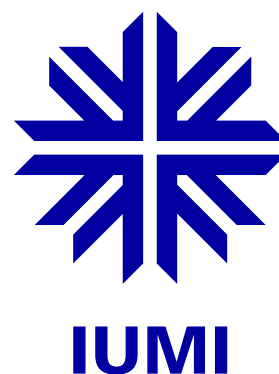




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Message from the President

A warm welcome to Canada



Richard Turner
IUMI President

IUMI comes together this September for its annual conference in Toronto. Our last visit to Canada was 11 years ago (in Vancouver) and it's great to be back!

It would be very tempting to portray our return to Canada as a moment when marine insurance is being confronted by big challenges on all sides:

- our industry is going through some very painful adjustments as the capital backing our sector tightens its grip;
- wider structural changes in the insurance sector are impacting into the marine space;
- and who can ignore the external issues and pressures: the growth in protectionism, political instabilities, Brexit, etc.

Indeed, our common theme at the conference ("Confronting the Chaos") can rightly be said to be a title that stirs the emotions – a deliberately provocative banner to encourage and stimulate debate.

Delegates will have the chance to hear from different speakers on all of these features:

- the traditional Facts & Figures workshop will showcase the sector in terms of the cyclical position of our business;
- the emergence of digitisation into underwriting will be considered in the President's workshop;
- external issues will have their place too, with features on the geopolitics of trade and the Iran-US crisis.

We will also stay faithful to the richness that comes from IUMI's technical knowledge. Presentations will build on a number of Policy Forum topics: fires on containerships, the introduction of the sulphur cap in 2020, and the emergence of the Arctic as a sea route.

So a busy conference in prospect!

Finally, a reminder from history. However much we might talk of crises and 'chaos', we would do well to remember the week that IUMI last gathered in Canada. That week in 2008 marked the start of the global financial crisis, with Lehman Brothers going bust and governments around the world launching almost unprecedented bailouts. The Clarksea Index of average annual earnings of ships fell from USD 32,000 per day to just USD 11,000 within a year. The marine insurance sector coped with that crisis and navigated a pathway through it: a useful reminder that throughout many centuries of history, we have always found ways to adapt ourselves to external forces and stay focused on our core purpose: 'to underpin national and international trade'.

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

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

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



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



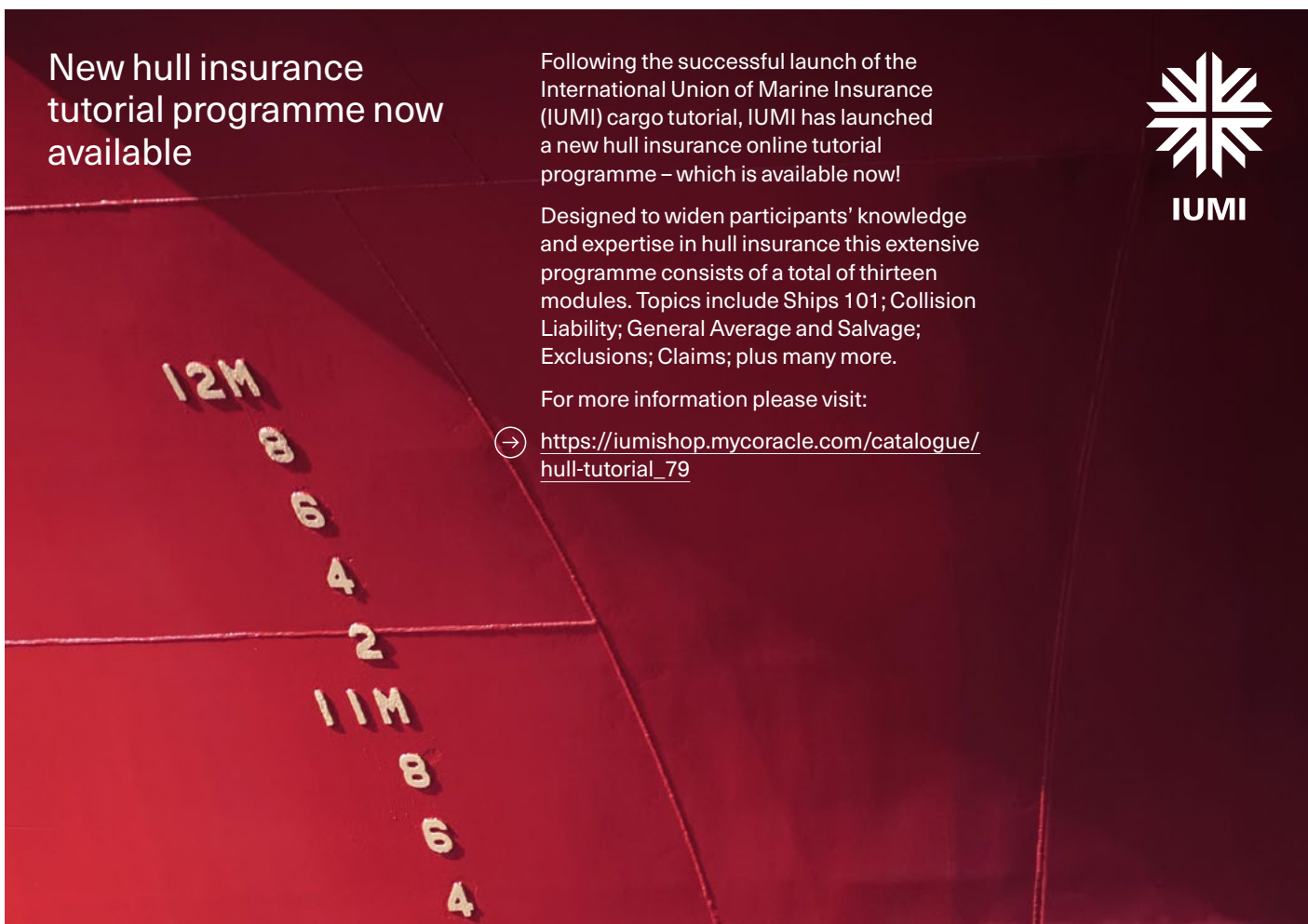
New hull insurance tutorial programme now available

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

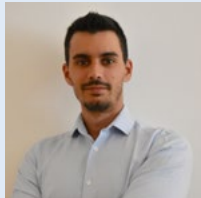
Designed to widen participants' knowledge and expertise in hull insurance this extensive programme consists of a total of thirteen modules. Topics include Ships 101; Collision Liability; General Average and Salvage; Exclusions; Claims; plus many more.

For more information please visit:

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



Testimonial



Michelangelo Todoro
Marine Underwriter, Chubb

"I couldn't recommend more strongly to all new cargo underwriters that they attend this training."

About the cargo tutorial

I first heard about the IUMI cargo tutorial from my manager, as our company has always been a great supporter of many IUMI services delivered to marine underwriters.

As the first junior underwriter in my team for a while, and having little to no experience in the industry, my manager thought it prudent for me to have some "in-field" experience with a more technical approach. IUMI's online cargo tutorial was the first and best choice.

From a practical point of view the online formula is the best one, giving you the freedom to decide when and where to attend a lesson, which is what a "working-student" needs.

Overall, modules are very well structured, managing to capture and keep your attention for the whole lesson (with very few exceptions!). Nevertheless, the course is structured in such a way that attendees have all the flexibility to take a break or stay online longer when needed. What I liked most were the practical examples, with a direct link to a newspaper article, or a YouTube video. In-between questions and end-of-module tests were useful to keep you on your toes!

The topics covered are extremely relevant and discussed in-depth. It's not only a starting point for an inexperienced underwriter but also offers the more experienced underwriter something new to learn — it turned out to be very useful to help solve more than one interpretation issue that the team I work for went through!

Additionally, this training has the merit of widening an underwriter's view, pushing them to look at topics that are too often not considered or taken for granted.

I couldn't recommend more strongly to all new cargo underwriters that they attend this training. But it should be done so with the right mindset, as this is no piece of cake and requires a certain level of knowledge of cargo insurance.

About the cargo tutorial test

If you're not willing to put the hard work in with this cargo tutorial then don't even think about taking the test because it is TOUGH!

The practicalities of taking the test remotely is far easier than expected, and everything — from the TestReach App to the guidelines that IUMI gives you before taking the test to the actual exam — worked very well.

