



The Swedish Club

Worlds apart

The dangers of operating
in local waters



A new countdown to MLC has begun
Greece: Light on the horizon

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The Swedish Club

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When marine insurers get together

Dear members and associates

When marine insurers get together they are always keen to discuss global trends affecting the market. The International Union of Marine Insurance meets annually for a worldwide conference. The themes may vary from year to year, but the central ingredient is effective underwriting.

Marine insurance is as old as barter and trade: however exposure is constantly changing. Nowadays, the accumulation of risk has taken on new proportions, as evidenced by the Tianjin explosion a year ago. For an underwriter it is a matter of knowing the full exposure at any one time in order not to be surprised.

What is constant over time though is the need to transfer risk. And there are many underwriters prepared to absorb that

risk. The cost of capital is currently low which makes it attractive to try out the industry, for a while at least. However, there are not that many that can provide casualty response and an effective claims service. And there are not that many who are prepared to make the underwriting commitment for a longer period of time. This is what you get when you insure with The Swedish Club.

The world marine market experienced a rise in major casualties in 2015 according to available statistics, and The Swedish Club was not immune. 2016 has shown a mixed picture and the level of claims activity has varied during the year. It is always difficult to ascertain trends in insurance, but I think it is safe to say that the overall frequency of claims is reducing over time. We also see the frequency

experienced by The Swedish Club is lower than the level for the market. To me this says something about the quality of the members of the Club.

Many interesting topics and social events are featured in this edition of Triton. I hope you enjoy reading it. 📖

Lars Rhodin
Managing Director

Safety scenario

Unforeseen consequences during mooring operations



By Joakim Enström, Loss Prevention Officer

Each month the Club's Loss Prevention department issues a new safety scenario to assist members in their efforts to comply with international safety regulations and to follow best practice. Visit Swedish Club OnLine (SCOL) for more examples.

CASE STUDY

It was early morning and the vessel was approaching the port prior to berthing. There was no wind and there were no currents. On the stern an AB was preparing the mooring ropes. The stern lines were put partly around a bollard with a bight at a right angle to the normal pull direction.

After the AB had prepared the mooring lines, the 3rd Officer joined him. They talked for a while before the berthing operation began. First the spring lines were sent ashore and made fast. The Master was on the bridge and he put the engine pitch to zero, which maintained a slight forward movement of the vessel. The rudder was hard to starboard as the vessel was berthing port side alongside. After the spring lines were secured the heaving line was connected to both stern lines.

The Chief Officer, who had been by the manifold, came to the stern to assist

and took charge of the mooring winch. The 3rd Officer walked to the stern railing by the fairlead.

The linesmen shouted that they were ready to receive the stern lines, so the AB started to lower the stern lines to the water. He was facing the mooring winch and had his back to the 3rd Officer by the railing. He let the mooring lines run out at a very high speed.

Suddenly the 3rd Officer started to scream. The AB turned around and could see the 3rd Officer was caught

“The AB turned around and could see the 3rd Officer was caught between the mooring line and the fairlead.”

between the mooring line and the fairlead. The mooring line was coming out very quickly and was cutting into the 3rd Officer's leg.

The mooring line's speed was now so fast that it cut through the officer's clothes and he was bleeding badly. The mooring line was actually cutting through the 3rd Officer's leg and it was severed just below the knee.

The Chief Officer realised that the mooring rope was stuck in the propeller and screamed over the VHF to the Master to stop the engine. The Master pushed the emergency stop and the propeller stopped.

The 3rd Officer was still standing but in severe shock and he finally collapsed. The Chief Officer ran over to give first aid and the gangway was rigged. A first aid team from shoreside came onboard and helped. It took about 30 minutes for an ambulance to arrive and take the Officer to hospital. 🚑

To prevent this occurring on your vessel ask yourselves these questions:

- 1 What were the immediate causes of this accident?
- 2 Is there a risk that this kind of accident could happen on our vessel?
- 3 How could this accident have been prevented?
- 4 How do we send mooring lines ashore?
- 5 Do we consider the risk of the stern lines getting caught in the propeller?
- 6 What sections of our Safety Management System (SMS) would have been breached if any?
- 7 Is our SMS sufficient to prevent this kind of accident?
- 8 If procedures were breached, why do you think this was the case?
- 9 Do we have a risk assessment on board that addresses these risks?
- 10 Could our risk assessment be improved?
- 11 Are the snap back zones clearly marked?
- 12 Could they be improved?
- 13 Do our stern lines float?
- 14 What do you think was the root cause of this accident?

“The Chief Officer realised that the mooring rope was stuck in the propeller and screamed over the VHF to the Master to stop the engine.”

Issues to be considered

- The vessel had undertaken a risk assessment for the mooring operation, but this did not include the risk of the mooring line getting stuck in the propeller, as under normal circumstances the mooring line should be floating. This time the mooring line was lowered too quickly and ended up under the surface. The propeller blades are only 2 metres below the surface so the lines were sucked into the propeller, which caused the accident.
- Another risk was that the mooring line was partly around the bollard, with a bight and a right angle to the normal pull direction. This arrangement caused the snapback zone to cover the entire area between the bollard and railing. When the rope ran out rapidly and became caught in the propeller it snapped back to where the 3rd Officer was standing. The Officer

The mooring line's speed was now so fast that it cut through the officer's clothes and he was bleeding badly

was in point of fact not inside the normal snapback zone, showing the importance of everybody involved in an operation to constantly evaluate the risks and extent of potential snap back zones in each individual situation. Mooring a vessel may be a normal everyday operation, but still the risks need to be evaluated every time, as can be seen, it is rightly categorised as a risk operation.



Fire -the hidden causes



By Neil Sanders

Partner, Burgoyne

Based in London, Dr Sanders has conducted more than 1,300 investigations worldwide for Burgoyne in addition to offering advice to counsel and providing expert evidence in the UK court and overseas.

A small but significant number of marine cargo fire and explosion incidents are due to self-heating in some form. Self-heating can affect a surprising variety of cargoes including coal, iron in the form of direct reduced iron (DRI), metal turnings, charcoal, seed cake and biomass, in addition to the more obvious issues with solid and liquid chemicals. A new joint publication from The Swedish Club and Burgoyne, *'Fire – the hidden causes'* is planned for later this year and will provide loss prevention advice on such incidents, in addition to examining those vessel fires caused by everyday sources such as cargo lights, fumigation, movement of cargo and of course smoking and hot work.

In this article we focus on self-heating, perhaps the most perplexing of all causes of fire. In general, self-heating occurs when an exothermic (heat-producing) chemical or biochemical reaction happens within a body of cargo. Loss of the heat produced by the reaction is restricted by the surrounding cargo, packaging, dunnage, containers etc. Due to restricted heat loss, the temperature within the cargo tends to increase. The rate of most chemical reactions increases with increasing temperature and it often roughly doubles for each 10°C rise in temperature. Therefore the heating and the temperature rise can worsen exponentially, which can ultimately lead to a fire in the cargo and surrounding materials.

Why do materials self-heat?

Two main types of reaction can lead to cargo self-heating:

- Oxidising reactions in which cargo reacts with oxygen in air and/or water. Common examples are coal, oil seed cake, DRI and metal turnings.
- Self-reaction or self-decomposition of cargo. Well-known examples are calcium hypochlorite and some fertilisers.

Loss prevention advice

There are a number of actions that can be taken which affect the severity of self-heating and whether it develops to a problematic level:

All images ©Burgoyne



Effects of an incident involving reactive solids in a container ship hold



Tanker fire

Self-heating due to oxidation can only progress to a problematic level if enough oxygen can pass into the cargo to produce heat that cannot be dissipated.

Reduce the availability of oxygen:

With many bulk cargoes, such as coal, the holds need to be kept closed and sealed. This limits the access of air (oxygen) to the cargo, thus restricting the oxidation reactions, so that temperatures do not rise to problematic levels.

Reduce the availability of water:

Some cargoes, such as DRI, need to be kept dry so that they cannot react with water. If water does enter holds containing DRI it can start a self-heating reaction which can then worsen, leading to oxidation reactions with air and then severe heating.

Prevent air diffusing into the cargo:

Self-heating due to oxidation can only progress to a problematic level if enough oxygen can pass into the cargo to produce heat that cannot be dissipated. For example, some cargoes such as activated carbon may need to be carried in hermetically sealed bags to stop oxygen coming into contact with

the cargo. Bulk coal cargoes should also be properly trimmed to give a compacted, flat surface that restricts entry of air into the stow.

Monitor the size of the body of cargo:

Heat is dissipated less effectively from a larger body, causing an increase of temperature within the cargo. This is why some cargoes have package size restrictions or maximum container load restrictions.

'Age' the cargo by exposure to air:

Some cargoes are particularly reactive and so need to be 'aged' by exposure to air, ensuring that the most easily-oxidised parts have reacted before loading. This means that the rate of oxidation of the cargo is reduced and so self-heating is less likely. This method can be applied to DRI and also some charcoal cargoes.

Control the loading temperature of the cargo:

Reactions occur faster at higher temperatures, so it makes sense to restrict the loading temperature of some cargoes so that oxidation rates are not too fast. Bulk coal, for example, shall not be loaded if it is above 55°C.

IMO requirements relating to self-heating

Both the International Maritime Solid Bulk Cargoes (IMSBC) Code and the International Maritime Dangerous

Goods Code (IMDG) address factors affecting self-heating. For some cargoes there may be other relevant requirements or guidance. Some of the main IMO requirements are below – these vary depending on the type of cargo:

- Closing and sealing holds to exclude air and water.
- Flushing holds with inert gas to exclude air.
- Adhering to maximum cargo loading temperatures.
- Keeping such cargoes away from sources of heat, such as direct sunlight.
- Ensuring proper ageing before loading/stuffing.
- Following packaging/stuffing requirements, such as maximum package sizes.

