



# CURRENTS

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#AmericanClubConnected



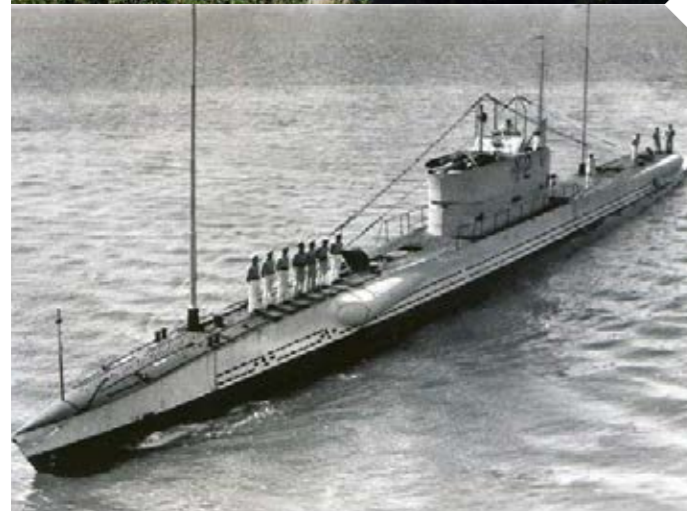




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*RHS Papanikolis* (Greek: Υ-2 Παπανικολής) was one of the most illustrious Greek submarines during World War II. She was built at the Chantiers de la Loire shipyards between 1925–27, and commissioned into the Hellenic Navy in 1927. Despite her age and mechanical problems, she participated in the 1940–41 Greco-Italian War under the command of Lieutenant Commander Miltiadis Iatridis, carrying out six war patrols in the Adriatic Sea. On 22 December 1940, she sank the small Italian motor ship Antonietta, and, on the very next day, the 3,952-ton troop carrier *Firenze*.



After the German invasion of Greece in April 1941, *RHS Papanikolis* fled to the Middle East, together with the rest of the fleet, from where she would operate during the next years, carrying out nine war patrols in total. *RHS Papanikolis* survived the war and returned to Greece after its liberation from the German occupation in October 1944, however, as she was severely outdated, she was decommissioned in 1945. The submarine's conning tower was preserved and is on display in the Hellenic Maritime Museum at Piraeus (pictured).

Contributing Editors: Christina Tsimpouklidi and Richard Swan

Section Editors: Elina Souli and Joanna Koukoulis

Production and Design: CreativeWorks

Illustrations: John Steventon



## Introduction

by: Joseph E.M. Hughes

Chairman & CEO

Shipowners Claims Bureau, Inc.

New York, NY, USA

The last few months have been among the most difficult in modern human history. All of us have seen our lives as we lived them only weeks ago disrupted to a degree we might once have considered the stuff of fiction. Any sense of humankind having achieved superiority over nature, despite thrilling advances in the medical and biological sciences in recent years, has been dealt a debilitating body blow by the COVID-19 pandemic.

In the midst of this dislocation, and the anxiety it inevitably creates, our first thoughts turn to those who have been directly affected by the virus: in person, or within the circle of their family, friends and colleagues. And within the shipping community, to which we all belong, there must always be a special thought to our seafarers - those who work to keep open the arteries of world trade - for whom dislocation, and sometimes anxiety, are part of the daily round.

As many who read this are aware, my colleagues and I, working remotely from home, have been able to institute a virtual system of managing both the American Club and Eagle Ocean Marine. We have been able to maintain seamless contact with each other, and with every element of our global service network. Despite the difficulties intrinsic to this manner of working, we have endeavored to provide the same levels of excellence in customer care to which we are dedicated in every aspect of our service to Members, Insureds, brokers and everyone else with whom we do business.

At the time of composing this introduction to our latest edition of *Currents*, the future continues to be uncertain. But we can be sure that present difficulties will eventually pass. No one can be certain precisely when we will emerge into normality, or what that emergence - or subsequent normality, for that matter - will look like. It may already be underway by the time these words are published. But let us all hope that it will be sooner rather than later.



It goes without saying that my colleagues and I wish all our readers the very best of good fortune in every aspect of their personal and business lives as we all move forward to embrace better times ahead. And we also extend our sincere thanks to everyone who has supported us so generously over recent days and weeks. We much look forward to offering our thanks in person when things return to normal, and we can all meet again in the ordinary surroundings of business and general conviviality!

On a different note, those that know the tempo of the Club's affairs during the year will be aware that this edition of Currents typically features an overview of the latest P&I renewal season. While the upheaval created by the COVID-19 pandemic has superseded the primacy of that news, I am nonetheless pleased to report that the February 20 renewal for both the American Club and EOM proceeded well. Although year-on-year tonnage declined somewhat for the Club, annualized premium remained unchanged, as average rates per GT on renewing business rose by 10% or so, an encouraging sign in an otherwise rather soft market.

Both tonnage and premium grew substantially at EOM during the renewal period. Overall written premium for the 2019/2020 facility year is projected to be about \$15 million, some 15% higher than it was for the previous year. At the same time, aggregate profits continue to improve, the cumulative combined ratio since inception being about 77% at the end of February, 2020.

It is also pleasing to note that American Hellenic Hull has moved into significant profitability over recent months, characterized by a policy of careful risk selection and prudent pricing, and aided by globally favorable market conditions. The Club's investment in this growing Solvency-II accredited underwriter, which continues to gain strength and distinction within the international markets, holds great promise for the future.

The Club will be publishing its Annual Report and Accounts for the 2019 year over the weeks ahead. It will disclose considerable progress in many areas of the Club's financial condition. By way of sneak preview, the return on its invested funds was no less than 10.6% over the financial year, one of the best performances over the last decade. And it is also encouraging to note that, despite the turmoil of recent months, its portfolio has held up remarkably well in very difficult circumstances.

Readers will be hearing more about this in due course. In the meantime, my colleagues and I greet you all in that spirit of solidarity both appropriate for the times and an essential part of how we see our mission. Most particularly, we thank everyone once again for their enduring support of the American Club and EOM, and wish one and all the very best in navigating these worst of times.

Joe Hughes







# Cyber security: A P&I Perspective

by: Elina Souli

Regional Business Development Director (EMEA)

Vice President and FD&D Manager (Hellas)

The American P&I Club



Over recent years the maritime industry has increasingly depended on digitalization and IT technologies in order to improve efficiency and reliability. The same goes for cargo operations. Years ago, the industry depended more on human labor and manual methods. Cargo handling is rapidly depending on digitalization as well. A serious incident with Maersk in June 2017 caused a huge disruption to Maersk operations and terminals worldwide and the accumulating losses exceeded USD 300 million. That demonstrates the increased threat of security risks from hacking and sabotage.

