

## Safety at sea – the insurers' perspective

Date: 8 December 2010

### Introduction

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The shipping industry is crucial to global trade with around 90% of all goods carried by sea. Marine insurance is an essential service provider for shipping companies and operators, who rely on various forms of asset, income, liability and cargo insurances in their daily operation. This was also early recognized by shipowners, and the first written record of an insurance contract is dated back in the year 1255.

### The role of Cefor and marine insurance

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Marine insurance is first and foremost a risk management tool, established to provide large and stable risk carrying capacity to the shipping industry and make the unpredictable predictable through the law of large numbers.

Shipping companies have the primary responsibility for the safe operation of their ships and the safety and welfare of their crew. Flag states and classification societies have the overall responsibility for the implementation and enforcement of international maritime regulations for ships flying their flag.

Safety at sea is a concern for all providers of marine services and products – insurers included. As a quality marine insurance market, Cefor members pay close attention to port-state controls and requirements from recognised classification societies in order to assess individual risks and avoid substandard ships in their portfolios. Under Nordic conditions, we only provide cover to those who maintain class. Any alternation of risk due to change of the State of registration, manager of the ship or of the company responsible for the technical/maritime operation, or classification society will be carefully considered and may give cause to cancel the insurance should the quality and seaworthiness of the ship come into question.

As a part of our standard clauses, the use of safety regulations and excluded or conditional trading areas has a direct influence on safety at sea.

Cefor's primary role is to serve our Nordic members by promoting quality marine insurance. Our four main functions also serve a purpose in more safety related matters:

- Through comprehensive statistics we provide information on incidents at sea and are able to detect any early claims trends;
- Through competence building we are able to identify quality operations and price accordingly;
- Through agreed all risks conditions we offer a comprehensive solution in which safety of the crew, environment and property is at the forefront both as a precaution and in the event of an emergency;
- Through a common public voice we communicate our observations and concerns and propose amendments to existing or proposed new regulations if and when appropriate.

## Loss prevention

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Loss prevention can be explained as the combined efforts designed to reduce the number and cost of “expected” incidents:

- to protect life and environment,
- to improve quality of shipping, and
- to protect assureds’ property and other interest.

Individual Cefor members offer a number of loss prevention schemes ranging from information bulletins to training programs with the aim to prevent incidents at sea. Cefor produces claims statistics that form the basis for further investigation within member companies on root causes, which in turn may lead to new loss prevention initiatives.

## Claims handling

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Should an incident occur, priority shall be given first to rescue life at sea, then to avoid or reduce the environmental impacts and finally to protect property. Insurers will play an active role throughout an emergency in close collaboration with the assured. The Nordic claims handling model is built on a strong tradition of delivering very hands on and supportive claims service both in the early stages of an emergency and in settling claims. The service is backed by extensive maritime expertise including in-house adjusting and a worldwide network of independent surveyors and technical experts.

## Main focus & observations

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In spite of all efforts to the opposite, accidents at sea do happen and we should all take advantage of learning from past mistakes. As marine insurers we gain knowledge of incidents and causes through a large portfolio of claims. We believe in sharing this knowledge and our observations with shipping companies in a joint effort to minimize the risks. On an individual level, Cefor members will continue the hands on support offered by Nordic insurers to clients in this regard.

We are in particular focusing on the following main areas:

- Level of training and experience among officers and crew in the merchant fleet, including;
  - the curriculum and quality of training facilities/maritime schools,
  - training in specific waters and/or with increasingly sophisticated equipment,
  - shortage of seafarers in relation to an increasing fleet, and
  - practical experience.
- Fatigue, including;
  - crew-specific factors,
  - management factors,
  - ship-specific factors, and
  - environmental factorsas described by the IMO guidelines on Fatigue (MSC/Circ. 1014)
- Safety culture and routines, including;
  - communication between crew of multiple nationalities,
  - compliance with safety regulations/procedures and near-miss reporting, and
  - cooperation between captains and pilots.

In addition, experience tell us that continuous vigilance, control, transparency and not the least good dialogue between all interested parties are of great importance in order to determine the quality of

- design, ship yards & inspections,
- maintenance & repairs,
- pre-medical screening,

and identify

- faulty new technologies,
- overloading and incorrect loading.

Cefor participates regularly in consultations, meetings, and formal and informal networks with relevant regulatory bodies and other stakeholders. In order to create a predictable and reliable framework with high maritime safety and security standards, we strongly support international, as opposed to regional or domestic, regulation of safety at sea.