

Insurance and Compliance Issues

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Current Issues of Uncertain Risk

Cyber

War

Lithium-Ion Batteries (on
UUVs and elsewhere)

Cyber Theats

- Trend separating it from Hull & Machinery Insurance Continues.
- Cyber preparedness could be an issue in the warranty of seaworthiness for charter parties and Hull and Machinery insurances.
 - Insurers could deny coverage.
 - Charterers could claim damages.

War & Piracy

Red Sea south of the Eritrean Border and Gulf of Aden to the border with Oman.

Some risk of free-floating mines in the Black Sea.

Vessel owners have removed high risk area in Indian Ocean, but maintained by

War Risk Limitation: Notice Required

1. NAVIGATION PROVISIONS

Unless and to the extent otherwise agreed by the Underwriters in accordance with Clause 2, the vessel or craft insured hereunder shall not enter sail for or deviate towards the territorial waters of any of the Countries or places, or any other waters described in the current List of Areas of Perceived Enhanced Risk (listed areas) as may be published from time to time in London by the Joint War Committee.

2. BREACH OF NAVIGATION PROVISIONS

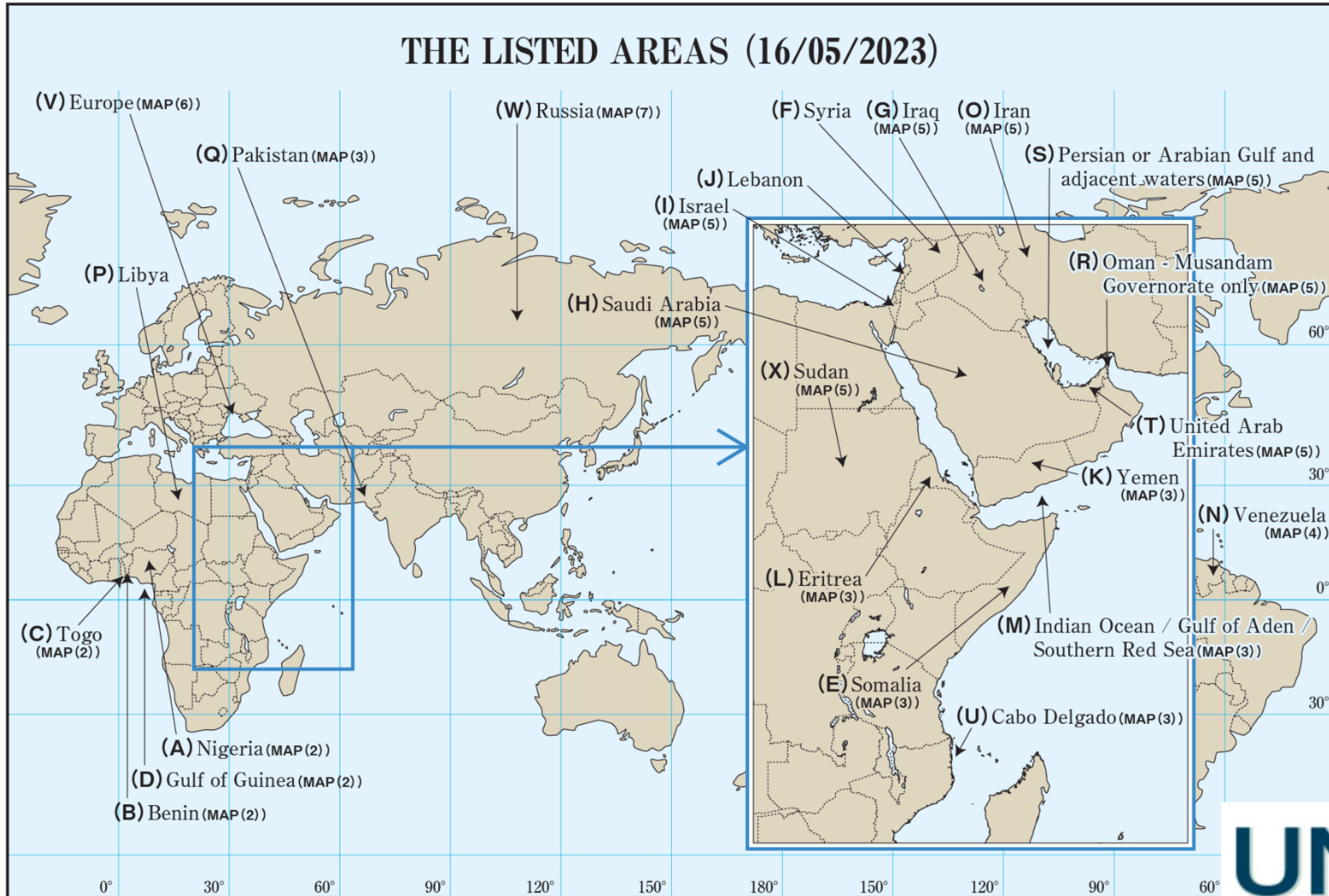
(a) If the Insured wishes to secure continuation of coverage under this insurance for a voyage which would otherwise breach Clause 1, it shall give notice to Underwriters and shall only undertake such voyage if it agrees with the Underwriters any amended terms of cover and any additional premium which may be required by the Underwriters