A common factor that exists between P&I insurance and cyber threats is the human element. P&I insurance covers third party liabilities where the majority of incidents are caused by human error. Therefore, all P&I Clubs have developed robust loss prevention departments in order to share awareness and knowledge as well as to train all the parties involved on how to best prevent such incidents.

When it comes to cyber attacks there is an awareness gap which is one of the main reasons why cyber threats and associated risks have spread around the globe so quickly during the last few years. Over the last decade incidents have increased at an alarming rate. Thankfully that rate has recently stabilized due to higher awareness in the shipping market. Nevertheless, the maritime community has a growing concern about cyber risks. That is mainly linked to the fact that 50,000 vessels are at port or at sea at any given time and recent reports say that there are nearly 17 million attacks worldwide on a weekly basis. That gives a clear picture as to cyber security's importance.

Another crucial issue is crew-member awareness. A 2018 survey revealed that close to 47% of the seafarers that were questioned said that they had sailed on a vessel that been a target of a cyber attack. Regrettably, only 15% of those seafarers had received any form of cyber security training. That which had been provided was done by the manning agents before leaving on their next contract. That means the training was not specific either to the company or to the particular ship. Thus, it is evident that there is an immediate need for preventative measures to reduce or eliminate the occurrence of cyber risks. Obviously, prevention is preferable to needing a cure.

We have to adopt a holistic approach in order to ensure that there is sufficient training and education but on a specific basis. It is essential that every party assess the relevant risks and work towards training to that effect. The maritime industry needs to be well equipped to meet future cyber challenges as well, such as those that may emerge with the advent of fully autonomous vessels.

The American Club has a strict policy in place for employees to receive sufficient training specific to our needs and to obtain adequate certification. Cyber threats are constantly evolving. Hackers seem to be on top of new technologies, so market players need to enhance their defenses by continuously assessing their systems and developing procedures that will enable them to spot red flags.

How should P&I insurance respond to a cyber risk event once it materializes? Obviously, each and every case must be dealt with based on its own facts. In order to give you a few examples, we have created some scenarios.

The first one is related to unauthorized access into an agent's system. When a shipowner tries to remit funds to his agent's bank account, these funds end up being redirected to the hackers' bank account. That is obviously an act of fraud which causes economic losses to the owners. Unfortunately, these losses fall outside of P&I cover. However, we are still able to provide assistance within the context of FD&D cover and take legal action in order to recover those misdirected funds.

Another possible scenario is where malware is accidentally installed to the vessel's navigation systems by a seafarer; for example with the use of an infected USB stick. This could potentially create problems with the navigation system of the vessel, resulting in a major casualty such as a collision or an injury. In this situation, we have a common element which is human error and therefore the P&I insurance will respond as usual. But this could have been prevented by using the main principle of loss prevention: training and the implementation of strict policies.

The last scenario has to do with a virus, which can be planted by a seafarer's mistake and cause an engine failure. The losses - which inevitably will be incurred by the shipowner due to the disruption to the vessel's operation - will fall outside P&I cover.

Due to the extensive development of cyber risks, maritime organizations have responded by issuing guidance and initiatives to the industry. The International Maritime Organization (IMO) issued guidelines on maritime cyber risk management and also adopted a resolution in June 2017, to ensure that cyber risks are properly addressed within the safety management system with a deadline of January 1, 2021. If a vessel has not complied by that date, it runs the risk of detention.

BIMCO has also responded and issued guidelines on cyber security onboard ships with the assistance and support of other international organizations. The aim is to provide the basic guidelines by way of a diagram in order for companies to define personnel rules, develop consistency plans to assess the assets at risk and to be able to detect a cyber event in a timely manner. What is also important is to develop a plan in order to provide resilience and to restore the systems as soon as they have been attacked. Last, but not least, is the importance of preventing any reoccurrence.

At the American Club we support all of these guidelines. We have issued alerts and reminders to our Members and we are always at their disposal, should we be able to provide additional clarifications. The last initiative taken by BIMCO is their Cyber Security Clause 2019 which aims to spread awareness to all contractual parties in a charter party - the owner, the charterer and the broker - in order to push them to create systems which not only eliminate the risks of a cyber event occurring but which also mitigate any adverse effects should such an event occur.

In conclusion, it is important to consider and assess your risks as well as to focus on any insurance gaps which need to be bridged in consultation with your insurance experts. Keep in mind that while there are no cyber exclusions within your P&I cover, P&I insurance won't be able to cover each and every scenario. The way forward is to establish training and education procedures across all levels of your company in order to ensure a robust cyber environment.

*The preceding text is an edited version of Ms. Elina Souli's presentation during the 2020 SMART4SEA Forum.*



# Cargo Liens in Mainland China

by: Yelin Tang

Claims Executive

SCB Management Consulting (China) Co., Ltd

A cargo lien can serve as a useful weapon for shipowners when they are faced with counterparties who are defaulting on their payment under their shipping contracts. It however can hurt them as well if the same is exercised in an improper way in some jurisdictions with less known legal practices such as Mainland China.

This article will provide a brief introduction of how cargo liens operate in Mainland China under Chinese law and practice in the context of international shipping.

The starting point is that under Chinese law, a cargo lien is defined by statute and does not depend on the construction of a contract. This seems quite different from the position under the English law, although both may have the same effect to some extent, i.e. to compel a payment toward sums due under a shipping contract. The relevant legislation concerning international shipping can be found in Article 87 under the existing Maritime Code of the PRC ("CMC"), where it reads,

"Article 87: If the freight, contribution in general average, demurrage to be paid to the carrier and other necessary charges paid by the carrier on behalf of the owner of the goods as well as other charges to be paid to the carrier have not been paid in full, nor has appropriate security been given, the carrier may have a lien, to a reasonable extent, on its goods."

This, however, is not clear enough to guide people on how a cargo lien can be properly exercised. The following points need to be considered:

1. *A statutory lien* – Only certain items can be secured by a lien, which are limited by the law (the CMC). They are freight, GA contribution, demurrage, necessary charges paid on behalf of the cargo

owner and any outstanding sums payable to the carrier. Crucially, hire under the charter party is not included.

2. *A right of possession* - The cargo subject to a lien is legitimately possessed by the carrier under the shipping contract.

3. *Sums falling due under the shipping contract* - The payment in dispute shall have fallen due when the lien is exercised. A party cannot rely on the lien to press the other party to perform any past or future payment obligations.

4. *A connection* – There has to be a connection between the payment in dispute and the possession of the cargo; or put it another way, the arrears are incurred from the relevant shipping contract, under which the cargo is shipped.