As I said, the actual test is hard, requiring a deep knowledge of the subject matter and a certain degree of interpretation skills. Don't expect to go through a "Yes-or-No" type of test as you would be disappointed. It is also a 90 question three-hour exam — and all three hours are needed!

At the end, to pass the test is a matter of studying hard and a strong will, which is what made receiving the IUMI certificate such a great personal achievement. I would like to personally thank all the IUMI staff, as their kindness and professionalism made this experience even better.



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





Policy Forum

IUMI acts on preventing fires on container vessels



By Lars Lange
IUMI Secretary General

A number of container ship fires have already happened in early 2019. *Yantian Express*, *APL Vancouver*, *Grande America*, *E.R. Kobe*, *KMTC Hong Kong*. All these incidents confirmed IUMI's intention to actively address the avoidance of container ship fires. As highlighted in [IUMI's 2017 Position Paper](#) a number of issues have to be tackled: the misdeclaration or non-declaration of dangerous goods leads to mistreatment of inflammable goods on board; detection of fires on-board as well as under deck has to be improved; CO2 fire extinguishing in the holds has proven ineffective; and fire-fighting equipment on deck is, even after the 2016 SOLAS amendment, far from being sufficient.

IUMI took the opportunity during the International Maritime Organizations (IMO) Maritime Safety Committee (MSC) 101 meeting in June 2019 to raise its concerns and ideas in a presentation to the attendees. IUMI received confirmation from the Council of the International Association of Classification Societies (IACS) that it supports IUMI's initiative with its technical expertise. IUMI, throughout 2019, has been in constant dialogue with various flag states with the aim to introduce this topic to the IMO

in 2020. A proposal for a "new output" on the agenda of the MSC 102 is in the drafting process in cooperation with the German IUMI member association GDV.

IUMI will be involved in a two-day workshop with key stakeholders in October 2019 that has been organised by Gard AS in Norway. IUMI will also have the opportunity to introduce the topic during this year's "Tripartite" meeting of top-level representatives of shipowners, shipbuilders and class in October 2019 in Tokyo. In addition, IUMI has started, and will continue, to talk bilaterally to other maritime stakeholders and associations in order to achieve understanding and support.

IUMI views the improvement of fire-prevention on container vessels as a topic of common interest in the maritime industry. Legislation and objectives to achieve a broad consensus for measures to be taken to improve the situation should proceed as quickly as possible.

IUMI embarks on Environmental, Social and Governance (ESG) topics



By Lars Lange
IUMI Secretary General

A change in public awareness initiated by the [United Nations \(UN\) Sustainable Development Goals](#), the [Paris Agreement on Climate Change](#) or the work of the International Maritime Organization (IMO) for example, has led to increased expectations of insured entities, insurance stakeholders and the public with regard to insurers' responsibilities.

This led to a reconsideration in the marine insurance industry of core targets and responsibilities. The growing pressure and urgency across all sectors of society to respond and find solutions to sustainability challenges made insurance companies understand that they have a responsibility for these factors beyond their core traditional businesses. These insurance companies work on a better understanding and overarching principles for the underwriting of environmental, social and governance risks, in short ESG risks.

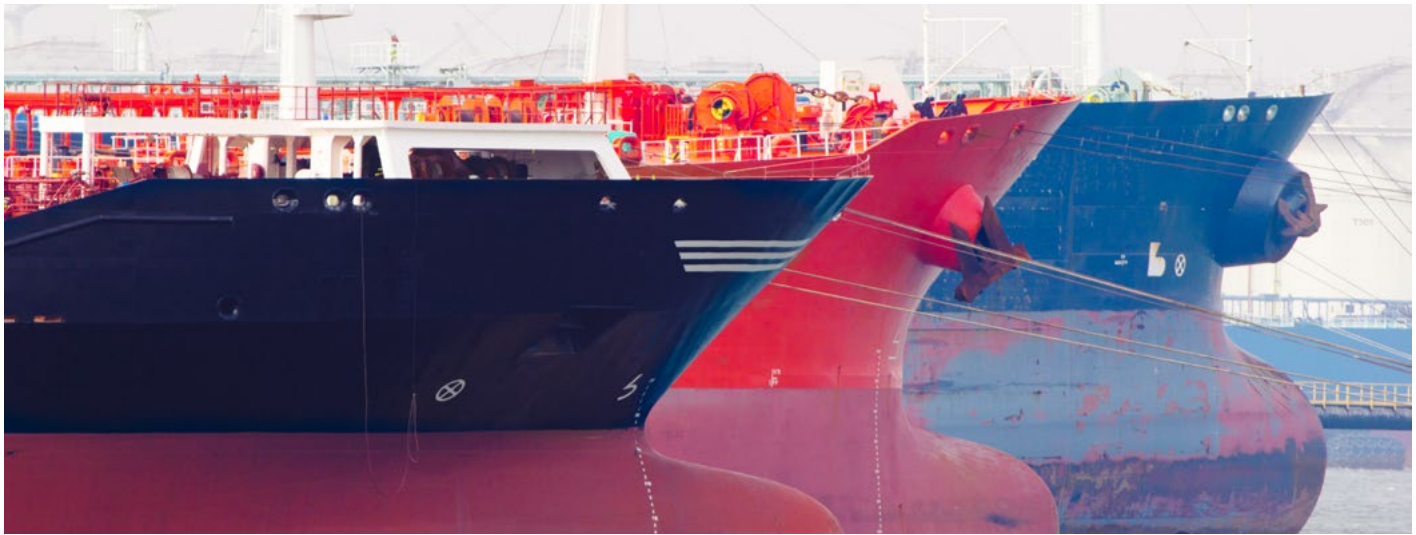
In 2012, the [UN Environmental Programme Financial Initiative UNEP FI](#) launched the [UNEP FI Principles for Sustainable Insurance](#). The four principles serve as a global framework for the insurance industry to address ESG risks and opportunities. Over 120 organisations worldwide have adopted the four Principles for Sustainable Insurance, including insurers representing more than 25% of world premium volume.

In 2019, the UNEP FI launched the first guidelines for the "[Underwriting environmental, social and governance risks in non-life insurance business](#)". It is meant as the first ESG guide for the global insurance industry developed by UN Environment's Principles for Sustainable Insurance Initiative. It is subject to a public consultation in 2019 and the aim is to produce a full 1.0 version of the guide by the end of 2019.

IUMI has recognised a number of its current policy agenda topics where ESG principles already have an impact such as sanctions and polar shipping. Other policy agenda topics where ESG risks and questions are touched upon are currently under consideration either by IUMI or IUMI's membership, for example human rights insurance clauses, illegal fishing, conflict minerals or anti-bribery. Environmental issues are already on IUMI's agenda such as ballast water management systems for ships or the IMO low sulphur regulation coming into force in January 2020.

Based on these developments, the IUMI Executive Committee and IUMI Policy Forum have decided that IUMI will develop an opinion on ESG risks and play a role in guiding the marine insurance industry in dealing with ESG topics. IUMI plans to facilitate a dialogue within the IUMI membership about ESG risks and addressing IUMI members' position on ESG risks towards public stakeholders, authorities and industry partners. IUMI will not bind its members with overarching commitments but will enable its members to decide on their own action and commitments in a transparent manner and on a fully educated level.

In a first concrete step, IUMI is currently taking part in the consultation process of the UNEP FI guideline for the "Underwriting environmental, social and governance risks in non-life insurance business". Butch Bacani, Programme Leader "UN Environment's Principles for Sustainable Insurance Initiative" at UNEP FI will introduce the topics in the Policy Forum workshop during the IUMI Toronto conference in September 2019.



Policy Forum

Cargo theft — anything but a victimless crime: Revised IUMI position paper



By Hendrike Kühl
IUMI Policy Director

Throughout the Americas, Asia, Africa and Europe theft of cargo, alone or with the vehicles, has reached alarming proportions. It is a global challenge with a huge negative impact on people and the supply chains they work in. Cargo theft is a global phenomenon with a wide range of *modi operandi*. Increasingly popular among criminals are more innovative ways of stealing goods which take advantage of constantly growing online connectivity. Instead of merely targeting a specific truck and its cargo, many criminals now take advantage of more sophisticated methods such as posing as legitimate transportation companies or jamming vehicle tracking systems.

