



**IUMI 2018**

**Ocean Hull Workshop**

17<sup>th</sup> September

**Mark Edmondson BSc (Hons) ACII**

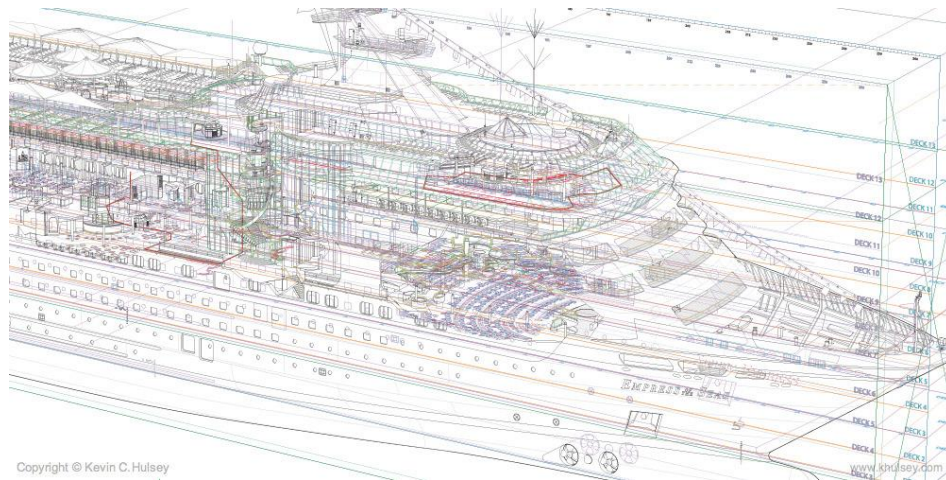
Head of Marine

Chubb Global Markets

# Ocean Hull Workshop



















## Agenda

- Chairman's Introduction
- IPP presentation
- Technical Presentations (x3)
- Panel Q&A/Debate session\*
- Observations & Conclusions



**\*please submit questions via the IUMI App**

## Chairman's Introduction: **OHC Membership (Current)**

 Mark Edmondson (Chair)	UK LMA	 Mike McKenna	USA
 Rama Chandran (Vice Chair)	Singapore	 Jan Limnell	Finland/Cefor
 Guoyong An	PRC	 Richard Neylon	UK
 Andrea Cupido	Switzerland	 Norbert Plancher	France
 Anna Lisiak	Italy	 Peter Townsend	UK LMA
 Jenny Groeneveld	Netherlands	 Eisuke Yoshimura	Japan
 CM Jang	South Korea	 A N Underwriter	TBC
 Paul Hill	UK	 Neil Roberts (Secretary)	UK
 Timothy Lee	Hong Kong	 Agnes Choi	EC Liaison



















## Chairman's Introduction: **OHC Membership (Changes & Vacancies)**

- Change of Chairman following Cape Town conference  
Rama Chandran (Head of Marine, QBE Singapore)
- Deputy Chair Jan Linnell (CEFOR)
- Candidates are invited to fill positions vacated by:  
Pete Townsend (London, LMA)  
Eiseke Yoshimura (Japan)  
David Bellamy (Norway, CEFOR)  
Anna Lisiak (Italy)  
Mike McKenna (USA)

Contact your national association after the conference.....



## Chairman's Introduction: OHC Membership

	Rama Chandran (Chair)	Singapore		Mike McKenna	USA
	Guoyong An	PRC		Jan Limnell (Deputy Chair)	Finland/Cefor
	Andrea Cupido	Switzerland		Richard Neylon	UK
	Mark Edmondson	UK LMA		Norbert Plancher	France
	Anna Lisiak	Italy		Peter Townsend	UK LMA
	Jenny Groeneveld	Netherlands		Eisuke Yoshimura	Japan
	CM Jang	South Korea		A N Underwriter	TBC
	Paul Hill	UK		Neil Roberts (Secretary)	UK
	Timothy Lee	Hong Kong		Agnes Choi	EC Liaison

## Chairman's Introduction: **OHC Feedback & Current Issues**

**Webinar/Education  
Forum**

**Ocean Hull  
Committee**

**Policy Forum**

**Arctic Sailings**  
**Autonomous Surface  
vessels**  
**Cat Fines & LSF**  
**Cyber Risk**  
**Places of Refuge**  
**Container Vessel  
Safety**  
**RoRo Vessel safety**