5. *The ownership of the cargo* - An important but arguable point which can be overlooked is that the cargo shall belong to the defaulting party at the time the lien is exercised. The controversy arises from the ambiguous "it" in the end of the original text of the above clause with no clear indication which party the "it" refers to. This interpretation is seen to have prevailed in legal practice in Mainland China for many years, although no doubt it has in fact narrowed the scope of the application of the lien. The approach has given rise to various wrongful cargo liens, causing huge losses to shipowners. Such position may be changed in the future as the legislators are looking into this issue during the recent amendment to the CMC.



6. *Securable value* - The cargo value secured by way of a lien is limited to the unpaid amount. Problems may arise in circumstances where the cargo is not divisible and the shipowners may face a counter claim from the cargo interests for damages if cargo in excess of the claim is liened.

the facts, and it is very rare to successfully incorporate charter party provisions. The rare cases where foreign law is successfully incorporated are of little reference value, as a nationwide system of precedent does not exist in Mainland China given its codified system.

English law, which is commonly applied in the majority of shipping contracts is more flexible on the subject of the lien, which can be either statutory or contractual. The latter usually provides a much wider scope of options for commercial parties to consider their rights under a lien clause. This is precisely what confuses shipowners all the time when they intend to exercise a lien on cargo in Mainland China. In Mainland China, it is widely accepted that the court at the cargo's destination will usually have jurisdiction over the cargo claim subject to local law, irrespective of the jurisdiction on the reverse of the bill of lading or by incorporation of a charter party. In the name and/or under the principle of proximate connection, the maritime courts in Mainland China have a tendency to stick to the local law on the substantive dispute, especially when the bill of lading holder is a third party. To that end, the local courts take extremely strict approaches on their review of all

In summary, PRC law in itself does not recognize a contractual lien on cargo under an international shipping contract and it is difficult if not impossible to persuade the local maritime courts to allow the substantive claim to be tried by applying English law (or any other foreign law). As such, shipowners are advised to be mindful when they consider to secure any sums due under the charter party by exercising a lien on the cargo which is bound for Mainland China discharge, no matter what favorable terms they may have under the charter party and/or how confident they feel that will operate under the relevant bill of lading. The intended cargo lien is very likely to be found wrongful by the maritime courts in Mainland China unless the above points are all satisfied. We further recommend to our Members that they consult the Club's local office as early as possible so we can provide proper guidance to our Members and ensure that their interests are protected.



# Evolution of Ship Recycling

by: Dr. Konstantinos Galanis

International Ship Recycling Association (ISRA)<sup>1</sup>

Dido Shipping Co. S.A., Director<sup>2</sup>



*"If you think compliance is expensive, try non-compliance."*

**General Paul McNulty** - former Deputy US Attorney

## From ship demolition to ship recycling

The modern concept of recycling is almost as old as I am as it was introduced with the environmental movement of the 1970s. Nevertheless, it is a process that has actually been around for thousands of years under various names and guises. Within the maritime industry it is used - or misused - with a terminology that usually has the prefix "ship" but usually inappropriately addressed. Therefore, we read about "ship demolition", "ship breaking", "ship dismantling", "ship scrapping", "ship recycling" and "green ship recycling".

The term "green ship recycling" has been especially misleading. The term is used by facilities and/or shipbrokers in their efforts to attract the interest of shipowners ready to recycle vessels. Unfortunately, in

most of the cases, these efforts are usually accompanied by documentation that significantly deviates from the actual recycling operations and management of hazardous waste failing to provide environmentally safe and sound ship recycling in practice.

The word demolish, originating from the Latin word demoliri, means pull or knock down, while the word dismantle, originating from the French word desmanteler, means take to pieces (similar to the word break), and the word scrap, originating from the Old Norse word scraps, means discard or remove from service. For the Google's online dictionary fans, once you search for "green ship recycling", you will accurately receive the outcome of "No definitions found for this word. Try searching the web."

<sup>1</sup> <https://www.isranetwork.com/nieuws/new-chairman-of-the-board/>  
<sup>2</sup> <http://www.didoshipping.gr/>

The evolution of ship recycling over the last five decades can be described based on the aforementioned terminology. Significant efforts and investments have been made to convert from knocking down pieces of the ship onto a beach to implementation of rules and regulations that will actually lead to application of best practices with respect to workers' safety, protection of the environment and local communities. The ultimate goal is to comply, apply and enforce the safe and environmentally sound recycling of ships in compliance with the Hong Kong International Convention for the Safe and Environmental Sound Recycling of Ships (HKC) that was adopted on May 15, 2009 but not yet into force.

In the meantime, the European Union (EU) Ship Recycling Regulation 1257/2013 (EU SRR), has entered into force as of December 30, 2013. From December 31, 2018, all commercial seagoing vessels flying the flag of an EU Member State must be recycled only in safe and sound ship recycling facilities from the European List of ship recycling facilities.<sup>3</sup> Unfortunately, some shipowners have been reflagging their ships in order to escape from this regulation creating illegal and unethical patterns.

Strict European regulations, such as the EU SRR, apply not only to commercial seagoing vessels flying the flag of the EU Member State but also to ships flying the flag of a third country calling at EU ports or anchorages. According to the new rules, the installation or use of certain hazardous materials on ships such as asbestos, ozone-depleting substances, polychlorinated biphenyls (PCBs), perfluorooctanesulfonic acid (PFOS), and anti-fouling compounds will be prohibited or restricted. Each new ship flying the flag of an EU Member State (or a ship flying the flag of a third country calling at EU port or anchorage) will be required to have on board an inventory of hazardous materials (IHM), an obligation of the shipowner to comply by December 31, 2020.

According to the European Commission, around 1,000 large end-of-life ships are dismantled annually worldwide to recycle the steel and equipment. Most of this ship recycling takes place in South Asia, often on tidal beaches and under dangerous conditions which lead to health risks and extensive pollution of coastal areas. In fact, old ships contain many hazardous materials including asbestos, PCBs, tributyl tin and large quantities of oils and oil sludge. It is also noted that several facilities located at South Asia have recently



Photographic evidence from South Asian beaches taken almost a decade ago. (source: <https://www.nationalgeographic.com/magazine/2014/05/The-Ship-Breakers>)

<sup>3</sup> <https://ec.europa.eu/environment/waste/ships/index.htm>





LEYAL ship recycling facilities was the first non-European ship recycling facilities worldwide to be included in the EU List of approved ship recycling facilities under EU Regulation 1275/2013.

made major progress but additional efforts are needed to reach the minimum level of the highest rules and regulations, although some of these standards are beyond their control, especially in relation to hazardous waste management, and the actual assistance and support by governmental entities is needed, else they will follow the existing standstill.

