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Message
from the President

Will the shipping market ever normalise?



Frédéric Denèfle
IUMI President

Those of us involved in international trade will keep a watchful eye on container activity as a barometer of global economic growth and strength. In July 2022, Drewry's index for 40ft container prices reached US\$7,000 but in July this year they had slipped to just US\$1,537 – a 400 % reduction. This is a clear indicator of a decrease in international maritime trade.

The reasons for this are yet to be determined but they are most certainly linked to an economic downturn as a consequence of global inflation and interest rates being at their highest for a decade which has weakened the requirement for shipping. This is coupled with new TEU capacity entering the market. Parts of Asia, as important contributors to global trade, are still looking for a clear new start after the pandemic and the general energy crisis. The real-estate market in that region is also suffering from a serious downturn which might explain the decline of local consumption and investment. We might also be feeling the initial impact of relocation or activity reshoring – only time will tell.

International trade patterns are also driven by geopolitics and global stability. Indeed, the termination of the grain corridor initiative which was not extended after 18 July 2023 will deprive the world of a significant Ukrainian contribution to shipping. Vessels usually involved in the transportation of Ukrainian agricultural products are no longer able to call at Black Sea Ukrainian harbours and the alternative shipping route for exporting products using the River Danube will also be severely reduced following the latest Russian attacks on Reni and Ismael.

The entire Black Sea and Azov Sea areas are likely to suffer from the worsening war between Russia and Ukraine which has now renewed its focus on shipping and will paralyse, to some degree, the entire shipping activity in that region.

Added to this fragmented situation, we continue to face serious and concerning shipping losses including two ROROs in the US and Europe¹ and the loss of a container vessel² off the Taiwanese coast – all within the same month.

We will consider and discuss all these implications at our Edinburgh conference in September. The annual IUMI conference is well-known for highlighting all types of events that impact marine insurance including specific losses as well as the wider contextual issues of geopolitics and the global economy.

Related topics such as salvage and digitalization will be investigated in the various workshops as will the continuing progress of decarbonisation which was hotly debated at the recent MEPC 80 meeting at IMO in early July.

Indeed our common theme this year *“strength and stability in turbulent seas”* has never seemed so apt!

I look forward to meeting many of you in Edinburgh.

Frédéric Denèfle, IUMI President

¹ July 4 2023 Fire of the *Grande Costa d'Avorio* in New Jersey US and the fire of the RORO Car carriers *Fremantle Highway* off Holland coasts on July 27 2023

² Container vessel *Angel* listed due to stability problems in Taiwan July 2023

Welcome to Edinburgh

IUMI Conference 2023

This year, we welcome the IUMI family to the stunning capital city of Edinburgh in Scotland. Our conference last came to the UK ten years ago when we hosted it in London but this time we've chosen this ancient Scottish city with strong maritime links. For centuries, Edinburgh was home to a number of great shipyards responsible for building many iconic vessels which were then insured by our predecessors. Today, it retains its maritime heritage and, being a capital city, has seamless links with the rest of the world as well as first class hotels and conferencing facilities.

Our hosts are the Lloyd's Market Association (LMA) and the International Underwriting Association (IUA) who, together, have worked tirelessly to create an outstanding event that more than nods in the direction of our chosen Scottish location.

Your IUMI team has settled on "*strength and stability in turbulent seas*" as this year's common theme. Our Technical Committees and Forums have been working hard to bring you the very best series of workshops featuring exceptionally high-quality speakers, panel discussions and Q&A sessions. Speakers will cover topical issues such

as the current situation in Ukraine, transportation of lithium-ion batteries, alternative fuels, unmanned vessels and many others. And, of course, don't forget our seminal Global Marine Insurance Report.

The award-winning Edinburgh International Conference Centre will be our home for the event which is uniquely located in the heart of the city. As ever, our networking events will complement the formal conference sessions and this year our opening reception will be hosted at the world-famous Edinburgh Castle whilst the closing dinner will be held at the National Museum of Scotland in the old town.

We are extremely excited to invite you to Edinburgh 17–20 September and urge you to visit the conference website for more information.

iumi2023.com



Ratification of the Hong Kong Convention – what does it mean in practice?



Live Jacob Syndness

Vice President, Head of Sustainable Business, Gard AS



Kim Jefferies

Special Adviser, Loss Prevention, Gard AS

Bangladesh and Liberia are now signatories to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. The Convention will enter into force in June 2025. What does that mean in practice, both for ship owners and the wider maritime industry?

First and foremost, the Hong Kong (HK) Convention's ratification and ultimate entry into force (which happens 24 months after ratification, i.e. 26 June 2025) is a good thing for the industry as it provides a clear set of requirements and a certification process for those facilities that meet them. IUMI, and Gard as one of its members, have been clear supporters of the Hong Kong Convention for several years and welcome the fact that it finally enters into force. Shipping is a global business and a uniform practice in terms of ship recycling is essential to level the playing field and to protect both people and the environment.

Mind the Gap

The IMO adopted the HK Convention in 2009. In the meantime, the EU adopted its own ship recycling regulations governing EU-flagged ships. While the EU ship recycling regulations were modelled on the terms of the Hong Kong Convention, they go further than the Convention by requiring recycling to be performed in authorised shipyards included on the so-called "European List".

