



# IUMI Claims Update – Managing the Unthinkable

Lars Lange, IUMI Secretary General

15th International Marine Claims Conference IMCC,  
26-28 Sep 2018, Grand Hotel, Malahide, Ireland



# Agenda



- 1. IUMI Cape Town conference**
2. Manage emerging risks
3. IUMI statistics update
4. IUMI major claims data base
5. IUMI education
6. IUMI policy agenda
7. Connect to IUMI

# 1. IUMI Cape Town Conference

Managing emerging risks – think the unthinkable



- IUMI's first African conference after 144 years
- We got a lot of insight into Africa
- We got a new President
- We got 2 new member associations



# 1. IUMI Cape Town Conference

Managing emerging risks – think the unthinkable



- IUMI's first African conference after 144 years
- **We got a lot of insight into Africa**
  - About 20 speakers from Africa
  - Law, logistics, shipping, technology, developments, challenges
- We got a new President
- We got 2 new member associations



# 1. IUMI Cape Town Conference

Managing emerging risks – think the unthinkable



- IUMI's first African conference after 144 years
- We got a lot of insight into Africa
- **We got a new President**
  - Richard Turner, UK (IUA)
  - New in Executive Committee:
    - Jan-Hugo Marthinsen, NOR
    - Frederic Denefle, FRA
    - Mike McKenna, USA
- We got 2 new member associations



# 1. IUMI Cape Town Conference

Managing emerging risks – think the unthinkable



- IUMI's first African conference after 144 years
- We got a lot of insight into Africa
- We got a new President
- **We got 2 new member associations**
  - Emirates Insurance Association (EIA)
  - Myanmar Insurance Association (MIA)



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## 2. Manage emerging risks

### Digitalization, big data

- The business environment is rapidly changing – internal as well as external: IoT, sensor-technology, blockchain, 3D-printing, placing platforms
- «disruption» in nothing which happens only on other planets
- *«It's not about IT, it's about management»*
- Think every process right from the beginning digital
- ... this is also a business opportunity!





## 2. Manage emerging risks



- Start early, embrace the risk, develop a strategy to understand, assess, insure
  - Example cyber
  - Example arctic shipping
  - Example more automated shipping



## 2. Manage emerging risks



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## 2. Manage emerging risks



- Start early, embrace the risk, develop a strategy to understand, assess, insure
  - Example cyber
  - **Example arctic shipping**
  - Example more automated shipping



## 2. Manage emerging risks



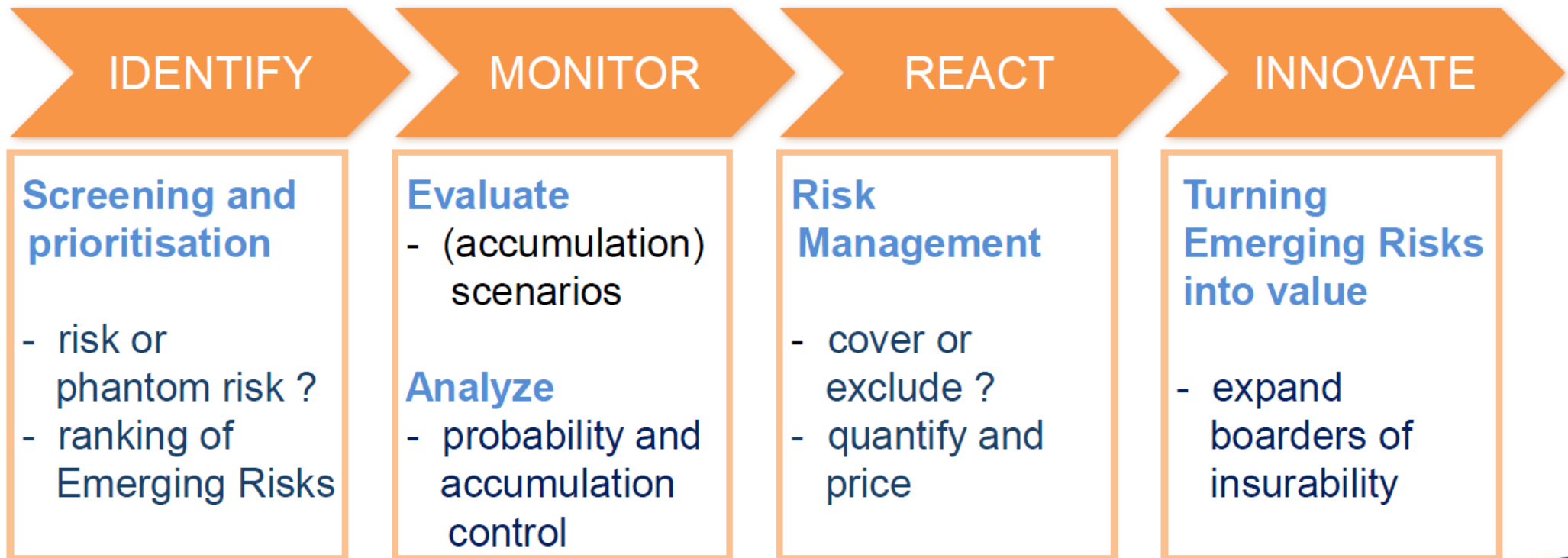
- Start early, embrace the risk, develop a strategy to understand, assess, insure
  - Example cyber
  - Example arctic shipping
  - **Example more automated shipping**



