policy Forum meetings and provide input where possible. In addition, I represent IUMI at the European Union and European Commission DG MOVE SAGMAS meetings, which are stakeholder meetings on maritime security.

### And what is your day job?

My day job is multifunctional. My main responsibility is for the claims department for marine and transport insurance at Baloise Insurance. Besides that, I am also the legal and compliance correspondent within our company, specifically for marine and transport.

I play an active part in Baloise's international growth programme, particularly new business growth for the marine and transport division. Alongside this, I provide expert technical advice to the marine insurance underwriting team, and I am the company spokesperson for the marine and transport division should the need arise.

Within our national association, I am a past president but now act as member of the legal and compliance committee for BAMI (Belgium Association of Marine Insurers).

### What benefits do you get from being associated with IUMI?

It really is a 'win – win' situation. First, IUMI offers global insight into the market, providing information on practical and legal issues, as well as top quality data and statistics. As a company, Baloise Insurance



strongly supports IUMI's education programme and our employees regularly take part in the webinars.

IUMI is a great platform for networking and in getting to know other people in the industry. Marine insurers play an important role in world trade and influence global markets and IUMI gives the industry a recognised and influential voice. The information IUMI publishes is also very important to the shipping industry.

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

To begin, I would like to note there has been a very positive evolution in the professionalism and the way things are done within IUMI. This is a continuing process. The establishment of the Education Forum has been a great initiative. However, I think the time is now right to develop an IUMI course or institute, building on the success and popularity of the webinars. I think this would be of enormous benefit to the industry and would attract new people to our profession.

I believe IUMI could be more proactive in providing information on worldwide global claims of major impact. Events such as the Costa Concordia, Tianjin, MOL Comfort, to name a few, impact our industry greatly and many of us are involved, so it would be valuable to have

a structured event reporting system to share the learnings and details as much as possible.

IUMI's statistics are a great source of information but data from certain important countries is still missing and this could be improved. I would like countries in Africa and South America for example, to be represented in IUMI's membership.

It would also be very helpful if a database of the latest compliance issues and economic sanctions could be created. Finally, I believe more lobbying could be done to increase global market access, as there are still countries which restrict marine insurance to their own local markets.

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

I am lawyer by education and my family was involved in shipping and port activities, so I was always drawn to this industry. Following my obligatory army service, I began working in 1983 and joined a Belgium shipowning company in the legal department but I was quickly transferred to a subsidiary towage, salvage and offshore company. I was the only lawyer, so I was involved in all things marine and learned a lot in 10 years.

This company was subsequently sold and I returned to the shipowning company and moved into an insurance company owned by the same group.

In 2012, the Baloise Group acquired our company and now we are the number one insurer in premium volume in our market.

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

I like to travel, I enjoy cooking, gardening and cycling – I try to cycle to the office as much as possible. I am also very interested in reading, the news and art.



## IUMI EYE Q&A

# With Charo Coll International Salvage Union (ISU) President



[www.marine-salvage.com](http://www.marine-salvage.com)

### How would you describe the key role of the ISU?

To be the credible, trusted and unified global voice of its members who facilitate world trade by providing marine services which save life, protect the environment, mitigate risk and reduce loss.

We promote the value of the professional salvor. Our members have their own equipment, and experienced salvage experts and strong track-records of delivering successful services. We represent our members in discussions with key stakeholders – like insurers – on matters which affect the whole industry. We want people in shipping and the insurance industry to know the critical role that salvors play in maritime emergencies.

### You are ISU's first female president, how did you feel when you took on the role?

For me it is a great honour to be president of the ISU. I have also been the chair of the European Tug Owners' Association and I think these organisations are very necessary and bring value not only to their members but also to the stakeholders who, collectively, rely on our services.

I am only one in a line of ISU presidents who have been trying in the past few years to modernise the ISU and improve its standing in the shipping and insurance industry, and my predecessors have built strong foundations for me to work from.

### Do you see yourself as a role model to encourage more women into senior shipping positions?

I do not believe that I am a role model at all. I think any person working hard and effectively in their job has the opportunity to succeed in our industry. But if my position helps to encourage more women to work in shipping, that is more than welcome.