### Recycling Economics

Based on the "Draft Guidelines for safe and environmentally sound ship recycling - Part 1" submitted by Japan to the Marine Environment Protection Committee (MEPC) 56/3, there are four (4) discrete methods for ship recycling, namely beaching, landing, afloat and dry. All but beaching have proven that, under certain circumstances, they can comply with the requirements and criteria set by the EU SRR that currently sets the highest worldwide standard on ship recycling.

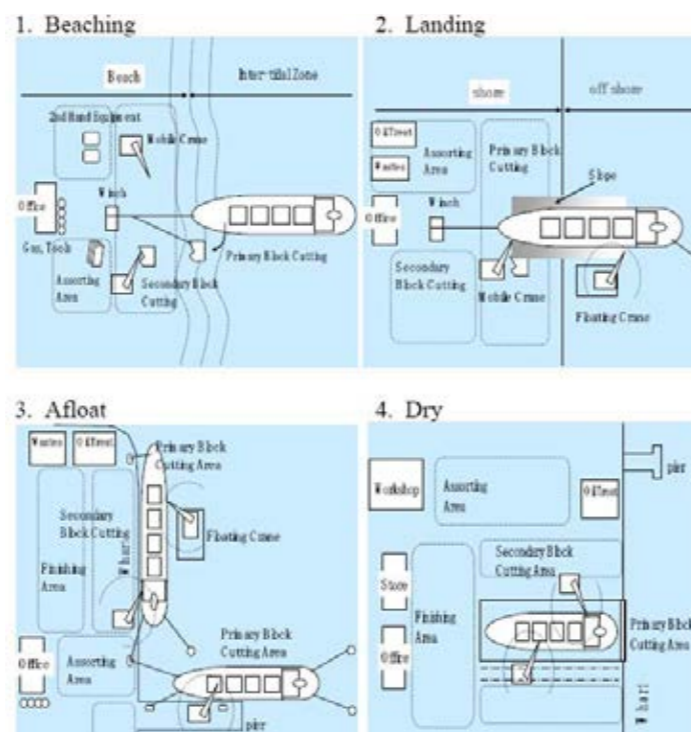
The challenges for the beaching method to comply to the EU SRR, as compared to the HKC, mainly are (i) the implementation of the downstream waste

management and disposal to be equivalent to EU standards, (ii) dismantling of the keel or double bottom at the unprotected intertidal zone, as the sea water that floods the intertidal zone washes out the sea floor and the double bottom of the ship as it comes in and out, noting for instance that even the use of oil booms would not be possible, and (iii) the emergency preparedness, specifically with respect to full scope hospital with a trauma/emergency center.

### Challenges and synopsis

Several ship recycling facilities have managed to receive certification regarding compliance to HKC and/or EU SRR. Nevertheless, those certifications are questioned by several parties such as non-governmental organizations (NGOs), ISRA members and even shipowners who are committed to following strict environmental policies. Obtaining such certification would not necessarily mean that the particular facility will make it to the EU list of approved recycling facilities.

The primary concern is that ship recycling facilities located within EU can be included on the EU List of approved ship recycling facilities simply because they



Types of ship recycling methods as per Annex 1 to MEPC(56/3/4)



Shipowners' representative and ship recycling facility's personnel co-operate while performing a combined environmental pollution and first aid drill to integrate and disseminate knowledge.

are certified by an EU Member State while the ones that are located outside the EU have to undertake a time consuming and in-depth desktop and on-site assessment certification process that can last from a few months to years.

On the other hand, the enforcement of the regulations is another challenge as the case of reflagging can be legal or illegal and/or unethical. Ensuring that the ship recycling facility will maintain its standards during the absence of the inspectors and/or high-profile shipowners remains to be seen. Without continuous efforts and commitment, the process may wither by appointing third party supervisors or by periodical inspections by their experts or even a combination of both. It will definitely take years to reach a point of a globally sustainable critical mass of facilities that truly offer safe and environmentally sound ship recycling in compliance with the HKC and/or EU SRR.

Finally, the most critical and sensitive issue remains the environmental monitoring assessment. Over the coming decade, we expect to see the next set of ship recycling requirements. They will include consideration of the environmental impact and environmental footprints of the ship and eventually the ship recycling facility. A robust and holistic approach that will contain

and manage emissions is imperative. National and international standards for noise (internal, external and underwater), soil, sea, and air will be evaluated and included in order to improve the performance and acceptance from an ecological perspective.

As we have seen in recent years, compliance with environmental regulations has surpassed compliance with safety regulations (e.g. ballast water management and air pollution). It is unwise to think that ship recycling will be any different. The only way for the maritime industry to achieve the above optimum outcome is to stay informed and educated about ship recycling.

Reading relevant documentation and material, participating in and attending international, regional and national activities, applying the legal framework and best practices within the company and its partners, cooperating through exchanges of technical information and experiences - especially on health, safety, and environmental issues - with other shipowning companies that have established and successfully tested management systems for ships, ports, and coastal infrastructures will greatly enhance our state of knowledge.



# Pandemic Adds Pressure To Compliance With US and IMO Ballast Water Management Regimes

by: William H. Burroughs

Senior Principal Engineer

American Bureau of Shipping (ABS) Global Sustainability

## Retrofit demand was already outpacing capacity, but Coronavirus has worsened the situation.

Even before the outbreak of the Coronavirus, pressure on the industry was intense to maintain a fast pace of Ballast Water Management System (BWMS) Code Type Approvals, installations and commissioning of BWMSs.

An increasing number of BWMS Code Type Approvals were being granted but possibly not soon enough to keep pace with the demand for retrofits. US Coast Guard (USCG) Type Approvals were doing better, though many of these units are not BWMS Code (or 2016 G8) approved.

Any interruption or slowdown by any stakeholder could easily complicate these high-paced projects with critical paths and choke points, thereby causing vessels to miss their compliance deadlines for regulation B-3 (as amended) of the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention).

While the COVID-19 pandemic keeps the world operating in lockdown and shipping struggles to keep the global economy moving, delays with compliance requirements are now becoming more common. Class society ABS anticipates an additional backlog due to many missed installation deadlines. Many vessels, having planned dockings at shipyards are now forced to go elsewhere and unable to pick up their pre-positioned equipment, thus exacerbating an already problematic situation.



## The mid-life crisis

Analysis by ABS prior to the COVID-19 pandemic suggested that vessels up to 15 years of age are likely to be the oldest to install a BWMS, with owners of vessels aged 16 and older, more likely to opt for recycling. Perhaps, at best, some of these vessels can be repurposed for non-international charters.

