

Green Transition of the Industry – An Insurer’s Perspective

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Together we enable sustainable maritime development



Sustainable maritime development

Why a healthy ocean is important to our industry



Agenda

1. Decarbonisation – regulatory/industry initiatives
2. Decarbonisation – potential for new disputes/claims
3. The role of the insurers in the green transition
4. (The Mariners Medico Guide)

Decarbonisation – regulatory/industry initiatives



...for reaching the decarbonisation targets

1. Energy Efficiency eXisting ship Index (EEXI)
2. Emission Trading Schemes (ETS)
3. Carbon Intensity Indicator (CII)
4. Alternative fuels

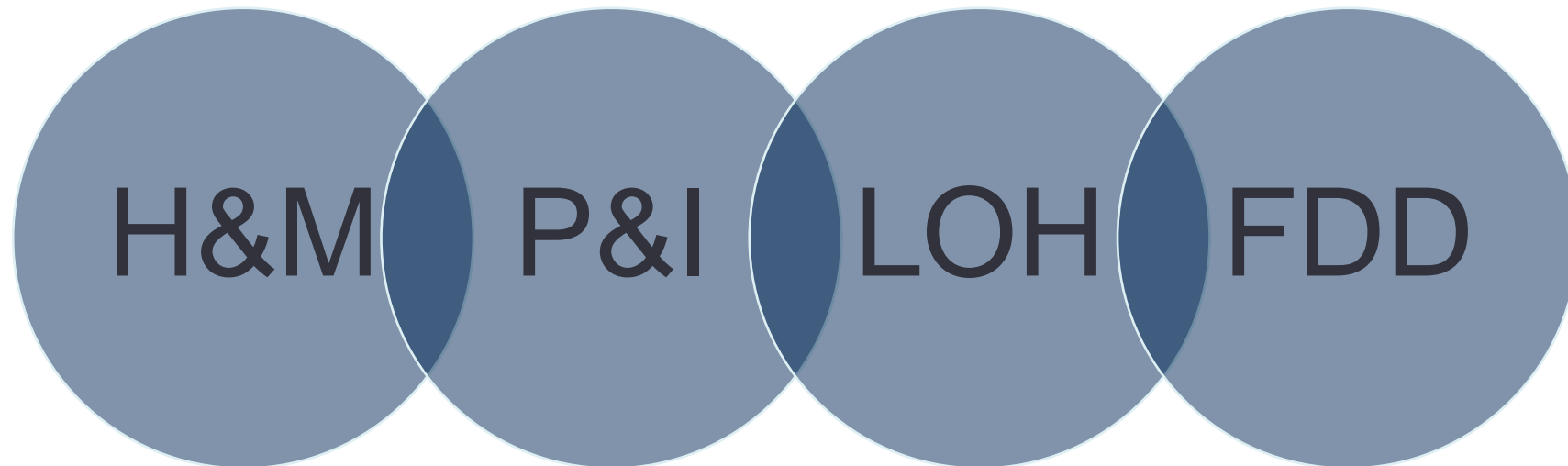
Decarbonisation – potential for new disputes/claims

...what to expect on the path to decarbonisation?



Decarbonisation – potential for new disputes/claims

...what to expect on the path to decarbonisation?



Energy Efficiency eXisting ship Index (EEXI)



EEXI:

- A technical index related to the design of the ship introduced by the IMO to reduce the greenhouse gas emissions of ships
- Applicable to most pre 2013 in-service vessels excess 400 GT and operating internationally. Required by the first annual, intermediate or renewal survey of the International Air Pollution Prevention Certificate (IAPP) post 1 January 2023
- The attained EEXI shall be equal to or less than the required EEXI. If attained EEXI cannot satisfy the required EEXI, the ship should implement any countermeasures, such as power limitation, or retrofitting energy saving devices

Possible new disputes/claims

- H&M/LOH:
Power Limitation: Additional strain on engines? Do we have data on the effects of long-term slow steaming?
New installations/technologies:
Crew familiarization? Performance issues?
- P&I:
Power Limitation:
Slower vessels = more cargo damage claims?
E.g. soya beans
- FDD:
Speed/consumption disputes under longer term TCs when full speeds are reduced
(BIMCO EEXI Clause)

Emission Trading Schemes (ETS)

ETS:

- National schemes, not IMO regulations like EEXI and CCI
- EU is likely to be the first in line to include shipping in their Emissions Trading System. Ships will have to pay for emissions trading allowances if they are trading in, or in and out of, the EU. A 30% to 50% increase in fuel costs if operating in the EU is expected based on current allowance price
- Not yet IMO, but potential for a carbon tax?