### What is your agenda during your tenure as president?

I want to promote our association and the value and benefits of the services offered by our members. In particular, I recognise the need to maintain and build relations with insurers – hull, cargo and liability – as well as with shipowners, managers and regulatory bodies such as European Maritime Safety Association (EMSA), International Maritime Organization (IMO) and authorities in general.

ISU is currently thinking deeply about its position in the industry and we know that we need to make a significant increase in representation and engagement with key stakeholders.

### Can you outline the main challenges facing today's salvors?

Salvors face significant commercial challenges. There are fewer major jobs; shipping has been depressed for a number of years and there is intense competition. The competition comes from among the members of ISU and from other sources such as the under-utilised offshore sector and "consultants" who do not have their own equipment but put together packages for a particular job. The levels of competition are forcing contactors to work on unfavourable terms which runs the risk of eroding the provision of professional salvage capability worldwide.

We also face the difficulty of salvaging mega-ships – containerships are a particular challenge – but LNG carriers, cruise liners and ore carriers have all grown to huge sizes in the last two decades. Fire on containerships is a big concern and we share IUMI's desire to see progress on this issue.

→

## IUMI EYE Q&amp;A

With Charo Coll, International Salvage Union (ISU) President

Continued



### Could salvors and marine insurers work together more effectively?

In fact, we are working very hard together but to be more effective we should arrange more informal discussions and contacts to understand both parties' needs, align and serve those needs. And we all need to reach out to the younger members of our industries to ensure that, in an era of fewer incidents, they still understand the basics of casualty management from the salvage, operational, legal and insurance perspectives. Shared knowledge builds trust.

### How do you view the relationship between ISU and IUMI?

I sincerely believe we are improving our relationship day-by-day and ISU wants to be a good partner with IUMI at trade association level and we want our members to be the perfect partners for insurers to mitigate risk and minimise loss at an operational level.

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

More cooperation and sharing and understanding of best practice among all the key stakeholders would benefit the shipping industry as a whole to prevent disasters and protect the environment which is what the world deserves.

## IUMI and CINS discuss common ground

By Lars Lange  
IUMI Secretary General

The Cargo Incident Notification System (CINS) was established in 2011 to share information on all cargo related incidents. The information is uploaded into the CINS online database [www.cinsnet.com](http://www.cinsnet.com). It was first introduced by five of the world's biggest container lines: CMA-CGM, Evergreen, Hapag Lloyd, Maersk Line and Mediterranean Shipping Company MSC. Today, CINS has 17 shipping line members.

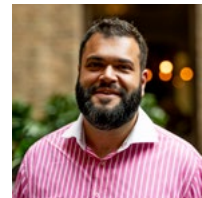
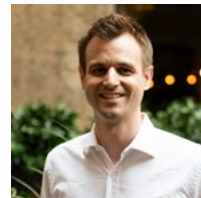
The purpose of CINS is to:

- collect information on operational cargo-related accidents and incidents from seaborne carriers and relevant information (excluding any commercial information) is entered into the CINS database);
- analyse global operational information on all cargo and container related accidents;
- establish areas of concern and trends in order to improve safety in the transport chain.

IUMI opened discussions with CINS in 2017, and both organisations discovered that there is a lot of common ground on the loss prevention side. Consequently the IUMI Secretary General, Lars Lange, was invited to present to the 10th CINS Meeting in Rotterdam in June 2018.

CINS Chairman Uffe Ernst-Frederiksen (Maersk Line) navigated through the agenda covering CINS activities, projects, data-inputting and cargo guidelines. Afterwards, Lars Lange presented on IUMI, its work and its current major targets and topics. It was reiterated that closer communication between the two organisations would be of mutual benefit and the CINS Council will discuss this at its next meeting.

# Machine Learning for Marine Insurance



By Dorian Lacaille, Senior Data Scientist, and Matthew Madahar, Pre-Sales and Support Manager

Concirus, IUMI Professional Partner  
[www.concirus.com](http://www.concirus.com)

## An explosion of data

It is no secret that the marine industry is becoming better connected and this, along with the growth in high-performance computing, gives insurers access to more and more accurate data.

Using this information on a real-time basis, insurers can gain a deeper understanding of the risk profile of fleets and vessels, and therefore determine the appropriate policies and prices.

