



**THE
AMERICAN
CLUB**



2022 NAMEPA 15TH ANNUAL CONFERENCE

**GAZING INTO THE CRYSTAL BALL: THE NEXT
15 YEARS IN MARITIME CLAIMS**

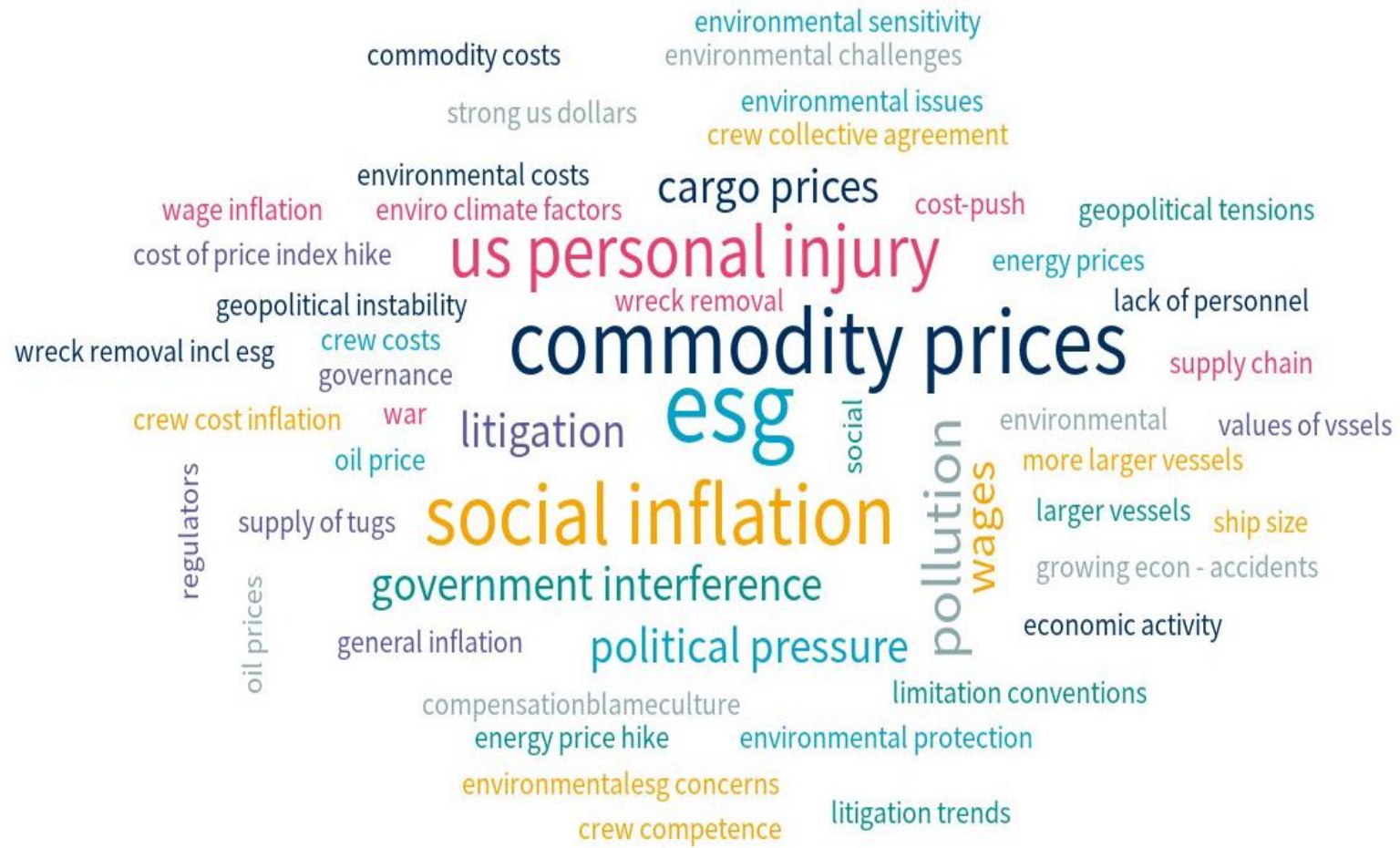
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FUN FACTS FROM 15 YEARS AGO (2007)