Possible new disputes/claims

- H&M/LOH:
Bunkers consumed which could form part of hull claim:
 - Bunkers consumed during removal process for repair at yard?
 - Bunkers consumed during repairs (not so relevant?)
- P&I:
Cover for ETS fines due to non-compliance?
- FDD:
Who pays ETS costs?
 - May be specified in the scheme
 - Bimco clause

Carbon Intensity Indicator (CII)



CII:

- The Carbon Intensity Indicator is an operational measure and rating system of how efficiently a ship transports goods or passengers
- The CII determines the annual reduction factor needed to continuously improve the ship's operational carbon intensity within a specific rating level. The actual annual operational CII achieved will need to be documented and verified against the required annual operational CII
- The first reporting of the CII based on 2023 data is due no later than 31 March 2024

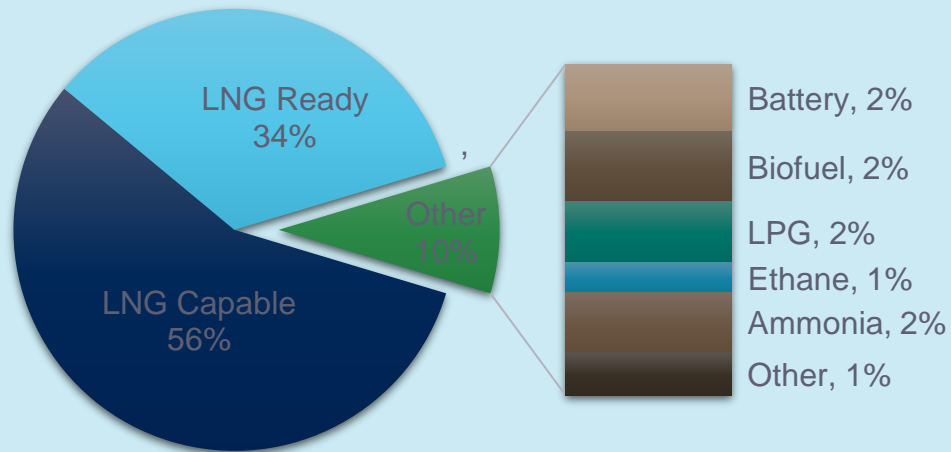
Possible new disputes/claims

- H&M/LOH:
N/A?
- P&I:
Slower vessels = more risk of cargo damage? eg. soya beans
- Are CII clauses being incorporated into BLs?
- FDD:
Owners' claim for worse CII rating on re-delivery - liquidated damages or penalty?
Charterers' claim for credit for improved re-delivery CII rating?
- Difficulties of agreeing a suitable CP Clause?

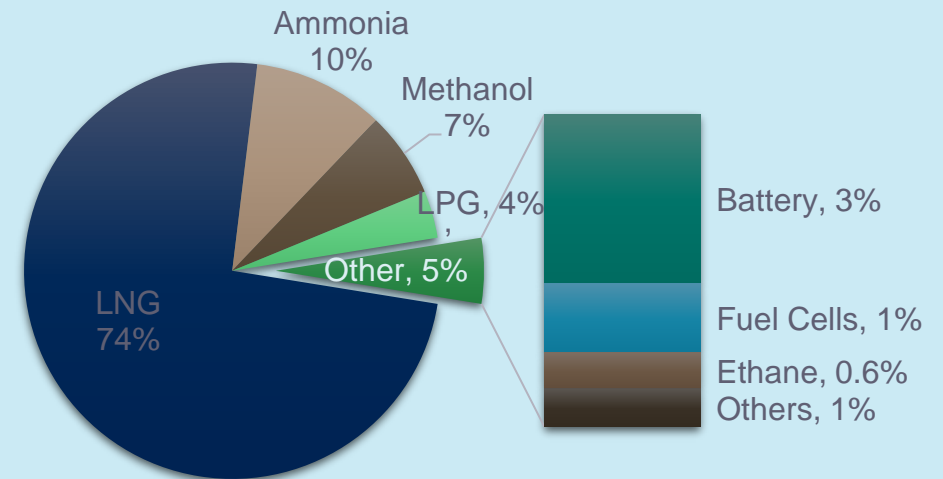
Alternative fuels

Uptake by GT

Current fleet (1,707 vessels)



