



The Swedish Club

AGM 2016

The future starts today



PLUS

Loss Prevention

Marine Insurance Course

Legal FD&D

Club Information

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The Swedish Club

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Be prepared

Dear members and associates

'What can be done when the damage is done' was the theme for the panel debate at Members' Day preceding the AGM in June.

The media's role in the aftermath of a casualty is constantly on the rise. Ways of reporting have developed rapidly. YouTube, smart phones and the like, mean reporting in real time. The time frame for shaping a media response to a shipping casualty has reduced.

Is it possible to influence the media's view once the incident has occurred? Is it possible to reach an understanding of the difficulties involved in a casualty response effort when the weather and availability of equipment are not on your side? Perception is reality.

Interesting thoughts and reflections were presented by distinguished media professionals and other panel members.

It is a fact that society's tolerance of environmental damage is limited, not to say minimal. It is also a fact that whoever is involved in the incident is the "bad guy" regardless of an impeccable performance in the past. The accident happened, the damage is done, but you can appear as a good citizen by taking charge of events and consequences.

One problem we have is the blame culture. The public (read 'politicians') demands a scapegoat. Often the Master and officer on the watch are sent to jail. And, of course, the company should be punished. I learnt in law school that the law on damages is compensatory in nature. Not here - to compensate and restore is not good enough. The wrongdoer should pay more.

There is no clear answer to the question "what can be done". It depends very much on the features of the individual

incident. What we know can be done however is to be prepared and to train. One thing is for sure: when the ship hits the rock, things will move quickly.

The debate on "What can be done when the damage is done" is covered in this edition of Triton, together with the other features and social activities of the AGM's events in June. I hope you enjoy reading this issue. 🙏

Lars Rhodin
Managing Director

The future starts today

"We have a long history but take nothing for granted," said Lars Rhodin, welcoming members and guests to The Swedish Club's 144th Annual General Meeting in Gothenburg on 16 June.

As he started his speech he reflected on the Club's recent journey in terms of weather patterns: 2008 – cloud with a silver lining; 2009 – the sun was out; 2010 – more sun; 2011 – temporary cloud; 2012 – mixed weather; 2013 – sun again; 2014 – (and) sun again. Then of course, mixed weather in 2015.

Volatility on all fronts

Volatility was the key word for The Swedish Club, very much in contrast to 2014 and 2013. "But despite a challenging start and much higher claims activity during the early part of the year, we worked to deliver a balanced underwriting result by its end. We closed the year with an overall combined ratio of 99%, assisted in part by the positive developments of previous years."

Overall, said Lars Rhodin, 2015 will be remembered as both a volatile claims year and a volatile investment year, but set against a background of sound underlying business, and stable development.

"2015 will be remembered as both a volatile claims year and a volatile investment year, but set against a background of sound underlying business, and stable development."



Seven total losses in the first part of the year included the Bulk Jupiter (Vietnam), the Cemfjord (Scotland), the Goodfaith (Greece) and the Troll Solution construction jack-up.

Huge volatility on the investment side too, led to a negative return on capital of -1.5%. This resulted in the Club finishing the year with free reserves at US\$183.12 million – an overall deficit of around US\$3 million.

The Club's assets remain split into 80% bonds and 20% equities.

Increasingly the talk is about return OF investment, as opposed to return ON investment, he said. "The message is clear: we cannot rely on handsome returns from investments and we must maintain our focus on a balanced underwriting performance."

Business growth

During the year, the Club grew its P&I business by 7% in tonnage and saw stable-to-increasing volumes in the Marine sector. An office was opened in London and the Club moved to new premises in Norway.

This growth in P&I business is a real vote of confidence in the Club, said Lars Rhodin. The volumes exceeded 44 million GT owners' entries and 66 million GT charterers' entries.

Pool claims were relatively modest for the International Group in 2015, and it has been successful in achieving sizeable reductions in reinsurance costs for the policy year 2016/17. "The mutual risk-taking model is still proving to be the most efficient," he said.

Loss prevention

Loss prevention remains at the heart of The Swedish Club's focus, including analysis of statistics and frequency, new loss prevention publications and hands-on advice. As part of that, the Club is stepping up the focus on its unique Maritime Resource Management (MRM) programme offered through The Swedish Club Academy. This includes continuing to offer members a 50% subsidy on MRM training for a period of two years.

Solvency II

Meanwhile, the entry into force of the Solvency II reporting requirements in January 2016 has presented the Club not only with a huge body of work but also the opportunity to reinforce its approach to risk, to demonstrate its disciplined and transparent approach, and to maintain a close dialogue with all of the relevant authorities, said Lars Rhodin.

Past and present

And so, to the outlook. He quoted Heraclitus, from 500 BC: "There is nothing permanent except change" and followed that with Bob Dylan's quote: "There is nothing so stable as change."

The Swedish Club's mission remains: "To be a leader in the international marine insurance market and, on a mutual basis, provide shipowners, charterers and shipmanagers with high-quality, cost-effective insurance solutions and related services."

He also shared the results of the Club's latest member survey, which concluded that 94.5% of members were either satisfied or very satisfied with the overall quality and performance of The Swedish Club as their insurance provider.

Lars Rhodin told members: "History is important for us because that gives us experience and that is part of our branding – but it is very much about the future too. All we know is that the future starts today and we have to deliver at all times."

Overall combined ratio

99%

94.5%
Performance Rating

PERCENTAGE OF MEMBERS WHO ARE SATISFIED OR VERY SATISFIED WITH THE OVERALL PERFORMANCE OF THE SWEDISH CLUB AS THEIR INSURANCE PROVIDER

7% P&I Business Growth

"There is nothing permanent except change"

Good press

How to maintain media control of a casualty

Martin Baxendale,
Managing Director of MTI Network



Photos: Geja Kuiken

When the Sea Empress ran aground in the entrance to Milford Haven 20 years ago, it became the UK's third biggest oil spill and the media descended in force.

For Martin Baxendale, who had joined the crisis media response network MTI only two weeks before, it was 'quite an introduction to the shipping industry'. What was the one thing he was asked to bring? A fax machine.

He outlined how MTI interacted with the media and handled enquiries, and what has changed in the past two decades. The days of fax machines have clearly given way to a world of social media and citizen journalists, not to mention the wider media, and it is vital to have a plan in place, he said.

"We are not masters of the crisis in these situations. Events by their very nature are extremely fast-moving and extremely unpredictable – but you can take certain steps. Events are not purely judged upon by what has happened but how you handle them and how you protect your reputation. A reputation takes many years to build and, if handled wrongly, it can disappear in a flash."

The Sea Empress is not remembered in the same breath as the Braer, the Torrey Canyon, the Prestige or the Erika, he said. "It was a very serious incident and there was a significant amount of environmental damage but it could have been much, much worse."

"The art of good management is accountability, responsibility, transparency. If you can get these things right, you stand a decent chance of protecting your reputation if an accident happens."

Speed of response

How to control the situation? Speed of response, he said. "I can't emphasise enough how important it is to react quickly, within a matter of minutes – if you are not able to do that, you will be overtaken by the media. We had phone calls within 30 minutes of the incident happening and journalists and photographers arrived at the same time as the professional responders.

"If you haven't thought about these situations before, then trying to deal with the pressure of the media and look after the issue and the vessel and crew, and protect the environment, is almost impossible. In this case the manager had a plan in place beforehand and this was instrumental in helping to manage the media."

Don't shut down

Because there was a plan and training had been done, MTI was able to direct hundreds of media calls to a dedicated media centre and answer the questions the media wanted to ask. "If you can

provide efficient and coherent answers to media enquiries, the chances are they will come back to you for information," he explained. "If you shut down, don't be surprised if your message doesn't get out. If you don't talk to the media and give your side of the story, plenty of others will have a different side of the story to you."

A planned response should focus on 'one voice, one clear message, communicate with all parties, including media, public, regulators, authorities, emergency service', avoid infighting or conflict and ensure a united front.

"The art of good management is accountability, responsibility, transparency. If you can get these things right, you stand a decent chance of protecting your reputation if an accident happens.

"Be prepared – think training, speed, resources and capability (one person can't do it alone), social media – and have a plan in place so you can protect your reputation and even emerge from the situation with your reputation stronger." 🙌

Bad press

How to lose media control of a casualty

Sean Moloney, Managing Director of Elaborate Communications Ltd.

The Costa Concordia offered the world 'the classic four step scenario of a PR crisis', said Sean Moloney.