## 2. Manage emerging risks



### HOW TO DEAL WITH EMERGING RISKS



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### 3. IUMI statistics update - premium



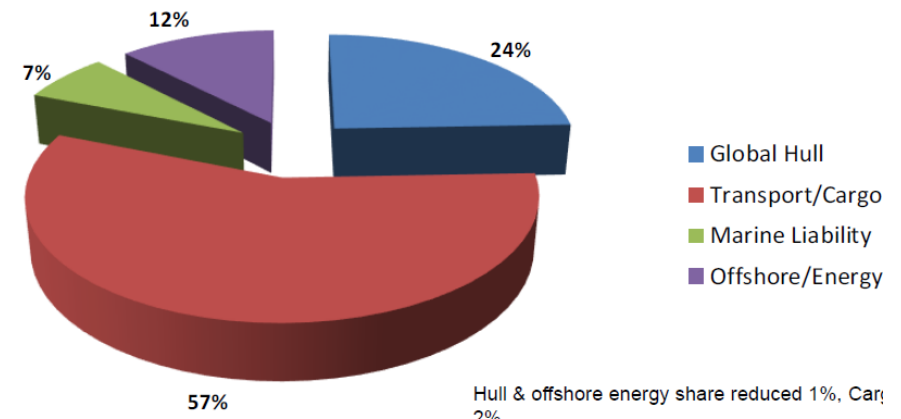
- Premium rises by 2% to 28,5 billion USD
  - Exchange rate effects main reason
  - Cargo is by far the biggest line of business
  - Asia stable at 29,2% world market share
- Cargo premium up by 6% to 16.1 billion USD
- Hull premium down by 6.1% to 6.9 billion USD
- Offshore premium down by 5% to 3.5 billion USD

#### Marine Premium 2017

by line of business

Total estimate 2017: 28.5 USD billion / Change 2016 to 2017: +2%

NB: Exchange rate effects!



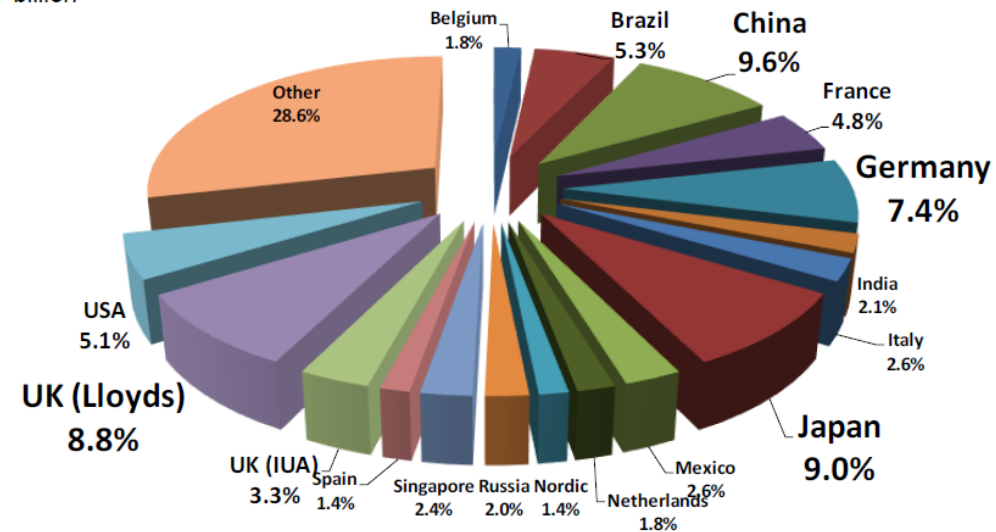
### 3. IUMI statistics update – premium cargo



- Premium rises by 2% to 28,5 billion USD
- **Cargo premium up by 6% to 16.1 billion USD**
  - Mainly driven by exchange rate effects
  - China as strongest single market (9,6%)
  - Increase in trade volume and trade value exceeds the increase of premium
  - Increasing value accumulation on single sites / vessels
  - Covered risks represent increasingly stock exposures rather than transit exposures
- Hull premium down by 6.1% to 6.9 billion USD
- Offshore premium down by 5% to 3.5 billion USD

#### Cargo Premium 2017 – by markets

Total estimate: 16.1 USD billion





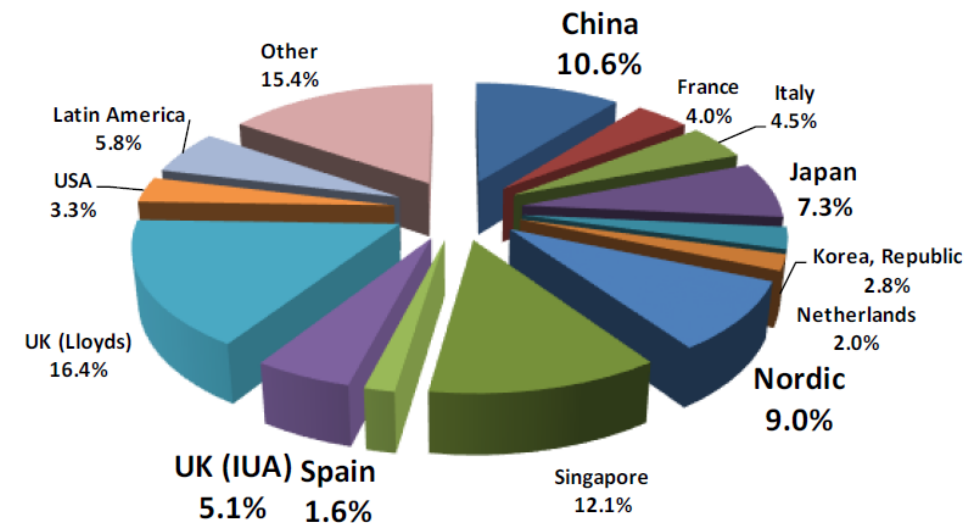
### 3. IUMI statistics update – premium hull