Order book (1,477 vessels)

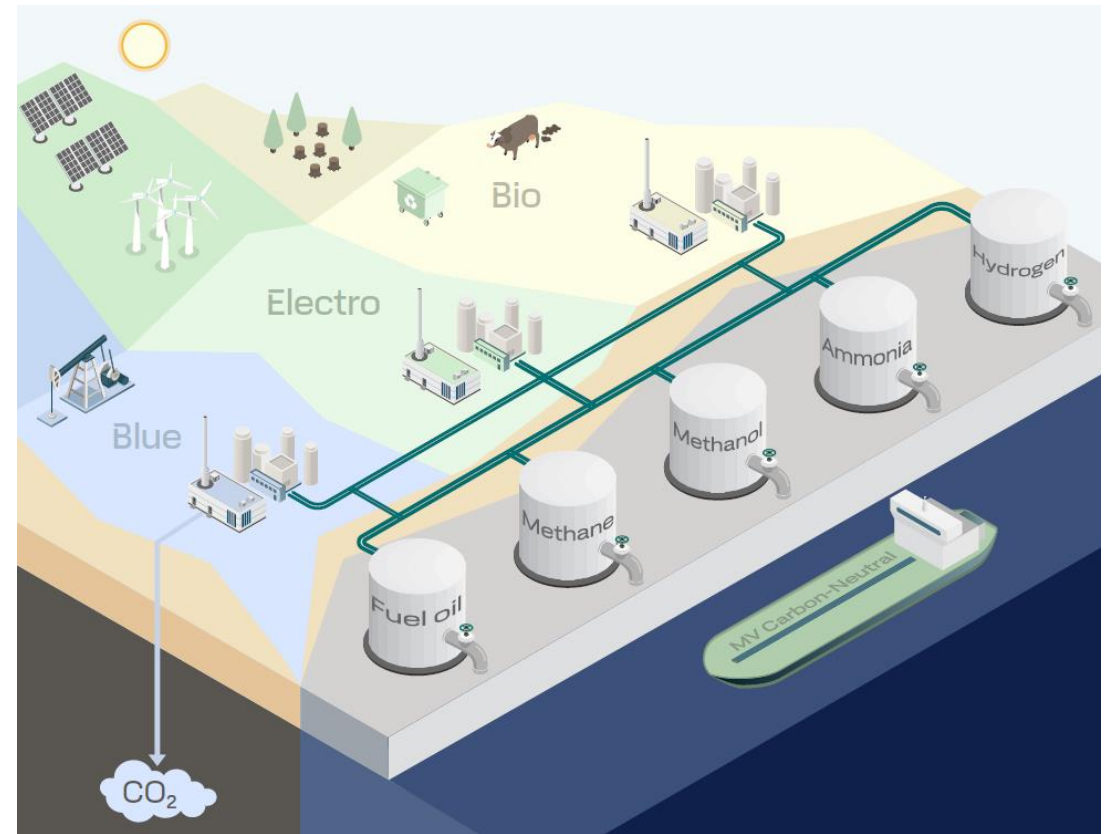


Source: Clarksons Green Technology Timeseries, Oct'22

Alternative fuels

New risks, claims and disputes?

- Crew training for bunkering new fuels, from dirty to toxic fuels...
- Vessels may fracture following LNG spills
- Compatibility (fuel specification, quality and blending stability issues): more Machinery claims?
- No specifications for new fuels: recourse against supplier/charterer?
- Cost/benefit sharing between Owners/Charterers?
- C/P clauses?



Source: DNV, Maritime forecast to 2050

The role of the insurer?



Some Gard initiatives

13 CLIMATE ACTION



14 LIFE BELOW WATER



8 DECENT WORK AND ECONOMIC GROWTH



INSURANCE PRODUCT MAPPING & IDENTIFYING GAPS



13 CLIMATE ACTION



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8 DECENT WORK AND ECONOMIC GROWTH