(b) In the event of any breach of any of the provisions of Clause 1, the Underwriters shall not be liable for any loss, damage, liability or expense arising out of or resulting from an accident or occurrence otherwise covered under this insurance during the period of breach, unless notice of such breach is given to the Underwriters as soon as practicable and any amended terms of cover and any additional premium required by them are agreed.

(c) The absence of prior notice shall not affect the cover under this insurance but it is a condition of this insurance that the Insured is bound to declare to the Underwriters all breaches of the provisions of Clause 1.

(d) If Clause 2(c) is deleted, continuation of coverage under this insurance is conditional upon notice to the Underwriters being given prior to the vessel or craft entering the listed areas.

THE LISTED AREAS (16/05/2023)



[MAP (5)]

Please read carefully "Navigation Limitations for Hull War, Strikes, Terrorism and Related Perils" to check "THE LISTED AREAS" with proper nautical/Admiralty charts.
This map shown herein is only for your information and you should not rely upon this map for geographical accuracy.



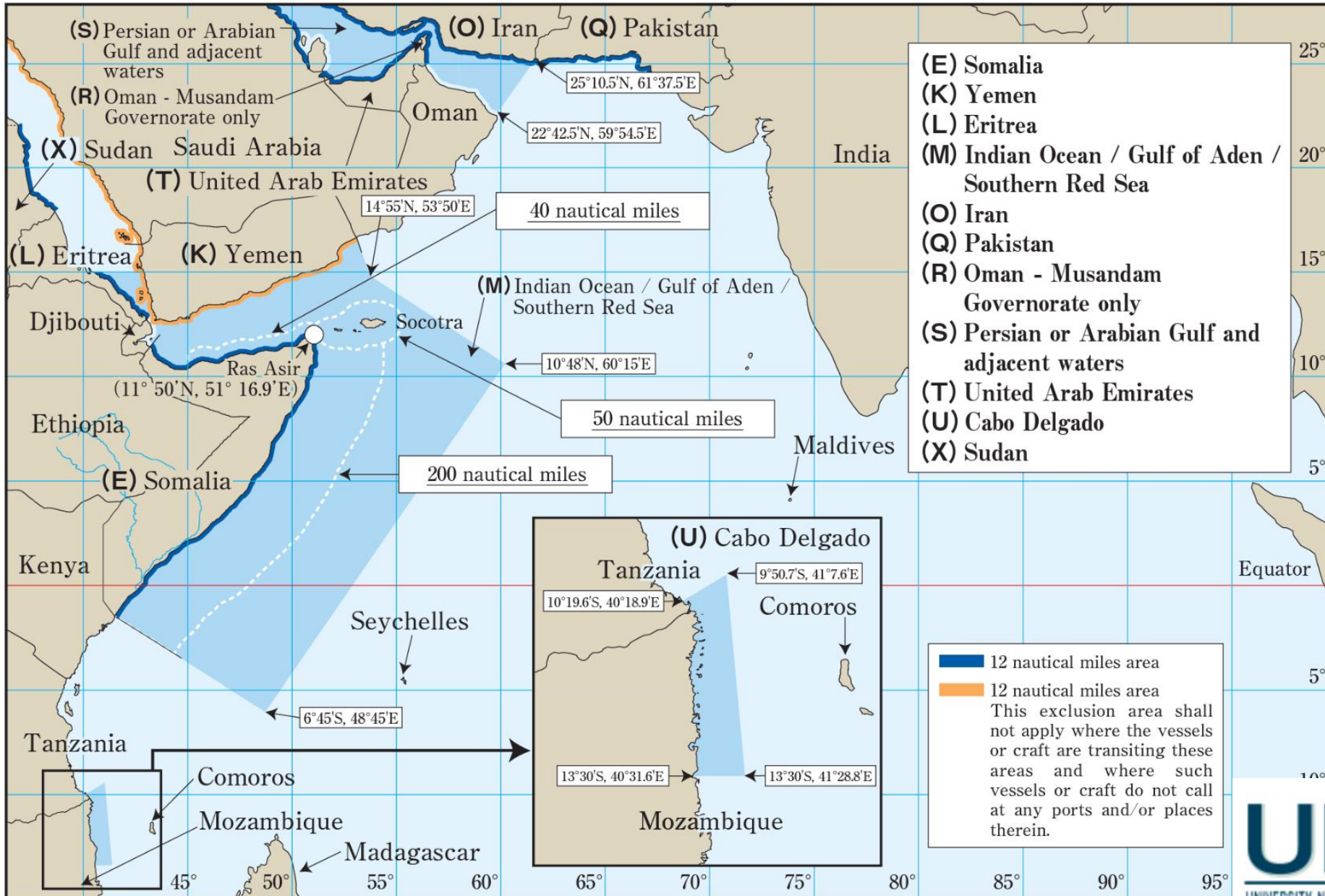
[MAP (6)]

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[MAP (3)]

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[MAP (2)]

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[MAP (4)]

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Lithium-Ion Batteries

- Concern about fires.
- Possibility of separating from Hull & Machinery Insurance
- Importance of establishing/adopting appropriate protocols to make sure a vessel is seaworthy.
 - Insurers
 - Charterers
 - Members of the crew and science party.

Lithium-Ion Batteries: All Sizes



The Genius Star IX Burning Off the Coast of Alaska,
December 2023

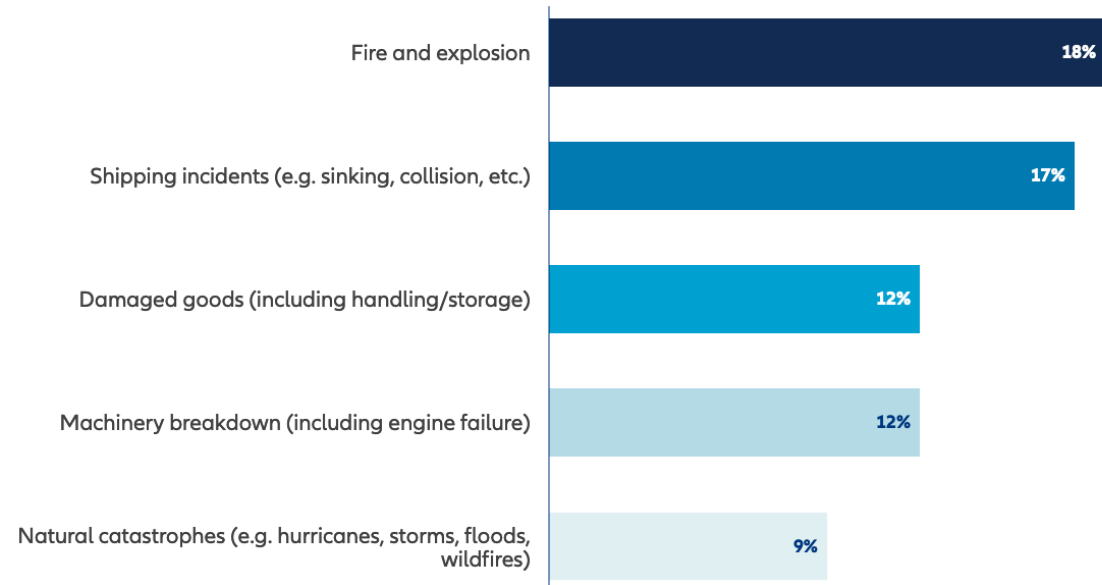
Lt.Cmdr. Michael Salerno / U.S. Coast Guard

