

Arctic Shipping – An Insurer's View

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People



1989 Maxim Gorkij –

Hit an ice floe – west of Svalbard



Pollution



1989 - Exxon Valdez

Serious pollution after grounding in Alaska



Physical damage



2007 MV Explorer

Total Loss - holed by ice (note the changing conditions)



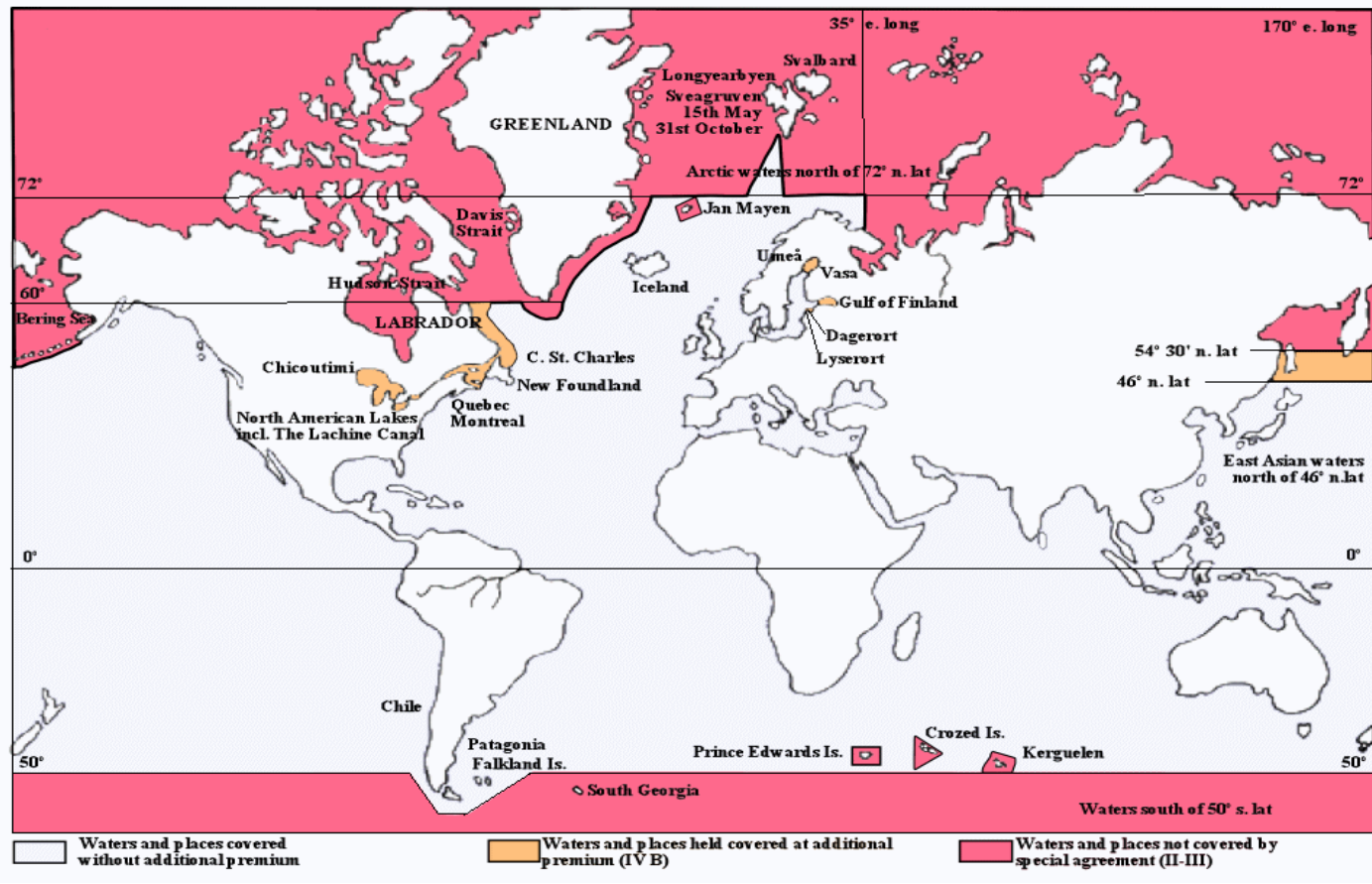
Trading Limits/Warranties - If trading in ice or in remote areas