The European List of approved facilities includes yards in several EU nations as well as facilities in Norway, Turkey, the United States and the UK. Currently, there are no South Asian yards on the approved

list. Among the top recycling nations, India and Bangladesh are signatories to the HK Convention and several yards, particularly in India, have previously commissioned and received certification from classification societies that they are "Hong Kong compliant" even though the Convention was not yet ratified.

The HK Convention requires each signatory nation to establish a mechanism for authorising ship recycling facilities to ensure that the facility meets the requirements of the Convention. The authorisation (called a "Document of Authorization Ship Recycling", issued by a competent authority or delegated by such authority to entities such as class societies) certifies that the facility has met the requirements of the HK Convention and will only accept ships for recycling that comply also.

Such certification will not, however, allow EU and EEA-flagged ships to recycle in a yard that is not also on the European List. The HK Convention itself makes clear that states are free, individually or jointly, to require more stringent standards.

Going forward

It remains to be seen whether any of the South Asian facilities that have applied will ultimately be included in the European List. Irrespective of what may become a two-tiered system, the ratification of the HK Convention can only be seen as a positive development. While we all benefit from improvements in safety and protection of the environment, it is the workers at the authorised facilities who will benefit the most.



Cargo insurance tutorial programme

IUMI's online cargo tutorial consists of eleven 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. Topics include international trade 101; coverage for particular average and sue and labour, general average and salvage, exclusions, and many more. The cargo tutorial is CPD certified with 23 hours.

Fees

EUR 550.00 — IUMI members
EUR 880.00 — non-members

Candidates who successfully pass the IUMI cargo exam are invited to apply for an IUMI bursary to take the renowned WMU's Marine Insurance Law & Practice Postgraduate Diploma programme. The bursary is worth US\$ 8,750.



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

Hull insurance tutorial programme

IUMI's hull insurance online tutorial is designed to widen the students' 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; and many more. The hull tutorial is CPD certified with 30 hours.

Fees

EUR 650.00 — IUMI members
EUR 1,040.00 — non-members

Candidates who successfully pass the IUMI hull exam are invited to apply for an IUMI bursary to take the renowned WMU's Marine Insurance Law & Practice Postgraduate Diploma programme. The bursary is worth US\$ 8,750.



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



Q&A

with Prof. Dr. Dieter Schwampe

Vice-President Comité Maritime International (CMI)



For those not familiar with Comité Maritime International (CMI), can you explain its primary role?

CMI is a non-governmental, not-for-profit international organisation established in Antwerp in 1897. The object of CMI is to contribute by all appropriate means and activities to the unification of maritime law in all its aspects. To this end, it shall promote the establishment of national associations of maritime law and shall co-operate with other international organisations. Members of the CMI are national Maritime Law Associations (NMLAs), the current membership consists of 52 NMLAs. Taking into account the members of those 52 NMLAs, CMI consists of a brain pool of about 12,000 experts in international maritime law. CMI operates through its Executive Council and most prominently through its President and two Vice-Presidents. For dedicated subjects, the Executive Council creates International Working Groups (IWG) and Standing Committees (SC). Currently, there are a total of 26 IWG and SC.

What is your role at CMI?

I am a Vice-President of CMI. I am also Co-Chair of a Sub-Committee on Unified Interpretation, a member of the IWG on the 1910 Collision Convention and a member of the SC on Marine Insurance and on General Average.

What is top of CMI's current agenda?

In line with its objective to contribute to the unification of maritime law, CMI is deeply engaged in assisting other international organisations, foremost the International Maritime Organization (IMO) and the United Nations Commission on International Trade Law (UNCITRAL). CMI does this by drafting instruments

and conventions, most successfully lately in the form of the International Convention on [Judicial Sale of Ships](#) (the Beijing Convention), most recently adopted by UNCITRAL, and by assisting IMO in its scoping exercise to identify which international maritime conventions need adapting to the new technology of maritime autonomous surface ships (MASS). CMI also looks into the need of amendments to existing conventions – current work includes a possible reform of the 1910 Collision Convention – and performs work in areas of high importance for the international maritime industry, such as a newly installed IWG on decarbonisation. CMI's work does not stop when a convention is adopted. CMI will support the implementation and ratification of the convention. Examples include the IWG on Ratification of the Beijing Convention and the SC on the Ratification of Rotterdam Rules.

What impact has CMI had on international shipping in recent years?

CMI takes pride in being accepted as a valued non-governmental partner of governmental organisations such as the IMO and UNCITRAL. In this role, CMI has drafted new conventions and assisted in the work to determine necessary changes to existing conventions. The impact CMI has on international shipping is significant. Evidence for this is that no less than 27 other governmental and non-governmental organisations are Consultative Members to CMI, including IMO, the IOPC Funds, BIMCO, IUMI, ICS, IGP&I and many others. The relevance of CMI is also proven by the fact that ICS, IGP&I and IUMI actively participate in the work of CMI by appointing their representatives as members for SC and IWG.

Where would you like to see CMI in 10 years' time?

I believe CMI's relevance and contribution to the unification of international maritime law will continue to increase. The legal framework of shipping is getting more and more complex, and national states and international organisations will be interested and pleased to draw on the huge expertise resting with CMI, its member associations and their individual members. With Ann Fenech being the recently elected first female President in CMI's history of more than 125 years, I hope and trust that CMI can achieve full gender diversity.

Can you explain the relationship between CMI and IUMI?