It is often stated that cargo theft is a victimless crime. This is a major misunderstanding as the truck drivers who are vital enablers of trade are directly threatened by increasing violence related to cargo theft. It is also a large burden to society as the costs caused by stolen cargo, business interruption and loss of reputation do not simply disappear but are factored into the pricing of the products which are moved around the globe every minute of every day.

The urgency with which this issue needs to be addressed is reflected in IUMI's revised position paper. Closer transnational cooperation between law enforcement agencies across borders is a key component to effectively combat these crimes. The paper outlines several measures to support improved and more effective cross border coordination, and calls for a higher density of high-security, accessible and affordable parking spaces. Recommendations for industry stakeholders provide guidance to reduce the risk of becoming a victim of cargo theft aiming to prevent such losses in the first place.

The data reported to TAPA's (Transported Asset Protection Association) Incident Information System clearly show that cargo theft is on the rise rather than declining. IUMI's call is therefore unequivocal: Policy makers around the world need to tackle this problem by increasing resources for law enforcement agencies, enabling improved transnational cooperation and by the creation of a large number of safe and secure parking spaces.

The paper will be released on 17 September 2019 and can be accessed here:

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



By Lars Lange
IUMI Secretary General

IUMI supports paper to IMO on non-declared and misdeclared cargoes

As discussed in the article '*IUMI acts on preventing fires on container vessels*' on [page 5](#) of this IUMI EYE, the non-declaration or misdeclaration of dangerous goods on-board container vessels is an important part in solving the problem of container ship fires. Apart from delivering regulatory control, the International Maritime Dangerous Goods Code (IMDG Code) has definitions and classifications of dangerous goods, as well as procedures for declaration.

Accordingly, IUMI is part of an industry coalition that includes the International Chamber of Shipping (ICS), BIMCO, the International Cargo Handling Coordination Association (ICHCA), the International Group of P&I Clubs, the International Vessel Operators Dangerous Goods Association (IVODGA) and the World Shipping Council (WSC), and Liberia as a supporting flag state. The coalition forwarded a paper to the 6th session of the International Maritime Organization (IMO) Sub Committee on Carriage of Cargoes and Containers (CCC 6) in September 2019. IUMI is happy to be listed as a co-sponsor of this paper and will support the further process and progress.

The paper contains a proposal to undertake a comprehensive review of maritime Special Provisions (SPs) in the IMDG Code. The Dangerous Goods List in chapter 3.2 of the IMDG Code includes

UN numbers assigned for dangerous goods, with an allocated Proper Shipping Name (PSN). These provisions need to be complied with in order to avoid safety risks associated with the carriage of dangerous goods.

At the same time, the IMDG Code is not applicable to commodities which fulfil the requirements of certain maritime SPs, meaning that those commodities are not considered dangerous and do not need to be declared as such by the shipper to the carrier. For example, a consignment of charcoal, which could otherwise be considered dangerous as liable to spontaneous combustion is authorised to be shipped as non-dangerous cargo as long as it has passed the tests for self-heating substances and is accompanied by a certificate as required by the respective SP.

The growing number of casualties related to container fires suggests that the problem is exacerbating, despite the extensive provisions of the IMDG Code. The strong assumption of the paper is that maritime SPs in the IMDG Code have been a frequent basis for exempting goods from the safety provisions of the Code, when in fact those goods were later proven to be dangerous. A significant number of reports additionally suggests the intentional non-declaration or misdeclaration of dangerous goods by shippers. This is done in different ways,

including the provision of fraudulent certificates to the carrier, in an attempt to achieve exemptions allowed under SPs and as such bypass the provisions of the IMDG Code. The paper suggests that a holistic approach should be taken to reduce the risk of incidents involving container and ship fires. A key element in this approach is the extent to which maritime SPs authorise exemptions from the application of the IMDG Code to the shipments of goods that otherwise would be considered dangerous.

Recent initiatives by shipping lines such as Maersk, Hapag Lloyd and MSC are addressing this serious topic and they agree that non- and misdeclaration is a serious root cause for fires on-board. In response they are increasing control of cargo and imposing fines for customers not complying with shipping lines requirements for declaration.

IMO

International Quality Assessment Review Body IQARB established



By Lars Lange
IUMI Secretary General

The Maritime Safety Committee (MSC) agreed during MSC 100 in December 2018 to the proposal for the establishment of a fully independent international quality assessment review body - the "International Quality Assessment Review Body" (IQARB), for the review of IACS Quality System Certification Scheme (QSCS) for an initial trial phase. The MSC further requested the active participation of the International Maritime Organization (IMO) Secretariat in the work of IQARB and for its meetings to be convened at IMO, and for it to be regularly updated on any developments during the trial phase.

The inaugural meeting of IQARB, in its trial phase, was held at IMO from 28 February to 1 March 2019. The meeting was attended by Chile, Liberia, Marshall Islands, New Zealand, Singapore, United States, European Council (EC), International Chamber of Shipping (ICS), IUMI, Oil Companies International Marine Forum (OCIMF), Intertanko, International Group of P&I Clubs, Asia-Europe Foundation (ASEF), Shipyards' & Maritime Equipment Association (SEA) Europe and the IMO Observer to IACS QSCS, all of whom had been invited with a view to be the initial members of IQARB, based on the draft Protocol to be agreed. Also in attendance was the Secretary-General of IACS, the IACS Quality Secretary and the Secretariat. Additionally, to assist in the discussion, representatives from each Accredited Certification Body (ACB) and each IACS member classification society were in attendance.

With regard to the working method, the meeting considered a draft IQARB Protocol establishing the modus operandi of IQARB. The draft Protocol contains provisions setting out the intention for IQARB to be an international, independent advisory body, comprising 18 voting members including representatives of flag States, Port States (PSC authorities), intergovernmental organisations and industry representatives (insurance, shipowners and shipbuilders), IMO Secretariat, IMO Consultant/Observer to IACS QSCS and two ex-officio/non-voting members from IACS.

The purpose of IQARB is to review the certification process of the quality management systems of IACS members. This is done by considering the adequacy of IACS QSCS in meeting the objectives set before classification societies/Recognised Organizations (ROs) by regulators and industry. Compliance with the requirements of the RO Code in relation to the relevant provisions of IMO mandatory instruments is also being

assessed. These requirements include SOLAS regulations and the III Code; the performance of Accredited Certification Bodies (ACBs) against the criteria of QSCS; the nature of findings; and the robustness and effectiveness of the agreed corrective actions that classification societies/ROs have put in place to address the findings identified during the ACB audits.

It is envisaged within the Protocol that as a result of the review a consolidated factual statement on the certification of the quality management systems of each IACS classification society/RO will be issued and released into the public domain. These factual statements and recommendations will be available to any third party. IQARB factual statements are meant to provide confidence in the independence and integrity of the classification society/RO's certification by the ACB.

The long-term objective of the IQARB initiative is to promote and enhance maritime safety and pollution prevention. It shall be a fully transparent and independent industry scheme that regulatory bodies, flag administrations, classification societies, shipowners/managers, insurers, etc. can understand, trust and have faith in. There was a general consensus that IQARB presents an excellent opportunity to rationalise the current multi-layered oversight of classification societies/ROs against different but closely related standards, all intended to meet the needs of a multitude of interested parties. Further, the flag states could voluntarily use the information as provided by IQARB as part of their duty in monitoring/oversight of ROs in terms of the applicable provisions of the III Code and the RO Code. Long term, a broader role for IQARB is envisaged, considering that the future IQARB could be an entity established under an international legislation framework, with its own standards for qualifying ROs, where the scope of application could be extended to all ROs at large. At the trial stage, however, the scope of application of IQARB will only include IACS members.

Post-harvest Spoilage of Fruit



By Dirk Plutat
Fruit Surveyor

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

Finding the cause of impairments in fruit is sometimes difficult. Special attention needs to be paid to the distinction between transport-related and post-harvest damage as outlined below.

Physiological changes

In contrast to the natural ripening of climacteric fruit, other physiological changes after harvesting have to be assumed to be decay/spoilage. New growth in roots and tubers is a normal process but represents a reduction in quality and value when the goods are sold.

In addition to normal post-harvest changes there are also abnormal changes caused by, for example, low temperatures, which change the sequence of biochemical processes and cause irreversible damage. In general, plant tissue that has suffered physical damage is predisposed to spoilage.