- P&I Insurance – Normally no notice required
 - For Arctic/Antarctic trade, or if in doubt, inform your P&I insurer
 - *Hull Insurance - Always give notice to insurers and negotiate terms*
 - Check the details of the trading limits under your policy, and advise your H&M insurer if you intend to go outside!
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Trading Limits

(Example: Norwegian Marine Insurance Plan)



Risks when breaking trading limits has traditionally been ice/winter related

- Propeller/ thruster
- Rudder
- Shell plating
- Collision damage
- Freezing damage (pipelines etc.)
- (Bilge keel)
- (Wear of paint)



- NB – Subject to H&M deductible – small claims not registered
 - Most claims from the Baltic and the St. Lawrence Seaway
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Trade to the Arctic – Summer Trade

Deterioration of a claim – cost related to assistance/removal/repair



THE ICE



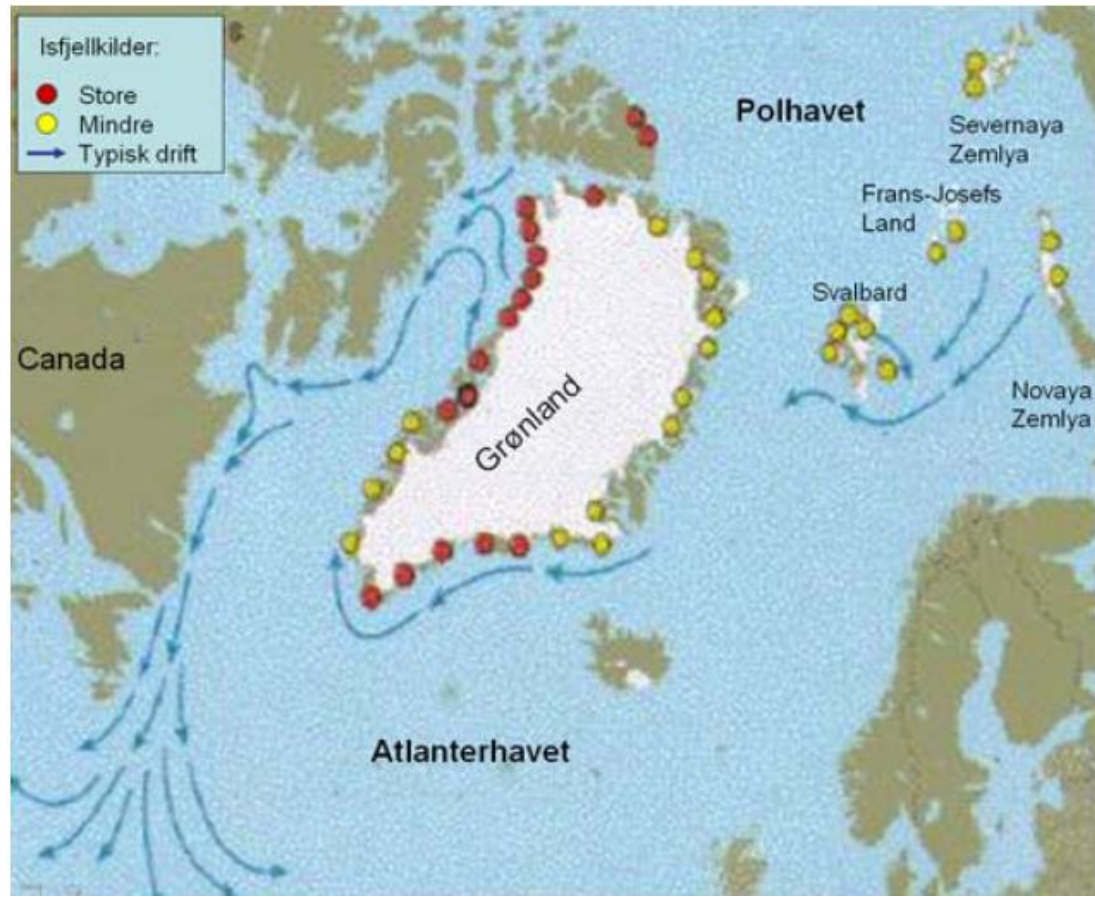
THE ICE

Hitting multiyear ice

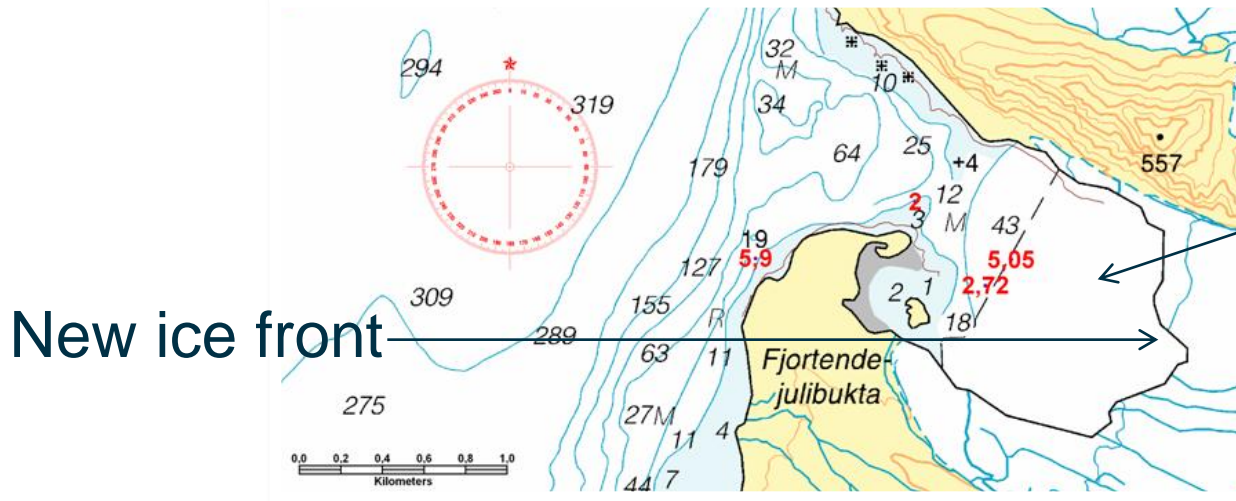
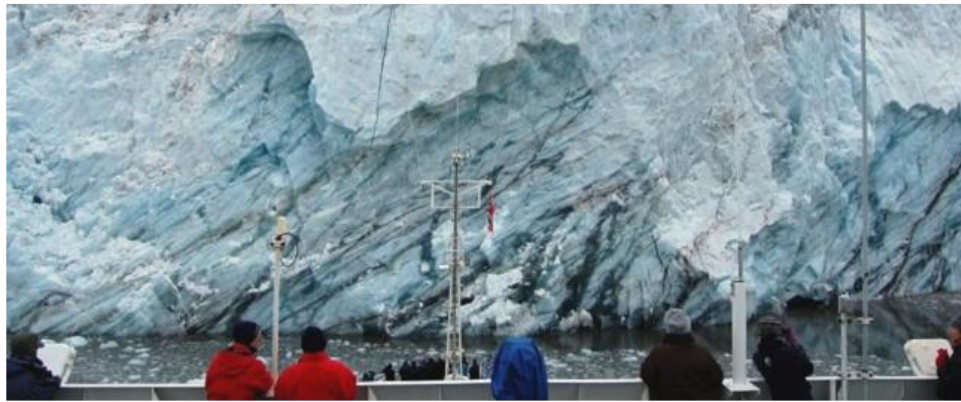


