



Geopolitical changes: current issues and new scenario for hull underwriters

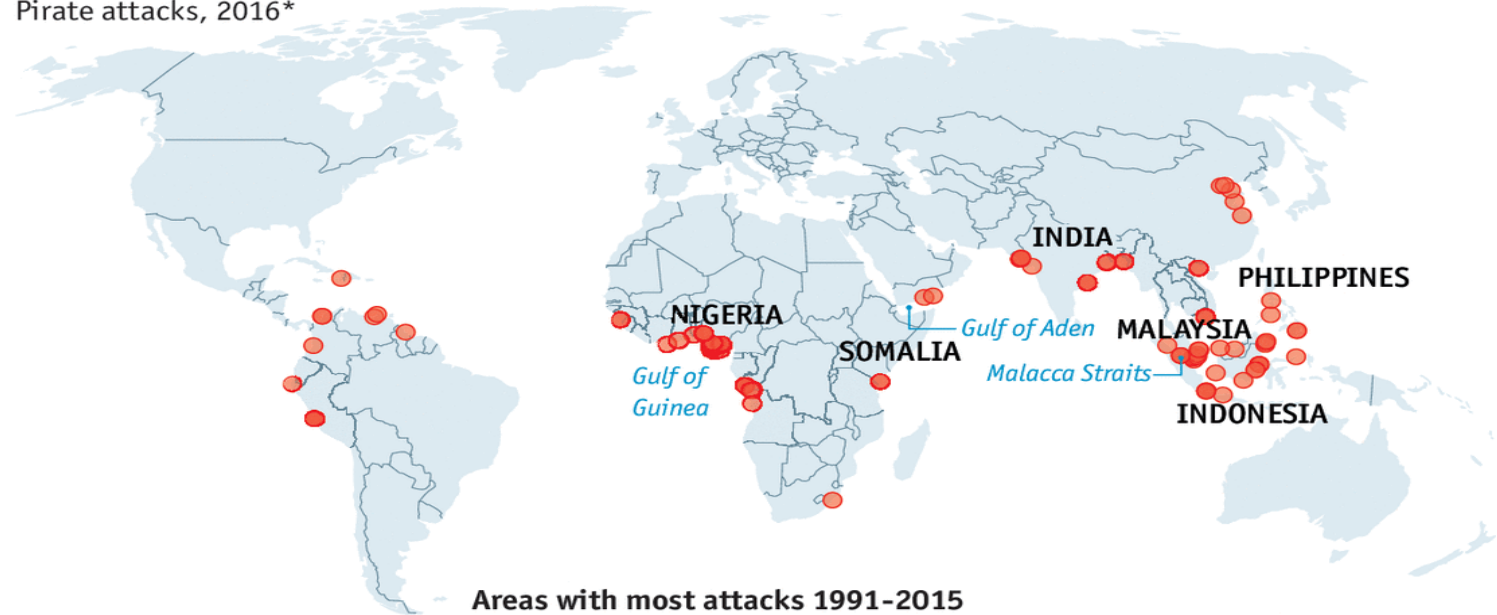
Piracy



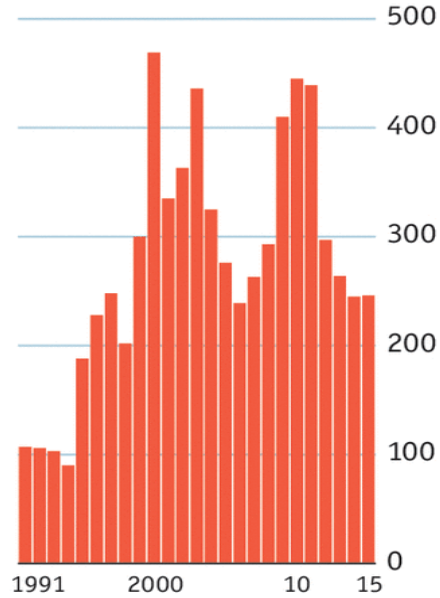


Blackbeard down

Pirate attacks, 2016*

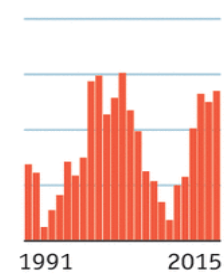


Total

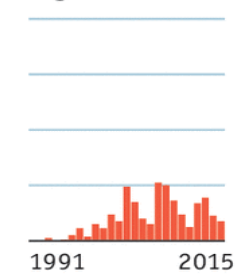


Areas with most attacks 1991-2015

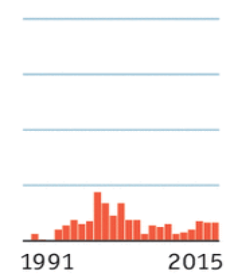
Indonesia



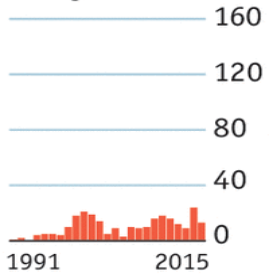
Nigeria



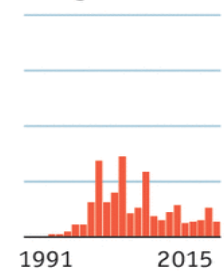
India



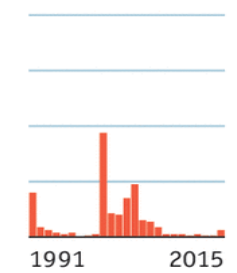
Malaysia



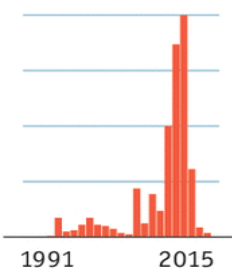
Bangladesh



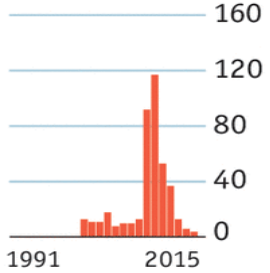
Malacca Straits



Somalia



Gulf of Aden



Source: International Maritime Bureau

*To September 2nd



TOTAL NUMBER OF ATTACKS PER YEAR

LOCATION OF ACTUAL AND ATTEMPTED ATTACKS

LOCATIONS	2007	2011	2016
INDONESIA	43	46	49
MALAYSIA	9	16	7
SINGAPORE STRAITS	3	11	2
BANGLADESH	15	10	3
INDIA	11	6	14
GOLF OF ADEN	13	37	1
NIGERIA	42	10	36
SOMALIA	31	160	1
TANZANIA	11	0	0
SOUTH CINA SEA	3	13	0
BENIN	0	20	1
RED SEA	0	39	0
VIETNAM	5	8	9
TOTAL NUMER OF ATTACKS WORLWIDE	186	376	123

Bosphorous

- Total distance of Turkish straits 164 nm
- 160 miles Turkish territorial waters
Marmaras Sea
Dardanel
Bosphorous
- 40.000 naval transits per year

CANAKKALE STRAIT 37 NM

Çanakkale

MARMARA SEA 110 NM

Marmara Adası

Pasalımanlı Adası

Imralı Adası

