IUMI Annual Conference 2021, Virtual Cargo Committee Meeting Wednesday, 25 August 2021

Minutes of the Meeting
Cargo Committee
Wednesday, 25 August 2021, 13:00 – 16:00 CEST

Participants

TC Cargo Committee

Isabelle Therrien, Falvey Cargo, Canada, Chairperson

Matthew O'Sullivan, Zurich Financial Services Australia, Australia, Vice Chairperson

Mikaela Tamm, Insurance Sweden, Secretary, Sweden
Paul Ashworth, Sompo International, United Kingdom
John Barnwell, AIG, USA
Niklas Bengtsson, HDI Global Specialty SE, Sweden/Nordic
Mike Brews, Horizon Underwriting Managers (Pty) Ltd; RSA, South Africa
Richard Golder, Tokio Marine HCC, United Kingdom
Matthias Kirchner, AXA Corporate Solutions, Germany
Hosny Mishrif, Delta Insurance Company, Egypt
Nicole Pousson, AIG, France
Sibesh Sen, HDFC Ergo General Insurance Company Limited, India
Tom Shinya, Tokio Marine & Nichido Fire Insurance Co., Ltd. Japan
Massimo Spinetta, Generali Global Corporate & Commercial Italy, Italy
Vyankatesh Tak, Oman Insurance, United Aram Emirates

Observers
Eric De Smet, Policy Forum Liaison
Kosuke Hashimoto, Executive Committee Liaison
Omar Mendoza Lizaola, CHUBB Edificio Capital Reforma, Mexico
Corinna Wintjen, IUMI

Guests
Patrizia Kern, IUMI Nominating Committee

Excused
Magdalena Cruz, MAPFRE Insurance Company, Spain
Hosny Mishrif, Delta Insurance Company, Egypt
Long Xu, China Property & Casualty Reinsurance Company Ltd

1) Welcome
Attendance & Introduction of Agenda
Isabelle Therrien

Isabelle Therrien welcomed the committee members, observers and guests.

Isabelle Therrien and the Cargo Committee paid their respects to Nick Derrick, Chairman of the IUMI Cargo Committee from 2013 until 2017, esteemed colleague and friend. The Cargo Committe honoured him with a minute of silence.

Isabelle Therrien expressed a special thaks to South Korea for excellent arrangement and good communication.

Isabelle Therrien gave special thanks to those committee members taking part in the workshop.

Isabelle Therrien advised that the meeting documentation had been sent out by email to the members of the Cargo Committee in due time before the meeting.

Isabelle Therrien read and explained the Policy Statement and Compliance Guideline in order for the Cargo Committee to understand the importance of these rules and regulations and that it is of outmost importance that the Cargo Committee follows the same. It was agreed that the attending members of the Cargo Committee where to read and follow the Policy Statement and the Compliance Guidelines.

2) Election of Cargo Committee
Isabelle Therrien

Isabelle Therrien informed on discussions with Matthew O´Sullivan relating to reappointmens to prolong nominations since the Chairman can not make shorter terms in order to strive to have 1/3 of the Cargo Committee members up for re-election and reappointment each year.

Isabelle Therrien emphasised that work effort and feedback where expected by members of the TC Cargo Committee.

The Cargo Committee agreed upon being on the lookout for talents within their organizations or association that can contribute to the IUMI work. She reminded everyone that the committee strives to have global representation with a balance between gender, diversity and experience.

Contact information
Isabelle Therrien asked members to send the amendments relating to the contact list on the IUMI website to Mikaela Tamm, Mikaela.tamm@insurancesweden.se.

Isabelle Therrien referred to the Articles of the Association for further guidance of the matter https://iumi.com/about/articles-of-association,

3) Chairman's presentation
Isabelle Therrien

The International Union of Marine Insurance (IUMI) reports an increase in the 2020 cargo insurance premium base (from 2019) of 5.9% to USD 17.2 billion alongside an improvement in overall loss ratios.

Isabelle Therrien summarizes that correction in the cargo insurance market is notable (at a lesser pace than in previous years) with a strengthening of the premium base and an improvement in our profitability. It's seen that the there been injected much-needed sustainability into our sector, but conditions are fluid and there are many factors that we need to be aware of.

On the positive side, world trade recovery is well underway and forecasts project that larger economies such as China and the USA will lead the way. Since the fortunes of the cargo sector tend to mirror global trade, this is good news for cargo underwriters. However, the frailties in global supply chains exposed by COVID are likely to result in a re-organisation and, perhaps, a move to bring manufacturing bases closer to consumers. Inevitably this will impact our business.

IsabelleTherrien pointed out that disruption continues to plague maritime supply chains with port congestion and activity suspension commonplace. The shortage of containers and the move to bring forward the movement of seasonal goods to ensure an uninterrupted supply during the upcoming holiday season has also contributed to the problem.