Icebergs, bergy bits and growlers

Global warming – new areas accessible and new challenges for shipping



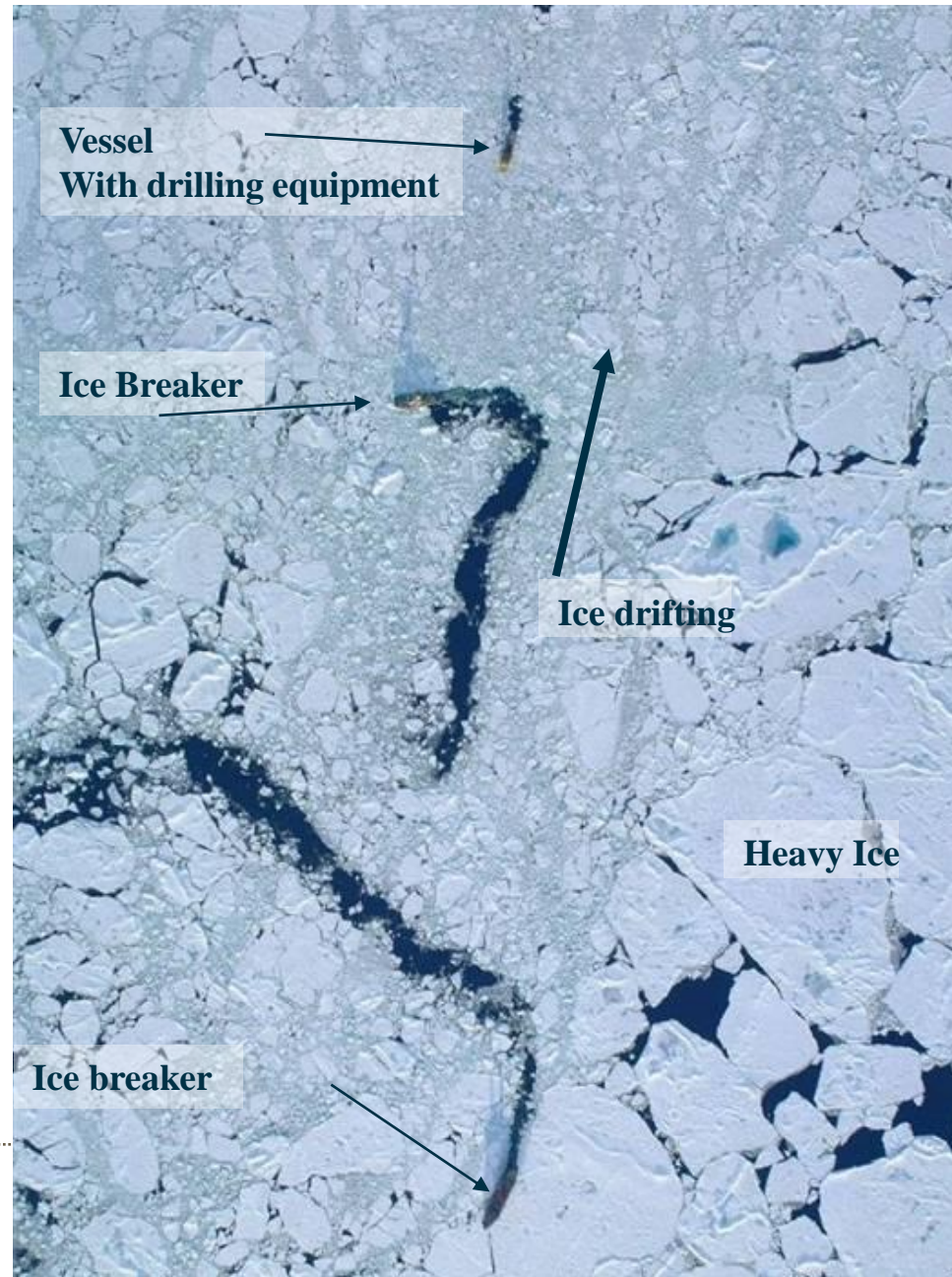
Arctic cruising to the ice edge



Not surveyed

New ice front

Arctic Offshore

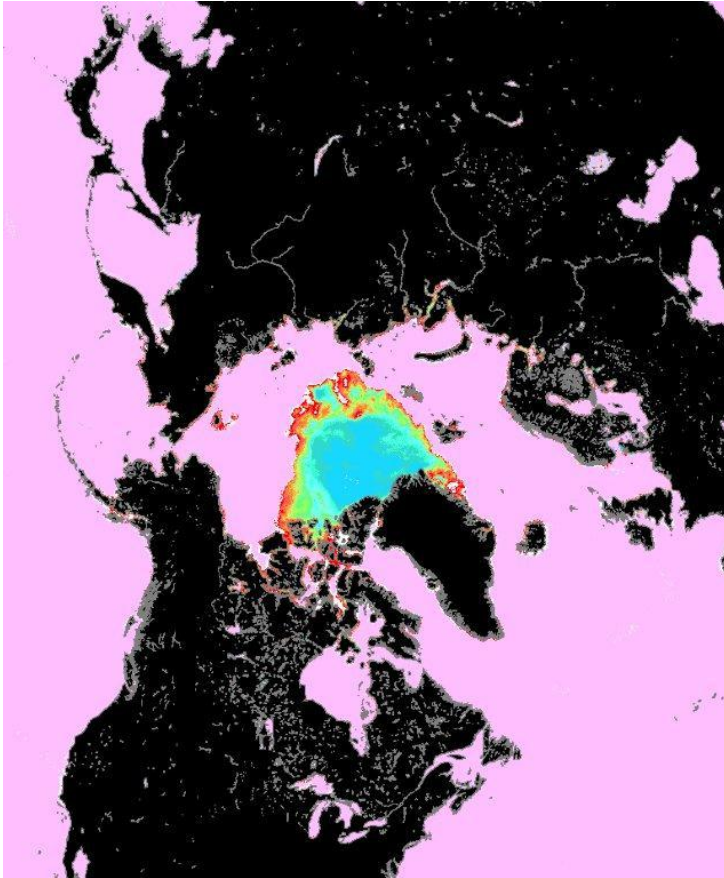


Northern Sea Route commercial vessels



Northern Sea Route

More reliable information available – «much is self explanatory- not all»

