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Maritime Lessons from a Watershed Year

With COVID-19 testing improving and vaccine roll-out accelerating, there is much to feel hopeful about in 2021 for a maritime industry learning from its 2020 experiences, writes Paul Jennings, Chief Executive of North P&I Club

A new and energetic US administration, agreement on an EU-UK trade deal and resurgent Chinese economic growth offer room for global shipping optimism in 2021, but market sentiment cannot be allowed to overshadow the urgent need to prioritise the vaccination of seafarers.

As a business with 160 years of marine insurance history, North P&I Club has witnessed its fair share of challenges for the shipping industry. Few - if any - compare with COVID-19 in terms of the dramatic impact on all of us. Fortunately, we believe that the lessons learned in 2020 inform our responses to the challenges of 2021.

Safety in the workplace is a human right, while medical care and the freedom to travel home should also be non-negotiable. For an industry whose workers must cross borders safely to do their jobs, it is critical that political, business and regulatory interests show leadership in addressing the moral imperative, whose significance is reinforced by the contribution of seafarers to the world economy.

North therefore welcomes moves by 46 International Maritime Organization administrations to grant key worker status to seafarers which in turn should help expedite vaccinations. However, we strongly urge more administrations to follow suit: seafarers cannot simply work from home to stay out of harm's way until approved vaccines are available.

We also call for the fast-track development of the 'digital vaccine passport' discussed at the World Economic Forum, and for its circulation to seafarers who help keep the world supplied with food, fuel, raw materials and indeed vital medical supplies to be considered a necessity rather than 'best practice'.

North is also supporting the recently announced Neptune Declaration on Seafarer Wellbeing and Crew Change which aims to overcome the seafarer crises by enabling crew changes and repatriation through shared responsibility. Collaboration is key in the face of such global challenges.

Whether working from home or through our global correspondents, or by adding to the collaborative tracking tool it contributed to the International Group of P&I Clubs' response to Covid-19, North is redoubling its practical efforts to support the well-being of seafarers.

We are also doing our utmost to address other 2020 events whose consequences will be felt through 2021. With the frequency of cyberattacks on shipping increasing through 2020 and coinciding with Covid-19, for example, we now offer a portfolio of services, guidance and online support to ensure the cyber resilience for Members transitioning to the new IMO safety management system regime.

November's US election and the transition of power continue to dominate the news agenda, but our sense at North is that the current US regime on sanctions is 'here to stay', irrespective of the occupant of the White House. Our priority now is for open, consistent and constructive dialogue between the shipping industry and Office of Foreign Assets Control administrators.

The last days of 2020 also saw the UK and the EU arrive at a trade deal, and here the final outcome for UK-domiciled financial service companies may have to wait a further 3-6 months for greater clarity. Where North is concerned, however, we are fully prepared for all scenarios.

From the underwriting perspective too, 2020's events bring lessons for 2021. North has consistently argued that premiums are overdue for correction, following several years when they have not kept pace with market realities. While North's own members' claims were moderate during 2020, the combined value of the 16 International Group pool claims logged is significant. North has already offered full transparency on its intention to seek a 10% General Increase for the 2021/22 policy year.

North remains financially strong and stable, and its 2020 experiences have also once more vindicated its strategy of diversification as a global marine insurer. This year, we expect strong growth in fixed premium P&I, hull and machinery and aquaculture, especially following the successful integration of Sunderland Marine.

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Images:

Paul Jennings, Chief Executive – North P&I Club

About North P&I Club:

North P&I Club is a leading global marine insurer providing P&I, FD&D, war risks, hull and ancillary insurance to over 230 million GT of owned and chartered tonnage. Through its Sunderland Marine brand, North is also a leading insurer of fishing vessels, small craft, aquaculture risks and owners' fixed premium P&I cover. The S&P Global 'A' rated Club is based in Newcastle upon Tyne, UK with regional offices and subsidiaries in Australasia, China (Hong Kong and Shanghai), Greece, Ireland, Japan, Singapore and USA. North is a leading member of the International Group of P&I Clubs (IG), with over 12% of the IG's owned tonnage. The 13 IG clubs provide liability cover for approximately 90% of the world's ocean-going tonnage and, as a member of the IG, North protects and promotes the interests of the international shipping industry. For further information, visit: www.nepia.com

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