- Premium rises by 2% to 28.5 billion USD
- Cargo premium up by 6% to 16.1 billion USD
- **Hull premium down by 6.1% to 6.9 billion USD**
  - Vessel values recovering, but still dropping
  - Gross tonnage and number of ships still increasing (> 300 GT)
  - Increasing mismatch between fleet / vessel growth and income
  - Higher single-risk exposure (with inherent risk of unprecedented major claims)
- Offshore premium down by 5% to 3.5 billion USD

#### Hull Premium 2017 – by markets

Total estimate 2017: USD 6.9 billion



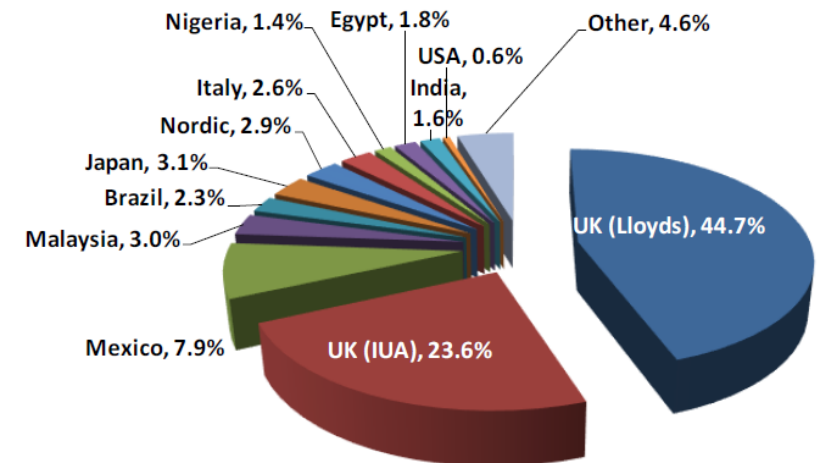
### 3. IUMI statistics update – premium offshore



- Premium rises by 2% to 28.5 billion USD
- Cargo premium up by 6% to 16.1 billion USD
- Hull premium down by 6.1% to 6.9 billion USD
- **Offshore premium down by 5% to 3.5 billion USD**
  - After 21% decrease in 2016
  - Oil price started to recover

### Offshore Energy Premium 2017

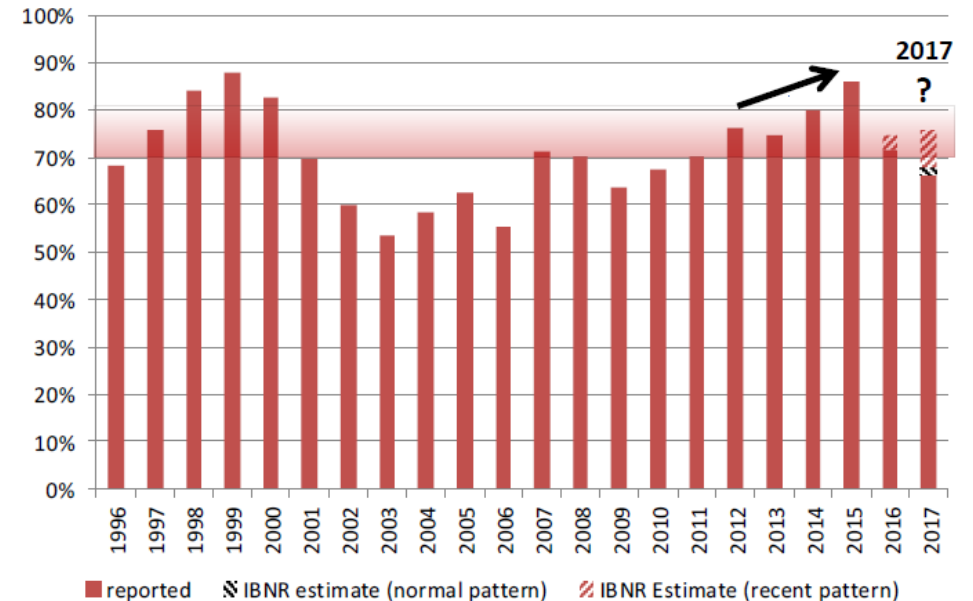
Total estimated: 3.5 USD billion /  
Change 2016 to 2017: -5% (2015 to 2016: -21%!)