SUSTAINABILITY REPORTS FOR CASUALTY HANDLING



INSURING FUTURE ENERGY & UNDERSTANDING NEW RISKS AND OPPORTUNITIES



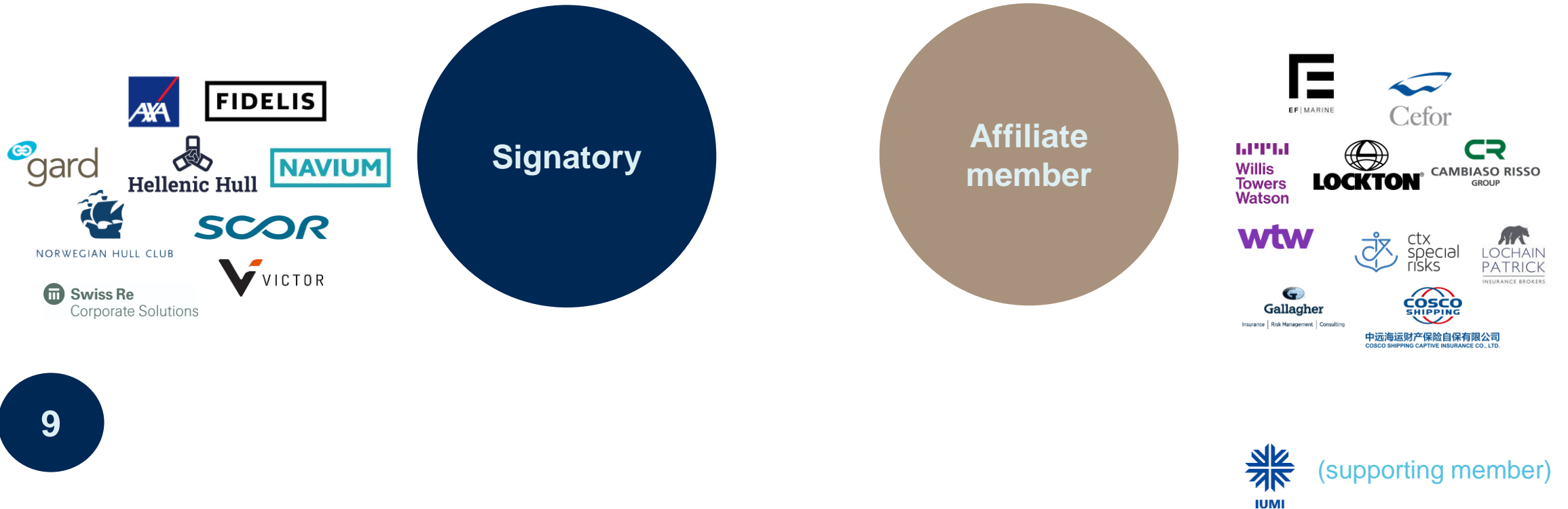
INSURING FUTURE ENERGY & UNDERSTANDING NEW RISKS AND OPPORTUNITIES



The Poseidon Principles for Marine Insurance



Launched December 2021, came into force in May 2022



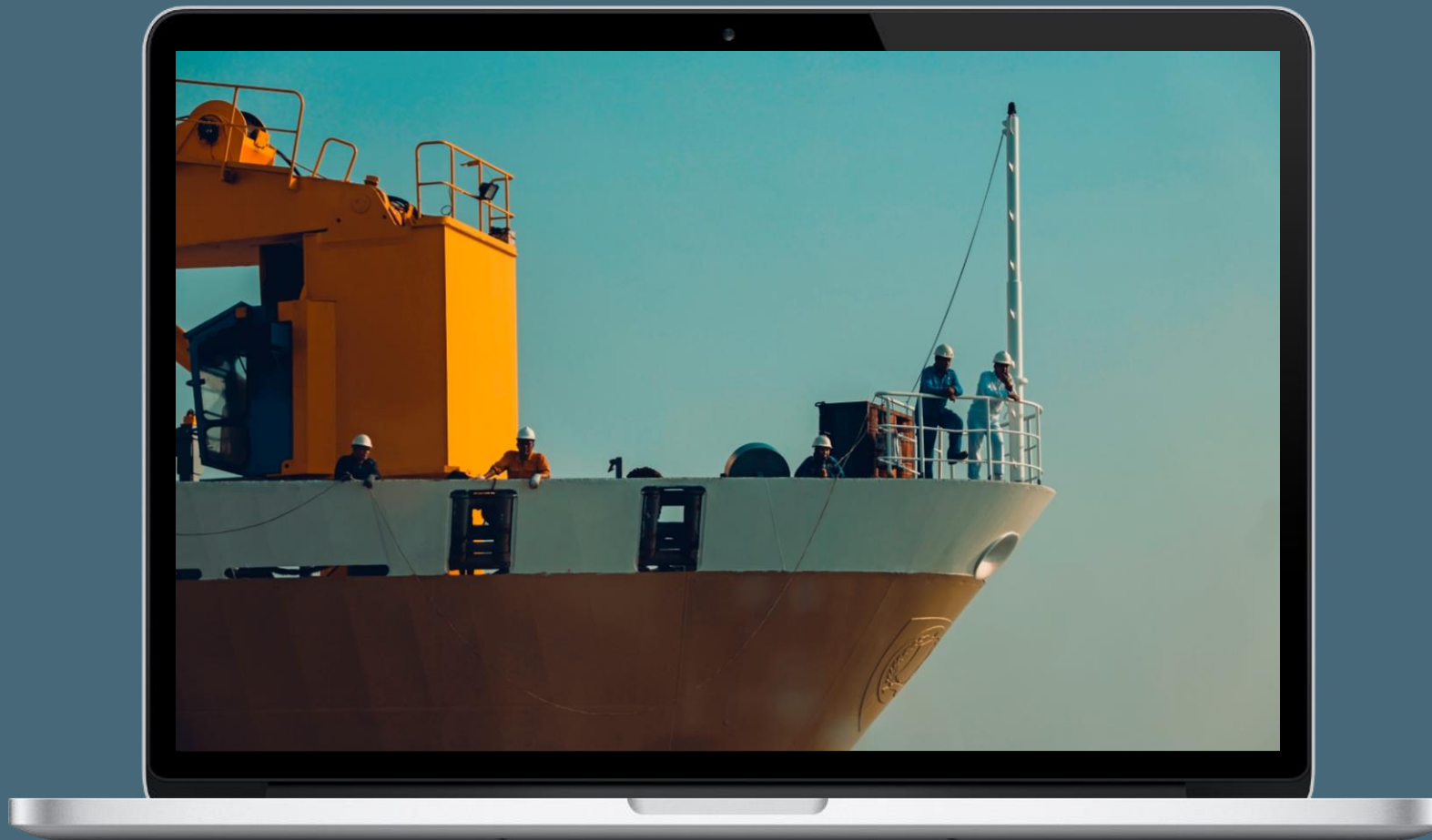
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MARINERS MEDICO GUIDE

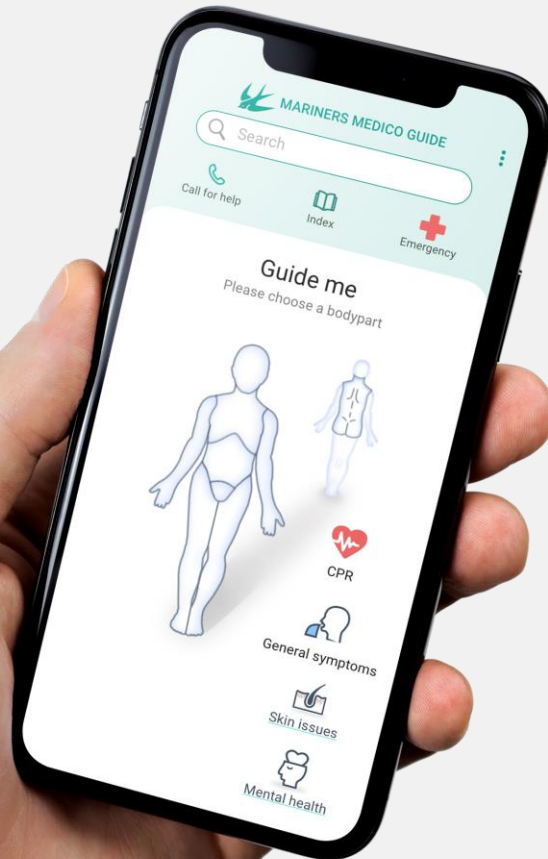
Protecting the lives
and wellbeing
of seafarers





Mariners Medico Guide is a medical reference guide to improve the medical treatment quality onboard ships

The App contains medical information and procedures adapted for treatment at sea



Key features

- Symptom-based, guiding the user to assess and evaluate the seafarer's condition
- Digital, easy-to-use, and always up-to-date
- Visuals of medical conditions and procedures
- Free for our industry
- Can be downloaded and used while offline

Exclusive access to the App

Website

www.medicoguide.no



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Thank you