Both associations cooperate closely. CMI is an Affiliate Member of IUMI, and IUMI a Consultative Member of CMI. IUMI can make its voice for the marine insurance industry heard at CMI and in this way participate in the unification of international maritime law. CMI appreciates the time and effort IUMI representatives make in furthering CMI's work with their great expertise. Personally, I have been a member of IUMI's Legal & Liability Committee for 12 years, and since 2019 I have been a Member of IUMI's Salvage Forum as well.

On a personal level, how did your career take you to an involvement with CMI and why do you do it?

I was elected as President of the German Maritime Law Association in 2010 and represented the German MLA at CMI. In 2013, the CMI Member Associations elected me as a member of the Executive Council, and in 2018 as a Vice-President. Work for CMI is very time-consuming, but very rewarding. There are not too many non-governmental organisations which are as close as CMI to international law-making.



Source: Coast Guard Netherlands

IUMI publishes “Best practice and recommendations for the safe carriage of electric vehicles”

There are growing concerns within the shipping community, including marine underwriters, about fires breaking out on car carriers and roros with some quarters speculating that many of these fires are attributable to electric vehicles. In response, the International Union of Marine Insurance (IUMI) has researched these claims and published recommendations on the safe carriage of electric vehicles (EVs).

Scientific research demonstrates that fires in battery EVs are not more dangerous than fires in conventional vehicles, nor are they more frequent. Although statistics continue to be gathered, they currently estimate that, in general, there are fewer fires from EVs compared with fires from conventional vehicles when driven over the same distance. Research also proves that there

is only a minor difference between total energy released during an EV fire and one that is related to an internal combustion engine vehicle (ICEV). Once established, vehicle fires are largely (approx. 80%) fuelled by the car body and interior parts rather than the propulsion system. However, the potential for thermal runaway (when the battery suffers an unstable chemical reaction) exists for EVs whereas it is not a consideration for ICEVs. Thermal runaway makes fires hard to extinguish. Mitigation measures such as boundary cooling must be employed rapidly and the risk of re-ignition is higher for an extended period of time.

In the paper, IUMI makes important distinctions between roros and pure car and truck carriers (PCTCs) noting that many roros will stow cars on open decks where air flow makes firefighting

more challenging. Ropax vessels (where passengers are also carried) present additional issues such as passengers wanting to charge onboard and the possibility of cars being loaded that are older and potentially less safe. Conversely, PCTCs tend to carry vehicles tightly packed leaving little room for emergency access and facilitating the rapid spread of a fire.

[The full paper is available here.](#)

An IUMI podcast on this subject features Martti Simojoki from IUMI's Loss Prevention Committee and Hendrike Kühl, IUMI's Policy Director.

[Listen to the podcast here.](#)

Why is the sea so hungry?



Source: Twitter @nobuya0827



Captain Uwe-Peter Schieder
Vice-Chair, IUMI Loss Prevention Committee

In the 1980s and early 1990s, the world's merchant fleet lost 130 bulk carriers, in some tragic cases with all hands. When asked why, the philosophical answer was often "because the safety culture in the marine transport industry is reactive, slow and delayed".

The speed of response often depends directly on the pressure that results from these losses and the public perception of them. In the case of tanker accidents, images of oil-drenched seabirds trigger public outcry which greatly increases the pressure to act. After the *MSC Zoe* accident, pictures of lost cargo at sea caused the flag states of the Netherlands and Germany to spring into action. In cooperation with Australia – which at that time was dealing with a cargo loss from the *APL London* in its waters – a Joint Industry Project (JIP) called "[TopTier](#)" was established. By contrast, the much greater cargo losses of more than 3,000 containers, in the northern Pacific in the winter of 2020 / 2021 were barely noticed by the public as few felt themselves to be personally affected.

However, the interest of the marine insurers was immediately aroused because, on the one hand, it is they who pay for the cargo loss and, on the other, these incidents represented the greatest cargo loss from ships in 15 years. Underwriters were not dealing with a loss of cargo from a single ship but with a series of accidents on large container ships. Did this string of accidents point to structural

problems or inadequacies, or had the sea simply become hungrier due to climate change? TopTier was set up to find the causes and propose possible solutions.

How could things get so bad?

Containership development has moved at a dizzying speed. In less than 50 years, cargo capacity has increased by a factor of 24, with the greatest progress occurring during the last 15 years. Despite all the technical resources available, development still involved a measure of trial and error. Initially the ships tended to be prone to hogging due to problems of longitudinal strength caused by a need for vast quantities of ballast water as the vessels themselves did not possess sufficient stability. This problem was solved with the arrival of the wider Post-Panamax vessels but they had problems of their own. The stability, which had been inadequate in the narrower ships, was now too great. In particular, when carrying partial loads in coastal waters, problems could arise at GM (metacentric height) values of over 10m, as has been confirmed by reports of extreme rolling motions.

As the size of the ships increased, so too did the height of the deck cargo: Simple stacks of five or six units became container towers of up to 13 superimposed units. Because the sheer size of the vessels appeared to confer greater security regarding stability, the requirements placed on the lashing systems were actually reduced around the year 2010. A somewhat laissez-faire attitude towards container weights and container stowage positions on board had also become commonplace.

Earlier general cargo vessels had cargo stowed below deck where it was enclosed, tightly stored, lashed down and protected. Deck cargo was frowned upon and something of a rarity, and in cases where it was used, high premiums were demanded because the risk was clearly fundamentally different. Nowadays, containerships transport up to 60% of their cargo on deck. Consequently, the

ship no longer gives cargo the same protection as in the past. This task has to be performed by the container which is primarily stowed and secured at inland locations.