"With more than 4,000 people on board a sinking vessel, with the tragic loss of 32 lives we saw the feverish speculation stage when a story breaks; the unfolding stage as events came into focus; the blame stage and finally the rebuilding stage, as both the brand and the sector started to rebuild reputations.

"In the case of the Costa Concordia, however, the first three stages played out to a watching world in the space of only 48 hours – uncontrolled and in full technicolour."

A life of its own

The panic and confusion of the early days after the incident are hard to forget, said Sean Moloney. This was how to lose control of a casualty; this was a story allowed to take on a life of its own.

"Events and the media were controlling the pace and direction of the story from the off. Events – in the guise of video, images and interviews – were flooding, unchecked into people's homes via 24-hour news services with space to fill. Cabaret dancers recounted daring rescue efforts, passengers speculated as to the Captain's dining arrangements and YouTube spilled with footage from muster stations that certainly didn't look like any training material I've seen.

"In the absence of any informed comment, the media were forced to supplement this footage and fill those first hours with self-proclaimed experts on the situation, both fuelling the crisis and providing a textbook lesson in self-promotion. But then can we blame them? It's obvious no one else was talking. Not the cruise industry, not the company itself."

Unexplained delay

The incident happened on a Friday evening; yet a top crisis management company was not called in until three days later. "Why didn't Carnival have a crisis management team in place? As we have heard from Martin Baxendale,

you can't just pull a rabbit out of a hat and make everything OK."

Sean Moloney described the undisciplined response on the ground in those early hours, from the management teams, the crew and the officers on board, never mind the thousands of passengers at the centre of the story.

"Crew members were seen giving eyewitness accounts on TV using phrases like 'chaos', 'mayhem' and 'like a scene from Titanic'. Had anyone on board had any media training at all? Were there any guidelines or contractual obligations that would have put a lid on some of the worst excesses?"

Invisible management

The top guns at Carnival simply didn't seem to have any strategy at all, he said. They simply kept their heads down. Emergency contact numbers for families were not issued until noon the next day.

Lessons learned? "The Costa Concordia demonstrated the importance of planning and preparation, and the difficulties of taking back a situation once it is out of control." 🙏

"In the case of the Costa Concordia the first three stages played out to a watching world in the space of only 48 hours – uncontrolled and in full technicolour."



“If you are ever involved in a serious casualty you will never recover – your life will never be the same again. The world will change for you when word gets out - and believe me, word gets out very quickly.”

Roger Harrabin,
Environment Analyst, BBC News

Facing down the beast

“Who is scared of lions?” opened Roger Harrabin, and he went on to describe the moment when he came face to face with a lion when working in Kenya recently.

Later (after the lion had walked away), he searched the web: what you should do if you meet a lion? It is difficult to stop yourself from running away, but that would promote an attack, he said. “It is vital to stand your ground; continue facing the lion while clapping your hands and shouting and waving to make yourself look bigger. Hold your ground; never run and don’t turn your back.”

Who, he then asked, is nervous of journalists? The same advice applies..... “Never run or turn your back, hold your ground.”

Probabilities

A risk assessment would conclude that in the shipping industry there is a low probability of an accident, said Roger Harrabin. “Saying that, there was an extremely low probability of me seeing a lion; but I saw a lion. It is low probability but high impact.

“If you are ever involved in a serious casualty you will never recover – your life will never be the same again. The world will change for you when word gets out - and believe me, word gets out very quickly.”

A faster world

When he started out in his career, he said, a situation might unfold thus: day one, trying to assess what went wrong; day two, how did things go wrong; day three, apportioning blame; day four, how can we make sure it never happens again.

“All of these were stretched out. Now they are compressed, all happening at the same time, in a massive, cataclysmic churn.”

What the media want

The key ingredients of a news story are, he said, novelty, drama, personality and pictures. “For the media, a disaster is a good story. Our audiences are glued to this stuff.”

And he warned: “The media is a kind of self-appointed moral guardian. We want to know who is to blame, from the

captain doing stupid activities to the owners way up the chain. We have become very good at tracking people down – for example, the senior manager on holiday.”

Preparation is key

He advised companies to be prepared for responding to a crisis, however low the probability.

“You need to have not just one person doing the job, but a team of people trained. You will be expected to perform around the clock; you need people with an immense amount of stamina and people who aren’t too smooth.”

Get some media training, he urged. Talking to camera can be disconcerting and takes time to get used to. “When a cameraman is pointing at you, it is quite intimidating, so make sure you and several key people are used to speaking to the camera. And don’t expect sleep – you won’t get sleep for a long time.

“People are what interests us most. We want to know how many people on board, who is missing and what nationality, and why, how, when, whose fault. All these questions will come cascading in on you.”

How prepared are you to be transparent and meet the demands of the press? How should owners respond to the press at a time of crisis?

These were questions that stimulated some lively debate during this year's panel session at the Club's AGM.

ARE YOU READY?

Moderator Julian Bray of TradeWinds, was joined on the platform by Martin Baxendale of MTI Network, Rob Grool of Vroon Group, Roger Harrabin of BBC News, Sean Moloney of Elaborate Communications and Lars Rhodin representing The Swedish Club.

Be honest and believable ... but don't be too smooth. Be wary of exercising too much PR control ...and be realistic, not over-positive in your statements. In the event of a casualty, shipowners and managers have a wobbly line to tread: was the the conclusion.

Rob Grool set the tone when he warned that in a crisis: "A lot of owners really think it will all go away if you ignore it. But be open, because someone will find out and some instant 'expert' will be there. It could be a disgruntled employee, or someone looking for an opportunity. The media doesn't have to look hard for them."

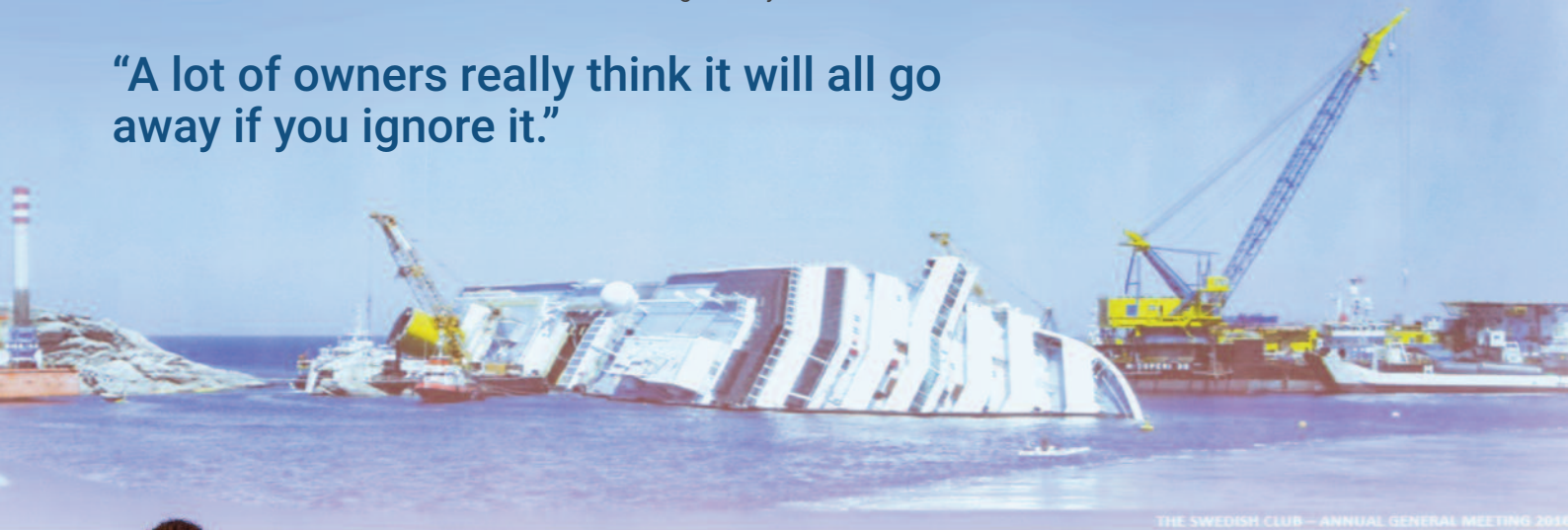
He told the audience: "As a third party shipmanager, you can be piggy in the middle, between owner and charterers, or between owner and media. We quite often used to hear 'You deal with it and don't let it get to my front door'."

Useful advice

Julian Bray asked the panellists: what advice would you give to owners, operators and managers when dealing with a situation?