This is exactly what marine insurers need to achieve profitability in an extremely challenging market.

But, can all of this new data be analysed and interpreted in a meaningful and regular way using traditional methods? The simple answer is no.

## How risk analysis and pricing is currently done

Underwriters rely on actuaries for accurate pricing models. These are built using statistical models which analyse a small number of static variables.

One or two actuaries will run a small number of rating factors through up to 100 statistical iterations. This will help them segment their portfolio to come up with a new pricing model, or optimise their current model, in the hope of generating more profit.

This generally happens once a year, but sometimes far less, and can take up to six months.

But, would the current process stand up to all of this new dynamic, and often complex, data? The simple answer is it wouldn't.

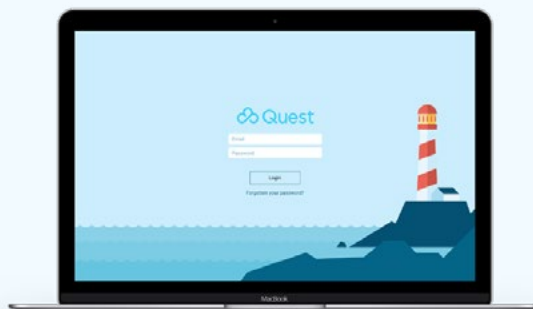
## The future is machine learning

In comparison to today's manual and laborious process, underwriters and actuaries could work together using machine learning. They could run historic, static and new behavioural data through tens, if not hundreds of models, and hundreds of thousands of iterations.

Rather than once a year, or less, they could do this on a regular, even daily basis, if they wanted to, at the push of a button.

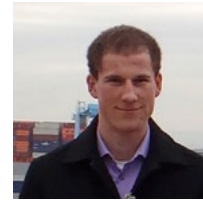
Find out more about machine learning for marine insurance - what it is, what outcomes it would generate, and why the time to start adopting it is now at the [Concirus' blog](#).

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



Find out more at: [www.concirus.com](http://www.concirus.com)

# Where and How: Accurately Assessing Cargo Risk



By Derek Stedman, Lead Modeler

Risk Management Solutions,  
IUMI Professional Partner  
[www.rms.com](http://www.rms.com)

Catastrophe risk is highly variable for the same goods stored in different ways – both by peril and storage type.

For example, consider a car stored at a port a) in a container or b) in an open lot. For case a, the car is protected from rain, hail, and surge, as it is likely in a stack of containers and elevated above ground level. However, in the event of an earthquake, the shaking may cause the container with the car to fall off the stack of containers, causing damage. The car in case b is unprotected from rain, hail and surge damage, but will experience minimal damage from an earthquake, which will simply shake the car – an object which is designed to handle vibrations/movements.

Given this stark difference in potential damage, knowing how cargo is stored and shipped is vital; second only to accurately assessing the type of goods being stored and shipped. These two pieces of information provide an underwriter with a much clearer view of the risk and allows for a more accurate assessment of the risks involved.

Different companies will ship the same goods with different levels of protection, Company X, which sells high-end electronics may ship their products in watertight, airtight packages; while Company Y, which sells mid to low-end electronics, may simply ship their products palletised in cardboard boxes. If both companies are shipping their products through the Port of New York, and a hurricane with significant surge occurs, Company X's products, which are protected from water intrusion will experience less damage than Company Y's products.

## **How goods are packaged and protected from damage has a significant impact on damage when an event occurs.**

The type of damage, in turn, can vary greatly by peril. Thus, along with accurately recording the type of cargo being insured, knowing the storage method and packaging/protection applied to the goods is key to accurately assessing catastrophe risk for cargo. This small effort in assessing the state of cargo exposure can lead to greater risk differentiation and improved underwriting selection.

For more information please find our report at: [rms.com/models/marine-cargo](http://rms.com/models/marine-cargo)




## The RMS Marine Cargo Model

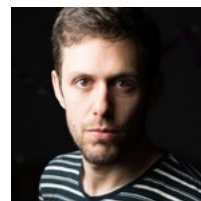
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Learn more at [www.rms.com/MarineReport](http://www.rms.com/MarineReport)





# Building Super Models for Marine Insurers



By Omer Primor,  
Head of Product Marketing

Windward, IUMI Professional Partner  
[www.wnwd.com](http://www.wnwd.com)

Accidents happen. That much we know. Why they happen, where and to whom are not always clear. Was the weather to blame? Did the captain fall asleep at the wheel? Did someone blind the Cyclops and incur the wrath of Poseidon?