İSTANBUL STRAIT 17 NM

Bursa

MISSION

Assist and improve the safety of Navigation in Turkish Waters and consists of the following branches:

- Search and Rescue
- Turkish Straits Vessel Traffic Services (TSVTS)
- Marine Communication
- Marine oil spill response during salvage operations or in case of emergency
- Salvage and Towage
- Aids to Navigation(Lighthouses, Buoys, dGPS, RDF)





ANY VESSEL IN NEED OF ASSISTANCE
MUST APPLY TO THE COASTAL AND SAFETY
ADMINISTRATION

Only one form of salvage agreement:

«The Turkish Salvage Agreement / No cure-no pay»

(TOF)

MAIN CONCERNS

- "HIGH" AWARDS: Flat rate, same % for all salvages
- SECURITY:
 - GUARANTEES
 - cash security or legally sufficient bank security
 - LEVEL OF SECURITY
 - Terms and amounts determined by the salvor
 - No claim for compensation may be made against the SALVOR for having obtained a high amount of security.
 - SECURITY FOR ALL VALUES
 - Security will have to be posted on behalf of cargo, freight and bunkers.
- ARBITRATION:
 - If demanded by Salvor, to be resolved by arbitration in Istanbul;
 - Any other dispute to be resolved/settled in accordance with general provisions by the Istanbul Courts;
 - FEES: 10%/12% of amount of award
 - INTEREST: All costs to be paid by shipowner;
 - APPEAL: doubtful
 - COSTS: All costs to be paid by shipowner;
 - PAYMENT: 7 DAYS of service of award;
- SALVORS ARE EXEMPT FROM ANY LIABILITY