MTI, the crisis media response network, deals with about 650 casualties a year, said Martin Baxendale. "But for probably 400 of them we don't issue anything at all. One-third, we start a response to. It is very important to monitor what the media is saying – you need to take a judgment call."

"A lot of owners really think it will all go away if you ignore it."



THE SWEDISH CLUB — ANNUAL GENERAL MEETING 2014





Sean Moloney
Elaborate Communications

The need for speed

All the panellists emphasised the speed at which news travels today, thanks to social media and instant communication.

Sean Moloney showed how things have changed by reflecting on the time he spent covering the Braer disaster as a Lloyd's List journalist. "I rushed up to Shetland with 400 other journalists. We were in the airport with one phone, and were bussed up to the rock and took pictures."

Sadly oiled wildlife often provides the symbolic picture of such an incident, he said – but he then highlighted the irony: "With the Braer, three seals were seen to die. One was old, one was oiled and one was run over by journalists coming out of the pub."

Photos: Geja Kurken

Roger Harrabin was clear: "With the advent of social media I think there are a lot of accidents that are going to happen from now and into the future that previously weren't even visible, but certainly will become visible. 'In the middle of nowhere' will become 'in the middle of somewhere'."

For example, if there was a loss because of liquefaction and the cargo had been loaded in rainy conditions, it is very likely that there would be some footage of the loading somewhere, thanks to social media, he warned. You just need to find it.

"You need to think about who in your company is going to be able to stand up to a lot of pressure and not be too slick and not foul up."



Martin Baxendale
MTI Network



"Journalists want to speak to the people involved at the heart of any issue – people who can explain in language that is understandable but also explain clearly, so you get that personal feel."

Julian Bray
Editor-in-Chief, TradeWinds



Roger Harrabin
BBC News

Don't be too smooth

At the same time, however, there is a danger of exercising too much PR control, said Julian Bray. "Journalists want to speak to the people involved at the heart of any issue – people who can explain in language that is understandable but also explain clearly, so you get that personal feel."

Martin Baxendale added: "It isn't a good thing if the person being involved is too smooth – which isn't usually a problem in the shipping industry! It is important that people come across as honest and believable. We, as advisers, will not go on TV unless absolutely necessary. It is more important that owners and managers go on the TV. It is your reputation and your vessel and your crew – it should really be you on camera."



Rob Grool, Vroon Group

Roger Harrabin was unequivocal in his view: "If a company puts on a PR man, it is an absolute sign that they have something to hide. You need to think about who in your company is going to be able to stand up to a lot of pressure and not be too slick and not foul up."

The Swedish Club's view

When asked by Julian Bray to share the views of The Swedish Club, Lars Rhodin replied: "Our recommendation to owners is: be prepared, plan and in the event of a casualty, there is no escape. Realise the fact that whatever impeccable record you have in the past, the good guy becomes the bad guy. Be open, be transparent, don't duck. Stand up, be available. But also, don't promise too much. Be open and explain you are taking this seriously

"Stand up, be available. But also, don't promise too much. Be open and explain you are taking this seriously and doing the best to sort it out."

and doing the best to sort it out. But don't be too positive in your press releases, either - you need humility."

He concluded: "As underwriters, we have to be prepared in the event that our members don't have that response structure. If the cause dictates, we will always step up and work with our members."



Lars Rhodin
The Swedish Club

...and now for s completely different

"I have heard you are going to the moon....."

In an inspiring, often hilarious presentation, keynote speaker Mikael Genberg challenged his audience to think, dream and act differently. How (and why) do you put a house on the moon? What is your house on the moon? You can always break down your own boundaries, he insisted.

The artist and entrepreneur behind the project to put an iconic Swedish red house with white corners on the moon swept the audience along as he described his previous projects: a two-person red house hotel in an oak tree, an underwater 'reverse aquarium' hotel room off Pemba Island, Zanzibar, and an eight-seat café suspended five metres off the ground.

"My target group is ten-year-olds. But we are all ten-year-olds inside and I would like to bring forward the ten-year-old in all of us," he said.

The importance of doing

He was at the AGM, he said, to talk about 'doing'. "We all do things – that is

basically what defines us. Sometimes we even succeed in doing really, really bad things and fail catastrophically. And sometimes we achieve extraordinary things that no one expects from us as a group or as individuals."

He listed as essential ingredients: courage, creativity and competence.

"Competence is, however, what you already know, and what you have already learned and established, so it won't actually create the extraordinary. Creativity won't always delivera lot of visionaries together will just keep talking together until they die. But add in courage – when the three things come together, we can achieve the extraordinary."

Brilliant failures

He described the Eiffel Tower as 'the biggest tribute in the world to the meaningless'. "Cultured people in Paris hated the tower and Eiffel was close to being fired for coming up with this stupid idea. They said it would be built for only 20 years and then he would have to take

that rubbish down. Now it is synonymous with France and maybe the reason why Paris is the most visible city in the world.

"Look at Sydney Opera House; it was supposed to cost US\$8 million but ended up costing US\$102 million. People were very angry at the time but I don't think any Australian now thinks it cost one cent too much because it has become the biggest synonym for Australia."

The leaning tower of Pisa provided another example of a 'brilliant failure'. "They failed to check out how the ground was underneath. According to history, the architect said 'It doesn't matter, no one is ever going to notice it'. He was wrong and that was very good for Pisa – people gather there every day, they look at it leaning, then go and drink wine, eat ice cream and buy millions of euros of ugly souvenirs."

Courage to act

Why a Swedish red house with white corners on the moon? "It is such a stupid concept, a childish concept, a house on

omething



..... *I would very much like to put a red house with white corners on the moon and maybe I could join you."*

the moon to make the world a better place," said Mikael Genberg.

The idea came to him in 1999, when he read that the Swedish Space Corporation was planning a satellite to be launched into orbit around the moon. A Swedish house on the moon would be 'so poetic', he thought.

"It wasn't like I was taking it seriously. But I couldn't forget about it. So I did the most courageous thing I have done in my life – picked up the phone and called the PR manager of the Swedish Space Corporation and said: 'I have heard you are going to the moon. I would very much like to put a red house with white corners on the moon and maybe I could join you.'"

Unsurprisingly, there was laughter and he was passed from person to person. But

finally, he was passed to someone who said: "That is the one of the most interesting things I have heard for years. That would put us on the map."

He started looking for investors. "What happens when you come to someone with an idea like this? It takes about 20 minutes for the ten-year-old to come out. It was stupid enough and big enough for people to be interested. We started to get money coming in."

The project continues. As Mikael Genberg concluded: "Visions are worthless if you try to own them. You have to share them in order to have it happen." 🚀

Mikael Genberg is a 53 year old Swedish artist and entrepreneur from Västerås, Sweden.

He began his career working with the traditional art forms of sculpture and painting, but over the past decade has broadened his repertoire, reaching the eyes of the world through developing amazing hotel and living projects. These include the Woodpecker treehouse hotel set 13 metres above a Swedish public park; the underwater hotel Utter Inn; Ooops! Hotel, seemingly half submerged in a lake; and an innovative hotel complex on Pemba island, in addition to putting a little red house on the Ericsson Globe in Stockholm.

The Moonhouse Project

Mikael Genberg's Moonhouse project is 'more than just an art project'. The aim, he says, is to inspire people to push through mental barriers and broaden their perception of what we can make possible.

His dream moved forward relatively quickly, with even NASA getting actively involved, until 2009, when priorities changed after the downturn. However he has recently had news of a new launch opportunity working with a private Chinese space venture.



Roger Harrabin, BBC News Environment Analyst

How the national media views the shipping industry: the inside story

What would propel the international shipping industry on to our front pages or into the television news headlines? The answer is, in the main, not the good news. It's the bad news unfortunately.

"It is one of the brutal facts of life that the media is looking for stories – and if everything is going OK, then there simply isn't a story," says Roger Harrabin, BBC News Environment Analyst. "Shipping is virtually invisible. It happens all the time – we know it happens but it is one of those invisible services.

"Docks tend to be closed off, people don't get to harbours, they don't see the ships, so it is out of sight, out of mind."

The average media is hardly covering shipping, he says: "Unless there's an incident and then it's front page news."

An invisible industry

Roger Harrabin says the shipping industry is invisible except in three scenarios:

- If there's an accident, it suddenly becomes massive news.
- In terms of pollution issues – particularly attracting publicity when there are local pollution problems.
- Technology advances – but only to a relatively small extent.