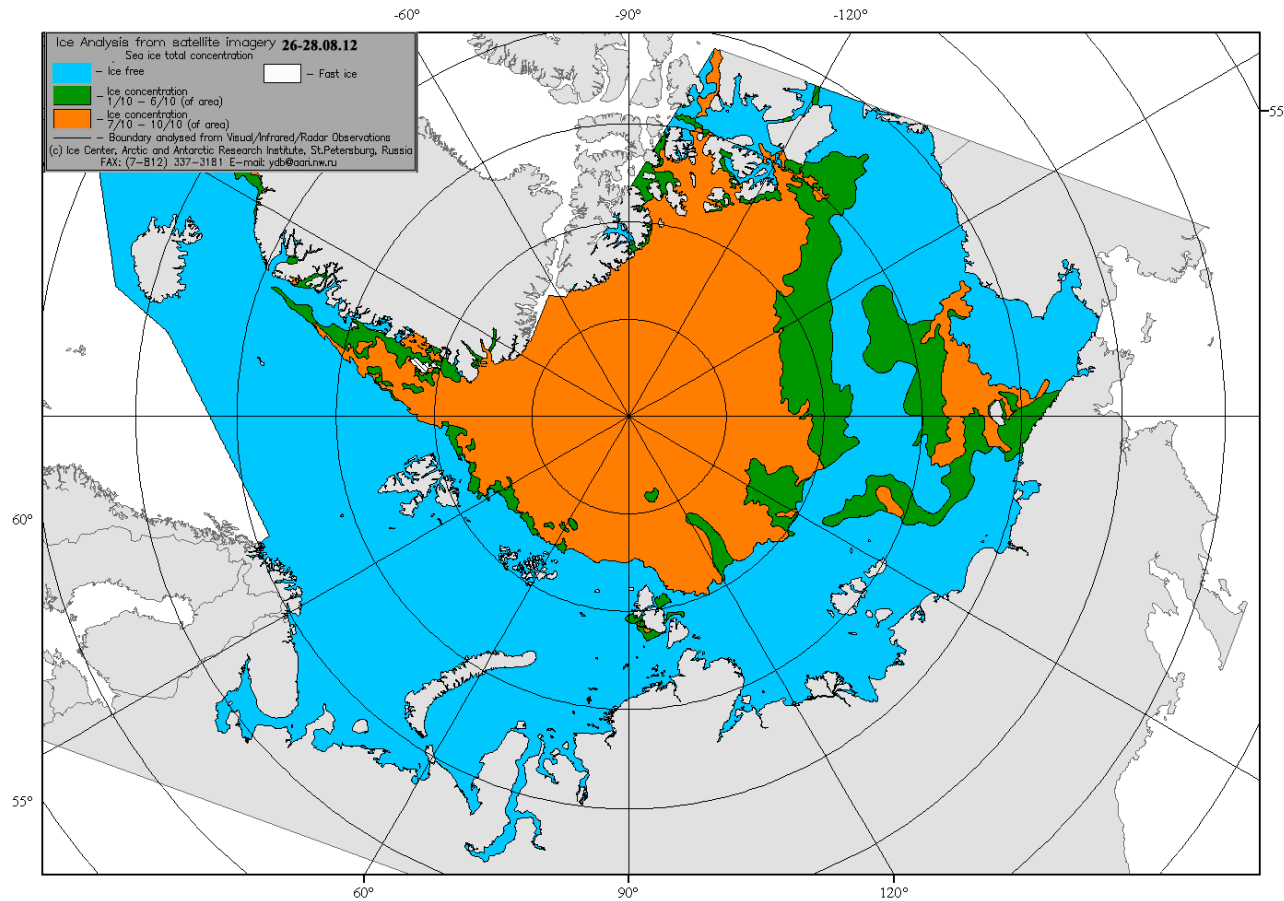


- BIMCO
- Canada Ice
- www.met.no

Or other reliable sources
that interpret the data for
you

Ice charts from Bimco's website

29 August 2012









Challenges in the Arctic and Antarctic

Claims are low in numbers – high in costs – mainly summer trade

- Salvage is a challenge
- Rough conditions, incl. fog
- Lack of infrastructure