Physical changes

Physical changes are the main reason for post-harvest spoilage. Before, during and after harvesting, skin injuries of various kinds including bruises can occur, e.g. due to weather, insects, birds or agricultural equipment such as harvesters or automatic packaging machines. Skin injuries lead to increased respiration, loss of moisture and/or increased ethylene production. Healed skin injuries represent a visual defect. Physical damage is significant in that it facilitates the invasion of harmful organisms, resulting in spoilage.

Chemical changes

Adverse effects may be caused by insecticides, fungicides, herbicides, growth regulators or fertilisers, but post-harvest treatment may also cause damage. An example would be the bleaching of grapes exposed to elevated levels of sulphur-oxide concentrations (SO₂ pads).

Spoilage due to pathogens

Infections with harmful organisms can occur during the growth phase and harvest time, as well as during processing, storage, transport, sale or even after purchase.

The development can be divided into two phases: the infection and the manifestation of symptoms — either immediately or after some time. Harmful organisms gain access through natural openings such as lenticels or skin injuries. However, some fungal species can penetrate undamaged skin areas as well.

The development of spoilage leads to increased respiration, heat generation and increased ethylene production. Some moulds also produce ethylene in the process. This makes healthy tissue susceptible to infection.

Such circumstances are significantly affected by external factors such as temperature, humidity and composition of the atmosphere. These factors determine whether, when and how the harmful symptoms occur. Accordingly, careful attention must be paid to transport and storage conditions.

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IMO

Report of 101st session of the IMO Maritime Safety Committee



By Hendrike Kühl
IUMI Policy Director

The 101st session of the Maritime Safety Committee (MSC) met at the International Maritime Organization's (IMO) headquarters from 5–14 June 2019 under the chairmanship of Brad Groves from Australia.

IUMI was represented by Lars Lange (IUMI Secretary General), Astrid Seltmann (Analyst/Actuary at The Nordic Association of Marine Insurers (Cefor) and IUMI Facts & Figures Committee Vice Chair), Tim Howse (Vice President at Gard and member of IUMI's Legal & Liability Committee), Neil Roberts (Head of Marine Underwriting at Lloyd's Market Association and member of IUMI Ocean Hull Committee and Policy Forum) and Hendrike Kühl (IUMI Policy Director). Here is a short summary of the key issues discussed:

Regulatory scoping exercise for maritime autonomous surface ships (MASS)

The Committee approved interim guidelines for maritime autonomous surface ships (MASS) trials. These guidelines require the same level of safety, security and protection of the environment as set out in the relevant IMO convention. Potential risks which may occur during the testing have to be identified prior to the trials. Safety measures which reduce the risks as far as possible must also be planned prior to testing. On-board and remote operators of MASS need to be appropriately qualified and experienced to safely conduct the tests. Moreover, steps should be taken to ensure sufficient cyber risk management is adhered to when conducting MASS trials.

The MSC also made progress with the scoping exercise to look at how the safe, secure and environmentally sound operation of MASS may be introduced in IMO instruments. A working group met during the session and terms of reference were agreed for an intersessional working group meeting in September 2019. The first step which looks to classify the various provisions of IMO instruments into the following four categories is well underway:

- apply to MASS and prevent MASS operations,
- apply to MASS and do not prevent MASS operations and require no actions,
- apply to MASS and do not prevent MASS operations but may need to be amended or clarified, and/or may contain gaps,
- have no application to MASS operations.

When this initial task is concluded, the second step aims to determine the most appropriate way of addressing MASS operations. This analysis will identify the need for:

- equivalences as provided for by the IMO instruments or developing interpretations,
- and/or amending existing instruments;
- and/or developing new instruments;
- or none of the above as a result of the analysis.

Non-SOLAS vessels in polar waters

The MSC approved a draft Assembly resolution calling on Member States to put into place safety measures of the Polar Code for non-SOLAS (the International Convention for the Safety of Life at Sea) vessels (on a voluntary basis). The draft resolution will be presented to the IMO Assembly for adoption this December. The Polar Code is mandatory for certain ships under the SOLAS and MARPOL (the International Convention for the Prevention of Pollution from Ships) Conventions. While SOLAS Chapter V (Safety of navigation) applies to all ships on all voyages (with some specific exceptions), the other chapters of the Convention do not apply to some categories of ships, including cargo ships of less than 500 gross tonnage; pleasure yachts not engaged in trade; and fishing vessels.

The Committee further ratified guidance for navigation and communication tools intended for the use on vessels sailing in polar waters. The guide comprises recommendations for temperature and mechanical shock testing, and about how to deal with ice accretion and battery performance in cold temperatures. It will serve as a critical tool for the implementation of the mandatory Polar Code. IMO's Polar Code help to ensure that ships operating in the rough Arctic and Antarctic areas take into account extreme temperatures and that critical equipment must be operational in such harsh conditions.

The Sub-Committee on Navigation, Communication and Search and Rescue (NCSR) was tasked to discuss the consequences of applying chapters 9 (Safety of Navigation) and 11 (Voyage Planning) of the Polar Code to non-SOLAS vessels. NCSR was also instructed to review the safety of non-SOLAS ships operating in polar waters and how to improve it. This effort may require amendments to SOLAS and/or the Polar Code.

→

IMO

Report of 101st session of the IMO
Maritime Safety Committee
Continued

Under this agenda item the Ministerial Conference on Fishing Vessel Safety and Illegal, Unreported and Unregulated (IUU) Fishing which will take place in Torremolinos, Spain from 21 to 23 October 2019 was referenced several times. IUMI will be represented at this event by Anneke Kooiman, chair of the Inland Hull, Fishing Vessels and Yachts Committee.

Quality of fuel oils and the safety of ships

Safety issues related to the quality of fuel oils generally and safety concerns in relation to the 0.50% limit of the sulphur content of fuel oil were debated by the Committee. It was agreed to establish a Working Group on this topic in which Neil Roberts and Hendrike Kühl participated on behalf of IUMI.

The MSC adopted a resolution drafted by the Working Group about "Recommended interim measures to enhance the safety of ships relating to the use of oil fuel". The resolution emphasises specific SOLAS regulations and acknowledges the need to address safety issues related to fuel oil. It further points out that IMO Member States should take action against fuel oil suppliers whose deliveries do not comply with the relevant SOLAS and MARPOL regulations and pose a safety risk to the vessel. This point in particular was emphasised by IUMI during the Working Group discussion. The resolution also promotes the use of the latest versions of relevant industry standards. The MSC further approved an MSC-MEPC circular on delivery of compliant fuel oil by suppliers.

The MSC also established a Correspondence Group on Fuel Oil Safety to address concerns related to flashpoint requirements and to collect information on measures related to oil fuel parameters other than flashpoint. Neil Roberts and Hendrike Kühl are members of the Correspondence Group.

Piracy and armed robbery against ships

The IMO Secretariat informed the MSC about the most recent numbers of piracy and armed robbery against ships. In 2018, 223 incidents occurred worldwide compared with 204 incidents reported in 2017. Thus far in 2019, incidents in West and Central African waters have accounted for about half of all reported incidents.

The MSC reminded companies, masters and seafarers to continue the diligent application of existing IMO guidance and the revised Best Management Practices (BMP) guidance as well as the new Global Counter Piracy Guidance and the updated guidance for protection against piracy and armed robbery in the Gulf of Guinea region.

Joint IMO/ILO/UNECE expert group on the CTU Code

The Committee endorsed the terms of reference of the United Nations Economic Commission for Europe (UNECE) Group of Experts on the IMO/ILO/UNECE Code of Practice for Packing of Cargo Transport Units (CTU Code) and tasked the Secretariat to participate in the work of the Group. IUMI is planning to participate in this work once the Group is established.

IUMI presentation on casualty trends and containership fires

On the first day of the IMO's Maritime Safety Committee's 101st session IUMI gave a presentation to IMO delegates from around the world. Astrid Seltmann, Vice Chair of IUMI's Facts & Figures Committee and Analyst/Actuary of The Nordic Association of Marine Insurers (Cefor) provided an in-depth analysis of vessel values, fleet and casualty trends from the Cefor database with a special focus on detentions as indicators of casualties and fires on container vessels. Lars Lange, IUMI Secretary General briefed the delegates on IUMI's concerns related to the growing number of ever larger containership fires. The presentations were well received with several follow up questions, particularly with regard to concerns about containership fires. The slides can be accessed via the [IUMI website](#).