Some cargoes are particularly reactive and so need to be 'aged' by exposure to air, ensuring that the most easily-oxidised parts have reacted before loading.



Fire from self-heating of DRI



Unloading self-heating DRI



Effects of a fire in a container involving rechargeable batteries



Self-heating of coal

Cargo disputes: Self-heating damage in South American soya bean cargoes

The problem

We have recently seen a large number of cargo disputes concerning damage to South American soya beans in China through self-heating. These cargo complaints normally relate to:

- Deterioration in cargo condition e.g. unsound appearance, discoloured and darkened beans, high temperatures, malodour.
- Cargo quality e.g. high free fatty acid (FFA) content of the oil, reduced protein digestibility.

Both of these factors may impact on the intended use for crushing to extract the oil for food uses, with the remaining residue or 'meal' sold as animal feed.

These disputes can result in substantial cargo claims for several millions of dollars and may risk delays or arrest of the vessel while security is sought.

Normally, soya beans are cream or yellow round oilseeds, but self-heating often gives rise to mouldy, caked, and discoloured cargo.

The nature of the damage

Normally, soya beans are cream or yellow round oilseeds, but self-heating often gives rise to mouldy, caked, and discoloured cargo (from darker yellow to brown to black with progressive heating). In extreme cases these elevated temperatures can reach up to +100°C.

Superficial surface mould damage, characteristic of ship's sweat, may also be present.

The extent of the deterioration is dependent on the inherent moisture content and temperature of the beans, as well as the storage time.

Self-heating damage is more commonly seen during storage on board the vessel, with the soya bean cargoes loaded in apparently sound condition.

Occasionally beans that have undergone self-heating in storage prior to loading



By Dr Nick Chapman
Associate & Consulting Scientist,
Brookes Bell LLP
Dr Chapman has provided technical assistance in relation to soya bean disputes worldwide, including onsite investigations in South America, Europe, the Middle East, and Asia.

(so-called 'bin-burn') may be presented for loading, and the deterioration in that case is usually conspicuous.

The cause of the damage

Self-heating in soya bean cargoes occurs because the beans were stored after harvest at a moisture content that was too high for their initial temperature. This causes storage moulds (fungi) to grow – these can generate heat, leading



to caking and discoloration. For this reason, these cargoes are often referred to as 'microbiologically unstable'.

Ventilation while on board cannot cause or prevent self-heating, but is recommended as it minimises superficial damage from ship's sweat caused by cargo heating.

It seems that the high frequency of these recent cases we have seen has been partly due to wet weather conditions during the growth and harvest of the particular crop in question, as well as long delays at anchor on arrival in China.

While the vast majority of that particular crop has now been exported, general loss prevention guidance for loading soya bean cargoes remains relevant to future crops.

Minimising the risks

- Although sometimes difficult due to the method of loading and quantities of dust, the officers should monitor the cargo condition throughout loading as best as they can, i.e. visually from the decks, during breaks in loading, by taking samples using a bucket on a rope, etc.
- Only cargo in visually sound condition with normal temperatures should be accepted for loading. Where apparently unsound cargo is

Self-heating in soya bean cargoes occurs because the beans were stored after harvest at a moisture content that was too high for their initial temperature.

presented for loading, that cargo should be rejected and replaced.

- If anything abnormal is seen during loading, further investigations should be made by the Master/Chief Officer and reported to owners. If necessary, cargo surveyors may need to be appointed to make further investigations.
- The Master must ensure that the cargo documents (e.g. mate's receipts/bills of lading) accurately reflect the condition of the cargo at the time of loading.

- Soya beans should be appropriately ventilated while on board, in accordance with established ventilation rules and/or instructions from charterers/shippers and fumigators, with the details of any ventilation applied (or not) to be recorded in a separate ventilation log.
- If the voyage is delayed at any stage, regular inspections of the accessible cargo condition should be made when sea/weather conditions permit and recorded in the deck logbook.
- The officers could usefully take clear, high resolution photographs to document the general cargo condition, i.e. at loading, completion of loading, during delays, on outturn, etc.
- In the event of cargo complaints at the discharge port, advice from cargo experts should be sought as early as possible regarding the nature, extent, and mitigation, of any alleged damage.



Worlds apart

The dangers of operating
in local waters



Night time, busy waters, restricted space, a large container ship under way and ... dozens of wooden fishing boats zipping around, often poorly lit and not necessarily aware of the basic rules of navigation – yes, it's the stuff of nightmares.

The risks involved in such a scenario are nothing new but these risks are, in some areas, increasing. It hardly needs stating that any loss of life in the event of a collision is likely to be on the small fishing boat. And in the case of the larger ship, even if the accident really could not be avoided, the repercussions for officers on board the ship can be severe if the correct actions are not taken.

What can shipowners and operators do? Triton spoke to key members of The Swedish Club team to obtain their advice.

The problem

Imagine you are driving your car and you see another driver ignoring the rules of the road – perhaps driving on the wrong side or about to cross your path. You don't just drive on regardless; you take evasive action and drive accordingly. This is how Martyn Hughes, Senior Claims Manager FD&D interprets the situation for large commercial ships needing to negotiate a busy harbour full of little wooden fishing boats.

"We get reports that this can be a complete nightmare in some places, with fishing boats not obeying any of the regulations, not carrying a full set of lights, and Vessel Traffic Service (VTS) unable to control them. Not only do some of these boats ignore what they are supposed to be doing and what is going on around them, they seem to think that a ship the size of a block of flats is as manoeuvrable as a small car or can just put the handbrake on. They come too close, they are dotted about, they change course at the last minute."

"In super-busy harbours in Asia where ships also have to contend with restricted visibility in bad weather and/or night time, it is difficult to keep a watch."

"From a 300-metre-long, very high container ship, the lights shone by a fishing vessel – if they shine lights at all – can be hard to see, and it is difficult to make out their course and speed because they may not have AIS."

Joakim Enström, Loss Prevention Officer agrees. "Those operating little fishing boats may not have a clue about collision regulations and some don't even have a certificate to operate", he says. There are even cases of fishing nets being put out illegally in the middle of shipping lanes.

"Sometimes those in a small vessel simply don't appreciate the stresses on board for the large vessel," he says. "They may well think it is OK to cross 100 metres in front of the bow – willing to take risks that you and I would not take. Equally, there are cases of a little boat's engine breaking down when it is right in front of the ship, and it is impossible for the ship to alter course in time."

Tilman Kauffeld, Senior Claims Adjuster, Marine has direct claims handling experience of the problem: "In super-busy harbours in Asia where ships also have to contend with restricted visibility in bad weather and/or night time, it is difficult to keep a watch," he says.

"From a 300 metre long, very high container ship, the lights shone by a fishing vessel – if they shine lights at all – can be hard to see, and it is difficult to make out their course and speed because they may not have AIS."

Consequences

Whatever the difficulties Tilmann is very clear as to the consequences. If you run over a fishing boat and there's a loss of life, then first and foremost that is a human tragedy.

"The potential fallout could also include detention of the ship, long delays, legal costs, financial loss – even jail for the officers held responsible and the resulting loss of reputation," he says.

And the P&I consequences of a collision between a bulk carrier or container ship and a fishing boat are immense.

"There will be apportionment of liability between the vessel and the fishing boat. Sometimes blame will be on both sides, because it could be that the fishing boat didn't have lights in place," explains Françoise Fouchier-Matte, Claims Manager, P&I.

"P&I will have to pay compensation for any deaths, depending on the liability apportionment. There are also the costs of wreck removal; in some jurisdictions we don't have a choice of the company doing this job but are under the control of the maritime authorities, who will simply present us with the bills."

Françoise urges operators: “In the first instance there is a need to actually implement best practice for safe navigation in these busy waters. You do need extra vigilance and to properly adjust your speed. Through diligent watchkeeping, officers can sometimes alter the course of the ship in time if a fishing boat is moving into a dangerous position. If it isn’t possible for vessels to avoid these areas and if a fishing vessel is in the way, those on the bridge can then only slow down and take evasive manoeuvres.”

Joakim Enström advises taking action even earlier for maximum loss prevention. “Make sure ships talk to their local agents, get information about the number of fishing vessels in the vicinity, and remember that the pilot is only there for guidance – the Master always has the ultimate responsibility.”

Dealing with an incident

But what happens in a situation when the ship just can’t avoid the fishing boat. What then?

“If you have had any sort of close call or possibly hit something but can’t see, then you must get in touch with VTS,” says Martyn Hughes. “Explain that you might have had a problem, ask to check if any fishing vessel has put out a distress call, and always stop to make sure. If you don’t stop and report it, then effectively it is treated as ‘hit-and-run’ – always a criminal act, whether at sea or on shore.”

Sometimes it is true those on board a very large ship don’t even feel a collision, agrees Françoise. “But you do have to ask yourself: Are you just hoping for the best? If you are not sure, wake up the Master, report to VTS, stop the engine, look around, and don’t run from the scene.”

“Make sure ships talk to their local agents, get information about the number of fishing vessels in the vicinity, and remember that the pilot is only there for guidance – the Master always has the ultimate responsibility.”

Tilmann Kauffeld urges all members to report such events, even when they are unsure, reminding us that human lives may be at stake. “Possibly something can be done if search-and-rescue is called out quickly,” he says.

Even in pressured times, it is difficult to understand why crew members don’t stop and instigate a search if they think there could have been an accident, he says. And beware: voice data recorders have in the past revealed officers discussing an incident, saying ‘probably we hit it’ and then doing nothing.