### 3. IUMI statistics update – claims cargo



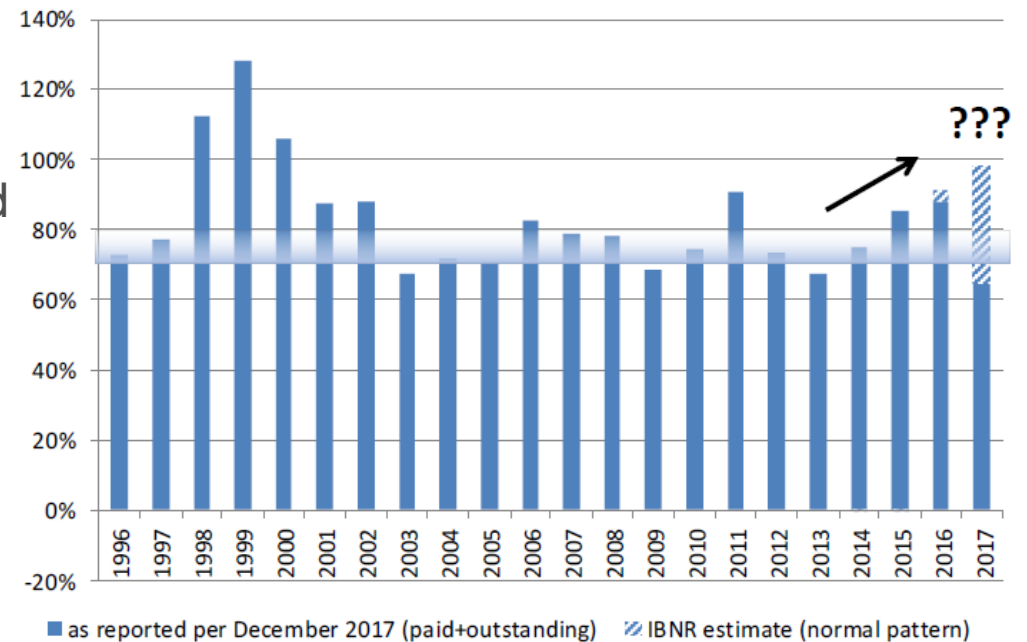
- Cargo
  - Impact of NatCat in 2016, Maersk Honam in 2017?
  - With normal pattern, 2017 would end around 70%, with recent pattern around 80% ULR
  - 2017 expected to deteriorate more than average (e.g. hurricanes, Mexico earthquake, Bangladesh flooding)
- Hull
- Offshore



### 3. IUMI statistics update – claims hull



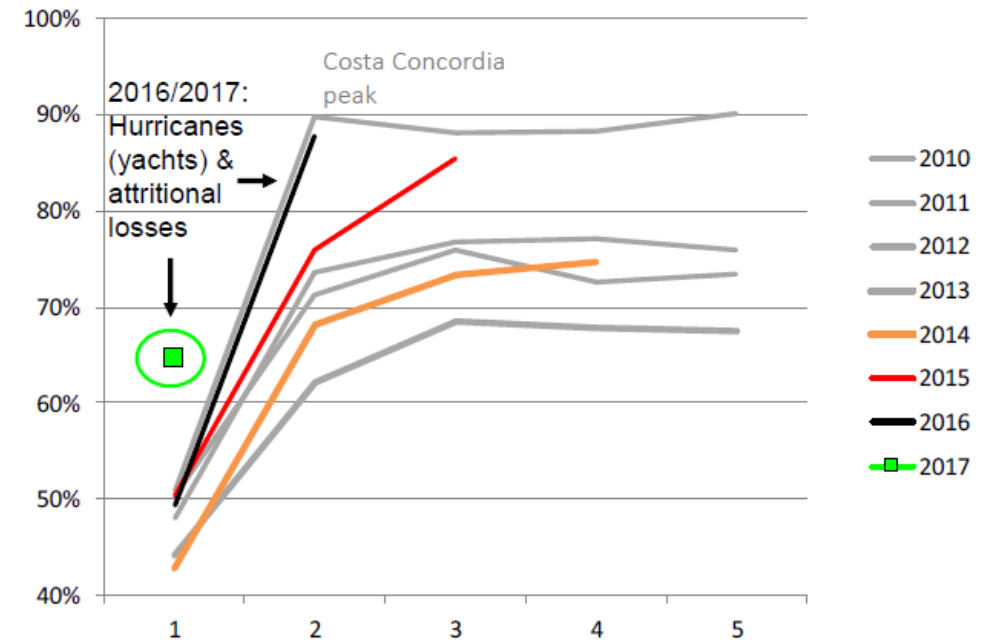
- Cargo
- Hull
  - NoMIS indicates that claims frequency and percentage of total losses have long-term downward trend
  - Hurricanes (yachts!) impact 2017 results very much
  - *“The income does not seem to cater for expected “normal” repair costs any more”*
  - No buffer for the return of total losses
  - 2017: extreme first year loss ratio compared with previous years
- Offshore