Inland Hull, Fishing Vessel & Yacht Market: An Underwriting View



By Rick Salway
Ocean Marine Division –
Luxury Yacht,
and member of the IUMI
Inland Hull, Fishing Vessel &
Yacht Committee

As a North American marine underwriter, it becomes routine to check the National Hurricane Center website for activity in the Atlantic Storm Basin between the months of June and November; however, Mother Nature has a fickleness that cannot be predicted and defined.

This July, Aon reported that the first half of 2019 saw a reduction in insured catastrophe losses to USD \$20 billion, the lowest level since 2006¹. That in itself may contradict the impact of climate change. Looking deeper, they reported that economic losses were approximately USD \$73 billion or 3.5 times more than the insured losses. Only about 42 % of the global economic losses were insured — compared with 52 % in the first half of 2018 — as several large-scale disaster events occurred in areas with low insurance penetration according to the report by Swiss Re Institute².

What does this mean to us in the world of inland hull, fishing vessels and yachts? Beyond the hurricanes and cyclones, there is an increase in insured losses that are attributed to secondary catastrophic perils such as thunderstorms, snowmelt and torrential rain.

Ask any yacht underwriter about the impact of lightning on modern watercraft. Losses that hovered around USD \$250,000 are now approaching USD \$1 million due to sophisticated electronics and machinery. Lightning has existed since the dawn of time. As an industry, we are experiencing strikes in regions where we haven't seen them before.

In North America, the Mississippi River experienced perhaps the perfect storm of flooding which started in early 2019. Between the snowmelt in its northern

reaches and heavy sustained rains to the south, one parish in Louisiana recorded 214 days of flooding, which is the longest period since 1927 by two months. This caused damage to inland hull and barges, and prevented transit as parts of the river were closed to navigation³.

On 11 August 2019 dozens of tourists were trapped or washed away at Duobi Gorge in Hubei Province, China after heavy rain caused severe flash flooding. Thirteen people have reportedly died and 61 were rescued. This area is very popular with tourists seeking boat rides.

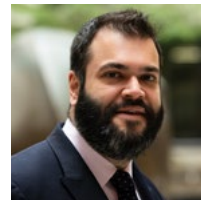
In the Netherlands, two major barge associations started an inquiry to investigate economic effects on the inland hull sector and indirect effects on the sectors who depend on that, due to low water problems. Additionally, there are committees in various districts along the Mississippi River that are bringing together marine businesses, community leaders and the US Army Corps of Engineers to study long range flood plans.

Whether the water is rising or falling, wherever we are in the world and not exclusively coastal; there is one thing we cannot debate — weather-related costs are increasing.

References:

- 1 Evans, Steve (2019, July 23) [Source](#)
 - 2 Gonzalez, Gloria. (2019, August 15) "Global insured, economic cat losses down: Swiss Re Institute" Business Insurance [Source](#)
 - 3 Erdman, Jonathan (2019, July 29) [Source](#)
- June 2019

Data, Artificial Intelligence (AI) and Machine Learning (ML): essential tools for the future of marine insurance



By Matthew Madahar
Data Analyst

Concirrus
IUMI Professional Partner
www.concirrus.com

Historically, 80 % of the information needed to make an underwriting decision has been generated internally and 20% externally. Moving forward, this will switch. With ever-growing datasets being made available, it's beyond the capability of individuals to collate, assess and understand this information — we need algorithmic help.

After years of rising loss ratios and falling profits, there's a sense of urgency in the marine insurance market to find a way to better understand risk. However, the early 'black boxes' were clumsy in their approach which has driven scepticism over the science behind such solutions. Results from implementing the Internet of Things (IoT), Artificial Intelligence (AI) and Machine Learning (ML) must therefore be transparent, allowing underwriters to clearly understand risk scores and contributory factors, and overlay critical thinking.

Calculating existing and predicting future risk

Static rating factors used in calculating risk don't account for behavioural and environmental variables. This is significant as both behaviour and the environment [have a much greater bearing on risk profile](#).

Using AI and ML, [big data platforms](#) can combine vast behavioural datasets with an insurer's claims information to produce a risk score. Algorithms process hundreds of thousands of behavioural factors quickly to identify trends and predict future loss values. Importantly, data platforms can present information simply so that underwriters can benchmark clients against the rest of the market and understand the impact of new deals on their portfolio.

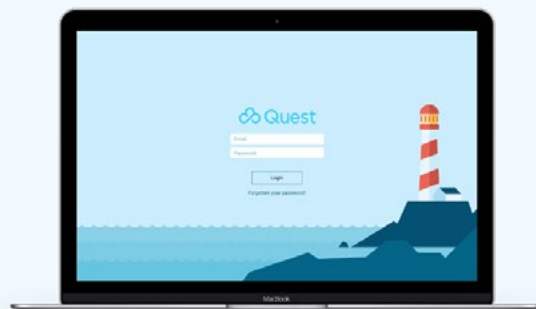
Technology to enhance, not replace

Underwriters that combine their expertise with insights generated by big data platforms will transform their industry. Transparent insight and critical thinking will improve profitability through better risk selection and competitive pricing. The same information could allow brokers to streamline risk placement, and offer new revenue generating consultancy services such as active risk management and claims prevention.

Data, AI and ML present exciting opportunities for the future, enabling a blend of rich expertise and new technology that will change marine insurance for the better.

Learn more about predictive pricing for marine insurance [here](#)

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



Find out more at: www.concirrus.com

Report of 6th session of the Sub-Committee on Implementation of IMO Instruments (III)

The 6th session of the Sub-Committee on Implementation of IMO Instruments (III) met at the International Maritime Organization's (IMO) headquarters from 1–5 July 2019, under the chairmanship of Claudia Grant from Jamaica. IUMI was represented by Hendrike Kühl (IUMI Policy Director). Here is a short summary of the key issues discussed:

Harmonising Port State Control (PSC)

III agreed on agenda items which could be discussed at the eighth IMO Workshop for Port State Control (PSC) MOU/Agreement Secretaries and Database Managers workshop (PSCWS 8). The workshop is planned for the second half of 2020.

Items to be addressed in the workshop include:

- in-depth analysis of annual PSC reports;
- duplication of inspection information in a port of a State that is a member of more than one PSC regime;
- issues related to Global Integrated Shipping Information System (GISIS), including the data exchange between PSC regimes and the GISIS and facilities to upload deficiencies that have been corrected, and their possible follow-up;
- possible harmonisation of Review Procedures in case of detention;
- possible harmonisation of Ship Risk Profile, Targeting Factors for PSC and Recognized Organisation (RO) Responsibility;
- possible impact on PSC in follow-up to analyses of the consolidated audit summary reports from the IMO Member State Audit Scheme (IMSAS);
- information update on the International Labour Organization (ILO) and Maritime Labour Convention (MLC), 2006-related matters.

The Sub-Committee studied the annual reports submitted by nine regional PSC regimes. 90,308 inspections were carried out in 2017, with 2,583 detentions reported to have taken place. The overall detention rate was 2.86% in 2017.

Review and analysis of maritime casualties

The analysis of 27 reports of investigation into casualties was reviewed by the Sub-Committee. Further measures related to safe pilotage practice were identified as priority. More information is necessary about shortcomings of master-pilot exchange, technical issues related to the performance of rudders, propellers, etc; as well as commercial pressure and performance indicators. Such additional information is needed for all ship types, not only for ultra large container vessels. Member States were urged to submit reports of investigation, especially for very serious casualties. Such reports help to facilitate a better analysis with data from around the globe.

A review of the taxonomy of the GISIS module on marine casualties and incidents is also underway. Once this exercise is finished, exchanges on potential ways to achieve comprehensive reporting and a strategy for increasing the reporting rate of very serious marine casualties and the collection of casualty data to support trend analysis will be discussed.



Image: NARCOM Maritime Command Security Symposium, 20 June 2019

NATO Allied Maritime Command Security Symposium (MMSS)

By Hendrike Kühl
IUMI Policy Director

On 20 June 2019, the NATO Maritime Command held their 4th Maritime Security Symposium. Due to the attacks on the tankers in the Gulf of Oman the agenda was changed to address these recent incidents. There was consensus that it was difficult to assess the risk of transits in these regions because the intent of the attacks was not clear. One participant noted that while the incidents seemed to avoid human and environmental casualties, the attacks could have ended in a major casualty given the sensitive cargo onboard the tankers.