Even though many parameters had shifted in ways that were not conducive to safety, container losses at sea were not unusually high because the ships were never 100% loaded; and the cargo securing systems were generally over-specified and able to compensate for safety shortfalls. This all changed in the winter of 2020 / 2021 due to the economic recovery in China and elsewhere. In just a matter of weeks, shipping space became scarce and every last stowage slot was taken. As a result, no reserve was maintained and the extreme storms of that winter laid the problems bare. The sea has not become hungrier for ships and their cargoes, even under the impact of climate change; however, it does not forgive all human mistakes.

TopTier is examining the causes and IUMI's Loss Prevention Committee is represented by the German Insurance Association GDV. Hendrike Kühl from the IUMI Secretariat is also included as the results will be made available to IMO together with the corresponding recommendations.

IUMI has taken on a new appearance over the last 10 years; it has become a much more vocal association whose opinions are sought and whose voice counts. This gives our members the opportunity to arrive at a position and advocate this in the light of our collective knowledge and experience. We have the responsibility and duty to constantly make a ourselves heard and we are moving rapidly from being spectators to actors, not only on the issue of lost containers.

Perishables: Cargo recovery on delay



Máximo Lücke
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With the supply chain facing significant disruptions in recent years due to various factors such as the impact of COVID-19, the *M/V Ever Given* incident and the Russia-Ukraine conflict, there has been a notable surge in delay claims.

These circumstances have presented challenges in meeting delivery deadlines, especially when invoking the Hague-Visby Rules.

A recent example involved a shipment of avocados from Chile to China where the goods were delayed by 11 days due to poor weather and found to be damaged on arrival. The opponents in the transport process argued that bad weather was beyond their control and so they were not liable. Mindful of the three jurisdictions involved (Chile POL, France BL, China POD), the BARBUSS team were able to apply the Hamburg Rules to the shipment and negotiate an amicable settlement. 60% of the claimed amount was obtained as compensation.

A similar case related to Tangerines being shipped from Peru to Hong Kong in 2021 where COVID issues caused a 21 day delay. Again, the opponents in the transport process argued no liability due to delays in China being outside their control. Here, the Hamburg Rules were not applicable (as they hadn't yet entered into force in Peru) but the team was able to apply local Peruvian law and obtain 20% of the claimed amount as compensation.

The BARBUSS team approached each situation with meticulous analysis and a proactive mindset, seeking to create innovative solutions and achieve positive outcomes for our clients. Within the [linked document](#), you will find more information on each case study with details of the complexities faced and the successful resolutions achieved.

Taking the risk industry
to the next level



www.barbuss.com



Understanding the unprecedented attacks by orcas on vessels in the Mediterranean Sea



César Augusto del Río Juárez
Regional Head of CL Marine, AXA
Madrid International Hub and member
of IUMI's Inland Hull, Fishing Vessels
and Yachts Committee.

The Mediterranean Sea, known for its rich marine life, has recently witnessed an unexpected phenomenon – orca attacks on vessels. These highly intelligent and majestic creatures have baffled scientists and maritime enthusiasts alike with their aggressive behaviour.

In recent years, reports of orcas attacking vessels in the Mediterranean Sea have surged, leading to concern among sailors and marine conservationists. This behaviour is highly unusual as orcas are known for their friendly and curious nature.

While a few encounters could be attributed to accidental collisions or playfulness, the frequency and intensity of these incidents have raised questions about their underlying motivations. Several factors might contribute to these aggressive encounters. One possibility is the declining availability of natural prey due to overfishing and habitat degradation. This scarcity could drive orcas to explore alternative food sources, leading them to approach vessels in search of fish or other marine organisms. Additionally, shifts in water temperatures and the migration patterns of prey species could disrupt the orcas' usual feeding grounds, forcing them to seek sustenance near human activity.

Another hypothesis is that these attacks might be a result of protective behaviour by adult orcas guarding their young from perceived threats. Vessels with propellers and other equipment could pose dangers to orca calves, prompting defensive actions from the adult members of the pod. Although rare, such incidents might occur when vessels unwittingly approach pods with young or vulnerable individuals, triggering a defensive response.

Understanding the root causes of these incidents is crucial to ensure the safety of both orcas and humans. Vessel operators and enthusiasts must exercise caution while navigating these waters, maintaining a respectful distance from pods and refraining from approaching or pursuing them. Authorities should establish guidelines and regulations to promote responsible vessel operating practices and raise awareness about orca conservation.

The rise in orca attacks on vessels in the Mediterranean Sea demands our attention and calls for a proactive approach to preserving the delicate balance between human activities and marine ecosystems. By addressing the underlying factors driving these encounters and implementing conservation measures, we can strive for a harmonious coexistence between humans and these magnificent creatures.



Don't ignore your hatch covers



Mohamed H Farghaly
Managing Director and CEO, Suez
Canal Insurance and member of the
IUMI Loss Prevention Committee

Ships' hatch covers play a vital role by creating the closure mechanism used to seal the openings or hatches on a ship's deck. Their primary functions are to prevent water ingress into cargo holds, ensure the safety of onboard personnel, protect the cargo from adverse weather conditions and maintain vessel stability. Over the years, these covers have undergone significant evolution in design and functionality from primitive coverings such as tarpaulins or wooden planks to the more sophisticated and efficient hatch cover systems we see today.