### 3. IUMI statistics update – claims hull



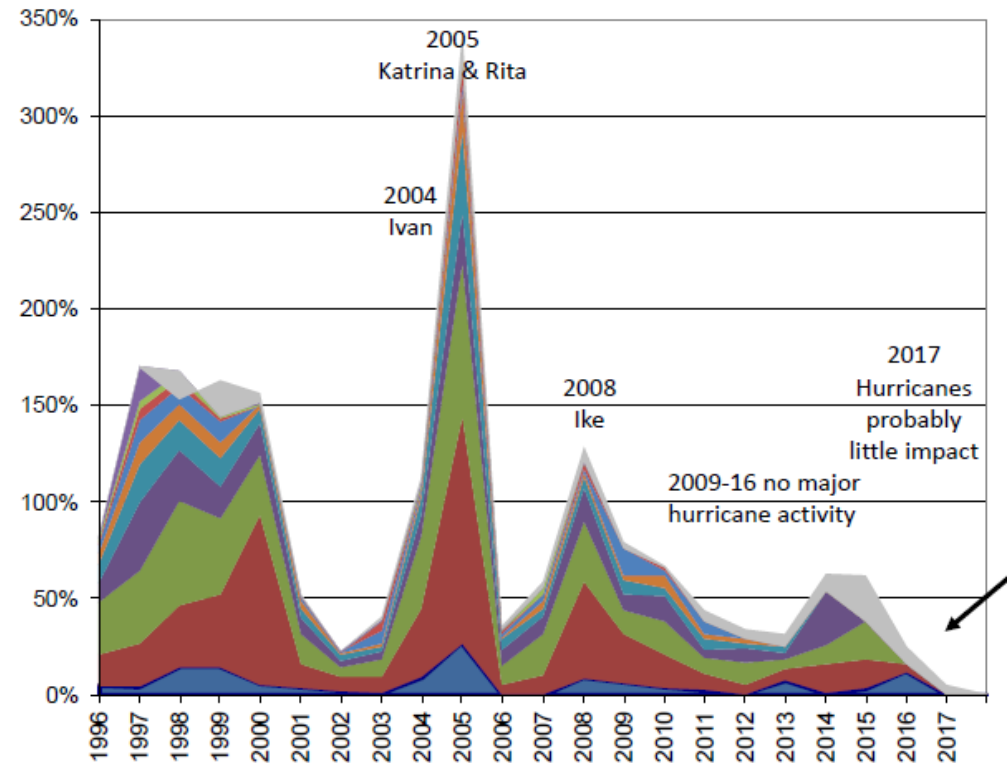
- Cargo
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  - NoMIS indicates that claims frequency and percentage of total losses have long-term downward trend
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  - *“The income does not seem to cater for expected “normal” repair costs any more”*
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### 3. IUMI statistics update – claims offshore



- Cargo
- Hull
- Offshore
  - Hurricanes back in 2017, but little impact
  - Claims potential arising from unit reactivation



# Agenda

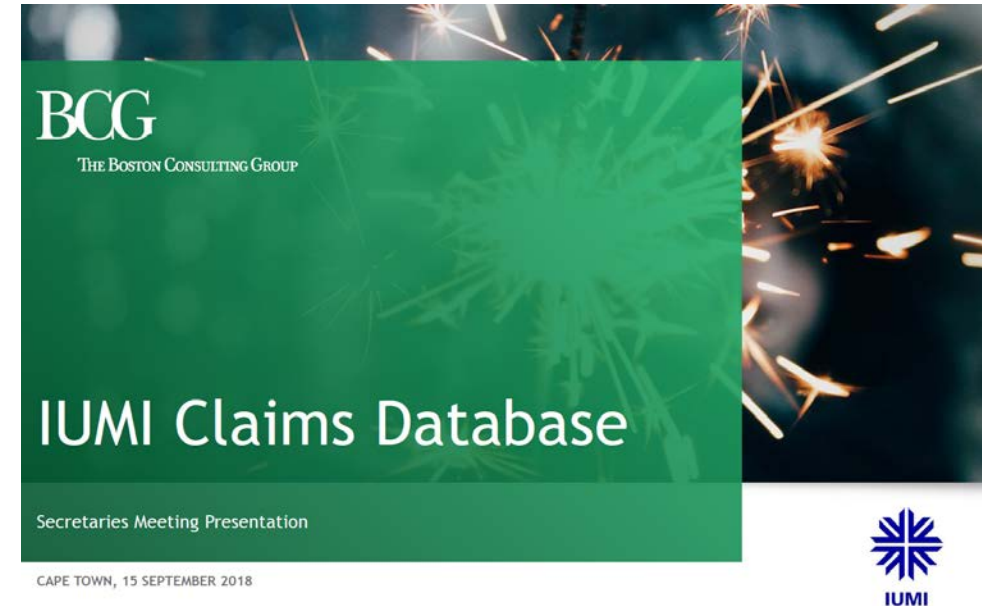


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## 4. IUMI major claims data base



- Joined project between IUMI and Boston Consulting Group
- NDAs between IUMI, the associations and BCG
- Pilot in Cape Town introduced
  - Threshold will be 250.000 USD for hull and cargo (100% of the gross loss)
  - Only hull and cargo are in scope, liability and offshore are not
  - Data collection via associations
- 6 member associations participating in pilot – Japan, Singapore, Sweden, Germany, Netherlands, Belgium