The second agenda item was piracy in the Gulf of Guinea. The industry representatives were calling for NATO assistance in this region. In response, NATO representatives noted that military forces are instruments of a government, as NATO is ultimately a coalition of national governments. So, the need for military assistance always has to be raised by industry to their respective governments. In this context a representative from the Spanish Navy gave a presentation on its unilateral activities in the Gulf of Guinea (GoG) region.

A third topic on the agenda was Operation Sea Guardian in the Mediterranean. This operation is primarily focused on anti-terror and anti-smuggling measures. NATO representatives called on merchant mariners to share information about any suspicious activities which crews on merchant vessels notice. The maritime industry responded that NATO's requirements for reporting would need to be more detailed. It was also noted that there were various reporting requirements in place already and any additional reporting was perceived to be a burden.

IUMI input to IMO Legal Committee's regulatory scoping exercise for maritime autonomous surface ships (MASS)

By Hendrike Kühl
IUMI Policy Director

In response to technological advances, the IMO's Maritime Safety and Legal Committees agreed to conduct a regulatory scoping exercise to consider whether international conventions within their remit require amendments to enable the safe and secure use of maritime autonomous surface ships (MASS). In support of these efforts, IUMI representatives met with their longstanding partners and affiliates from the Comité Maritime International (CMI), the International Chamber of Shipping (ICS) and the International Group of P&I Clubs to jointly comment on the initial review undertaken by various member states of the following IMO instruments under the remit of the Legal Committee:

- International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001
- International Convention on Civil Liability for Oil Pollution Damage (CLC) 1969, the Protocol of 1976, the CLC/Fund of 1992 and Protocol of 2003
- Athens Convention, 1974, and Protocols of 1976 and 2002
- The Convention on Limitation of Liability for Maritime Claims, 1976 and the Protocol of 1996
- Nairobi International Convention on the Removal of Wrecks, 2007

While we were in agreement with the vast majority of the initial reviews by the member states, debate prevailed on some provisions and ultimately we were able to agree on comments from our group for submission to the IMO. Submissions were made to the IMO by the deadline of 31 July 2019.

Thank you to the International Group of P&I Clubs for hosting us in their London office.

Moneyball for Underwriters



By Daniel Fink
Director of Business Development

Windward, IUMI Professional Partner
www.wnwd.com

In the film *Moneyball*, Peter Brand, the data savant played by Jonah Hill, says of one baseball player: "Nobody in the big leagues cares about him, because he looks funny." The point: he's been overlooked given the traditional interpretation of what makes someone valuable. Brand spies an opportunity to exploit the oversight by factoring in new data.

Like baseball officials influenced by their experience, our preferences are dictated by our knowledge. Preferences affect every aspect of our lives. Based on experience, they determine how we process information and shape our decision-making. Experience and wisdom are invaluable but can be limiting if we neglect to consider new data.

The strategic underwriter

When it comes to marine underwriting, experience is everything, allowing one to discern the relationship between fleets and risk. For new data sets to contribute to one's risk assessment, they typically need to be observed over a longer period. But what if leveraging new data sets could contribute to our assessment of risk instantly? By assessing correlations between new types of data on vessels and previous accidents and claims history, it's possible to find the most important data types which can be used to support decision-making.

That said, correlations can be misleading. Take tankers, for example. Charterers prefer them to be under 15 years old given the implied safety risk of older vessels. Yet if we plot accident frequency against age, we see something surprising: vessels aged 20 and above appear to be the safest.

By factoring in new types of data we can explore this strange relationship. Here we discover that the low accident rate of older vessels is a function of their lower utilisation. If we look at accident frequency per nautical mile (NM) sailed, older vessels are more likely to incur losses.

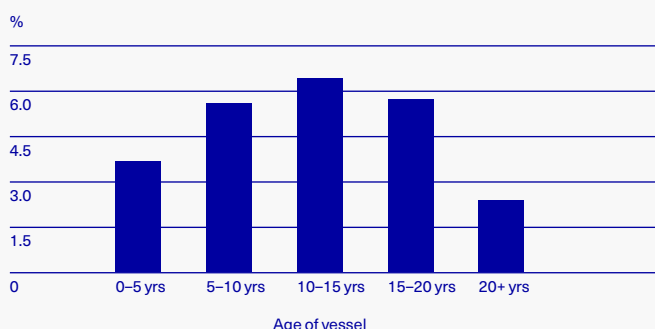
For charterers it seems older vessels aren't an option; the accident frequency is likely to increase as the vessel's utilisation increases. But what does this mean for insurers? Underwriters are mainly concerned with risks over time rather than a specific voyage; most are likely to find the accident frequency of 20+ year old tankers tempting. However, when read in conjunction with new data types, such as total NM sailed, it's clear age can't be relied upon alone. How many miles are your assured's sailing?

WINDWARD^o

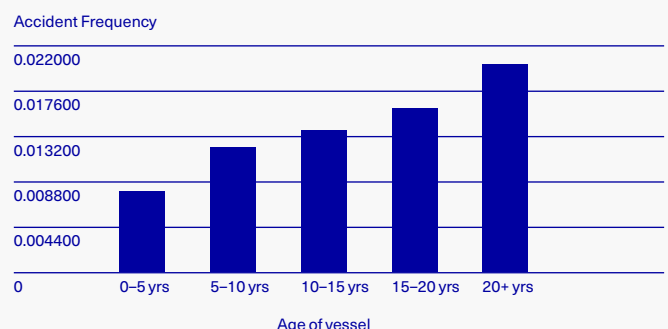
WINDWARD^o
Marine risk analytics.



Average Accident Percentage
by Age of Tanker (2016)



Tanker Accident Per 10K Nautical Miles
by Age (2016)





Joint Industry Guidance on the supply and use of 0.50%-sulphur marine fuel

By Lars Lange
IUMI Secretary General

A number of shipping, refining, fuel supply and standards organisations have worked together to produce a *Joint Industry Guidance on the supply and use of 0.50%-sulphur marine fuel*, released on 20 August 2019.

The publication has been developed by experts from across shipping, refining, supply and testing of marine fuels. IUMI has acted as a co-sponsor of these guidelines.

The publication is designed to provide guidance for stakeholders across the marine fuels and shipping industries, from fuel blenders and suppliers to end users. It presents the specific safety and operational issues relating to the supply and use of max. 0.50% sulphur fuels, an overview of fuel quality principles, and the controls that should be put in place to ensure that safety issues are identified, prevented and/or mitigated. It addresses issues such as fuel compatibility, fuel stability, and fuel handling and storage, and contains a comprehensive review of existing operational factors that can affect safety. It does not address issues related to compliance with flag state, port state or the International Maritime Organization (IMO) rules or guidelines, or alternative means of compliance (e.g. exhaust gas cleaning systems), and does not include a discussion on alternative fuels such as liquefied natural gas, hydrogen or methanol.

The key messages of the guidelines are:

- Ensure fuel quality by ensuring that blend components are suitable for bunker fuel production, with particular attention being given to ensure that the final product is stable.
- Fuel suppliers and purchasers should provide adequate information to the ship concerning the fuel as supplied to enable ship crew to identify and manage potential safety and operational issues associated with certain fuel properties and characteristics.
- Fuel characteristics are expected to vary considerably between bunkers. The ship's crew will need to adopt a more proactive approach to fuel management. They will need to know the fuel characteristics as loaded and be able to respond to the requirements, especially in terms of on-board temperature requirements and any commingling.
- While compatibility between fuels from different supply sources can be a concern in today's environment, assessing compatibility of 0.50% sulphur fuels from different sources will be key. To the extent possible, fuel should be loaded into an empty tank. The available space for new bunkers to be loaded should be taken as the capacity of the empty tanks in order to avoid commingling on loading.
- Ship operators and fuel suppliers should review operational practices to allow sufficient time to test for compatibility between existing and proposed bunker fuel delivery, especially if no "empty" dedicated storage tank is available on the ship.

The publication is free and available to download from the [IUMI website](#).

IUMI EYE Q&A

With Ann Waite and Charlotte Warr, IMCC

www.marineclaimsconference.com



Ann Waite



Charlotte Warr

In a nutshell, how would you describe the main role of the IMCC?

To provide a neutral forum where those interested in the marine claims business can come together to discuss topics of mutual interest, share experiences and learn in a collaborative and collegiate environment. Maybe also to test the Guinness occasionally!

What is the biggest challenge facing the IMCC today?