The five-year window until September 2024 in which to carry out retrofits of BWMSs will see installations peak in 2022, but not all the existing fleet is expected to make it past this milestone. As retrofit capacity becomes tighter, projections indicate there will likely be a bottleneck of vessels seeking installations, resulting in a peak of potential removals. Due to the significant pause in shipyard production during the COVID-19 pandemic, the number of vessels to be scrapped may likely increase.

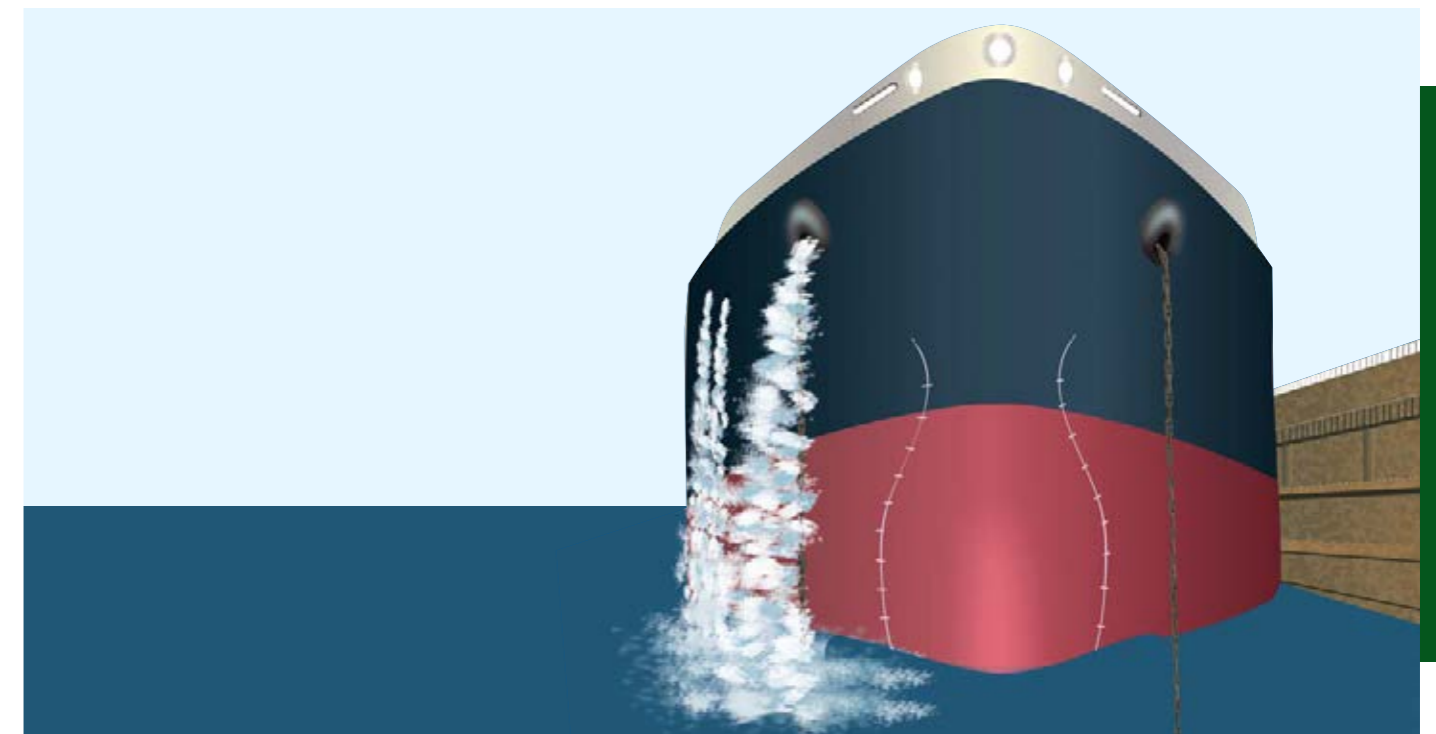
Some of the bottleneck can be attributed to vessels that de-harmonized their International Oil Pollution Prevention (IOPP) certificate renewals leading up to the September 8, 2019 effective date of the BWMS Convention to push vessels past the first few years of retrofits, thus, adding to the number of vessels requiring BWMS retrofits in 2022.

On a global basis, ABS estimates that approximately 40,000 vessels of 2,000 deadweight tons (dwt) and larger have yet to comply with the BWM Convention. On average it expects that approximately 25% of these vessels will likely not complete their third Special Survey at 15 years and would not be retrofitted with a BWMS.

Even so, approximately 30,000 vessels of 2,000 dwt and larger will have BWMS retrofits during their next Special Surveys (coincident with IOPP certificate renewal surveys) between September 2019 and September 2024, taking into account that some will need to install a USCG-approved BWMS before the regulation B-3 (as amended) of the BWM Convention compliance dates.

## More capacity needed

This works out to about 500 retrofits per calendar month. Based on the man-hours of work required to add these retrofits to the normal out-of-service periods (engineering and designers, BWMS manufacturers, class, flag, shipyards and shipowners) the industry will likely need more technically qualified personnel to accomplish this work to meet the deadlines. If any of these stakeholders have not yet ramped up to meet these challenges, the entire five-year implementation plan would be at risk of failure.





The industry was already ramping up to accommodate 2020 and 2021 retrofits. However, without an effective doubling of retrofit capacity in the same period, it will not be physically possible to complete the required number of retrofits in 2022.

What is also clear is that shipowners should not consider delaying BWMS installations just because the technical advantage offered to them by the IOPP renewals allows them to do so. In a worst-case scenario – such as we are experiencing now – these vessels may not be able to get the retrofits completed by the required deadlines. Retrofit challenges include fitting the BWMS itself (footprint, dry and wet/operating weights affecting structures) and increased power demand, often challenging the vessel's existing electric generator capacities.

ABS has consistently recommended rigorous and timely BWM technology choices, selecting experienced designers (with experience gained by early adopter retrofits), proper BWMS vendor selections based on market staying power, technical assistance and service levels, and effective operator training. These will be new predictors of performance for retrofitting vessels. Getting any of those wrong can doom a vessel to the scrapyards.

### Short term options

The IMO has issued a set of circulars asking flag States to be cooperative with shipowners and offer flexibility if the vessel certificate renewal is due. IOPP renewals can be completed but to minimize worker exposure to COVID-19, it might not be possible to complete the BWMS retrofit. Even if equipment could be installed, crews may not be sufficiently qualified and vendor technical assistance may not be available to finish the installation and commissioning. This would result in a need for continued compliance with the BWM Convention's ballast water exchange (BWE) D-1 requirements or the vessel would not be allowed to sail on international voyages.