“I believe part of it is a lack of onboard communication” he warns. “This really highlights the importance of MRM training. Also, it is true to say that if crew members are involved in such a collision, there is a fear that they are going to be sacked by their employers, so they don’t report it. Yet if best practice has been observed in both navigation and collision follow up then this is not an inevitable result.”

CASE STUDIES Tilmann Kauffeld

“We have seen three incidents relatively recently where our members have been involved in such a collision – with loss of life in the fishing vessel or at least some severe injuries,” says Tilmann Kauffeld. “In two of these, the officers in command suspected something had happened but were not sure and didn’t report it.

“In one case, the officers on board looked back and saw some floating lights and the fishing boat still making speed, so decided not to report it – but later on the boat went down and two people died. Soon afterwards, VTS became aware of a missing signal on their monitors, made contact with the ship and ordered it to anchorage to await further developments.

“In the second incident, officers discussed whether there had been a collision, decided ‘maybe not’ and didn’t call the Master. “But the Master was woken up – by the authorities, which is not better.

“In the third case highlighted, those on the bridge thought there probably was contact with a fishing vessel off Korea and they immediately contacted VTS. Rescue vessels and a helicopter were dispatched to search. Nothing was found but in the end the authorities said – ‘you did what you could’. The ship was released to continue on its way and a couple of months later the authorities said they had finished their investigation, nothing was found, no loss was reported and the files were closed. To my mind, if you do your utmost, there will be no undue delay.”



LIGHT ON THE HORIZON

Is Greek shipping pointing the way to recovery?

In a world of mixed messages – a tough dry bulk market, overcapacity in the container sector and positive news from the tanker and cruise sectors – The Swedish Club has seen an increase in tonnage entered this year, especially P&I. With growth coming from a combination of new tonnage and current members adding new vessels to their fleets, the Greek influence on this result cannot be underestimated.

“The Greek shipowners are buying now, and that is a good sign. They have been right before,” says Hans Filipsson, Team Piraeus Area Manager.

Of course Greek shipowners are not immune from the global shipping downturn but, as Hans says, they have always been known for their good timing. “I think there is a trend now where prices are at rock bottom and we are seeing people buying ships and waiting for the freight market to rise.”

Team Piraeus Underwriter Maria Yiassa agrees: “As a club, we are being approached for many new additions by owners – with saved money and mainly

for bulk carriers. They are feeling that the market is at the bottom; a lot of them sold in the good times and they feel it’s now the right time to re-enter the market.”

However, there is no feeling or proof that the market is turning around immediately, she says. “Those going into it now will probably have to sustain maybe one or two years before the market turns.”

Greek shipowners have a reputation for not borrowing money, giving them the flexibility and swift response needed in a

cyclical market. But there are changes, says Hans Filipsson. “In the past you had a lot of captains who bought their first ship and started up a company. But the second and third generations are sent to business or law school, not to sea – they still have their heart in the business but the new generations don’t run the company in quite the same way.”

What are the standout characteristics of the Greek shipowning sector? Owners are generally very hands-on and have traditionally been involved in every aspect

“The Greek shipowners are buying now, and that is a good sign. They have been right before.”



Maria Yiassa,
Underwriter, Team Piraeus

of their business, he says. "Whilst Greece does have a number of very big businesses I think the core of Greek shipping is a lot of smaller companies. Owners want to know everything that is happening in their organisation – technical,

"Those going into it now will probably have to sustain maybe one or two years before the market turns."

operational, insurance and finance. They have always been very personal about it because the business is their baby."

Just over a year ago, in recognition of this, the Greek government underlined the significance of the shipping sector with its decision to revive a standalone shipping ministry. Greek shipowners are known for focusing on bulkers, tankers and containers, and that remains the case today.

The Swedish Club has developed a particular reputation for containership



Hans Filipsson,
Piraeus Area Manager

cover in this market. "We have gained a lot of experience through our containership portfolio and we are known for that," says Maria. 🚢



Poseidon adventure



By Arto Penttinen,
Director of The Swedish Institute at Athens

Both Sweden and Greece are typical examples of North and South respectively, and it can be difficult to imagine any relationship between them.

Yet both countries have a long shared history.



Statue of Herakles
Recent find from Kalaureia

As long ago as AD 1,000 a Swedish visitor to Greece left an indelible mark on his surroundings, chipping Nordic runes into one of the marble lions removed from Piraeus to adorn the Piazza San Marco in Venice. Most likely one of the many Nordic - usually Swedish - members of the Imperial Guard seems to have wanted to leave the world a record of his extensive travels.

Today Sweden and Greece have established a close relationship coming together via immigration and tourism, with a commitment to future growth in areas such as commerce and industry, and a shared love of the sea and seafaring.

The Sanctuary to Poseidon

Sweden has also made a more recent contribution to Greek culture with the discovery of the Sanctuary to Poseidon



Triton

Triton is the son of Poseidon and Amphitrite and has served as a symbol for The Swedish Club since 1962. To calm and raise the seas, he blows a twisted shell.

The ancient Greeks revered Poseidon as the one god that was overseeing all things sea-bound: tradesmen who transported goods by boat, as well as fishermen and those who fought wars at sea.

the god of the sea, at Kalaureia. The first ever Swedish archaeological excavation in Greece, it was excavated by two Swedish archaeologists in 1894. Located roughly 200 metres above sea level, Kalaureia is situated on the larger of the two islands that make up today's Poros, with a view of the Athenian Acropolis from Kalaureia. This archaeological dig is close to the heart of The Swedish Club as Triton, the symbol used by The Swedish Club since 1962, is the son of Poseidon and lived in a golden palace beneath the sea.

Almost forgotten in the 1960s, the site has now once again become the focus of attention, under the auspices of Arto Penttinen, Director of The Swedish Institute at Athens. The new excavations have produced information about what went on in the sanctuary and cast light on how the environment looked during different periods of antiquity.

The most recent find is a small statue of Herakles, Poseidon's nephew. Found next to a wall in a house that was being renovated, it was buried in order to bring luck to the owners of the house. 🍀

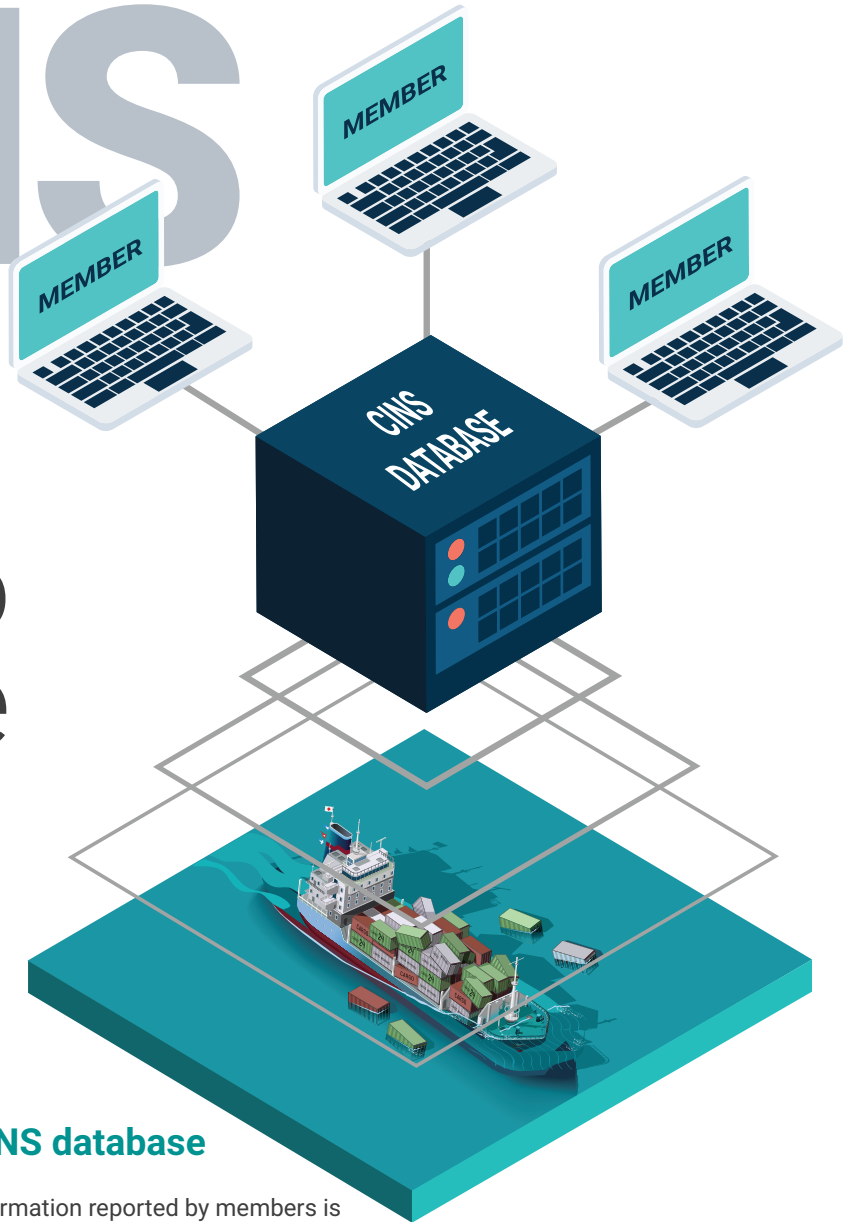


The Sanctuary of Poseidon at Kalaureia

The Sanctuary at Kalaureia used to be a place that hardly even the locals knew of. Now it is visited by thousands of tourists every year, and the municipality of Poros uses it as a venue for outdoor concerts.