Other factors bringing uncertainty to global cargo insurance included the effects of climate change and, in particular, an increase in nat cat events such as heavier weather at sea affecting the stability of container stacks on large vessels. These large vessels have also in recent years been increasingly impacted by onboard fires likely caused by mis-declaring dangerous cargo. The pandemic has also brought to light the fact that digitalization needs to be in focus for the maritime industry. A shift is expected in the way the industry will embrace digitalization and insurers should prepare for how it will affect the future of cargo underwriting.
A number of events have conspired to make 2021 look less bright from a cargo underwriting perspective. General Average was declared on the Ever Given containership which blocked the Suez Canal and there have been a series of other high-value casualties this year, including X-Press Pearl; in addition, Hurricane Ida and other nat cat events such as wildfires and floods will have a negative effect on our result this year.
Isabelle Therrien emphasised that in the past four years alone, we've seen in excess of USD 3 billion of cargo losses and it appears that the severity and frequency of losses is increasing – a direct result of climate change, accumulation of risks, supply chain disruption and other factors. It's clear that our sector needs to review how it models and prices risk and it must draw on a range of predictive analytics to more accurately understand the new risk profile that we are beginning to face.

However, recent casualties and nat cat events have brought marine insurance into sharp focus which is working in favour of underwriters.

Isabelle Therrien noted that there is now an acute recognition of shipping related risks by our assureds as they have seen, first hand, the wider impact of incidents such as the recent blocking of the Suez Canal. We are seeing a move towards more comprehensive underwriting submissions as assureds ensure they are adequately protected. This bodes well for cargo insurance stated Isabelle Therrien.

4) Overview of South Korean Market

There where no representative in the South Korean market aviable for the presentation in question.

5) Technical Presentations
Isabelle Therrien & Matthew O Sulliwan

Isabeller Therrien & Matthew O Sulliwan informed on the planning and implementation on the IUMI given theme *“Pathways to a sustainable, resilient and innovative future”.* The Cargo Committee workshop was planned as following;

Workshop “Cargo” Wednesday, 8 September 2021, 120’
16:05 – 18:00 KST (Session 1)
22:05 - 00:00 CEST (Session 2)

Chairperson’s Report & Introduction, 10’
Isabelle Therrien, Chair, Falvey Cargo Underwriting, CAN-Toronto. Attachment 1

IPP Presentation, 10’
EVER GIVEN – Time to review exposures?
Jai Sharma, Partner, Clyde & Co., UK-London

ESG- Human rights risks on the supply chain, 25’
Hiroshi Ishida, Executive Director, Caux Round Table, (city) Japan

Vaccine Transportation and Logistics, 25’
Vaccine Manufacturer or Logistics provider
Lorant Kovacs, Head of Vertical market Healthcare, Americas region, DB Schenker Life,

Container Collapse Presentation/Panel Discussion, 40’
Moderator: Matthew O’Sullivan
- Academic: Christopher Hearn, Master Mariner, Director CMS, MUN
- Cargo Insurance side: Loss Prevention; Jan Rietberg, AIG
- David Kirk, Head of Cargo, Chubb, UK-London
- Uwe Schieder, GDV, LPC Vice Chair, GER-Berlin

Panel discussion and Q&A, 08’

Conclusion and take aways, 02’
Isabelle Therrien

6) Panel Discussions
Isabelle Therrien

Isabelle Therrien informed on how the workshop and panel discussion was planned to be carried out during the Annual conference. The Cargo Committee discussed and prepared questions for the Q&A part of the workshop, these questions are to be sent to Isabelle, Matthew and Mikaela.

No polling questions were to be prepared for this conference.

7) Country Reports
Isabelle Therrien, All

Isabelle Therrien led the round the table presentations of the Country Report, which had been distributed to the Cargo Committee by email on beforehand. Isabelle emphasised the necessity of proper references and that comments in the report shall have affiliation to a matter of fact or event of importance to the context, in order for publishing the report on the IUMI webpage.The Round table presentation was limited in time so the discussion was held concise. Attachment 1

8) Other business
Isabelle Therrien, All

IUMI Spring Meeting 27-29 March 2022
Isabelle Therrien

It was noted that the spring meeting will be in Hamburg and IUMI will arrange the meeting as a hybrid (= attendees partly in person, partly dialling in). A poll was taken by the Chair to gauge how many TC members would attend in-person if given the choice and about 40% of the committee responded they would attend in-person.

“Great Beauty”
Tom Shinya

Tom Shinya informed the Cargo Committee on the bulk carrier, GREAT BEAUTY, that experienced a shift / collapse of stow of containers stowed in holds during high winds and waves arising as a result of Typhoon "In-Fa" during the course of the vessel's voyage from Taicang, China to Savannah, USA. The Vessel was stowed with containers for US and the intention was to load grain in bulk on the return trip. The containers stowed in the vessel reported to be affected. Containers stowed on deck had not yet been reported to have been affected by the incident. In order to stow containers there had been wetlocks welded to the hull of the vessel, the Cargo Committee found it questionable if the the vessel at all was seaworthy. It was noted that General Average and/or Recovery issues may arise as a result of this casualty.

The Cargo Committee noted a trend in using aged vessels and weld wetlocks to these vessels as done in the Great Beauty.

IUMI Eye Contribution

The members of the Cargo Committee was encouraged to contribute with articles to the IUMI Eye.