

Northern Sea Route — an Insurers View

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Gard – who are we

- Gard was founded on 9 October 1907 as a P&I club, Gard's marine and energy businesses have roots back to the mid of the 19th century
- Gard is owned by the P&I members – no third party ownership
- Gard is the world's largest P&I insurer: P&I tonnage on 20 February 2011 190 m gt and 15% market share in P&I
- Gard is the world's second largest marine insurer On 20 February 2011 the marine book insured 7,040 vessels
- Gard insures owners, managers, charterers, a.o. for P&I and H&M and therefore «sees» a significant part of the world tonnage.

People



1989 Maxim Gorkij –

Hit an iceberg – west of Svalbard



Pollution



1989 - Exxon Valdez

Serious pollution after grounding in Alaska



Physical damage



2007 MV Explorer

Total Loss - holed by ice (note the changing conditions)



Arctic Trade

Challenges from an underwriter's point of view

- Trading Limits
- Claims
- Arctic Trade
- Risk Evaluation
- Summary



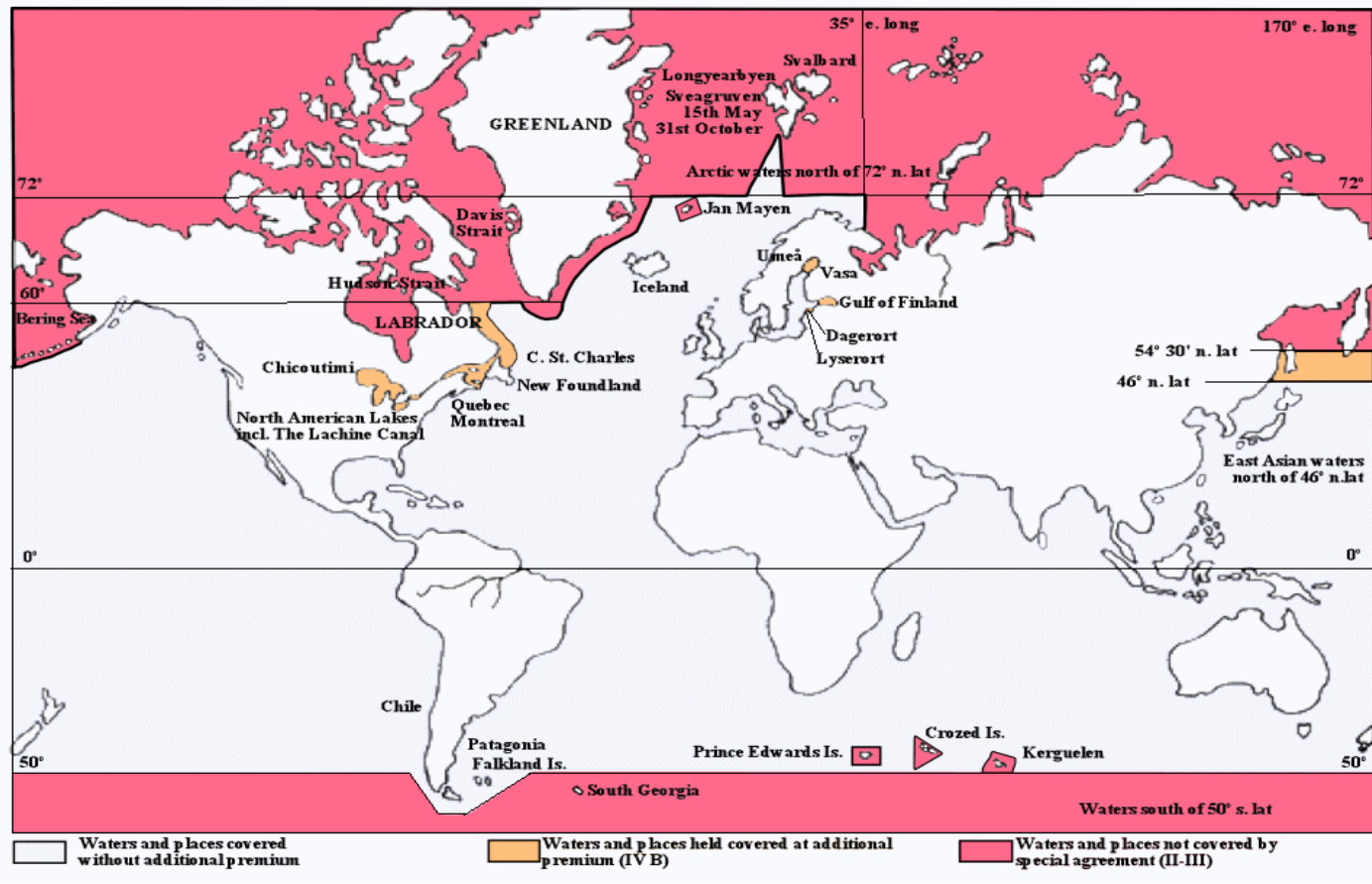
Fram



Boris Wilkitsky

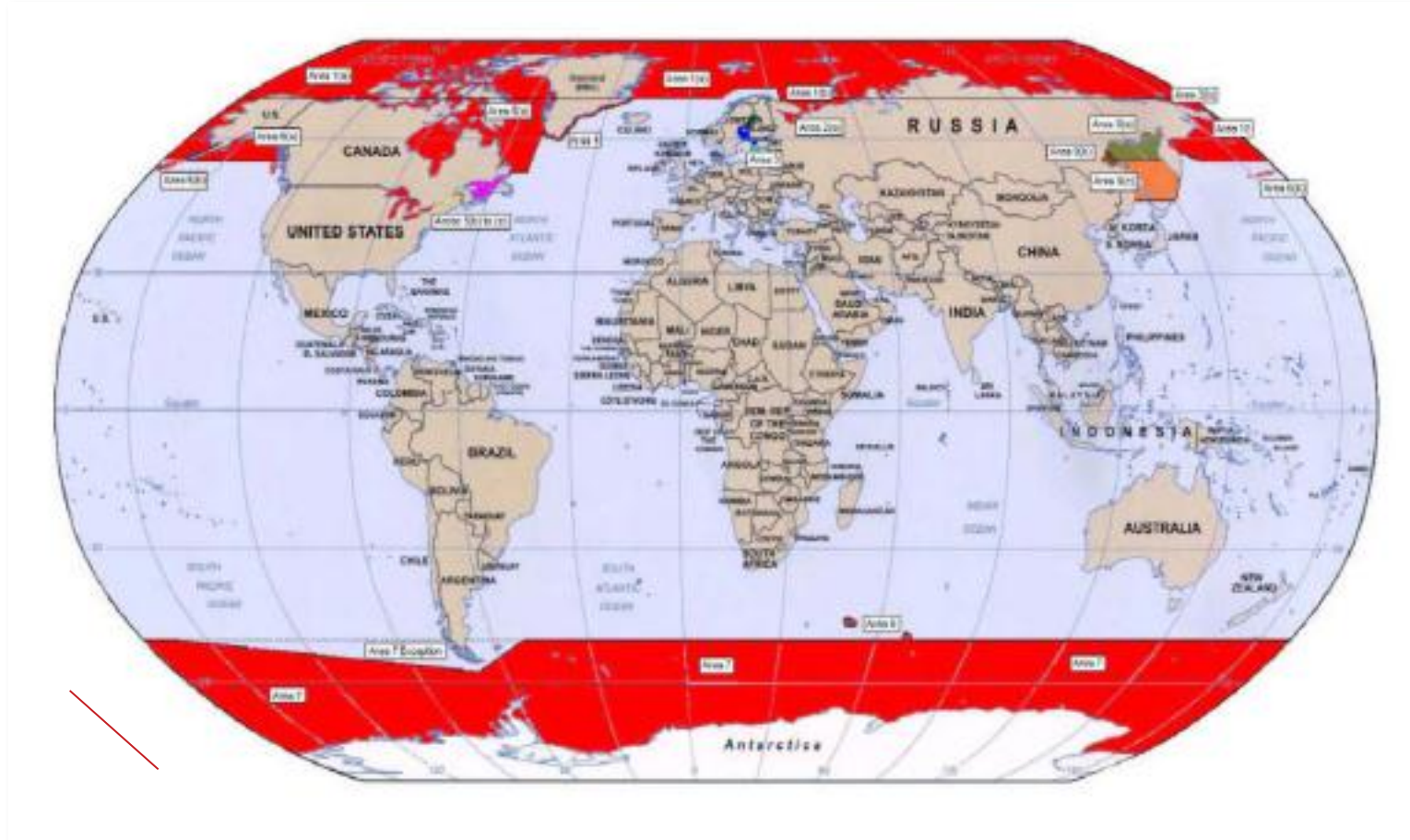
Trading Limits

(Example: Norwegian Marine Insurance Plan)



International Navigating Conditions

1/11/03



Trading Limits/Warranties - If trading in ice or in remote areas

- P&I Insurance – Normally no notice required if WW trade agreed
- For Arctic/Antarctic trade, or if in doubt, inform your P&I insurer
- *Hull Insurance - Always give notice to insurers and negotiate terms*
- Check details of the trading limits under your policy, and advise your H&M insurer if you intend to go outside!



Risk when breaking trading limits has traditionally been ice/winter related

- Propeller/thruster
- Rudder
- Shell plating
- Collision damage
- Freezing damage (pipelines etc.)
- (Bilge keel)
- (Wear of paint)



- NB – Subject to H&M deductible – small claims not registered
 - Most claims from Baltic and St. Lawrence Seaway
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Trade to the Arctic – Remoteness