CINS

A loss prevention initiative to benefit the entire industry



Wringing your hands and saying ‘things are terrible’ doesn’t do much good, says Uffe Ernst-Frederiksen, Chairman of CINS and Head of Cargo Management at Maersk Line; but a great deal can be achieved if problems are reported, shared and analysed.

This is the basis of the Cargo Incident Notification System (CINS), a shipping line initiative which was set up in 2011 and has been steadily expanding its influence since then.

Ernst-Frederiksen current chairman of CINS, believes that by encouraging consistent, reliable reporting of cargo incidents on board ships, CINS can provide the foundations for a loss prevention initiative that will benefit the entire industry.

CINS was developed to increase safety in the supply chain, reduce the number of cargo incidents on board ships and highlight the risks caused by certain cargoes and/or packing failures.

CINS database

Information reported by members is uploaded onto the CINS online database, which is accessible by members. The idea is that by analysing the information, trends can be assessed and any specific incidents which may require immediate action can be identified. Any areas of concern may be passed on to the International Maritime Organization (IMO) or other relevant authorities.

Membership

At the last count, CINS membership stood at 17 major shipping lines, together with the 13 members of the International Group of P&I Clubs and the TT Club. There are also three honorary members – the Container Owners Association, the World Nuclear

CINS was developed to increase safety in the supply chain, reduce the number of cargo incidents on board ships and highlight the risks caused by certain cargoes and/or packing failures.

Transport Institute and Exis Technologies.

The CINS Board comprises the five founding members of the organisation: Chairman, Uffe Ernst-Frederiksen, Maersk Line; Vice-Chairman, Dirk Vande Velde, MSC and Board Members, Marc Lesebvre, CMA CGM; Capt Rover Chang, Evergreen Line and Ken Rohlmann, Hapag Lloyd.

The shipping line members represent 70% of the world's container slot capacity, but Ernst-Frederiksen says: "We are, of course, a young organisation and at present only six or seven carriers out of the 17 are reporting consistently. So we are putting together a strategy which will involve members signing an MoU confirming their commitment to regularly report."

The need for consistent reporting

The role of CINS had been clearly identified back in 2011, he says, but it was not agreed what data members should actually feed back – hence the risk of inconsistency.

"If reporting is mainly from just a few, then we could end up with an over-dominance of geography or commodity in the incidents reported," he says. "What we are interested in is the big data. In order to measure and manage, we need to ensure each incident is reported and recorded, whether it is just a small incident involving a leak of olive oil on the deck, or a major incident with a fire."

As he points out, everything in the container industry is about simplification: "And the more we can streamline the process for reporting a problem, the better."

Reporting requirements

CINS has held two strategy meetings over the past year – hosted by CMA CGM in Marseilles, and by Maersk Line in Copenhagen. These led to the creation of the MoU on reporting, which will be launched in January 2017.

"We believe CINS is a very positive move, providing the opportunity to bring carriers together to share best management practice."

Uffe Ernst-Frederiksen, Chairman of CINS and Head of Cargo Management at Maersk Line



"There will be a period of implementation. Of course we can't achieve what we are aiming for overnight – we have to respect the different modus operandi of the carriers. Each carrier has its own best management practices and own channels of reporting. Some will have only head office reporting incidents, while others decentralise and have frontline reporting. So there will need to be an alignment period to ensure the respective carriers' reporting functions are working."

As well as the online database of incidents which have led to injury or loss of life, loss or serious damage of assets, or environmental concerns, CINS was set up to provide members with publications that provide guidelines for carrying specific cargoes.

CINS guidelines

This year CINS has published two new guidelines – one on the transport of coiled materials in containers (coils are often badly packed and not secured properly, leading to cargo shifting at sea), and the other on the carriage of calcium hypochlorite (often misdeclared and a significant fire hazard if incorrectly packed).

Next on the publication list will be guidelines on the carriage of cargo in non-operating reefers, while guidelines for the carriage of self-reacting cargoes, including lithium batteries, charcoal and fishmeal, are in the planning stage.

CINS has gained strong support from the P&I sector, says Ernst-Frederiksen;

with clubs recognising its potential for loss prevention. "We believe CINS is a very positive move, providing the opportunity to bring carriers together to share best management practice."

However, he emphasises, CINS is an NGO with no full-time employees. "We are very much reliant on the time and resources of our members, supporters and advisers. We have spent a lot of time trying to formalise CINS to ensure we give something back to the members, and that they can contribute. We are aiming to build a foundation that will grow. It is really important that we know CINS is not only for the short and medium-term but also for the long-term."

He then added: "I would describe CINS as very much a passion for those involved – we all have day jobs too!"

"What we are interested in is the big data. In order to measure and manage, we need to ensure each incident is reported and recorded, whether it is a small or major incident."

A new countdown to MLC

The Maritime Labour Convention (MLC) has now been in force since August 2013, with flag states adopting it into their own national legislation at different times.

There were however a number of amendments proposed to the Convention, as far back as 2009, that were on hold until the legislation became law.

A number of amendments to the Convention, proposed by a joint IMO/ILO working group, particularly focus on protection for seafarers in the event of abandonment of the vessel and their cover for death or serious injury.

These proposed amendments will come into force on 18 January 2017. After this date, ships that are subject to the MLC will be required to display certificates issued by an insurer or other financial security provider confirming that insurance or other financial security is in place for liabilities in respect of:

- Outstanding wages and repatriation of seafarers together with incidental costs and expenses in accordance with MLC Regulation 2.5, Standard A2.5.2 and Guideline B2.5, and
- Compensation for death or long-term disability in accordance with Regulation 4.2., Standard A4.2. and Guideline B4.2.

The boards of all clubs in the International Group (IG) have agreed that clubs should provide the necessary certification, assisting their members to meet the financial security requirements.

Who will need certificates?

Ships will require MLC Certificates if they are:

- Registered in a state where the MLC is in force, or
- Calling at a port in a jurisdiction where the MLC is in force.

Details of states which are party to MLC can be found in the MLC database at www.ilo.org.

MLC Certificates are not required by ships registered in states which are not party to MLC and which will not call at states which are party to MLC.

What is the process?

The certificates will be sent to members, upon their specific request, by their clubs in PDF format based upon jointly agreed wordings. Members must then print the certificates and ensure that they are posted in a conspicuous place on board, where they are available to seafarers, no later than 18 January 2017.

Once the certificates are issued, they will be recorded on the ship search facility on the clubs' websites. The certificates are provided by the club and there is no need to apply for state issued certificates.

Those members who intend to renew with their existing club may be able to obtain certificates which are valid up to 20 February 2018.

Liabilities within the scope of standard P&I cover

Some of the liabilities arising under the certificates will fall within the scope of standard P&I cover for crew. For example, club rules generally cover compensation for death or long term disability. Similarly, repatriation costs and wages following a shipwreck form part of standard cover.

Once the certificates are issued, they will be recorded on the ship search facility on the clubs' websites. The certificates are provided by the club and there is no need to apply for state issued certificates.



By Anders Leissner,
Director, Corporate Legal & FD&D

Liabilities outside the scope of standard P&I cover

However other liabilities fall outside the scope of P&I cover, in particular repatriation costs and wages arising from the abandonment provisions set out in Standard 2.5.2 of the MLC, as amended. For risks that fall outside cover the club will pay claims advanced by seafarers under certificates but the member will be obliged to reimburse the club.

So why has the IG obtained reinsurance if risks are not covered?

Claims which fall outside the scope of P&I cover will also fall outside of the scope of the IGs pooling and reinsurance arrangements. Consequently the Group has arranged additional reinsurance cover for liabilities falling outside the scope of cover.

has begun

The proposed amendments will come into force on 18 January 2017. After this date, ships that are subject to the MLC will be required to display certificates issued by an insurer or other financial security provider confirming that insurance or other financial security is in place for liabilities.

It has put the reinsurance placement in place to protect clubs in the event claims arise due to the member's insolvency, since recovery prospects from such members are likely to be slim. The reinsurance is sufficient for most members, with the possible exception of a small number of fleets with exceptionally high crew numbers. For those fleets the relevant club needs to arrange for additional reinsurance.

Clubs have gone the extra mile for members

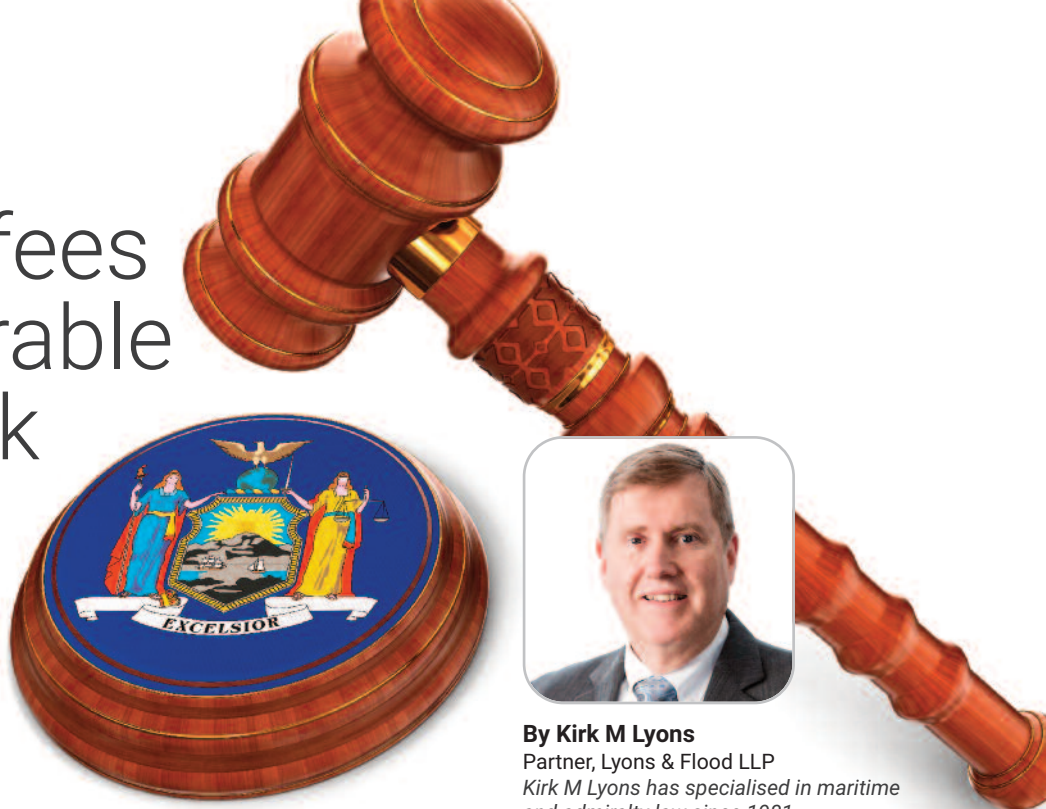
The MLC financial security requirements raise many challenges for shipowners, insurers, Flag States and Port States. Although there is some resemblance to the compulsory insurance system under IMO Conventions, there are considerable differences. For example, MLC does not stipulate a prescribed wording for the security. In addition, individual states have a degree of flexibility as to how they implement and enforce MLC from both a Flag State and a Port State perspective.

