

MASS INSURANCE AFLOAT AND ASHORE

Britt Pickering – Claims and Legal Director

Camilla Slater – Head of Legal



SHIPOWNERS

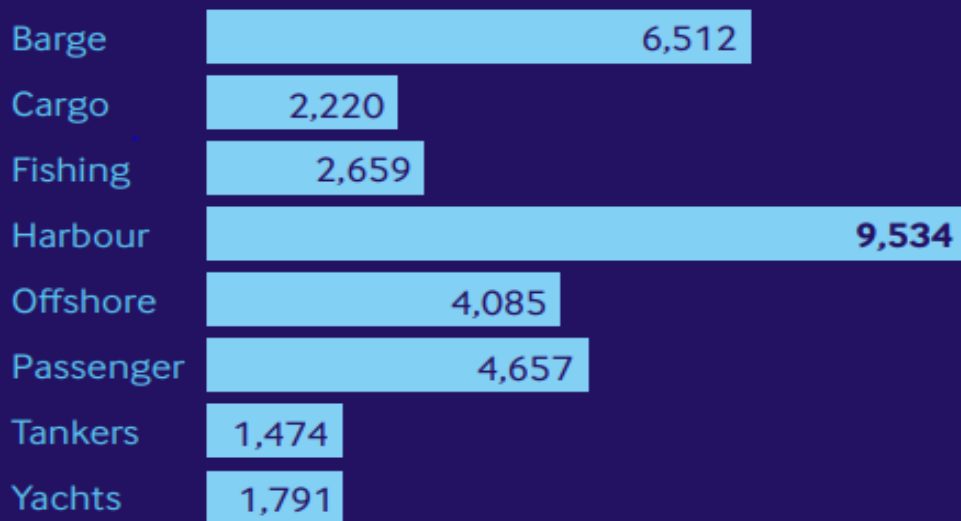
THE SHIOWNERS' CLUB – ABOUT US



- The Shipowners' Club is a market leader with over 160 years experience in the provision of mutual P&I cover and associated insurances.
- We are one of thirteen Clubs which make up the International Group, insuring over 90% of the world's tonnage.
- We insure 33,000 *small and specialist* vessels across the globe, with a particular focus on *regionally trading* vessels.
- We have a wide spread of Members across a wide range of vessel types.