- Lack of repair facilities
- Communication
- Significantly more expensive
- Significantly more time consuming
- Competent crew makes a difference.



Remoteness – a small incident may develop into a major claim.

Claims in the Arctic and Antarctic

Examples of claims

General Arctic/Antarctic

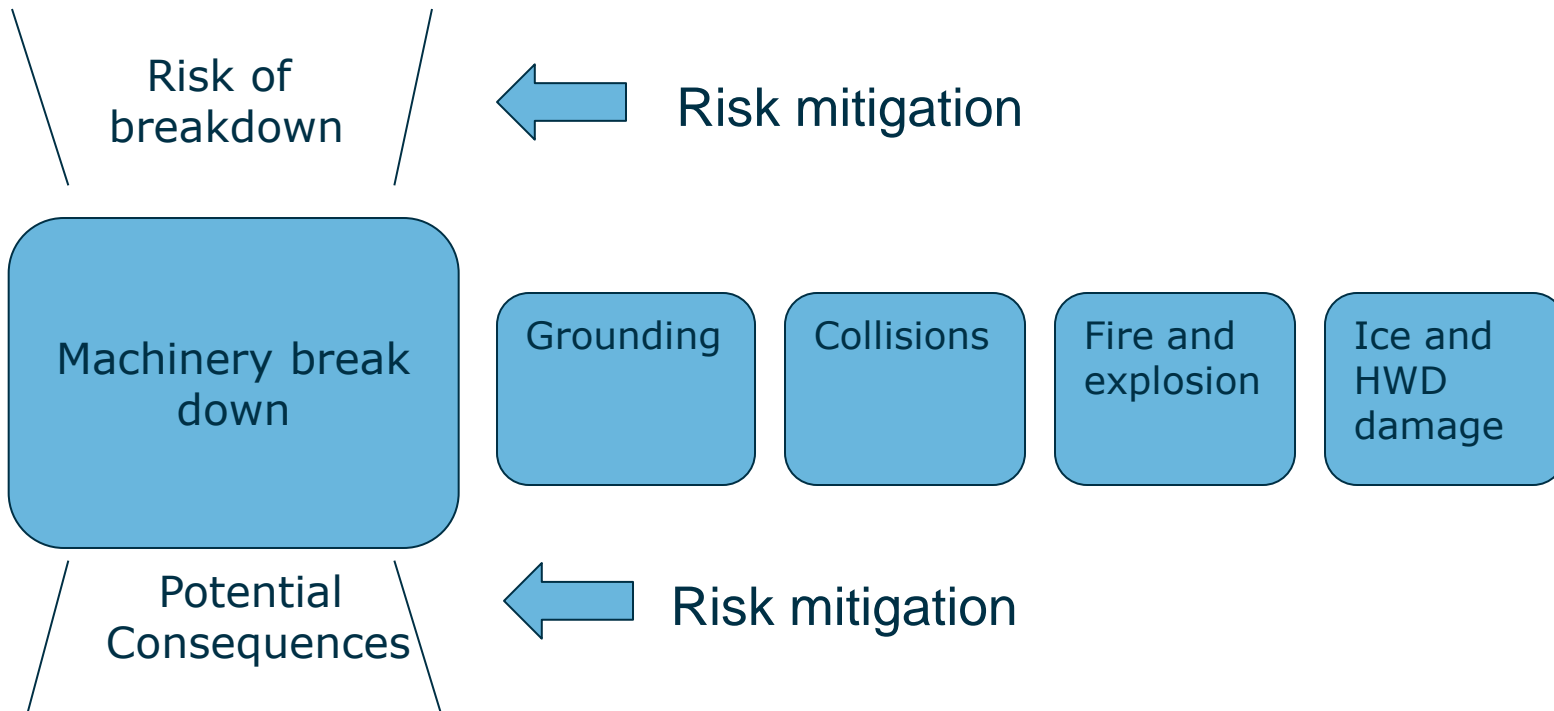
- Groundings
- Hitting ice floes
- Stuck in ice