In order to save costs and ease the administrative burden on members the clubs in the IG have assumed the role of arranging and administering these security requirements, even though some risks are outside P&I cover. 🇳🇵

For more detailed information about MLC and the certification requirements please visit [The Swedish Club's website](#).

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Attorney's fees are recoverable in New York maritime arbitration



Many clients are still unsure whether attorney's fees are recoverable in New York Maritime arbitration cases, despite the fact that the ability to recover these fees has actually been common practice for several years. Kirk M. Lyons, partner in Lyons & Flood LLP, a leading New York based maritime law firm regularly receives such enquiries, and here provides guidance as to exactly how attorney's fees are recoverable by the prevailing party.

Background

Prior to 1996, the 'American Rule' on assessing attorney's fees was followed by New York maritime arbitrators: Each party pays for its attorney's fees regardless of who wins the arbitration, unless a statute or the contract provides a fee-shifting provision (e.g. the Asbatankvoy charter form).

However the typical maritime dispute does not involve any statute with that type of provision, and only a limited number of form charter parties in regular use provide for assessment of attorney's fees to the prevailing party. Consequently, unless the parties had agreed to the application of the Society of Maritime Arbitrators, Inc.'s (SMA) Rules, which provide for an award of 'reasonable' attorney's fees to the prevailing party, the American Rule controlled and no attorney's fees would be assessed to the winning party.

1996 saw a significant shift in the assessment of attorney's fees as a result of the Second Circuit's decision in *PaineWebber v. Bybyk*. In this case the Second Circuit was faced with an issue as to whether the language – 'any and all controversies' – gave the arbitrators authority to award attorney's fees to the prevailing party. The Second Circuit found that it did. Although *PaineWebber* was not a maritime decision, New York maritime arbitrators swiftly adopted its reasoning and began issuing awards that included attorney's fees to the prevailing party.

Awarding attorney's fees to the prevailing party in maritime arbitration continues in earnest today, and the authority of arbitrators to award attorney's fees to the prevailing party has been routinely upheld by district courts that have faced this issue.

Of the 186 SMA awards issued between 2010 and 2015:

- Approximately 70% of the decisions awarded attorney's fees to the prevailing party.
- Of this 70%, approximately 70% of those awards were based on the arbitrators' authority (post-*PaineWebber*) to award attorney's fees. (This is contrasted with those awards where the charter party contained a specific fee-shifting provision.)



By Kirk M Lyons
Partner, Lyons & Flood LLP
Kirk M Lyons has specialised in maritime and admiralty law since 1981.

Awarding attorney's fees to the prevailing party in maritime arbitration continues in earnest today, and the authority of arbitrators to award attorney's fees to the prevailing party has been routinely upheld by district courts that have faced this issue.

- On average, the percentage of attorney's fees awarded was 60% or more of the amount requested.
- The general trend over time is to award a greater percentage of attorney's fees to the prevailing party.

The result of this change has been two-fold:

Firstly, for a party with a strong claim or defence on the merits, the threat of recovering attorney's fees should provide significant leverage in seeking to settle the claim on favourable terms; and secondly, if arbitration nevertheless becomes inevitable, the knowledge that at least a significant portion of attorney's fees incurred in the arbitration are recoverable (whether prosecuting or defending a claim) should provide more resolve to hold fast to one's position. ⚖️

Taking control of quality

When the Bremen-based shipping company F.A. Vinnen & Co. decided to set up its own crew training activities, Managing Director Bernd Hein could not have predicted the success of the venture.

In the last ten years the company has selected and trained 55 of its own cadets, across engine, deck and electrical disciplines.

This story started in what was a boom time in the shipping industry. "There was a global shortage of qualified seafarers and we were affected by that," says Hein. "We decided we couldn't continue wholly relying on a third party crewing agency and taking whatever was available on the market. We had to make some investment in training."

Personal recommendations and inspections led him to the John B. Lacson Foundation Maritime University, and he then sought out the specialist training offered at GigaMare in Subic Bay, to add to the total package.

In 2009, all was in place to enrol the first ten engine cadets. "Within three days, we had 300 applicants from which we could select only ten," says Mr Hein.



Bernd Hein meets with cadets and their families

There followed one year at university, one year on board and then a final year back at university, with two eight-week training courses at Subic Bay slotted into the landside training. After exams the first graduates came on board in 2013.

Before anyone could be employed, however, Vinnen had to establish its own Philippines-based crewing company, in accordance with the country's employment laws. It can now directly employ Filipino cadets and seafarers, which has enabled it to stay close to its employees; supporting families, helping with problems and taking time to talk with the seafarers.

The company is careful to train only the number of cadets that can be offered jobs on its vessels. "Of course, we don't live outside the market; our fleet has shrunk, so we have only eight vessels at present, and we have had to train accordingly," Hein says. "It doesn't make sense to build up hopes, train cadets and then, at the end, say – we are very sorry, we can't employ you. It is a waste of everyone's resources."

The payback of all this effort has been hugely positive. "Everyone knows the majority of technical problems on board vessels involve the human element. If people are not properly trained, you will see that in your technical costs, as well as possibly in your insurance costs," says Hein.

As for the cadets: "We enter an agreement with them; we spend a lot of money on their training and we earn their loyalty. It is working well and we are happy about that. Sometimes I ask myself – why didn't we start this earlier!". 🇵🇭



Barnacles beware

A unique new product from Gothenburg based company I-Tech offers both environmental performance and fuel cost savings.



By Lena Lindblad,
R&D Director and co-founder
of I-Tech



Tests have shown that antifouling products containing Selektope significantly reduce fouling, lowering water resistance and potentially saving up to 40% in fuel costs, with associated reductions in ship air emissions.

When major awards are won and prestigious contracts announced, it's easy to take for granted the success of a breakthrough product.

But behind the scenes? In the case of Selektope, the antifouling agent developed by Gothenburg-based I-Tech, it has taken more than 15 years of incredibly hard work and sheer determination to get to this point.

Selektope is an organic, non-metal marine coating ingredient which features an innovative pharmacological approach to combat barnacle settlement. It works by temporarily stimulating the swimming behaviour of barnacle larvae, deterring them from attaching to the hull. It has an extremely low biocidal loading and is approved for use in the EU, Japan, Korea and China.

We asked Lena Lindblad, R&D Director and co-founder of I-Tech what it was like, leading the way in taking an entirely new approach to antifouling.

"I have heard from the very beginning, constantly, for 15 years, that it is impossible, it can't be done," she says.

How did she hang on in there? Where did she get her strength and persistence? "Because I am naïve and I really believe in the product. I am a positive and optimistic person and, with my scientific background, I know it works."

Academic researcher Lindblad first became involved in the topic after finishing her thesis in pharmacology at the University of Linköping; an opportunity came up to study barnacles as part of an existing programme looking at antifouling substances.

She says she doesn't like to talk about 'environmentally friendly' products: "To my mind, nothing is entirely environmentally friendly. However, it's true to say you can reduce the amount of biocides by 95% by using our compounds and eliminate the use of copper, using metal-free alternatives and degradables. We have shown that pharmacology logic can be applied to enhance the performance of anti-fouling coatings."

Earlier this year, I-Tech received a European Marine Engineering Award

recognising Selektope's environmental performance. This is now a widely approved, high-volume product; the first high-profile user was Japan's Chugoku Marine Paints, which has incorporated the agent in a new copper-free product.

Tests have shown that antifouling products containing Selektope significantly reduce fouling, lowering water resistance and potentially saving up to 40% in fuel costs (compared with a severely fouled ship), with associated reductions in ship air emissions. By repelling barnacle attachment, coatings containing Selektope also lower the risk of transporting invasive species from one region to another. They even repel barnacles when the ship is at rest, allowing fuel saving claims made by coatings suppliers to cover the ship's entire operational cycle.

"All of the hard and long work was worth it," says Lena. "I am so fortunate because there are few people that actually have the opportunity to see their own ideas coming out properly, and be part of it the whole way."

So, the obvious question – what next? "I am going for the next project," she says. "I have a few ideas to work on, around new materials and new applications. I am happiest when I have my diagrams and figures and if I can have ideas and go to the lab. And that breakthrough moment is the greatest happiness." 🚢



"We have shown that working pharmacological principles, rather than biocides, can work."



Drones friend or foe?