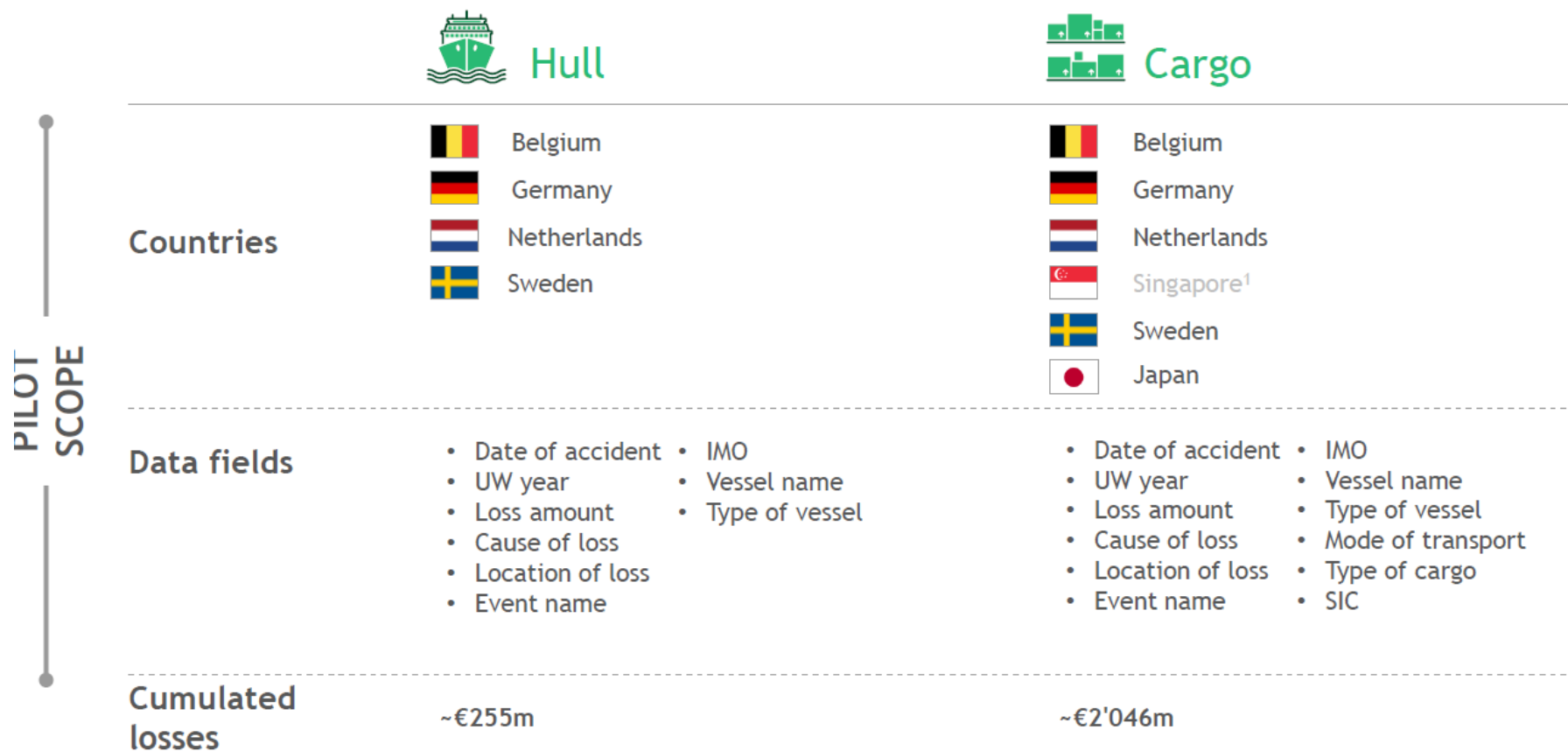




# 4. IUMI major claims data base



In total, we have collected more than 1,200 claim records from six countries that sum up to ~€2.3b of total losses



1. Some data received, but not in the standardized format

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## 4. IUMI education



1. Member associations' education programmes
2. „IUMI database“
3. Webinars
4. Tutorials
5. In-class training (to come)



## 4. IUMI education



1. Member associations' education programmes
2. „IUMI database“
  - Local insurance conditions
  - Presentations
  - Recordings
  - Technical papers and guidelines
3. Webinars
4. Tutorials
5. In-class training (to come)



## 4. IUMI education



1. Member associations' education programmes
2. „IUMI database“
3. **Webinars**
  - Live webinars for different time zones
  - Recordings on the IUMI homepage
  - Free for members, € 60,00 for non-members
  - Register in the „IUMI shop“
4. Tutorials
5. In-class training (to come)



## 4. IUMI education

1. Member associations' education programmes
2. „IUMI database“
3. Webinars
4. **Tutorials**
  - Intermediate level online courses
  - Cargo: 11 modules – **online since 09/2018**
  - Hull: 14 modules – online 04/2019
  - Content developed by Sarnia Training (UK) and IUMI experts
  - Includes online exam & „IUMI Certificate“
  - € 550,00 for members, € 880,00 for non-members, € 90,00 fee for final exam
  - Explanation video on IUMI homepage
5. In-class training (to come)



International Union of Marine Insurance



IUMI Education  
Online tutorial  
Cargo



# 4. IUMI education - cargo tutorial content



## 1. Introduction

### to international trade

A look at how goods are typically bought and sold, including use of INCOTERMS, ways to pay, documentary credit processes used, difference between transfer of risk and transfer of title. Also focuses on open covers, global versus local policies and the differences in conditions and limits policies.

## 2. Particular average and sue and labour

This module covers the subject matter of the insurance and what it is – from goods/containers/packing materials, highlighting the different types of cargoes, physical hazards, methods of transport used for each, all the way through to all risks versus named perils, and looking at the concept of sue and labour.

## 3. General Average (GA) and salvage

This module focuses on the law of General Average (GA) and salvage, highlighting the differences between GA sacrifice, expenditure and contributions, when such situations might arise and how the cargo will become liable to pay.

There is a section on how insurers indemnify their clients and if this is always paid in full, the legal position of the vessel owner if the insurer does not pay and the insured options, and how the security for both GA and salvage is dealt with in practice.