SHIPOWNERS' CLUB – TRADITIONAL FOCUS ON SMALL AND SPECIALIST VESSELS

TOTAL VESSELS BY SECTOR



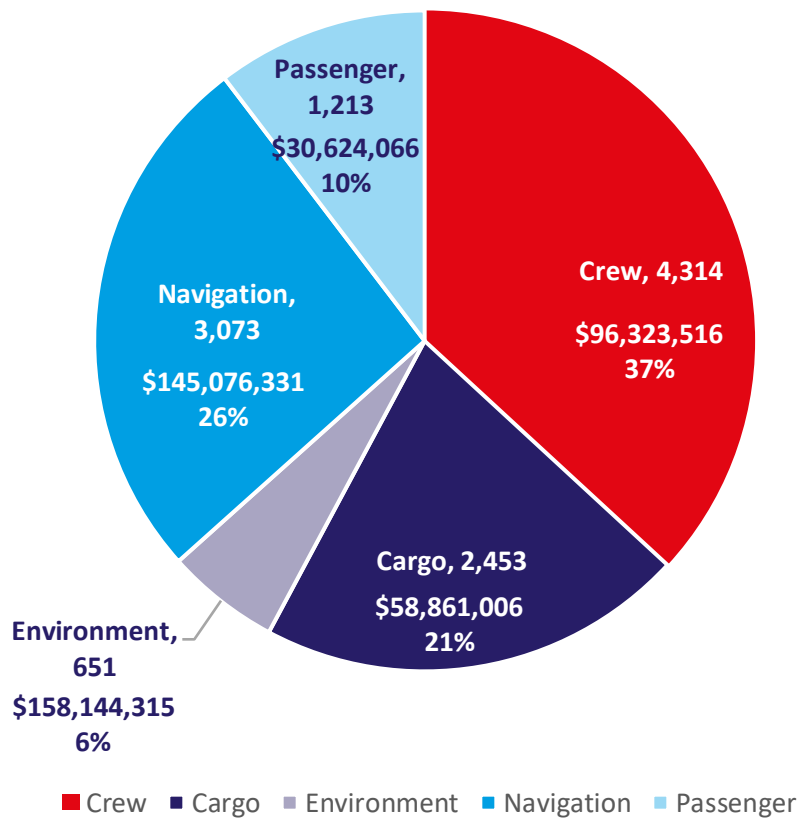
GROWTH IN MASS SECTOR



- The subject of our 2018 seminar ‘Autonomous Ships & the City’. Industry quotes:
 - *“This will be the last generation of ships as we know them”*
 - *“The greatest opportunity since the advent of steam”*
 - *“The world is likely to change more in the next 30 yrs than it did in the centuries between the beginning of the renaissance and the twentieth century”*
- Against the trend:
 - Smaller, domestically trading, vessels will lead the way
 - Envisaged larger fleets of smaller vessels
 - Predominantly specialist vessels
 - An opportunity for small ports with specific infrastructure

SHIPOWNERS' CLUB – CLAIMS EXPERIENCE REFLECTS OUR CORE COVERS

Claims by Type
Policy Years 2014-2017



- Our core covers include:
 - Crew illness/injury/death
 - Cargo loss/damage
 - Environment – pollution and wreck
 - Navigation
 - Passenger
- We also provide:
 - Specialist additional insurance for Members engaged under onerous contracts and those undertaking very specialist works
 - Legal Costs Cover for legal expenses arising out of a wide range of disputes

GROWTH IN MASS SECTOR LEADS TO DEMAND FOR TAILORED INSURANCE SOLUTIONS



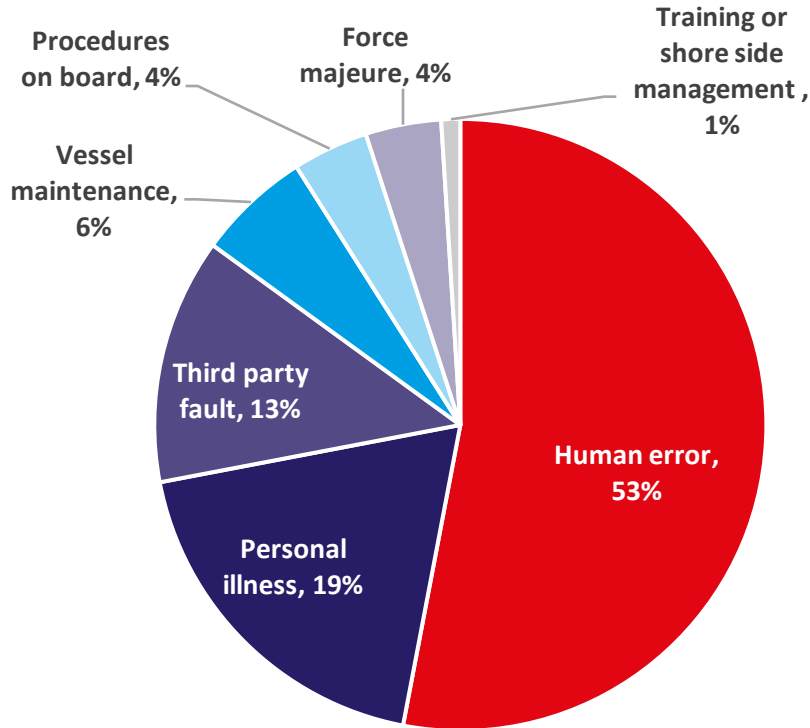
- Growth in sector leads to demand for suitable insurance
- In 2011 – Club's **plain language all risk policies** developed for specialist sectors
- Why do MASS suit our plain language wordings?
- What cover does the Club's policy provide for MASS?