The use of drones at sea is becoming more and more widespread. But what are the insurance risks?



Why did the arrival of a box of cookies on a Maersk tanker make headlines earlier this year? Because the cookies were delivered from a barge to the ship by a small UAV (Unmanned Aerial Vehicle). And this was just the tip of the iceberg. Maersk told journalists that the use of drones could save thousands of dollars in costs per vessel per day, by reducing the need to hire tenders for deliveries when a ship is not in port.

On land, Amazon has been busy this year testing the use of drones to deliver packages to customers and the Rwandan government is using drones to make up to 150 emergency deliveries of blood a day to a number of transfusing facilities in the western half of the country.

Use of drones at sea

We are accustomed to the idea of the agricultural industry using UAVs for crop surveillance and treatment. Yet out at sea, and out of sight, drones are increasingly being deployed for tasks such as inspecting offshore wind turbines, oil rigs and vessels.

The advantages are clear, says Alastair Long, Aviation Associate with law firm Hill Dickinson. "Take offshore wind turbines – conditions can be very harsh, and climbing up the side of a turbine is dangerous. If you are able to fly a drone in to inspect the structure, it is significantly safer and potentially more accurate, too.

"We are seeing drones used for various operations – whether in harsh climates or in remote areas too dangerous for human intervention - using drones is a significant way of reducing risk. Interestingly we are also seeing unmanned submarines being used in this way."

It is a case of mixing and matching this automated technology to reduce risk, he says. And in tough times for shipping, there is increasing focus on the cost-saving potential.

Risks

Not unusually, the opportunities come with their own set of challenges and

risks. The use of drones raises issues around privacy, security, liability and nuisance, quite apart from the risk of a UAV simply crashing into something or somebody. Compared with the risks of operating drones over densely populated land areas, the issues may be less of a problem out on the open sea: "But operators would still need to be very mindful," says Long.

"This is a nascent industry that is still feeling its way through as to how the market is going to grow and how regulators are going to respond to that growth."

He quotes an obvious but brutal truth; a 2kg drone malfunctioning and falling from the sky could be just as fatal to someone as a 20kg one. Liability if a drone crashed



Alastair Long,
Aviation Associate, Hill Dickinson

"We are seeing drones used for various operations – whether in harsh climates or in remote areas too dangerous for human intervention - using drones is a significant way of reducing risk."

into a dozen people in a bus queue would be based on the law of the state. Out at sea it may be less clear-cut – what would happen if a drone malfunctioned and slammed into the side of a ship or injured a member of the crew?

Liability in the shipping industry

"Drones are becoming more complex and more automated, with less and less human intervention. AI (artificial intelligence) units are starting to make decisions themselves. In the event of an accident, that makes it 'greyer' to work out what has happened, how it went wrong, and the liability issues.

"However, having said that, I suspect in the shipping industry the operator will be more readily identifiable than the amateur where a drone suddenly appears in the flight path of a descending aircraft landing at Heathrow."

Current aviation regulations are broadly international, because manned flights generally fly a reasonable distance, says Long. "But drone regulation has so far been quite local, almost parochial, simply because the technology limits civilian drones as to the distance they can go. Apparently in Kentucky you can legally shoot down a drone that is over your land; but you may not be able to do that elsewhere.

"It is different with shipping. A tanker in the shipping lane is in international waters; you are talking vast expanses of sea and the industry will seek to employ fairly substantial drones that can carry quite a lot of, for example, medical supplies or emergency rations to a stricken ship in the middle of nowhere."

In theory a drone operating over the open sea poses less of a risk, he says. "The worst case scenario might be that it crashes into the sea – unless it hits a passing ship."



The use of drones is set to grow. “It will be a profitable market because it will respond to the requirements of business to save costs and reduce risk.”

The future

These sorts of liability issues will be generated as drones become more mainstream, says Long. And one thing, he says, is certain – the use of drones is set to grow. “It will be a profitable market because it will respond to the requirements of business to save costs and reduce risk. We will see a quiet, steady proliferation of UAV activity in the shipping sector, in commercial operations, deliveries, surveillance and security monitoring.

“The cookie delivery made news – the fact that drones inspected the inside of a vessel in a shipyard in Gdansk is not so newsworthy. Drones will, in time, slot seamlessly into an everyday part of operating ships. Smaller ships have serviced bigger ships since time immemorial – in many ways, this is not so very different.”

Concerns

There are a host of other concerns, however. That drone you can see might indeed be moving to resupply a ship – but it could be doing all sorts of other things.

- Drones can be used for security measures, such as monitoring ships moored illegally in shipping lanes, or detecting and preventing crime. But equally, pirates have successfully used drones to monitor what’s going on where. And what are the legal repercussions if a drone has been contracted to carry out security and it fails to spot the Somali pirates’ gunboat?

- In port, if a ship is loading or unloading, a drone buzzing around the operational area represents a real risk.
- Could a drone be hacked and remotely controlled by a third party with plans to cause a catastrophe?
- Does the drone have a camera attached? There are privacy rules to consider. If the drone is potentially capturing footage in which people can be recognised, this becomes personal data and there are rights attached to that. However, the use of a drone to film, for example, an oil spill opens up the privacy vs public interest argument.
- If an inspection drone fails to pick up some damage and a ship later sinks as a result, who is liable?

We will see a quiet, steady proliferation of UAV activity in the shipping sector, in commercial operations, deliveries, surveillance and security monitoring.

Legal update

By **Anders Leissner**,
Director, Corporate Legal & FD&D

Use your head

There is an increasing trend to hold CEOs, board members and also accountants liable for business disruption. The OW Bunker bankruptcy is no exception. The Danish bankruptcy administrator has sued OW's management including the board, as well as the former accounting firm Deloitte and, notably, the private equity firm that put OW Bunker on the stock exchange, for USD 470 million. There is also an additional claim by 26 investors for the sum of USD 120 million. The expectation is to collect from the defendant's Errors and Omissions (E&O) insurances. When considering that OW Bunker was listed on the Copenhagen stock exchange on



28 March 2014, and went bankrupt on 7 November 2014 with an estimated debt of USD 1.9 billion, the legal actions are not hard to understand.

The need for critical thinking

Although the OW Bunker case is extreme in many ways it is a reminder that corporate governance issues should not be taken lightly. Whilst it is easy to reduce compliance to a tick box exercise we all need to maintain a free mind and a critical thinking and ask questions like: Is this really realistic? How does this work in practice. Obviously, there does not seem to have been any reality check on OW Bunker's trading activities – certainly if there was, it did not make it to the prospectus for the stock exchange listing. 🇳🇵

Although the OW Bunker case is extreme in many ways it is a reminder that corporate governance issues should not be taken lightly.

Review your policies

According to OECD, the world's total spending on insurance premiums has almost doubled since 2000. It is difficult not to make the reflection that society is becoming increasingly risk averse. As a result, insurance funded solutions in all areas, including shipping, are on the rise. As to the risk of being exposed for liabilities due to potential wrongdoings, corporate entities are well advised to review their E&O insurance policies. These policies will probably not get any cheaper in the future. 🇳🇵

Follow the money



It is has often been said that policy makers tend to follow the money. On 18 January 2017 the certification requirements under the Maritime Labour Convention (MLC) enter into force, and the draftsmen's intention was no doubt that there should be an insurance solution to this. The clubs in the International Group have stepped up to the challenge and will assist their members in providing the necessary certificates even though some of the risks are not covered by insurance. More about this process can be found at page 18. 🇳🇵

Asia revisited



Workshop during the MRM User Seminar in Subic Bay 26-27 October 2016



Karen Hester Ahl,
Academy Coordinator,
The Swedish Club Academy

& Partner Ship Management GmbH & Co., and Capt. Jonas Engström from Wisby Shipmanagement AB.

Other highlights of the tour included an MRM Safety Seminar for the local shipping community in Singapore; and the opportunity to present to members of China's insurance community at The Swedish Club's Marine Insurance Seminar in Zhuhai, China.

The tour concluded in mid-November with a speaking engagement at the Crew Connect Conference in Manila, during the event's 'Leadership, Team Work and Communication' focus session.

We would like to extend a warm thank you to all of our clients in Asia and look forward to offering further MRM events in the future to create a platform where all can contribute to our common goal of increasing maritime safety. 🇸🇪

Earlier this year The Swedish Club Academy temporarily relocated to Asia with the aim of bringing it closer to one of its most important markets and to focus on giving clients in the area better service. The open events, in-house seminars and Maritime Resource Management (MRM) train the trainer courses in Hong Kong, Singapore and Manila proved so successful that the Academy has once again visited Asia for another 'Academy Asian Tour'.

Martin Hernqvist, Managing Director of The Swedish Club Academy opened the tour with the Academy's first MRM User Seminar in Subic Bay, Philippines, on 26-27 October. The plan is to make this a

recurrent event, and both the high attendance and the enthusiasm of its participants proved this to be a wise decision.

The aim of the seminar was to bring together MRM users, and provide a forum for them to share their experiences, challenges and examples of best practice. The event was opened by Capt. Peter Sars, Head of Training Operations at GigaMare Inc., hosts of the event, and we extend them our thanks.

The guest speakers included Capt. Foong Yee Kuan from PSAM Academy, Capt. Caspar Graf von Spee from Harren

Maritime Resource Management can help you:

- ✓ Improve marine safety, efficiency and employee job satisfaction.
- ✓ Minimise the risk of incidents by encouraging safe and responsible attitudes.
- ✓ Reward good management, teamwork and the willingness to change behaviour.