Two in reality. The first is the rapid change in the marine insurance market, with the withdrawal of insurers from the market and the understandable budget pressures that are put on all organisations. The second is always to remain focussed and relevant to the target audience.

What is the biggest challenge facing marine insurers?

Clearly profitability of the marine account, in particular the hull account is a major challenge for marine insurers. We are seeing many insurers withdrawing from marine or cutting back on their lines of business. From a claims perspective, lack of profitability on the account can lead to worrying trends - at best lack of investment in good quality claims handlers and at worst a tendency to try to reduce or avoid paying claims.

How does the IMCC and IUMI work together?

IMCC and IUMI work together in various ways. Lars Lange, Secretary General of IUMI, sits on the Strategy Group of IMCC, which is the forum used by IMCC to ensure that the Dublin agenda covers subjects that are relevant and topical.

The input from IUMI and recommendations of relevant speakers helps IMCC to develop an interesting and focussed conference each year. Lars or the President of IUMI attend IMCC annually, usually the week after the IUMI conference, providing a presentation to the claims community on the hot topics and latest IUMI claims statistics. Additionally, as IMCC is an Affiliate Member of IUMI either Charlotte or Ann will attend the annual IUMI conference.

Charlotte also works closely with IUMI on its education initiatives assisting recently with the hull and cargo [online tutorials](#) which have been launched in the last year.

Charlotte – how do you see the IMCC and IUMI enhancing their relationship in the future?

As underwriting and claims are two sides of the same coin it would be good to continue the ongoing and healthy communications between the organisations. Perhaps in the future there will be even more claims people involved in the various IUMI committees for example, and a claims strand to the regular IUMI gatherings.

Ann is there anything that you would like to see underwriters do differently?

Yes, I would like to see underwriters working far more closely with their claims departments. I personally believe that 'claims handling' starts way before the casualty occurs, with both the underwriters and claims adjusters meeting and understanding the client's needs and indeed fears. Companies usually buy insurance because they want certainty that their claims will be paid in the event

of the worst happening. Ensuring that the insurance product meets those expectations requires both underwriting and claims to work together. I don't believe it happens nearly enough with most insurers.

Charlotte what is your view on the current state of the marine insurance market?

Interesting is probably the word I would use. When I am working with underwriters my general ethos is that I do not mind what they write, and on what terms they write, as that is their business not mine, but I do mind if they do not truly understand the risks that they have accepted.

As risks become more sophisticated it is very tempting to focus on the new elements and forget the basics. As insurance contracts seem to get longer and longer the potential for ambiguity and contradiction exponentially increases – good for the lawyers perhaps but not for the customers necessarily!

Ann what are the future plans for the IMCC?

IMCC originated to promote communication amongst hull claims handlers and their experts around the world. Each year we take and assess input from our delegates as to how IMCC should develop and that feedback provides us with the basis of our future plans. Our Strategy Group, which comprises representatives from around the world, also provides us with valuable guidance as to the journey that most appropriately meets insurers' wishes. We will continue to listen and adapt as is required; the market is changing and that will direct our focus.

IUMI EYE Q&A

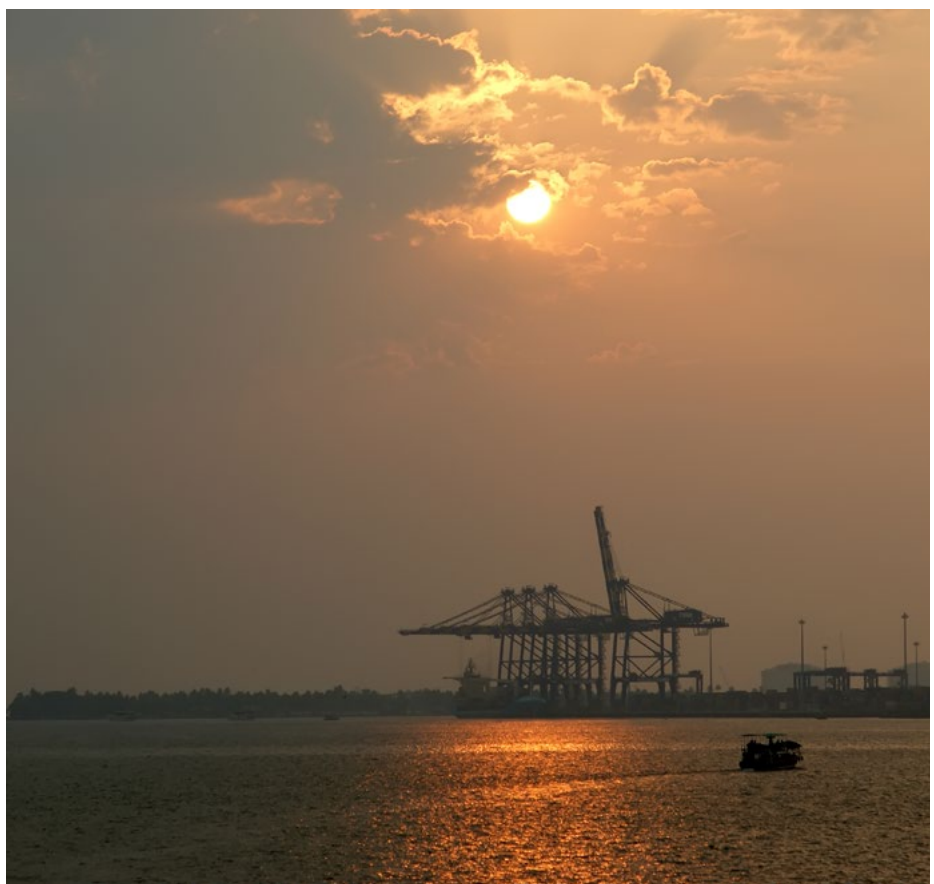
With Ann Waite and
Charlotte Warr, IMCC

Continued

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

Ann: Many shipowners are (understandably) driven by profitability and of course that means often selecting the lowest premium when insuring their ships. This can be a false economy, as the cheapest insurer is not necessarily the one that can support a shipowner through a difficult claim. I would like to see shipowners valuing an insurer who invests in their claims department to provide experienced staff capable of delivering first class claims handling. To this end, it is essential that in broking houses, the value of selecting a strong claims leader is explained to shipowners.

Charlotte: For me it is a continued focus on the human element as being central. Autonomous ships are a key topic on the agenda but whilst we still require the humble human to assist with the work of ships large and small, every part of the industry needs to recognise the need to treat those humans with dignity and respect. The vast majority of the industry has got the memo but there are still too many seafarers working under intolerable conditions and even worse being abandoned in parts far from home.



The changing face of logistics in India

Abstract from a paper by Aditya Gautama, Marine Loss Control Engineer, and Sibesh Sen, EVP Marine, HDFC ERGO General Insurance Co. Ltd., and member of the IUMI Cargo Committee

As the Indian economy moves ahead, changes are happening at every sphere in the giant wheel of progress. Developments in infrastructure, especially in logistics, has been one of the government's focus areas. India incurs one of the highest logistics costs as a percentage of GDP in comparison to developed countries such as the US and Germany. A joint study by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Resurgent India (2016) reports that the country could save USD \$50 billion if the costs of logistics activities were reduced from the current 14 percent of GDP to around the nine percent achieved by more developed countries. The Government of India wants to bring down logistics cost to 10 percent of GDP by 2022.

Several projects to achieve this target are detailed in the full paper which can be accessed [here](#).

Astrid Seltmann

IUMI Facts & Figures Committee
Vice-Chair and Analyst/Actuary at Cefor



How long have you been associated with IUMI?

My first contact with IUMI was in 2000, after joining The Nordic Association of Marine Insurers (Cefor) to become Cefor's analyst. From the start, one of my tasks at Cefor was to compile core global marine insurance data on behalf of IUMI. At the time no formal Facts and Figures Committee existed at IUMI, but former IUMI President Patrick de la Morinerie initiated a 'Facts & Figures task force'. Cefor was one of the founding members and agreed to take responsibility for collecting certain data about the global marine insurance market on behalf of IUMI. In 2004, I joined the, by then, formally established Facts & Figures Committee.