- Highest Grossing Film (Pirates of the Caribbean & Harry Potter Order of the Phoenix)
- iPhone was released (June 29)
- Sopranos ended (with infamous cut to black ending)
- Beyonce's "Irreplaceable" and Plain White T's "Hey There Delilah topped the music charts
- George W. Bush was the President and Donald Trump made an appearance on "Wrestle Mania"
- The New Wembley Stadium in England was completed
- "Liberty of the Seas" sailed into service as the largest passenger ship. (Freedom Class with 3,634 passengers) (Compared to Oasis Class with 6988 passengers)

What will be the Key Driver of Claims Over the Next 15 Years?



How Will these Drivers Impact Claim Values Over the Next 15 Years?

Vessels

Vessel Size

- more cargo, more passengers, larger spills, more complicated salvage and other unexpected damages and claims will result in higher costs
- Fewer ships on the water, and fewer available ports to accommodate the size may result in fewer (but potentially larger) claims

Vessel Types

- Autonomous Vessels eliminate crew claims and crew “human error” incidents, but also introduce a technology risk that we need to better understand
- Changing environment will require newly designed vessels to accommodate needs

Smart Technology/AI

- Removes element of human error
- Better direct and target claims management from oil spills, to cargo mis-declarations, fire detection and response
- Use of Data Analytics to prevent casualties, assist investigations, and achieve better outcomes

Fuel/Decarbonization

- Low Sulphur
- Alternative Fuels (Ammonia, Methanol, Biofuels, LNG, LPG, Nuclear, etc.)

Accidents Happen



Cargo

Quantities

- Larger ships allows for greater quantities

Types

- Valuable
- Ever expanding IMDG Code/Hazardous Cargo
- Containers (Mis-declared)
- Commodities (Increased Prices)
- TBD (To Be Developed)

Technology

- Improve Documentation
- Tracing Technology
- Improve Efficiencies (Load/Discharge)
- Tracking and Tracing
- Identification
- Improve Logistics

People

Crew

- Smaller Crews with advanced Technology
- Greater Diversity
- Training
 - Technology allows cost effective and easier access to training tools
 - More use of technology for training reduces the actual “hands on” experience

Passengers

- Larger ships allow for more passengers and more opportunity for accidents
- Demand for more experiences (i.e. Antarctica, adventure) provides greater risk of accident

Litigation

- Rising cost of personal injury claims
 - US (American Club 10-year study found 143% increase above the cumulative rate of inflation)
 - Rest of World (American Club 10-year study found 51% increase above the cumulative rate of inflation)

ESG Concerns

Environmental

- Global Warming/Climate Change
 - Weather Forecasting (when the predictable weather patterns become unpredictable)
 - Reduced Water Levels in Major Rivers (Mississippi, Parana, Seine, Danube et al)
- Decarbonization
- Pollution
 - Contaminants
 - Regulations
- Wreck Removal
 - Increased Government Awareness Involvement and Regulations (More Bureaucracy/Delays)

Social

- Crew Welfare
- Public Interest
- Social Inflation
 - Catch all phrase that includes everything from social media, societal shifts like politics, interpretation of law, legal precedent, public sentiment and victimization, that influences the final claim value over and above the rate of inflation

Governance

- Sanctions
- Regulations and Conventions

Geopolitical Concerns

Sanctions

- The Government's use of blocking assets and trade restrictions to accomplish foreign policy and national security goals

China

- Belt and Road Initiative
- Taiwan
- US Relations

Ukraine/Russia

- Grain Exports
- Sanctions

Middle East

- Instability
- Suez Canal
- What happens when the demand for oil is significantly reduced?

Piracy

- Beyond Somalia
- Increasing Threat in Singapore Straits, Caribbean and South America

Hey Doc! Where are you going now? Back to the Future?

Nope. Already been there.



*Thank
You!*