Contact us today and find out more about the special MRM rates available to members of The Swedish Club

email: karen.ahl@swedishclub.com

Sharing stories and bringing MRM to life

We are pleased to report that interest in MRM courses continues to grow. After many years of facilitating events, we are overwhelmed with the positive responses and interest we receive from companies worldwide. We believe that one of the many reasons for this growing interest is that the MRM approach offers a common ground that everyone wanting to increase safety and prevent accidents can relate to.

Our seminars and workshops provide an accessible platform to learn about MRM, as well as enabling participants to share their experiences – both good and bad - with others who might benefit. This is the part of the MRM course that cannot be learnt through a video or handbook, and the engagement and discussions are elements that can only be experienced by attending an MRM event.

The knowledge that is gained from this approach comes not only from us, The Swedish Club Academy, but also from all of our participants who share their

stories. The networking and sharing of experiences at an event helps bring the MRM materials and concepts to life. It is our clients and course participants that give added value to the MRM events.

Our attendees tell us that taking part in an MRM event is beneficial in many ways, whether you are new to MRM or have been training MRM for many years. The MRM concepts are timeless and as long as we are a people based industry will never be obsolete. The need to deal with the issues covered by MRM are as relevant today as they were 50 years ago.

Technology and safety issues may vary through the years but maximising resources to deal with these issues will remain a constant. Working towards better safety is a continuous effort by everyone and a job that is never complete. We would like to extend our thanks to all of our participants who attended an event in 2016 and look forward to supporting you in 2017. 🇸🇪



By Martin Hernqvist,
Managing Director,
The Swedish Club Academy

Our seminars and workshops provide an accessible platform to learn about MRM, as well as enabling participants to share their experiences – both good and bad - with others who might benefit.

**Are you equipped for a major incident?
Has your emergency response plan been thoroughly tested?
Do you know how you would cope in a real life situation?**

**Emergency Response Training from The Swedish Club
Be prepared**

We offer Emergency Response Training to our Club members free of charge

Notice board



Ballast Water Convention ready for launch

Following ratification from Finland in September, the International Convention for the Control and Management of Ship's Ballast Water and Sediment (BWM Convention) will enter into force on 8 September 2017.

The Convention, adopted in 2004, aims to prevent the spread of harmful aquatic organisms from one region to another, by establishing standards and procedures for the control of ship's ballast and sediments.

Under the Convention, all ships in international traffic are required to manage their ballast water and sediments to a certain standard according to a ship-specific ballast water management plan; to carry a ballast water record book; to

record when ballast is taken on board, circulated, treated and discharged into the sea; and to have an international ballast water management certificate.

Parties to this Convention undertake to ensure that ports and terminals where cleaning or repair of ballast tanks occurs, have adequate reception facilities for the reception of sediments.

The ballast water management standards will be phased in over a period of time, although concerns have been expressed over the challenges of retrofitting treatment equipment to ships and the unilateral adoption by the U.S. of its own ballast water regulations.

No package limitation for bulk cargoes

In its judgment in *The Aqasia*, handed down on 19 October, the English Commercial Court has held that package limitation under the Hague Rules (Article IV Rule 5) does not apply to bulk cargoes. Resolving a question that has been open for more than 90 years, Sir Jeremy Cooke held that there is no limit of liability in bulk cargo cases, because there is no relevant 'package' or 'unit' to which such limit can apply.

ASTRA wrongly decided

The Court of Appeal in England has decided that punctual hire payment is not a condition which would enable an owner to withdraw the vessel and claim damages following even the smallest of hire shortfall. The Court of Appeal overruled the previous decision on the issue by the Commercial court, which has caused turmoil in the shipping world for some time. As a result, it is now clear that vessel owners do not have an automatic entitlement to damages for a loss of bargain where the time charterers are in breach of the hire payment clause.

EU Operational Guidelines on Places of Refuge

The existence of international recommendations on places of refuge have not prevented this being a sensitive issue, with possible political implications for governments facing the question of how to deal with a distressed vessel. However, failure to offer a suitable safe haven is likely to prevent a successful salvage intervention, allowing a casualty's condition to worsen, potentially leading to a major pollution incident (for example if the vessel breaks up) that might otherwise have been prevented. Such pollution could affect a far wider geographical area than would have been the case had a place of refuge been provided.

The Member states of the European Union together with the European Maritime Safety Agency (EMSA) have recently reviewed the framework for cooperation and coordination between States in case of maritime casualties involving ships in distress, including where an incident occurs on the high seas or outside of the jurisdiction of any one state.

As a matter of principle, each State involved in the response operation should assess its ability to provide a place of refuge. A place of refuge is a place where a ship in need of assistance can take action to enable it to stabilise its condition; reduce the hazards to navigation; and to protect human life and the environment.

The Guidelines support the requirement for national plans for the accommodation of ships in need of assistance to include 'procedures for international coordination and decision-making' in line with the Directive on Vessel Traffic Monitoring and Information System (VTMIS) issued in 2002. Under the terms of this Directive, each EU Member State had been required to designate 'one or more competent authorities which have the required expertise and power to take independent decisions on their own initiative concerning the accommodation of ships in need of distress.'

Limitation broken for the first time in the UK

The Admiralty court in England has held, presumably for the first time, that a vessel owner is not entitled to limit liability under the Convention on Limitation of Liability for Maritime Claims 1976. The bulk carrier Atlantik Confidence sank after a fire off the coast of Oman in April 2013 and the owners of the vessel sought to constitute a limitation fund. Cargo interests opposed the application. In a detailed judgement owners were held to deliberately have set the vessel on fire, and sank her. The judgement is not believed to have softened the test for breaking of limitation but instead the finding should be seen as a result of the unusually damaging evidence that was available in the case.

First Emergency Response Training Set for the New Year

Last month the Club ran an exercise to fine tune its new Emergency Response Training initiative. Visiting the Joint Rescue Coordination Centre (JRCC) in Sola, Norway, we created a scenario and brought together representatives of the key parties that would be involved as a real life crisis unfolded, including salvors, media representatives, lawyers, the port state authority and local coastguards.

Those taking part did not know in advance how events would unfold, and at each stage in the crisis each had the opportunity to explain what actions they would take, to discuss how this interrelated with the priorities and responsibilities of others around the table, and to understand more about how all parties can cooperate in the different stages of a casualty.

A great deal was learned from this exercise and, being fully prepared, we look forward to running a full scale trial in the New Year.

High Court takes issue with Australian politicians

The High Court in Australia recently 'corrected' a political move by the Australian Federal government to exempt foreign crews in the offshore industry from visa requirements. It is believed the government made the decision in order to increase the country's competitiveness in the offshore sector. The decision did however not go down so well with the unions, who contested the decision. The High Court has ruled that the decision was invalid on formal grounds (*Maritime Union of Australia & Anor v Minister for Immigration and Border Protection & Anor* [2016] HCA 34).



On the agenda



Team Norway

Today's unprecedented market conditions have meant a double impact for our Norwegian office, where roughly half of our portfolio is related to the oil & gas price and the other half to the world trade situation and transport markets. The shipping market has always been cyclical; diversifying into the oil & gas and related energy markets would normally help to iron out the downturns, but in this cycle, both markets are at historical low levels.

The forecast is for the market to pick up again in 2018, particularly in the oil & gas industry. Prior to that we expect to see a lot more consolidation and that means both opportunities and challenges for the Club.

We must focus on our stand out qualities – our reputation for offering an excellent level of service in all areas of the business. Many of our members are financially constrained and have difficulties but still they prefer the best service provider rather than the cheaper alternative in the market.



Tore Forsmo, Area Manager



Team Asia



Ruizong Wang, Area Manager

We are working in an insurance market that is very competitive – prices are low, perhaps the lowest ever on the hull side. This market situation and pricing level is not sustainable – but the amount of capital floating around that needs a place to invest is driving down premium pricing.

We are keenly watching the freight market and the market for shipowners, where the situation is particularly bad for bulker and containerships but a little better for tankers. We do have growth to report, despite the level of scrapping. We are seeing both organic growth and business from new members, giving us a broader base for future growth.

The prediction is for the supply demand balance to be re-established in 2018. We expect to see both new players and our operator members to begin buying ships, providing an opportunity for us to gain new business.

We continue to get strong support from our members. We are competitive but, more importantly, we believe our members appreciate the good service we provide.



Team Gothenburg



Jacob Vierø, Area Manager

Despite the challenging insurance market, we remain confident in our strategy of providing selective capacity, and converting follow H&M lines to lead position, which is exactly where we as a team add the best value. The positive response to this has been very encouraging – it isn't simply us 'selling', but first and foremost it is our members 'buying', and that is based on our reputation and presence in the market.

This loyalty from our members, is highly appreciated – and we endeavour to pay back this loyalty in terms of added value and a focus on top tier levels of service. Meanwhile, our reputation in the market – our brand - is such that we can approach and win new and exciting accounts.

This quarter we have been extra busy with requests for legal advice following the Hanjin lockdown and a full programme of Club events. However, our priority has been to continue to do what we do best – listen to what the market is telling us.



Team Piraeus

Providing a general view of the Greek shipping market is difficult. We still see shipowners taking delivery of newbuildings but there are also a lot of secondhand ships delivered to Greek owners.

Greek shipping is mainly about bulkers, containers and tankers. Only a few are running mixed fleets. Owners mainly stick to what they are used to and what they know well.

It seems like prices for second hand vessels have reached rock bottom. Owners buying now have to run their vessels close to break even or less. As for any upturn, there is a view that we may see some improvements in the second half of 2017.



Hans Filipsson, Area Manager



Team London



Lars Nilsson London Manager

The London office has had a busy and productive first year. Opened in September 2015, with the commitment for the long-term, we have the strategy to expand the Club's presence over time. Our main aim is to enhance the relationship with the London market brokers.

Being local and visible is important and together with our Teams in Gothenburg, Oslo, Piraeus and Hong Kong we look forward to expanding our business in London.