Fire Top Cause of Losses



Top causes of loss by value of claims in marine

Based on analysis of 244,451 insurance claims between January 1, 2017, and December 31, 2021, worth approximately €9.2bn in value. "Other" causes of loss account for 32% of the value of all claims. Claims total includes the share of other insurers in addition to AGCS.



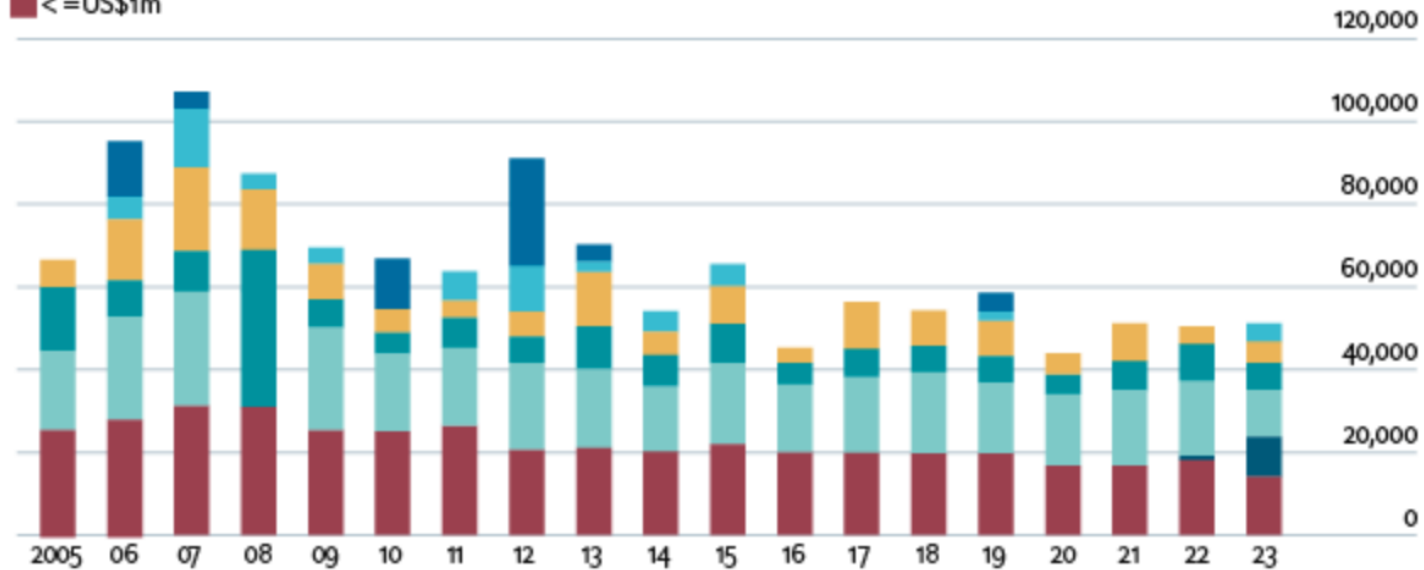
Claims Are Flat



Despite rising war risk, claims remain flat for marine insurers

(claim per vessel by intervals of claim cost, by accident year, US\$)