"I once did a piece on the biggest container ship in the world; it had lots of energy saving gadgets on it and looked really spectacular. If there was something else like that, it would certainly get a little bit of coverage ..."

If that's how the national/international media view the shipping industry, how could this be changed?

"I think the answer is, it is nobody's fault and there is not much you can do about it," he says honestly. "If you look at the criteria of newsworthiness – novelty, drama, conflict, personality, pictures – shipping doesn't really offer any of that

extremely safe in comparison with a lot around the world; we don't report on that unless something happens.

"We don't have a duty to make people interested. If something you expect to

PR isn't

on a regular basis. It is something that is just there. I guess if there was a radical new, super-safe design there might possibly be interest from specialist journalists, but getting the media interested is really terribly difficult."

be OK is OK, it's simply not a story. It doesn't always have to be bad news for us to cover it, but it does have to be newsworthy, and a lot of normal life isn't newsworthy."

Shipping isn't alone

At this point it's probably worth emphasising that the shipping industry hasn't been singled out as one to ignore! "There are all sorts of industries we don't report on, which get very agitated when we report on them when it's something bad. For example, we wouldn't necessarily major in on the fact that UK chemical industries are

Relationships are important

Cost-cutting across many areas of the media industry hasn't helped, either. There are fewer specialist correspondents in the national media, while the local newspaper sector – where it is generally much easier to get coverage – has shrunk considerably.

Roger Harrabin, 61, has broadcast on environmental issues since the 1980s and has won many awards in print, TV and radio.

He has been the BBC's Environment Analyst for 12 years; this was a post created by the BBC so that he could work across all media. He was founder presenter of BBC Radio 4's environment magazine 'Costing the Earth'

He co-wrote the BBC's guidance on reporting on risk, which calls for news instincts to be tempered by statistical perspective.

Roger Harrabin says: "Shipowners or their representatives should have a good relationship with their local paper. But beyond that, we are looking for innovation, novelty, improvements in technology - an unmanned vessel for example."

Of course, journalists have the instinct for a great story – and that also means tackling an issue from what they see as a 'newsworthy' angle. "I'm afraid that we are more interested in shipping being blamed for introducing an exotic species somewhere, rather than the fact shipping is trying to clean up a problem that most people won't have heard about anyway ..." he concludes ruefully.

In short, says Roger Harrabin: PR isn't news. 🗞️

news

"We don't have a duty to make people interested. If something you expect to be OK is OK, it's simply not a story. It doesn't always have to be bad news for us to cover it, but it does have to be newsworthy, and a lot of normal life isn't newsworthy."





Facebook, Twitter, Instagram, YouTube – love it or hate it, it's all out there and it's not going to go away. Ignore social media at your peril. We interviewed Martin Baxendale and Rob Groot, both offering very different perspectives on social media.

Taming the social media dragon



The pace of change

Ignore social media at your peril? Rob Grool, Director, Fleet Management, at Vroon Group agrees, reflecting on some of the casualties and resulting media coverage he has seen over the years.

In the early 1990s, he reports, responders brought in after a minor incident collected and assembled equipment ready for action, only to discover that they had parked the materials on a culturally sensitive site. "This was dealt with locally – all parties agreed ami-cably and that was the end of things - it was still the early days of media attention and there were no cameras or mobile phones."

In the next case, a fully laden tanker hit a rock, which ripped the hull, leaving it in danger of sinking. "Cooperation from the authorities and from the oil company was absolutely nil. We had to find a lightering ship and stabilise the tanker. Then we carried out a scan and found that there was actually a new rock in an area that was declared safe on the charts. Suddenly, when the spotlight bounced back onto the authorities they couldn't cooperate quickly enough."

Fast forward to a tanker that recently ran aground on soft mud in a port's entrance channel. This was a minor incident but, as a result, the boiler needed to be started to transfer cargo and ballast - a routine task "As boiler smoke was emitted a commuter ferry passed and the passengers were convinced it was a major incident - 'click, click' - it was on YouTube and all over the place before Lloyd's Casualty Service even knew about it. The speed was unbelievable. There is no controlling that, absolutely none, so you had better be transparent."

Everyone is a journalist

Social media makes everyone a potential 'journalist' or source of information – and that includes employees. Some might be disgruntled or malicious but in most cases it's a lack of education and guidance, agrees Martin Baxendale, MD of Maritime Technical International (MTI) Ltd.

"It is important to remember that from a seafarer's perspective and company's perspective, we shouldn't see social

"It is important to remember that from a seafarer's perspective and company's perspective, we shouldn't see social media just in negative terms."

Rob Grool

Rob Grool is Director, Fleet Management, at Vroon Group, based in the Netherlands. He started his career with Vroon in the 1980s and returned there in 2015. Vroon operates and manages a diverse fleet of around 200 vessels, including livestock carriers, offshore support vessels, offshore wind turbine installation/maintenance vessels, dry cargo vessels, container ships, product/chemical tankers, bitumen tankers and car carriers.



A Director of The Swedish Club since 2003, Rob Grool previously served as President of Fleet Management at Seaspan Ship Management based in Vancouver. Before that, he was Managing Director of Wallem Group in Hong Kong, after serving as Joint Managing Director of Hanseatic Shipping Co. in Cyprus.

He has been quoted as saying: "People and ships = problems"

media just in negative terms," he says. "It is a fantastic tool, particularly for people who are away from friends and loved ones; being able to communicate with people half a world away is great.

"But it does come with some responsibility. We have seen instances where it has been used in a negative way – often not maliciously but due perhaps to inexperience or lack of guidance that can get people out of their depth and into trouble. The key thing we emphasis time and again, is to give seafarers some guidance. Give them an insight and boundaries so they know how to use these things responsibly and understand what is appropriate and what is not."

In a worst case example, a few years ago a crew member lost his life in an explosion on a chemical tanker. Within a couple of hours, another member of the crew had posted pictures on Facebook of the damage onboard.

"Luckily we saw the images and had them taken down. When we explained to the crew member the risk of the seafarer's loved ones seeing those pictures before the company could offer support and inform them officially, he was mortified. A lot of mistakes are simply thoughtless or careless."

Awareness

Have a social media policy in place but, more effective, try to think of innovative ways to educate employees and make them aware of the issues, he says. For example, a film of crew partying on board can come back to haunt you if that vessel is ever, ever involved in an incident. Even primary school children are having social media training these days, he says. "I heard about a teacher who provided a large sheet of paper and a tin of paint and said to the children: have fun, splash around. Then, when they had done so, the teacher said: now can you put the paint back into the pot? And of course, they couldn't."

Employees need to realise that whatever you put on the Internet is there forever, says Rob Grool. "If a film of crew drinking beer is posted, it could be used in a very negative way even if they weren't on duty at the time the photo was taken."

However, he believes social media is not so very different to the 'old days'. "They used to say it took a whole village to raise a child, because the whole population knew what was happening. That was social control. These are different times, different ways – but it is still social control."

Martin Baxendale

Martin Baxendale is the Managing Director of Maritime Technical International (MTI) Ltd., a leading maritime crisis management PR firm. After working for a City-based advertising and public relations agency, he joined the MTI Network's London office in 1998. During his time with MTI, Martin has overseen traditional public relations projects, as well as working extensively on incident response and reputation management programmes.



He has advised on a number of high-profile media incidents, as well as a wide range of pre-emptive strategic programmes. He is also closely involved in MTI's various training programmes.

how you behave seems to switch off when people use social media. You need to educate people and make them realise that their actions have consequences."

But to turn this around, how can a shipowner use social media as part of its own response in a crisis? "The only thing you can do is have active social media engagement. How far a company goes to engage with people on social media does vary. Some do it a lot, but there are still a lot of companies that quite understandably say 'we are a B2B business, we do our job professionally and safely and we don't go around shouting about it'.

"However, if you don't engage then it is much harder to protect your reputation if something goes wrong."

The dragon tamed

MTI often uses social media as a very effective way of getting the message out, he says. "Years ago we were diligently writing press releases. But in a fast-moving, high-profile story, social media is often the best way to communicate with media and public. You can read a statement on camera and post a link to it, on Twitter or Facebook or whatever platform you are using, and people can go and see that directly. It really is an effective way to get your side of the story out."

"When US Airways Flight 1549 landed in the Hudson River, a passenger on a passing ferry tweeted – and within 11 minutes of the crash he was being interviewed live on CNN. It's incredibly quick and you can't control it."