But what if, for example, we knew which vessels were more likely to spend an unhealthy amount of time in bad weather? What if we could use this - and other dynamic vessel data - together with static ship characteristics, to predict the likelihood of an accident, and the vessels that were more likely to have them? Turns out we can. It all comes down to a ship's operational profile.

Take Geography. Our analysis shows that vessels travelling for longer periods at night at dangerous depths are 2.6 times more likely to have contact accidents in the following year.

Or how about navigation? We've established that vessels travelling for long periods in congested traffic lanes are twice as likely to have collision accidents in the next 12 months.

Overall, there are more than 1,500 such operational risk factors. They range from management-related features to activities in and around ports. But this data is far too big and granular to effectively support underwriting decisions.

That's where machine learning models come in. They accurately rate the risk of every ship for the year ahead. Trained on thousands of past claims, the models learn which data points are important, how they interact and what their marginal impact will be. In this way they can crunch the hundreds of data points from the operational profile and allocate them a risk decile: the higher the decile the greater the likelihood of the ship having an accident - and loss - in the year ahead.

In this way, underwriters can augment their decisions with objective data insights, complementing their human intel, and enabling them to focus on building new, and more sustainable business relationships.

By using technology, we can augment the art of risk selection, improving the very core of the underwriting process.

WINDWARD<sup>o</sup>



# Container vessels urgently need better regulation to enhance fire safety



By Nick Haslam, Group Director,  
Shipping Services

LOC, IUMI Professional Partner  
[www.loc-group.com](http://www.loc-group.com)

The current fire safety regulations on container vessels are woefully inadequate, as has been clearly demonstrated in recent events.

Once established, a fire can be virtually impossible to get under control. This is because of a combination of factors; restricted access to the cargo stow where many of the fires have started and the sheer size and scale of an ultra large container vessel (ULCV), together with inadequate crew training and equipment.

On a container ship, relatively small quantities of hazardous chemicals packed in individual containers are perfectly compliant, with no additional fire or safety precautions required. However, if taken in their entirety, adding up all the container contents, the total quantity of that hazardous chemical could be a very significant volume indeed. And the same volume, if carried on a bulk tanker or similar would be covered by totally different and much stricter safety requirements.

I have been involved in a series of recent operations on container ships and given the volatility of some of the cargoes in close proximity, it's not surprising that a fire can escalate out of hand so quickly.

The potential issues are compounded still further by the incorrect misdeclaration of cargoes, it is difficult enough dealing with cargoes you know about, without having to deal with those you don't know about.

The SOLAS regulation 11-2/10.1.2 states that the firefighting requirements are to 'suppress and quickly extinguish a fire in the space or area of origin'. But on a ULCV this may not actually be possible. The containers could be stacked 11 boxes high below deck and 9 boxes high above deck, with deck lashings and bridges up to tier 4, a seafarer's or salvage team's access to fire-fight is likely to be severely restricted if not impossible.

Currently the crew on a container vessel are only required to complete standard fire-fighting training and yet fires on a container ship involving hazardous chemicals can easily and quickly reach over 1000 degrees, which is hot enough to melt steel.

Most modern ULCVs rely on fixed CO2 as their main firefighting medium for the below deck cargoes, while all new vessels which are designed to carry five or more tiers of containers on or above the weather deck must also have two or more mobile water monitors.

MSC.1/circ 1472 provides guidance on the design performance testing and approval of mobile water monitors but the effectiveness of any mobile water monitor relies heavily on the ability of the vessel's crew to deploy the equipment.

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## Container vessels urgently need better regulation to enhance fire safety

Continued

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But experience has shown that fixed CO2 systems which inject CO2 at the top of holds to cascade down and displace the oxygen from the seat of the fire, are often ineffective. Cargo fires are often below the CO2 injection level, and so the fire-fighting medium mixes with the hot

gases and simply escapes through the hatches, while CO2 does not easily enter closed containers.