SUGGESTED GUIDELINES

Given the situation as explained in the previous slides, our experience from many cases of vessels being in need of assistance in the Bosphorus shows that the most effective way of limiting the size of the award under the TOF which unavoidably will have to be entered into, is to react as promptly as possible, in strict cooperation between Owner/broker/claims leader (if necessary appointing immediately experienced local counsels) showing full willingness to get the case satisfactorily closed with prompt payment of the salvage award, even if this may imply that the vessel has to advance the cargo portion of salvage.

**THE ARCTIC
ROUTE**
seen from
an insurance
perspective





ATLANTIC OCEAN

Beaufort Sea

Greenland

Alaska

PACIFIC OCEAN

Greenland Sea

Bering Sea

Chukchi Sea

Provideniya

Mys Shmidta

ARCTIC OCEAN

Pevek

Norway

East Siberian Sea

Sweden

Finland

Barents Sea

Laptev Sea

Murmansk

Kara Sea

Tiksi

St. Petersburg

Arkhangel'sk

Nordvik

Sea of Okhotsk

Dikson

Khatanga

Dudinka

Noril'sk

Salekhard

Yamburg

Igarka

Russia

Shipping Routes

- Coastal Route
- Mid Route
- Transit Route
- Over the Pole Route



WHY THE NORTHERN SEA ROUTE?

Melting of the ice cap - amount of ice reduced by 40% over the last 30 years allow the transit of larger and a variety of vessels.

Distance from Northern Europe to China and vice versa, approx 40% shorter than via the Suez Canal or 60% shorter via the Cape of Good Hope.

Substantial reductions in transportation time, fuel consumption, environmental emission and eliminates piracy risk

Further cost savings by generating return cargoes from the Far East



TRANSIT VOYAGES IN 2010 - 2013

	2010	2011	2012	2013
Total Volume of Transit Cargo,	111 000	820 789	1 261 545	1 355 897
Total Number of Transit Voyages	4 (2 of them in ballast)	34 (10 of them in ballast)	46 (13 of them in ballast)	71 (22 of them in ballast)



CHALLENGES FROM AN INSURANCE PERSPECTIVE



- Reduce coverage of aids to navigation (GPS);
- Limited and/or inaccurate charts and hydrographic surveys;
- Magnetic compasses are unreliable at those high latitudes;
- Inadequate weather reports;



EXTREME COLD CAN CAUSE ENGINE PROBLEMS

VIOLENT STORMS AND ROGUE FLOATING ICE EVEN IN SUMMER MONTHS



Convoys: a risk increasing element



**FREQUENT HEAVY
FOG**

**Will an icebreaker
be available when
needed?**



The Nordic insurers approach to the challenges of the Northern Sea Route

- The Northern Sea Route is part of the «excluded trading area» according to the Nordic Insurance Plan;
- As a consequence the insurance cover is suspended unless permission from the insurer has been obtained;
- If/when permission is obtained, nevertheless cover is conditional upon full compliance of «safety regulations» which means:
 - the Classification Society regulations;
 - the Flag State regulations;
 - the «new» (Jan. 1, 2017) I.M.O. Polar Code;
 - the Coastal State regulations with transit permission obtained by NSRA (N.S.R.A. is within and under the Russian Federal State Institution «The Northern Sea Route Administration»)
 - conventional pilotage
 - assistance by icebreakers

Needless to say that risk of grounding, stranding, machinery break-down, ice-damage, heavy weather is substantially increased although the very limited historical record invited the underwriters to focus on loss prevention and quote additional premium time by time on the basis of the information supplied by the assured



THE POLAR CODE (HAS TAKEN EFFECT FROM 1° January 2017)

A major step in the right direction

- Will change way the ship owners prepare
- All ships with a category A, B, and C shall have a Certificate and a Polar Water Operation Manual PWOM on board
- Not as easy for unprepared owners to trade to the Arctic
- But still many uncertainties with regard to permissions and summer trade for ships with low ice classes

BEYOND PIRACY, BOSPHOROUS AND ARCTIC ROUTE.....

°SANCTIONS:

- United Nations
- United States of America
- European Union

°CYBER RISKS

THANK YOU FOR YOUR ATTENTION