A team approach

There is another aspect to all of this: the more time seafarers spend online, the less time they spend together. The risk is that the team does not communicate with each other and so can post misleading information due to thoughtlessness or even a grudge.

The question is – how can a crew on board be brought together to act as a team?

An onboard 'cyber café' is one way to harness the media says Rob Grool. "It means at least they can sit together and play games on their laptops. People need a social life on board and you have to engineer it. For example, if people are not encouraged to eat together at mealtimes, they go into their cabins alone. They don't engage with other crew members – leading to a cycle of disengagement – it's chicken-and-egg."

Martin Baxendale adds: "Many believe that people can become insular if social media is used too much. Where the whole crew would once have sat down in the mess room and watched a

film together, now everyone is going back to their cabins and logging on – with no communication there is no community on board.

"Also, anecdotally, there is the issue of people spending their off-duty time using social media too much – then coming back on duty after they should have been resting, but they have been using social media and only had a couple of hours' sleep."

Actions have consequences

Onshore or on board, there's another feature of social media. "People never say to each other face-to-face or in a letter the sort of stuff they will say or do on social media," says Martin Baxendale. "For some reason, that mental filter on what you say and



The shipping press and the industry: an unlikely partnership?

When you are following a dramatic news story and the journalist reports that a central participant has 'refused to comment', it's only human nature to assume that somebody has something to hide.

In reality of course, that's not always the case – very often the cause is fear of the press, or a lack of preparedness. In this article, we ask **Julian Bray, Editor-in-Chief of TradeWinds**, and **Sean Moloney, Managing Director of Elaborate Communications**, to consider: "What does the shipping industry need to do better in its day-to-day engagement with the press?"

There has always been tension between the shipping press and the industry, says Julian Bray. "That is often based on an assumption that they are on different sides – but they are not. The shipping press does have a role to play as a critic and commentator but it is also centrally reporting on what is going on in the industry – companies, people, their views and strategies – to give people insights into how they might run their companies better."

Engagement is an asset

It is easy to say the shipping industry should be more open, but that is not really the issue for individual companies or executives, he says. "We know that it is all about what message they want to get across, and the impression they want to give customers, lenders, employees and the wider world. And you have to remember, this isn't just about reporting for one constituency. With digital access the shipping press can be read by everyone - all your stakeholders - so the ability to engage with the press is an asset, and if you do it well, you will benefit."

Sean Moloney agrees – the first thing, he says, is to acknowledge the presence of the press and the role that the press plays.

"It plays an important role but the immediate reaction is often one of fear, of something you don't know or understand. But this can be a two-way relationship. The press are after stories but equally it's an opportunity for you to make sure the right message is out there for the market to read about, and that can be beneficial for you. It's an opportunity to educate and explain how a company, sector or industry is performing and/or dealing with a particular situation."

Be up front

While the shipping industry may be more used to dealing with the shipping press than mainstream press, journalists don't have to have specialist qualifications in a particular subject in order to cover it, emphasises Julian Bray. "If they ask a

"With digital access the shipping press can be read by everyone - all your stakeholders - so the ability to engage with the press is an asset, and if you do it well, you will benefit."



straightforward question, they deserve a straightforward answer; often the arguments and conflict with the press arise because the industry or a company hasn't given a direct, clear answer. Even when that answer has to be 'sorry, we can't say anything', it is the clarity and candour of the message that is critical."

Remember, journalists – whether specialists or generalists – are not there to be people's friends, says Julian Bray. "They are there to do a job, to report what they see and what the market is seeing. Clearly there is a big difference between public and private companies – at one end of that scale there is the obligation to speak publicly, while at the other end there is a complete lack of obligation. However, there are times when it is in people's self-interest to communicate because it would be damaging not to."



Julian Bray studied geological science at the University of Manchester before embarking on a career as a business journalist, with particular specialisation in the shipping, insurance and energy markets.

He helped to found TradeWinds in 1990 and has also worked for Reuters and for Lloyd's List, where he was Editor from 1998 to 2008.

Julian Bray returned to TradeWinds as Executive Editor in 2008, and was appointed Editor-in-Chief in 2011. His opinion as an expert commentator is regularly sought by radio and television.

“Here’s the danger of the ‘no comment’ approach.... journalists can be surprisingly well informed – thanks to the web, a staggering amount of information can be gleaned very quickly. Organisations need to understand that and realise they have to live in that world.”

No one in shipping needs to be reminded that this is an industry full of private chat, uncorroborated speculation, comment and rumour, he points out. "As journalists, we hear a significant slice of that and we have to make a call on whether it is right, wrong or somewhere in the middle. By simply never responding to any question about speculation or comment, even when you know it to be basically correct, you can seriously undermine confidence in your company or organisation.

"And if you are seen ultimately to have been deceitful, it doesn't demonstrate particularly good leadership and shows at worst that you can't be trusted."



Relationships take time

Take time to build a constructive relationship, he advises. "You can have a relationship where you can guide journalists as to whether things are right or wrong, without necessarily being named. Journalists don't have powers of second sight – they can only work with the information they are able to gain."

And here's the danger of the 'no comment' approach. Any journalist worth their salt can piece together quite a lot of information quite quickly, and that's even more so in this digital age. "They can be surprisingly well informed – thanks to the web, a staggering amount of information can be gleaned very quickly. Organisations need to understand that and realise they have to live in that world."

Sean Moloney says: "Don't be frightened of having a relationship with the press. You have to understand how the press works. People tend to get their fingers burned if something happens and an unfavourable story appears that they don't like. But you can have a relationship with a journalist or publication where there is an element of trust. If it's a big story, the

press are not going to go away – but this is where you can benefit from that relationship by making your own contribution to the story, and that can be very important."

Expert engagement

He puts articles into three categories: sensationalist, reactive and analytical. "It's the last category that you can really make work for you," he says. "The press may be writing about strategy or policy in a specific area and want to talk to you as an expert about what you do and why you are good at it. It's a great opportunity to get your message across and at the same time provide the journalist with newsworthy content. It's about understanding the difference between types of story and engaging in the right way so that both parties get what they want."

Managing a PR agency

Many businesses employ the services of a PR agency, which can guide companies through the media maze, he says. "It can be worrying or confusing and you can be tempted to shy away

from building a relationship with the press, but a PR specialist can help."

Julian Bray agrees that PR support can be valuable as a buffer and for providing experience but warns: "Ultimately it is about your character and whether you can give real confidence in what you are doing. In a crisis in particular, you need to be prepared to speak when you can – a critical part of that is not simply relying on a slick PR machine to handle everything.

"Above all, appreciate just how much unofficial information is out there, hence the risk of allowing a false picture to build up. And if something has happened, don't think that by putting out a sanitised press release that will be the end of the story." 🗨️

And finally, some snippets of advice from Julian Bray:

- There is the danger of going over the top, of being seen in public too much. "I could name some company heads who are at risk of devaluing the quality and feel of what they are saying by saying it too often and too loudly. If you want journalists to report with intelligence about the things your company or organisation is doing, then you need to take them seriously – and part of that is about not bombarding them with press releases about any old rubbish. You need to brief journalists in an intelligent way about the issues that really matter."

- Use social media in ways that are appropriate for your position. "And for goodness sake, don't do anything stupid. Every week someone does something spectacularly foolish on social media where you would expect them to be a little bit more mature and responsible."

- No one can make you say what you feel you don't want to say, especially if you are a private company. "But there are times when you do have to say something and you have to speak honestly and clearly. If you already have a relationship with a few journalists, that can be a major asset in making sure your message gets over, whether in a crisis or in a more constructive time." 🗨️



Sean Moloney has more than 30 years' experience in the international maritime publishing field. He is Managing Director of the maritime publishing and public relations business Elaborate Communications, Editorial Director of the shipping industry's leading owning and



management magazine, Ship Management International, and Publisher of The Ship Supplier magazine. He is also a Director of Shipping Innovation Ltd and a Director of Maritime UK, the industry/government think tank.

A regular visitor and contributor at global maritime conferences and events, Sean Moloney is the brains behind the highly successful London International Shipping Week.

The Swedish Club Mutual Football Cup, 15 June

Third win in a row for Team TSC in a thrilling game, which kicked off the Annual General Meeting 2016.

In true traditional style The Swedish Club AGM programme began with a football match between Team International: players from the Club's international members and associates, and Team Sweden; players from The Swedish Club.