To ensure the safety of cargo and vessels, there are internationally recognized regulations and standards for hatch covers. Organizations such as the International Maritime Organization (IMO) and classification societies set guidelines for their design, construction, and maintenance. These regulations address factors such as weather tightness, corrosion prevention, structural integrity, and proper securing mechanisms. Compliance with these standards is crucial.

Although hatch covers provide effective cargo protection, there can be instances where failures occur resulting in cargo damage, vessel incidents and potential insurance claims. Several factors can contribute including poor maintenance and inspection practices, improper securing, corrosive elements compromising seal integrity, and structural

failures due to age or inadequate repairs. Operational negligence, extreme weather conditions and human error can also lead to accidents and losses.

Preventing losses and claims calls for stringent maintenance procedures and proactive measures. Regular inspection, testing, and repair of hatch covers are imperative to ensure their structural integrity and weather tightness. Adequate training of onboard crew members on correct handling and securing techniques is also essential. Implementing robust maintenance schedules, updating aging systems and utilizing advanced sealing materials are loss prevention measures ship owners can adopt to mitigate risks.

Ships' hatch covers are a critical component of maritime operations, safeguarding cargo and vessels from potential damage and loss. Throughout history, advancements in design and regulations have strengthened their effectiveness. However, adhering to maintenance protocols, adopting modern sealing technologies and complying with maritime standards remain crucial in preventing losses. By prioritizing proper maintenance, stringent inspections, and crew training, ship owners can minimize risks and ensure the safety and security of their cargo and vessels.

Lithium-ion batteries create different risks for cargo underwriters



Julian Kirkman-Page
Head of Business Development

Russell Group
IUMI Professional Partner
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The demand for Lithium-ion (Li-ion) batteries, driven in part by decarbonisation, is soaring. The market is projected to grow 30% annually from 2022 to 2030 according to McKinsey.

However, Li-ion batteries do have specific hazards. These include fire, explosion, and "thermal runaway", a rapid self-heating fire that can cause an explosion. Fires in Li-ion batteries can be hard to extinguish.

The same applies to items that contain Li-ion batteries such as electric vehicles. Fires in EVs containing Li-ion batteries require a different firefighting response to control and to extinguish them once started because they can spontaneously reignite hours or days after they have been put out.

For cargo underwriters, this creates different risks, as many electric vehicles containing Li-ion batteries are being shipped alongside conventional cars with internal combustion engines.

A recent example of this was the fire on-board the *Felicity Ace* in 2022. The fire, which was potentially started by electric vehicles, led to the sinking of the ship and all vehicles on board including \$155 million worth of Volkswagen vehicles were lost, according to Russell's ALPS Marine analysis.

This will no doubt keep cargo underwriters awake at night, for fires on-board vessels remain among the biggest safety concerns for the maritime industry. There were 209 ship fires in 2022, a 17% rise from 2021 according to AGCS.

AGCS analysis of more than 240,000 marine insurance industry claims from Jan 2017 to Dec 2021, worth approximately €9.2bn in value, showed that fire was the most expensive cause of loss accounting for 18% of the value of all claims.

A significant worry for underwriters is that many ships lack suitable fire protection, firefighting capabilities and detection systems to put out large fires at sea. This issue has been exacerbated by the large increase in the size of vessels, meaning there are more items on-board to monitor.

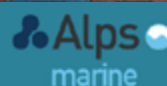
Therefore, it is imperative that the risks of transporting Li-ion batteries are addressed. Cargo underwriters and their clients need to get ahead and pre-empt the risk from Li-ion batteries or face paying a large and hefty bill for burnt cargo.



Certainty in Uncertain Times

In these uncertain times, it can be challenging for marine (re)insurers to manage potential cargo exposures.

Our clients have come to rely on ALPS Marine to help them understand their exposure to actual and potential trade event scenarios.



Q&A

with Melanie Raven

Vice Chair, IUMI Offshore Energy Committee and an Active Underwriter with Ark Syndicate Management Limited



Tell us about your connection with IUMI?

I became an Offshore Energy committee member in 2017 and was elected Deputy Chair in 2020. That followed several years of attending the IUMI conference and visiting many wonderful cities in the meantime! My first IUMI was San Diego in 2012.

Why do you feel it's important to be associated with IUMI?

There are many reasons. First and foremost, it's a great platform for networking, not just in one's own specialist area but much wider than that. I've been introduced and met so many people over the 10+ years I've attended who I wouldn't have had the opportunity to meet before. Because delegates from all corners of the globe attend, the conference may be the only time in the year that we have a chance to (re) connect so it's invaluable for that. The themes of the conference are also well thought out and very well executed with superb speakers sharing their knowledge and expertise. Quite often the technical sessions have a panel discussion which provides the audience with a chance to ask questions and offer up differing views and perspectives. Hearing from international markets with commentary around themes in the maritime world and global challenges we face is vital to ensure we are all working towards the same end goals, supporting industry, clients and hearing what is on our reinsurance partners' minds at the same time. IUMI is a great forum for that to happen.

What is your day job and how did you get to that position?

I work for Ark, a syndicate at Lloyd's. My position there as Active Underwriter gives me real variety in my day-to-day work, but my entry to the business was through the marine channel and specifically Upstream Energy.

Would you recommend a similar career path for newcomers to the sector and what advice would you give them?

Yes, and the network, sponsorship and support is a real enabler to that happening in my opinion. Having visibility is key which is why I truly believe being back in the workplace after the pandemic is critical for career progression. Unfortunately, being out of sight may mean you're out of mind, and it's a people business after all. So, my advice would be: turn up, be visible, ask lots of questions and build your network – it should be fun as well as productive!