Almost everything is days away – fishing? while awaiting assistance



Claims in the Arctic and Antarctic

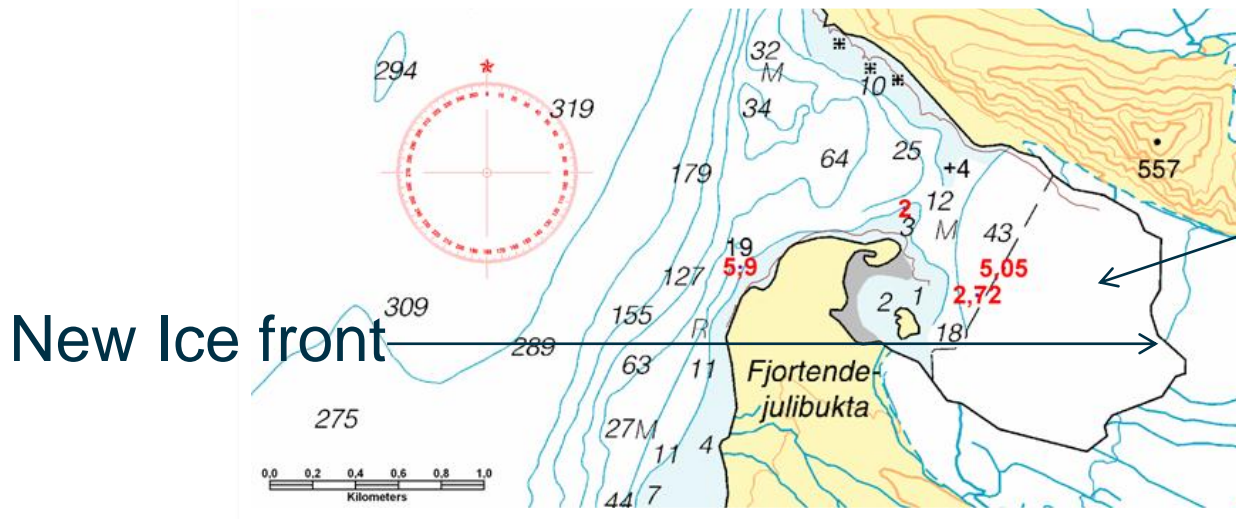
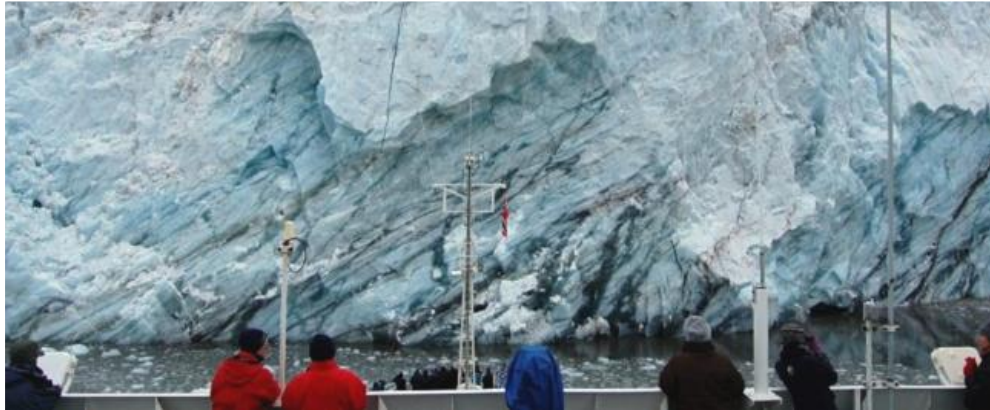
Low in numbers – high in costs – mainly summer trade

- Salvage is a challenge
- Rough conditions
- Lack of Infrastructure
- Lack of repair facilities
- Communication
- Significantly more expensive
- Significantly more time consuming
- Competent crew makes a difference.



Harsh conditions – a small incident may develop into a major claim.

