



Key Issues

Insurance Issues

The ICS Insurance Committee's primary *raison d'être* is to liaise with the London commercial hull insurance and war risks markets. Liaison with other major insurance markets, e.g. in Europe and Asia, is also maintained, not least through regular contact with the International Union of Marine Insurance (IUMI), which represents the global marine insurance industry.

ICS engagement with commercial marine insurers is of great importance. In the past, the practice of the underwriters had been to present shipowners with significant changes in scope of cover as a *fait accompli*. The ongoing dialogue, which has been maintained over many years, and irrespective of the state of the insurance market, provides a forum for consultation and discussion, and is valued by both the insurers and ICS.

Liaison is particularly important with respect to scope of cover issues and how the commercial marine insurers assess risk. Current topics for discussion at the regular meetings of the ICS Insurance Committee Chairman and the London market Joint Hull and Joint War Committee Chairmen include insurance coverage for marine cyber risks, digitisation and automation, and war risks/piracy.

Traditionally, the commercial insurance sector has not engaged to any great extent in regulatory issues that may affect their shipowner clients' businesses. However, recent times have seen a greater interest on the part of this sector to engage in IMO and other intergovernmental debates both as marine property insurers and reinsurers of shipowners' liabilities.

A topical example is the IMO 2020 sulphur cap. Initially, the marine property (hull and machinery) insurers were primarily concerned about the impact that the new low sulphur fuels might have in terms of potential machinery damage claims. However, through ongoing dialogue with ICS, representatives of commercial marine property insurers have gained a greater appreciation of the bigger picture and are now working with shipowners to bring greater pressure to bear on the refineries to ensure there is sufficient supply of IMO 2020 compliant fuel which is compatible with ships' machinery. This collaborative effort could result in a win-win for the insurers and their shipowner clients, and for safety and the environment.