Assuming no barriers, what would you like to change in the marine insurance world?

We all benefit from knowledge sharing and what has gone before and can build upon that but we must embrace the future also. I think we can get a little bit stuck in the past, particularly when it comes to wordings. Change is often resisted but with a real shift and acceleration in new technology, we will have to review and identify what is fit for purpose and what is not. Adapt and evolve. The transition to a lower carbon economy is an exciting one and there should be lots of opportunity.

Where would you like to see life take you in the future?

I've had some great sponsors and mentors during my career in this business and am thankful to lots of people who gave me the confidence and help to progress. So, I feel very passionately and find it incredibly fulfilling to help and support the next generation as they embark upon their own career paths. There's still a lot for me to learn too and there are some great benefits in symbiotic mentoring!

There has been a real thrust for education and knowledge sharing at IUMI within the insurance community. I'd love to see this further developed by going out to schools and universities when students are considering a career in Financial Services, leading to a broader selection of society coming in. I'm sure we could do a better job of marketing our industry and would love to be a part of that.

And finally, tell us something about yourself that no one else knows!

There's likely to be a few people who do know this, but I was a keen runner in the past and ran two London marathons. The second one was my last. I sustained a repetitive strain injury during training and unbeknownst to me (until a week after the marathon) I discovered I had run it with a fractured fibula. It was a hop, skip and a jump over the finish line with some binding applied at around 18 miles in but I managed to complete it faster than my first marathon. I've hung up my long-distance running shoes since then and now enjoy getting lost on long yomps with my pet dog, Monty. Not quite so gruelling!

Report of the 80th session of the IMO's Marine Environment Protection Committee (MEPC 80)



Hendrike Kühl
IUMI Policy Director

The Marine Environment Protection Committee (MEPC) addresses environmental issues under the IMO's remit, including air pollutants and greenhouse gas emissions. The 80th session of the Committee (MEPC 80) gathered from 3–7 July 2023 and was chaired by Dr Harry Conway from Liberia.

The most pressing issue on the agenda was the revision of the IMO Strategy on Reduction of Greenhouse Gas (GHG) Emissions from Ships.

1

Tackling climate change – cutting GHG emissions from ships

A major milestone achieved during MEPC 80 was the adoption of the 2023 IMO Strategy on Reduction of GHG Emissions from Ships after many months of negotiations. The revised Strategy includes an enhanced common ambition to reach net-zero GHG emissions from international shipping close to 2050, a commitment to ensure an uptake of alternative zero and near-zero GHG fuels by 2030, as well as indicative checkpoints for 2030 and 2040. Key elements of the Strategy include:

Vision

IMO remains committed to reducing GHG emissions from international shipping and, as a matter of urgency, aims to phase them out as soon as possible, while promoting, in the context of this Strategy, a just and equitable transition.

Levels of ambition

1. Carbon intensity of the ship to decline through further improvement of the energy efficiency for new ships. To review with the aim of strengthening the energy efficiency design requirements for ships;
2. Carbon intensity of international shipping to decline. To reduce CO₂ emissions per transport work, as an average across international shipping, by at least 40% by 2030, compared to 2008;
3. Uptake of zero or near-zero GHG emission technologies, fuels and/or energy sources to increase. Uptake of zero or near-zero GHG emission technologies, fuels and/or energy sources to represent at least 5%, striving for 10%, of the energy used by international shipping by 2030; and
4. GHG emissions from international shipping to reach net zero. To peak GHG emissions from international shipping as soon as possible and to reach net-zero GHG emissions by or around, i.e. close to 2050, taking into account different national circumstances, whilst pursuing efforts towards phasing them out as called for in the Vision consistent with the long-term temperature goal set out in Article 2 of the Paris Agreement.

Indicative checkpoints

1. To reduce the total annual GHG emissions from international shipping by at least 20%, striving for 30%, by 2030, compared to 2008; and
2. to reduce the total annual GHG emissions from international shipping by at least 70%, striving for 80%, by 2040, compared to 2008.

Basket of candidate mid-term GHG reduction measures

The 2023 GHG Strategy states that a basket of candidate measure(s), delivering on the reduction targets, should be developed and finalised. It should be comprised of both:

- a technical element, namely a goal-based marine fuel standard regulating the phased reduction of the marine fuel's GHG intensity; and
- an economic element, on the basis of a maritime GHG emissions pricing mechanism.

The mid-term GHG reduction measures should effectively promote the energy transition of shipping and provide the world fleet a needed incentive while contributing to a level playing field and a just and equitable transition.

Continued

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Timeline

The 2023 Strategy sets out a timeline towards adoption of the basket of measures and adoption of the updated 2028 IMO GHG Strategy on reduction of GHG emissions from ships:

- MEPC 81 (Spring 2024)
Interim report on Comprehensive impact assessment of the basket of candidate mid-term measures/ Finalization of basket of measures
- MEPC 82 (Autumn 2024)
Finalised report on Comprehensive impact assessment of the basket of candidate mid-term measures
- MEPC 83 (Spring 2025)
Review of the short-term measure to be completed by 1 January 2026

- MEPC 84 (Spring 2026)
Approval of measures / Review of the short-term measure (EEXI and CII) to be completed by 1 January 2026

- Extraordinary one or two-day MEPC (six months after MEPC 83 in Autumn 2025)
Adoption of measures

In light of adoption of the IMO 2023 GHG Strategy, IUMI recorded a special podcast with MEPC Chair Dr Harry Conway. [Listen to it here.](#)

2

Energy efficiency

The Committee approved draft MARPOL amendments regarding the revision of the IMO ship fuel oil consumption Data Collection System (DCS). The ISWG-GHG 14 session in March 2023 had discussed relevant proposals, noting broad support within the Group for the inclusion of data on transport work and on enhanced level of granularity of reported data in the DCS.