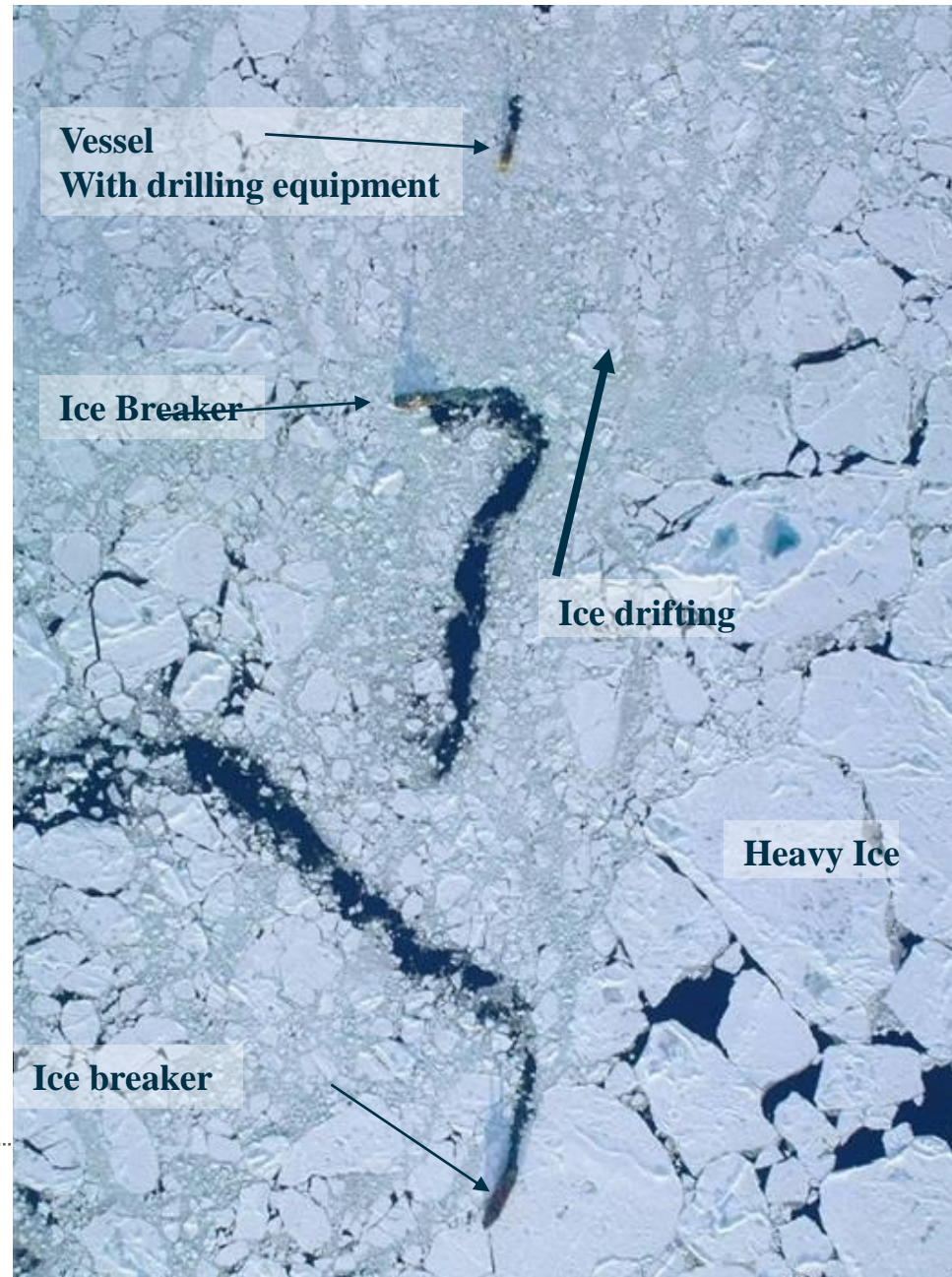
Arctic Cruising to the ice edge



New Ice front

Not surveyed

Arctic Offshore

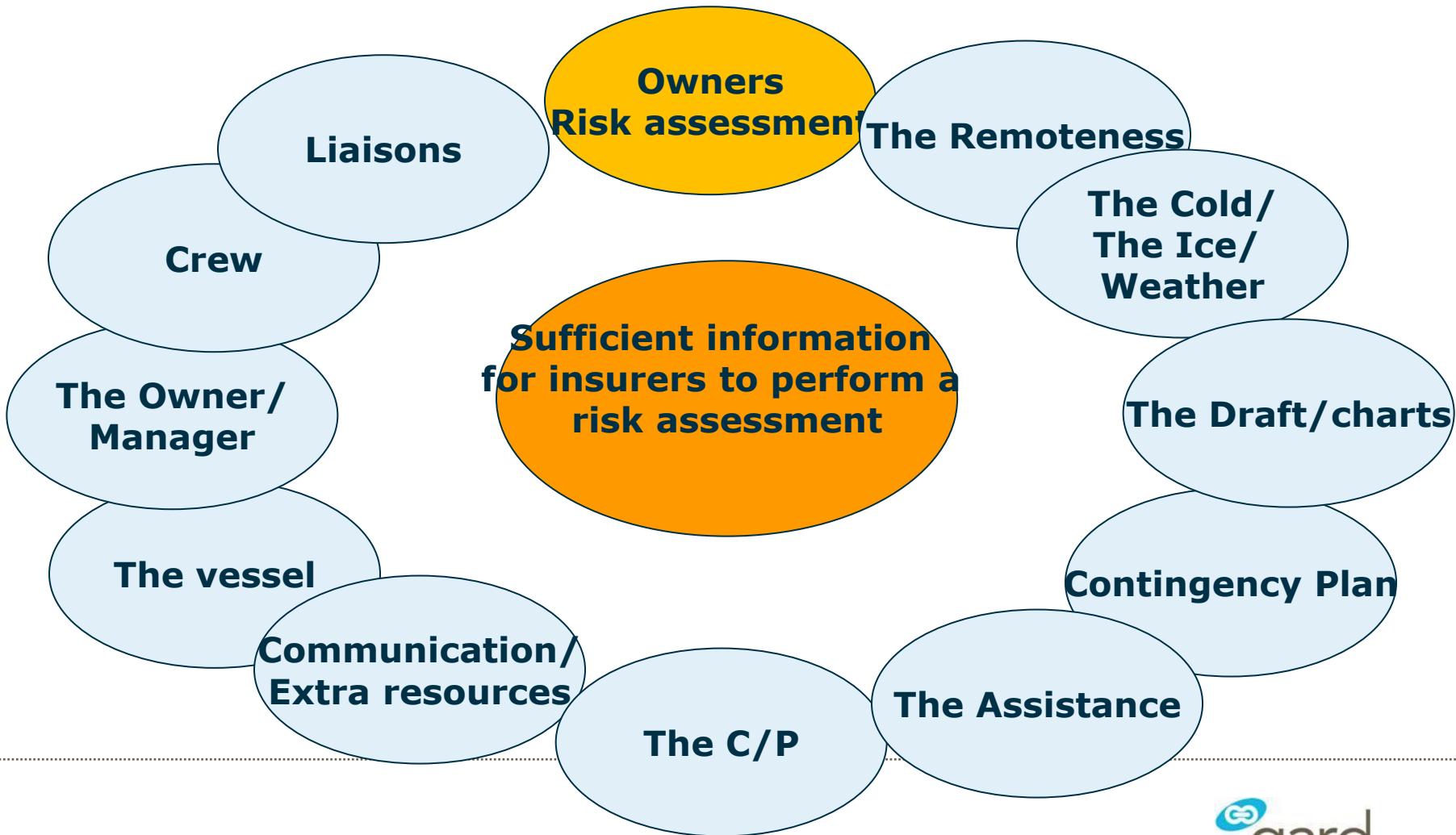


Northern Sea Route – commercial trade