Photos: The Swedish Club



Both guests and the Club's staff gathered to support the teams as they played their 17th AGM match at Heden football field in the centre of Gothenburg – and what a match. Both teams played attacking football and the score held at 2-2 until the last minute when Team Sweden scored to end the match 3-2.

Well done to all the players. 🙌

Find more photos in Out and About at www.swedishclub.com

Early Arrivals Dinner – at Lindholmen Event & Nöjen, 15 June

The traditional seafood buffet was on the table when more than 250 guests and Swedish Club staff gathered at a historic shipyard warehouse for the Early Arrivals Dinner. Great entertainment by the Jamladies guaranteed a cheerful and convivial evening, a great lead-in to the AGM Conference the next day. 🍷



A trip back in time

This year's Partner's Programme went back in time to learn more about how to influence the brain's chemistry, structure and plasticity.

At Skårs Gård, the group learnt the trick of how to influence the brain's chemistry using simple everyday tips and a passion for life and good food.

After lunch the group continued to Åskhult Village, a genuine 18th century village environment consisting of four farms, with buildings dating from early 1600 to mid- 1850. They were guided through a picturesque park and introduced to churning butter. 🧈



The Åskhult Village, about 50 km south of Gothenburg



The group gathered for a photo before today's trip back in time



Jacqui Beesley, Hong Kong trying to churn butter



Lunch at Skårs Gård.
From left: Moyfrid Felecian-Midttun, Norway, Katarina Thorsen, The Swedish Club, Tanya Dimitrova, Bulgaria and Therese Engström, Sweden



A welcome tradition

Lars Rhodin welcomed members and business colleagues to The Swedish Club's 144th AGM dinner held in the Banquet Hall at the Elite Park Avenue Hotel. More than 250 guests enjoyed the traditional menu of salmon, white asparagus and fresh strawberries.

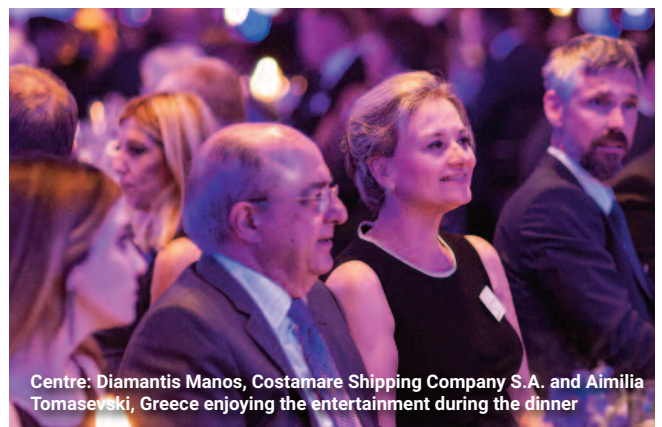
Lennart Simonsson gave a short speech and proposed a toast to The Swedish Club. 🍷



Anders Leissner, The Swedish Club together with Fred Cheng, Shinyo International Group, Tokyo



From left: George Kourousias and Elli-Anna Kourousia of J.P. Samartzis Maritime Enterprises, Athens together with Philippos Fragos of National Insurance Brokers, Piraeus with wife Anastasia Petraki



Centre: Diamantis Manos, Costamare Shipping Company S.A. and Aimilia Tomasevski, Greece enjoying the entertainment during the dinner

Anders Källsson – guest of honour

Anders Källsson of Erik Thun AB was guest of honour at this year's AGM dinner. He is The Swedish Club's longest-serving board member, having been on the board for 26 years.

With more than 70 years of Club membership, Erik Thun AB, entered its first steamship, the "Läckö, in 1944, and now has 40 vessels insured with the Club.



Photos: Geja Kuiken

Find more photos in Out and About at www.swedishclub.com

OUT AND ABOUT AT THE AGM

Photos: Geja Kuiken



The entertainment for the evening was a group of young singers from the 'Star for Life project' performing with the Swedish band Triple & Touch, made up of the duo Göran Rudbo and Ken Wennerholm.

The project is an educational/motivational programme, aimed at strengthening the self-esteem of young people so they are better equipped to realise their dreams. The programme is being run in around 120 schools in South Africa and Namibia. Read more about the project at www.starforlife.org



Find more photos in Out and About at www.swedishclub.com

The Swedish Club Board of Directors, 16 June 2016



Standing: Elisabeth Rydén, Anders Källsson, Jakob Osvald, Anders Leissner, Sumate Thanthwanit, Lars Rhodin, Lim Sim Keat, Rob Grool, Fred Cheng, Gustaf Grönberg and Michael Vinnen. **Sitting:** Idil Baran Sualp, Diamantis Manos, John Coustas, Lennart Simonsson, Khalid Hashim, Demetri Dragazis, Michael Bodouroglou and Peter Claesson. **Not present:** Lars Höglund, Anders Boman, Chen Xiang, Andonis Lemos, Weng Yi and Li Zhen.

From catamarans to containerships



An insight into building the M32 catamaran awaited members and business partners joining the Club for the Friday networking event.

The first stop was the Aston Harald factory on the island of Hönö located in the northern part of the Gothenburg archipelago. Visitors were treated to an insight into M32 racing, Aston Harald's management of sail racing events and the cutting edge technology that goes into construction of the M32 catamaran.

A traditional lunch was served at the Tullhuset restaurant with a view overlooking Vinga lighthouse. The group then boarded the M/S Nya Skärgården, where on the way back to Gothenburg it had the unique opportunity to contrast the beauty of nature in the archipelago with the tremendous feats of engineering to be seen in the Gothenburg docks. 🚢



Enjoying the sun: from left Mrs Su Lin, Greece, Maria Yiassa, The Swedish Club Greece, Elizabeth Breton, Gen Re, Hartford and Alicia Montañes, Muñoz & Montañes Abogados, Valencia



Lunch at restaurant Tullhuset



M/S Nya Skärgården

Find more photos in Out and About at www.swedishclub.com

Emergency Response Training

No matter how careful and safety oriented a shipowner, a potentially catastrophic incident can happen at any time. Everyone likes to believe that they are prepared should an emergency arise, but how can ship operators be sure that they have the right procedures and practices in place to deal with such a situation effectively? An emergency response plan should be in place, and individual elements of the plan can be tested, but such a plan stands or falls on the way those elements interact and support one another should a crisis occur.

"When an accident takes place, you turn to the emergency plan, but have you tested that it works? On paper it may look fine - however, reality is often a different matter," explains Lars A. Malm, Director, Strategic Business Development & Client Relations. "We need to simulate that reality, and so have developed, and are now piloting a new Emergency Response Training initiative to help you become better at emergencies before they happen."

There is an ISM requirement for a company to carry out drills under ISM part A, rule 8, Emergency Preparedness, he explains. "We believe that the training

we have developed will support and build upon this requirement, and have a tangible effect on improving the preparedness of an organisation.

"Of course it is an immense job – a company cannot hope to set up such a scenario for themselves. The Club's Emergency Response Training creates a realistic scenario where a vessel suffers a serious accident and then the Club closely monitors how this emergency is dealt with by both the vessel operator and the underwriter."

So how exactly will it work? The Swedish Club's loss prevention team is currently piloting a programme of complimentary scenarios with members: visiting a vessel and presenting a prepared incident which tests how cover is affected, who is responsible for which action during an emergency, and demonstrating how the Club can assist a member as they act on the emergency plan and ISM.

"This will give you time to adjust areas that didn't work as well as planned, before an accident happens," says Lars.



By Lars A. Malm,
Director, Strategic Business Development
& Client Relations

"The Club's Emergency Response Training creates a realistic scenario where a vessel suffers a serious accident and then the Club closely monitors how this emergency is dealt with by both the vessel operator and the underwriter."



The Club can create a variety of scenarios:

- Grounding and wreck removal
- Cargo damage
- Salvage and pollution
- Collision
- Tendering and repair
- Forum shopping, legal and medical scenarios

Lars Malm explains: "Should an incident become a reality there is no doubt that an organisation that has been proactive in testing its established emergency plans, and made the most of the Club's expertise and guidance, will see a big difference in the way a real life incident is handled – in terms of saving lives, protecting the environment and minimising costs in many areas.

There is also a plan to offer these scenarios to non-members. "This will provide us with the perfect opportunity to demonstrate both how proactive The Swedish Club is, and the commitment and expertise we bring to the support of our members in both good times and bad."



"Should an incident become a reality there is no doubt that an organisation that has been proactive in testing its established emergency plans, and made the most of the Club's expertise and guidance, will see a big difference in the way a real life incident is handled."