The response from flag States to the IMO circulars has been consistent in providing three-month extensions to IMO instruments, however more time will be needed to put the BWMS retrofits back on schedule. The USCG can grant extensions for its 33 CFR 151 Subparts C & D compliance and, where necessary, issue statements of voluntary compliance (SOVC) for continued BWE under the D-1 requirements for US flag vessels.

The BWM Convention does not include extensions for D-2 compliance. In response to the IMO's Circular Letters, flag States that are signatories to the BWM Convention could provide extended duration international ballast water management certificates (IBWMC) allowing vessels to conduct the retrofits during their next regularly scheduled out of service periods (i.e., the vessel's Intermediate Survey).

ABS is monitoring guidance issued by flag Administrations and has made this available at <https://ww2.eagle.org/en/news/abs-covid-19-update.html> to enable shipowners to understand options available to them for their vessels during the COVID-19 pandemic.

Regulation D-1 (ballast water exchange) has provided effective interim compliance and the safety of open-ocean BWE has improved since its introduction in 2004. BWE can remove at least 70% of invasive species and there is a reduced risk of threat to the de-ballasting port for species picked up in open ocean exchange.

The industry has overcome the potential safety and stability issues associated with BWE in earlier years, although BWE remains an energy-intensive process requiring proper training and attention to procedures.

However, it could provide a means for vessels that will miss their IOPP certificate renewal survey deadline for D-2 BWMS compliance to continue operating until they can finish the retrofits after the COVID-19 pandemic subsides. If the IMO could consider some flexibility for late-in-life vessels to continue D-1 for the last few



years of life, some vessels could avoid early scaping thus helping to avoid a shortage of vessels required to recover the global economy after the COVID-19 pandemic.

The situation is still evolving, but the program of delays and extensions must be granted on a uniform basis to enable vessels to keep trading. It is also important that shipowners understand both their responsibilities and the options available to them to make sure they can maintain safe operations during this dangerous time.



# American Club Events

## SAFE BOARDING ROUND TABLE



On February 19, 2020, the Loss Prevention team hosted a Safe Boarding round table event for local U.S. members and industry professionals. Participants discussed boarding procedures and boarding equipment on various types of vessels and solutions for reducing the risk of slips, trips and falls.

Participants from left to right: Pat Long - Port Engineer Patriot, Contract Services, Felicia Alleyne - Registrar, The Bahamas Maritime Authority, Brian Moore - Director of US East Coast Operations, Centerline Logistics, Capt. Adam Richardson - Pilot, Interport Pilots, Capt. DJ Toby - Pilot, Interport Pilots, Boriana Farrar - VP Senior Claims Executive/Counsel at The American P&I Club, Bill Moore - SVP Loss Prevention at The American P&I Club, Danielle Centeno - VP Loss Prevention/Survey Compliance at The

American P&I Club, Capt. William Sullivan - Manager - Regulatory Compliance and Vessel Repair at Donjon Marine, and American P&I Club Board Member John Couloucondis - President, Delta Navigation Corp, LLC & American Ship Management, LLC.

Virtual participants including Phillip Dimoulas - Sr. Manager HSQE & DPA, Patriot Contract Services, LLC & American Ship Management, LLC, Jamie Bigbie - Director HSSEQT, Southern Towing Company, Tyler Foster - EVP and CFO, Red and White Fleet, Robert Arceneaux - Director HSE, Laborde Marine, Brian N. Craig - Dean of Engineering & Director, Mariner Safety Research Initiative, Lamar University, and American P&I Club Board Member Gary Cutler - Poling & Cutler, Marine Transportation, LLC.

# American Club Events

## BROKER LUNCHEON - NYC OFFICE





CLASS SOCIETIES

## ABS, The American Club, and Lamar University Call for Better Maritime Injury Reporting



Joseph Hughes

ABS, the American Club, and Lamar University (Lamar) are calling on industry to advance the cause of safety at sea with more comprehensive reporting requirements for injury and near miss reporting. The call follows an industry-wide project analyzing more than 12,000 injury records with a financial cost of \$246m and a further 100,000 near miss reports from the ABS and Lamar Mariner Safety Research Initiative (MSRI) and nearly a decade of data from the American Club.

The research offers unprecedented insight into the nature of accidents at sea but incon-

J. Wiernicki, ABS Chairman, Pre The research reveals how inj or in slips, trips/falls are the sea, with more than 1,300 dataset. According to the Ar dents cost in excess of \$ studied. The average cost f lifting incidents averaged aged \$88,000; slips av costs and anatomical l body locations were the over \$100,000 per inc torso at \$66,000.

Joseph Hughes, the s man and Chief Execu navigating through a c increasingly able to u predict potential fail industry would be v about how it compil "This industry, ac valuable insight in' the maritime indu better solutions to help p-

past twelve months had given further impetus to American Hellenic Hull's financial development and, most importantly, growing profitability during the second half of the year. This was an encouraging sign both for the hull underwriter itself and for the contribution it made to the American Club's business. There was every reason to expect continuing success into 2020 and beyond.

Mr. Vince Solarino, President and Chief Operating Officer of SCB, Inc., the Managers of the American Club, and Ms. Dorothea Ioannou, SCB's Chief



The American Club Piraeus Group

creasing profitability and excellent outlook. Above all, service to Members, insureds, brokers and the many other stakeholders in our business will be of paramount importance. Staying ahead of this curve of expectation will remain a critical imperative.

"Despite recent challenges, and those which the future will inevitably bring, the Club, Eagle Ocean Marine and American Hellenic Hull can justifiably look forward to excellent prospects of unsurpassed potential across all business lines as the industry evolves over the years ahead."



Mr. Joe Hughes, Chairman and CEO of SCB, Inc



Mr. Vince Solarino, President and Chief Operating Officer of SCB, Inc., the Managers of the American Club



Mr. Ilias Tsakiris, CEO of American Hellenic Hull Insurance Company



loss prevention tips against criminal prosecution for snips causing in garbage, and related offenses often result in severe criminal penal-

and digitalization as current challenges surrounding training, the younger generation, as well as the encouragement of more women in shipping as a key component to diversity.