Risk Evaluation – Owners preparedness

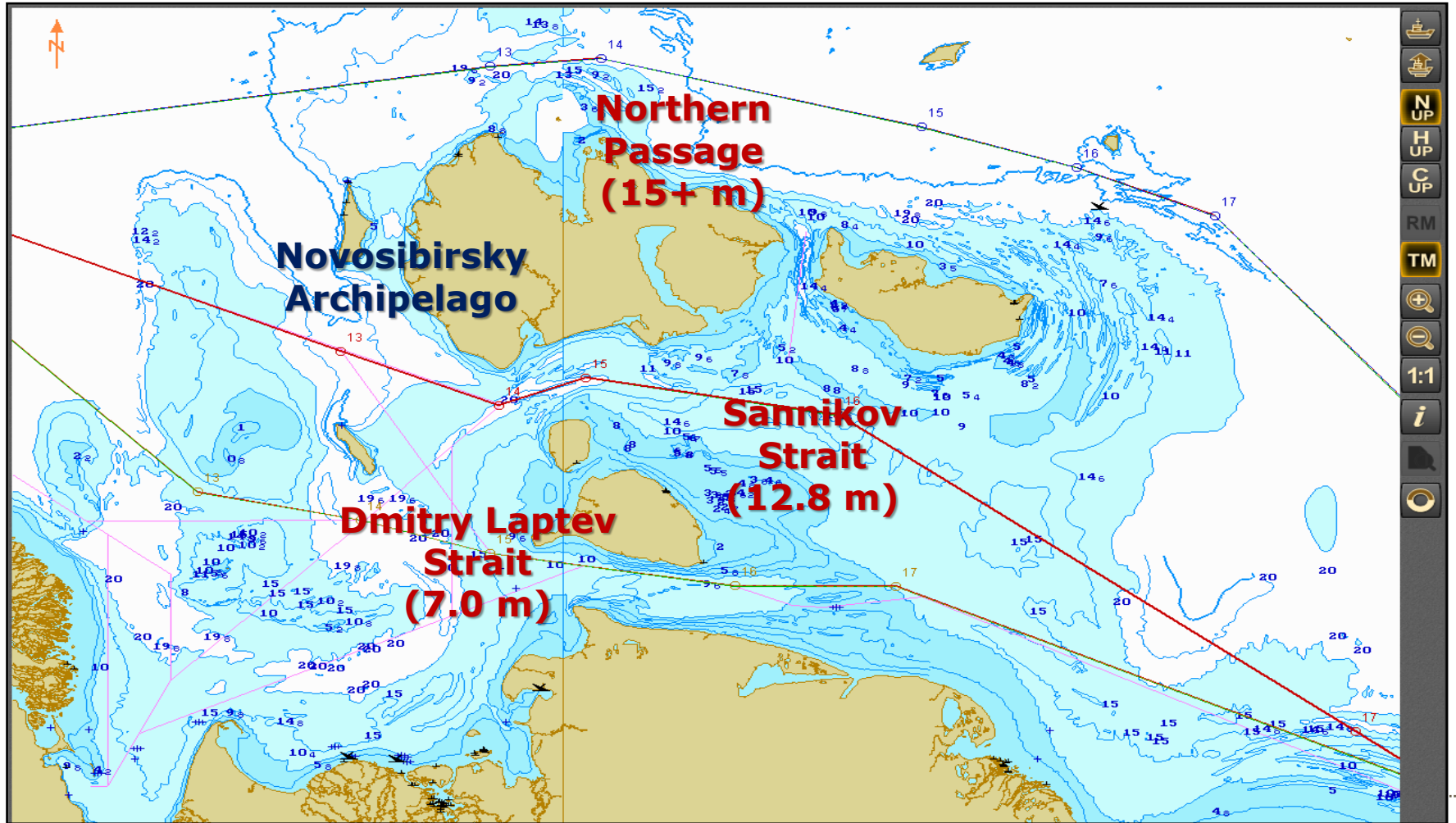
Insurers are aware of the perils but not about what you might have done to mitigate the risk