Example scenario

In the case of a catastrophic collision it can be difficult to know what areas to focus on as a priority. In a collision scenario The Swedish Club will cover:

- Salvage
- General Average
- Personal injury
- Medical evacuation
- Pollution
- Media response
- Gathering evidence
- Documentation
- Instructions to the crew
- How the accident affects your insurance
- How to get the most from the Club
- Advice on how to handle a catastrophic accident

Do you think your organisation would benefit from a complimentary Emergency Response Training session?

If so, contact The Swedish Club's Loss Prevention team today. lossprevention@swedishclub.com

The Swedish Club joins with partners to prevent anchor loss

The Swedish Club joined DNV GL and Gard earlier this year in a major initiative designed to reduce anchor losses. The root cause of many groundings and collisions; lost anchors are among the top five reasons for claims costs.

The rising number of anchor losses reported over the last several years prompted the three organisations to take action and investigate this issue. Based on an analysis of damage cases involving anchor and anchor chain losses, the project partners produced a training presentation and video identifying the most frequent technical and operational causes, and detailing preventative steps that crews and operators can take to address them.

One of the key findings of the investigation was the need for officers and crew to be aware of the environmental loads their equipment is designed for. If these limits are not taken account of in shipboard anchoring procedures, there can be significant damage to the vessel – even beyond the loss of anchor and chain. Many anchor losses are avoidable, if the proper maintenance and handling procedures are adhered to.

While operationally, every anchoring operation is unique, in practice, the crew and officers still need to be aware of the risks and assess them thoroughly, especially in heavy weather. In almost half of the cases studied, the group saw that environmental risk factors, such as the weather, strength of the currents and water depth, played a significant role in the loss. As with every other operation, shipping companies should make sure that procedures for safe anchoring operations are implemented in their safety management systems.

Anchor and chain loss can often lead to collisions and grounding, which can result in additional damage to a vessel. In addition, the increasingly common requirement from port authorities that lost anchors are recovered will add significantly to the costs of any incident. 🇸🇪

Further information, including the Anchor Awareness video, can be found at www.swedishclub.com/loss-prevention/anchor-loss

Once again the Club extended a hand to the insurance industry; sharing its in-depth experience with insurance professionals at the latest Marine Insurance Course, which took place at the Club's head office in Gothenburg in May.

By Marina Smyth Samsjö,
Marketing Communications Manager



Marine insurance explained

Delegates from all areas of the marine insurance industry met to learn more about key aspects of marine insurance, looking in detail at both the practical and legal aspects of the profession. Participants were provided with knowledge and skills that could be taken back into the workplace - ranging from the legal implications of terms and conditions, to the practical handling of claims and loss prevention.

This year saw once again a record number of members attending, and this year's participants ranged from those new to the industry, to veterans with more than a decade of experience within the business.

Delegates represented the Club's interests around the world, joining the course from the UK, Germany, Netherlands, P.R. of China, France,



Workshop discussions: from left: Dennis Johansson of Wallenius Marine Stockholm, San Win of Wallenius Marine Singapore and Ebru Ural Sari of Zenith Gemi Isletmeciligi, Turkey

Hong Kong, Iran, Norway, Canada, Greece, Singapore, Turkey – and of course, Sweden.

The course provides an excellent opportunity for people working for shipowners, shipmanagers and marine insurance brokers to improve their knowledge of marine insurance, to learn more about what The Swedish Club can offer and also enhance their professional network. 🌐

“The course provides an excellent opportunity for people working for shipowners, shipmanagers and marine insurance brokers to improve their knowledge of marine insurance”



Marine Insurance Course participants 2016

Legal update



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

Leading OW Bunker case finally decided:

UK Supreme Court decides preliminary issue against owners

On 11 May 2016 the UK Supreme Court finally settled a point of law of great importance to the shipping community.

The owners of the *Res Cogitans* had disputed their obligation to pay a OW Bunker invoice on the basis that the bunker contract was subject to the UK Sale of Goods Act 1979, and therefore OW Bunker, including their assignee ING Bank, being the contractual supplier, could not claim payment since they never had had title to the bunkers when "selling" them.

The Supreme Court dismissed this argument, in line with the lower courts'

decisions. The owners' argument may at a glance seem far-fetched not to say disingenuous had it not been for the prevailing circumstances.

OW Bunker had gone bankrupt due to speculative trading activities leaving debts to physical bunker suppliers in excess of US\$1 billion. As a result, physical suppliers claim payment from vessel owners for bunkers supplied under OW Bunker contracts, which resulted in duplicate claims against owners. The decision by the Supreme Court means that, under English law, owners cannot rely on the UK Sale of Goods Act to resolve that problem.

Notably, however, the owners of the *Res Cogitans* had not paid the physical suppliers for the bunkers, nor did owners adduce any information that the physical suppliers had taken any formal steps to pursue their claim.

The decision by the Supreme Court arguably makes sense from a legal perspective although it obviously does not assist owners facing duplicate claims in relation to bunker stems.

The Club has provided some useful guidance how to mitigate risks in relation to the purchase of bunkers in our Member Alert of 7 December 2015. [↗](#)

The Swedish Club is handling about 40 FD&D cases involving bunker invoices worth in excess of US\$20 million for members facing duplicate claims from OW Bunker / ING Bank on the one hand, and physical suppliers on the other hand. It could be said that the just solution would be to pay the

physical supplier, being the party out of pocket.

However, one can also say that if a physical supplier agrees to sell bunkers through an intermediary they must accept the consequences of such a decision, follow the contractual

chain and launch their claim in the OW Bunker bankruptcy proceedings like any other debtor. The basis for the direct action against vessels is derived from the rather ancient right of a maritime lien in the vessel for unpaid bunkers, which may not sit very well today's contractual arrangements. [↗](#)

Notice board

Mandatory container weight verification

On 1 July 2016, SOLAS Regulation IV/2 was amended with new requirements regarding container weights targeted primarily at shippers and charterers. The amendments are expected to have great significance to the container trade and require that all containers have a verified weight certificate before being loaded on to a ship.

The intention is to reduce the number of accidents at sea which are caused by wrongly declared container weights.



York Antwerp Rules 2016 adopted by the Comité Maritime International

Following four years of consultation and an extensive review by a Comité Maritime International (CMI) International Working Group (IWG), the York Antwerp Rules (YAR) 2016 were adopted by the CMI Assembly at its conference in New York in early May.

The YAR are a codification of the rules of general average, the maritime principle that specifies that all parties involved in a sea venture must proportionately share any losses that result from sacrifices made to save the remainder.

The adoption of the YAR 2016 brings to an end 12 years of uncertainty following the adoption of the problematic YAR 2004, which did not have the support of shipowners, and which were, consequently, very rarely used in preference to the well-established and well understood YAR 1994.

The development and finalisation of the YAR 2016 is the product of an extensive review undertaken by the IWG,

with input from the International Group, the international average adjusting community, National Maritime Law Associations, the International Chamber of Shipping, BIMCO and IUMI amongst others.

The most contentious areas of the YAR 2004 have been satisfactorily addressed in the YAR 2016, notably in relation to;

- The treatment for adjusting purposes of salvage remuneration (Rule VI)
- Expenses (Rule X) at ports of refuge
- The treatment of temporary repairs (Rule XIV)
- The exclusion of low value cargo (Rule XVII)
- The provisions relating to Commission and Interest (Rules XX and XXI)

Full details of these provisions can be found in P&I Circular 2618/2016, which can be found at www.swedishclub.com/news-circulars/circulars/p-and-i-circulars/

Out and about

A family atmosphere at the Club lunch in Piraeus



Greek shipowners and industry leaders mingled at this year's Member's Lunch at the historic Marine Club in Piraeus. Area Manager Hans Filipsson greeted the guests and Managing Director Lars Rhodin shared a sneak preview of the theme for the 2016 Club AGM.



Nektarios Katikas of Erasmus Shipinvest B.V. and John Owen, Senior Consultant, The Swedish Club



From left to right: Tord Nilsson, The Swedish Club; Anna Kountouriotou, Oceanbulk Maritime S.A. and Christos Anagnostou, Oceanbulk Maritime S.A.



Isidoros Caroussis, Chios Navigation; Daisy Kairis, Kairis Brothers Shipping Co. Ltd. and Menelaos Pangalos, Chios Navigation



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The graphic features a blue outline of a globe on the left and a stylized blue and white graphic of a ship's hull and a data stream on the right.