■ >US\$50m ■ US\$30-50m ■ US\$10-30m ■ US\$5-10m ■ US\$1-5m ■ Incurred but not reported
■ ≤US\$1m

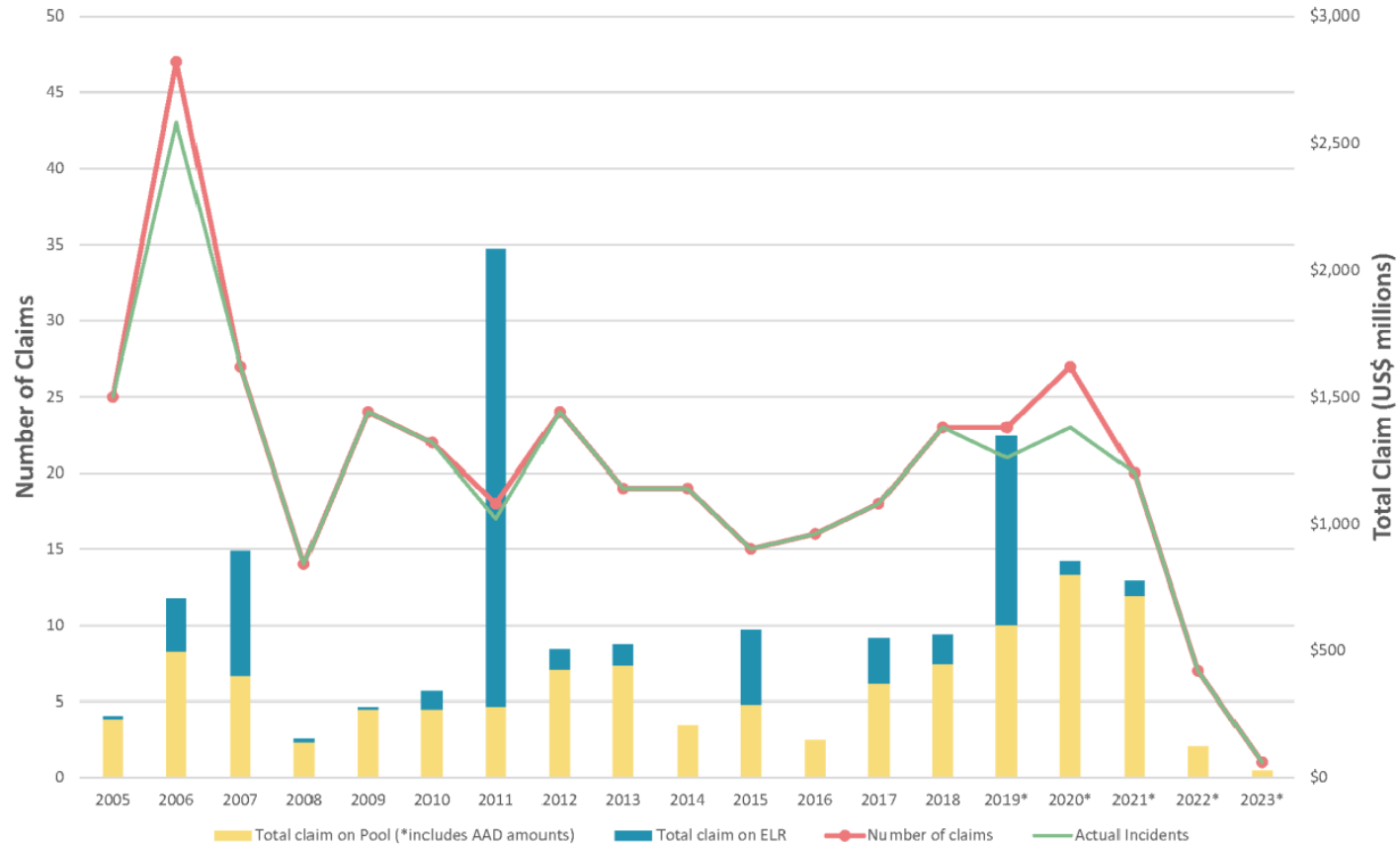


Source: The Nordic Association of Marine Insurers.