July voyages NSR - risks

- Convoys
- Tougher ice conditions
- Collisions
- Hull damages



Harsh conditions – a small incident may develop into a major claim.



Relevant issues – before agreeing to a voyage along the NSR

- Sufficient resources for efficient free salvage offered by Atomflot
- Pilot with local knowledge on board
- Sufficient ice breakers
- Details of convoy and resources
- Minimum Ice class Baltic 1A or equivalent.
- Communication / Iridium
- Updated and interpreted ice and weather forecasts
- Language (spoken / information)
- Non-distractive working environment on the bridge.
- Double controllable and functioning Search Lights
- Accuracy of the chart – electronic or paper chart
- Navigators are required to cross-check the vessel's position using other means than GNSS.

The vessel must be prepared to be on its own.

Relevant issues – before agreeing to a voyage to Greenland

- As NSR (but no language issues)
- Updated and interpreted ice and weather forecasts ordered for this specific voyage (route / time)
- Distance to glacier edges at least 500 meters
- The vessel shall comply with the requirements/recommendations:
<http://www.dma.dk/news/Sider/NewregulationincreasesafetyofnavigationinGreenlandwaters.aspx>

Few “standard voyages to Greenland”

The Free Salvage – Price Reducing Factor - NSR



CONVOYS – a risk increasing element

Important that there is enough icebreakers/ resources so that one icebreaker may escorte a vessel in distress and the convoy may continue

Suggested Charterparty - Free salvage clause:

In case of a technical and/or mechanical breakdown or any other accident or situation where the vessel cannot proceed safely on its own, Atomflot shall, free of charge, provide salvage services at their best endeavours, including but not limited to tugging/escort of a distressed vessel to the border of Northern Sea Route, or to ice free waters if this is further. Positions as follows: On the west side: Murmansk, On the east side : Beringov Strait parallel 66 degrees north latitude and meridian 168 degrees 58'37" western longitude depending on the position where the incident happened. Atomflot will not leave distressed vessel in an unsafe condition but assist vessel until alternative towing vessel has arrived, or vessel is safely moored.

What happens with the convoy if there is an incident



Summary

- Trading in the Arctic often involves additional risk elements that must be identified and managed
- Definition of tasks and responsibilities combined with continuous experience transfer is vital to keep the crew, the environment and the ship safe
- A well prepared owner/ship and a trained and focused crew will also handle extreme conditions well.



Thank you for your time!