The draft amendments are on "Information to be submitted to the IMO Ship Fuel Oil Consumption Database", relating to reporting of data on cargo carried. They will be put forward to MEPC 81 for adoption.

The MEPC further approved the review plan of the CII regulations and guidelines, which must be completed by 1 January 2026.

3

Tackling marine litter

Carriage of plastic pellets by sea in freight containers

The MEPC concurred with the ongoing work in the Sub-Committee on Pollution Prevention and Response (PPR) to address the risks to the marine environment from plastic pellets. This risk has been highlighted by incidents, including the X-Press Pearl in 2021, during which 11,000 tonnes of plastic pellets were spilt off the shore of Sri Lanka.

The Committee noted the two-stage approach agreed by the PPR Sub-Committee in relation to reducing the environmental risks associated with the maritime transport of plastic pellets in freight containers. The approach is based on the development of a draft circular containing recommendations for the carriage of plastic pellets by sea in freight containers, addressing in particular packaging, notification, and stowage. Input to the work is also provided by the Sub-Committee on Carriage of Cargoes and Containers (CCC 9, which meets 20-29 September). The aim is to have the draft circular approved by MEPC 81 in 2024. Subsequently, amendments to appropriate mandatory rules will be developed. These could be informed by the experience gained from the implementation of the voluntary measures.

The MEPC further noted that the PPR Sub-Committee has agreed that plastic pellets should not be carried in bulk.

Mandatory reporting of lost containers

Containers lost overboard can be a serious hazard to navigation and safety at sea as well as to the marine environment. The MEPC approved, for subsequent adoption, draft MARPOL amendments referring to a procedure for reporting lost freight containers.

The draft amendments would add a new paragraph: "In case of the loss of freight container(s), the report required by article II (1) (b) shall be made in accordance with the provisions of SOLAS regulations V/31 and V/32." Related draft SOLAS amendments were approved by the Maritime Safety Committee to require the master of every ship involved in the loss of freight container(s) to communicate the particulars of such an incident to ships in the vicinity, to the nearest coastal State, and also to the flag State.

RoRo vessels and the transport of electric vehicles



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Over the last few years, the concern regarding fires occurring in Ro-Ro vessels has been intensifying. Specifically, the interplay between Ro-Ro vessels and the carriage of electric vehicles (EV) has been growing in importance for marine insurers.

The most recent event sparking wide debate in our marine insurance market, and also in the media, was the incident aboard the *Freemantle Highway* where, tragically, the life of a seafarer was lost.

Immediately after the fire broke-out, and almost at the same time as salvors arrived to assist, news appeared on many search engines speculating that it was the carriage of EVs that had caused the fire. It was way too early to draw conclusions regarding the cause of the fire and the speculation only fuelled public alarm.

It is worth noting that Ro-Ro vessels carry a diverse array of cargo, from vehicles to reefers, each posing a different set of risks. Fires on Ro-Ro vessels were an issue before EVs were carried by these ships and, sadly, they look likely to continue. Industry voices must call for a collaborative effort involving engineers and seafarers to develop risk-reduction strategies.

It is always interesting to listen to experts as something new is often learnt. At the last IUMI Asia Forum, one of the panels focused on "Risk Management for E-vehicles: Perspectives from an OEM & a Hull Insurer". One panellist, Mr Martti Simojoki, mentioned that during a recent conference he had heard one truck manufacturer who said:

"You don't charge (EVs) onboard, are you crazy?"

This comment is important because the level of safety is actually higher while EVs are being charged because additional safety mechanisms are activated within the Battery Management System during charging.

As EVs become a more common cargo, the presence of charging stations onboard could become a vital element in risk mitigation. Underwriters could potentially consider adjusting the risk profile for vessels equipped with these charging stations, as they may offer enhanced safety measures and early fire detection.

There is no one-size-fits-all solution for reducing the risk of fire on Ro-Ro vessels, but listening to the experts is important.



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Summary of the 9th Session of the Sub-Committee on Implementation of IMO Instruments (III 9)



Lars Lange
IUMI Secretary General

The ninth session of the Sub-Committee on Implementation of International Maritime Organization (IMO) Instruments (III) met from 31 July – 4 August 2023. The III Sub-Committee brings together flag, port and coastal States to consider implementation issues.

The Sub-Committee further has a key role in casualty analysis and issuing lessons learned from marine incidents. III receives and analyses port State control data and keeps under review the procedures for port State control. Key issues on the agenda of the Committee's session included:

III Code Implementation Guidance

The Sub-committee finalised the draft text of the III Code Implementation Guidance. The guidance aims to assist Member States in the implementation of the III Code, and the standard of audits conducted under the IMO Member State Audit Scheme (IMSAS). The draft will be submitted to the Maritime Safety Committee (MSC) and Marine Environment Protection Committee (MEPC) for approval for issuing under an MSC-MEPC circular.