τα στρατηγικά σχέδια που λαμβάνουν χώρα στα 2 μεγαλύτερα λιμάνια της χώρας, δηλαδή του Πειραιά και της Θεσσαλονίκης. Χαρακτηριστικό παράδειγμα διεξόδου της Κίνας στη Ν.Α. Μεσόγειο είναι ότι η COSCO ενίσχυσε την εμπορική της δύναμη χάρη σε αυτά, διότι αποτελούν διόδο για άλλα 36 λιμάνια σε όλη την Ευρώπη. Υποστηρίχθηκε ότι οι Βαλκανικές χώρες θα βοηθήσουν στο να αναβαθμισθούν οικονομικά τα ελληνικά λιμάνια να βοηθήσουν στο να αναβαθμισθούν οικονομικά τα Βαλκάνια. Τα λιμάνια της Αλεξανδρούπολης και της Καβάλας είναι τα επόμενα δύο λιμάνια που η κυβέρνηση θα επιδιώξει στρατηγικούς επενδύσεις και έχουν ήδη προτείνει το ενδιαφέρον των επενδυτών. Η Ευρώπη δεν θα πρέπει να μένει άπραγη παρατηρήσει αλλά θα πρέπει να προσαρτηθεί στα πλαίσια του «παιχνιδιού» που εκτυλίσσεται στον παγκόσμιο χάρτη, αποκτώντας στρατηγική αυτονομία στα πάντα, συμπεριλαμβανομένου και του τομέα της τεχνολογίας. Για τις «τάσεις της αγοράς και τρέχονα ζητήματα που απασχολούν τη ναυτιλία» τοποθετήθηκαν οι Ιωάννης Προκαπίου, Διευθύνουσα Σύμβουλος της Prominence Maritime S.A. & Sea Traders S.A. & ο Αλέξ Χατζηπατέρας, Executive Vice President of Business Development for Dorian LPG υπό το συντονισμό της Δωροθέας Ιωάννου, Chief

τόμιο των εταιρειών που αγοράζουν μετοχές και οι πελάτες μας, οι μεγάλες πετρελαϊκές εταιρείες και οι έμποροι επικεντρώνονται έντονα στην ανοικτή αναφορά για την κατανάλωση σε κάθε ταξίδι. Ο απολογισμός του συνεδρίου έγινε από τον Dr. Κώστα Ρόκκο, Πρόεδρο και Διευθύνοντα Σύμβουλο της TST International, εστιάζοντας στις τάσεις της αγοράς, το IMO 2020 Sulphur Cap, τη σημασία της διάσπασης του ανθρώπινου παράγοντα, την ψηφιοποίηση, νομικές πτυχές και τους αρμόδιους παράγοντες, την ψηφιοποίηση, νομικές πτυχές και τους αρμόδιους παράγοντες. Στα πλαίσια του προγράμματος Εταιρικής Κοινωνικής Ευθύνης της Navigator Shipping Consultants, μέρος των εσόδων του 19ου Navigator Shipping Forum 2019, θα διατεθούν για τους σκοπούς της Εταιρικής Κοινωνικής Προσφοράς Ελληνικού Εφορτισμού ΣΥΝ-ΕΝΩΣΙΣ. Η Navigator Shipping Consultants ευχαριστεί όλους τους συμμετέχοντες για την εμπιστοσύνη και τη συνεργασία, καθώς και τους χορηγούς της διοργάνωσης, και ξεκινάει τις προετοιμασίες για το 20ο NAVIGATOR 2020 - "The Shipping Decision Makers Forum" το οποίο θα πραγματοποιηθεί στη Χίο το φθινόπωρο του 2020.

interest of investors. ntext of the 'game' tak-; strategic autonomy in hnology. Shipping Issues" were Managing Director of A TRADERS S.A., Alex nt of Business Develop-

ing key elements on the Market Trends, the IMO 2020 S legal aspects and some indications on the Future. In addition this year, as an engagement of the NAVIGATOR SHIPPING CONSULTANTS Corporate Social Responsibility program, a part of the proceeds will be allocated as a contribution to Greek Shipowners' Social Welfare Company "SYN-ENOSIS".



Apostolos Belokos, Stavros Meindanis, Dr. John Kokorakis & Stavros Niotis



Apostolos Belokos, Yves Vanderborn, Dr. Maria Progolaki, John Southam & Manti Chander



Apostolos Belokos, Rod Lingard, Daniel R. Tadros, George Galts, David Nich



Malte Kersten, Δρ. Γιώργος Πατέρας, Δανάη Μπεζαντάκου, Francois Lafont, Γιώργος Παγούρατος, Σαρφάρι, Κάρος



Ιωάννα Προκαπίου, Δωροθέα Ιωάννου, Άρλετ Χατζηπατέρας, Δανάη Μπεζαντάκου



Δρ. Κωνσταντίνος Ρόκκος, Δανάη Μπεζαντάκου, Γιώργος Σπράδων



Ilias Psyllas, Apostolos Belokos, Jim Allsworth, Yanis Botonakis



Apostolos Belokos Dimitrios Fokas, Capt. Dimitrios Aslanoglou, Evangelos Tzitzis & Erik Green



Apostolos Belokos, Stylianos Dafermos, Tasos Kartimidakis, Panagiotis Mpiakas & Captain Mark Bull



Μιλτιάδης Βορβιτσιάνης, Μαρίνα Παπαίου, Γιάννης Προκαπίου, Πάνος Θεοδοσιάδης, Πάνος Ζαφ. Κωνσταντίνος



Δωροθέα Ιωάννου, Χριστίνα Μπεζαντάκου, Έλλη Πετράκη, Φίλιππος Κωστόπουλος & Eurette Arkas