## 4. Exclusions

A look at the topics addressed by the normal exclusions in a cargo policy and their detailed content, any exclusions that are typically added, and the practical impact of deleting exclusions.

## 5. War and strikes

A discussion on which insurers cover war and strikes and if they are the same as those that cover marine cargo risks. This module provides an overview of what cover is provided and if it exactly matches the exclusions, what is still excluded, what geographical restrictions insurers put in place, and the appetite for War on Land and static terrorism cover.

## 6. Duration provisions

This module focuses on when insurers typically come on risk under cargo wordings, the concept of transfer of risk, how insurance can be endorsed to the seller if required, and what is meant by the ordinary course of transit. The module also highlights duration provisions relating to when insurers come off risk, how these are normally extended, the impact changes in voyage can have and how transit and storage risks fit together.

## 7. Claims

An overview on cover and typical exclusions, how claims are calculated (depreciation versus salvage sale), the application of sue and labour, forwarding charges provisions, and recoveries/subrogation (including via collision adjustments).

## 8. Stock throughput

This module focuses on how stock throughput differs from pure transit insurance, and the purpose of the product. It highlights key elements such as limits, location information, accumulation issues, and appetite for war and terrorism cover.

## 9. Project cargo

A comprehensive look at the purpose of the product, what types of cargoes will be involved in project cargo policies, the information required to consider the risk, the important items for delay in start-up (DSU) cover, and claims practicalities.

## 10. Additional clauses (added by broker or underwriter)

This module considers some typical extensions that relate to the earlier modules of the course such as classification clauses, ISM/ISPS endorsements and forwarding charges, brand clauses, debris removal, sellers interest, unpaid vendor and full GA/salvage contributory value.

## 11. Trade clauses

This module focuses on the typical clauses available for certain commodities/cargoes, and a review of how they offer specific coverage relating to the behaviours/needs of the cargoes concerned, such as frozen food/meat, bulk oil, timber, rubber, and FOSFA.

## 4. IUMI education



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5. In-class training (to come)





## 4. IUMI education

1. Member associations' education programmes
2. „IUMI database“
3. Webinars
4. Tutorials
5. In-class training (to come)
6. ... and: humidity management online learning course



dily management curl | Start page x + v

https://elp.iumi.com/humidity/

MOISTURE WHEN TRANSPORTING GOODS,  
AS EXEMPLIFIED BY CONTAINERS

00:00

Unassisted learning Guided learning Glossary

Hi! It's good to see you and I am glad that you want to find out more about "Moisture when transporting goods, as exemplified by containers". My name is Humy and I will accompany you as you work through the program.

Just click on me and I will explain how to use the program or give you important additional information on the current topic. Just click on me again to close this information.

## 4. IUMI education – humidity management content



A screenshot of a digital educational interface. At the top, there is a navigation bar with icons for home, search, back, and a book. To the right are navigation arrows. The main content area is titled "UNASSISTED LEARNING" and contains six topic cards, each represented by a blue monitor on a stand with two wheels. The cards are: "The container" (empty screen), "Risk factor air" (circular arrows and warning sign), "Causes of transport loss" (cracked screen), "Humidity table" (grid with a drop), "Humidity/moisture measurement" (thermometer and drops), and "Protective measures during transport" (shield). A blue water drop character with a face is in the bottom right corner.

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## 5. IUMI policy agenda



- Mutual recognition
- Places of refuge
- Low sulphur fuels
- Arctic shipping
- Cyber
- More automated shipping
- Fires on ro-ro and container vessels / misdeclaration of cargo



## 5. IUMI policy agenda



- **Mutual recognition**
  - Meet with SEA Europe in June 2018
  - RO workshop in Sep 2018
  - *“leave it with not safety relevant products”*
- Places of refuge
- Low sulphur fuels
- Arctic shipping
- Cyber
- More automated shipping
- Fires on ro-ro and container vessels / misdeclaration of cargo



## 5. IUMI policy agenda



- Mutual recognition
- Places of refuge
  - European guidelines up and running, table top excises improved procedures
  - EU / industry paper to IMO MSC 100 in Dec 2018
- Low sulphur fuels
- Arctic shipping
- Cyber
- More automated shipping
- Fires on ro-ro and container vessels / misdeclaration of cargo



## 5. IUMI policy agenda



- Mutual recognition
- Places of refuge
- **Low sulphur fuels**
  - 0,5% sulphur cap to come in Jan 2020
  - Challenge with regard to availability, fuel quality, sampling and testing, different blends, storing and handling on-board
  - IUMI in dialogue with ship-owners and class, IMO MEPC 73 in Oct 2018
- Arctic shipping
- Cyber
- More automated shipping
- Fires on ro-ro and container vessels / misdeclaration of cargo



## 5. IUMI policy agenda



- Mutual recognition
- Places of refuge
- Low sulphur fuels
- **Arctic shipping**
  - IUMI position paper Sep 2018
- Cyber
- More automated shipping
- Fires on ro-ro and container vessels / misdeclaration of cargo