Review of the Casualty Investigation Code

The Sub-Committee considered proposals for a holistic and comprehensive review of the Casualty Investigation Code and to amend the Code, including proposals to amend and improve the quality and timeliness of marine safety investigation reports. IUMI was one of the co-sponsors of a document on the reporting of very serious marine casualties and the need for amendments to the Casualty Investigation Code. Following discussion which saw strong support for the proposed review of the Code, the Sub-Committee invited interested Member States and international organizations to submit a proposed new output on a holistic and comprehensive review of the Casualty Investigation Code to the Maritime Safety Committee (MSC).

Casualty analysis

The Sub-Committee considered the report of the Correspondence Group on Analysis of Marine Safety Investigation Reports, containing information based on the analysis of the 27 marine casualties and incidents. The Sub-Committee approved the text of [Lessons Learned](#) from marine casualties. III highlighted the importance of submitting the Lessons Learned while uploading marine safety investigation reports.

Preventing the loss of containers at sea

The Sub-Committee considered the proposal developed by the Correspondence Group related to the development of measures to prevent the loss of containers at sea. III agreed to forward the proposal along with analysis to the Sub-Committee on Carriage of Cargoes and Containers (CCC) for further consideration, under the CCC agenda item "Development of measures to prevent loss of containers at sea" in its biennial agenda for 2024–2025.

IUMI update on IQARB

IUMI Secretary General Lars Lange gave a lunch time presentation on the International Quality Assessment Review Body (IQARB). The purpose of IQARB is to review the certification process of the quality management systems of IACS members. The session was an opportunity to update the III Sub-Committee on latest developments of the body.

Vessel detentions: a reoccurring misery



Richard Neylon (Partner), **Michael Ritter** (Partner) and **Simon Maxwell** (Associate)

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Vessels can be legitimately detained. This can be for safety concerns, environmental violations or for a multitude of other lawful and appropriate reasons. Increasingly, however, vessels are exposed to illegitimate detentions including instances where a State may seek to use the vessel (or crew) as leverage.

Owners and their insurers have recently faced problematic detentions at the hands of State actors in the Straits of Hormuz, the Black Sea, the Gulf of Guinea and the South China Sea. Whether the resulting losses are borne by owners or insurers is often a complicated question.

Marine Hull & Machinery policies do not commonly offer detention cover. Whereas War Risks policies routinely provide cover for detention, usually triggered after 6 or 12 months. However, War Risk policies also contain powerful exclusions such as “*ordinary judicial process*” and “*infringement of any customs and trading regulations*”.

These exclusions have their limitations. For example, “*ordinary judicial process*” is considered to apply only to civil proceedings. As such, should the detention arise in criminal or public law proceedings the exclusion may not be triggered. Similarly, the exclusion may not apply where State officials act for their own purposes or beyond their lawful powers.

Consequently, detentions starting life as a seemingly excluded reason may ultimately fall within cover. For example, if the State's action in detaining the ship proceeds beyond lawful authority and takes on an overtly and substantive political dimension.

Establishing and evidencing the true reason for the detention – especially if it is alleged to have developed and progressed into something different, can be very challenging. Official justifications for a detention can be inaccurate, deliberately opaque or absent entirely. Early engagement with the problem by trusted personnel who can obtain a granular understanding of the local environment is recommended.

HFW's [Complex Environments](#) team specialise in advising those operating in high-risk jurisdictions and have extensive, recent experience in dealing with detained vessels. The team will be attending the IUMI 2023 conference in Edinburgh and will be happy to discuss these issues further.



IUMI podcast series



MEPC's 2023 strategy on the reduction of GHG emissions from ships

In our latest podcast we were fortunate to chat with Dr Harry Conway, the Chair of IMO's Marine Environment Protection Committee (MEPC) on the adoption of the new 2023 IMO Strategy on Reduction of GHG Emissions from Ships. This potentially ground-breaking strategy includes an enhanced common ambition to reach net-zero GHG emissions from international shipping close to 2050. Dr Conway explains the implications and practicalities of this brave new ambition and also outlines the work of the MEPC and what the committee will focus on going forward.

[Click here to tune in](#)



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Nominations for IUMI Vice-President and Committees

At the annual conference in Edinburgh, the following nominations will be made:

Vice President

Mr Sean Dalton (Munich Re/AIMU, New York, USA) is nominated for IUMI Vice-President to take over from Mr Kosuke Kashimoto who stands down at the conference.

Executive Committee

Mr Matthias Kirchner (AXA XL/GDV, Cologne, Germany) and Mr Tetsunosuke (Tom) Shinya, (Tokio Marine & Nichido Fire Insurance Co. Ltd./GIAJ, Tokyo, Japan) are both nominated for the Executive Committee to replace Mr Kosuke Kashimoto and Mr Timothy Lee who both stand down at the conference.

Nominating Committee

Mr Paul Hackett (Canopus/GIA of Singapore, Singapore) is standing for re-election and Mr Brian Murphy (Berkley Offshore Underwriting Managers/AIMU, New York, USA), is nominated for election to replace Mr Michael Csorba who stands down after Edinburgh.

Nominations will be considered by the IUMI Council and a formal announcement will be made once the Council has voted. IUMI extends its grateful thanks to those who are standing down at this year's conference and who have served IUMI with such dedication and commitment.

Welcome to new IUMI Professional Partners

We are delighted to welcome two new Professional Partners to IUMI and look forward to working with them. They are:

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[Read more here.](#)

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