

# The need for transparency in ship recycling

## An insurance perspective

Roberto Spanu  
Senior Risk Engineer – Marine

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## An insurance perspective

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*"At Swiss Re Corporate Solutions, sustainability is key to our mission, ambition and principles."*

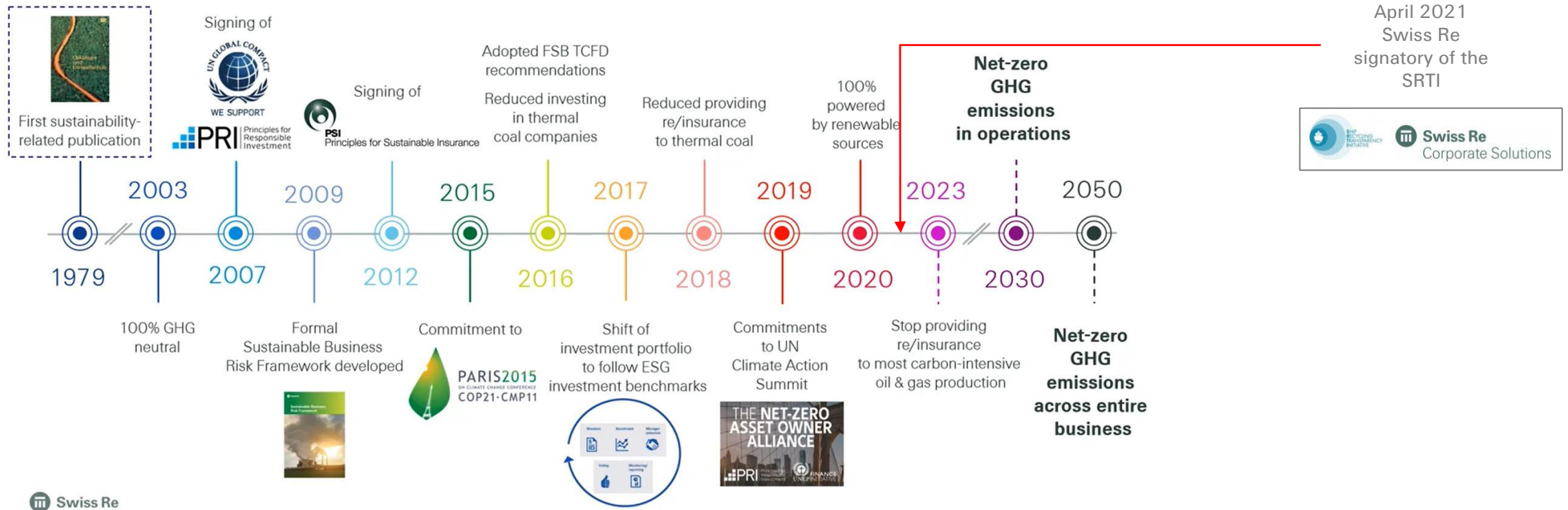
Swiss Re Corporate Solutions' wider sustainability approach

<https://corporatesolutions.swissre.com/campaigns/advancing-sustainability.html>

# The need for transparency in ship recycling

## An insurance perspective

Swiss Re has a long tradition of being a responsible company:



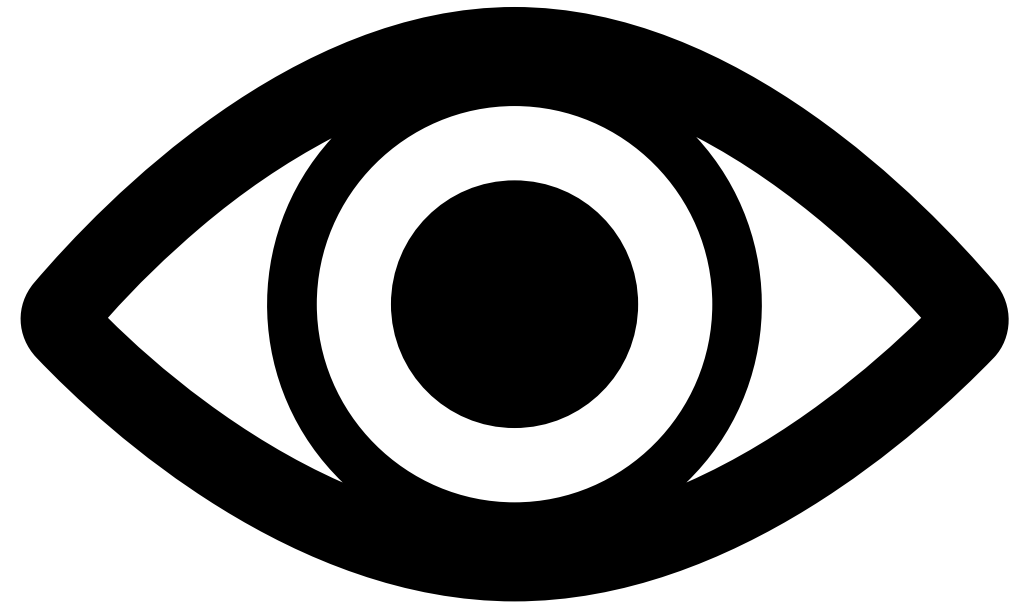
# The need for transparency in ship recycling