Γιάννης Μπελούσης, Δανάη Μπεζαντάκου, κατ. Δημήτρης Μπεζαντάκου, Κώστας Κόντες







# Steaming Ahead, May 2020

by: Vincent Solarino

*President & COO*

*Shipowners Claims Bureau, Inc.*

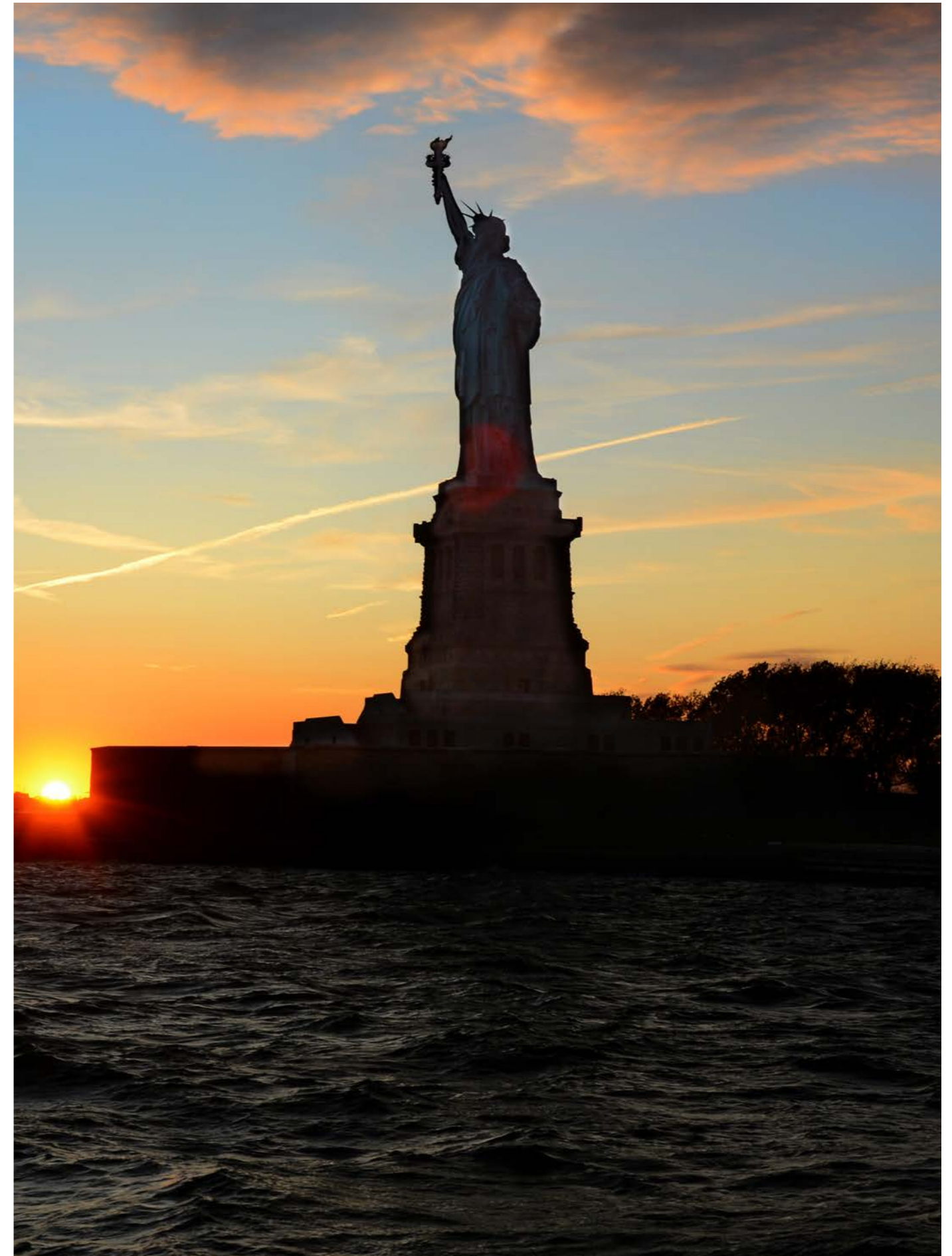
*New York, NY, USA*

We are in a '100-year storm' right now that is making it difficult to steam ahead with the confidence we had just a few months ago. We have been required to change our course dramatically into unknown waters and it has filled us with uncertainty and anxiety as well as sadness for those who are no longer able to continue the journey with us. However, despite the significant deviation of our business and personal lives the only course is to head directly into the storm and emerge stronger, smarter and better prepared to cope with the unexpected.

We have all learned to accommodate unprecedented change that most of us doubted could be possible before the Covid-19 storm. The American Club's global team has adapted almost seamlessly to a Working From Home (WFH) structure. Communication with video conferencing constantly throughout the day in each time zone has kept all departments and operations in close touch and more personal, and perhaps even more efficiently than before. The IT team has also become more visible to those of us who tend not to think, or realize, how much is going on behind the curtain to keep things running and safe – including holding the hands of those less experienced.

A 'new normal' in business and personal interaction is taking place worldwide. We will no longer do things the same way and we are now more conditioned to embracing a new world. The WFH method will transform many offices and working habits as well as social programs. Businesses in all countries will begin to examine their supply chains and over-reliance on any one source making globalization more balanced and predictable. Industries that have been exported over the past 50 years will be re-examined for new or renewed importance in domestic economies. Regulators will need to reassess and moderate their more ambitious present industry timelines and accelerate and enforce meaningful regulation to address more immediate and devastating human and economic impact from poor practices and lack of transparency.

One fact is certain – the world economy must get back to work soon to avoid a long-lasting world depression (financially as well as mentally). Governments must allow businesses to get back to work using intelligent safe practices. People will continue to contract the COVID-19 virus for years to come worldwide even with a vaccine. Not allowing businesses to get back to work in the short term – even with a continued risk – will cause exponentially greater economic failure that may take a generation to overcome. I expect that the worlds' business leaders will not tolerate a total meltdown and together with their workers (perhaps defiantly) will get back to work soon. You simply cannot burn down the entire village in order to save it!





# American Steamship Owners Mutual Protection & Indemnity Association, Inc.

## **SHIPOWNERS CLAIMS BUREAU, INC., MANAGER**

One Battery Park Plaza, 31st Floor  
New York, NY 10004 USA

TEL +1 212 847 4500  
FAX +1 212 847 4599  
WEB [www.american-club.com](http://www.american-club.com)  
EMAIL [info@american-club.com](mailto:info@american-club.com)

2100 West Loop South, Suite 1525  
Houston, TX 77027 USA

TEL +1 346 223 9900  
EMAIL [claims@american-club.com](mailto:claims@american-club.com)

## **SHIPOWNERS CLAIMS BUREAU (UK), LTD.**

78-79 Leadenhall Street  
London EC3A 3DH, United Kingdom

TEL +44 20 7709 1390  
EMAIL [claims@scb-uk.com](mailto:claims@scb-uk.com)

## **SHIPOWNERS CLAIMS BUREAU (HELLAS), INC.**

1-3 Filellinon - 3rd Floor  
Piraeus 185 36, Greece

TEL +30 210 429 4990 1 2 3  
FAX +30 210 429 4187 8  
EMAIL [claims@scb-hellas.com](mailto:claims@scb-hellas.com)

## **SCB MANAGEMENT CONSULTING SERVICES, LTD.**

The Workstation, 28th Floor  
43 Lyndhurst Terrace  
Central, Hong Kong People's Republic of China

TEL +852 3905 2150  
EMAIL [hkinfo@scbmcs.com](mailto:hkinfo@scbmcs.com)

## **SCB MANAGEMENT CONSULTING (CHINA) CO., LTD.**

Room 905, Cross Tower  
No. 318 Fuzhou Road  
Shanghai 200001 People's Republic of China

TEL +86 21 3366 5000  
FAX +86 21 3366 6100  
EMAIL [claims@scbmcs.com](mailto:claims@scbmcs.com)