However, some cargoes carried in the hold may be highly reactive and able to provide sufficient oxygen during a chemical reaction, negating the effectiveness of any CO2 introduced.

Because this method is so unsatisfactory, salvors are more likely to direct large volumes of water onto the fire source, which then risks a primary hull structural failure.

This issue really does need to be addressed as a priority by the industry's P&I clubs, insurers and operators. These industry representatives must work with the IMO to urge it to put in place better and more appropriate fire safety regulations as soon as practicable. Better planning, training and stricter requirements could make the difference between a total loss and a successful salvage operation and most importantly could save the lives of seafarers on these vessels.

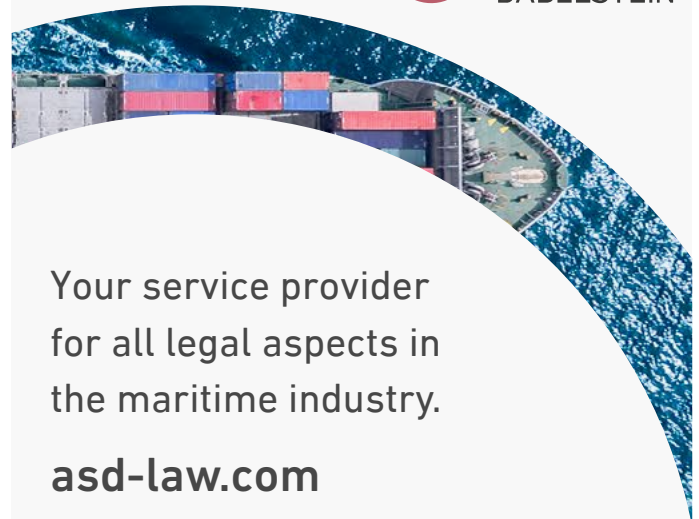
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## Final round of input to revised Incoterms® 2020

By Hendrike Kühl  
IUMI Policy Director

As already mentioned in past editions of IUMI Eye, the International Chamber of Commerce (ICC) is currently conducting a review process of the Incoterms® and aims to publish the revised rules in the Autumn 2019 on the occasion of the 100th anniversary of the ICC.

The third round of commentary was concluded in June and IUMI once again contributed with feedback on three specific questions raised by the ICC as well as detailed comments on the proposed wording for the introductory and explanatory notes. The IUMI secretariat is in touch with the ICC about the possibility of holding a webinar on the changes in the new Incoterms® 2020 rules once they have been published next year.



## UAE Insurance Association to join IUMI

By Lars Lange  
IUMI Secretary General

It is with great pleasure to announce that the UAE insurance body – Emirates Insurance Association (EIA) – has applied to be an IUMI member association. The application shall be approved at the next IUMI council meeting in September, during the annual conference in Cape Town.

Marine insurance in the UAE has been growing steadily. The marine insurance premiums for 2017 grew by 10 % to AED 1.1 billion – the equivalent to USD \$300 million. This accounts for 3.5 % of the gross premiums of property and liability insurance (Source: Asia Insurance Review).

Becoming a member of IUMI has significant benefits. IUMI has over 100 acting technical committee members, 21 IUMI Professional Partners (IPP) and 19 affiliates, providing a unique platform for the exchange of ideas, market information and best practice, enhancing the industry's professionalism and standards across the globe.

Once a member, the EIA will be eligible to join IUMI's Technical Committees and Executive Committee, becoming a part of the trusted voice of marine insurance. Please join me in welcoming EIA.



## EU proposal on e-freight documents

By Hendrike Kühl  
IUMI Policy Director

On 18 May 2018, the European Parliament and the European Council published a proposal for a regulation on electronic freight transport information. In the proposal the European Union (EU) institutions do not pursue the concept of an EU wide Single-Transport-Document and do not include mandatory requirements for electronic freight documents. At the same time, the proposal seeks a harmonised approach for the acceptance of electronic freight documents by the competent authorities across the EU.

These are positive developments and reflect IUMI's views as submitted to the EU's public consultation in January 2018. Last month, IUMI submitted a statement to the EU's Directorate General MOVE welcoming the approach outlined in the proposal and noting that the policies as currently drafted offer sufficient flexibility for industry stakeholders to develop suitable technology solutions.