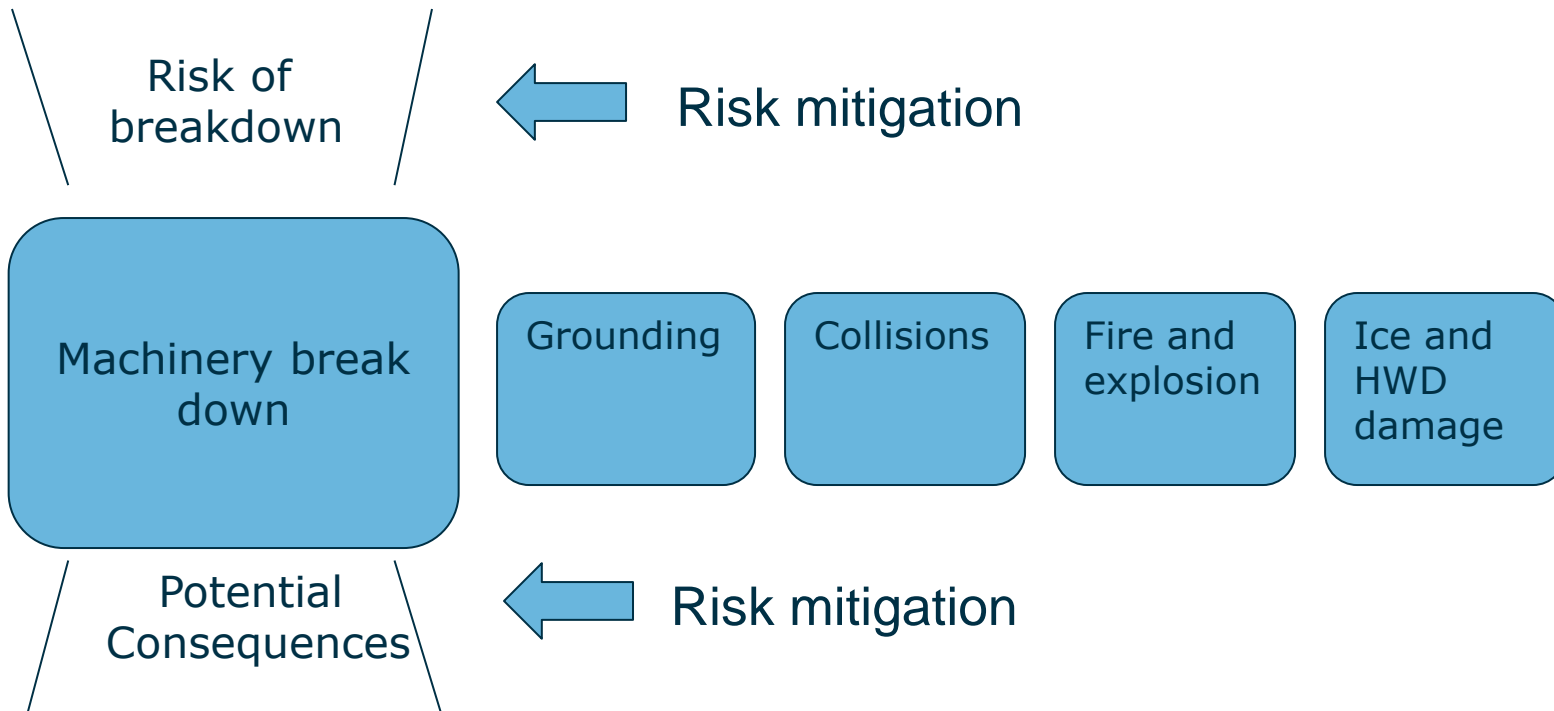


Types of vessels – a changing picture

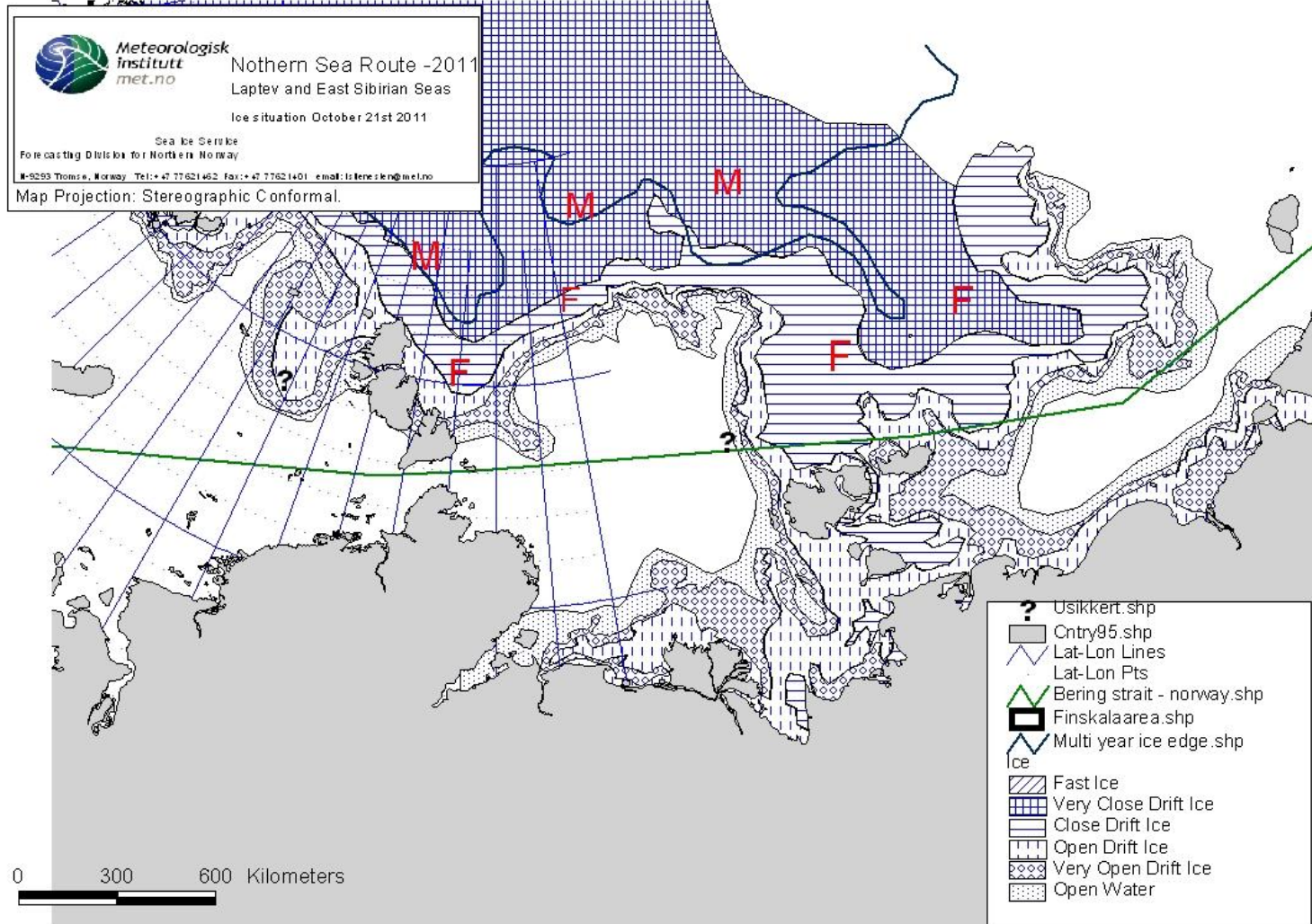


Northern Sea Route





Northern Sea Route information is improving



A competent crew is essential

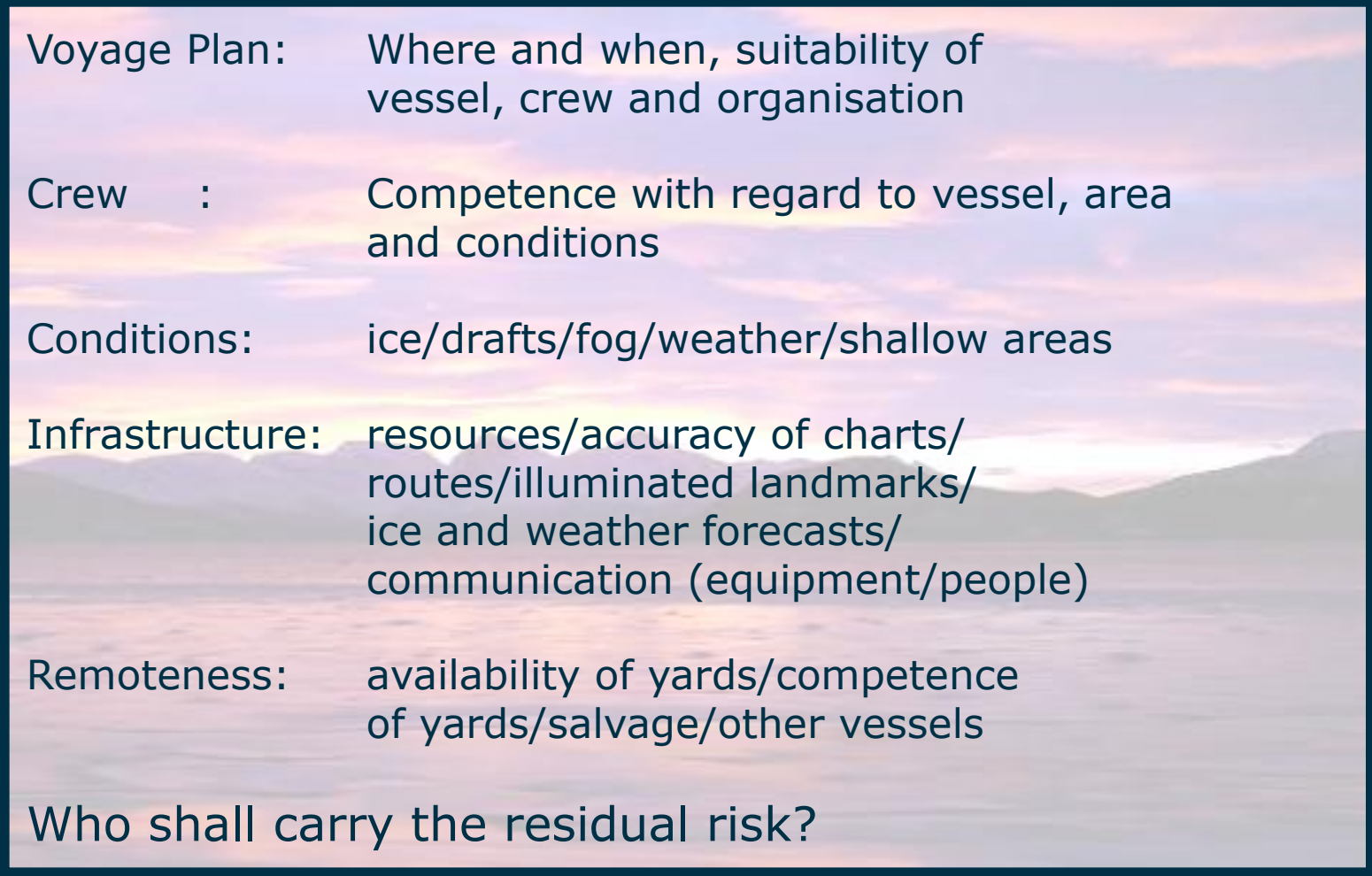


Available resources



Risk evaluation Arctic

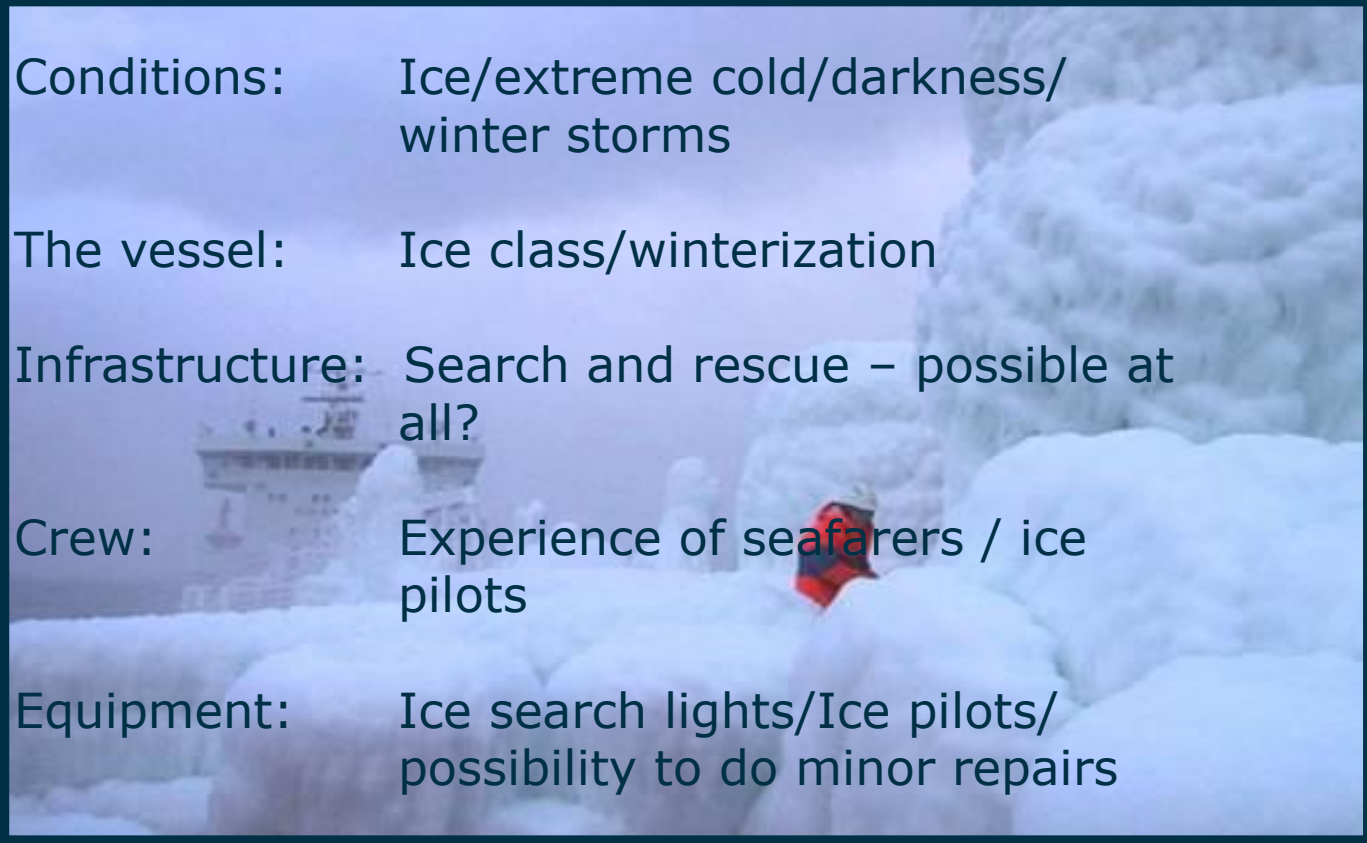
Hazard Identification – Summer trade - example



Voyage Plan:	Where and when, suitability of vessel, crew and organisation
Crew :	Competence with regard to vessel, area and conditions
Conditions:	ice/drafts/fog/weather/shallow areas
Infrastructure:	resources/accuracy of charts/ routes/illuminated landmarks/ ice and weather forecasts/ communication (equipment/people)
Remoteness:	availability of yards/competence of yards/salvage/other vessels
Who shall carry the residual risk?	

Risk Evaluation Arctic

Additional Hazard Identification – Winter trade - example



Conditions: Ice/extreme cold/darkness/
winter storms

The vessel: Ice class/winterization

Infrastructure: Search and rescue – possible at
all?

Crew: Experience of seafarers / ice
pilots

Equipment: Ice search lights/Ice pilots/
possibility to do minor repairs



Thank you for your time!