IUMI 2016: Effective underwriting in a changing environment

The 142nd International Union of Marine Insurers (IUMI) conference was held this September in Genoa, Italy. IUMI attracts more than 500 leading marine underwriters to its annual conference each year and with its maritime roots and marine insurance history, Genoa this year created a splendid backdrop for the event.



By Tore Forsmo,
Area Manager, Team Norway

IUMI President Dieter Berg used his keynote address to emphasise the importance of consistent technical underwriting in a changing and challenging economic and commercial environment. He also stressed the need for creativity and innovation as marine underwriters' response to changing markets.

With the world economy struggling to grow, uncertainty with Brexit, weak commodity prices and freight rates close to all time low, IUMI presented some sobering statistics, revealing that the global marine insurance premium

volume was down some ten points from 2014, to USD 29.9 billion in 2015.

In response to this a number of breakout sessions were held to generate practical ideas on how to respond to the current challenges. Better catastrophe and aggregate modelling, wider use of intelligent systems and big data were just a few of the themes debated.

Hull

In the marine hull segment, claims frequency is on a long-term positive trend and the same can be said for repair costs and the total loss frequency. However, workshop participants pointed out that major losses are still volatile from one year to the other and can thus have substantial impact. So far losses in

Workshop participants pointed out that major losses are still volatile from one year to the other and can thus have substantial impact.



Lars Rhodin
The Swedish Club Managing Director
Lars Rhodin serves on the IUMI Executive Committee as Vice Chairman.



With underwriters having to balance speed of change, and the scale and nature of data in addition to evaluating its reliability, the future of marine insurance belongs to those who are able to adapt to changing environments through creativity and innovation.

2016 have been low. However past performance is not a reliable indicator in establishing predictions and the remainder of 2016 going into 2017 is still uncertain. The group expressed concern that the global hull premium is deteriorating in line with the drop in insured values while at the same time exposure increases.

Energy

The energy workshop concluded that in this segment, premiums continue to drop substantially and a series of high profile losses in 2015 have had a significant effect, although hurricane and weather issues have not made any real impact in recent years. With no



Tord Nilsson, Lars Nilsson and Tore Forsmo from The Swedish Club attending the IUMI conference.

immediate expectation of the price of oil returning to more sustainable levels the view was that the market will continue to be extremely demanding.

Legal and Liability

The legal and liability session provided interesting insight into unmanned ships and how they fit into the maritime regulatory framework. With much of autonomous technology already in place but best practices in unmanned operations yet to be developed, it was

felt that the challenge now is perhaps to create a new legal framework instead of trying to adapt the existing one.

The conference ended on an optimistic note, identifying the usefulness of big data as a leverage in future decision making. With underwriters having to balance speed of change, and the scale and nature of data in addition to evaluating its reliability, the future of marine insurance belongs to those who are able to adapt to changing environments through creativity and innovation. 🚢



The Swedish Club's Claims Handlers Conference

In mid-September the Club's Claims Handlers and Staff Surveyors gathered in Gothenburg for the bi-annual Claims Handlers' Conference. Running over two days, the conference is a tradition which

goes back many years, offering colleagues in all the teams the opportunity to share experience and knowledge, as well as getting to know new workmates.

This experience benefits members, with the outcomes and enhanced working relationships being used to strengthen and develop the Club's services for members.

As an international organisation it is vital that team members deliver through their daily activities a level of service through which members and associates recognise the core values of the Club, regardless of which office or team they are dealing with.

The discussions were spread over a large range of issues, from cost-efficiency and loss prevention support, to media intrusion in a casualty response. The presentations and workshops were carried out in high spirits, and everyone was convinced of the importance in meeting face-to-face. 🚢

Out and about

"The only P&I Club in the European Union"

The Swedish Club event at Trinity House in London on 27 September was an evening not to be forgotten. Not only did Lars Rhodin, Managing Director, and his management team present the Club's latest positive results, but also took the chance to present the Club's new London 'Underwriter' Margareta Hammar.



This did cause many in the audience to raise their eyebrows in surprise and wonder until it became evident, during her extraordinary speech, that Margareta was, in fact, a Swedish comedienne and a planted in the room as part of the entertainment.

The Club's message to the London audience was that it will continue to focus on controlled growth, smart underwriting and to strengthen its presence in London. This commitment



From left Stephen B. Gilbert of GasLog Ltd, Paul Agate of ARB International Ltd, Maria Yiassa of The Swedish Club and Terry Donovan, retired senior broker at JLT.



was shown by the appointment of John D. Owen, Senior Consultant, to the London office. As Lars Rhodin said: "The Swedish Club will probably be the only P&I Club operating in the European Union in the near future."

Thank you to all who participated and to all staff at Trinity House, who did a wonderful job hosting the event. 🍷

Sharing knowledge and reflections at the Club lunch seminars in Oslo and Bergen



This year's autumn seminars in Oslo and Bergen focused on the question - what makes The Swedish Club different from other clubs? Following on from that contentious subject, members discussed fuel management & engine damage; the latest news on Charterers' Insurance; and salvage and wreck removal offshore.

Senior lawyer Hermann Steen from Wikborg Rein then joined the panel with a talk on offshore salvage and wreck removal, with an emphasis on the consequences of choices made at the time. ٢٣

In Oslo the seminar took place at Tjuvholmen Sjömagasin, and in Bergen, Grand Selskapslokaler. Following a welcome and business update from Tore Forsmo, Area Manager Team Norway, speakers from The Swedish Club included Lars A. Malm, Director Strategic Business Development & Client Relations, Claes Åman, Technical Consultant, and Marcus Lindfors, Claims Manager.





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Marine Insurance Seminars in China and Greece

The Swedish Club visited both Zhuhai, China and Piraeus, Greece to welcome delegates to the latest series of Marine Insurance Seminars. Both seminars were well attended and feedback from participants was very positive.



The Swedish Club is one of the very few insurers to support in this way. Run over two days, a full complement of delegates representing China, Hong Kong, Taiwan, Singapore and Vietnam participated in the wide ranging programme.

The event in Piraeus has always proved popular and this year was no exception. The Greek marine insurance community came out in force and a productive and enjoyable time was had by all.

Topics covered this year included P&I, FD&D, H&M and the Club's loss prevention initiatives including a discussion on the importance of the right attitude in the work place. The Club runs seminars in Asia every three years and the seminars in Greece are held annually. 🇬🇷

Staff news Team Gothenburg



Kleopatra Georgantzi

Kleopatra joined Team Gothenburg on 10 October 2016 as Senior Claims Executive, P&I on a temporary basis. She is a familiar face to staff and members, having worked for the Club for almost 15 years, both in Gothenburg and Piraeus.



Frida Rhedin

Frida was appointed Claims Executive, Marine, for Team Gothenburg, on 1 October 2016. She was already a member of the team, having previously held the role of Assistant Underwriter.



Peter Stålberg

Peter will re-join the Club in February 2017 as Senior Technical Advisor and support all teams with technical matters, casualties and Loss Prevention projects. He has spent the last eight years working in the offshore sector for BW Offshore, GVA Consultants and Aibel. Prior to that, Peter held a position as Area Manager in The Swedish Club.

Club Quiz

Club Calendar 2017

1 – What does ECDIS stand for?

- 1. Electronic Chart Display Information System
- X. Electric Cabin Dimmer Inside Ship
- 2. External Chart Display and Infotainment System

2 - What is the origin of the term 'mayday' for an emergency radio call?

- 1. From Latin
- X. It is unknown
- 2. From the French phrase "M'aidez" – meaning "Help me"

3 - What does the shipping term VLEC stand for?

- 1. Very Large Eco Carrier
- X. It is most likely a misspelling
- 2. Very Large Ethane Carrier

Mail your answer to quiz@swedishclub.com

The first correct answer pulled out of the hat will win a prize.

Winner of Club Quiz 2 – 2016



Congratulations to the winner of Club Quiz No 2-2016, Brij Goel, SCUA South Europe Lda, Alcabideche, Portugal, who has been awarded a Club give-away.

The right answers to Club Quiz No 2-2016 are:

- 2 **Royal Marine Ship** (What did RMS stand for before Titanic's name?)
- X **Cosco CS** (Which company owns the first ship to transit the new Panama Canal?)
- 2 **...-...-...** (What is the Morse code for SOS?)

Voices from the Industry

The shipping industry is the backbone of international trade, bringing benefits to people around the world. Yet to the majority, shipping is the invisible industry.

The people within our industry make the world go around. Maritime professionals, they are strong characters with interesting backgrounds – and of course, interesting jobs.

Listen to them now for some new insights.

Voices from the industry. Listen on: <http://www.swedishclub.com/news-circulars/voices-from-the-industry/>



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|----------------|--|
| 30 March | Board Meeting London |
| 26 April | Member Lunch Piraeus |
| 27 April | Club Dinner Istanbul |
| 3 May | Club Evening Hamburg |
| 4 May | Club Evening Bremen |
| 8-12 May | Marine Insurance Course Gothenburg |
| 14 June | Board Meeting Gothenburg |
| 14-16 June | AGM events Gothenburg |
| 15 June | Annual General Meeting Gothenburg |
| 11 September | London International Shipping Week London |
| 5 October | Board Meeting Dubai |
| 7 December | Board Meeting London |



The Swedish Club is a mutual marine insurance company, owned and controlled by its members. The Club writes Protection & Indemnity, Freight, Demurrage & Defence, Charterers' Liability, Hull & Machinery, War Risks, Loss of Hire insurance and any additional insurance required by shipowners. The Club also writes Hull & Machinery, War Risks and Loss of Hire for Mobile Offshore Units and FPSOs.

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