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

For many years I have been Vice Chair of the Facts & Figures committee. My main responsibility is to compile core data on the global marine insurance market and present an annual update and analysis of the global marine insurance market at the annual IUMI conferences ("Global Marine Insurance Report"). In addition, I am involved in other projects including the ongoing discussions at the Facts & Figures Committee on how to improve or extend the statistics issued by IUMI. Further, I contribute with hull claims trends derived from the Nordic Marine Insurance Statistics (NoMIS) database to IUMI projects. Recent examples include the 2019 Cefor analysis of detentions as an indicator of future claims or illustrating frequency and severity trends of fires on container vessels.

In this context I was also tasked to give an update on vessel casualty trends during the International Maritime Organization's (IMO) Maritime Safety Committee (MSC) meetings in 2016. As this was met with great interest by the attendees, IUMI has subsequently been allocated an annual presentation slot on the first day of the IMO MSC meetings.

And what is your day job?

I am the analyst/actuary of the Nordic Association of Marine Insurers (Cefor), the trade association of marine insurers located in Nordic countries. My main responsibility is to maintain the Nordic Marine Insurance Statistics (NoMIS) database and all types of statistical analyses related to marine insurance, in cooperation with the Cefor Statistics Forum.

Special focus is given to hull claims trends, including the extensive hull trend reports issued bi-annually by [Cefor](#).

What benefits do you get from being associated with IUMI?

Marine insurance is a truly global business. As an analyst you need to keep updated on all relevant global developments in trade and shipping which may impact marine insurance. At IUMI and specifically the Facts & Figures Committee you are at the core of exactly that. Further it is exciting to be part of the recent developments at IUMI. With IUMI becoming more and more visible and the respected global voice of the industry, our impact equally increases on issues of relevance to the industry.

From a personal perspective IUMI is a great place to meet and mingle with interesting people from all over the world and learn about other cultures.

Finally, IUMI took a risk on me – an introverted mathematician and actuary – and put me in the spotlight at the annual conferences. As I am still with IUMI and people seem satisfied to welcome me back year after year, this has been an amazing journey and from my perspective an excellent example of how we, by working together, can develop and improve.

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

I agree with most others that IUMI has in recent years taken a great step forward to become a more professional organisation with a growing influence.

With the increasing popularity of the Facts & Figures Committee, I sometimes feel that this committee is somewhat under pressure of losing its relative independence and role as fact-based counterpart to other ways of looking at things. All perspectives are of course important, but if the committee is to continue to be a success, I view it as vital that the output continues to stay fact-based and that statements are derived from provable facts as much as possible. It is also key that people on this committee have an analytic mindset and represent a good spread of knowledge across the different marine lines of business as well as geography. Last but not least new data development should be steered in a prudent way with a high focus on data quality rather than quantity.

How did you reach your current position in marine insurance?

After graduating from the University of Cologne with a degree in mathematics/statistics/physics, I started my career as non-life actuary in reinsurance in Cologne, Germany. I moved to Norway in 1997, where I spent two years at an IT company developing software for reinsurance before joining the Nordic Association of Marine Insurers (Cefor) as their analyst/actuary.

And what do you do away from the office?

Norway is a paradise for outdoor lovers. You cannot live here without becoming addicted to the fantastic nature all around. So, as any proper 'Norwegian', I endorse hiking, sailing, cross-country skiing and other outdoor activities. My other great interest is culture, be it literature, art or music. On the active side, I have been painting for many years, which is also a good counterbalance to work. www.astridseltmann.info



By Neil Roberts
Head of Marine Underwriting,
Lloyd's Market Association and
member of the IUMI Policy Forum,
IUMI Member Association
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Tensions in the Strait of Hormuz

The countries around the Gulf possess almost half of the world's oil reserves and have often been a focus for tension. The Gulf states in turn rely on the Strait of Hormuz to export their oil, and the strait itself is a strategic nexus which underpins the international trade system that has delivered widespread prosperity and security for decades.

Estimates vary but with at least 20% of the world's oil and 25% of its LNG passing through the narrow waterway, the economic stakes are high, particularly for the major recipients East Asia, Japan, India, Australia and China. The US political strategy of exerting sustained maximum pressure to prevent Iranian nuclear progress is creating new strains for commerce but with no identifiable resolution in sight, underwriters are faced with great uncertainties and must be alive to developments.

Iran's economy is plainly being affected by the continuing US sanctions, but it is very difficult for insurers to ascertain facts or fully appreciate the strains the country is under. Additionally, analysts struggle to foresee the way that its 70-year-old President is thinking or what measures he is prepared to take. While Iran is a segmented society, it is not fragmented and remains centrally controlled with the Islamic Revolutionary Guard Corps (IRGC) taking and following instruction from the President. If Iran's internal circumstances deteriorate further, its actions will become correspondingly more difficult to predict or anticipate.

The task for underwriters is how to address and mitigate the threat to their insured assets in the region. For that reason, the London market's Joint War Committee took the decision to add the Gulf to its Listed Areas, thus requiring shipowners to notify underwriters who would then have the chance to assess individual voyages to the area and react accordingly. Some cargo underwriters have also given notice of cancellation to review affected client accounts.

The situation has evolved considerably since the attacks at Fujairah in May when plausible deniability appeared to be the policy. In July, Iran openly seized vessels in direct but intentionally proportionate retaliation to Gibraltar's detention of the Grace 1 for breaching EU sanctions on Syria. Transiting vessels report that Iranian harassment has been more aggressive than in the past but early talk of employing armed guards was swiftly quelled, not least because the local legal position is set against their use. So far, it is oil tankers that have been targeted but there is no guarantee that future attacks will be confined by vessel type or location and apart from the obvious case of the UK, individual flags appear to be of secondary importance in the target-selection.

Although international shipping is clearly at risk, at the time of writing, the international response has been mixed and disconnected. The UK, for its part, has undertaken to provide naval assistance to UK flag tankers and that escort programme has provided very welcome support. Iranian strategy looks calculated to edge America to the negotiating table but until or unless that succeeds, the shipping industry and its insurers must be prepared for more trouble as further incidents would seem inevitable.



IACS/IUMI technical meeting in June 2019

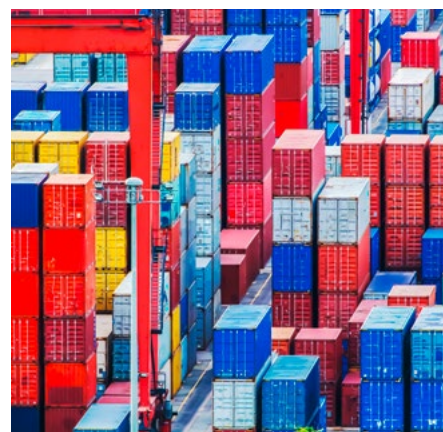
By Lars Lange
IUMI Secretary General

In 2017, the International Association of Classification Societies (IACS) and IUMI established an IACS/IUMI technical meeting. The group, of high level technical experts meet once a year and exchange views on technical issues and challenges of concern to both organisations. The third annual meeting took place in June 2019 in London. The IACS delegation comprised IACS Secretariat senior staff as well as the chair and vice chair of the IACS General Policy Group (GPG), and the chair of the IACS technical panels (Safety Panel, Cyber Systems Panel, Environmental Panel, Survey Panel).

The group considered, amongst other issues the following topics:

1. Fire risks due to leakage from low-pressure fuel pipes.
2. Fires on container vessels.
3. Condition-based maintenance.
4. Complex technologies – testing requirements for safety critical equipment.

Technical aspects were discussed and follow-ups agreed. The aim is to work together in joint working and/or correspondence groups on solutions.



New Incoterms® rules to be published in September

By Hendrike Kühl
IUMI Policy Director

The Incoterms® rules are an agreement between seller and buyer relating to the formalities and obligations concerning the tasks, costs and risks involved in the delivery of goods. The International Chamber of Commerce (ICC) began the process of revising the Incoterms® 2010 rules in late 2016. The terms chosen for the transfer of risk have a direct impact on the cargo insurance obligations and IUMI therefore actively contributed during the revision phase.

The latest edition of the Incoterms® rules, Incoterms® 2020, will be released in early September 2019 and come into effect on 1 January 2020. IUMI has already scheduled a webinar on 23 October 2019 to discuss any relevant changes. Dr Oliver Peltzer, Partner at Arnecke Sibeth Dabelstein and Vice Chair of the ICC Policy Commission on "Customs and Trade Facilitation" will first provide a general update on the new Incoterms® rules and then address those changes which will have an impact on cargo insurers.

Click [here](#) to sign up for this free webinar.