Marathon team runs the Gothenburg Half Marathon

A record team of 35 Club members, business partners and staff took part in this year's Gothenburg Half Marathon in support of The Swedish Sea Rescue Society. Cheered on by a crowd of more than 200,000 spectators and the sound of musical performers lining the route, the whole team completed the course, many putting in personal bests. We are delighted that so many of our business partners joined us for this fantastic run.

Since its beginnings in 1980 with 1,800 participants, the race is now one of the largest in the world and since its inception has had over one million registered runners.

The next race will take place in Gothenburg on 20 May 2017.

www.goteborgsvarvet.se

We would like to take this opportunity to thank all of The Swedish Club Team who made a donation to The Swedish Sea Rescue Society. 🇸🇪



From left: Lars Rhodin, Tilmann Kauffeld and Martyn Hughes from The Swedish Club prepared for the race.

Popular seminars in Hamburg and Bremen

In April this year, The Swedish Club again hosted its traditional and popular seminars in both Hamburg and Bremen for members and business associates.

Managing Director Lars Rhodin reflected on the 2015 insurance year and the Club's Loss Prevention team spoke about the new Emergency Response Training, the latest report into main engine damage, and worked through an interesting case study.

In total, almost 200 members of the German shipping community made the most of the opportunity to network, and build on their relationships with The Swedish Club and its team of underwriters, claims handlers and managers. 🇳🇵



Hamburg: from left Michael Eden, Sandra Bahls and Mattias Kreuzfeldt of Marlow Ship Management



From left: Gerd Ley and Erwin Flathmann of Shlüssel Reederei KG, Bremen



A well-attended and interactive Club event in Istanbul

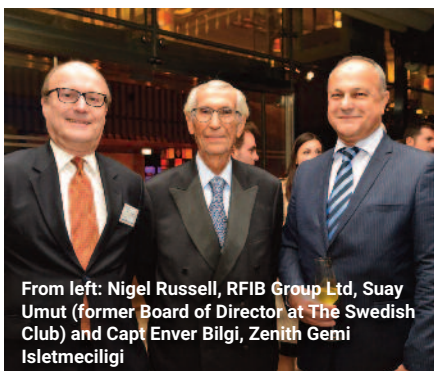
Managing Director Lars Rhodin and Jacob Vierø, Area Manager at Team Gothenburg, welcomed all guests who took the opportunity to meet and mingle with The Swedish Club's staff, colleagues and business partners in Istanbul earlier this year.

This Club event is highly appreciated by members, as it is a valuable occasion for discussing and sharing business knowledge in a relaxed environment.

We thank everyone who could participate and we will certainly aim for another event next year. 🇳🇵



From left: Capt Erbil Özkaya, Ya-Sa Shipping, Ozgur Asik, IRI Istanbul Ltd, Mehmet Kayhan, Ya-Sa Shipping Industry and Trading SA and Ahmet Can Bozkurt of Omur Marine Ltd



From left: Nigel Russell, RFIB Group Ltd, Suay Umut (former Board of Director at The Swedish Club) and Capt Enver Bilgi, Zenith Gemi Isletmeciligi



From left: Erol Ardaman of Densan Shipping Co., Lars A. Malm, The Swedish Club and Ülker Gürdeniz of Omni Ltd



From left: Maria Berndtsson, The Swedish Club, Idil Baran Sualp, CerBa Group of Companies and M. Fehmi Ülgener of Ülgener Legal Consultants Law Office

Staff news

Malin Högberg awarded Swedish Maritime Law Association's 2016 scholarship for young lawyers

Malin Högberg, Claims Executive, P&I and FD&D, Team Gothenburg, was recently awarded the Swedish Maritime Law Association's first ever scholarship for young lawyers.

The prize is an invitation to participate in the International Conference of the Comité Maritime International (CMI), which this year took place in New York City in May. The CMI conference is an important event in the legal calendar, attracting senior maritime lawyers and key industry players from around the world, offering the opportunity to meet and share knowledge and experience and shaping developments at the cutting edge of modern shipping law.

The scholarship was set up by the Swedish Maritime Law Association (Swedish MLA) to encourage young professionals to play a more active role in the development of new maritime laws. It is open to young Swedish shipping-oriented lawyers in



Left to right: Joe Walsh, Partner, Clyde & Co, Malin Högberg, Prof. Dr. Dieter Schwampe, Partner, Dabelstein & Passehl

the early stages of their career, who are members of the Swedish MLA and have a keen interest in maritime law and a future commitment to the CMI.

With the Club's support, Malin applied for the funding and was chosen by the Swedish MLA to take part in the delegation along with Jörgen Almelöv (Partner at Setterwalls law firm and Chairman of the Swedish MLA), Måns Jacobsson (former director of the IOPC fund), Paula Bäckdén (Postgraduate at the Scandinavian Institute of Maritime Law and Assisting Average Adjuster of Sweden) and Mikaela Dahlman-Tamm (Senior Legal Adviser at Insurance Sweden).

Malin's background, before joining The Swedish Club in 2012, includes both an LLM in Maritime Law from the University of Oslo, an LLM in Law from the University of Gothenburg and a Deck Officer Class VII certificate from Chalmers University. Her interest in the maritime field began much earlier when she started sailing traditionally rigged sail training vessels at 13 years old. She attended Öckerö Sailing Upper Secondary from 15 to 18 and sailed for several years on traditionally rigged sail training vessels and smaller passenger vessels as an AB and, eventually, on sailing vessels, as Chief Officer.

Held in conjunction with the Maritime Law Association of the United States' (MLAUS) AGM and attended by more than 600 maritime lawyers from around the world, the main achievement of this year's conference was the adoption of a new set of York Antwerp Rules (YAR 2016) along with non-binding Guidelines on General Average (see p.33).



Malin Högberg and Jörgen Almelöv, Chairman Swedish MLA

Birgitta Hed Elected Chair of the International Group's Personal Injury Sub Committee



Birgitta Hed, Senior Claims Manager at The Swedish Club, has been elected Chair of the International Group Personal Injury Sub Committee (PISC), at a meeting held at the Secretariat in London on 14 April.

The PISC is one of more than 20 sub committees established by the International Group which provide forums for mutual cooperation in areas of common interest between the clubs on topics such as the impact of legislation, contractual terms and general developments in shipping. It focuses on liability for personal injury and encompasses a number of working groups.

Birgitta is a member of the Philippine Working Group within the PISC, which monitors procedural and legislative developments in the Philippines.

The ultimate aim of the various International Group sub committees is to serve the interest of the mutual shipping community insured by clubs in the International Group by making a tangible contribution to loss prevention. 🇸🇪



Team Gothenburg

Kristoffer Lindqvist

Kristoffer has been appointed Underwriter in Team Gothenburg as from 1 August 2016.



Team Asia

Jonathan Ji

Jonathan joined the Club's Hong Kong office on 1 August 2016 as Claims Executive. He holds an LL.M. in International Commercial and Business Law from the University of East Anglia, UK. He previously worked for Skuld in Singapore.

Summer 2016

Club Quiz

Club Calendar

1 – What did RMS stand for before Titanic's name?

- 1 Royal Marine Ship
- X Royal Motorised Ship
- 2 Royal Mail Ship

2 - Which company owns the first ship to transit the new Panama Canal?

- 1 MSC
- X Cosco CS
- 2 OOCL

3 – What is the Morse code for SOS?

- 1 .-.-.-.-
- X ---...---
- 2 ...-.-.-

Mail your answer to quiz@swedishclub.com

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

Club quiz winner 1-2016



Congratulations to winner of Club Quiz No 1-2016, Kostas Pallaris, Seatankers Management Company Ltd, Limassol, Cyprus, who has been awarded a Club give-away.

The right answers to Club Quiz No 3-2015 are:

- 2. 70% (How much of the world's surface is covered by ocean?)
- 2. A landau (Which of the following are not for sailing in?)
- 2. 11 (How many Academy Awards did the motion picture Titanic win?)



27 Sept	Cocktail Reception London
5 Oct	Cocktail Reception Oslo
6 Oct	Board Meeting Oslo
9-10 Nov	Marine Insurance Seminar (MIS) Zhuhai (PRC)
14-16 Nov	Marine Insurance Seminar (MIS) Piraeus
28 Nov	Winter Lunch Gothenburg
8 Dec	Board Meeting Bangkok
15 Dec	Lucia Dinner Piraeus

For further upcoming events, please refer to www.swedishclub.com

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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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