▶ AUTONOMOUS VEHICLE LIABILITY INSURANCE
POLICY



A CHANGE IN RISK ENVIRONMENT FOR MASS

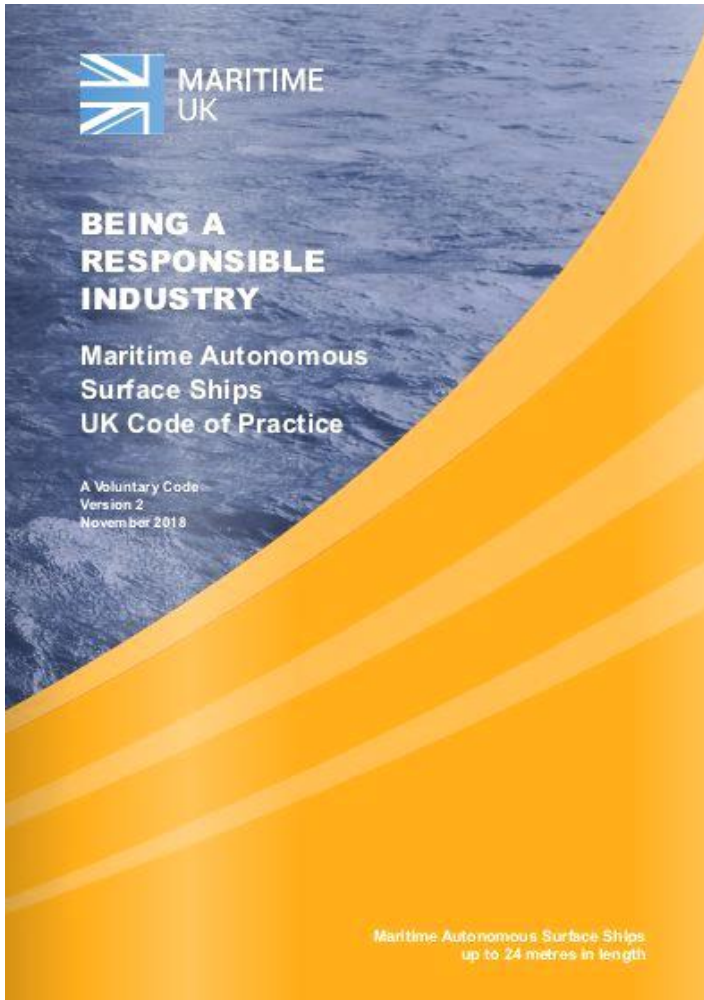
Claim Causation
Policy Years 2014 to 2018



- Human error
- Personal illness
- Third party fault
- Vessel maintenance
- Procedures on board
- Force majeure
- Training or shore side management

- Crew claims (illness/injury/death) – implications for MASS
- Human error is the most common cause of claims in traditional marine operations. How does this change for MASS?

CHALLENGES FOR INSURERS – UNDERSTANDING THE MASS RISK



- **Identification and Registration of MASS:**
 - Is this important to Insurers?
 - Understanding the quality of tonnage and operational standards
- **Legal and regulatory framework**
- International Conventions were not designed with MASS in mind and IMO's work will take time. However, industry forges ahead. In the meantime:
 - UK Code of Practice and Code of Conduct
 - Insurers must approach each risk on a case by case basis

CHALLENGES FOR INSURERS – UNDERSTANDING THE MASS RISK



- Traditionally, Club cover based on requirement for vessels to be supervised by Flag/Class
- To ensure 'unclassified/registered' MASS are assessed as suitable for entry, criteria assessed includes:
 - Compliance with voluntary codes
 - Operational range and contracts
 - Levels of autonomy to be utilised in the operation
 - Experience of the company in operating MASS
 - Standards the vessel has been built to
 - Experience of the vessel builders
 - Cyber security measures

CYBER – OPPORTUNITY OR CHALLENGE?



Opportunities

- Knock on effects for aligned enabling technology:
 - Interactive monitoring, data analysis, connectivity and geo fencing
 - Possibility for a truly evidence based insurance policy – pay as you go
 - Evidence gathering

Challenges

- Cyber attacks could lead to P&I claims

CLOSING THOUGHTS

- Insurers must adapt and recognise a shift in risk
- To begin with, the underwriting approach must be individual
- Shipowners' Club take part in shaping the future liability landscape

