

Industry's struggle with container ship fires continues: AGCS



By Insurance Marine News, 19th July 2018

Major fires on container vessels are among the largest hazards for the global shipping industry and the insurance industry's fears of a major cargo ship fire were realized on March 7th this year when a fire occurred on board ULCS Maersk Honam, reported Allianz Global Corporate & Specialty in its Safety And Shipping Review 2018.

AGCS noted that the 353-metre vessel caught fire southeast of Oman en route from Singapore to Suez. The fire was stopped at the superstructure and crew members were evacuated, but there were five deaths. The salvage operation was challenging, taking five days to bring the fire under control and a further seven weeks before the vessel could be towed to Jebel Ali in the UAE – the closest suitable port for unloading.

She was carrying 7,860 containers, corresponding to 12,416 teu, when the incident occurred. Maersk Honam was less than a year old when the incident occurred and was fitted with up-to-date fire-fighting equipment. The incident is expected to be one of the largest general average claims on record, (in the hundreds of millions of dollars). Were the vessel declared a total loss there could have been damages in excess of \$1bn.

The incident is not the first major fire to involve a large container vessel in recent times. In 2017, the 13,800 teu MSC Daniela was on fire for more than a week, off the coast of Sri Lanka. There were a number of incidents during 2016, including the 9,000 teu CCNI Arauco, which caught fire in Hamburg. In 2012, a fire onboard the German container ship the MSC Flaminia burned for six weeks, resulting in the death of three crew, the destruction of 70% of the cargo and the vessel being declared a constructive total loss.

"ULCS' can create a serious exposure and risk for shipowners and insurers," said Captain Rahul Khanna, Global Head of Marine Risk Consulting at AGCS. Fire-fighting capabilities on board had not necessarily kept pace with the increasing vessel sizes.



Although ULCS vessels provide economies of scale for shipping companies the industry needed to make sure that risk management and safety standards are brought up to speed.

“Despite International Maritime Organization requirements that shippers declare container contents, there are still many cases where cargo is not being properly declared. This can make fighting fires challenging. The salvage of ULCS also represents uncharted waters, as, due to their size, there are only a small number of ports that can accommodate them and provide safe refuge following a fire”, said Khanna.

Allianz and the International Union of Marine Insurance (IUMI) have previously warned of safety concerns and are promoting improved ship design and fire-fighting equipment to prevent and extinguish fires on ULCS. “While fire-fighting systems have developed to ensure the crew are able to ensure their safety, and thereby complying with International Convention for the Safety of Life At Sea (SOLAS) requirements, fire- fighting capabilities on board have not kept up with the upsizing of container vessels, to ensure the preservation of the vessel itself,” said Chris Turberville, Head of Marine Hull & Liabilities, UK, AGCS.

“This is one of the most significant safety issues on board this type of vessel and there needs to be considerable development to protect container ships in the event of fire.” “Improved fire-fighting equipment on board ULCS and correct cargo declaration and storage should greatly reduce the risk of fire,” said Volker Dierks, Head of Marine Hull Underwriting, AGCS Central & Eastern Europe.

“The issue of fires on ULCS has been raised by insurers but it appears to have fallen on deaf ears. As an insurer, we would like to see an urgent review by the IMO and class societies, or at the very least a study into the adequacy of current requirements and controls,” said Khanna.

AGCS noted that more than 20 ships in excess of 18,000 teu were expected to enter into service during 2018, followed by another 30 in 2019. Meanwhile, there have been at least 20 orders for 22,000 teu vessels from companies such as the Mediterranean Shipping Company and CMA CGM. And 24,000 teu ships were predicted to follow.

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