## An insurance perspective

Why:

Key human rights and environmental issues

- **Health and safety** hazards (lack of protective gear, safety measures, accident prevention...)
- **Labour rights violations** (long working hours, little pay, no formal leave, lack of labour unions, inadequate compensation for accidents and fatalities...)
- **Child labour** (children as young as 10 years old working in the shipbreaking yards)
- **Environmental damage** to the (marine) ecosystems in the area due to the **toxic wastes** spilled into the ocean





## The need for transparency in ship recycling An insurance perspective – risk mitigation

Photo credit: Viramdevsinh Gohil

### **Reputational risk**


Damage to the reputation and brand of the company due to the linkage of insurer to harmful shipbreaking practices.

### **Financial damages**

Financial losses due to loss of business, clients or investors as a consequence of the reputational damage, as well as potential fines for having supported harmful shipbreaking practices.

### **Judicial consequences**

Potential pursuit in justice by victims, e.g., in negligence claims against the companies for not having prevented these harmful shipbreaking practices



## The need for transparency in ship recycling An insurance perspective – Due diligence

Alang / November 2020 - Photo credit: Google Earth

### Underwriting Standard

Due diligence and risk assessments are required for:

- Stand-alone single voyage risks or Brokers Demolition Covers.
- Single voyage requests under in force contracts
- Renewal of lead H&M policies of customers having an history of recent recycling.

### Monitoring

Marine intelligence database and known ships demolition area are monitored for identifying evidences of shiprecycling activities related to insured portfolio.

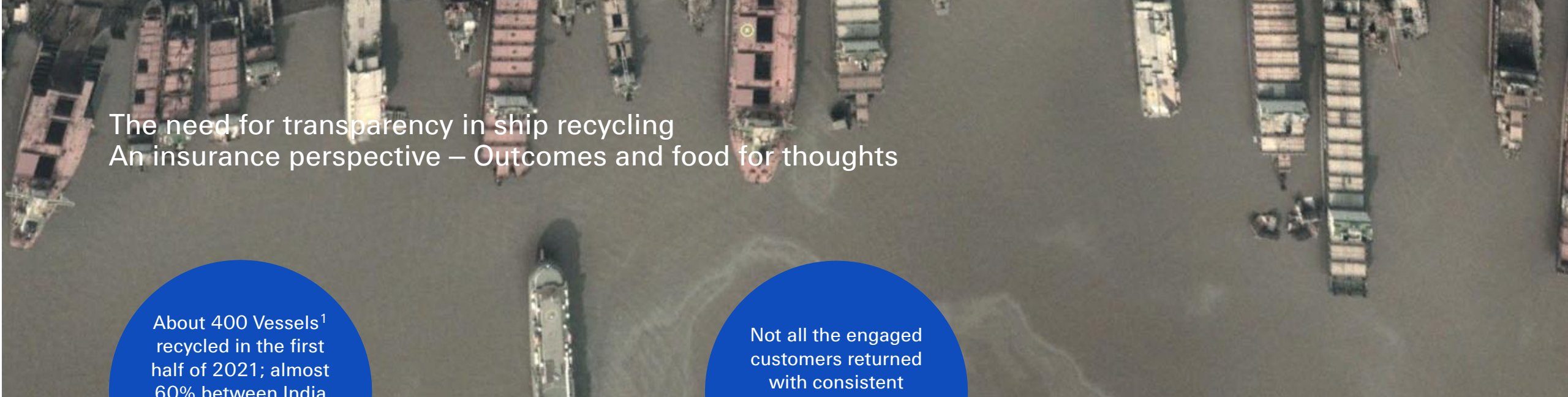
Automatic notices are received for vessels approaching ship recycling areas.

### Survey

An internal, confidential study shared among main H&M Customers aiming to understand their level of awareness and transparency, the implementation of policies and procedures related to sustainable shiprecycling.

Launched April 2021, still ongoing.





## The need for transparency in ship recycling An insurance perspective – Outcomes and food for thoughts

About 400 Vessels<sup>1</sup> recycled in the first half of 2021; almost 60% between India and Bangladesh. 50% about were tankers.

Alang / November 2020 - Photo credit: Google Earth

Not all the engaged customers returned with consistent information. Few of them did not reply at all.

Since March 2021 about 40 insureds engaged (questionnaire, risk assessment, etc.)

### Identified gaps:

- Lack of awareness
- Lack of transparency
- Lack of cooperation
- Insurance Policy terms & conditions.
- Insurance market readiness
- Priorities in shipping (i.e. decarbonization)

<sup>1</sup>Source: CLARKSONS

*"It's our ambition to advance sustainable ship recycling"*

Patrizia Kern  
Head Marine, Swiss Re Corporate Solutions





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# Thank you!

Contact us



**Roberto Spanu**  
Senior Marine Risk Engineer  
roberto\_spanu@swissre.com

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