## Chairman's Introduction: **International Market Update & Feedback**

<b>Market Conditions</b>	<b>September 2018 Update</b>
Premium	<ul style="list-style-type: none"> <li>• <b>A number of international markets reporting stronger underwriting environment since Q3 2017</b></li> <li>• <b>Originally a function of 17Q3 CAT impact on general P&amp;C or poor underlying hull uw performance.....?</b></li> </ul>
Competition, policy periods, width of cover etc	<ul style="list-style-type: none"> <li>• <b>Inter-market competition has tended to increase</b></li> <li>• <b>Greater resistance to granting extended policy periods beyond 18 months</b></li> <li>• <b>Width of cover and self insured retentions remain largely unchanged</b></li> </ul>
Underwriting discipline & risk differentiation	<ul style="list-style-type: none"> <li>• <b>Evidence of increasing discipline in line with some tightening in market conditions</b></li> </ul>
Skill, expertise & experience	<ul style="list-style-type: none"> <li>• <b>Soft market legacy remains.....no easy fix</b></li> <li>• <b>Will automation of the process in certain markets be a hindrance?</b></li> </ul>

## Chairman's Introduction: **International Market Update & Feedback**

<b>Market Conditions</b>	<b>September 2018 Update</b>
Capacity	<ul style="list-style-type: none"><li>• <b>Clearly a surplus over demand remains, however.....</b></li><li>• <b>No new start up activity</b></li><li>• <b>Overall a net reduction in capacity since Tokyo 2017, including the withdrawal of some high profile, mainstream hull insurers (\$100m+?)</b></li><li>• <b>Some evidence of reduced appetite and greater uw scrutiny</b></li></ul>
Distribution & Delegation	<ul style="list-style-type: none"><li>• <b>Support for MGA's has accelerated – global distribution strategy mainly by wholesale markets</b></li><li>• <b>Facilitisation under increasing pressure due performance and greater regulatory scrutiny</b></li></ul>
M&A activity	<ul style="list-style-type: none"><li>• <b>Further increase in M&amp;A activity within global P&amp;C: Axa/XLC, Axis/Novae, First Cap/MSIG, AIG/Validus.....</b></li><li>• <b>Longer term impact remains to be seen</b></li></ul>



# Chairman's Introduction: International Market Update & Feedback

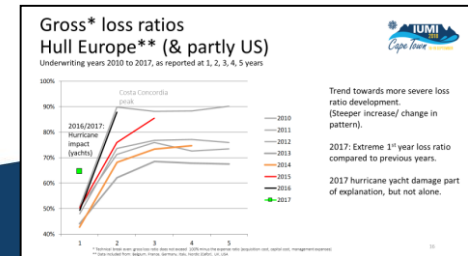
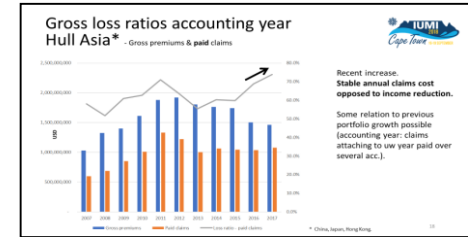
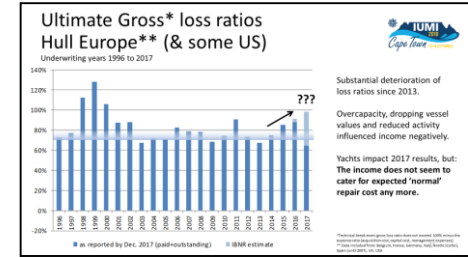
## Market Performance

Deterioration in performance in many international markets despite.....

- Improved risk profile
- Generally a stable claims environment

Still the key drivers remain.....

- Asset value reduction impact on premium base
- Reduced utilisation in certain sectors
- Premium rate erosion year on year
- Volatility a constant.....