Claims Down

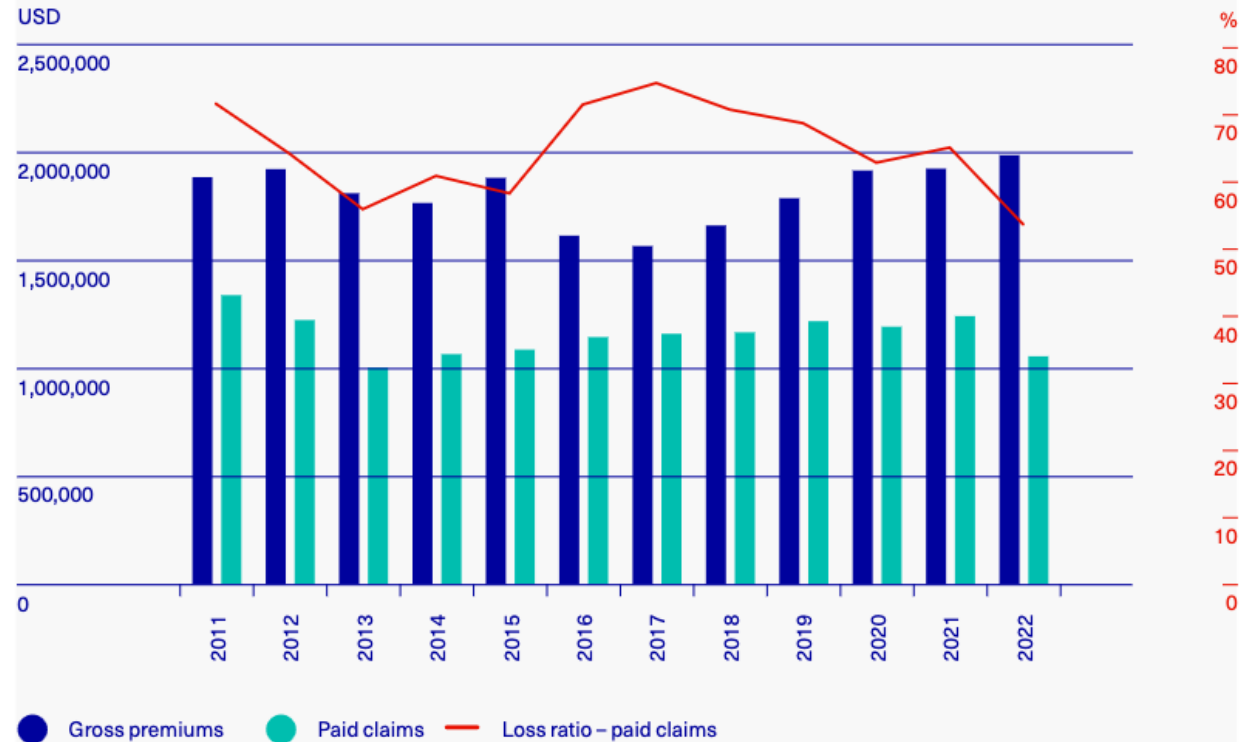
P&I Pool claims by policy year

Source: Int. Group of P&I Clubs, Claims as of 23 July 2023



Loss Ratios Down

Chart 32: Hull loss ratios – Asia
Accounting year, gross premiums, paid claims



MV DALI
Potential >\$3bn
Limitation Claim <\$47m

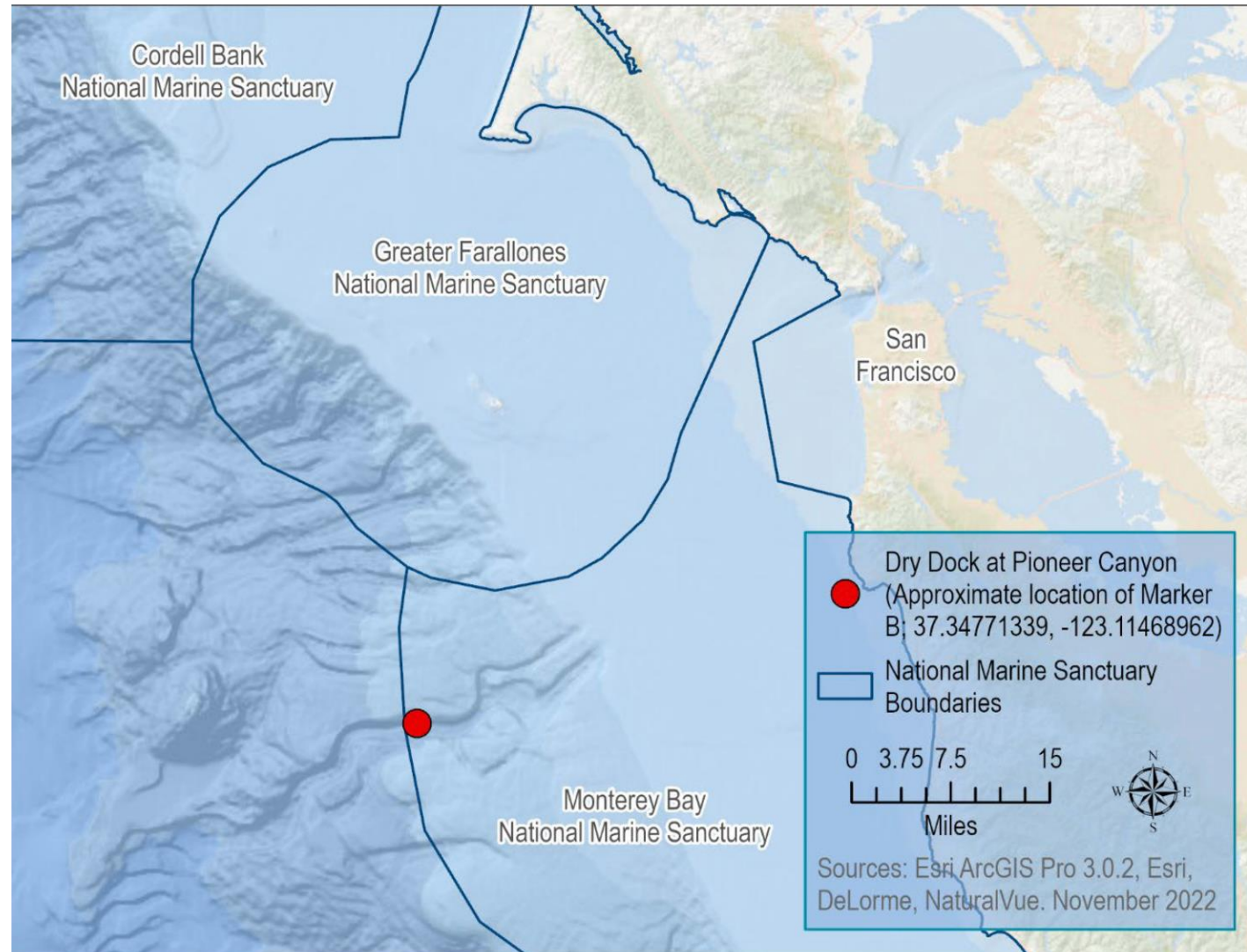


The Sinking of the Drydock YFD-70. Under Tow to the Ocean Ranger



Location of the Drydock

Approx. .92 nm Inside Marine Sanctuary



The Marine Sanctuary



Damages to Vigor Marine, LLC and Western Towboat Company

- Towage:
 - \$187,462.01 (\$142,800 plus fuel) (not recoverable by Western due to Western's fault)
- Liability of Western to Vigor on Contract: None
- Under the National Marine Sanctuaries Act:
 - Approximately \$8,500,00, most paid by Vigor's Insurance
 - \$100,000.00 deductible paid by Vigor (\$40,000 recoverable due to Vigor being 60% at fault)
- Attorney's Fees and Costs to Vigor on Western's Towage Claim:
 - \$959,100.98