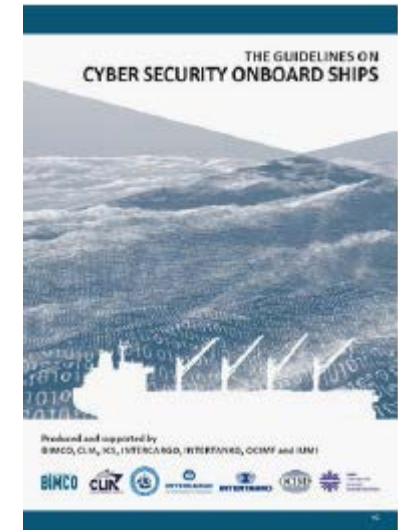




# 5. IUMI policy agenda



- Mutual recognition
- Places of refuge
- Low sulphur fuels
- Arctic shipping
- **Cyber**
  - Forthcoming 12 IACS recommendations – late 2018
  - 3<sup>rd</sup> edition ship-owners guideline (“BIMCO Guideline”) – Oct / Nov 2018
- More automated shipping
- Fires on roro and container vessels / misdeclaration of cargo



## 5. IUMI policy agenda



- Mutual recognition
- Places of refuge
- Low sulphur fuels
- Arctic shipping
- Cyber
- **More automated shipping**
  - IMO Legal and MSC scoping exercise
  - CMI working group
- Fires on ro-ro and container vessels /  
misdeclaration of cargo



## 5. IUMI policy agenda



- Mutual recognition
- Places of refuge
- Low sulphur fuels
- Arctic shipping
- Cyber
- More automated shipping
- **Fires on ro-ro and container vessels / misdeclaration of cargo**
  - GDV/VHT: Formal safety assessment
  - Working group during IMO SSE 5 Mar 2018
  - IUMI talks with various stakeholders



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# 7. Connect to IUMI

IUMI „Policy Agenda“ on [www.iumi.com](http://www.iumi.com)



27 August 2018



## Current Issues IUMI Policy Forum



1

27 August 2018  
Current Issues  
IUMI Policy Forum



## Current Issues IUMI Policy Forum

### Contents<sup>1</sup>

#### UNDER REVIEW 3

1. Arctic sailings 3
2. Autonomous / unmanned transports 8
3. Cat fines & low-sulphur fuels 11
4. Cyber risks 16
5. EU Recognised Organisations and Mutual Recognition 21
6. Fatigue – IMO guidelines 23
7. Incoterms® 2020 24
8. International Maritime Solid Bulk Cargoes (IMSBC) Code 25
9. Liabilities 28
10. Places of Refuge 31
11. Safety of container vessels 33
12. Safety of RoRo vessels 36

#### STANDING ITEMS 38

13. Cross-border trade 38
14. Maritime security / Piracy 42
15. Sanctions 45
16. Theft prevention / safe and secure parking places 46

<sup>1</sup> Items are listed in alphabetical order.  
Recommended core documents are highlighted in red

2

# 7. Connect to IUMI

## IUMI Eye

- Quarterly newsletter
- Mail, pdf or [www.iumi.com](http://www.iumi.com)

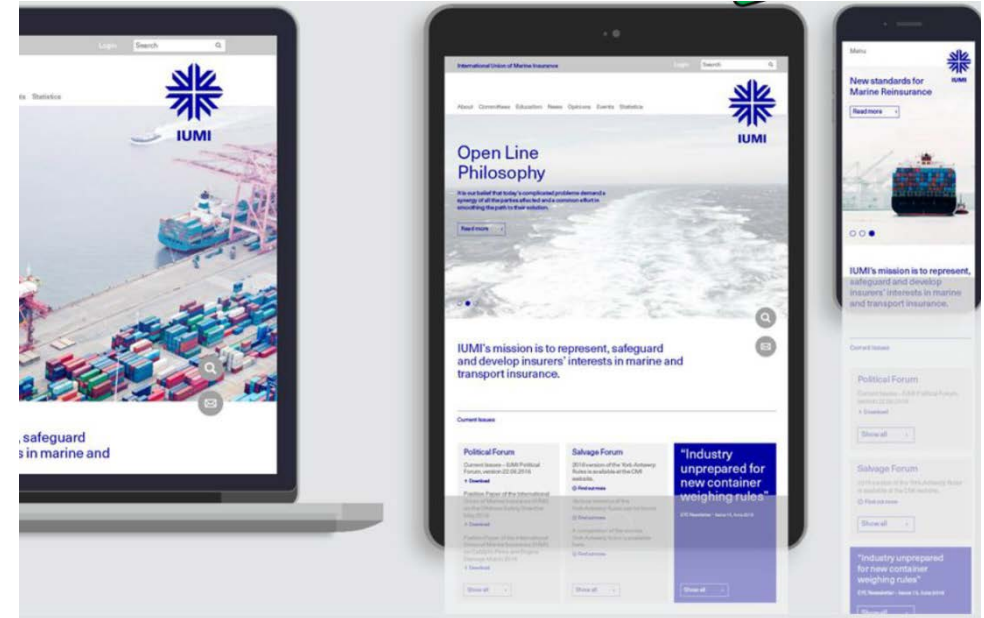


# 7. Connect to IUMI

Homepage



- [www.iumi.com](http://www.iumi.com)



# 7. Connect to IUMI

## Conferences

- **2<sup>nd</sup> IUMI Asia Forum 2019**

Shanghai / CHN, 21-22 May 2019

[www.iumi.com](http://www.iumi.com)

- **145<sup>th</sup> IUMI Conference 2019**

Toronto / CAN, 15-18 September 2019

[www.iumi2019.com](http://www.iumi2019.com)







# That's it!

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