## Chairman's Introduction: **International Market Update & Feedback**

<b>Technical Risk Issues</b>	<b>September 2018 Update</b>
<b>Cyber exposure</b>	<ul style="list-style-type: none"><li>• Increasing focus amongst operators &amp; regulators</li><li>• Maersk, COSCO ransomware events.....</li><li>• Futureautics survey Nov 2017: 44% of operators IT defences ineffective, 39% subject to attack during previous 12 mos</li><li>• IACS joint working group focus → implementation of IMO guidelines, ultimately part of classification process.....</li></ul>
<b>Emissions control</b>	<ul style="list-style-type: none"><li>• IMO MEPC Marpol Annex VI: Sulphur Emission Control Area's established 2015 (0.1% m/m sulphur)</li><li>• IMO mandate 0.5% sulphur standard outside SECA's wef 2020</li><li>• Various options: including LSF's, scrubbers etc.....what are the risk implications?</li><li>• 13% of 2018 NB's on order are LNG propulsion capable</li></ul>
<b>Autonomous Vessel Operation</b>	<ul style="list-style-type: none"><li>• Technology &amp; regulation advancing</li><li>• Commercial (larger scale) investment still limited.....is it scalable?</li><li>• Ultimately wider or limited/local application?</li></ul>

## Chairman's Introduction: **International Market Update & Feedback**

<b>Technical Risk Issues</b>	<b>September 2018 Update</b>
<b>Bunker Fuel Management</b>	<ul style="list-style-type: none"><li>• Emerging risk.....the “Houston problem”</li><li>• In excess of 100 vessels may be affected</li><li>• Bunkers supplied in Houston, Panama, Singapore</li><li>• Contaminants from non-petroleum refining origin</li><li>• On spec against ISO 8217 standards?</li><li>• Bunker contaminants require advanced analysis beyond requirements of standard tests – with limited hardware available</li><li>• The largest ever bunker contamination issue (Paul Hill, Braemar Technical Services)</li><li>• Issue will be taken to IUMI's Policy Forum for consideration</li></ul>

# Chairman's Introduction: **International Market Update & Feedback**

## **Technical Risk Issues**

## September 2018 Update

### Container vessel fire

- **Maersk Honam**
  - **2017 built, 15,226 TEU**
  - **Fire on board 6<sup>th</sup> March 2018**
  - **5 seamen killed**
  - **Total sum insured.....?**
  - **Largest GA adjustment in history?**
  - **Another near miss for the industry**
- 
- **Regulation, naval architecture (and insurance?) have not kept pace**
  - **Does MSC.365(93) SOLAS Regulation 10 (amended) go far enough?**
  - **New provisions only in respect of vessels built post 1<sup>st</sup> Jan 2016**



# Chairman's Introduction: **International Market Update & Feedback**

<b>Macro Risk Environment</b>	<b>September 2018 Update</b>
Shipping markets	<ul style="list-style-type: none"><li>• Improving overall climate post 2016.....</li><li>• ClarkSea Index average \$10,767/day 2017, +14% y-o-y</li><li>• Bulk (+77%) and container (+25%) earnings improved 2017</li><li>• However, Tanker earnings reduced 35% 2017, 20 year low</li><li>• Offshore sector signs of improvement (Brent crude \$74/bl @8.8.18)</li><li>• Approx 26% of world OSV fleet in L/U (March 2018)</li></ul>
World orderbook	<ul style="list-style-type: none"><li>• 52,000 v/l's in commission, 3,500 on order</li><li>• Newbuilding/global fleet ratio 10% of capacity, a 20 year low (40% iro. Cruise tonnage)</li></ul>
Developing global trade war	<ul style="list-style-type: none"><li>• Potential longer term effect on global economic growth.....?</li><li>• Impact on shipping and volume considered limited although trade lanes may alter</li></ul>

## Chairman's Introduction: **International Market Update & Feedback**

- **Market Performance**



## Workshop Presentations

- **‘Maritime Regulations in the Future’** **IPP Presentation**  
**Wayne Steel:** Deputy Manager Marine Dept, CL Surveys, F-Paris
- **‘Ultra Large Container Vessel Fires – Not So Unthinkable’**  
**Captain Nick Sloane:** Director, Resolve Marine Group, London
- **‘Partnership Between Seafarers and Technology for Safe Maritime Operations’**  
**Gerd Berner:** Centre for Ports and Shipping, Australian Maritime College, Tasmania
- **‘Diamond Mining Offshore – Effective Risk Management in a Challenging Environment’**  
**Jan Nel:** Operations Manager, DebMarine, Namibia
- **Panel Debate/Q&A**  
**Iain Henstridge:** Apollo Syndicate 1969  
**Paul Hill:** Braemar Technical Services



Many thanks for your  
attention.....

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